



**Chronic Poverty**  
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## Experience of the Maharashtra Employment Guarantee Scheme: are there lessons for NREGS?

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### What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

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## Abstract

With 301.7 million poor people, constituting 27.5 percent of the population, poverty reduction in India is clearly far slower than anticipated. Most chronically poor are landless or near-landless, have a higher dependency burden and illiteracy level and depend on wages. The wage dependence of those in chronic poverty makes recent initiatives under the National Rural Employment Guarantee Scheme (NREGS) an important milestone in anti-poverty policies since India's Independence. NREGS however, 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 paper 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 central argument in the paper is that awareness generation and empowerment of the poor for the creation and operationalisation of demand for work are the two most critical pre-conditions for rights-based programmes such as MEGS and NREGS to deliver the desired results.

This paper notes that while the NREGS has potential to reduce the intensity of poverty for the large mass of rural poor, the number of days of work provided and the level of the wage rate remain critical determinants of whether or not this can provide an escape route out of poverty for those who are able to work.

**Keywords:** India, social protection, gender, sustainable, spatial concentration of works, asset creation.

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## 1 Introduction

The central thrust of the Five-Year Eleventh Plan of the government of India is ‘faster and more inclusive growth’ and its 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...’ (Planning Commission 2006: 58). Growth, how-so-ever rapid, cannot benefit all sectors, classes or districts of the economy equally (Mehta and Shah, 2003). The Planning Commission estimates for 2004–05 reveal that 301.7 million people, constituting 27.5 percent of the population, are below the poverty line. Poverty reduction in India is clearly far slower than anticipated. Poverty incidence and persistence are associated with the absence of assets, especially land, lack of education, belonging to a scheduled caste or scheduled tribe and working as agricultural labour. Casual agricultural labourers are the largest group of the chronically poor and most chronically poor are landless or near-landless, have a higher dependency burden and illiteracy and depend on wages. Therefore, the chronically poor are critically dependent on access to work and on the wage rate (Mehta and Shah, 2001; Bhide and Mehta, 2004). The National Rural Employment Guarantee Scheme (NREGS) thus, is seen as a major milestone in the anti-poverty policies in Independent India.

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 NREGS has its 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 paper 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. The NREGS thus, assumes special significance in terms of reaching out to the poor, hitherto bypassed by the processes of economic growth, facing multiple deprivation – socio-political, economic and spatial. In many ways MEGS is viewed as a precursor to the NREGS. Hence, it may offer valuable learning, both from successes and limitations, such that it enables the NREGS to make a dent on chronic poverty. A central argument in the paper is that awareness generation and empowerment of the poor are the two most critical pre-conditions for effectively operationalising (for example the demand for work and delivering desired results in) rights-based programmes such as the MEGS and NREGS. Sujata Patel (2006), based on



a larger study focusing on socio-political-institutional aspects of the MEGS, demonstrates that social mobilisation played a critical role in creating demand for work across class, caste, gender, and additionally led to social reforms, that could potentially bring about the structural changes essential for fighting chronic poverty and social injustice. The movements however dissipated in the late eighties for various socio-economic-political reasons, perhaps consolidated under the aegis of economic liberalisation.

After providing an overview of the MEGS, its design, receipts, expenditure, and person-days of employment generated since the inception of the scheme in the early 1970s until 2004–05 the paper compares the design of the MEGS with the NREGS. Section 3 revisits the large number of issues that have been discussed in the literature on the MEGS. This is followed by a case study outlining interventions made by an NGO for facilitating demand for work as well as its effective implementation in a village in Nashik district in Maharashtra. Section 5 concludes the paper.

## 2 The Maharashtra Employment Guarantee Scheme (MEGS) - origin and design

The Maharashtra Employment Guarantee Scheme is the largest State sponsored public works programme focused on the alleviation of poverty (Krishnaraj *et al.*, 2004; Bagchee, 2005). Conceived mainly as a rights-based drought relief programme, the Employment Guarantee Scheme (MEGS) in Maharashtra has emerged as one of the most important initiatives towards mass-based provisioning of supplementary income and thereby ameliorating distress, especially among women.

The Scheme owes its origin to the commitment of concerned citizens for reducing ‘distress’ of the poor and political mobilisation around this issue. Patel (2006) traces the origin of the MEGS in Maharashtra to a committee called the Dushkal Nivaran and Nirmoolan Samiti (Drought Relief and Eradication Committee) formed in 1971 by concerned citizens including Page and Dandekar, activist groups and opposition parties. The Committee served as a platform for like-minded individuals to come together to discuss issues affecting the state. It evolved from a common agenda to fight drought and supported organisations that mobilised the rural poor and demanded the initiation of an employment generation scheme. It was initially called the Page scheme after V.S. Page who put the scheme through the legislature. From initial experiments in Tasgaon block of Sangli district in 1965 it was extended to 11 districts in November 1970 and then to the entire state in May 1972. It was superseded by crash rural employment schemes for the next two years due to severe drought before being resumed again in 1974 (Vatsa cited in Bagchee, 2005).

The State Government enacted the Maharashtra Employment Guarantee Act in 1977 and this was brought into force on 26 January 1979. The principal aim was to ‘provide gainful and



productive employment to 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.' The scheme is designed such that (Government of Maharashtra, 2007):

All adult persons residing in villages and 'C' class Municipal council areas are covered under this programme. However, a person who is more than 15 years old but less than 18 years can also be given employment if there is no earning member in the family. The guarantee is to provide work anywhere in the district, though as far as possible, work is provided to the employment seeker within a radius of five km of his residence.

The process is registration of name with the Registering authority of the village, i.e. Talathis / Gramsevak by filling Form 1 under the rules by the person wanting employment. Thereafter he / she has to ask for employment under Employment Guarantee Scheme from the Samiti Officer (i.e. Tahsildar) or from Registering authority in the concerned villages by filling up Form 4. The Samiti officer has to provide work under the scheme within 15 days after the receipt of application (Form 4, i.e. demand for work). The employment seeker is required to declare that he will work for a continuous period of at least 30 days on the task assigned. The Samiti Officer gives the employment seeker Form 7 indicating the implementing agency for the task. The implementing agency has to employ the person on the work, if the person presents himself on work within seven days of the receipt of the letter issued by the Samiti Officer. Failure to provide employment creates the liability on the State Government for payment of unemployment allowance at the rate of Rs 10 per day.

The MEGS requires that the employment be 'gainful to the individual and productive to the economy' i.e., that 'on completion of the works undertaken, some durable community assets should be generated.' 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 individual beneficiary schemes (viz, Jawahar wells, Horticulture, etc). The ratio of unskilled to skilled for minor irrigation tanks, percolation tanks, village tanks, maji malgajari tanks, forest ponds, Gabian bandhara and roads has been fixed at 51:49 and for all other works it is 60:40.

The MEGS was conceived as a citizen-sensitive scheme and required that on-site amenities be provided such as drinking water facilities, first aid boxes, crèches and shelter. Additionally, provisions were made for accident-related benefits and maternity benefits for women labourers who have worked continuously for 75 days before delivery. Wages are paid on the basis of quantity of work done and the schedule of rates for different tasks. The assumption is that 'an average person working diligently for seven hours a day, should earn a wage equal to the minimum wage prescribed for agriculture labour for the concerned zone, under the Minimum Wages Act.' Zone-wise prevailing rates of wages under Employment Guarantee Scheme revised on 26 March 2001 are as follows: Zone 1 - Rs 51; Zone 2 - Rs 49; Zone 3 - Rs 47; Zone 4 - Rs 45.



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 *et al.*, 2004). The Planning Department is the nodal department and other departments, and the MEGS, implement normal plan projects. The responsibility for the MEGS is that of the district collector and the tehsildar (bagchee). The collector is empowered to sanction the works costing up to Rs 5 million and the divisional commissioner up to Rs 7.5 million. Works costing above Rs 7.5 million are to be approved by the State Government. The works are implemented through various government departments such as Irrigation, Public Works, Agriculture, Forest and local bodies, viz., Zilla Parishads.

According to the 2001 Census there are 40,412 villages and 162 'C' Class Municipalities in Maharashtra. The MEGS is implemented in 33 out of the 35 districts in the State of Maharashtra (Mumbai City District and Mumbai Suburban District are excluded); it is implemented in 350 out of 353 tahsils located in 298 blocks. The State has a population of 96.7 million of which 55.7 million are in rural areas. There are 8.31 million agricultural labourers; 4.26 million marginal farmers (with less than one hectare of land) and 31.7 small farmers (one to two hectares of land) in the State. Maharashtra has 1.94 million rural families below the poverty line and 4.2 million labourers are registered under the MEGS (Government of Maharashtra website, 2007).

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, 2007). Hence the expectation is that the entire funds collected will be used for implementing work on demand as stipulated under the MEGS.

**Table 1: MEGS and NREGS: comparing the design**

	MEGS	NREGS
Objective	<ul style="list-style-type: none"> <li>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;</li> <li>to create durable community assets for longer term development.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of livelihood security of households and strengthening of the livelihood resource base of the rural poor through unskilled manual work;</li> <li>other objectives include safety net to reduce migration by rural poor households in the lean period; creation of productive assets to ensure development of rural areas; protecting the environment; empowering rural women; fostering social equity, etc.</li> </ul>
Eligibility	All adults in villages and C class towns	Only households in villages in designated districts
Coverage	Thirty-three out of 35 districts of Maharashtra (excluding Mumbai City District and Mumbai Suburban District).	Phase I from 2 February 2006: 200 districts. Phase II extended to an additional 130 districts. 113 of these districts notified on 1 April 2007. Phase III extended to the entire country from April 2008.





Administrative arrangements	No separate administrative machinery. Minimal administrative costs. The works are implemented through various government departments such as Irrigation, Public Works, Agriculture, Forest and local bodies, viz., Zilla Parishads.	Ministry of Rural Development as the nodal Central Ministry. Administrative hierarchy at central, state and below levels.
Days of work	Round-the-year guarantee with the understanding that works will not be initiated during the peak agricultural season.	100 days per household
Women	All adult women equally entitled to demand work as are all adult men.	One-third of beneficiaries must be women but rights of women subsumed within the household.
Job cards	Nil	To be provided within 15 days of application
Choice of works	By collector or tehsildar.	By Gram Sabha in villages and to be displayed after approval of shelf of projects.
Wage rate	Zone-wise prevailing minimum rates of wages under Employment Guarantee Scheme revised as on 26 March 2001 are as follows: Zone 1 - Rs 51; Zone 2 - Rs 49; Zone 3 - Rs 47; Zone 4 - Rs 45. This would be applied on a piece rate basis.	Minimum wages applied to task completed.
Days taken for payment as per design	15 days	15 days
Worksite facilities	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	Drinking water, shade, crèche, first aid kit.
Unemployment allowance	Failure to provide employment within 15 days of receipt of demand leads to payment of unemployment allowance at the rate of Rs 1 (now Rs 10) per day.	One-third of the applicable wage, to be given if work not provided within 15 days of application
Measurements for payment	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.	By technically qualified Junior Engineer (JE) or Assistant Engineer (AE) or Village Monitoring Committee based on a schedule of rates so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.
Supervision	Site supervisor from the government department implementing the project.	Qualified technical personnel.
Source of funds	Levy of specific taxes with State Government matching amount thus collected.	Central and State Government.
Monitoring	Village and tehsil level committees consisting of male and female workers, head of the village council, tehsildar, and kotwal.	Vigilance and monitoring committees set up.
Grievance redressal	Putting up a complaint to the	Complaint registers or open days run



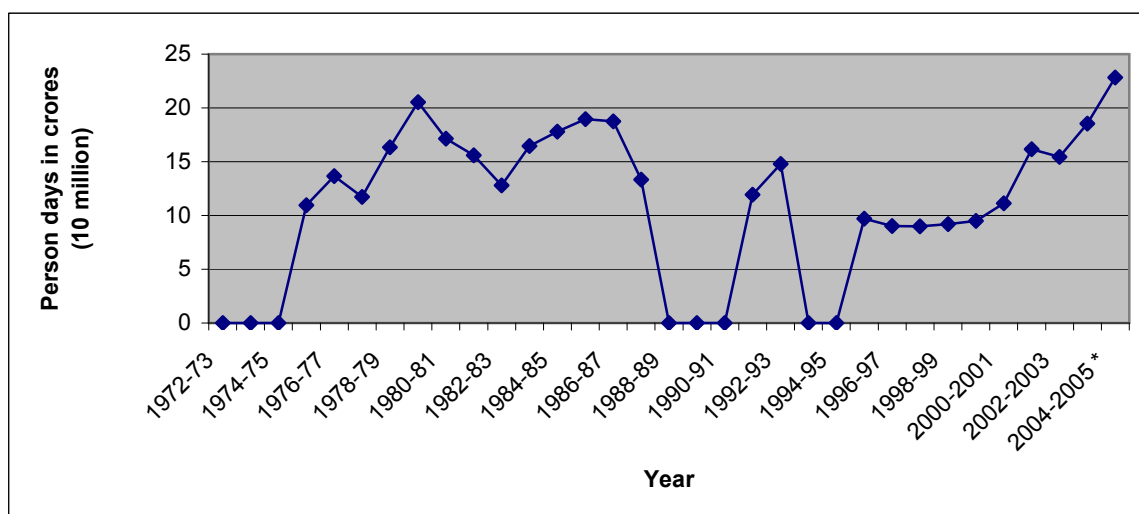


	tehsildar.	by senior officials.
Target group	Open to all adult individuals regardless of caste, gender, income group. Self-targeting or targeted based on low wages and unskilled arduous work.	Open to all adults at the household level regardless of caste, gender, income group. Self-targeting or targeted based on low wages and unskilled arduous work.

## 2.1 The MEGS: expenditure and employment generation from 1972-73 to 2004-05

From generating 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, employment generated has varied significantly over time. For instance, while the number of person-days generated through the 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 million in 1987–88 and further to an all-time low of 7.80 in 1989–90. The sharp downtrend 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 for as long as activists have applied pressure (i.e. until the mid-1980s), the MEGS was implemented effectively (Patel, 2006). There was a sharp reduction in person-days of employment generated in the late 1980s following the hike in the wage rate leading to 'rationing of jobs' and the poor bore the brunt of the reduction. While 148 million person-days were generated in 1992–93, the rest of the decade saw a reduction in employment generation with levels fluctuating around nine 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 Figure 1).

**Figure 1: Employment generated through the MEGS 1972–73 to 2004–05 (person-days in 10 Million)**



Source: Based on data in Annex 1



The slowing down of work under the MEGS has also resulted in significant under- utilisation of the financial resources mobilised for the scheme. The unspent amount was Rs 5427.8 million at the end of March 2002 (Kulkarni 2006: 17 citing Planning Commission). This, at a prevailing wage rate of Rs 50 per day could have generated additional employment of 100 million person-days. Apparently, there is an implicit notion of rationing of work days so as to keep the expenditure below a certain limit (Kulkarni, 2006:17). Krishnaraj *et al.*, (2004) see the failure of the MEGS expenditure to keep pace with the receipts as the most significant leakage in the implementation of the scheme.

Prima facie, there may be three main factors responsible for the slowing down of work under the MEGS, notwithstanding the unspent money earmarked for the scheme. First, is 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 grass root movements, which played a crucial role in generating demand for work. Since the scheme had emerged out of social mobilisation, and also allowed multiple manifestations of movements, dilution of grass root mobilisation during the late eighties and onwards dissipated the momentum for demanding work.

### 3 Major issues: a recapitulation

This section of the paper tries to revisit some of the issues that deserve special attention in the emerging context of employment-induced poverty reduction in the face of deepening agrarian crisis, increasing inequality, multiple deprivations and social and political conflicts. Though closely interrelated, they could be listed as follows:

- Did the MEGS reduce poverty, especially for those facing severe and long duration poverty? Did it prevent starvation? Did it lead to a reduction of risk and to income stabilisation? Was it targeted at the poorest households?
- Is the MEGS a gender sensitive scheme? Were more women than men employed on MEGS sites? Were equal wages paid? How did the wage compare with the minimum wage?
- Were the works located on private land or public land? If the assets were created on public land who were the major beneficiaries of the works? Did the works lead to long-term gains in productivity and income?
- Did the MEGS lead to increased bargaining power of labour and rise in wages?
- Was there spatial concentration of MEGS-works? Did it benefit remote rural areas?



- Were the funds collected for the MEGS underutilised?
- What has been the extent of the errors of exclusion and inclusion in the coverage of households obtaining work under the MEGS?
- Were MEGS-works scattered and sporadic or planned and sustained?

In what follows, we discuss each of these issues in the light of the existing literature on the MEGS.

### 3.1 Did the MEGS reduce chronic poverty or enable escape from poverty?

The distinguishing feature of the MEGS is its commitment to reduce distress of the poor and 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. If at least 50 persons from the same village are demanding work, then the work site has to be in the village itself. It has been described as 'an innovative anti-poverty innovation' (Gaiha, 2005) and as a 'unique programme for poverty alleviation through the provision of employment and asset creation' (Krishnaraj *et al.*, 2004). There is no restriction for eligibility except that the person should be an adult. Hence, it provided an essential safety net for the poorest. There are three important features that make the MEGS a potentially powerful tool for poverty reduction:<sup>1</sup>

- The self-targeting nature of the work and wages;
- universal applicability to ensure access to marginalised areas and communities such as women, Scheduled Castes (SCs) and Scheduled Tribes (STs); and
- the creation of productive assets initially focusing on public resources, (subsequently extended to private resources as well).

Several studies have addressed the issue of the impact of the MEGS on poverty reduction (Ghaia, 1997; Hirway, 1988; Ravallion, 1997; Dev, 1995, 1996). Citing Dev and Ranade (2001), Patel (2006) points out that whereas the scheme has contributed significantly to drought relief and in reducing the severity or intensity of poverty, its impact on poverty reduction measured through head count ratio is, at best, limited. However, the gap between the very poor and the poor narrowed especially in districts where 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, Patel (2006) argues, 'even where the MEGS has directly

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<sup>1</sup> According to Vatsa (2005:2), 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 boost up the percolation mechanism hence, poverty reduction.



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 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 ‘though the earnings from the MEGS were heavily skewed towards households below the poverty line, relatively few households were able to cross the poverty line because of MEGS participation.’ They estimate that the MEGS was responsible for five out of 41 households crossing the poverty line in 1979, two out of 46 in 1980, three out of 40 in 1981, three 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 include low level of the wage rate, spells of unemployment between MEGS-works and the fact that piece-rate payment is not suitable for the physically weak (Gaiha, 1996). Using the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) panel data for 1979–1984 for the same two villages, Gaiha (1996) points out that the dependence of those who participated in the MEGS was ‘far from negligible’ and even if the MEGS did not help many of them to ‘cross the poverty threshold, a large subset of those who participated in it – especially the chronically poor – augmented their household incomes more than moderately.’ 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.’

Re-examining the issue through a survey in two villages in Ahmednagar district in 1999–2000, Gaiha (2005) argues that the ‘poverty alleviating potential of the MEGS continues to be high in some of the least-developed regions because the choices facing the poorest residents (e.g. Scheduled Castes/Scheduled Tribes) during long slack periods are often grim, involving high search costs and low-paid employment in distant areas’. He finds that ‘for most participants – especially the poorest – the MEGS made a significant difference to their economic well-being, helping them to avoid costly adjustments such as liquidation of assets or taking loans at exorbitant rates of interest.’<sup>2</sup> He suggests that the high poverty alleviating

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<sup>2</sup> In the absence of a counterfactual, 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 programme during periods of drought. The various reasons for shrinkage of demand for employment though the MEGS in the recent period could also be treated as an indicator of what could have been the scenario if the 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.



potential of the MEGS in the two sample villages could be because of their 'pervasive poverty' and since 'alternative options were few and far between.'

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.<sup>3</sup> 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 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 (IGIDR Roundtable). Further, some especially vulnerable groups, such as nomadic tribes, continued to migrate despite the MEGS option, as recruiting agents offer advance payments because the MEGS has no such provision or because they owed debts to the contractors and the lumpsum advance payments were partially set off against the debt. Other reasons included the risk of sudden stoppage of MEGS projects (Bagchee, 2005).

While the studies show that some people were able to cross the poverty line, the impact of the MEGS on enabling the poor to escape from poverty was limited. This is reflected in the high percentage of people below the poverty line in Maharashtra, with estimates of poverty remaining above or close to the all-India average (see Table 2). A similar picture is found while comparing the estimated poverty gap between Maharashtra and All India. It is observed that the estimated poverty gap is higher in Maharashtra during three out of four years for which the estimates are readily available; the only exception is 1983. Strangely, the estimates suggest worsening of the relative position of Maharashtra in terms of the poverty gap after 1983. The poverty gap in the state however, has reduced from 11.95 in 1983 to 6.4 in 2004–05.

**Table 2: Percent population below the poverty line in Maharashtra and All India**

	<b>Maharashtra</b>	<b>All India</b>
1973–74	53.24	54.88
1977–78	55.88	51.32
1983	43.44 (11.95)	44.48 (12.36)
1987–88	40.41 (9.56)	38.86 (9.29)
1993–94	36.86 (9.3)	35.97 (8.5)
1999–2000 (different method)	25.02	26.1

<sup>3</sup> There is of course a provision for disability compensation for taking care of those who cannot partake in manual work.



2004–05	30.7 (6.4)	27.5 (5.8)
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Source: Government of India (2007a)

Note: Figures in parentheses are estimates of poverty gap, obtained from Table 1 in Himanshu (2007).

Obviously, the outcomes, particularly in the post-nineties are found to be less satisfactory if one looks at the impact beyond drought relief (Dev and Ranade, 2001). Besides, there are the usual problems of corruption, the weakening of political commitment or rationing of funds, and procedural hitches that may limit the impact of the MEGS as in the case of any other project or scheme. However, Gaiha (2005) cites Scandizzo *et al.* to argue that the MEGS provides an income stabilisation role and reduced the variability of labour earnings. His recent surveys in the Ahmadnagar district also ‘confirm that the MEGS facilitated income – smoothing among poor households and prevented them from making costly adjustments (eg, cuts in food expenditure, sale of livestock and/or loans at exorbitant rates of interest) during slack months.

Vatsa (2005) argues that while the MEGS unambiguously reduced poverty, its record on bringing people above the poverty line has been inconclusive. Citing Acharya and Panwalkar (1988), in which a sample of 100 households with workers on the MEGS was compared with another sample (of 100 households) from similar socio-economic backgrounds and whose members never participated in the scheme, he notes that ‘the average annual wage income of the MEGS household was Rs 32 higher than the wage income of non-MEGS households. However, the total average income of MEGS households was still about Rs 3,000 less than the poverty line. Almost the same conclusion was evident in the study conducted by Datar (1986). Though per-worker income earned from the MEGS was much higher in Datar’s sample (Rs 820 per annum) compared to Acharya and Panwalkar’s (Rs 286 per annum), it was still not sufficient to cross the poverty line’. Vatsa’s explanation for the MEGS not being able to lift a family out of poverty is that it is only 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 the 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 or weeks of employment or evaluating impact in terms of person-days of employment generated is not enough. In any case, long-term poverty reduction would require sustained public investment in various aspects of the agriculture sector, skill upgradation to enable diversification to more remunerative employment outside agriculture, and strengthening of social safety mechanisms such as a public distribution system for food and other essentials; access to drinking water and health services at affordable costs; and of course, protection against crop failure or market fluctuations (Vaidyanathan, 2006).





### 3.2 What have been the implications of MEGS on gender issues - coverage of women workers, work conditions, equal wages

Women have been the major beneficiaries of this scheme since its inception as the scheme guarantees work for all those who demand it. Krishnaraj et al. (2004) use the Government of Maharashtra's data for 1995–96 to 1999–2000 to show that the percentage of female person-days generated under the MEGS varied between 38 percent in 1995-96 to 73 percent in 1998–99. Estimates were around or above 50 percent in four out of the five years for which they collected data.

**Table 3: Region-wise percentage of female person-days generated under the MEGS in Maharashtra, 1995–96 to 1999–2000**

Division	1995-96	1996-97	1997-98	1998-99	1999-2000
Konkan	41.1	58.99	49	73	60
Nashik	26.85	59	49	73	60
Pune	35.8	59	49	72.99	64.12
Aurangabad	49.74	59	49	73	52.1
Amravati	20.52	59	49	73	60
Nagpur	33.17	59	49	73	60
Total for State	37.94	53.54	49.00	73.00	57.89

Source: Krishnaraj et al. (2004) based on Planning Department (MEGS), Government of Maharashtra

Krishnaraj et al. (2004) strike a note of caution for although 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 of 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 on site. This unit of measurement of employment, namely, person-days, does not tell us the number of men/women who worked on site and the number of days they worked. For example, the figure, '90 female person-days', fails to tell us whether 15 women worked for six days or whether six women worked for 15 days. Further, they were able to collect data only by going to worksites while the project was in progress. Muster rolls were almost impossible to trace after the period of 15 days required for the payment of wages.

They also point out that certain features of the MEGS, such as the 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 provided. Similarly, maternity benefits have never reached women as eligibility for this benefit requires proving 75 days 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.'





### 3.3 Was there spatial concentration of MEGS-works? Did the scheme benefit poorer areas?

It is argued that the major benefits of the MEGS have been limited to certain geographical pockets. The backward regions and tribal belts in particular have not benefited much from the MEGS (IGIDR Roundtable). According to Dev and Ranade (2001:298), during 1989–90, as large as 66 percent of the person-days of employment generated were concentrated in about 10–11 districts located mainly in western Maharashtra (See Table 4). Viewed in light of the central focus on drought relief at the time of formulating the scheme, the spatial concentration in drought-prone districts in the western region stands justified. Also, this region has larger proportion of agriculture labourers to the total workforce as compared to other regions (Dev and Ranade, 2001).

**Table 4: MEGS employment share of top 11 districts**

Year	Percent	Year	Percent
1984–85	73.33	1991–92	64.82
1985–86	75.88	1992–93	70.27
1986–87	76.01	1993–94	71.37
1987–88	72.94	1994–95	73.09
1988–89	72.80	1995–96	74.86
1989–90	65.07	1996–97	73.37
1990–91	61.51	–	–

Source: Dev and Ranade (2001). Computed from the data from Planning Department, Government of Maharashtra.

Estimates in Table 5 based on data in Datar (2006) show that the largest share of MEGS expenditure was in Aurangabad. Within the region of Aurangabad, MEGS-works were concentrated in the districts of Osmanabad, Beed, Aurangabad and Jalna.

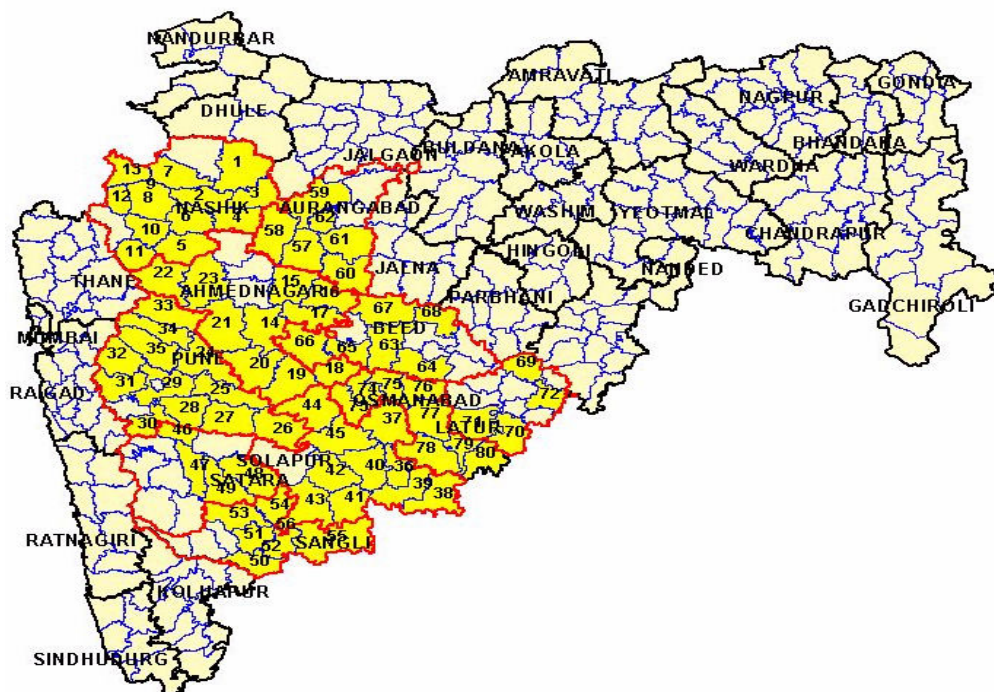
**Table 5: Regional share of MEGS expenditure (percent)**

	2000–01	2003–04
Konkan	11.73	5.20
Nasik	19.35	15.18
Pune	9.12	27.72
Amaravati	11.82	5.59
Nagpur	13.62	11.46
Aurangabad	34.36	34.86
Total	100.00	100.00

Source: Estimated based on Datar (2006).

Using the information provided by Ezekiel and Stuyt (1990), Dev and Ranade (2001) and Government of Maharashtra (2003–04), Vatsa (2005) identifies six districts as high MEGS-employment districts. The six districts common to all the lists and where demand for MEGS employment is consistently high are: Solapur, Ahmednagar, Osmanabad, Beed, Aurangabad

**Figure 2: Map showing drought-prone blocks or rainshadow area in Maharashtra**



According to Vatsa (2005), 'the districts in the Konkan division (Raigad, Ratnagiri, and Sindhudurg) and in Kolhapur in Western Maharashtra receive high average rainfall, and the demand for MEGS employment is never high in these districts. Thane, being part of the urban agglomeration of Mumbai is highly industrialised, with reduced demand for employment under the MEGS. Most of the MEGS employment is concentrated in two blocks of the district (Jawhar and Mokhada), which are predominantly tribal (Dev and Ranade, 2001). Pune, Satara, and Nashik districts contain a transition zone in the western parts of these districts that receive between 1000–2500mm of annual rainfall. Increases in irrigable lands and industrial employment in these districts have also dampened the attendance under the MEGS. However, the eastern parts of these districts lie in the rain shadow area, and when rains fail, the demand for MEGS employment in these parts goes up.

The Sangli and Dhule districts are in an anomalous situation. Despite being a drought-prone district in Western Maharashtra, the MEGS attendance in Sangli has never been high, largely due to its prosperity on account of sugar mills, dairy and horticulture plantations. The situation changed in 2003 when successive droughts brought a dramatic increase in the number of people employed on MEGS-works in the Sangli district. Dhule, in Northern Maharashtra, which has an average annual rainfall of only 674 mm, forms part of the



drought-prone group of districts. Since 1975, the growth of the MEGS in Dhule has been rapid, but it declined in the 1990s, largely due to consistently ample rains in the district.

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. The evidence in a number of studies supports this phenomenon by highlighting the negative association between rainfall, land productivity and MEGS employment across districts in the state. In a sense, this reinforces the focus on drought-relief, which was of course the initial trigger for envisaging the scheme. Later on, the scheme assumed a more broad-based applicability, cutting across all the districts in the state. In this sense, the self-targeting in drought-prone areas may have missed out some of the poorer areas, especially those in sub-humid/humid regions and areas with a higher concentration of tribal population in the state (Shah, 2006). This does not completely rule out fact that the scheme has bypassed many of the rural poor as it did not provide employment opportunities at the time and place required for ameliorating chronic poverty.

Krishnaraj *et al.* (2004) argue that no predefined criteria are used for inter-district allocation of MEGS funds. Allocations seem to be based on the previous year's allocation and the prevalent agro-climatic conditions. In this sense, low coverage in some of the tribal dominated districts with high incidence of poverty, such as in Nandurbar and Amarawati, is worth noting. The relatively low coverage of the MEGS in this region may 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.

### **3.4 Did the MEGS lead to increased bargaining power of labour and rise in wages?**

Wage rate is one of the tricky issues influencing the poverty reducing impact of the MEGS. The wages, based on a piece-rate formula, worked out to be lower than the minimum wage rate prevailing during the initial phase<sup>4</sup>. The low wage rate/earnings per day worked as a double-edged weapon; on one hand, it helped the scheme to retain its self-targeting character. On the other hand, it resulted into poor outcomes with respect to poverty reduction. Subsequently, the wages were brought on par with minimum wages for agriculture workers. This resulted in almost doubling of the wage rate during 1988–89 (see Table 6).

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<sup>4</sup> The workers are paid on the basis of the quantum of different category of work. The piece rates are worked in a manner that an average person working diligently for seven hours per day should earn a wage equivalent to minimum wage for agriculture workers in the area.

**Table 6: Average wages per person per day**

Year	Average wage/ Day Rs	Average labour days/year (in lakh)
1976–77	2.81	4.56
1987–88	8.23	4.55
1988–89	15.02	2.71
1993–94	18.60	2.19
1994–95	28.51	1.89
1998–99	35.28	1.2
1999–2000	39.04	1.19

Source: Kulkarni (2006)

Analyses in the past have clearly indicated low wages having led to limited impact on poverty reduction, notwithstanding the significant welfare enhancing impact of the scheme. According to Ravallion (1997), given the limited budget, 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, over time, the scheme has resulted in boosting agricultural wages. In turn, it may have significant impact on poverty reduction. According to Gaiha (1997), EGS had resulted in a 18 percent increase in agriculture wage rate in the long term. This has been realised through three important routes: 1) increased demand for labour, owing to an increased productivity of land; 2) higher reservation wage rate due to the availability of off-season work; and 3) enhanced bargaining power because of collective strength.<sup>5</sup> A recent study observed that the outcomes, with respect to increased bargaining power among rural workers, depended essentially on village level dynamics, awareness about rights, and support from grassroot organisations/social movements (Savale, 2006).

### 3.5 Errors of exclusion and inclusion

A number of studies have pointed out that the MEGS has worked well as a self-targeting programme. A study conducted during the early phase of the MEGS indicated that 90 percent of the households covered under the survey were living below poverty line and about 45 percent were landless (Dandekar and Sathe, 1980). Subsequent studies found the

<sup>5</sup> The initial phase of the MEGS was supported by a number of social movements and links with labour unions. Whereas the former has by and large dissipated, labour unions continue to have some influence at least over policy formulation. This is evident from the fact that the District level Employment Guarantee Committees included 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 earth works under the MEGS. These are some of the indirect channels through which bargaining power of the workers may have been strengthened. For a detailed account of the role of people's movements in the MEGS, see Shaji (2006).



proportion of landless to be in the range of 34–35 percent (Acharya and Panwalkar, 1988; Datar, 1986). Women have been important participants in the MEGS. Various studies in the past have revealed that women constitute a substantially large proportion of the workforce in the MEGS though the estimate varies significantly from 39 percent as per the study by the Planning Commission to 51 percent indicated by Dandekar and Sathe (1980) and between 49–80 percent as reported by the ISST-study.

However, more than share in employment, an important feature is class differential between men and women workers seeking employment under the MEGS. It is noted that male workers belonging to households of marginal farmers obtained a larger number of work days 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 a 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 information 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 also need careful probing.

Like most of the targeted interventions in India and elsewhere, the MEGS is also liable to errors of inclusion and exclusion. Higher MEGS wages, extension of MEGS-works to horticulture, and 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 percent 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, the 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 a high incidence of under/un-employment or distress, from migration or poverty, may deserve special attention. Persistent seasonal migration of rural labour to urban centres in search of jobs lead 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, it is fairly positive in so far as it has reached out a sub-set of chronically poor households, which have experienced more than moderate increases in their income (Gaiha, 1996).



### **3.6 Were works located on private land or public land? Who were the beneficiaries of the assets created on public land? Did these assets lead to long-term gains in productivity and 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 public works programmes. However, the fact remains that much of public works on land and water resources did bring substantial private benefits to farmers as observed by a number of scholars (Herring and Edwards, 1983). This is evidenced by the fact that the Maratha peasant lobby had emerged as the largest beneficiary and supporter of the scheme. Access to benefits from assets created by MEGS employment is determined by location if, for example, a percolation tank is created in the foothills when farms of poor farmers are at the hill top; or even if the farms are at the foothills but access requires wells that are non-existent on farms of the poor (Gaiha, 2005).

The subsidy received by the landed community, however, did generate the second round impact in terms of increased demand as well as higher wage rates for agricultural labour, as noted earlier. The setting-up of percolation mechanism, given the structural inequality in ownership of land and water, may have 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, the 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, 2005:28).

The above phenomenon is reflected in the debate over the inclusion of horticulture and other productive activities on private farms. Until 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 capitalist farmers. For instance, the Kashtakari Sangathan found that 'MEGS sites concealed economic interests of rich traders and landlords' as the location of public investments in wells and roads were near their fields. This led to agitations for the creation of public works that 'truly assisted the poor' (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 concerns over equality, corruption, exclusion of certain segment of workers, increased nexus between the rich and powerful, and above all, the weakening of the process of mobilisation of the working class.

While these are valid concerns, the outcome of a blanket objection for the involvement of contractors seems to be slackening of work being carried out under the scheme. This was particularly true in a situation where neither the landed class nor social movements were able to generate 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 involvement of contractors. As of date, horticulture or plantation on private fields of small and marginal farmers have been included in the list of activities. These measures, apart from directly helping farmers in the heartland of the MEGS in the western region of Maharashtra, may also help promote employment opportunities in forest-based economies in the central-eastern regions and also in the Konkan region where spread of the MEGS is fairly low.

Inclusion of horticulture and plantation activities, however, has generated serious debate, contemplating 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 collective identity and mobilising bargaining strength, which eventually may pave way for 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 and with the resultant percolation impact in terms of increased demand for labour both on-farm and off-farm.

### **3.7 Were 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 a dual objective of growth with distribution. The discourse of the 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 the MEGS with the mainstream 'development processes', which reinforce inequality and strengthens the capitalist class.

Against this, 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 the 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 where 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 also undermine the needs of the people demanding work. This leads to the second aspect, questioning the process where 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 (Patel, 2006:5131). It is therefore argued that 'the analysis of MEGS should not only examine whether poverty has been reduced. Rather, it has to evaluate the processes of empowerment, co-option, and domination it inaugurates'. It is thus imperative to examine the external context as well as the internal factors that have led to the waning of popular movements that, in the initial phase had played a pivotal role in designing programmes in a manner that they helped mobilisation of the poor.

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. Rules regarding displaying wage rates, work output, payment sheets etc. are not implemented. There have not been many instances of these committees making visits to the sites, preparing reports, having meetings regularly and discussing the plans, the complaints and the difficulties. The records being maintained are minimal. This also leads to lack of comprehensive understanding of (regional) trends and patterns, etc. The analysis of data can give insights to enable more effective planning and mid-course correction.

### **3.8 Underutilisation 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 the MEGS; additional tax on Sales Tax for the MEGS; special assessment of irrigated agriculture land; surcharge on land revenue for the 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, 2007).

Figure 3, based on data collected by Krishnaraj *et al.* (2004), shows that while there was strong commitment to spend funds on the MEGS during the 1980s, this was not the case during the 1990s (see Annexure 2). Close to 100 percent of MEGS tax receipts were

matched by an equal contribution by the Government and the aggregate amount was spent on MEGS employment until 1988–89. In 1989–90, expenditure on the MEGS fell to 51 percent of aggregate receipts. Except for 1992–93, expenditure remained at around, or less than, half the MEGS receipts, falling to an all time low of 31 percent in 1999–2000.

**Figure 3: MEGS expenditure as a percent of MEGS receipts**

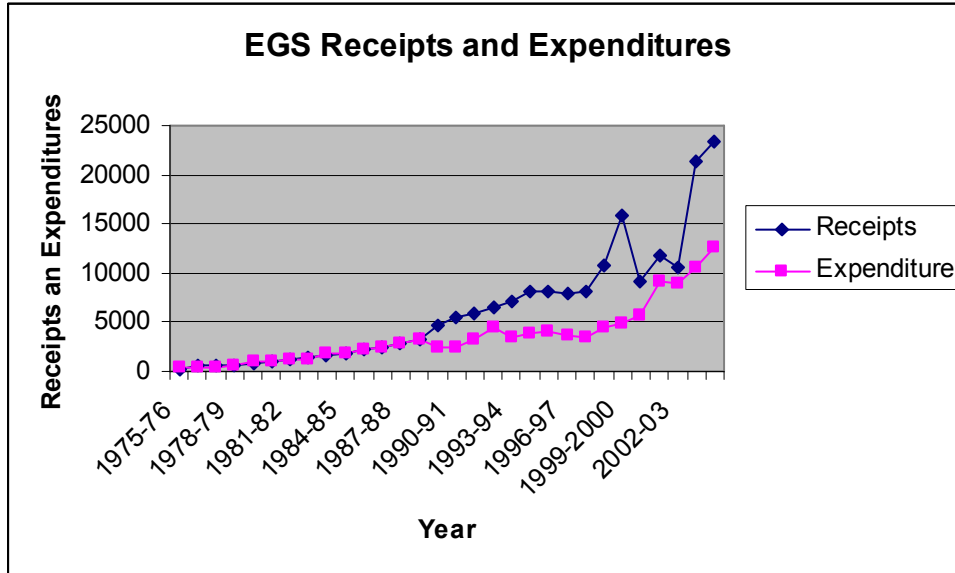


Figure 3 clearly shows the divergence between receipts and expenditure after 1989–90. While the funds collected from salaried etc. classes for employment generation have been rising over time, translating this into unskilled employment, the MEGS has faced ‘severe constraints.’ Divergence between receipts and expenditures decreased during these three years 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 the 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). Hence, they argue that the underutilisation of the fund constitutes a serious leakage of benefits under the scheme. Further, Datar (1986) argues that claims made regarding a saturation of MEGS sites and lack of demand for MEGS-works are not factually correct. The issue of underutilisation of the MEGS fund has recently led to Public Interest Litigation as well.



## 4 Mobilising youth for creating demand and revitalising social movement: a case of VACHAN

### 4.1 The approach

The discussion in section 3 highlighted the issue of an organisational vacuum, impeding demand creation thereby coverage and effective implementation of the scheme in the post eighties. It also revealed that there has been a substantial slow down in the implementation of the scheme despite a large proportion of unspent funds. Tribal areas with a large proportion of poor have been left out, inter alia, because of the lack of active social movements operating in the region.

This section of the paper presents a case study of VACHAN, a voluntary organisation, which works towards capacity-building among local youth to initially create demand for work under the MEGS<sup>6</sup>. The case study is located in the tribal villages of Igatpuri and Triambakeshwar blocks of Nashik district of the state. The case study, it is hoped, will help explore various pathways for bridging the institutional gap, essential for sustaining the scheme and also attaining convergence for social transformation in the long run. This is particular important in the light of the recent discourse on the essentiality of investing in local institutions in the long run.

The year 2003 was a year of drought in a region where the average annual rainfall is in the range of 2000–3000mm. Being tribal dominated, people in the region are faced with chronic poverty in the absence of alternative avenues for employment and income generation. The MEGS was yet to make a major dent on the livelihood of the people as the main focus of the scheme was in areas characterised by drought-prone regions with low and uncertain rainfall in the western part of Maharashtra.

VACHAN, along with Shramajivee Sangathan, an NGO with a long-standing presence on working with tribals on land rights and other related issues, initiated a process of organising local communities for getting MEGS-work, to supplement the income of people who were stuck in chronic poverty.

The drought of 2003 however, called for more concerted and systematic efforts for ensuring MEGS-work in the region. The most important task was to help communities put up the demand for starting the work. This was essential as communities, until then, were under the impression that the decision of starting the work on a particular site rests with the

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<sup>6</sup> This section draws upon the note 'Government's Responsibility by Inducing Responsivity' prepared by Ashwini Kulkarni and also on discussions with Ashwini Kulkarni and Sanjay Savale.



Government; people are merely passive participants in terms of 'accessing' as against 'demanding' the work. Creating local capacity was, therefore, a critical starting point.

VACHAN took up the challenge by organising a three-day workshop for training a group of 52 young volunteers from the area. These were literate and also motivated individuals, who were willing to work with people and NGOs. The training programme consisted of various inputs pertaining to the objectives, procedures, administrative mechanisms, and rights as well as responsibilities of the various functionaries. This was based on the detailed discussion about legal provisions on the one hand and actual experience of implementation of the MEGS on the other.

The trainees were exposed to various practical problems faced during various stages of the implementation of the scheme. These included the availability of an application form for demanding work, the details required for submission of the form, obtaining a receipt as proof of having demanded the work, ensuring maintenance of registers and payment of wages and sharing of information in public domain. Special focus was laid on the non-involvement of contractors and prevention of the use of machinery.

Given the complex procedures to be followed after submission of the application form, it is imperative that the community make institutional arrangements for follow-up action and monitoring. It is, however, unrealistic to expect the community to undertake these responsibilities especially during a time where households are already faced with an additional burden of provisioning of basic needs such as food, fodder, water under the drought situations.

The larger constraint, however, lies in terms of inadequacy of the political constituency, especially in remote areas such as tribal-dominated regions, for exerting the requisite influence on state machinery. Hence, it was important that institutional support be developed through involving external agencies or local youth. The initiative by VACHAN demonstrated that the involvement of local youth was an important building block in getting the MEGS implemented in the area.

## 4.2 Major outcomes

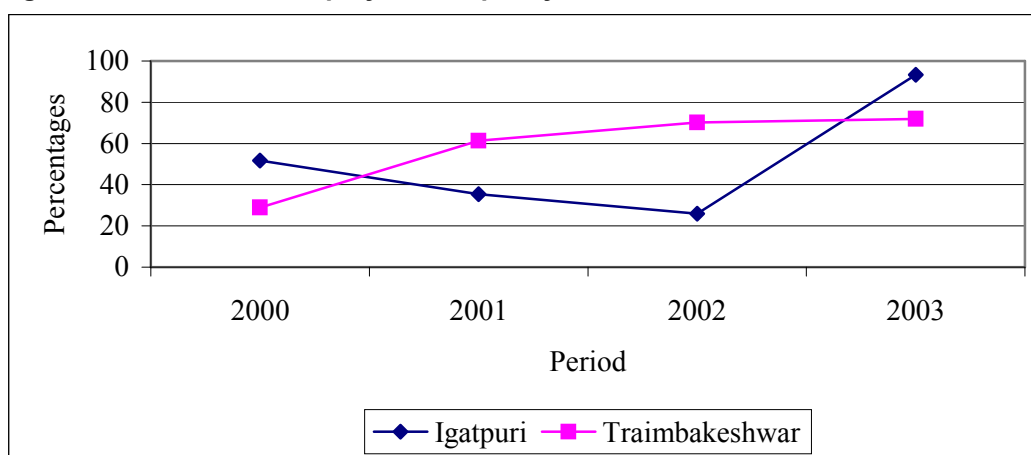
The intervention resulted in concrete actions. Each person who demanded work was given a card. A work plan was prepared, ensuring that the specific needs of all persons demanding work were taken into account in terms of the duration of work, nature of work and amenities required at the work site. The application form made a clear mention about unemployment allowance in case the authorities failed to provide work for all those demanding it, within a stipulated period of time.



The organised intervention made a special impact on the local authority, who noted that it is for the first time that a group of literate and informed individuals had approached them with a demand for work. The result was that work was provided for all those demanding it during the time of distress, when cash income was needed for meeting basic needs.

This resulted in nearly full utilisation of the scope for employment generation under the work plan, which consisted of the construction of new roads, widening of the old roads, farm ponds, and a minor irrigation dam. Figure 4 presents a comparative picture of the capacity utilisation over four years

**Figure 4: Utilisation of employment capacity of the works**



An important feature of the process of community mobilisation was the involvement of a member of the Panchayat Samiti who had an earlier association with Shramjivee Sangathan. The fact that an elected member had presented a specific demand for work and was closely involved in the entire process of preparation of the application, monitoring of work, and timely payment etc. provided immense strength.

His participation in the capacity-building workshop organised by VACHAN may have worked as an important catalyst for his proactive initiative in the process. Access to the right kind of information may also have played an important role in the effective involvement of the local community.

### 4.3 Issues for sustainability

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



The approach adopted by VACHAN needs to be seen in the context of the long-term sustainability of the scheme especially in a region which does not have a strong track record of implementation of the scheme. In fact, the issue of sustained presence of facilitating organisations for creating and developing local institutions is increasingly gaining relevance even in the area where the MEGS had a strong hold until the late-eighties, 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, according to the functionaries of VACHAN, 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 waste lands 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 five to seven years. The issue, therefore, is to go beyond the scattered and sporadic investment (mainly on the creation of infrastructure like roads and buildings) to the enhancement of the productive capacity of 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 we do not have first-hand information on the present scenario with respect to community mobilisation and demand for work in this region, our discussions with the functionaries of VACHAN indicated the need for long-term support for facilitation, which may eventually evolve into a movement for transformation of rural communities. A quick verification in one of the villages, revealed that the process of demanding and undertaking work under the MEGS had slowed down substantially in the last three to four years. In one instance, work was started for creating an irrigation structure, but it lasted for only two days and created employment for approximately 500 person-days. The work had stopped apparently due to non-availability of funds. Since then, the village community had demanded work thrice, but the work did not start owing to various reasons. It may be noted that at the time of initial interventions by the NGO, the Sarpanch also happened to be Member of the State Legislative Assembly (M.L.A) of the village, which in turn, may have helped in getting sanction for the work to be undertaken in the village. It is, at this time, that the Sarpanch (M.L.A.) had hired machines for earthwork. The village community effectively opposed this with facilitation by the NGOs. It is likely that the power dynamics that followed this successful resistance by the village community may have created constraints in getting more work for people in the village. 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 the 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 creating effective demand and also its realisation in terms of employment creation, despite the rights-based approach put in 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 the 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 developmental initiatives is reconciled by adopting a broader perspective within which the two may be coordinated, if not completely interspersed with each other.

The next phase, therefore, should 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 essential for a newly emerging perspective on the right to livelihood and regional development, at least in the medium time frame.

## 5 Lessons from the MEGS for the NREGS

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, although work was to be provided 'on demand,' poverty reduction was constrained by:

- low wages for given work;
- limited number of days of work per person actually provided;
- no upgradation of skills; and
- schemes that were limited in their ability to transform the level of development of the areas where projects were initiated;
- limited community mobilisation for demanding work, leading to limited coverage of workers, especially outside the few districts in which works were concentrated and during non-drought years; and
- limited administrative systems for monitoring and tracking the implementation of the scheme.

Therefore, despite several decades of the scheme being in operation, 31 percent of the population of Maharashtra is below the poverty line.





The NREGS has been in operation for less than two years and it is still too early to evaluate its success. However, it may be useful to identify lessons from the MEGS for the NREGS, which is still facing a number of initial hurdles as indicated by a number of articles published in the recent past (Ambasta *et al.*, 2008; Aiyar and Samji, 2006; Shah, 2008). While these studies come up with a range of suggestions for reforming the implementation of the NREGS, little attention is being paid to the experiences and the lessons emerging from implementation of the MEGS. We have highlighted some of the important lessons from the MEGS. The first of these are flaws in the design, for while the MEGS does not stipulate a limit on the number of days of work, it will provide to any adult individual willing to do unskilled work; the NREGS places a ceiling of 100 days and that too, at the level of the household. If this scheme is to transform the face of poverty in rural India, the right to work needs to be conferred at the level of the individual and the 100 days ceiling needs to be modified (Shah, 2007).

Around 3.81 crore rural households had registered under the scheme; 2.12 crore households had demanded employment under the scheme, of which 2.10 crore households received employment; and only 0.22 crore households received the full 100 days of legally guaranteed employment (Government of India 2007b). According to the latest report until December 2007, 43 person-days of employment was created per household having obtained employment under the scheme (Pankaj, 2008). Of the total workers who obtained employment under NREGS, 41 percent were women; 36 percent were Scheduled Tribes, and 25 percent were from Scheduled Caste communities. The report also provides an impressive account of asset creation and reduced migration owing to the availability of work under the NREGS. The total financial assistance provided by the GoI to all State Governments up to 31 March 2007 was Rs 12,073.56 crore for 200 districts. Of this, State Governments could use 73.08% or Rs 8823.36 crore. In comparison, one state or the MEGS alone spent approximately 1000 crores or more on the employment guarantee.

Like the MEGS, the NREGS too is expected to create productive assets to then ensure development of rural areas through employment of unskilled labour. 'In addition to the direct income support it provides, it also serves as a mechanism for channelising resources for development of land and water and promoting rural connectivity in conjunction with Bharat Nirman, the Backward Region Grant Fund and other various infrastructure-oriented projects in rural areas. The projects are to be selected by the Panchayat so that they are relevant to the needs of the community' (Government of India 1996: 61). An Institute of Social Studies Trust - Doosra Dashak survey of more than 1200 households from 11 villages in Abu Road block of Sirohi district shows that as in the case of the MEGS, despite the acute water shortage in this drought prone area, road construction dominates choice of works (Bhattacharya and Sudarshan, 2007). Fifty-nine percent of the respondents said that gravel roads were constructed as part of NREGA work, of which 24 percent added that the construction remained incomplete. Thirty-one percent reported water conservation structures; of this, 30 percent cited digging new tanks/ponds (Nadi kudai) and only one



percent mentioned construction and repair of embankments (Anicuts) and canal cleaning or reconstruction. Land development through plantations and land leveling was not mentioned. Again if sustainable poverty reduction and development of rural areas are the objectives, then the creation of long-lasting, quality productive assets is imperative.

Aware of the importance of putting plans in place for 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), at each Block, with necessary supporting staff for facilitating implementation; a 'Gram Rozgar Sevak' in each Gram Panchayat; a technical assistant for every ten Gram Panchayats; panels of accredited engineers at the District and Block levels; Technical Resource Support Groups at the State and District levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives and also assist in training and handholding, with a view to improving the quality and cost effectiveness of the scheme. Government of India (2007b) found that the 'lack of adequate administrative and technical resource support at the District, Block and GP levels adversely affected the smooth and effective implementation of NREGA' for this meant that 'the administrative and technical scrutiny and approval of NREGS works (had to be) routed through the normal departmental channels burdened with existing responsibilities.' Further, 'this led to delays in the preparation of plans, scrutiny, approval, monitoring and measurement of works, and maintenance of the stipulated records at the block and GP level.' Audit also found that employment provided was well below target. However, setting up systems and plans at the grassroots level takes time as does shaking-off decades of inertia.

The discussions with VACHAN made it 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 CBOs, Panchayati Raj Institutions, and the Government Bureaucracy to reform the implementation of the NREGS. It is 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). 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 enable mass based poverty reduction in the country.



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**Annex 1: Year-wise total expenditure, wage expenditure and man-days generated from the year 1972–73 to 2004–05**

**Expenditure and man-days in crores**

Year	Budget provision	Total expenditure	Expenditure on wages	% of wage expenditure	Man-days NREGS	Cost per man-day	Average wage per man-day
1972–73	2.23	1.88	N.A.	–	0.45	4.18	–
1973–74	3.71	1.89	N. A.	–	0.51	3.71	–
1974–75	15.00	13.72	N. A.	–	4.81	2.85	–
1975–76	30.49	34.61	31.48	90.95	10.95	3.16	–
1976–77	50.00	51.10	38.35	75.04	13.65	3.74	2.81
1977–78	55.00	51.54	38.13	73.98	11.73	4.39	3.25
1978–79	70.63	74.17	59.03	79.58	16.35	4.49	3.61
1979–80	100.4	109.23	89.45	81.89	20.54	5.32	4.36
1980–81	110.9	122.12	92.69	75.9	17.15	7.12	5.40
1981–82	116	126.17	98.09	77.74	15.6	8.09	6.28
1982–83	125.66	130.93	99.78	76.2	12.8	10.23	7.80
1983–84	157.34	184.98	139.37	75.34	16.45	11.24	8.41
1984–85	155.74	232.04	147.77	63.68	17.8	13.04	8.30
1985–86	246.55	272.24	181.99	66.85	18.95	14.37	9.60
1986–87	226.08	243.43	154.37	63.47	18.76	12.98	8.23
1987–88	265.24	#288.31	153.36	53.19	13.33	19.06	9.11
1988–89	250	254.23	126.26	50	8.13	31.27	15.02
1989–90	231.54	239.28	123.4	53.3	7.80	30.68	15.53
1990–91	236.97	238.92	134.82	57.37	8.98	26.16	15.02
1991–92	310.95	319.92	202	63.14	11.94	26.79	16.91
1992–93	453.23	452.72	273	60.3	14.8	30.59	18.45
1993–94	313.62	347.34	183	52.69	9.84	35.3	18.60
1994–95	413.15	384.09	268.55	69.92	9.42	40.77	28.51
1995–96	450	443.75	269.56	63	9.7	45.75	28.82
1996–97	418.25	366.75	256.73	70	9.01	40.7	28.49
1997–98	360	353	257.69	73	9	39.22	28.63
1998–99	489	456.66	324.23	71	9.19	49.69	35.28
1999–2000	495.26	493.97	370.48	75	9.49	52.03	39.04
2000–2001	667.03	578	439.28	76	11.12	52.55	39.5
2001–2002	669.1	914.65	731.73	80	16.17	56.56	45.28
2002–2003	850	889	711.2	80	15.45	57.54	46.03
2003–2004	951	1050.71	978.32	93	18.53	56.77	52.8
2004–2005 *	575	1256.47			22.84	55	

Source: Government of Maharashtra (2007)

\*Provisional



**Annex 2: MEGS expenditure as a percent of MEGS receipts (in percent)**

<b>Year</b>	<b>Expenditure/Receipts</b>
1975–76	164.97
1976–77	91.07
1977–78	70.02
1978–79	109.61
1979–80	134.84
1980–81	94.56
1981–82	99.72
1982–83	89.36
1983–84	108.49
1984–85	100.59
1985–86	100.00
1986–87	97.32
1987–88	100.07
1988–89	99.96
1989–90	51.31
1990–91	43.19
1991–92	54.27
1992–93	68.92
1993–94	49.21
1994–95	46.54
1995–96	49.75
1996–97	45.37
1997–98	43.52
1998–99	42.24
1999–2000	31.30
2000–01	62.76
2001–02	77.47
2002–03	85.22
2003–04	49.70
2004–05	53.96

*Source: Calculations based on Krishnaraj et al. (2004); Datar (2006).*





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