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The Politics and Bureaucratics of Rural Public Works: Maharashtra's Employment Guaranteed Scheme

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ABSTRACT *The Maharashtra Employment Guarantee Scheme stands out among rural public works programmes in developing countries for its size, longevity, the generosity of its funding arrangements, and the political sophistication of its design. Its mission is highly ambitious: to supply employment flexibly and rapidly by opening and closing public works in response to local, unpredictable weather variations in a poor agrarian economy. We explore the political factors that account for changes in its performance over more than 30 years, and identify the political lessons for the design of similar programmes elsewhere.*

I. Introduction[1]

In recent decades, large-scale rural public works programmes have employed significant fractions of the labour force in many poor countries.[2] However, they appear to many people as an old-fashioned – even anachronistic – way of using public resources to alleviate policy, and today receive little attention in development policy debates. It might then appear surprising that the Congress-led United Progressive Alliance that came to power in India in 2004 committed itself to a massive national public works programme that would aim at providing a guarantee of manual employment for both the rural and the urban poor. In the context of the history of anti-poverty programmes in India, this policy choice is not so surprising. Not only is there a lengthy record of publicly-funded rural public works programmes, but the notion of using them to provide a guarantee of employment also has a very long history. The state government of Maharashtra introduced just such a programme in the early 1970s – the Employment Guarantee Scheme – and continues to implement it to this day. The Government of India has adopted the same title for its proposed new national programme. If we wish to understand the scope for using public works to guarantee employment in an environment like that of

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India, the Maharashtra Employment Guarantee Scheme provides rich material for analysis and interpretation.

The Maharashtra Employment Guarantee Scheme (EGS, or 'the Scheme') is a massive, long term, slowly evolving public programme, deeply institutionalised in the politics, public finances and public administration of a state that had a population of 79 million people in 1991. It is not a 'project', and is more usefully likened to major components of the welfare state programmes of OECD countries. Like, for example, the UK's National Health Service, it is a big spending programme, targeted at the vulnerable poor, and created on the basis of broad domestic political commitment crystallised during a crisis – in the British case, World War II; in the Maharashtra case, a devastating drought (1972–74).[3] The statistical magnitudes relating to the EGS are awe-inspiring. In the three decades after the scheme formally commenced in 1972, it financed 3,597 million person days of work on irrigation, soil and water conservation, reforestation, and local roads (Krishnaraj et al., 2004: Table 1). This is an average of 120 million days a year, on hundreds of thousands of separate work sites. During its early years, 1975–76 to 1987–88, EGS provided an annual average of 10 workdays for every member of the rural labour force in the state (Table 1). At its peak in the late 1980s, the EGS accounted for a fifth of the capital spending of the state government.[4]

The EGS differs from the National Health Service in the UK and many other welfare programmes in rich countries in that it is in decline, both quantitatively and in its capacity to mobilise political energy and commitment. We document and explain that decline. But that is not our primary purpose here. Our aim is rather to interpret the history of the EGS from the perspective of political activists and policymakers interested in the scope for EGS-type public programmes elsewhere in India and in other poor agrarian societies. From a political perspective, what do they most need to know about the EGS *as a public works programme* if they are to think about replicability? We put ourselves in a position to answer that question by first focusing on three more specific queries:

(i) What is special about the EGS (compared with other public works programmes)?
(ii) Why was there such a strong political commitment to the Scheme in Maharashtra in the 1970s and 1980s?
(iii) What has happened after the initial excitement around the EGS died away, and the Scheme became both routinised and, eventually, less important to the rural economy and public finances of Maharashtra?

Sections II–IV of this article are organised around the answers to those three questions. The answers to the first question are largely descriptive; those to the second lie largely in politics as normally understood; and those to the third question take us more into the terrain of the organisational politics of the public sector – hence the 'bureaucratics' in our title.

We explain in Section II that the distinctive feature of the EGS was a high level of *ambition*. Public works programmes employing the rural poor to move earth and rock have been two a penny in India and the developing world in recent decades. Nearly all are justified as a means of both (a) providing work and income for the poor in times of need; and (b) converting an abundant resource – underemployed

Table 1. Some basic state-level statistics on the EGS

Year (a)	Total EGS employment—million work days (b)	Average number of person days of EGS employment per person in the rural labour force (c)	'*Actual rainfall*' (annual rainfall as a percentage of the long term norm) average of all districts (d)	EGS Fund (Rs. million)*		
				Receipts (e)	Expenditures (f)	Current balance [(e)–(f)] (g)
1975–76	90	6.0	100	210	346	−136
1976–77	138	8.9	125	548	499	49
1977–78	120	7.6	105	703	492	211
1978–79	140	8.6	101	629	689	−60
1979–80	180	10.8	110	728	982	−254
1980–81	151	8.9	102	1,020	965	56
1981–82	172	9.9	112	1,208	1,204	3
1982–83	150	8.5	80	1,394	1,245	148
1983–84	185	10.4	125	1,628	1,767	−138
1984–85	205	11.4	84	1,915	1,926	−11
1985–86	277	15.3	84	2,237	2,237	0
1986–87	228	12.4	84	2,497	2,430	67
1987–88	173	9.4	96	2,837	2,839	−2
Average, Period 1	170	9.9	101			

(*continued*)

Table 1. (*Continued*)

Year (a)	Total EGS employment—million work days (b)	Average number of person days of EGS employment per person in the rural labour force (c)	'*Actual rainfall*' (annual rainfall as a percentage of the long term norm) average of all districts (d)	EGS Fund (Rs. million)*		
				Receipts (e)	Expenditures (f)	Current balance [(e)–(f)] (g)
1988–89	85	4.6	132	3,173	3,172	1
1989–90	83	4.4	104	4,581	2,350	2,231
1990–91	74	3.9	127	5,532	2,389	3,143
1991–92	91	4.7	85	5,895	3,199	2,696
1992–93	132	6.6	101	6,569	4,527	2,041
1993–94	81	4.0	105	7,058	3,473	3,585
1994–95	87	4.2	109	8,214	3,822	4,391
1995–96	127	6.1	95	8,174	4,066	4,108
1996–97	78	3.7	101	7,853	3,563	4,290
1997–98	96	4.5	107	8,148	3,546	4,602
1998–99	94	4.3	104	10,812	4,567	6,245
1999–2000	86	3.9	96	15,777	4,938	10,840
2000–01	93	4.2	95	9,208	5,779	3,429
Average, Period 2	93	4.5	105			

Note: For sources of all tables, see Moore and Jadhav (2004) unless otherwise specified; *Krishnaraj et al. (2004: Table 4).

Table 2. Some basic statistics on the EGS by district

District (a)	Percentage of MLA's elected in 1978, 1980 and 1985 who were of Maratha caste (b)	Average number of person days of EGS employment per person in the rural labour force, 1975/6–87/8 (c)	'*Normal rainfall*', in centimetres (d)	Gross irrigated area as a percentage of gross cropped area, average 1975/6–2000/1 (e)	Average per capita income as a percentage of state average, 2000/01 (f)
Category A: Maratha districts with high initial EGS activity					
Beed	43	17.7	77	17	84
Ahmednagar	69	16.9	56	24	92
Sholapur	39	16.8	61	18	98
Aurangabad	69	16.7	70	25	91
Parbhani	67	16.4	91	8	75
Osmanabad	64	13.0	87	15	75
Satara	73	11.8	89	25	107
Average (A)	61	15.6	76	19	89
Category B: Maratha districts with low initial EGS activity					
Poona	70	7.4	81	22	165
Nanded	54	7.3	102	8	66
Sangli	89	6.6	66	17	128
Ratnagiri	42	1.9	305	14	100
Kolhapur	72	0.4	168	19	134
Average (B)	66	4.7	145	16	118
Average (A + B)	68	12.4	111	19	108
Category C: Non-Maratha districts					
Nashik	33	14.2	123	19	109
Kolaba	33	0.6	300	5	145
Jalgaon	31	7.0	75	17	94
Akola	30	6.3	85	3	79
Buldhana	24	2.1	80	5	68
Dhule	23	14.3	76	13	67
Nagpur	18	8.3	115	13	138
Bhandara	0	16.1	117	39	81
Chandrapur	0	6.5	130	31	84
Wardha	0	5.0	107	7	98
Amravati	0	4.7	102	7	90
Thane	0	3.2	246	3	151
Yavatmal	0	2.7	77	44	83
Average (C)	15	7.0	126	13	99

labour – into useful infrastructure, such as irrigation, drainage, soil and water conservation facilities, new forests, or roads. It is not easy to achieve these aims, individually or jointly. It is particularly difficult to supply employment where the volume and timing of needs are shaped largely by the effect of unpredictable and locally variable weather on a poor agrarian economy. The EGS was created and

nurtured in the rainshadow region of the western Ghat mountain range ('western Maharashtra'), where rainfall is unusually low and especially unpredictable (Column d, Table 1). The Scheme was built around a complex and sophisticated set of financial and organisational arrangements designed actually to deliver work to *localities* when needed. It was never a routine public works project, but possibly the most ambitious scheme in history to try to tailor the supply of work to variable and unpredictable local needs in a poor agrarian economy.

In Section III we explore the conjunction of factors that led the EGS to become so large and so embedded in the politics, law and public finances of Maharashtra state. The more specific elements include: (a) roots in emergency measures taken to combat a drought that devastated much of western Maharashtra in 1972–74; (b) the shaping of the scheme to meet the needs of the electoral coalition, dominated by the rural-based Maratha-led caste bloc, that controlled the state Congress Party and the government of Maharashtra after state was created, as a separate Marathi-speaking unit, in 1960; (c) the influence of leftist political parties and trades unions, urban and rural, at a time when many Asian political elites were seriously exercised by the possibility of leftist agrarian-based insurrection; and (d) the role played by a small but influential group of visionary political entrepreneurs within the Maharashtrian political elite. In its early stages, the Scheme was extensively debated and negotiated. It mobilised and focused the political energies of a variety of different political and social groups within Maharashtra, each with their own agendas and purposes. The design of the Scheme reflected a series of compromises between different interests. Some observers have responded by emphasising the conservative character of the EGS, notably the extent to which efforts were made to channel benefits to rural labour without threatening the interests of rural employers (Herring and Edwards, 1983). There is however another side to the same story: the strong sense of 'ownership' of the EGS by a range of political and social groups in Maharashtra.

The quantitative indicators of EGS activity declined rather suddenly in the late 1980s, and have remained relatively low since. Equally important, the level of political and bureaucratic energy devoted to the Scheme has declined. Section IV is devoted to explaining this decline. A series of long term factors help to account for it. They include changes in the rural economy of Maharashtra, in the character of the Scheme itself, and in state politics. However, the rapidity with which the level of EGS activity dropped around the end of the 1980s demands distinct explanation. It was due in part to an unannounced government policy to (a) restrict, though informal administrative measures, expenditure on a programme that was perceived as running out of control; and (b) divert some of the demand for rural work to other programmes, funded by the Government of India, that never embraced the rights and guarantees of work that are formally embodied in the EGS. This 'bureaucratic suppression' of demand for EGS employment has in turn fed back into the general decline of political energy around the Scheme.

We conclude Section IV with something of a paradox. The 'decline' of the EGS is exaggerated. True, both the level of activity and the associated political energy have diminished. This is partly because the Scheme has ceased to be a major substantive or symbolic asset for a cohesive Maratha-led electoral bloc, rooted in western Maharashtra, that dominated the ruling Congress Party. That bloc has faced increasing electoral competition. However, our statistical analysis suggests that the

distribution of EGS employment among the districts of Maharashtra has been no less sensitive to local employment needs (i.e., rainfall failures) since the late 1980s than it was in the early and more enthusiastic period. The Scheme still meets genuine needs. But the poor who benefit from it today have little political voice or visibility.

We end in Section V with some conclusions about the politics of the EGS that might be relevant to the construction of similar schemes elsewhere.

II. Ambition: EGS in the Context of Public Works Programmes

There is an obvious appeal to the idea that, when the rains or the crops fail in poor agrarian economies, public money should be used to employ people who would otherwise be without work and food. Much the same arguments apply whether we are dealing with unpredictable local weather patterns or predictable periods of seasonal unemployment in highly seasonal agricultural environments. Employing needy people in earth-moving activities will not only give them an income but will make it possible to create the kinds of infrastructure – such as irrigation, drainage, soil and water conservation facilities, new forests, or local roads – that will help diversify the local economy and protect it against bad weather or excessive seasonality in the future. Further, there should not be too many problems of diversion of these public resources to the non-needy, as only people genuinely in need will turn up to do hard manual work. Aid donors have often been keen to fund this kind of activity through purchasing and sending to poor countries the food surpluses generated by agricultural protection and subsidy in the rich countries. The prevalence of rural public works programmes in poor agrarian countries needs no explanation.

It is one thing to establish labour-intensive public works programmes. Few governments responsible for large poor agricultural populations have been able to resist pressures to do so. It is quite another thing to do well the task set for the EGS: both (a) to build good quality local infrastructure that will last; and (b) to provide employment, in the right volumes and locations, to meet unpredictable local needs. Why is this so difficult? There are three main reasons.

The first is brief and squalid: corruption. It is especially easy, on labour intensive works, for supervisors to cheat on the volumes of work done and on the numbers of people employed. It is even easier in a monsoon climate like that of India: within a year or less, any apparent deficiencies in the amount of earth that should have been moved can be attributed to the washing away of the soil by heavy rains.[5] Without effective vigilance, substantial proportions of public works budgets might be diverted to the wrong pockets (Echeverri-Gent 1988, 1993: 96–118).

The second reason is the problem of the weak client: poor rural people who need manual employment because the rains have failed normally lack political voice until it is too late. When they become sufficiently desperate, they might begin to flock to town and to protest, and force government to find them work or otherwise give relief. But that is an inefficient as well as an inhumane mechanism. It is far preferable that potential workers organise early to ask for work when they perceive problems emerging in their locality. Part of the genius of the design of the EGS was the incorporation of a mechanism for creating this kind of early warning voice.

The third reason lies in complex scheduling problems. Even the most labour intensive public works projects require much more than a group of willing labourers to turn up on site with picks and shovels. Prior planning and complementary inputs are needed. The larger and more sophisticated the project, the more compelling are these planning and logistical considerations. It may be possible to clear out the ditches alongside local roads using only unskilled labour with little prior preparation and few other resources except a supervisor and funding approval. By contrast, the initial construction of the road – or an irrigation or soil conservation facility – is a much more complex business, and the planning horizon much longer:

(i) Project sites have to be investigated and designs drawn up and approved.
(ii) Expenditure plans have to be prepared and coordinated with those designs.
(iii) In many cases land has to be acquired, either through the permission of private owners or relevant government agencies, or through purchase and/or due legal process (Lieberman, 1985: 114–16; Echeverri-Gent, 1988).
(iv) A range of complementary inputs need to be assembled and deployed as required. These might include, among others: supervisors to organise the work on a daily basis, and engineering staff recurrently to check progress and authorise payments; skilled or specialist labour to undertake masonry or carpentry work or break stones;[6] tractors or some other machinery for transporting from distant locations construction materials, including stone, water, or the kind of impervious soil needed to form the core of a small earthen dam; and seedlings for forestry planting.
(v) If work is not complete before the new agricultural season begins, and has to be suspended for some months, it may need to be proofed against washout during the forthcoming monsoon rains. As we explain in Section IV, the problem of incomplete works loomed large in the prime years of the EGS.

In practice, it is impossible to use public works to build robust infrastructure if the goal of responding to unpredictable local employment needs is given absolute priority. It is essential to compromise between employment objectives on the one hand and, on the other hand, planning and logistical imperatives. The need to compromise generates an organisational dilemma. Who will implement the programme? One option is to have no permanent organisational apparatus or staff, and to rely on plundering other government institutions for relevant skilled or experienced staff at short notice once it becomes clear that an emergency looms. This is the worst option: work will either not be provided on time, or will be so badly organised that it will not result in useful, sustainable infrastructure. A second option is to expect those government agencies that normally undertake related kinds of activities – irrigation, agriculture, forestry and public works departments – also to take full responsibility for employment-oriented public works. This too generates problems. It will disrupt the normal work schedules of these agencies, and may be resented and resisted.[7] This is especially likely where, as in India, public sector construction agencies rely entirely on contractors to execute work, and have little or no capacity directly to organise and supervise large numbers of labourers. These agencies naturally will tend to use their bureaucratic power and professional authority to 'convert' what are intended to

be employment-oriented activities into more routine construction projects. The employment objective will be downgraded. A third option is to create special government agencies to prepare and implement needs-based employment programmes. The problem here is that such agencies are likely to be underemployed much of the time and find it hard to retain good technical staff. Their technical capacity may atrophy, or they may try to convert themselves into regular public sector construction agencies, and thus lose interest in the employment mission. The organisational arrangements for implementing the EGS did not follow any of the three models sketched out above. As we explain below, they reflect a rather resourceful compromise.

We can summarise the preceding paragraphs by saying that, to be effective in a poor agrarian environment, a public works scheme designed to counter the effects of insecure rainfall patterns would have to deal with three main political and institutional issues: (a) reaching a procedural and organisational compromise between relatively rapid response to variable local employment needs and adequate project planning and preparation; (b) allocating planning and implementation responsibilities among public agencies such that the unpredictable employment-oriented work would receive adequate bureaucratic attention; and (c) finding a mechanism to give early political voice to those who need work, rather than forcing them into desperate acts of protest. We are not suggesting that the EGS ever represented *the* solution to all these problems. The fact that the regulations governing the Scheme are continually modified is itself evidence of this. But the broad organisational outlines, that have remained the same throughout, do respond quite directly to the challenges outlined above. EGS may not constitute the perfect recipe, but it seems to have the right basic ingredients.

As we explain in Section III, the EGS took on a number of organisational forms between early quasi-private experiments on the mid-1960s through to its incorporation in law in 1977. In listing the basic institutional ingredients, we refer to the post-1977 arrangements:[8]

(i) The EGS is funded outside normal budgetary processes. A special set of hypothecated (i.e., dedicated) taxes, along with an equal contribution from normal state government revenues, are paid into an EGS Fund. There are specific procedures for releasing money from this Fund; the criteria relate purely to assessed needs for EGS employment. Legally, these needs cannot be overridden by concerns about the overall fiscal situation of the state government. Similarly, they are not affected by normal political and bureaucratic processes of appropriating and spending public money. In principle at least, funds are always available for projects that are approved on technical grounds and meet employment needs. 'Government have declared in the Legislature on 24 September 1974 that there would never be an excuse of lack of plan funds for EGS and this has truly been observed in practice during all these years' (Sathe, 1991: 62). The EGS was instituted in an environment of fiscal liberality authorised by law.

(ii) People are legally entitled to EGS employment. Provided certain conditions are met – and the most important is that a minimum of 50 people in a locality should formally ask for work – then government is legally obliged to provide

work, in that locality, within a fixed time period. If government fails, it can be taken to court and obliged to pay an unemployment allowance to frustrated jobseekers. The knowledge of this entitlement is an incentive for people who perceive that they will soon need EGS employment to organise collectively at an early stage: they have a defined and legally mandated channel of access to government.[9]

(iii) The EGS Act requires that jobseekers should be provided with work within eight kilometres of their residence.[10] That kind of localisation has two important advantages. First, it increases the value of the work opportunities, because they will be within daily walking distance of home. Second, it makes it more difficult for obstructive or hostile administrators to deflect demands for work by offering it so far from home that jobseekers might give up in frustration. Yet the 'eight kilometre' provision is not implementable in the form in which it is legally expressed. Imagine low level public officers, operating within an administrative system that has traditionally had little access to reliable maps, trying to calculate the distance between a range of potential work sites and the homes of a crowd of jobseekers resident in different villages. In practice – and apparently following practices for organising famine relief works established under colonial rule – the administration of the EGS has always been localised around small territorial jurisdictions, carved out especially for this purpose, that are termed 'pockets' in administrators' jargon. 'Pockets' are groups of about four to six adjacent villages. When people ask for work, it is the norm that work will be provided within the pocket from which the demand came.[11] This arrangement clearly defines the territorial and population boundaries within which jobseekers and their political representatives need to operate politically – and thus facilitates their political mobilisation.

(iv) Operational responsibility for the EGS is divided among government agencies. At the top, in the state government secretariat in Mumbai, authority lies clearly with the Planning Department. However, at the level of the district and the tehsil, where most operational EGS decisions are made, responsibility is shared in a matrix arrangement. Overall responsibility and financial authority lies with the heads of each level of territorial administration ('Revenue Department') – Tehsildars in the tehsil, and Collectors in the districts. Within each district office ('Collectorate'), there is a small 'EGS cell' with its own engineering staff, to oversee and approve designs and financial claims. It is the territorial officers who formally assess needs for EGS employment and direct the technical agencies to begin or cease work on particular projects. The role of the territorial officers is to ensure that the use of EGS funds is governed by concerns about employment needs, and that the technical departments do not take over the show entirely. These technical agencies – mainly those dealing with public works, irrigation, agriculture and forestry – prepare and implement EGS projects in addition to their normal departmental programmes, and are able to shift personnel resources between the two according to need.

(v) The public service is obliged to maintain a substantial reserve ('shelf', in their jargon) of designs for projects that can be opened at short notice should there be a need. The norm is that the 'shelf' should amount to at least 150 per cent of anticipated demand for employment in the coming year.

(vi) The arrangements for oversight of the use of EGS funds are more complex than for those normal programmes (Echeverri-Gent, 1988: 1301–2; 1993: 108). They include, at state level, a special EGS Committee of the Maharashtra legislature; a combined legislative and expert Maharashtra State Employment Guarantee Council; and a state wide Vigilance Committee.[12] This in turn implies substantial direct accountability of implementing agencies to politicians, including at local level (Herring and Edwards, 1983: 580).

To conclude this section, we make six comments to put the EGS organisational arrangements into context:

(i) They were not solely the brainchild of the designers of the Scheme, but in some cases have deep historical roots. Many of the procedures can be traced back to colonial Famine Codes: there is long history in India of using public works to alleviate the worst effects of famine (Mathur and Bhattacharya, 1975: 81).

(ii) The EGS organisational arrangements are not perfect. As one might expect, the division of responsibility between different types of government agencies generates some tensions. The technical implementing agencies prefer not to be subordinated to the Revenue Department for financial and planning purposes, and to become involved in work that appears relatively political and sub-professional (Lieberman 1985: 123; Echeverri-Gent, 1988: 1301). Further, the technical departments do not like the requirement that EGS work has to be executed directly, rather than through private contractors. They are not used to supervising labour directly, and can find this very challenging, especially if the labourers believe they have rights, or feel free to report for work as they wish (Lieberman, 1985: 116–19; Echeverri-Gent, 1988, 1993: 104–8).

(iii) The public officials involved in the implementation of the EGS often a rather negative view of the Scheme. They experience the tensions of a matrix organisation where responsibilities are divided between different parts of the state apparatus and inter-agency interactions have in-built tensions designed to help check corruption. Further, because EGS financing is guaranteed by law and does not face the competition of routine budgetary processes, there is little incentive for any single agency to promote the virtues of the EGS, publicly or within bureaucratic arenas.

(iv) The dominant role of government agencies in the implementation of the EGS did not quite correspond to V. S. Page's original idea. As a Gandhian, he:

> ...made village *panchayats* (councils) the administrative agency for his prototype of the EGS. In fact, village *panchayats* and block-level *panchayat samitis* were responsible for implementing the Pilot Employment Guarantee Scheme created in the summer of 1969. Yet by 1974, they played virtually no role... (Echeverri-Gent, 1993: 114)

The main reason was the 1972–74 drought. Local councils did not have the capacity rapidly to provide productive employment on a large-scale. Government departments took over, and by the end of the drought were in

a dominant position. This had clear advantages in term of implementation capacity. There were however two disadvantages. First, the Scheme continued to focus almost entirely on new *construction*; it is likely that elected local councils would have paid more attention to maintenance (Echeverri-Gent, 1993: 141–2). Second, the lack of engagement of elected local councils in implementation left the whole Scheme vulnerable to a central decision to suppress demand and expenditure in the late 1980s (see below).[13]

(v) Despite the prominent role of bureaucratic agencies in implementing the Scheme, the EGS is relatively 'political', by design: to a greater extent than normal public programmes, the institutional structures and operational procedures stimulate potential beneficiaries to mobilise to request work, and encourage politicians to become deeply involved in oversight. The Scheme delivers best when potential beneficiaries mobilise.[14] Equally important, EGS encourages political competition: unlike political machines that monopolise the distribution of state benefits, EGS:

> ... facilitates the activation and organization of workers by opposition parties and voluntary organizations as well as by ruling party politicians. As a result, multiple channels are available to represent workers' interests and to increase the opportunities for workers to make politics more responsive to their perceived needs. (Echeverri-Gent, 1993: 120)

(vi) The political and institutional dynamics of the EGS and the procedures that are used to implement it are in some respects very different from what is mandated in law or government regulations. To try to assess the Scheme according to the extent of adherence to formal procedure may be very misleading. For example, on the basis of recent research in Thane and Nasik districts respectively, Divya Pande and Anurekha Chari (private communications, April 2003) discovered a great deal of the kind of practical adaptability that one would anticipate. This included (a) lower level government officials either advancing wages from their own pockets in response to long official delays in payment authorisation or, where migrant workers were involved, guaranteeing their advances of food from local traders; and (b) the existence of a (female) broker who was able to expedite official work orders for EGS projects, and in return received fees from the workers. There is also considerable ambiguity around the notion of the requirement for formal registration for EGS work.[15]

It is easy to criticise the EGS for performing below the high formal standards set for it. We hope we have demonstrated in this section (a) that the level of ambition is very high; (b) no EGS-type programme is likely to operate at very high performance levels because of intrinsic problems and tensions, including an inescapable degree of routine corruption;[16] but (c) the political and institutional design of the EGS is both smart and appropriate to the context. It is a highly workable scheme. That is one reason why it became such a large-scale public programme in Maharashtra over such a long period of time. We explore the other reasons in the next section.

III. Expansion: Why Did The EGS Become Such a Large Programme?

The EGS was not fully formed at birth. It gradually took shape between the mid-1960s and the late 1970s. Let us first list the milestones that feature in most histories of the programme.

The roots are often located in the pioneering work of a group of progressive politicians and social activists. The key figure was V. S. Page, a long time Congress politician and insider to the Maharashtra political establishment, who had been in the socialist movement.[17] Page was to play a major part at every stage in institutionalising the EGS, and became the first Chairman of the State Employment Guarantee Council in 1979. In 1965, he began experimenting with a small pilot project in a village in the Tasgaon block of the Sangli district to mobilise underemployed labour on a large-scale to reconstruct and drought-proof the local agricultural environment. As we explained in Section III, there was nothing novel about this as a development strategy. It was, for example, very similar to what the outside world believed was happening in contemporary Maoist China. Page's contribution seems to have been more inspirational than original: to demonstrate that this kind of intensive local agricultural development was possible in Maharashtra, and to represent it as a Maharashtrian initiative. The state government quickly agreed to extend his scheme to all of Tasgaon block, and then to extend it, in modified form, to 11 districts. In 1971 the Maharashtra State Congress Party committed itself to the general principle introducing such a programme, with an employment guarantee. Most official statistical series on the EGS date back to 1972, when a state-wide employment scheme was established. However, this coincided with the onset of the great drought of 1972–74 in western Maharashtra. This was viewed as a crisis by the political establishment: not only were rural people moving into towns in large numbers, but many of the victims were from the politically dominant Maratha caste (see below). The EGS was formally suspended from late 1972 to early 1974, in favour of central government drought relief programmes. The Maharashtra Legislative Assembly passed a resolution to create the EGS in September 1974. The Employment Guarantee Act, which was passed by the Assembly in 1977, formally came into operation in January 1979 (Sathe, 1991: 32).

Most histories of the EGS are influenced by the same cultural and linguistic Maharashtrian 'nationalism' that helped create the Scheme in the first place. Along with Bengal, Gujarat and Madras, Maharashtra was a cradle of progressive political, cultural and social movements. Language played a special role in Maharashtra because Marathi speakers had been divided among many political jurisdictions, and only in 1960, after a long period of political mobilisation, was a Marathi-speaking state created. Although – or because – this new state contained cosmopolitan Bombay (Mumbai), political and cultural institutions and movements, including movements of the political left, were oriented to the Marathi language and to a strong sense of Maharashtrian 'nationalism'. The EGS was created only in Maharashtra, at the initiative of Maharashtrian politicians, and at the expense only of Maharashtrian taxpayers. It was not a Government of India scheme. It is both predictable and proper that the histories of the EGS should emphasise the role of such locally specific factors as the great drought; Page and his supporters; and a

relatively strong commitment of the Maharashtrian political elite to 'their' poor.[18] However, if we wish to understand why the EGS became such a large programme, and was incorporated in state law in 1977, rather than simply continued as a discretionary activity, we have to add in the influence of four other sets of factors. We will begin with the most concrete, and end with the least tangible.

(i) The 1972–74 drought had led to a large-scale mobilisation of political energy and organisational capacity in the rural areas of western Maharashtra. Work camps of all sizes were organised, including some containing many thousands of workers engaged to undertake major works on large-scale irrigation schemes. As in contemporary Maoist China, the image of mass mobilisation of labour to build massive irrigation infrastructure was iconic. But when the drought ended and the camps dispersed, many of these large projects were left incomplete, and many remained so for years. Part of the case for extending and institutionalising the EGS was pragmatic: to provide the labour resources to complete large irrigation projects that had been started (Herring and Edwards, 1983: 580; Echeverri-Gent, 1988: 1308).

(ii) The EGS was in part the product of the electoral politics of Maharashtra, and of the role in particular of what we will term the Maratha–Kunbi (or, Maratha-led) caste bloc. Of all the states in India, Maharashtra has since Independence provided the most consistent and solid electoral support for the Congress party. In the initial post-Independence years, the state Congress party was dominated by Mumbai-based industrial and commercial capitalists, many of Gujarati or other non-Marathi backgrounds. In the 1960s, partly in consequence of changes in state boundaries, power shifted decisively to a political elite of the Maratha caste, who were rooted mainly in the towns and rural areas of western Maharashtra – especially Sangli, Satara, Kolhapur, Pune, Aurangabad, Ahmednagar, Parbhani and Osmanabad – where the Maratha population was concentrated (Lele, 1981: 187; Sharma, 1995: 272). Invested mainly in landowning, large-scale farming and rural commerce, the Maratha elite could not compete individually with the wealth and influence of members of the Mumbai big bourgeoisie. However, acting in concert, they were very plausible competitors for the political leadership of the state. The Marathas and the associated – but poorer and lower-status – Kunbi caste are generally reckoned to account for only about 30 per cent of the population of Maharashtra. However, the Marathas in particular are geographically concentrated in western Maharashtra. If their leaders could maintain the electoral cohesion of the Maratha–Kunbi bloc, and make a few sensible alliances outside that bloc, they could keep control of the state government.[19] They had already created and penetrated a formidable network of decentralised local rural economic-cum-political institutions, notably some very efficient sugar cooperatives, within which aspirant members of the elite competed with one another for popular approval and leadership positions (Baviskar, 1980; Echeverri-Gent, 1993: 92–3). The EGS fitted neatly into this network of Maratha-dominated institutions. Most visibly, it fitted geographically, because the Marathas were concentrated precisely in the rainshadow regions of western Maharashtra that were most vulnerable to poor rainfall, had been ravaged by the 1972–74

drought, and were most in need of an employment programme like the EGS. In numerical terms, the Maratha–Kunbi bloc was dominated by small and marginal farmers, including tenants.[20] These were exactly the kind of people who have most benefited from the EGS. While some landless families, especially members of Scheduled Castes and Scheduled Tribes, have traditions of migrating to other rural areas or to town to cope with drought or seasonal unemployment, small landowners are more likely to stay behind in the villages (Echeverri-Gent, 1988: 1307). They are especially likely to appreciate EGS employment, and all the more so because it has a reputation of being relatively free of the kind of sexual harassment of women that mars some kinds of manual employment on public works (Herring and Edwards, 1983: 582–4). Women have always provided a significant component of the EGS labour force.[21]

(iii) While the main direct beneficiaries of the EGS were poorer people, including poorer Marathas and Kunbis, the more prosperous land-owning members of the Maratha caste could be reconciled to the Scheme. The cost falls largely on the population of Mumbai, and the benefits are entirely rural (Herring and Edwards, 1983: 584–6), in a state that has a long record of relatively rapid urban industrial growth and relative rural stagnation (Echeverri-Gent, 1993: 89–93). EGS helped maintain the health and fitness of the rural labour force when no agricultural work was available, at no cost to the employers.[22] And the degree of local political control of EGS operations gave the rural elite confidence that the provision of employment would be timed to fit in with their own labour needs, and not damage their interests by bidding up the agricultural wage rate.[23] In the late 1980s, as we explain below, a new 'funding window' that was opened within the Scheme allowed large farmers to use some EGS funds directly to subsidise their own agricultural investments. Observers who have portrayed the EGS essentially as a mechanism for redistributing resources from the urban population to the rural rich (Herring and Edwards, 1983) have tended to underplay the extent of early opposition from rural employers, and the degree to which they were converted to support the Scheme through extensive political negotiation and debate. Following the end of the 1972–74 drought, the EGS probably would have had a short and fragile life had means not been found to neutralise the potential opposition of rural employers to a programme that, managed differently or carelessly, might have offered serious employment alternatives to the rural proletariat.[24]

(iv) The broader political environment was conducive to such a scheme. In the early and mid-1970s, many Asian elites, including those of Maharashtra, were influenced by fear of leftist agrarian revolution. They had good reason to be fearful. The east did appear to be turning Red. The world economy was going into recession and the prices of both oil and foodgrains rocketed on international markets in the early 1970s. After the travails of the Cultural Revolution, Maoist China seemed to be back on track. The Americans were in the process of being expelled from Vietnam, the last of them scrambling aboard helicopters from Saigon in 1975. Within South Asia, a leftist government in Sri Lanka had come close to overthrow by the even more leftist JVP underground movement in 1971. It had taken the presence of the

Indian Army to suppress the armed rural leftist groups that controlled parts of the new state of Bangladesh as it emerged in 1972. In India, Naxalites were active in west Bengal in particular. In Maharashtra, the 1972–74 drought had stimulated a great deal of popular mobilisation and protest. Only Calcutta rivalled Mumbai as the centre of trades union based Marxist politics in India. The various left parties and trades unions had a substantial presence in the large district towns of the drought-prone area of western Maharashtra, notably Ahmednagar, Pune, Osmanabad, Solarpur, Satara, Nasik and Aurangabad. A particularly important role was played by the Lal Nishan (Red Flag) Party, which combined Marxism with a distinctive Maharashtrian cultural orientation and a dominantly Maratha membership. Unlike most left movements, Lal Nishan had a substantial organisational presence in rural areas because it actively recruited state employees in rural areas.[25] It was already campaigning in rural areas around the levels and enforcement of the legal minimum wage. It was natural to extend the campaign to the demand that the minimum agricultural wage should also be paid on public works.[26] While it was true that the Maharashtra political establishment had shaped the EGS, to some degree its hand had been forced by popular protest, and fear of worse to come. Further, there was pressure from above. Prime Minister Indira Gandhi was in the early 1970s exploiting this fear of the left to establish her own form of centralised personal and populist rule. The Maharashtra–Maratha–Congress elite were clearly in her sights: more than in any other state, the Maharashtra Congress leaders had the kind of local electoral backing and institutional roots that enabled them to resist Gandhi's dictatorial tendencies, and her predilection for appointing and dispensing with state-level Chief Ministers at whim. She would clearly try to outflank them in populism. The commitment to the EGS was a way of guarding that flank.

The Red Dawn quickly faded from the east, and by the end of the 1970s was in full retreat. It was in 1978 that Deng Xiaoping first publicly urged the Chinese to enrich themselves. Communist China and Communist Vietnam were moving toward war with one another. In 1977, a new Sri Lankan government had embarked on widespread economic liberalisation. Having declared a State of Emergency in 1975, Indira Gandhi was defeated in general elections in 1977. Electoral power in India was beginning to shift to state-based political parties, few of them leftist in inclination. In Maharashtra, it was becoming clear that the decline of the Mumbai cotton industry had dealt a major blow to the urban trades union and labour movements. However, the Red Dawn and Indira Gandhi's populism had by then made their contribution. The EGS was now a mandatory programme, with its own dedicated sources of finance, which, unlike virtually all other government spending, would not have to compete in the annual budget process.

IV. Routinisation or Decline?

Once the EGS Bill was passed into law, the politics around the Scheme began to change. The points of contention were no longer the big questions of whether or not there would be an employment guarantee scheme, and what form it would take.

Since it became law, no major political party in Maharashtra has ever seriously challenged the EGS. The EGS Fund is replenished automatically. Exemption from annual legislative scrutiny during the budget process has made it difficult for critics of the Scheme openly to place their concerns on the political agenda. The politics around EGS became fragmented and localised. They were oriented around whether this or that afforestation project should be opened in this locality; whether the Medium Irrigation Department should be allowed to implement EGS projects, or whether that responsibility should be confined to the Minor Irrigation Department; or how closely a district EGS Committee should enquire into allegations of malpractice. The politics also became obscure: it is hard for anyone to have an accurate overview of such a large, dispersed and diverse programme.[27]

From the official perspective, the EGS remains an object of pride. The state government continues to arrange tours for foreign visitors. The Divisional Commissioners and District Collectors can provide articulate accounts of their roles in relation to the Scheme. But official enthusiasm does not run very deep. Over time, the state government and its agents have become less and less interested in the EGS.[28] As we indicated in Section II, some of the reasons are intrinsic to the organisation of the Scheme. Because EGS funding is guaranteed by law, no one needs to mobilise the energy and arguments regularly to defend it in public. Because implementation responsibility is shared between different government agencies, none of them really feel a strong sense of ownership of the Scheme, and may resent the complex inter-agency interactions that it requires. But those factors do not change much over time. How do we explain what we might for simplicity label the *political decline* of the EGS: the gradual reduction in political and bureaucratic enthusiasm for the Scheme, and the decreasing level of political mobilisation around demands to implement it?

The answer is complex. There is no shortage of potential explanations and, because of the fragmented nature of knowledge about how the Scheme has operated in practice, it is often difficult to judge their plausibility. We present, in sequence, two different kinds of explanation: (a) the relatively gradual and long term changes in the context and Scheme itself which have helped reduce effective demand for EGS employment; and (b) the combination of factors that led the state government to impose a sudden, sustained drop in EGS expenditures at end of the 1980s.

What long-term factors contributed to decline? Government officials in Maharashtra typically argue that EGS activity has diminished because of long term economic changes that have reduced the need for the Scheme.[29] One variant of this case is that so many EGS projects have been completed that it is difficult to find sites where more usefully can be done. The more common variant is that need and demand for EGS employment has declined: the rural economy is better protected against drought through the extension of irrigation; and it has become easier and more common for rural people to migrate seasonally for work, either to the sugarcane growing regions (mainly western Maharashtra) or to the relatively prosperous towns, (especially in western Maharashtra).[30] There is certainly truth in both variants of this argument,[31] although we know there remain substantial unsatisfied needs for EGS employment, at least in some parts of the state (Savale, 2004). In addition, two sets of changes in politics and public institutions seem to have helped reduce pressures on the government to implement EGS projects.

The first are gradual changes in the material character of EGS projects themselves. In the early days of the Scheme, a great deal of activity took place on relatively large irrigation projects. It therefore attracted the support of two powerful – if sometimes mutually antagonistic – political forces: various leftist trades unions and political movements eager to organise large numbers of workers employed by government in one place;[32] and one of the most influential of government's rural agencies, the Irrigation Department. However, over time the best potential sites for large-scale irrigation projects have been exploited. Irrigation projects have become smaller, and the emphasis in EGS activities has shifted to other types of work that are managed by less influential public agencies and typically employ relatively small numbers of people on individual work sites: afforestation, soil conservation, small-scale drainage, and rural road works.[33]

The second set of factors relate to electoral politics. As we have explained above, EGS was in large part the product of a particular political conjuncture and political coalition. The Maratha political leadership that took control of the state Congress Party in the 1960s were rural in orientation – electorally, symbolically and in terms of their own assets and material interests. And the Maratha-majority districts of western Maharashtra constituted their electoral base. The EGS was among the mechanisms that helped sustain this base. However, this rural–Maratha–Congress bloc faced growing challenges: the gradual rise of more urban-based parties, especially the Mumbai-based Shiv Sena, that have fewer commitments to or interest in the EGS, and, when in power, have created different mechanisms for the distribution of political patronage.[34, 35] The cut-back in EGS expenditures after 1988 was proportionately most severe in those districts that had previously received the most Scheme resources, and these tended also to be Maratha-dominated (Table 4).[36]

Long-term trends alone cannot explain the rather abrupt decline in EGS activity at the end of the 1980s. The volume of employment halved between 1987/8 and the following year, and never regained its previous levels, even in years when rainfall was poor. In the 13 years from 1988–89 to 2000–01, the Scheme provided the average member of the rural labour force with less than half the work it had provided in the previous 13 years (Table 1). This sudden change was a clear result of a covert change in government policy. In the later 1980s, the rapid growth of EGS expenditures was generating concerns in the state government (Echeverri-Gent, 1993: 102). Could the state afford this continued expansion? Could the resources not be better used? There was, not for the last time, talk of reforming the Scheme. Controlling or reducing expenditures was only one of the issues on the agenda, although it ultimately proved to be the most consequential. Two of the changes that were made appear to represent efforts to broaden rather than to narrow the scope of EGS activities. In 1989, the government attempted to integrate into the EGS village level plans for broader local development initiatives, including small industries, horticulture, and fish culture (Echeverri-Gent, 1993: 102). This Rural Development through Labour Force (RDLF) programme never got off the ground: local government did not have the capacity to engage effectively.[37] More visible changes followed the introduction, in 1988 and 1990 respectively, of amendments that permitted EGS funds to be used to finance the construction of agricultural wells and the planting of tree crops on private land. These two schemes – the Horticulture and Jawahar Wells programmes – accounted for about a quarter of EGS expenditures in

the 1990s (Table 5). These changes were originally justified as a way of channelling EGS resources to marginal private agricultural land. Our fieldwork is consistent with the allegations that, despite the formal eligibility requirements intended to direct these funds to small farmers, they mainly benefit the rural rich.[38] Further, they have helped shift EGS resources to some high rainfall districts, notably the Konkan districts along the coast, that previously received little funding from EGS sources. These Horticulture and Jawahar Wells programmes are certainly hypocritical (or politically astute, depending on one's perspective): they appear to be a straight subsidy to the rich, and figures on person days of employment that they are recorded as creating can only be very crude guesses.[39] However, their introduction does not help explain the fall-off in EGS activity generally. From 1988–89, the EGS Fund, which had been more or less in balance from 1975, moved rapidly into a large surplus (Table 1): there was no absolute funding shortage that would motivate governments to choke off normal EGS projects in the late 1980s to leave money free for the Horticulture and Jawahar Wells programmes. This diversion of money from 'genuine' EGS purposes is probably more an indication of perceived problems with the Scheme than a direct cause of its decline.[40]

The really significant change was a decision by the state government covertly to restrict EGS expenditures, employing 'administrative measures' to suppress the apparent demand or need for work that contrasted strongly with open democratic contestation that had marked the creation of the Scheme. This decision appears to have reflected the confluence of five factors:

(i) The fiscal deficits that were to become so acute in Maharashtra and other states in the 1990s were already being felt in the late 1980s. The EGS Fund is nominal, in the sense that all formal surpluses represent simply a general claim on future spending, not a sum of money ring-fenced for this purpose. Accordingly, any 'savings' on EGS expenditure contribute to improving the current fiscal situation of the state government.

(ii) Following several years of poor rainfall in the mid-1980s, rainfall was abundant over the state in 1988–89 – a third above the long-term norm – and the following two years were also good (Column d, Table 1). There was a genuine brief respite in the demand for EGS employment that could be exploited.

(iii) Following considerable political agitation, the minimum agricultural wage rate, which had been unified with the EGS wage rate in 1985, was doubled in April 1988 (Echeverri-Gent, 1993: 113). Although this increase was soon eroded by rapid inflation, the government could reasonably fear that this would have greatly increased the cost of the EGS if no remedial action were taken.

(iv) The steady increase over the late 1970s and 1980s in the number of incomplete EGS works provided the state government with at least an excuse to take that 'remedial action', and probably an additional motivation to do so. As we noted in Section 2, there is in a programme like the EGS a tension between (a) completing work that has been begun; and (b) delivering employment locally in response to unpredictable local weather patterns. During every year from 1977 to 1987, the number of new EGS work sites opened exceeded the number of existing works which were completed. The backlog of incomplete works expanded from under 12,000 in 1976 to almost 62,000

in 1987. The latter figure amounted to over 50 per cent of all EGS projects completed until that time (Table 3).[41] We know that, from 1985, the government began to make a major effort to get control of the situation, and to try to complete existing works before opening new ones. That would inevitably imply a tougher attitude to providing work near jobseekers' homes, and thus reduce the overall attractiveness of EGS employment (Sathe, 1991: 67–68). This tough attitude to opening new work sites when others nearby remained incomplete appears to have been the major mechanism adopted to reduce the demand for EGS employment (Ravallion et al., 1993: 267).[42]

(v) After the EGS became a mandatory state-wide programme in 1979 – and partly in response to the lead taken by Maharashtra in this area – the Government of India has introduced, and frequently modified, a set of similar rural public works programmes. These are funded from Delhi but, like the EGS, implemented by agencies of the state government. The first large-scale national rural programme, the National Rural Employment Programme (NREP), was initiated in 1980. For the financial year 1988–89, the two main alternative national rural employment programmes were merged, and funding was almost doubled (Echeverri-Gent, 1993: 134). The Maharashtra government seems to have taken advantage of this additional central funding for public works schemes – none which have involved any *right* to employment – to reduce the pressure on EGS expenditures.

We have then an explanation of the political decline of the EGS that combines (a) changes in long term structural factors – notably the availability of alternative, superior sources of employment for some people, and changes in the nature of the

Table 3. Completion status of EGS projects, 1976–87

(a)	Cumulative number of projects sanctioned (b)	New projects sanctioned in the year (c)	Cumulative completions (d)	New completions in the year (e)	Number remaining incomplete (f)	New completions as a percentage of the number incomplete* (g)
1976	14,158		2,512		11,646	
1977	23,248	9,090	6,383	3,871	16,865	23
1978	31,621	8,373	12,276	5,893	19,345	30
1979	52,304	20,683	20,900	8,624	31,404	27
1980	73,241	20,937	41,825	20,925	31,416	67
1981	85,485	12,244	51,482	9,657	34,003	28
1982	105,190	19,705	65,101	13,619	40,089	34
1983	125,378	20,188	81,257	16,156	44,121	37
1984	142,676	17,298	95,410	14,153	47,266	30
1985	161,266	18,590	110,242	14,832	51,024	29
1986	179,576	18,310	119,387	9,145	60,189	15
1987	194,142	14,566	132,288	12,901	61,854	21

Source: Calculated from figures given in Sathe (1991: 77); *i.e., (e) as a percentage of (f).

Table 4. Spatial changes in the location of EGS activity

District (a)	Average number of person days of EGS employment per person in the rural labour force: 1975/6–87/8 (b)	Average number of person days of EGS employment per person in the rural labour force: 1988/89–2000/1 (c)	% change in EGS employment: 1988/89–2000/1 compared to 1975/6–87/8 (d)	Average '*actual rainfall*' for the period (= annual rainfall as a percentage of long term normal rainfall): 1975/6–87/8 (e)	Average '*actual rainfall*' for the period (= annual rainfall as a percentage of long term normal rainfall): 1988/89–2000/1 (f)
Category A: Maratha districts with high initial EGS activity					
Beed	17.7	7.8	−56	87	101
Ahmednagar	16.9	5.2	−69	95	107
Sholapur	16.8	9.5	−43	109	101
Aurangabad	16.7	4.0	−76	95	105
Parbhani	16.4	4.5	−73	116	108
Osmanabad	13.0	6.6	−49	86	89
Satara	11.8	1.0	−92	142	89
Average (A)	15.6	5.5	−65	104	100
Category B: Maratha districts with low initial EGS activity					
Poona	7.4	2.4	−68	117	120
Nanded	7.3	7.6	4	103	100
Sangli	6.6	1.0	−85	89	110
Ratnagiri	1.9	6.3	232	109	116
Kolhapur	0.4	0.7	75	117	109
Average (B)	4.7	3.6	−23	107	111
Average (A + B)	11.1	4.7	−57	114	113
Category C: Non-Maratha districts					
Nashik	14.2	6.0	−58	103	109
Kolaba	0.6	1.6	167	65	86
Jalgaon	7.0	6.5	−7	93	107
Akola	6.3	1.9	−70	92	106
Buldhana	2.1	4.0	90	97	95
Dhule	14.3	3.3	−77	95	104
Nagpur	8.3	3.1	−63	93	91
Bhandara	16.1	11.6	−28	96	93
Chandrapur	6.5	5.3	−18	86	96
Wardha	5.0	1.4	−72	112	131
Amravati	4.7	2.8	−40	96	96
Thane	3.2	2.7	−16	114	103
Yavatmal	2.7	2.4	−11	107	98
Average (C)	7.0	4.0	−42	96	101

EGS employment experience and in electoral politics – with (b) a set of factors that led the state government informally to enforce a large reduction in expenditures in the late 1980s. We can also understand why these expenditure reductions were sustained. First, the EGS Fund suddenly became a significant source of financial

Table 5. Percentage distribution of EGS expenditure by category; average of 10 years 1990/1 to 2000/1

Irrigation	Agriculture	Forestry	Roads	Others, including staff, machinery, etc	Horticulture and Jawahar wells	Total
15	17	12	19	13	27	100

surplus for the state exchequer (Table 1). Later state governments tried to exploit that surplus, partly by raising the main revenue source for the EGS Fund, the Professional Tax, even when the Fund was in surplus. Second, it seems likely that the experience of facing real limits on EGS funding changed behaviour. The buoyancy of EGS activity from the mid-1970s to the late 1980s derived in part from the fact that three important sets of actors faced relatively low transactions costs. Public officers in agencies implementing or supervising EGS projects had confidence that it was worth investing effort because the money would come, reliably and relatively easily, when the relevant conditions were met. They would not have to fight hard for a formal budget allocation or for the release of cash. The same was true of the politicians and social activists who used the EGS as an instrument of their trade. And potential EGS workers had confidence that it was worth putting effort into organising to demand work because the record suggested that they would get employment, fairly quickly, in convenient locations, and receive their wages with only limited delays. There was a reinforcing circle of expectations and behaviour. But, once the disbursement of money became 'sticky', the incentives for putting energy into the EGS could decrease considerably, for both public officers and potential workers. Faced with problems in getting approvals to start work or delays in getting funds released, the implementing agencies might shift attention and effort away from EGS projects to their own regular departmental programmes. Similarly, the attractions of mobilising to request EGS employment diminish greatly for poor people if, at a time when they need income, they face the prospect of official stonewalling, fewer prospects of work close to home, uncertainty, delays in opening works, random lay-offs, or long delays before wages are paid (Savale, 2004). Because Delhi provides the Government of Maharashtra with substantial funds for public works activities with which no right to employment is associated, and which have to be spent within each financial year, local officials have an incentive to make their own lives easier by downplaying the distinctiveness of the EGS, and conflating all types of public works in the minds of the intended beneficiaries.

This section might have ended here, on a rather pessimistic note. Let us instead insert an apparently paradoxical fact that is explained in detail in Moore and Jadhav (2004). We undertook statistical analysis to see how far we could explain the annual allocations, among districts, of EGS employment per head of the rural labour force. Why, for example, did Jalgaon district receive 0.7 person days of EGS work per member of the rural labour force in 1993–94, and 8.5 days in 1994–95? Despite a number of limitations in data, we found that what we have termed *actual rainfall* – rainfall in a given year as a percentage of the long term *normal rainfall* for the district – was a statistically-significant predictor of how much EGS employment that district would receive in that year. To some degree at least, the Scheme has been

functioning exactly as it should: low rainfall triggers the creation of EGS employment opportunities.[43] More important for present purposes, we found the same response of employment to rainfall, in a statistical sense, when we undertook the analysis separately for (a) the 13 years 1975–76 to 1987–88, when the EGS was in its prime and (b) the 13 years 1988–89 to 2000–01, after the 'decline' had set in. As far as we can judge given the limitations of our method, the *distribution* of EGS resources among districts is as responsive to needs now as it was in the beginning.[44]

There may be no great puzzle or paradox here. The total volume of EGS resources has declined considerably. Had the Scheme not been incorporated in law, and an annual budget not been guaranteed, then it would probably have disappeared once it ceased to play a major role in the consolidation of the rural–Maratha–Congress electoral bloc. That is after all the normal pattern for rural development programmes and agencies in India: even successes have a short life, and are replaced with something a little different (Lipton, 1996: 2). But the EGS has enjoyed an unusual legal status and budgetary privilege. Once in place, it has been implemented continuously. It may not always have been implemented well, but there are strong in-built mechanisms to activate it when the rains are bad. Vulnerable rural populations, especially those living in unirrigated areas, continue to benefit.

V. Concluding Comments

The trajectory of the EGS has been similar to that of some equivalent programmes elsewhere: established in a blaze of excitement and political activism, it became routinised and lost its glamour; trumpeted initially as a boon to rural labour, and 'exposed' by its critics as a disguised handout to rural employers, its fruits have actually been widely shared. The Scheme has lived up neither to the very high expectations of its supporters nor to the exaggerated fears of its opponents about its potential adverse effects (see Wells and Villarejo 2004). What might the world learn from the experience? In answering that question, we are not going to deal with technical issues about the design and management of rural public works programmes. These are very important, but a separate literature already exists.[45] Our concern here is with the political implications for the design of rural public works programmes. We highlight seven:

(i) The first point stems from the highly ambitious nature of the EGS. It is intended simultaneously to create useful rural infrastructure and to provide employment tailored to unpredictable local needs, through a mechanism that is quite vulnerable to corruption. This is asking a great deal of any public administration. The 'normal' trajectory of any such programme would be descent into some mixture of gross corruption, exploitation for narrow political patronage, and loss of reputation and support, leading to substitution by other public programmes, loss of funding, and possible termination. Whatever the outcome within this range, potential jobseekers would get little benefit in the long term. A programme like EGS is likely to remain in place and on track only if potential jobseekers are organised and mobilised to put continual pressure on the administration. A certain kind of politicised process, in which potential jobseekers play a major role, is integral to the effective implementation of the Scheme.[46]

(ii) The design and implementation of the programme can play a major role in generating the political organisation and mobilisation of important stakeholders, especially the potential jobseekers (Echeverri-Gent, 1988: 1309–10; 1993: 118–25). Certain elements in the original design of the EGS – notably the granting of (qualified) legal rights to work, the special and generous budgetary arrangements, and the localisation of the provision of employment by a relatively centralised public administration – greatly encouraged this political mobilisation. Especially in its earlier years, the design and implementation of the Scheme contributed directly to the empowerment of the rural poor (Echeverri-Gent, 1988).

(iii) Conversely, as we show in Section IV, the government was able to reduce the level of political mobilisation around EGS simply by changing its own behaviour in a relatively covert way. In a public programme as complex as the EGS, the rights-based incentives for the poor to mobilise (Joshi and Moore, 2000) may be significantly eroded by a centralised and disciplined public bureaucracy determined to do things differently.

(iv) The fourth point concerns political 'ownership'. If there is a powerful class of rural employers, they will tend to be suspicious of, or hostile to, a public works programme. In Maharashtra, the dominant political party was led by landed employers. They were induced to support the EGS in part because the programme was intensively debated through the democratic process, and they were assured that, in both design and in implementation, their interests would be protected. Writing of the Scheme in its prime, Echeverri-Gent concluded:

> ... the EGS offers something for everybody. The rural poor receive employment. Cities reduce overcrowding. Cultivators profit from the creation of agricultural infrastructure and freedom from traditional obligations. Politicians benefit from EGS because it provides them with a progressive image, not to mention an abundant source of patronage. The industrial dynamism of the state makes financial support for the programme tolerable. As a result, the EGS enjoys widespread support and immense popularity. (Echeverri-Gent, 1993: 94)

(v) The forms in which development programmes are funded and managed affect the ways in which their various stakeholders experience and report them, and the incentives they face to publicise and promote or to denigrate them. For example, because all major micro-finance programmes depend on aid donor subsidies, that have continually to be renewed, the global resources devoted to promoting micro-finance are enormous. By contrast, once it was passed into law, with guaranteed funding independent of the annual budget process, the EGS no longer needed active proponents. Its main beneficiaries, the rural poor, were too dispersed, and their dependence on EGS in most cases too irregular, for them to provide a supportive voice. The most vocal stakeholders – the public servants responsible for implementation – are generally uncomfortable with the Scheme. Senior staff of both the technical implementing agencies and the territorial administration do not like the fact that the EGS, unlike most spending programmes, requires them to engage in complex and difficult interactions with one another. The technical staff do not

like the intensive oversight attached to EGS projects, and the territorial administrators do not like the fact that they are accountable for what the technical agencies do, but have little direct authority over them. Neither like the fact that their plans to provide work for needy people might be upset when those people regard that work as a right. It is these kinds of factors that help explain why the views of much of contemporary official (and urban) Maharashtra on the (limited) value of the EGS are very much at variance with the views of the people who want and do the manual work.

(vi) The value of different kinds of public works schemes depends in part on the physical and economic environment. Echeverri-Gent (1993: 117) found that EGS generated less conflict among workers and employers in less developed areas, for two reasons: 'the prevalent dryland agriculture means that demand for labor is low, and in the off-season small and sometimes middle-sized landowners work on EGS projects'; and 'the assets created by the EGS have more value to cultivators in less developed areas that lack infrastructure'. The EGS model is suitable only for some parts of rural India.

(vii) Finally, it is very difficult to design and implement a public works programme that is both (a) sufficiently independent of the normal annual budgetary process that it is possible to provide work effectively according to variable and unpredictable local needs (as determined by rainfall, etc); and (b) subject to financial controls adequate to ensure that money is well used and that enough priority is given to completing existing works rather than responding solely to the convenience of jobseekers. For all its merits, the EGS never achieved such a balance. The absence of sufficiently tight expenditure controls helped make the case for suppressing demand through covert and bureaucratic measures in the late 1980s. The comparison with the open democratic politics that characterised the establishment of the Scheme could not be more stark.

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Notes

1. There is a very large literature on the EGS. Much of it is formal, descriptive, reliant on a few aggregate official data series, and didactic. There has been surprisingly little detailed investigative field research. Echeverri-Gent (1988, 1993), Herring and Edwards (1983) and Lieberman (1984, 1985) are honourable

exceptions. They provide detailed insights into the politics and administration of the Scheme in western Maharashtra in its earlier days. The results of the only large-scale reliable independent survey of the EGS (Sathe, 1991) – conducted in two rounds in 1987–88 and 1988–89 in seven of the main EGS districts of western Maharashtra – exist only in typescript form. We have used them extensively. Researchers based in Mumbai (see Acharya and Panwalkar, 1988) often have tended to conduct their EGS research in Thane district, adjacent to Mumbai. Thane is highly atypical of the state: it has a large, vulnerable tribal population; is increasingly industrialised; and has never been a significant site for EGS work (Table 2). Many of the published journal articles purporting to be about the EGS are based on a time series study undertaken by ICRISAT in 40 households in precisely two villages in Maharashtra state (see Gaiha 1996a, b). In preparing this chapter we have depended, in addition to the statistical work reported in Moore and Jadhav (2004), on: an extensive reading of the literature; the research of our co-authors in this book; and on various interviews with politicians, public officials, trades unionists and EGS workers conducted in western Maharashtra between 1999 and 2003.

2. For example, Lipton (1996: 43–4) cites a number of countries in which three to 30 per cent of the workforce were at some point engaged in labour intensive public works.
3. In fact, the creators of the EGS conceived it as a pillar for the construction of a welfare state. The opening sentence of the first resolution of the Maharashtra State Assembly relating to the Scheme reads as follows: 'In all countries believing in Welfare State it is considered desirable to guarantee employment to all citizens who need it in one for or other' (Government of Maharashtra, 1969: 1).
4. EGS accounted for an average of 19 per cent of the capital spending of the state government during 1984–85 to 1988–89. It has since declined both absolutely and relatively, and in 1997–98 the figure was 7 per cent. The figures on EGS spending are from the Government of Maharashtra (1998). Those on total development expenditure are from the Bulletin of the Reserve Bank of India, various years.
5. We have been told by senior public servants in Maharashtra that a wise official concerned for his or her career and reputation might even avoid commissioning labour intensive public works because others will automatically assume they are doing this in order to make money for themselves.
6. Stone-breaking, to produce metal for road making or other construction work, is sometimes viewed as classic emergency work. In fact, in Maharashtra, stone-breaking is the speciality and sometimes the monopoly of particular caste or tribal groups. Except in extreme circumstances, such as those of the 1972–74 drought, people from other groups will rarely be employed on this work.
7. For evidence, see Echeverri-Gent (1988: 1301).
8. The best analytical description of these arrangements is by Echeverri-Gent (1993: 94–125).
9. These legal provisions help provide effective voice and power to jobseekers and to the politicians and social movements that sometimes organise them. The ways in which this works are however quite complex. The unemployment allowance has never been paid. Government officers have been under clear instructions never to get themselves into a situation where this allowance had to be paid. This provides them with a strong motivation to respond to the demand for work (Aruna Bagchee, private communication).
10. Or five kilometres in hilly areas.
11. The only reliable general evidence we have, from Sathe's 1981 survey of EGS workers in seven 'prime' EGS districts, is encouraging: on average, work sites were 2.4 kilometres from home (Sathe, 1991: 363–4).
12. There are in addition EGS Committees at district and block (sub-district) levels.
13. Echeverri-Gent (1993: 114–15) also explains that, because they were forbidden from sitting on elected local councils, the Members of the Maharashtra Legislative Assembly were not keen on transferring authority to that level.
14. After describing the various facilities to which EGS workers are nominally entitled – drinking water, shelter, first aid, child care, goggles for stone breakers, allowances for the use of own implements or for travel to work in excess of eight kilometres, maternity leave, disability compensation, clear explanation of the calculation of work norms, written records of output for each worker, etc – Sathe comments that 'Essentially, these operational details have found a place in the implementation whenever the local labourers could articulate their demands. Otherwise in most places these rules and provisions often go by default' (Sathe, 1991: 61).
15. In the early years of the Scheme, local officials were supposed to maintain a permanent register of local jobseekers. Although registration formally was the basis of any claim to EGS employment,

more direct routes often were used to make claims, and, from early on, the state government made it clear that lack of registration should not be a basis for denying employment (Sathe, 1991: 40). The registration system appears formally to have been abolished in the 1980s. Yet it still appears in the official account of the EGS. In 1999, one of us was handed a brief undated note in the Planning Department in Mumbai ('Employment Guarantee Scheme; a Note') including the claim that 'The Talati and Gramsavak [village level officers] are the authorities who register the EGS work demands of the villagers, provide receipt of registration and identity cards to the workers'. In the same year, we were shown an EGS registration book by a village Talati in Ahmednagar district in 1999, with entries for 1993 and 1997. And the District Collector talked of registration as an active ingredient of EGS.

16. Two thirds of EGS labourers interviewed in 1987–88 asserted the existence of corruption (Sathe, 1991: 14).
17. Page, like many of the leading figures in the socialist movement in Maharashtra, was a Brahmin (Sujata Patel, private communication). It was partly for that reason that his role in a polity dominated electorally by the Maratha caste was that of an insider rather than an elected politician.
18. During the drought, the political elite in the state committed themselves, in both word and deed, to the goal of avoiding any starvation deaths (Aruna Bagchee, private communication).
19. Marathas accounted for 36 per cent of the members of the Maharashtra Legislative Assembly (MLAs) selected in the elections of 1978, 1980 and 1985. They came dominantly from the Western Maharashtra and Marathwada regions. A further 7 per cent of MLAs were from the Kunbi caste, and predominantly from the Vidarbha region in the eastern part of the state (Thite, 1996).
20. According to the 1981 census, 48 per cent of the rural labour force of Maharashtra were cultivators, 35 per cent were agricultural labourers, and 17 per cent fell into other occupational categories (Sathe, 1991: 22).
21. Sathe's (1991) survey is especially useful on these questions of which kinds of people benefited from the EGS in the major EGS/rainshadow/Maratha districts. They were distinctly poor and in that sense deserving (Sathe 1991: 246–7, 371). He does however explain in some detail how the 'advanced castes' (i.e., Marathas) tended to rely on EGS employment, while members of Scheduled Castes and Scheduled Tribes were more likely to migrate in search of work (Sathe, 1991: 192–3, 245). There is extensive discussion of problems faced by EGS workers, but the proportion of respondents reporting 'harassment' or related problems was the same for women and men. And his respondents generally felt that EGS work was especially useful for women (Sathe, 1991: 282–3). A small survey sponsored by the ILO in three districts in 1978 is especially interesting in relation to the gender issue: the authors suggest that the proportion of females among EGS workers is appreciably higher than is recorded in the official statistics (International Labour Organisation, 1979: 8, 56–7). Dev (1995: 121) summarises the results of nine surveys of EGS employment completed before 1990. In six of these nine cases, the number of EGS workers from households of small and marginal farmers exceeded those from landless households.
22. Half the EGS fund is financed by a specific set of taxes, of which by far the most important is the Professions Tax, which in practice is paid almost entirely by people employed in Mumbai. The other hypothecated revenues are surcharges on other taxes. For details, see Herring and Edwards (1983: 584–6).
23. However, the Scheme inevitably did have adverse effects for rural employers in some instances (Echeverri-Gent, 1993: 112).
24. EGS earnings are pegged to the official minimum agricultural wage. Actual earnings depend on the amount of earth or rock that is shifted. The norms are supposed to be set such that a normal day's work of seven hours will generate the official minimum agricultural wage. For some details of how wage-setting sometimes operated in practice, see Herring and Edwards (1983: 580–613).
25. Employees of the Forestry Department; workers on government farms; village level officials etc. (Brahme and Upadhyaya, 1979: 179–80).
26. This was the arrangement made when the EGS was passed into law in 1977.
27. Many members of the Indian Administrative Service who have served at district level can talk fluently about the EGS. However, their tenures in post are typically short. Our field investigations suggest that, today at least their knowledge of the programme often seems shallow.
28. There have been a series of internal policy discussions within successive state governments about reforming the EGS in some more or less radical fashion.

29. We might have added to this list the fact that the EGS is recurrently denounced for corruption in the Maharashtra press. The implications are however difficult to interpret. There is corruption. In particular, revelations made about Dhule district in the 1990s by Arun Bhatia, a member of the Indian Administrative Service, received wide coverage (Echeverri-Gent, 1993: 110–11). Research by Sanjay Savale in Nasik district in 2003 also indicates some murky stories (Savale, 2004). However, corruption is inevitable in public works, and there is a widespread view that it has been relatively low in the EGS. Arun Bhatia campaigned against corruption with an estimate that it accounted for at least 13.5 per cent of EGS expenditures in Dhule district in 1980–81 (Echeverri-Gent, 1993: 110). By contrast, it is not difficult in India to find politicians and public servants who will explain in detail a set of standard 'commissions' on public sector contracts that will collectively amount to at least 40 per cent of total expenditure.
30. Half of the EGS labourers interviewed in 1987–88 by Sathe's team believed that the demand for EGS work from male labourers was declining, principally because of the growing availability of alternative employment (Sathe, 1991: 13). This interpretation fits closely with the prescription that the EGS should be reformed to make it a vehicle for training unskilled workers to do more skilled jobs.
31. The first argument is the more plausible, especially in relation to the original prime focus of EGS – irrigation. Road works feature increasingly in the EGS portfolio (Herring and Edwards, 1983: 579). The need and demand for rural road improvements are considerable, but the expenditure on skilled labour and materials is high relative to the unskilled labour component. If the objective is to generate employment for unskilled labour, road works are not very suitable.
32. The trades unionists and public servants we have interviewed indicate that trades unions become active in relation to EGS only when large workforces are assembled at individual sites.
33. Irrigation work accounted for 78 per cent of EGS expenditures in 1974–75, 20 per cent in 1987–88 (Sathe, 1991: 76), and only 15 per cent in 1990–91 to 2000–01 (Table 5). Members of Scheduled Tribes, who have become increasingly significant in the EGS workforce, tend to prefer stone-breaking and road construction work. Government has responded to their needs (Echeverri-Gent, 1988: 1308).
34. Since the Mandal Commission of 1990, the Kunbis have been recognised as separate caste entitled to the job and educational preferences attached to the status of Other Backward Caste (OBC). Whereas upwardly mobile Kunbis previously had often tried to become accepted as Marathas, the trend is now more likely to be in the opposite direction, with some Marathas seeking an OBC identity as Kunbis. In addition, there is probably also a link with the fact that the Maratha political-cum-economic elite have shifted their own economic interests away from food crop agriculture and rural areas toward urban and export enterprise. They no longer have or perceive much interest in the rural poor (Jadhav, 2004).
35. The Mumbai-based Shiv Sena party did well in the 1988 elections to district councils (*Zilla Parishads*), and, in a coalition with the BJP, controlled the state government between 1995 and 1999. That coalition government diverted many of the staff of the Planning Department, which managed the EGS centrally, into new employment programmes for urban areas (Aruna Bagchee, private communication).
36. The sugar cooperatives, that performed similar political roles to the EGS, were also economically dynamic in earlier decades. Their recent decline (Baburao Baviskar, private communication), like that of the EGS, reflects the crumbling of the hegemony of a distinct and organised Maratha-led political bloc.
37. Aruna Bagchee, private communication.
38. Typical of public policy in India generally, there are actually a number of schemes through which government agencies can provide direct cash subsidies for well-drilling and water supply projects aimed at increasing horticultural production. Our fieldwork indicates that, here as in other domains, government officers often splice together subsidy packages that are nominally from distinct programmes.
39. None of the figures on EGS employment are very reliable. The official series are actually based on estimates from recorded attendance at worksites on the last two days of each month.
40. It would be equally plausible to suggest that this new use of EGS funds would increase political support for the Scheme.
41. However, the figures might be misleading. In a private communication, Aruna Bagchee explained that government officers sometimes kept EGS projects formally incomplete, even if close to actual

completion, so that they could easily meet small-scale local demands for employment without going through the process of opening new worksites.

42. The fact that the Government of Maharashtra pursued this policy of suppressing demand for EGS work is now beyond doubt. Some of the administrators involved are now willing to be frank about this. In 2003, one of us encountered a former EGS worker who had since made a career in Nasik district working as a muster clerk in a government construction agency. He explained how, for quite some years, officers at the lower levels of the public service had put less effort into promoting the EGS work opportunities than previously. He cited in particular the discontinuance of the practice of sending drummers around the villages announcing the opening of new worksites, and a shift from measuring work accomplished (and submitting payment requests) from a weekly to a fortnightly cycle. Ravallion and colleagues undertook quantitative simulations of what would have happened to EGS expenditures had there been no clamp down by government at the end of the 1980s, and conclude that the clamp down substantially reduced demand (Ravallion et al., 1993).
43. It follows that EGS employment is concentrated in the dry season. For some statistics on this, see Dev (1996: 243).
44. Echeverri-Gent commented in 1988 that despite 'extensive corruption and the relative autonomy of the technical departments, implementation of the EGS remains surprisingly responsive to the demands of the rural poor' (Echeverri-Gent, 1988: 1303–4).
45. See, for example, Ravallion and Dutt (1995), Lipton (1996), and Ravallion (1999).
46. A recent study of the Employment Assurance Scheme in five districts in the states of Bihar, Jharkhand and west Bengal finds a much higher knowledge of and uptake of the Scheme in the west Bengal district where the rural population have been mobilised by the Communist Party of India (Marxist) (Véron et al., 2003).

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