EXPERIENCE OF THE MAHARASHTRA EMPLOYMENT GUARANTEE SCHEME: ARE THERE LESSONS FOR NREGS?

Amita Shah and Aasha Kapur Mehta*

The National Rural Employment Guarantee Act (NREGA) is one of the major landmarks in the process of policy formulation, adopting the rights-based approach, in India. While the Act draws heavily on the Maharashtra Employment Guarantee Scheme, it has taken several steps forward that were necessary for the actual operationalisation of the rights-based approach on the ground. Notwithstanding these improvements, the NREGS has experienced a number of operational hurdles during the first two years of its implementation. Revisiting the experiences of the Maharashtra Employment Guarantee Scheme (MEGS) may, therefore, assume special relevance at this stage. This article attempts to do this in the light of the existing literature and draws implications for introducing necessary reforms for operationalisation of the NREGS. The idea is to feed into the ongoing processes of identifying operational issues and assessing the need for undertaking the necessary corrective measures.

I. INTRODUCTION

The central thrust of the Eleventh Five-Year Plan is “faster and more inclusive growth” and the Plan strategy is “accelerated growth” combined with a “steady expansion in schemes aimed at supporting incomes and welfare of the poorer sections, e.g. National Rural Employment Guarantee Scheme….” (p.58). Growth, howsoever rapid, cannot benefit all sectors, classes or districts of the economy equally (Mehta and Shah, 2003). The Directive Principles of State Policy enshrined in the Constitution require that the State provide an adequate means of livelihood for all citizens—with equal pay for equal work for men and women. Poverty reduction and employment or livelihood generation are urgent and priority issues, and special interventions are needed to ensure productive employment for those who are able-bodied and can earn through work. The National Rural Employment Guarantee Scheme (NREGS) is seen as a major milestone in the anti-poverty policies in independent India.

The NREGS has roots in the Maharashtra Employment Guarantee Scheme (MEGS)—a flagship initiative of the Government of Maharashtra that recognised, for the first time, the right to work and provided unskilled work on demand. It has been operational for over three decades. This article tries to revisit the existing literature on the MEGS to identify and understand the issues that deserve special attention in the context of employment-induced poverty reduction in the Indian context. The main objective is to derive lessons for the NREGS, which is being implemented in 200 of the backward districts since February 2006, and has now been extended to cover all the districts in the country. NREGS assumes special significance in terms of reaching out to the poor, who have hitherto been bypassed by the processes of economic growth, and face multiple deprivation—socio-political, economic and spatial. A central argument in the article is that awareness generation and empowerment of the poor are the two most critical pre-conditions

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for effectively operationalising rights-based programmes such as MEGS and NREGS in the country.

The next section compares the design of the MEGS with the NREGS, and highlights important differences between the two. Section III recapitulates the evidence on a large number of issues that have been discussed in the literature on the MEGS. The last section identifies important lessons for the operationalisation of NREGS in different parts of the country.

II. MAHARASHTRA EMPLOYMENT GUARANTEE SCHEME: ORIGIN AND DESIGN

The Maharashtra Employment Guarantee Scheme (MEGS) is the largest State-sponsored public works programme focused on the alleviation of poverty (Krishnaraj, 2003, Bagchee, 2005). The state government enacted the Maharashtra Employment Guarantee Act in 1977, which was brought into force from 26th January 1979. The principal aim of the Act was to provide gainful and productive employment to the people in the rural areas, and in the areas of ‘C’ class Municipal Councils, who are in need of work and are prepared to do manual labour but cannot find it on their own. MEGS requires that the employment be gainful to the individual and productive to the economy by generating some durable community. The priority areas for works include labour-intensive components of irrigation projects, percolation and storage tanks, and underground bandharas; soil conservation and land development works; afforestation and social forestry; roads including internal village roads; and a few years ago, also included individual beneficiary schemes (viz, Jawahar wells, horticulture, etc.). The ratio of unskilled to skilled labour for minor irrigation tanks, percolation tanks, village tanks, maji malgujari tanks, forest ponds, Gabian bandhara and roads has been fixed at 51:49, and for all other works at 60:40.

Distinct from other anti-poverty programmes, the MEGS is implemented by the existing administrative system in existence in the state, with a few modifications and at very little additional cost (Krishnaraj, 2003). The Planning Department is the nodal department while other departments implement normal plan projects and also the MEGS. The responsibility for implementing the MEGS lies with the District Collector and the Tehsildar (Sub-Divisional Officer). Funds are specifically collected and earmarked for the scheme through the levy of special taxes, and the state government has to make a matching contribution equal to the net collection of taxes and levies every year (Government of Maharashtra website, December 2007). Hence the expectation is that the entire funds thus collected will be used for implementing work on demand as stipulated

<table>
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<tr>
<th>Objective</th>
<th>MEGS</th>
<th>NREGS</th>
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<tr>
<td>i) To provide gainful and productive employment to those in need of work and who are prepared to do unskilled manual labour but cannot find work on their own; ii) To create durable community assets for longer term development.</td>
<td>i) Enhancement of livelihood security of households and strengthening of the livelihood resource base of the rural poor through unskilled manual work ii) Other objectives include facilitating a safety net to reduce migration by rural poor households in the lean period; creating productive assets to ensure development of rural areas; protecting the environment; empowering rural women; fostering social equity, etc.</td>
<td></td>
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<tr>
<td>Eligibility and coverage</td>
<td>All adults in villages and C class towns 33 out of 35 districts of Maharashtra (excluding Mumbai City District and Mumbai Suburban District)</td>
<td>Initially only for households in villages in designated districts; now spread to all districts in the country from April 2008.</td>
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<tr>
<td>Administrative arrangements</td>
<td>No separate administrative machinery. Minimal administrative costs. The works are implemented through various government departments.</td>
<td>Ministry of Rural Development as the nodal Central Ministry. Administrative hierarchy at Central, state and lower levels; Also involvement of NGOs in implementation</td>
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<tr>
<td>Days of work</td>
<td>Round-the-year guarantee with the understanding that works will not be initiated during the peak agricultural season</td>
<td>100 days per household per annum</td>
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<td>Women</td>
<td>All adult women equally entitled to demand work as are all adult men</td>
<td>One-third of the beneficiaries must be women but rights of women subsumed with the household</td>
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<tr>
<td>Job cards</td>
<td>Nil</td>
<td>To be provided within 15 days of application</td>
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<tr>
<td>Choice of works</td>
<td>By Collector/tehsildar</td>
<td>By Gram Sabha in villages and to be displayed after approval of shelf of projects</td>
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<tr>
<td>Wage rate</td>
<td>Zone-wise prevailing minimum rates of wages under Employment Guarantee Scheme. This would be applied on a piece rate basis.</td>
<td>Minimum wages applied to task completed</td>
</tr>
<tr>
<td>Days taken for payment</td>
<td>15 days</td>
<td>15 days</td>
</tr>
<tr>
<td>Worksite facilities</td>
<td>Drinking water facilities, shelter for rest at the time of interval, first aid box, crèches, shelter and midwife to look after the children of labourers, wired goggles for stone crushing labourers</td>
<td>Drinking water, shade, crèche, first aid kit</td>
</tr>
<tr>
<td>Unemployment allowance</td>
<td>Failure to provide employment within 15 days of receipt of demand leads to payment of unemployment allowance at the rate of Re. 1 (now Rs. 10) per day.</td>
<td>One-third of the applicable wage, to be given if work not provided within 15 days of application</td>
</tr>
<tr>
<td>Measurements for payment</td>
<td>By technically qualified persons as per schedule of rates so fixed that a person working for seven hours would normally earn a wage equal to the wage rate</td>
<td>By technically qualified Junior Engineer or Assistant Engineer or Village Monitoring Committee based on a schedule of rates so fixed that a person working for sevenhours would normally earn a wage equal to the wage rate</td>
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<tr>
<td>Supervision</td>
<td>Site Supervisor from the Government department implementing the project</td>
<td>Qualified technical personnel</td>
</tr>
<tr>
<td>Source of funds</td>
<td>Levy of specific taxes with State government matching amount thus collected</td>
<td>Central and state governments</td>
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<tr>
<td>Monitoring</td>
<td>Village and tehsil level committees consisting of male and female workers, head of the village council, tehsildar, and kotwal</td>
<td>Vigilance and monitoring committees set up</td>
</tr>
<tr>
<td>Grievance redressal</td>
<td>Putting up a complaint before the tehsildar</td>
<td>Complaint registers/Open days run by senior officials</td>
</tr>
<tr>
<td>Target group</td>
<td>Open to all adult individuals regardless of caste, gender, or income group. Self-targeting or targeted based on low wages and unskilled arduous work.</td>
<td>Open to all adults at the household level, regardless of caste, gender, or income group. Self-targeting or targeted based on low wages and unskilled arduous work.</td>
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under the MEGS.

A comparison of the main features of MEGS and NREGS presented in Table 1 clearly shows that the NREGS design is very closely aligned to the MEGS in most dimensions. However there are certain important changes as highlighted in the table.

1. The MEGS: Expenditure and Employment Generation from 1972-73 to 2004-05

From a generation of five million person days of employment in the early 1970s, employment through the MEGS rose to over 200 million person days three decades later. However, the employment generated has varied significantly over time. For instance, while the number of person days generated through MEGS increased rapidly from 48.1 million in 1974-75 to a peak of 205.4 million in 1979-80, it declined thereafter to 13.33 in 1987-88 and further to an all-time low of 7.80 in 1989-90. The sharp downturn in expenditure in the late 1980s in the absence of significant alleviation of poverty in the state is a cause for concern. One explanation for the sharp decline in person days generated under the MEGS is that as long as the activists put pressure, i.e., till the mid-1980s, the MEGS was implemented effectively (Patel, 2006). There was a sharp reduction in the person days of employment generated in the late 1980s, following the hike in the wage rate leading to ‘rationing of jobs’ and the brunt of the reduction was borne by the poor. While 148 million person days were generated in 1992-93, the rest of the decade saw a reduction in the employment generation with the levels fluctuating around 9 crore person-days. However, the turn of the century saw a rise in employment generation under this scheme from 110 million in 2000-01 to a provisional estimate of 220 million person days in 2004-05 (see Fig. 1). This could be due to droughts and (perhaps) also due to the efforts made for reforming the scheme during the early part of the decade.

*Prima facie*, three main factors may be responsible for the slowing down of the work under MEGS, notwithstanding the unspent money earmarked for the scheme. First is the growing economic diversification and increasing opportunities in non-farm activities, especially in urban areas. Second, the scope for undertaking productive work giving direct benefit to the landed households, had reached near-saturation, especially in the heartland of western Maharashtra, thereby resulting in reduced demand from the dominant agrarian class. Third, and perhaps the
most important reason is the dilution of the grassroot movements, which played a crucial role in

generating the demand for work (Patel, 2006). Since the scheme had emerged out of social

mobilisation, and also allowed multiple manifestations of movements, dilution of the grassroot

mobilisation during the late 1980s and onwards, dissipated the momentum for demanding work.

III. MAJOR ISSUES: A RECAPITULATION

This section tries to revisit some of the issues that deserve special attention in the emerging context

of employment-induced poverty reduction in the face of the deepening agrarian crisis, increasing

inequality, multiple deprivations and social and political conflicts. In what follows we discuss

each of these issues in the light of the existing literature on MEGS.

1. Did the MEGS Reduce Chronic Poverty or Enable an Escape from Poverty?

A distinguishing feature of the MEGS is its commitment to reduce the distress of the poor and

the rights-based approach as the state guaranteed employment to all able-bodied adults who

articulated a willingness to undertake unskilled manual work through a simple petition to the

tehsildar. Since there is no restriction for eligibility except that the person should be an adult,

and willing to do manual work, hence it provides an essential safety net for the poorest. There

are three important features that make MEGS a potentially powerful tool for poverty reduction:

i) Self-targeting nature of the work and wages;

ii) Universal applicability to ensure access to marginalised areas and communities such as

women, Scheduled Castes (SCs) and Scheduled Tribes (STs);

iii) Creation of productive assets initially focusing on public resources (subsequently

extended to private resources as well).

Several studies have addressed the issue of impact of the MEGS on poverty reduction (Gaiha,


(2006) points out that while the scheme has contributed significantly in terms of drought relief

and in reducing the severity or intensity of poverty, its impact on poverty reduction measured

through the headcount ratio is, at best, limited. However, the gap between the very poor and the

poor has narrowed, especially in districts wherein the MEGS works have been implemented over

a long time. While amendments to the Act in 1988 and 1990 led to a decline in its outreach over

time, she argues, “even where the MEGS has directly benefited the landed class, it has been able

to ward off starvation deaths and give employment to the landless and small peasants”.

These findings are corroborated by Bhende, et al. (1992), who use longitudinal data for 40

households in two villages, Shirapur and Kanzara, for the years 1979-80 to 1983-84 to show the

self-targeting nature of the MEGS, as wealth (total assets) was strongly and inversely related to

participation in the MEGS. However, they also find that despite being tilted towards poor

households, a few of them were able to cross the poverty line because of MEGS participation.

They estimate that MEGS was responsible for 5 out of 41 households crossing the poverty line

in 1979, 2 out of 46 in 1980, 3 out of 40 in 1981, 3 out of 33 in 1982, and nil out of 35 households

crossing the poverty line in 1983 in both villages. While the scheme was unable to make a

significant dent on the prevalence of poverty, it reduced the severity of poverty by augmenting

the incomes of the poor.

Among the reasons for families not being able to escape from poverty due to the MEGS are

the low level of the wage rate, the spells of unemployment between MEGS works and the fact

that piece rate payment is not suitable for the physically weak (Gaiha, 1996). Using ICRISAT

panel data for 1979-1984 for two villages, Gaiha (1996) points out that a large sub-set of
The chronically poor depended heavily on the scheme. This, according to him, “enabled them to raise their household incomes more than moderately, with (arguably) significant welfare gains” (p. 688). He argues that since MEGS activity is concentrated in agriculturally slack periods when employment opportunities are few and far between, the contribution of the MEGS to household income and welfare would be even more substantial. He further asserts that the high poverty-alleviating potential of the MEGS could be because of the pervasive poverty and limited options for livelihood among these regions (Gaiha, 2005).

There are certain inherent components of the design, which may constrain the impact of the scheme on poverty reduction. For instance, the scheme, by its very definition, is limited to manual work and excludes the non-working population such as the old, sick, disabled, specific segments of women, and also the very poor and weak, who may not be able to undertake hard manual work on a sustained basis. Secondly, the scheme was originally envisaged as a mechanism for drought relief and did not focus on creating new and/or additional assets that would yield adequate income for most parts of the year. The third and most important component is the criticality of socio-political forces, which operate as an essential pre-condition for demanding work. Often the very poor, vulnerable, and those facing physical remoteness are not able to organise a critical mass or socio-political constituency to effectively put up the demand for work. Additionally, there is lack of awareness amongst the potential beneficiaries of the round-the-year guarantee component provided by the scheme. Further, some especially vulnerable groups, such as nomadic tribes, have continued to migrate despite the MEGS option, as recruiting agents offer advance payments while the MEGS has no such provision or because they owed debts to the contractors and the lump-sum advance payments were partially set off against the debt. Other reasons included the risk of sudden stoppage of MEGS projects (Bagchee, 2005).

Vatsa (2005) argues that while the MEGS has unambiguously reduced poverty, its record in terms of bringing the people above the poverty line has been inconclusive. His explanation for the MEGS not being able to lift a family out of poverty is that this is a means of supplementing income and may not provide employment for more than 200 days a year. He also mentions the role that the MEGS played in preventing starvation, as during the 2003-04 drought, the continuous availability of foodgrains through the MEGS ensured that there was no mass deprivation or starvation death in the drought-affected areas.

However, the issue highlighted by Krishnaraj, et al. (2004) is whether MEGS should continue to be used as a relief operation or be extended to fight poverty. For if it is to be used to fight poverty, then merely providing a few days/weeks of employment or evaluating its impact in terms of the number of person-days of employment generated is not enough as it may require sustained public investment in various aspects of the rural economy (Vaidyanathan, 2006).

2. **Implications of MEGS on Gender Issues**

Women have been the major beneficiaries of this scheme since its inception as the scheme guarantees work for all those who demand it. Various studies have revealed that women constitute a substantially large proportion of the workforce in MEGS though the estimate varies significantly from 39 per cent as per the study by Planning Commission to 51 per cent indicated by Dandekar and Sathe (1980), and between 49 and 80 per cent, as reported by Bhattacharya and Sudarshan (2007). Krishnaraj, et al. (2004) show that the percentage of female person-days generated under MEGS varied from 38 per cent in 1995-96 to 73 per cent in 1998-99. The estimates were around or above 50 per cent in four out of the five years for which they collected data (Table 2).

Krishnaraj, et al., strike a note of caution for though employment and income opportunities
under the MEGS represent important economic gains for women, these do not automatically lead to increased access to money as the methods of measuring work payment do not ensure precision or transparency. Since work is done by a group comprising both men and women, the calculation of the individual share of wages, especially of women, is somewhat subjective and depends on the team leader who is usually male, as well as the other co-workers. The record of employment available with the implementing agencies and later on submitted for consolidation to the Collector’s office, is in the form of male/female person-days generated fortnightly at the site. This unit of measurement of employment, namely, person-days, does not tell us the number of men/women who worked at the site and the number of days they worked.

They also point out that certain features of MEGS such as availability of work close to the village are important for women as are special MEGS provisions such as shelter, drinking water and crèches. However, many of these are not being provided. Similarly, maternity benefits have never reached women as the eligibility for this benefit necessitates proving that the woman has put in 75 days of work. “With insecure employment, shifting work sites and inadequate records a woman has no way of showing the stipulated days of work. Had she been given an ID card and work registration of which she could have a copy, she would have proof of days worked.” (ibid.).

More than the share in employment, an important feature is the class differential between men and women workers, who are seeking employment under MEGS. It is noted that male workers belonging to the households of marginal farmers obtained a larger number of workdays as compared to female workers from the same category. Against these, female workers, belonging to the categories of landless and households with medium size of land holdings, got larger number of person days employment as compared to men (Datar, undated). It is, however, not clear whether a larger number of female workers sought employment as compared to men in these two categories. More relevant for understanding the class configuration is to examine which category (class) of households sent what type of female workforce to MEGS sites and why? Besides these, the larger issues of drudgery and autonomy need to be probed carefully.

3. Spatial Concentration of MEGS Works and Benefit to Poorer Areas

It is argued that the major benefits of MEGS have been limited to certain geographical pockets. The backward regions and tribal belts, in particular, have not benefited much from MEGS (Vatsa, 2005). According to Dev and Ranade (2001, p. 298), during 1989-90 as much as 66 per cent of the person days of employment generated were concentrated in about 10-11 districts located mainly in western Maharashtra. Viewed in the light of the central focus on drought relief at the time of formulation of the scheme, the spatial concentration in the drought-prone districts in the western region stands justified. Also, this region has a larger proportion of agriculture labourers to the
Estimates in Table 3, based on data in Datar (2006), show that the largest share of MEGS expenditure was in Aurangabad. Within the Aurangabad region, MEGS works were concentrated in the districts of Osmanabad, Beed, Aurangabad and Jalna.

Table 3

<table>
<thead>
<tr>
<th>Division</th>
<th>2000-01</th>
<th>2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Konkan</td>
<td>11.73</td>
<td>5.20</td>
</tr>
<tr>
<td>Nashik</td>
<td>19.35</td>
<td>15.18</td>
</tr>
<tr>
<td>Pune</td>
<td>9.12</td>
<td>27.72</td>
</tr>
<tr>
<td>Amravati</td>
<td>11.82</td>
<td>5.59</td>
</tr>
<tr>
<td>Nagpur</td>
<td>13.62</td>
<td>11.46</td>
</tr>
<tr>
<td>Aurangabad</td>
<td>34.36</td>
<td>34.86</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
</tr>
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</table>


Vatsa (2005), using various indicators, identified six districts as high MEGS employment districts. The six districts common to all the lists and where the demand for MEGS employment is consistently high are Solapur, Ahmednagar, Osmanabad, Beed, Aurangabad and Nashik. All these districts fall in the rain shadow area of the state.

To the extent that the low employment generation in other parts of the state is a result of the limited requirement for MEGS employment, the spatial concentration could be treated as effective geographical targeting of the scheme. Also it is argued that pre-defined criteria are used for the inter-district allocation of MEGS funds. Allocations seem to be based on the previous year’s allocation and the prevalent agro-climatic conditions (Krishnaraj, et al., 2004). The self-targeting of drought-prone areas however, may have missed out some of the poorer areas, especially in sub-humid/humid regions and higher concentration of tribal population in the state (A. Shah, 2006).

In this sense, low coverage in some of the tribal-dominated districts, with a high incidence of poverty such as Nandurbar and Amravati is worth noting. This could be explained by the fact that the region consists of large tracts of forest land under the ownership and control of the Forest Department in the state (Vatsa, 2005). This issue has been addressed during the recent modification in the provisions of the Act.


Wage rate is one of the tricky issues influencing the poverty-reducing impact of MEGS. The wages, based on piece rate formula, worked out to be lower than the minimum wage rate prevailing during the initial phase. The low wage rate/earnings per day worked as a double-edged weapon; on one hand, it helped the scheme retain its self-targeting character, while on the other, it resulted in poor outcomes with respect to poverty reduction. Subsequently, the wages were brought on par with minimum wages for agriculture workers.

Analyses in the past have clearly indicated that low wages have led to a limited impact on poverty reduction, notwithstanding the significant welfare-enhancing impact of the scheme. According to Ravallion (2001), given the limited budget, the low wage rate has resulted in an almost insignificant impact on poverty reduction. Theoretically, this makes a strong case for limited coverage, if the aim is to target the very poor segment of the population. But this kind of targeting is inconsistent with a scheme, which is demand-driven and broad-based.
However the scheme, over time, has resulted in boosting agricultural wages, which, in turn, may have a significant impact on poverty reduction. According to Gaiha (1997), EGS had resulted in an 18 per cent increase in the agriculture wage rate in the long term. This has been realised through three important routes: increased demand for labour owing to increased productivity of land; higher reservation wage rate due to availability of off-season work; and enhanced bargaining power because of the collective strength. A recent study observed that the outcomes with respect to increased bargaining power among the rural workers depended essentially on village level dynamics, awareness about the rights, and support from grassroot organisations/social movements (Savale, 2006).

5. Errors of Exclusion and Inclusion
A number of studies have pointed out that MEGS has worked well as a self-targeting programme. A study conducted during the early phase of the MEGS indicated that 90 per cent of the households covered under the survey were living below the poverty line; about 45 per cent were landless (Dandekar and Sathe, 1980). Subsequent studies found the proportion of landless to be in the range of 34-35 per cent (Acharya and Panwalkar, 1988; Datar, 1986).

Like most of the targeted interventions in India and elsewhere, MEGS is also liable to errors of inclusion and exclusion. Higher MEGS wages and extension of MEGS works to horticulture and the creation of assets on private lands would increase the probability of errors of inclusion. It is noted that the non-target group workers (error of inclusion) constituted about 20-30 per cent of the MEGS workforce. This could be justified in the light of the fact that the MEGS aims at providing work opportunities not on the basis of poverty, but on the basis of employment needs. Given the low wages, MEGS would cater to only those who do not have better opportunities (Vatsa, 2005).

There is, however, a catch in the argument on self-targeting when it refers to errors of exclusion. Since it is not clear as to who could be treated as ‘needy and also not able to find work on their own’, calculating the error of exclusion is difficult. In this context, exclusion of certain areas with high incidence of under/un-employment or distress out-migration or poverty may deserve special attention. Persistent seasonal migration of rural labour to urban centres in search of jobs leads Krishnaraj, et al. (2004) to infer that there are errors of exclusion.

Overall it has been found that despite mistargeting, the overall assessment of the scheme is fairly positive insofar as it has reached out a sub-set of chronically poor households, which experienced more than a moderate increase in their income (Gaiha, 1997).

6. Location of Works, Beneficiaries of Assets Created and Gains in Income
One of the objectives of the MEGS is to create durable community assets for long-term development. Assets created were on public resources, mainly related to land and water. This resulted in a number of measures for creating irrigation structures, field channels, soil-water conservation besides construction of roads and other public amenities.

There has been some criticism about the quality of the work done—the usual problem associated with most of the public works programmes. However, the fact remains that many of the public works on land and water resources did bring substantial private benefits to the farmers as observed by a number of scholars. This has been proved by the fact that the Maratha peasant lobby had emerged as the largest beneficiary and hence a supporter of the scheme. Access to benefits from assets created by MEGS employment is determined by location such as, for example, if a percolation tank is created in the foothills when the farms of the poor farmers are at the hill...
top; or even if the farms are at the foothills but access to them requires wells that are non-existent on the farms of the poor (Gaiha, 2005).

The subsidy received by the landed community, however, did generate a second round impact in terms of increased demand as well as higher wage rates for agricultural labour as noted earlier. The setting up of a percolation mechanism, given the structural inequality in ownership of land and water, may lead to substantial poverty reduction within a predominantly agrarian economy. But the impact seems to be short-lived (perhaps) for the want of continuous flow of investment to meet the infrastructure and market support in the region. “Despite committing large resources, MEGS has not been able to build an asset base which helps communities or households to enhance their productivity or income in a sustainable way,” (Vatsa, 2005, p. 28).

The above phenomenon is reflected in the debate over the inclusion of horticulture and other productive activities on private farms. Till recently, such activities were not included in the list of permissible activities to be taken up under the scheme. In the absence of this, the landed class may have started losing interest in promoting demand for work. At the same time, the social movements may have found it difficult to support work on private farms as it leads to further strengthening of the power of the capitalist farmers. For instance, the Kashtakari Sangathana found that MEGS sites had served the economic interests of the rich as public investments in wells and roads were located near their fields (Shaji, 2006).

Another issue in the context of public vs. private spheres pertains to the involvement of contractors for executing the work. There are valid objections to the proposition of involving private agencies as contractors. These emanate from the concerns over quality, corruption, exclusion of certain segment of workers, increased nexus between the rich and powerful, and above all, weakening of the process of mobilisation of the working class.

While these are valid concerns, the outcome of a blanket objection for involvement of contractors seems to be a slackening of the work being carried out under the scheme. This was particularly true in a situation where neither the landed class nor the social movements were able to generate a demand for additional work, especially in the heartland of MEGS implementation.

Of late, there have been some changes in the provisions, both with regard to work on private land and the involvement of contractors. As per this, horticulture or plantation on the private fields of small and marginal farmers has been included in the list of activities. These measures, apart from directly helping farmers in the heartland of MEGS in western Maharashtra, may also help in promoting employment opportunities in the forest-based economies in the central–eastern regions and also in the Konkan region where the spread of MEGS is fairly low.

The inclusion of horticulture and plantation activities has, however, generated serious debate, and contemplation of consolidation of benefits in favour of the landed class. This essentially brings us back to the issue of poverty reduction through agricultural growth and its percolation or through direct empowerment of the toiling mass by creating a collective identity, and mobilising their bargaining strength, which may eventually pave the way for an alternative paradigm of agriculture development and poverty reduction. At present, the process of reconciliation is tilting more in favour of the first approach, i.e. expediting the growth, with the resultant percolation impact in terms of increased demand for labour, both on-farm and off-farm.

7. Nature of MEGS Works: Scattered and Sporadic or Planned and Sustained?
The issue raised above reflects the dilemma of the political economy of a socialist-democratic state, wanting to attain the dual objective of growth with distribution. The discourse of MEGS is saddled into this complex reality whereas those supporting the empowerment route are generally averse to undertaking activities that directly benefit the landed class. More specifically, they oppose linking MEGS with the mainstream ‘development processes’, which reinforces inequality and strengthens the capitalist class.

Against this, the proponents of the empowerment approach stress the criticality of establishing workers’ rights as the most important objective. Strengthening workers’ rights and promoting the interests of the capitalist class often work at cross-purposes with each other. This is reflected by the fact that whereas a large proportion of the physical works taken up under MEGS pertain to watershed development, there is little agreement on linking the two.

There are two main objections to this. First, watershed development requires area-based planning wherein the bio-physical characteristics may influence the nature and location of the physical work. This may not only involve more time for planning and co-ordination, but may also undermine the needs of the people demanding work. This leads to the second aspect, i.e. questioning the process wherein workers’ rights get subsumed into the larger schematic of development.

This issue has been discussed in detail by Patel (2006), who asserts the need for understanding the contextual background of poverty reduction programmes in India. She notes that in a society “where power and resources are biased against the poor, these programmes cannot attempt to change the pattern of distribution unless those who are exploited demand the changes themselves” (p. 5131).

The issue of poor monitoring and lack of strong support by social and political groups is also raised by Kulkarni (2004), who points out that the lack of monitoring and vigilance of the MEGS is the weak link.

8. Under-utilisation of MEGS Funds or Diversion to Other Uses?

Funds are specifically collected and earmarked for the scheme through the levy of special taxes on profession, trades, and employment; additional tax on motor vehicles for MEGS; additional tax on Sales Tax for MEGS; special assessment of irrigated agriculture land; surcharge on land revenue for MEGS and tax on non-residential urban lands and buildings under the Maharashtra Education Cess Act for MEGS. Additionally, the state government has to make a matching contribution equal to the net collection of taxes and levies every year (Government of Maharashtra website, December 2007).

Figure 2, based on data collected by Krishnaraj, et al. (2004) shows that while there was a strong commitment to spend funds on MEGS during the 1980s, this was not the case during the 1990s. Close to 100 per cent of the MEGS tax receipts were matched by an equal contribution by the Government and the aggregate amount was spent on MEGS employment till 1988-89. In 1989-90, the expenditure on MEGS fell to 51 per cent of the aggregate receipts. Except for 1992-93, the expenditure remained around the same as or less than half the MEGS receipts, falling to an all-time low of 31 per cent in 1999-2000.

Figure 2 clearly shows this divergence between receipts and expenditure after 1989-90. While the funds collected from the salaried and other classes for employment generation have been rising over time, translating this into unskilled employment under MEGS has faced ‘severe constraints’. While divergence between receipts and expenditures decreased during these three years, this was due to failure of the government to contribute its matching share from 2000 to
2003. The sizeable budget deficit, a burgeoning administration, public debt burden, policy shift to urban development and the shift in priority from agriculture to horticulture have all meant that the monies are diverted to other uses. Although the fund has been expressly set up for MEGS, the government argues that it is a notional fund, which is part of the consolidated fund and therefore legitimately available for other purposes (Krishnaraj, et al., 2004). They argue that the under-utilisation of the fund constitutes a serious leakage of benefits under the scheme.

9. Issues of Sustainability

While it is clear that the presence of local institutions, community mobilisation and capacity-building are important building blocks for initiating MEGS in a relatively remote area with limited political constituency, it is important to understand the kind of institutional support that may be required for keeping up the momentum in the long run.

In fact, the issue of the sustained presence of facilitating organisations for creating and developing local institutions is increasingly gaining relevance even in the area where MEGS had a strong hold till the late 1980s, owing to the dilution of social movements and political commitment among the ruling class, buttressing the interest of the powerful farmers’ lobby highlighted in Section 3.

The next step is to demand greater participation of the Village Panchayat in the planning of MEGS works. There is a specific need to address the issue of regeneration of productive resources such as wastelands or degraded land under public as well as private ownership. This may require systematic planning, preferably on a watershed basis. In turn, it would necessitate committed funding over, say, 5-7 years. The issue, therefore, is to go beyond the scattered and sporadic investment (mainly on the creation of infrastructure like roads and buildings) to enhancement of the productive capacity of the existing resources. The recent initiative with respect to horticulture on the fields of small and marginal farmers may need to be revisited in order to identify critical areas of investment, which, in turn, may pave the way for increasing on- and off-farm employment on a long-term basis.

While this calls for an in-depth probe into how the power dynamics had changed and how it actually played out in terms of influencing the implementation of MEGS, the field observations essentially underline the issue of sustenance of the facilitation processes by various civil society
organisations. Further, it highlights the fact that these organisations, in turn, may also need support for ensuring their effective presence in the long run. One-shot interventions for capacity building per se may not be adequate for empowering the local community to demand and uphold their statutory rights. A recent report on implementation of the MEGS in Maharashtra also highlights similar issues pertaining to the creation of effective demand and also its realisation in terms of employment creation, despite the rights-based approach put into place (Datar, 2007). These observations reiterate the critical importance of reinforcing the link between project implementation and social movements, which was the hallmark of the MEGS implementation in the state.

There is already a fear that the unspent funds under MEGS may be diverted to other ‘developmental’ schemes. Prima facie, this may go against the interest of the rights-based (as against dependence) approach for employment generation. It is, however, imperative that the dichotomy between the rights-based approach and the developmental initiatives is reconciled by adopting a broader perspective within which the two may be co-ordinated, if not completely interspersed with each other.

The next phase should, therefore, create appropriate forums for generating an informed debate on this issue within the context of regional development, in general, and poverty reduction, in particular. Participatory institutions may assume a special role in the context of decentralised governance that is essential for a newly emerging perspective on the right to livelihood and regional development, at least in the medium time frame.

IV. LESSONS FOR NREGS
The NREGS has been in operation for about two years; it is still too early to evaluate its success. A number of studies have highlighted the initial hurdles faced during the implementation of NREGS and suggested possible solutions (Ambasta, et al., 2008; Malhotra, 2008). It may therefore, be useful to identify lessons from MEGS while exploring the reform process is on. We have highlighted below some of the important lessons from MEGS for NREGS.

1. The first of these refers to the quantum of guaranteed employment. The NREGS places a ceiling of 100 days and that too, at the level of the household. If this scheme has to transform the face of poverty in rural India, the right to work needs to be conferred on individuals and without a ceiling as in the case of MEGS. Similarly, a constraint identified in the context of the MEGS was the risk of sudden stoppage of MEGS projects. NREGS projects must find a way to rectify this constraint.

2. The MEGS was set up with the objective of providing unskilled manual work to those who cannot find work so as to provide a basic minimum level of subsistence. The purpose was to ameliorate distress—not to enable people to escape from poverty. Therefore, though work was to be provided ‘on demand’, poverty reduction was constrained by several factors. While NREGS has taken cognisance of the constraining factors, the corrective measures are yet to be actually operationalised.

3. The MEGS is limited to manual work and excludes those who are unable to undertake these tasks. The NREGS must rectify this. Some workers, especially vulnerable groups, have continued to migrate despite the MEGS option, as recruiting agents offer advance payments while the MEGS has no such provision or because they owed debts to the contractors and the lump-sum advance payments were partially set off against the debt. The NREGS could be linked with efforts that are under way for financial inclusion and provide loans against the wages guaranteed by the work on demand.
4. A flaw in the MEGS is the lack of transparency in the method of calculating individual share of wages, since the work is completed by a team. The NREGS has used the MEGS method of using junior engineers and technical personnel to measure the work done and payments are based on piece rate estimates as a result of which that the wages received are often significantly below the minimum wage rate. This needs urgent attention and the NREGS provisions must ensure that the workers receive minimum wages.

5. Both MEGS and NREGS have special provisions for shelter, drinking water and crèches. However, many of these were not provided under MEGS. It must be ensured that these are provided under NREGS. The MEGS provides maternity benefits if the workers can prove to have undertaken 75 days work. However, “with insecure employment, shifting work sites and inadequate records, a woman has no way of showing the stipulated days of work. Had she been given an ID card and work registration of which she could have a copy, she would have proof of days worked.” The NREGS rectifies this limitation as under it the workers are provided job cards. However, if each adult man and woman are individually entitled to the right to work and have job cards in their individual names, this can be implemented under the NREGS.

6. Like the MEGS, the NREGS too is expected to create productive assets to ensure the development of rural areas through the employment of unskilled labour. As a lesson from the MEGS, it is imperative to ensure the creation of long-lasting, quality productive assets.

7. Aware of the importance of putting plans into place for the development of productive assets through funds spent on the NREGS, the scheme requires the appointment of a dedicated administrative and technical support cadre. This includes a full-time dedicated Programme Officer, not below the rank of Block Development Officer (BDO), in each Block, with necessary supporting staff for facilitating implementation of the scheme. Of course, setting up systems and plans at the grassroots level takes time as does shaking off decades of inertia.

It is clear that continuous support and handholding by facilitating organisations is a critical enabler in the context of the MEGS. This applies equally strongly to the NREGS. What is needed is a close partnership between community-based organisations (CBOs), Panchayati Raj Institutions (PRIs), and the Government bureaucracy to bring about reforms and ensure the efficient implementation of NREGS. It must be noted that the NREGS design “if actually put into place, could potentially herald a revolution in rural governance through its unprecedented mechanisms for transparency, social audit and e-governance—a truly participatory and empowered democracy at the rural grassroots (Shah, 2007, p. 48). Additionally, while work on demand at fair wages can provide an escape route out of poverty for those who are able to work, the number of days of work provided and the level of the wage rate remain critical determinants of whether or not this will facilitate mass-based poverty reduction in the country.

Endnotes

1. According to Vatsa (2005, p. 2), NREGS needs to invest in asset building at the household level in order to get better results. Essentially, such investments in private resources may help in boosting the percolation mechanism and hence in reducing poverty.

2. In the absence of a counter factual, it may be assumed that the households may have resorted to other options like out-migration and/or depended on other employment schemes including relief programmes during periods of drought. The various reasons for shrinkage of demand for employment through MEGS in the recent period could also be treated as an indicator of what could have been the scenario if MEGS did not offer work to the rural poor. The reasons, among many, include preference for migration, continuing links with labour contractors as a term arrangement for supply of their labour, lack of willingness to undertake hard manual work, etc.
3. There is, of course, a provision for disability compensation for taking care of those who cannot partake in manual work.

4. The workers are paid on the basis of the quantum of different categories of work. The piece rates are calculated in a manner that an average person working diligently for seven hours per day would earn a wage equivalent to the minimum wage for agriculture workers in the area.

5. The initial phase of MEGS was supported by a number of social movements and links with labour unions. While the former has, by and large, dissipated, labour unions continue to have some influence over at least policy formulation. This is evident from the fact that the district level Employment Guarantee Committees include representatives of the registered labour unions, who in turn, try to uphold the interests of the workers. In fact, some of the labour unions have strongly opposed the recent proposal of involving contractors for executing earthworks under MEGS. These are some of the indirect channels through which the bargaining power of the workers may have been strengthened. For a detailed account of the role of people’s movements in MEGS, see Shaji (2006).

References


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