

# HOW SECURE IS NATIONAL RURAL EMPLOYEMENT GUARANTEE AS A SAFETY NET

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## ABSTRACT

*(Globalization and Neo-liberal policies have majorly impacted the labour economy of many nations, wherein there has been a sudden influx of unemployed reserve labour into the unorganized/informal labour economy. Taking India's case, one finds that almost the entire semi-skilled organized workforce has shifted its base to the unskilled unorganized sector, due to the non-availability of employment as a resultant of protracted economic recession. The adoption of Neo-liberal policies impacted the labour market of India profoundly, especially with regards to the employment opportunities that it provided. In order to safeguard itself from the above phenomenon, with inputs from economists and a resultant of lobbying through various social movements; the National Rural Employment Guarantee Act was formulated.*

*The conservative neo-liberal policies argue that most of economic activity should be left in the hands of the private sector, marking the public or the government sector as inefficient and un-profitable. In this regard NREGA is a landmark legislation that has been made as; it is a step towards the realization of wage employment as a right, providing a right to work and thus a right to life with dignity. It is also expected to enhance people's livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas. The Right to Information Act is supposed to act as its guardian and ensure transparency in the implementation of NREGA. Several studies have proved that this act has not only enabled generation of productive assets but has also led to higher food and income security for landless workers and other vulnerable sections of the rural poor, protecting environment, empowering rural women, reducing rural-urban migration and fostering social equity etc.*

*While the immediate objective of NREGA is to overcome deprivations faced by households by providing them work at guaranteed wage rates, the larger objective of the act was to address the social and power relations in the society. NREGA absorbs around 4.49 crores of rural unskilled wage labour, wherein the male labour force constitutes around 50.85% and women around 49.15%<sup>1</sup>.*

*However NREGA has been faced with problems both at the implementation and policy levels. Problems like unavailability of the provision of work on demand, creation of unproductive assets, problems in wage calculations and payments, unscrupulous grievance redressal through social audits, access for all etc, but also in the form of the incentives it provides have not been able to counter the gigantic impacts on Neo-liberal policies in the labour market. There also has been a parallel rise in unemployment which has created a growing reserve of cheap and unorganized labour that can be used as per market terms and conditions.*

*NREGA can also be seen here as an opportunity to organize these unorganized masses that find alternative sources of income through the NREGA programme and broaden our struggle. Since women form an essential part of the labour force that is engaged in NREGA works in most of our areas, it becomes essential to understand the problems they face with respect to the implementation of the programme as well as whether their participation can be used as a base to ensure the formation of an*

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<sup>1</sup>(<http://nrega.nic.in/netnrega/home.aspx>).

*organization/ association that furthers their empowerment as a paid workforce and as unpaid labour in the domestic and social sphere.*

*This paper traces the history of the act, critically analyzing its role as a social safety net. It presents an argument that public safety nets in themselves are not the only way forward towards securing the rights of the masses. It also explores the roles played by various actors like NGOs, trade unions, people's organizations in providing a prolific partnership towards fulfilling the larger goals of the programme).*

**KEYWORDS:** *Neo-liberalism, MNREGA, social safety net, public private partnership, CSO's, trade unions.*

## **CONTEXTUALISING THE ACT: NEO LIBERAL POLICIES AND ITS EFFECTS ON THE LABOUR MARKET**

India witnessed its first ever major foreign exchange crisis in 1991, as a resultant to which the Indian government was forced to accede to the adoption of neo-liberal policies, in order to ease itself from the existing crisis situation. Along with India, many of the developing countries like Africa, Latin America and of course the Asian region, too entrusted their fate into the hands of the World Bank and the International Monetary Fund, thereby giving way for market capitalism to impinge upon its economy.

The imposition of the Structural Adjustment Programmes (SAP) by the above mentioned organizations was a 'precondition' for their aid and assistance to the developing countries. The 'miracle concoction' being that in order to stimulate economic growth, create employment through the augmentation of production and productivity required reduced role of the state, reduction in public expenditure, deregulation of private enterprise, privatization of public enterprises, , and opening of the economy through drastic reduction in custom duties and withdrawing of physical control and quotas over imports and exports.

Thus we find that that the adoption of LPG policies and mainly the SAP, led to India abandoning its welfare based and socialistic policies that it had adopted after independence. The general understanding being that free trade and investment would automatically promote the development of under developed/developing countries.

Walden Bello and his associates in their book 'Dark Victory – United States and Global Poverty' have explained at length the harmful effects of SAP on economies of developing countries. Bello points out how several developing countries availed of repeated SAP loans but the intended benefits did not accrue. On the other hand, the local enterprises went to the walls, the ability of the government to manage and stimulate the economy got attenuated, public expenditure for welfare activities like health and education got reduced, poverty and unemployment increased, prices of essential commodities sky rocketed and went out of the purchasing power of the poor

leading to serious economic deprivation and all in all to loss of economic sovereignty and weakening of the economies of the developing countries.

The adoption of Trade Related Investment Measures (TRIMS) thus resulted in the economies of the developing countries like India to become more and more dependent upon foreign capital, entailing a huge reduction in investment or expenditure by the nations, in the public sector. This depicted a gradual shift in the economic spending, from the agricultural and the social sector to the industrial/private sector. It is here that one finds that the grounds for recession came to be laid, as slowly and steadily small enterprises started shutting down, which impacted the larger enterprises as well, seen in the recent case of protracted recession leading to retrenchment policies being laid by the big companies. Further, despite the banks severely cutting down their lending rates, there were no new buyers for new investments. And hence a major blow came upon the labour sector. Market capitalism instead of creating new employment opportunities has created a reserved labour force that has been brought about as a resultant of an influx of unorganized unskilled/semi-skilled jobless/unemployed work force into the labour market. Furthermore the organized sector workers too have felt the strains of this protracted recession with large scale lay-offs by companies and industrial sector units.

Two kinds of movements of labour can be traced, wherein on the one hand one finds that there is struggle by the 'laid off' organized sector workers to remain within the limited periphery of the so called 'secure' organized sector and on the other hand one finds a movement of the unemployed unskilled or semi skilled rural labour into the organized sector. This shift or movement has led to a competition within the labour market, rendering them vulnerable and accessible as cheap labour for the market to use them as per it own terms and conditions, leading to a great disparity in the earnings of the skilled and unskilled workers.

This is hardly surprising since the ushering in of the neo liberal policies, which has weakened labour and strengthened capital. The pressure to withhold the phenomenon of new mercantilism, led to increased competition in the international market, which in turn had a drastic effect on the labour market. In order to control the growing rates of inflation, the resource constrained developing economies abided by the orthodox policies, which had negligible effect on economic

growth. Moreover, employment was not a major concern under the SAP, as it was a necessary cost for improving the productive efficiency.

With the weakening of real wages being a resultant of these measures to manage the difficulties arising in the balance of payments, the nineties in India also started experiencing the phenomenon of “hunger amidst plenty”. This can be contextualized with the fact that while agriculture continued to employ the largest proportion of the workforce in India, its share in the GDP began to decline rapidly too. Further with practically no proper land reforms, in-equal distribution of land ownership, a shift towards cash crop dependent economy, availability of loans at high rates of interest, climate change yielding the rain dependant agriculture sector of India in doldrums, rendered the small and marginal farm holders indebted, thus, resulting in outward migration, i.e. from the rural areas to the urban centers, cities and towns in search of work. Thus, the traditional employment sector (agriculture per say) is now being replaced by a new form of employment, the term being referred to as the informal sector.

The Bretton wood institutions have now recognized that this economic restructuring has led to immense economic distress and as an alternative have come to support and pressure governments to set up safety nets for these reserved labour force<sup>2</sup>. In order to make the effects of neo liberal policies more inclusive it is extremely important now for the government to review its policies in order to effectively solve this rising crisis brought about as a resultant of the effects of neo-liberalism in the labour market.

This paper thus tries to analyze one such social safety net set up by the government of India the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), to gain a cohesive understanding of why the public private partnerships are not the only way forward for a triumphant application and implementation of the MNREGA. It further analyzes the roles and responsibilities of other actors in its effective implementation and how it can be taken further to challenge capitalistic regimes be it in the domestic market or in the international market. The paper also tries to analyze how it is extremely important to push such safety nets from their

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<sup>2</sup> [http://www.unctad.org/en/docs/osqdp20047\\_en.pdf](http://www.unctad.org/en/docs/osqdp20047_en.pdf)

typical nature of governmental-ity to a counter state position that aims to stress on people's development and not purely lopsided fiscal development.

### **HISTORICAL OVERVIEW OF MNREGA: WHY IT CAME ABOUT IN THE LIGHT OF NEO-LIBERAL POLICIES**

India is hailed as one of the fastest growing economies in the world, with a rapidly growing GDP. But if development could only be measured in terms of GDP, rural India wouldn't show a picture that is otherwise. India today has one of largest population living below the poverty line (456 million), more than 80,000 farmers have succumbed to debt and committed suicides and the numbers keep growing every day. The rich-poor divide is widening more and more and India still is battling with the worst forms of poverty.

About 42% of the entire population lives below the poverty line out of which 75% live in the rural areas. <sup>3</sup>Majority of the rural poor belong to the scheduled tribes, scheduled caste and other backward classes. The adoption of the neo-liberal policies has failed to live up to its promises, and the assumed trickle-down effect failed to deliver results. The neo-liberal policies, with its obsession with the market made India witness a rapid decline in its investment in the agricultural sector. The GDP contribution of agriculture declined drastically from 37 percent to 21 percent; but the population dependent on agriculture still remained at 57 percent.<sup>4</sup> The growth in industry plus services has attained predominance over agriculture in terms of GDP contribution but could not absorb the surplus population dependent on agriculture. Therefore the agriculture became even more overloaded with surplus population in terms of GDP per capita.

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<sup>3</sup> "New Global Poverty Estimate-What it means for India.- WORLD BANK"

<sup>4</sup> [India](#) CIA World Fact Book. August 7, 2008. Retrieved August 20, 2010.

After Independence, though there have been various land reforms, problems have been witnessed at the implementation of the same. Prabhat Patnaik opines that “The absence of thoroughgoing land reforms, a result of the bourgeoisie's compromise with landlordism, kept productive forces in agriculture arrested. The market for mass consumption goods remained restricted and grew slowly for this reason. Moreover, the ability of the state capitalist sector to keep expanding, and thereby to keep enlarging the market for the private capitalist sector, got progressively undermined: the low agricultural growth put a ceiling on the rate at which public investment could grow without squeezing the living standard of the masses to an extent intolerable in a democracy; in addition, the ruling classes enriched themselves from the public exchequer, a form of "primitive accumulation of capital," which further curtailed the growth of public investment. The dirigisme strategy of capitalist development, dependent on expanding public investment, entered a cul-de-sac and lost social support even as metropolitan capital—and, in particular, finance capital—stepped up its offensive against this strategy through the Bretton Woods institutions, and later the WTO, in a world where the crucial support coming from socialist countries had disappeared.”<sup>5</sup>

Medium and large farmers who constitute only 3.5 per cent of rural population own as large as 37.72 per cent of the total land; and the rest 96.5% of the population survives only on 62.28% of the land. Majority of Dalit population remains landless or virtually land less. If we look at the NSS data, at all India level around 10 percent of the SC households were landless in 1999-2000 as compared to 13.34 percent in 1992 and 19.10 percent in 1982. But if we combine two categories of landless and near landless (owning less than 0.4 ha of land), we get that 79.20% SCs, 52.90% STs and 59.20% others were landless or near land less. The data shows clearly that there is a change in terms of decreasing landlessness, but in actual sense this change means nothing, since the amount of land they own is so meager that it cannot provide them any decent livelihood. The most important development is that the marginal farmers with tiny holdings now form the majority of the rural population. Income from their tiny holdings is insufficient to support their family and therefore for survival they are dependent on casual wage works, migrate seasonally or on long term basis. But mostly they do not prefer to sell their land to shift in cities, since industries are also not offering them decent and sustained livelihood.

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<sup>5</sup> Patnaik, Prabhat (1999): *Capitalism in Asia at the end of the Millennium; Monthly Review July-August, 1999*

On the output side, there has been a dramatic fall in prices of farm produce as a result of free trade policies of the WTO. But more important is dangerous fluctuations in the prices ruining the farmers. To cite an example, in the period from roughly 1990 to 1995-1996 when lakhs of small farmers switched from food crops to cotton as the world prices were rising. Many of them had not cultivated cotton before. But, the world prices started crashing from the end of 1996 onwards and by 2001 it was practically at half the level it was in 1995. This led to ruination of thousands of farmers who were thrown in very high level of indebtedness.<sup>6</sup> Peasant households in debt doubled in the first decade of the neoliberal economic reforms from 26 per cent of farm households to 48.6 per cent.

Cumulative effect of all these factors has produced a severe agrarian crisis which is reflected in very high incidences of farmer's suicides and outburst of distress migration. "The number of farmers who have committed suicide in India between 1997 and 2007 now stands at a staggering 182,936. Close to two-thirds of these suicides have occurred in five states (India has 28 states and seven union territories). The Big 5— Maharashtra, Karnataka, Andhra Pradesh, Madhya Pradesh and Chhattisgarh— account for just about a third of the country's population but have a record of two-thirds for farmers' suicides occurring in these states."<sup>7</sup>

The lack of opportunities for employment comes about as a resultant of all the forces that have been discussed above. Thus, creating such employment opportunities emerged as a task not only for the government but also for activists, academicians etc in order to alleviate poverty and successive unemployment. Thus, despite conservative neo-liberal policies, which argue that much of economic activity should be left in the hands of the private sector, marking the public or the government sector as inefficient and un-profitable, in the year of 2004, with the new government coming into power, a promise was made by this government to tackle poverty and the inherent problems that were associated with it.

The Government of India along with the input of economists and grass-root activists and of course with the support and agreement of the two Bretton Wood Institutions, drafted a

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<sup>6</sup> *Utsa Patnaik 2004 (Interview): It is a crisis rooted in economic reforms; Frontline; Volume 21 - Issue 13, Jun. 19 - Jul. 02, 2004*

<sup>7</sup> *P. Sainath 2009: Neo-Liberal Terrorism in India: The Largest Wave of Suicides in History; <http://www.counterpunch.org/sainath02122009.html>*



comprehensive law aiming to help India's most disadvantaged citizens: the unemployed, the underemployed, and those without access to credit; the ones who commit suicide over drought etc.

Thus, in 2005 MNREGA was brought in by the then UPA government to solve the ever increasing effects brought about in the labour market by the adoption of the market based capitalistic policies. MNREGA is a landmark legislation that has been made as; it is a step towards the realization of wage employment as a right, providing a right to work and thus a right to life with dignity.

Productive absorption of under-employed and surplus labour force in the rural sector has been a major focus of planning for rural development in India. There have been other employment generation schemes as well which date back to the 1970's in India, namely the Employment Guarantee Scheme (Maharashtra), the Food for Work Programme which was restructured and rechristened the National Rural Employment Programme; the Rural Landless employment Programme, the Jawahar Rozgar Yojana, the Jawahar Gram Samridhi Yojana, the Sampoorna Grameen Rozgar Yojana and finally the National Food for Work programme that was launched in 2004, but the major difference between the above mentioned schemes and MNREGA is that all the previous schemes and programmes were allocation based. MNREGA on the other hand is a demand based programme, which strives to provide for 100 days of employment guarantee to every rural household. It also comes with a provision of unemployment allowance if the work is not provided even after demand. Therefore in a limited framework, it guarantees the right to work.

But MNREGA is of course not comparable to a full-fledged right to work act, since it does not guarantee employment to every individual but only ensures 100 days of work to one member of a rural household unit. Investments made under MNREGA in order to ensure employment generation and infrastructural development amount to having a multiplier effect, where on the one hand it is expected to improve the standard and quality of living conditions, raise the economic productivity of individuals and villages, reduce distress migration resulting out of unemployment, failure of agriculture, regenerate natural resources and infrastructural resources

of rural areas and on the other hand, a reason due to which somewhere the Bretton Woods institutions too have agreed to having social safety nets is, that it will increase the purchasing power of masses due to the availability of income flow during lean months as well and hence generate a demand for consumption of goods which shall accelerate industrial growth leading to a boost in the rural economy as well.

The Act aims at fulfilling the short-term need of casual employment while creating sustainable livelihoods in the long- term. More importantly is the fact that it can also be seen as the ground to transform a labour surplus economy to a labour using economy, where it utilizes the demand that is created by labour itself and not the market to create productive infrastructural facilities for the villages, which shall enable to strengthen the village economy itself. It also aims to raise the agricultural productivity of the rain-fed areas in the country that account for 68 per cent of country's net sown area.

In the next few chapters we shall try to understand the provisions of the Act in brief to create an awareness of the potentiality of the Act per say and to counter the premises on which the government is approaching the act and thereby negating its development and organizing potential for the country's rural population.

### **PROVISIONS OF THE PROGRAMME**

This Act is path breaking in the sense that for the first time in the history of Indian labour law there is a law that specifically establishes rights of rural workers. The MNREGA in general aims at:

- i) Providing an insured income to poor rural households;
- ii) Preventing distress migration; and
- iii) Accelerating the growth of rural economy by developing crucial infrastructures.

The MNREGA in specific establishes the right of rural workers to:

- payment of wages
- equal wages for equal work
- Minimum wages or the nationally established floor wage of Rs. 60 per day.
- a 7-hour workday and a weekly day-off
- a crèche, for children accompanying parent
- medical facilities and compensation, in case of worksite accidents
- unemployment benefit, if no work can be provided
- Information, regarding every stage of the implementation of the Act as provided under the Right to Information Act and through the provision of public/social auditing processes.

Thus for the first time, rural communities have been given not just a development programme, but also 'a regime of rights'. The security of the additional income to the rural workers provided by the NREGA will strengthen their bargaining power, which in turn will make it possible to raise the urban floor-wage of unskilled workers.

Since the provision of work under the NREGA is demand driven, the creation of a sustained demand depends highly upon the unifying capacity of the people who want to work under this programme. The Act thus becomes a potential weapon to effectively accumulate the organizational strength of the rural poor to constantly demand for work thereby possessing the ability to bring about a change in the existing labour situation in the country.

Main elements of NREGA can be summarized as follows:

- Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat
- The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost
- The Job Card should be issued within 15 days of application.

- A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen.
- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates
- Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses
- Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notifies a wage rate which will not be less than Rs. 60/ per day. Equal wages will be provided to both men and women.
- Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case
- At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
- Work site facilities such as crèche, drinking water, shade have to be provided
- The shelf of projects for a village will be recommended by the gram sabha and approved by the zilla panchayat.
- At least 50% of works will be allotted to Gram Panchayats for execution
- Permissible works predominantly include water and soil conservation, afforestation and land development works
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed
- The Central Government bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi skilled workers
- Social Audit has to be done by the Gram Sabha
- Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process

- All accounts and records relating to the Scheme should be available for public scrutiny<sup>8</sup>

The MNREGA should consequently trigger labour intensive growth for the economy by the generation of assets that in turn generate employment. The Act strives to fill up the lean four non-agriculture months that an average Indian rural habitant faces. Though the Act doesn't limit the guarantee to any period, it is assumed that people will demand works only during the lean season.

Technically, the Act transfers at least Rs. 6000 a year to an individual, i.e. around one and half times of the annual poverty line figure of Rs. 4272 for rural areas.<sup>9</sup> So ideally the scheme alone can push a person above the poverty line. At the current average of NREGA providing 30 days employment<sup>10</sup>, it has contributed at least Rs 1800/person.

The act should also ideally hence create further opportunities for productive employment as it creates productive assets, as it hold the potentiality to raise the earning of the household through better employment opportunities that are made available in the allied activities after a productive asset has been created. Thus it also in a sense should restore people back from the reserved surplus labour marker that they join as a resultant of their in-formalization, into the agriculture or a more productive employment sector.

### **EXPLORING NREGA AS A SOCIAL SECURITY NET**

The MNREGA can be taken akin to the interventionist policy as prescribed during the Great Depression in America, by the British economist John Maynard Keynes. Keynes stated that “The government should pay people to dig holes in the ground and then fill them up.” “It doesn't

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<sup>8</sup>*The National Rural Employment Guarantee Act 2005 (NREGA): Operational Guidelines 2008; Ministry of Rural Development, GOI; [www.nrega.nic.in](http://www.nrega.nic.in)*

<sup>9</sup>*Poverty line drawn by the Planning Commission of India based on consumption expenditure data of the National Sample Survey Organisation's 61st round of survey, 2007.*

<sup>10</sup>*Press Release, Press Information Bureau, June 2007, Union Ministry of Rural Development, New Delhi*

matter what they do as long as the government is creating jobs.” Keynes’ economic policy believed that the governments should create jobs for the unemployed to increase their spending power, create a class of consumers and thus stimulate the economy. By the mid 30’s the United States of America began its recovery process from the financial crisis.

An exploration on whether the MNREGA has been able to fulfill its role of being the Indian version of the Keynesian scheme, like the other schemes, brings about a lot of discussions of whether one should see it in the light of merely being an employment generation programme or one should perceive it as that, which shall impact the labour market drastically, providing an opportunity for labourers to not only demand for work but also demand for their rights as a collective unit, under the banner of being a ‘worker’ and not an individual carrying social and political identity tags attached with their names.

Analysis of what a social safety net is needs to be taken into account in order to understand the nature of the above questions. A neo-classical view of ‘social safety nets’ brings us to a definition wherein they can be termed to be ‘support programs’, aiming at prevention of the vulnerable sections of the society from the financial/economic shocks that come about as a resultant of falling below a certain level of the poverty line. They also intend to prevent transmission of poverty from one generation to another, playing both a redistributive and a productive role in the way that safety nets redistribute income to the poorest and most vulnerable, with an immediate impact on poverty and inequality enabling households to make productive investments in the future that they may otherwise miss, e.g. education, health, and income generating opportunities.

Considering these above described roles, social security nets remains pertinent to the broader poverty reduction strategy of a country and can be provided by the public sector (the State and aid donors) or by the private sector (NGOs, private firms, charities, and informal household transfers).The most common safety net intervention includes: cash transfers, food-based programs such as supplementary feeding programs and food stamps, vouchers, and coupons, in-kind transfers such as school supplies and uniforms, conditional cash transfers, price subsidies

for food, electricity, or public transport, public works, fee waivers and exemptions for health care, schooling and utilities.

If placed in this background the MNREGA fits aptly into the definition of a public safety net. One finds that under the act wages are to be paid on a weekly basis, whether through the Gram Panchayat, the Post Office or through the banks, the information related to this is available to the public. A delay in wage payment entitles the worker registered under this Act to compensation by the State Government, as per the provisions of the Payment of Wages Act, 1936. If an individual is willing, the State Government may merge the pay with social security arrangements, earmarking a portion of wage to schemes such as health insurance, accident insurance, survivor benefits, maternity benefits, and other social security arrangements.

But seeing MNREGA in an objective light brings about the fine contradictions that entail this view of a public safety net programme. Questions that arise are that whether the payment of this minimum wage as stipulated in the Act, would build a pressure on the wages actually paid in the rural sector for other works as well? The provision of un-skilled or low-skilled wage work at a rate higher than that paid in the informal labour market prove to affect the wages in the informal labour market too? The provision of creation of assets as per demand, take into account gender concerns and those who are socially disadvantaged? Will the potential of the MNREGA to provide for an opportunity to organize rural workers be able to fulfill the larger objective of the decentralized Panchayati Raj system of being a people's power/governing system too? Also will it be able to organize the women who stay back in the villages while the male members of the family migrate in search of work, to have a greater control in the productive and reproductive sphere of their social, economic and domestic life?

Besides this, the basic premise on which the MNREGA has been formulated is akin to various other public wage or safety net Programmes which have been successful in their respective areas of implementation e.g. the Argentina's employment guarantee scheme known as Plan Jefes de Hogar, where it's most distinguishing feature is decentralized model of administration. The Argentina federal government provides the funding for salaries as well as a portion of equipment costs, general guidelines for the execution of work projects, and some auxiliary services for managing the program. The municipal governments primarily execute the actual administration of the program. The municipalities are responsible for assessing the pressing needs and available

resources of their communities and for evaluating the projects proposed by the local nonprofits or NGOs. A large majority of the projects are designed specifically to cater to community needs by directly providing goods and services. According to labour ministry data, 87 per cent of *Jefes* beneficiaries work in community projects. These include primary agricultural micro-enterprises and various social and community services. Improving sewer system and water drainage are two prime activities.<sup>11</sup> And also the Brazilian cash transfer programmes whereby they have been extremely successful in lowering the levels of inequality. Here the selection of the beneficiary families is decentralized and implementation occurs at the municipal level (with a double check at the federal level). The benefits vary according to the monthly per capita income of the family and its composition. Further there are conditionality's that have been imposed on the various safety nets provided to those belonging to different income bracket groups. These can be seen in the form of 85% attendance at school age for children, updated immunization cards, regular health visits for lactating or pregnant woman. Plus there are some structuring activities too that are given to some of the beneficiary families, these are in the form of training programmes (literacy courses), income generating programmes etc.

The question here with regards to the MNREGA is that will it be able to replicate such success stories if it is able to fit in services provided by such programmes, as well as the provisions that already exist within the Act?

We now come to the part of the paper where all the above questions shall be answered taking into light the provisions of the programme, thereby critically analyzing the programme.

### **HAS MNREGA HELPED TO MITIGATE PROBLEMS OF THE LABOUR FORCE IN THE MARKET?**

In an era of heightened global competition, large enterprises profit from the existence of surplus labour pools because they help minimize labour costs, are unprotected, and increase flexibility (Rudra, 2002). However, in most contexts, a significant part of this “surplus” labour force fell back on agriculture dominated by peasant production—the largest surviving traditional (pre-

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<sup>11</sup> (Sources: *Employment Analysis and Research Unit, International Labour Office, Geneva, August 2007*)



capitalist) economy in the world. The forces of globalization have constrained employment growth in the first tier. Public sector employment has steadily declined over the period of 1999–2005, from 19.058 million in 1999 to 18.007 million in 2005 (*Economic Survey, 2007–2008*). Private enterprises in the formal sector have generated additional employment entirely in the category of unprotected regular, casual or contract wage-workers which constitute informal employment. The workforce in the informal sector grew from 361.7m in 1999–2000 to 422.6m in 2004–2005. The emerging evidence shows that job destruction has outpaced job creation in the formal sector, forcing those thrown out of employment to eke out a living in the informal sector. (The National Commission for Enterprises in the Unorganized Sector, Sengupta, 2008).

An overwhelming majority of the Indian population, around three-quarters, is poor and vulnerable and it is a staggering 836 million as of 2004–05. This includes 70 million or 6.4 per cent who may be characterized as extremely poor with a per capita consumption of less than or three-quarters of the official poverty line. To this should be added 167 million of those who are poor with consumption not more than that fixed as the official poverty line. If this is relaxed to include those with a per capita consumption of up to 25 per cent above the poverty line, called marginally poor here, then we find another 207 million. These three groups account for 444 million or 40.8 per cent of the population. To this we add those with a per capita consumption between 1.25 and two times the poverty line as vulnerable and this group of poor and vulnerable comes to 836 million of Indians or well over 75 per cent of the population.<sup>12</sup>

The expenditure on social security in India hardly accounts for 2.5 per cent of GDP. This is among the lowest in the world. Most of the social security benefits from this meager allocation accrue to the well organized urban work force, who account for only one-tenth of the total work force. However, there is now a growing realization among the States and the Centre about the need to provide adequate social security to the rural labour. A wide variety of social security schemes for rural labour are currently in operation in different States, although the coverage and the scale of assistance are far from being adequate<sup>13</sup>. (NCLR vol.I, 1991: viii.)

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<sup>12</sup> <http://infochangeindia.org/200803197001/Poverty/Analysis/How-India-lives-Inequality-impoverisation-and-identity.html>

<sup>13</sup> *National Commission for Enterprises in the unorganised sector, Government of India (2008) Report on conditions of work and promotion of livelihoods in the unorganised sector. Delhi: Academic Foundation.*

Amongst them the MNREGA, is said to be part of the success stories. If the records of the government are to be believed then some reports show that the government has provided employment to 44.1 million people in the last four years. The Ministry of Rural Development believes it has rescued thousands of farmers from debt through cash payments. The scheme has decreased urban migration by 30 percent, according to a survey by the Centre for Civil Society, and has increased the bargaining power of unskilled labourers, forcing private contractors to pay as much as 130 rupees per day to compete with NREGA. Through the construction of shovel-ready projects, NREGA has also vastly improved rural infrastructure. If the 2009 election results are any indication, wrote *Mainstream weekly*, NREGA and the money it injected into rural India ensured the re-election of the Congress. Thus, Manmohan Singh became the first prime minister to return to power after completing a full five-year term since Jawaharlal Nehru.<sup>14</sup>

Since its founding, massive public funding has been pumped into NREGA. In 2006, it was first implemented in India's 200 most backward districts. To date, NREGA covers 619 of India's 626 districts. As of 31 March 2010, the Ministry of Finance has released 784 billion rupees under NREGA, and if the 2010-11 Budget, is also included, the figure jumps to 1.185 trillion rupees, making it the world's largest social welfare scheme.

This February, NREGA celebrated its fourth anniversary. The ultimate goal of poverty alleviation, however, is still incomplete. Until 2004, India had 456 million people living below the international poverty line. Yet after four years of NREGA, the number of poor, which was expected to decline, has increased from 456 to 488 million. So what went wrong? Why has this scheme failed?<sup>15</sup>

Several studies, including governmental ones, acknowledge widespread corruption in MNREGA—fabricating vouchers, siphoning off of funds, serious delay in payment of MNREGA wages, caste based discrimination, lack of political coordination between the Centre, State and the local bodies, the unavailability of jobs for 100 days, non-issuing of job cards, lack

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<sup>14</sup> <http://www.caravanmagazine.in/Story.aspx?StoryId=266>

<sup>15</sup> *Reportage, NREGA's Reality Check by Mehboob Jeelani, published 1 May 2010.*

of public consultation on the nature and type of resource/asset to be created, payment of wages less than the statutory minimum wage amount etc.

The history of labour spells exploitation in the Indian context. MNREGA was also hailed as a revolutionary act, as it fixed INR 60 as the minimum wage for rural workers. It was believed that this fixing of minimum wage would also transcend into other works, thereby leading to an upward push in the wage structure of agriculture and allied activities and also in the informal labour sector. But if reports are to be believed then, MNREGA itself has not been able to pay the promised minimum wage to the workers. For instance, taking the case of Rajasthan the MNREGA workers were paid a meagre Rs. 51 per day on average in 2006-7, even though the statutory minimum wage was Rs. 73 per day. This is a trifle paradoxical, since workers' organisations in Rajasthan have been at the forefront of recent struggles for minimum wages. Also, it is in the context of relief works in Rajasthan that the Supreme Court delivered a landmark judgement stating that employing labourers without paying the minimum wage is "forced labour", in so far as it amounts to "[taking] advantage of the helpless condition of the affected persons" (*Sanjit Roy vs. State of Rajasthan 1983, SCC (1) 525*). More than 20 years after this indictment, the problem persists.

Instances of irregular and delayed payments too have been reported from several states. Many a times the labourer's are asked to undertake new work without the clearance of former dues. Moreover, the payment process also forms a complicated process with the transaction done through banks or Post offices which creates a lot of problems for the rural illiterate folk. For instance, the author during one of her visits to Satna, Madhya Pradesh found severe irregularities in the implementation of the Act. Participation in a rally organized under the aegis of Baghelkhand Adivasi Kisan Mazdoor Mukti Morcha office proposed at obtaining accumulative wages that had not been paid to laborers under the NREGA scheme, as well as, to hold talks regarding other problems occurring at the village level to address those irregularities.

In many cases many laborers working under the scheme reported that they prefer not to take the 'risk' factor under the scheme and have instead decided to migrate to the cities in lookout for

work. It can be assumed that MNREGA, which sought to address distress migration, has also in fact added to problem of circular migration.

Migration is seen as one of the natural phenomenon which gradually seeps in with the adoption of Neo-liberal policies. With the skewed style of development, where only the urban areas are experiencing an investment boom, the rural workers are left with no choice but to come to these places in the look-out for work. In the cities, every worker is in constant competition with each other in matters of work, which puts them into a highly vulnerable position giving the contractors and the employers' avenues for exploitation. Thus, as discussed, MNREGA sought to address this problem. But problems like irregular payments and also more importantly not being able to give work during the off-season (non-agricultural season) has not been able to stop the migration problem.

MNREGA also seeks creation of infrastructure in the form of natural asset creation inclusive of soil and water conservation in the rural areas. In many villages one can see that there has been immense development especially in the case of connectivity, but in many more, the case is otherwise, where it has been found that it has instead helped asset creation of private wealthy individuals (landowners with their land being developed as a part of NREGA activity). In one of the conference in Maharashtra it was surprising to hear one of the development professional recommending the utilization of MNREGA money for the development of land of the landlords/owners. Thus, it increases the social divide which NREGA sought to decrease creating further social inequalities. Also the stress has been in the creation of non-productive assets like road and buildings instead of productive assets like digging of wells, de-silting of ponds etc. the reason behind this is that since the wages under MNREGA are given as per task rate, i.e. the amount of work that has been done, for many of the workers and Panchayats', works under soil and water conservation are less lucrative as they take more time, while wage payments for building of roads is done irrespective of whether the work has been completed or not.

Women form an essential part of the labour force that is engaged in NREGA works constituting of around 49.15% of the labour force that works under this scheme. Thus it becomes essential to understand the problems they face with respect to the implementation of the programme as well as whether their participation can be used as a base to ensure the formation of an organization/

association that furthers their empowerment as a paid workforce and as unpaid labour in the domestic and social sphere.

On the one hand we observe that as a resultant of reduction in the amount of landholding and consequent migration as dependence in wage work increases, the 'male' members of households move out for work, which leaves the women folk to tend to the work that is left in the village- leading to the phenomenon of feminization of labour; the other picture depicts gross inequalities with relation to the share of women in the wage market due to this feminization of labour.

The increased participation of women in works related to agriculture has not led to any upward mobility of the women be it in the economic sense of the term or in terms of their status of being able to have control over a productive asset, such as land. Instead it has added to their responsibility of providing for the family. This compels the women to accept wages that are lower than the minimum market wages and hence worsening of their status as labour in the social and economic sphere. Moreover MNREGA is all about offering unskilled work, which does not add on any additional skills on women, only adding to the existent burden of work on them. Apart from a few success cases, where women have comparatively been able to achieve significant economic independence, MNREGA has not been able to bring about significant changes in the power relations between men and women.

However MNREGA like the Employment Guarantee Act of Maharashtra that allowed for challenging the norms of sexual division of labour and challenge norms operating in the labour market for women can strive to be a spearhead in starting another feminist movement.

Another finding of the researcher in a field trip to Adivasi Mukti Sangathan in Orissa, brought to light a common problem faced by all i.e. that there was no work; the little work that was available was taken out by people who have more access and are powerful. Also work was mainly done by machines and under private contractor-ship, despite it being clearly stated within the Act that no machines shall be used. Non-payment of wages was not as big an issue in comparison to other states but lower wages and corruption in the Panchayati Raj Department was a major problem. The labourers found it exceedingly difficult to demand equitable wages, further fragmentation in labour was created because of clashes between workers and private contractors as the Panchayati Raj department was involved in such bungling. In order to complete works under given stipulated time and to recover costs and convert the same into profits, the department

used private contractors and machines to finish work in less time. A defined wage as negotiated with contractors paved an easy way for the Department to extract money allocated by the State to different blocks. Thus, such a system also added to depreciation of the value of labour power in the market.

The MGNREGA was expected to make inroads into the democratic control of design and execution of the government welfare programmes in rural India. By transparent mechanisms like muster roll maintenance and cash disbursement in full public view, designs of community control like choosing work and conducting social audits by gram sabhas had discouraged corruption and also exposed embezzlement by the local elite who controlled local matters. The poorest lot -- labourers, landless, and small and marginal farmers, the potential beneficiaries of MNREGA -- had even started challenging feudal domination. A case study of a social audit organized by one of the sangathans (Hum Kissan, Rajasthan) that the researcher has visited can be stated to understand the status of people's participation. Despite threat to life and property, people came forth and reported publically the status of NREGA in their respective areas. It was a moment where democratic values came forth, where people from all came forth on a common platform and united to provide witness to the corruption and demand answers from the government machinery. Many of the people also came despite the muster roll being opened in their village, which speaks of the understanding that they have developed that it would be just a one off event so that the sarpanch can save his face till the next payment; that he would be able to quiet-en down the people of at least a few villages.

## **CAN A PUBLIC PRIVATE PARTNERSHIP HELP AS A SECURE SOCIAL SAFETY**

### **NET**

Having addressed some of the problems that have been created as a resultant of the shortcomings in the implementation of the programme, i.e. in the governance structure of the programme, we come to the portion where an attempt is being made to move beyond the analysis of the problems that exist in the implementing or governance processes. The stress now thus becomes to move to a position that questions this nature of govern-mentality. Where it is not only important as to

how these programmes will be implemented, which is the government or state prerogative, but to ensure that the MNREGA does not get limited to merely being a guarantor of jobs.

The beginning of the movement for such a program was met with a lot of resistance from the various political parties as the initial demand entailed provision of work for the whole year. Citing problems with relation to the management of budget of such a huge programme, the MNREGA was conveniently cut down to provide work for only 100 days in a year. After 5 years of its implementation, the very activists who had played a critical role in the passing of the Act in 2005 are now criticizing it, blaming the government for killing a good scheme. The above clearly depicts the status of the safety nets provided by the government to the masses. Pioneers of the Act like Jean Dreze and Aruna Roy have raised points stating that instead of ensuring its proper implementation, the government is watering down the social welfare scheme's elements through convergence of the same with other government programmes.

This brings us to the concluding chapter where we shall try to analyze the logic of governmentality and whether other actors can play a crucial role in positioning a counter state logic, which is not defined by a state determined policy form.

The provision of social or public audit coupled with the Right to Information within the MNREGA Act was to account for transparency and accountability measures within the act. This accountability was to take the shape of a horizontal procession, whereby the mass themselves have to directly engage themselves with the institutionalized spheres i.e. be the monitoring agents and act as the watch dogs for the scheme/act and hence provide grounds to challenge these institutionalized spheres that earlier could not be questioned, let alone be monitored.

But the end product of this measure has had mixed results. As an external observer to these processes, and having engaged with people's organizations (sangathan's), unions and non-governmental organizations, one can come about with different notions of how processes of a public (state)- private (NGO's, union's, people's movements) partnership can result in countering the state logic of the Act.

Thus one can find that, there has been the formation of a partnership between the state and the civil society organizations (read NGO's), who act as mediators (contractual) for the government to 'successfully implement' the programme for the beneficiaries. Then there is a parallel

movement that is being raked-up by the people's organizations (sangathan's), where the stress is on creation of a collective unit, which can then strategically together pressurize the state and demand their right as workers, hence building a movement or a space for workers identity and at the same time challenging the existent power relations within the social structures. We also at the same time have unions, who with their political influence, demand for workers recognition and space in the legislative, economic and political sphere, challenging the domains of the capitalistic labour market, which views such programmes to retard labour mobility and hence affecting the wage rates in other sectors too.

These are not absolute categories, with each having its own strengths and weaknesses in the processes that they try to initiate. The crux being that, all of such other actors thereby at some level have aimed for an internal reconfiguration of the state but at the same time have instead started articulating the needs of the state itself. This loosening of the motive stems and gets articulated at various levels as stated above, where the pioneers of the act have themselves criticized the government to weaken the actual potential of the Act. This picture can also be shown in the move of the government to now try and link banks with the different NGOs in a business correspondent avatar, so as to effectively implement the Financial Inclusion scheme through better IT services at the village level to ensure transparency. Another example can be that of the recent Supreme Court orders to have a nodal agency at the centre that shall monitor the implementation of the MNREGA programme. So where do such partnerships go from here?

Certain case studies can be taken up to ascertain the different roles that these other actors or private enterprises undertake. Annie Marie Goetz in her paper, "Reinventing Accountability-Making Democracy Work for the Poor" cites the case of Mazdoor Kissan Shakti Sangathan (MKSS) in Rajasthan. She opines that this 1000-strong informal union has been taking up the task of tracking the government spending. They have been protesting against the local government corruption for the past ten years. Its initial preoccupation was the persistent denial of full wage payments to women working on government drought-relief public works programmes. A substantial portion of women's payments were routinely pocketed by the overseers of these projects, by the junior engineers responsible for taking measurements of the amounts of earth moved in building a road or a bridge, and the local government politicians responsible for persuading rural development officials to locate a drought-relief programme in



the area. Other funds were regularly creamed off by over-invoicing for building supplies and other forms of account-rigging. The MKSS addressed this problem by holding dramatic public hearings in which women testified about under or non-payment in front of officials. In these hearings the officials always complained about not receiving enough money from the central government. There also was a serious obstacle in doing this, as the masses had no access to government information. But after years of dedicated struggle from the activists of MKSS, the Right to Information under the local government Act was formulated in April 2000, enabling the MKSS and other organizations to access official documents much more effectively<sup>16</sup>.

Now this act of social accountability and also the intervention of MKSS have had diverse impacts among the women. The women today are not afraid to stand up in front of local officials and politicians and accused them thus challenging the traditional feudal structures too.

The researcher has also had the opportunity to interact closely with a group of sangathan's working in Orissa on the issue of MNREGA. After 5 years of trying to implement the scheme, while organizing and mobilizing the masses against its discrepancies, the sangathan's have decided to formulate a union at the State Level in order to organize rural workers around MNREGA. The collective or the union has been registered under the name of Orissa Shramjivi Union (Orissa Workers Union). The sangathan activists realized that the localized efforts were not making much difference and they were in the end becoming mere mediating agencies for the state, thereby hindering the process of having a wider out reach. It is important for the sangathan to create a mass based struggle than just concentrating in few areas. The wave must spread all over and should take as many people possible in its fold. The aim being that marginalization being a universal concept has to now be countered with a single unifying concept i.e. labour. The role of the state is criticized as it plays a major role in reinforcing the identities and in the creation of barriers for the maintenance of its status quo thereby retarding the growth of the organizing ability of people. Many of them believe that they will have to get in to the system, even while they oppose it and try and bring complete democracy where the role of the state will be reviewed and critiqued. The attempt is to bring changes gradually by getting in to the system which one realizes that it could get quite challenging in itself. Also to bring the society and the

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<sup>16</sup> *Reinventing Accountability -- Making Democracy Work for the Poor*, Annie Marie Goetz, 2003

activists together on the vision that is kept in mind while starting the process is also very difficult.

Trade unions on the other hand, view NREGA as a programme which has the potential to positively affect the collective bargaining power of the rural workers in the labour market. Thus through this collectivity attempts have been made to unionize the agrarian masses to demand the right to payment of wages and hence the right to work. They believe that with increase in visible employment, aggregate real income will increase, which in turn will increase aggregate consumption of the poorest of the working class.

An example can be that of the New Trade Union Initiative which recognizes the fact that achieving full employment is neither tenable nor sustainable in a capitalist economy. The very existence of unemployment is essential for maintaining the stability of the capitalist system. NTUI therefore views the NREGA as potentially a programme that can result in a positive impact on collective bargaining strength of the poor communities, both with their employers and the government:

- (i) As it opens up the scope for advancement of the process of unionization in the agrarian and rural sector and also advances unionization around the core NTUI principal of one union in one location and one sector; and
- (ii) As it can be seen as a critical labour right – where the two rights have primacy over all others: the right to employment and the right to payment of wages.

The focus of winning these rights must not be limited to campaigns, however important this may be in the initial period, but beyond it, through sustained struggle of rapidly unionized workers. In the first instance, NTUI shall focus and concentrate on specific contiguous areas which enable us to integrate the organized union strength with new organizing initiatives. This view comes from the organizational understanding that if union power has to be advanced in a short time it has to accumulate organizational strength to make *strategic strikes* at specified sites.<sup>17</sup>

NTUI along with other Trade Union Initiatives from different parts of the country have come together to form networks or partnerships in order to politically mobilize the distressed agrarian workers towards the realization of the Right to work. In this such trade unions have often been

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<sup>17</sup> Roy A, (2006): “Handbook on Rural worker’s Rights under the National Rural Employment Guarantee Act”, The New Trade Union Initiative, New Delhi.

the focal points through which strategic demands for the right of workers are bargained for with the State. This is where the importance of trade unions and government partnerships arise, whereby the institutionalization of such unions, enable to create a space within the institutionalized mechanisms of the bureaucratic state structure through which the unions can then function thereby enabling them to fight for higher wages, better work and improvement of the domain of social reproduction.

From all the above discussions, one comes to a point where the need arises to understand that proper implementation of the social security nets depends on the collective efforts of all actors involved at the field level as these do not function in isolation to each other. More importantly since it is a demand driven scheme, the MNREGA, becomes a people's scheme. The role of popular people's movements cannot be ignored in this light. What is required is to investigate such a popular movement as a tactical expression at this moment of a larger strategic programme to constantly push MNREGA against its policy gain of profitability, to restore to its eventual counter state political logic that now lays sediment in its state determined policy form.

A grass-root movement coupled with the inherent accounting system such as the social/public auditing within the MNREGA, should strategized towards a larger political intervention that constantly seeks to deepen the right to work i.e. inherent in the MNREGA. This shall then seek to produce a crisis in the discourse of rights and the hierarchical society which shall broaden the conventional understanding of rights and struggle which shall be directed to strike at the root of capitalism.

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