Chapter II

Employment Guarantee Schemes of India and Maharashtra

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Introduction:

Poverty alleviation through employment generation is the basic objective of planning and development in India as here is a close nexus between poverty and unemployment, development cannot be equal with mere increase in production this must be accompanied by an increase in employment and labour productivity is already as serious problem in India as the problem of unemployment itself. Therefore, development should lead to increase in employment and earning if it is to result in if the efforts made under different plans the problem of unemployment continued to remain as a challenge to planners and administrations. This has called for the state intervention in labour market been through various self employment and wage paper is divided into four parts the first part identifies the need for special employment programmes.

The Indian economy is already generating approximately seven million employment and self-employment opportunities per annum; almost all of them in the informal sector, but in there are a serious lack of accurate information on the types and numbers of these jobs.

The most effective strategy for employment generation will be to provide the missing links and policy measures needed to accelerate this natural process of employment generation. The main objective of this study is to analyze the experience of Employment Guarantee Scheme in Maharashtra in order to learn lessons for development policies relating to the reduction of poverty and unemployment, which would be useful for replicating the scheme in other states of India and other countries. The Chapter produces the various employment generation schemes of Government of India and Maharashtra.
Employment Generations Schemes (*Wage employment programmes*):

The main purpose of the wage employment programmes is to provide a livelihood during the lean agricultural season as well as during drought and floods. Under these programmes, villagers worked to improve the village infrastructure such as deepening the village ponds, constructing village schools and improving the rural roads. Thus the programmes not only provided employment to the villagers but also improved village infrastructure and created village public assets. A positive fall out of this programme is that it created higher demand for village labour, thereby pushing up the wage of the labourer in the villages.

Wage employment programmes were first started during the Sixth and Seventh Plan in the form of National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP). These two programmes were later merged in 1989 into more well known Jawahar Rozgar Yojana or JRY. The JRY was supposed to produce employment for the unemployed and the underemployed and to improve the village infrastructure and assets. The performance of JRY programme declined over a period of time. As a result, fewer jobs were generated. One of the reasons was lower allocation of funds for this programme during the Ninth Plan period.2

There are numerous social protection schemes; existing programmes are mostly in-kind and there is a great focus on cash for work programmes like the Maharashtra Employment Guarantee Scheme. The National Old Age Pension Scheme (NOAPS) for destitute elderly households, within the National Family Benefit Scheme (NFBS) and the National Maternity Benefit Scheme (NMBS), is a component of the National Social Assistance
Programme (NSAP) of August 1995, a social assistance programme for poor households.\(^3\) The Programme aims at ensuring minimum national standard of social assistance in addition to the benefit that the States are currently providing or might provide in future.

**The Employment Guarantee Scheme Maharashtra (1977):**

The Employment Guarantee Scheme Maharashtra guarantees that every adult who wants a job in rural areas will be given one, provided that the person is willing to do unskilled manual work on a piece-rate basis.\(^4\) The piece-rates are fixed so that an average person working diligently for seven hours a day would earn an amount equal to the minimum wage. The projects to which EGS employment contributes include moisture conservation and water conservation works (e.g. percolation and storage tanks), soil conservation and land development works, forestation, roads, and flood protection schemes. The principal aim of the Employment Guarantee Scheme is to provide gainful and productive employment to the people in the rural areas and in the areas of 'C' class Municipal Councils, who are in need of work and are prepared to do manual labour but cannot find it on their own.

**Jawahar Rozgar Yojana (JRY):**

In the Seventh Plan, JRY was launched with a total allocation of Rs.2600 crores to generate 931 million man-days of employment. The primary objective of the programme is generation of additional employment on productive works which would either be of sustained benefit to the poor or contribute to the creation of rural infrastructure. Under this programme, Centre's contribution is 80 per cent, and 20 per cent is the State's share. The JRY is implemented in all villages in the country.\(^5\) Central assistance is
provided to the States on the basis of proportion of the rural poor in a State/UT to the total rural poor in the country. From the States to the districts the allocations are made on an index of backwardness. Works can be taken up for execution during any part of the year whenever the need for generating supplementary employment is felt, preferably during the lean agricultural season but could continue during the busy agricultural period too, if required. A maximum of 10 per cent of the annual allocation can be used for incurring expenditure on maintenance of such assets at the district/gram panchayat levels which have been created under the erstwhile programme of NREP/RLEGPO or have been created under JRY and have not to be taken over by a department of the State Government.

There is earmarking of resources at the district level too but after deducting for administrative and maintenance costs, the funds available for sectoral works are untied. However, there is no sectoral earmarking of resources at the village panchayat level except that 15 per cent of the annual allocation must be spent on works directly beneficial to SCs/STs. The types of works, to be taken up under the village panchayats are to be based on the felt needs of the people. There is 30 per cent reservation for women. Sixty per cent of the total unit cost is to be spent on wages and 40 per cent on materials. Contractors and other intermediaries are not permitted in the execution of the works. Minimum wages, fixed by the State, are required to be paid. There are considerable inter-State variations in the minimum wage rates, ranging from Rs. 13.70 to Rs. 34.00 per day for unskilled work. These differences account for variations in the Stat wise unit cost of generating one man-day of employment ranging from Rs.22.83 to Rs.56.67. While in the earlier wage-employment programmes, part of the wage payment had to be in kind, in terms of certain quantity of food grains, under
the JRY this was made optional. Consequently, while in 1986-87 the off take of food grains was as high as 22 lakh tonnes, in 1990-91 it was only 1.36 lakh tonnes.

**The Employment Assurance Scheme (EAS) (1993):**

The Employment Assurance Scheme (EAS) was basically meant for creation of additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. EAS was introduced on 2nd October, 1993 in the rural areas of 1778 blocks of the country situated in drought prone areas, desert, tribal and hill areas. Over the years the Scheme was extended to all the Rural Blocks of the country.⁷

**Jawahar Gram Samridhi Yojana (JGSY) (1999):**

Jawahar Gram Samridhi Yojana (JGSY) was launched in 1999 to ensure development of rural infrastructure at the village level. The initiative was one of the major wage employment programmes launched in the year 1989 by merging the two wage employment programmes namely National Rural Employment Programme (NREP) & Rural Landless Employment Guarantee Programme (RLEGP).⁸ Accordingly, JRY was restructured and renamed as the Jawahar Gram Samridhi Yojana. The new programme is entirely dedicated to the development of rural infrastructure at the village level and is being implemented by the Village Panchayats. The primary objective of JGSY is creation of demand driven community village infrastructure including durable assets at the village level and assets to enable the rural poor to increase the opportunities for sustained employment. The secondary objective is generation of wage employment for the unemployed poor in the rural areas.
The Swarnjayanti Gram Swarozgar Yojana (SGSY) (1999):

The Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched as an integrated programme for self-employment of the rural poor with effect from 1 April 1999. The scheme emphasizes establishment of activity clusters through selection of key activities based on aptitude and skill of the people, availability of resources and market potentiality. The scheme adopts a process approach and attempts to build the capacities of the rural poor. The objective of the scheme is to bring the assisted poor families above the poverty line by organizing them into Self Help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income generating assets through a mix of bank credit and government subsidy.

The Sampoorna Grameen Rozgar Yojana (SGRY) (2001):

The Sampoorna Grameen Rozgar Yojana (SGRY) was launched on 25 September, 2001 with the objective of providing additional wage employment and food security, alongside the creation of durable community assets in rural areas. Under the Scheme, 50 lakh tones of food grains amounting to Rs. 5,000 crore is provided every year, free of cost, to the State Governments and Union Territory Administrations. The basic objective of the first stream would be to provide additional Wage-Employment while the second stream would primarily aim at creation of need based rural infrastructure.

The National Food for Work Programme (NFWP) (2004):

The National Food for Work Programme provides additional resources apart from the resources available under the SGRY to 150 most backward districts of the country so that generation of supplementary wage
employment and the provision of food-security through creation of need based economic, social and community assets in these districts are further intensified.


The National Rural Employment Guarantee Act (NREGA) entitles every household in rural areas to at least 100 days of guaranteed employment every year for at least one adult member and unemployment allowance if the job of the scheme is not given within a specific period. The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.


All previous programmes of wage employment through public works are now merged into the NREGA. The NREGA builds upon earlier public works programmes, including the National Rural Employment Programme; Rural Landless Employment Guarantee Programme; Jawahar Rozgar Yojna; Employment Assurance Scheme; Jawahar Gram Samridhi Yojna; Sampoorna Grameen Rozgar Yojna since September; National Food For Work Programme, and the Maharashtra Employment Guarantee Scheme. The NREGA has a multiplicity of objectives, and is seen as an intervention to stimulate local development as much as a means of social protection. Expected outcomes include:

- An increase in employment and purchasing power
- Women’s participation in the workforce
- The strengthening of rural infrastructure through the creation of
durable asset.

- regeneration of natural resources that provide the livelihood resource base of the local rural economy
- an increase in productivity
- a reduction in distress migration.

The Act was initially implemented in 200 of the country’s poorest and least developed districts, and has now been extended to the entire country. The Employment Guarantee Act 2005 guarantees 100 days’ paid work each year for every rural household whose adult members volunteer to do unskilled manual work. In this way, it envisages improving the livelihood security or rural households. The NREGA places a major part of the responsibility for its implementation on the panchayats. For example, whereas the district collector is expected to monitor and supervise other public works, in the case of the NREGA, these are the responsibility of the panchayat.

The Act works through the decentralized system of governance that has been in place since the early 1990s and the local community can create projects to meet local needs through the gramsabha. Each panchayat is expected to prepare a list of projects so that the NREGA works reflect village priorities. All adults living in rural areas are free to apply for a job card. After verification, the panchayat issues one card to each household. Anyone with a job card can apply to the panchayat for work when needed, and work has to be provided within 15 days, within a 5 km radius. Over the course of a year, 100 days of work is guaranteed to each household.

The Act aims to provide wages equivalent to the rural minimum wage in each area or Rs. 60 per day, whichever is greater. However, in contrast to earlier public works, payment is based on how much work is completed by
the group of workers on a site. The total amount due is calculated, and distributed equally between all. Obviously, the output will be influenced by whether or not there are any ‘free riders’, the age composition of the group and the climate, quality of soil, etc. Despite any observed shortcomings in implementation, the importance of the NREGA lies in its implications for the development process, giving emphasis to domestic markets and to full participation of poor people in economic processes.

The NREGA provides some explicit entitlements for women to facilitate their full participation. These include:

- **Equal wages for men and women:** The guidelines spell out clear instructions for equal payment of wages for men and women. Equal wages shall be paid to both men and women workers and the provisions of the Equal Remuneration Act, 1976 shall be complied with.

- **Participation in management and monitoring of the programme:** As per the guidelines, a local Vigilance and Monitoring Committee is to be appointed with members from the immediate locality or village where the work is undertaken, to monitor the progress and quality of work. The gramsabha will elect the members of this Committee and ensure that SC/STs and women are represented on it.

- **Participation in social audit:** The guidelines mention a social audit forum, convened by the gramsabha every six months as part of the continuous auditing process. There is stress on the quorum of these meetings maintaining female participants alongside those from other disadvantaged groups. "The timing of the forum must be such that it is convenient for people
to attend – that it is convenient in particular for REGS [Rural Employment Guarantee Scheme] workers, women and marginalized communities.

- **Providing support for child care, and convenience to households:** The guidelines mention the need for a crèche at the work site, and for the works to be convenient for families: ‘If some applicants have to be directed to report for work beyond 5 km of their residence, women (especially single women) and older persons should be given preference to work on the work sites nearer to their residence. Also, ’If several members of a household who share the same job card are employed simultaneously under the Scheme, they should be allowed to work on the same work site.

- **Ensuring that single women are eligible:** Finally, through recognizing a single person as a ‘household’, the Act makes it possible for widows and other single women to access this work. Further suggests these benefits are due to a strong state apparatus (which includes the Kudumbashree) and not to the demand of citizens.

**The NREGS has its roots in the Maharashtra Employment Guarantee Scheme (MEGS)** – a flagship initiative of the Government of Maharashtra that recognized, for the first time, the right to work and provided unskilled work on demand. It has been operational for over three decades. The main objective is to derive lessons for the NREGS, which is being implemented in 200 of the backward districts since February 2006, and has now been extended to cover all the districts in the country.12

The NREGS thus, assumes special significance in terms of reaching
out to the poor, hitherto bypassed by the processes of economic growth, facing multiple deprivations – socio-political, economic and spatial. In many ways MEGS is viewed as a precursor to the NREGS. Hence, it may offer valuable learning, both from successes and limitations, such that it enables the NREGS to make a dent on chronic poverty. A central argument in the paper is that awareness generation and empowerment of the poor are the two most critical pre-conditions for effectively operational sing rights-based programmes such as the MEGS and NREGS. Based on a larger study focusing on socio-political-institutional aspects of the MEGS, demonstrates that social mobilization played a critical role in creating demand for work across class, caste, gender, and additionally led to social reforms, that could potentially bring about the structural changes essential for fighting chronic poverty and social injustice. The movements however dissipated in the late eighties for various socio-economic-political reasons, perhaps consolidated under the aegis of economic liberalization.

**Maharashtra Employment Guarantee Act (1977):**

In the 1960s, while the State was facing problems of poverty and unemployment, certain employment generation programmes like Rural Works Programme, Crash Scheme for Rural Employment Programme, Pilot Intensive Rural Employment Programme, Area Development Programme like D.P.A.P. and programmes designed for rendering assistance to small and marginal farmers, agricultural labourers and rural artisans were implemented on a relatively limited scale and therefore could not make an effective dent on the problem of reducing unemployment in the rural areas.\textsuperscript{13} Later, programmes of soil and water conservation measure, major and medium irrigation projects and rural electrification programmes, etc were taken, but owing to resources constraints they, too, could not make a
significant impact on the problem of reducing unemployment in the rural areas. Therefore, with a view to alleviating poverty by providing gainful employment to the poorer sections of the community in the rural area as well as in 'C' class municipal councils in the State of Maharashtra, a new scheme, which popularly came to be known as the Employment Guarantee Scheme was started. The State Government gave statutory support to the guarantee of employment through the enactment of the Maharashtra Employment Guarantee Act, 1977, which was brought into force from 26 January 1979.\textsuperscript{14}

The principal aim of the EGS is to provide gainful and productive employment to the people in rural areas and in the areas of C class Municipal Council, who are in need of work and are prepared to do manual labour but cannot find it on their won. The employment has to be gainful to the individual and productive to the economy of the State. The guarantee to provide work has been restricted to unskilled manual work. The fundamental objective of the scheme is to undertake the works which will be durable community assets and to link the wages with the quantity of the work done. All adult persons residing in villages and C class Municipal councils areas are covered under this programme. However, a person who is more than 15 years old but less than 18 years can also be given employment under this scheme if there is no earning member in the family.

The guarantee is given at the district level. The person demanding the work has no choice of particular work. The guarantee is to provide work anywhere in the district, through operationally works are normally provided within the Panchayat Samiti area. Ir the work is not available within the radius of 8 K.M. where the employment seeker lives, then work is provided beyond 8 K.M. from his residence anywhere in the district, with necessary
The work is implemented through the Government Department, like Irrigation, Public Works, Agriculture, Water Conservation, Forest, and Zilla Parishads. Employment seeker has to get his name registered under this scheme with the registering authority of the village. Only productive works are permitted under the scheme. With a view to minimizing the recurrence of drought like situation in the State, it has been prescribed that moisture conservation and water conservation works should be given priority. Accordingly, priority of works is fixed as - Irrigation works, Soil conservation and land development works, Afforestation and Social Forestry works, Roads and others, Village Internal Roads, Individual beneficiary schemes. The District Collector is empowered to sanction the works costing up to Rs 50 lakh and the Divisional Commissioner up to Rs 75 lakh. Works costing above Rs 75 lakh are to be approved by the State Government.

The works are invariably executed departmentally by engaging labourers on muster rolls. The labourers are however not paid according to the number of days they remain present on the work but are paid according to the quantity of work done on the basis of rates for different items are so fixed that an average person working diligently for 7 hours a day, should earn wage equal to the minimum wage prescribed for agriculture labour for the concerned zone, under the Minimum Wages Act. Welfare amenities are provided to the workers such as drinking water, crèches, rest shade, first aid facilities etc.

In order to raise resources for the implementation of the scheme, the State Government has levied special taxes as - Tax on profession, trades, callings and employment, Additional tax on motor vehicles for EGS, Additional tax on Sales Tax for EGS, Special assessment of irrigated
agriculture land, Surcharge on land revenue for EGS, Tax on non-residential urban lands and buildings under Maharashtra Education Cess Act for EGS. The State Government has to make a matching contribution equal to the net collection of taxes and levies as mentioned above every year.

EGS (Maharashtra) Linked Horticulture Programme:

With effect from 21 June 1990, Government has launched a Horticulture Programme linked with EGS. The salient features of this programme are as - Horticulture Programme can be taken up on the land of any farmer irrespective of his caste and holdings, Plantation can be taken up on the minimum land of 0.2 Ha and maximum 4 Ha land of a beneficiary. The programme will be executed at 100 percent Government cost in the lands of SC/ST/NT/Small farmers as per NABARD definition. On the lands of others, expenditure on unskilled portion of the work will be fully borne by the Government and 75% expenditure of skilled portion, i.e. cost of material, etc will be borne by the Government and remaining 25% cost of these items will be borne by beneficiaries, This programme can also be taken up on the lands of co-operative societies, Trusts, etc.\(^\text{16}\)

Jawahar Wells Under Employment Guarantee Scheme:

Jawahar Well Scheme on the pattern Jeevandhara Well Scheme of Government of India was started under Employment Guarantee Scheme from 1 September 1988. Under this programme wells are undertaken on the land of small and marginal farmers who are under below poverty line (other than SC/ST bonded labour). However, scope of this scheme has since been widened with effect from 24 December 1991. Under this modified scheme construction of wells programme is to be taken on the lands of small farmers as per the definition of NABARD. However out of the total beneficiaries,
60% of beneficiaries are to be selected from amongst the small farmers having land holding up to 2 Ha and out of them 50% beneficiaries will be from amongst the backward class, i.e. SC/ST/NT/Nav Budhist, etc that means 40% beneficiaries will be small farmers having holding more than 2 Ha of land, 30% having holding up to 2 Ha and remaining 30% having holding of upto 2 Ha but from amongst SC/ST/NT/Nav Buddhist.

**Plantation On Private Barren Land Under EGS:**

In order to coordinate and implement water and soil conservation successfully, Government has undertaken water conservation successfully, Government has undertaken water conservation programme. Indivisible factor of comprehensive catchments area development efforts upper sides of catchments area is being brought under Social Forestry Programme. For the purpose of speeding up and stimulating the efforts of bringing barren and unused land in the State to make it productive and bring that land under tree cover. The scheme "Employment Guarantee Scheme related Social Forestry Scheme" is undertaken by the Government. The scheme is being implemented in the State since 1992-93. The other objective of the scheme is providing means for fuel wood, grass, fuel and misc. wood to the villagers / farmers.

**Plantation of Tuti Tree and Sericulture Under EGS:**

Geographic situation, agriculture climate and land in the State are conducive for planting of Tuti Trees and Sericulture business. It has been thought over as commercial, cost effective and profit earning business from the angle of crop pattern in the State. Farmers in the rural area are partly employed on Agriculture and rest of the period he faces unemployment. In order to avoid the situation of unemployment and to create self employment
opportunity in the rural area, the scheme was started since 1992-93 on pilot basis in the following eight districts, namely Amravati, Yeotmal, Wardha, Solapur, Kolhapur, Jalgaon, Dhule, and Ahmednagar. At presently this scheme is being implemented in the following 20 districts, namely Pune, Satara, Sangli, Solapur, Kolhapur, Ahmednagar, Nashik, Amravati, Yavatmal, Buldhana, Washim, Aurangabad, Jalna, Parbhani, Hingoli, Nanded, Latur, Osmanabad, Wardha and Nagpur. This scheme is being implemented by the Director, Directorate of Sericulture, Nagpur.

The Maharashtra Employment Guarantee Scheme is the largest State sponsored public works programme focused on the alleviation of poverty. Conceived mainly as a rights-based drought relief programme, the Employment Guarantee Scheme (MEGS) in Maharashtra has emerged as one of the most important initiatives towards mass-based provisioning of supplementary income and thereby ameliorating distress, especially among women. The Scheme owes its origin to the commitment of concerned citizens for reducing distresses of the poor and political mobilization around this issue. The origin of the MEGS in Maharashtra to a committee called the Dushkal Nivaran and Nirmoolan Samiti formed in 1971 by concerned citizens including Page and Dandekar, activist groups and opposition parties. The Committee served as a platform for like-minded individuals to come together to discuss issues affecting the state. It evolved from a common agenda to fight drought and supported organizations that mobilized the rural poor and demanded the initiation of an employment generation scheme. It was initially called the Page scheme after V.S. Page who put the scheme through the legislature.
Table No. 2.01

Year wise budget and Expenditure of MEGS.

*(Expenditure & Man-days in Crores)*

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<thead>
<tr>
<th>Year</th>
<th>Budget Provision</th>
<th>Total Expenditure</th>
<th>Expenditure on wages</th>
<th>% of Wage Expenditure</th>
<th>Man-days Generated</th>
<th>Cost per Man-day</th>
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Source: [http://mahaegs.nic.in](http://mahaegs.nic.in)
From initial experiments in *Tasgaon block* of Sangli district in 1965 it was extended to 11 districts in November 1970 and then to the entire state in May 1972. It was superseded by crash rural employment schemes for the next two years due to severe drought before being resumed again in 1974. The State Government enacted the Maharashtra Employment Guarantee Act in 1977 and this was brought into force on 26 January 1979. The principal aim was to ‘provide gainful and productive employment to people in the rural areas and in the areas of 'C' class Municipal Councils, who are in need of work and are prepared to do manual labour but cannot find it on their own.’

The scheme is designed such that- All adult persons residing in villages and 'C' class Municipal council areas are covered under this programme. However, a person who is more than 15 years old but less than 18 years can also be given employment if there is no earning member in the family. The guarantee is to provide work anywhere in the district, though as far as possible, work is provided to the employment seeker within a radius of five km of his residence. The process is registration of name with the Registering authority of the village, i.e. Talathis / Gramsevak by filling Form 1 under the rules by the person wanting employment. Thereafter he / she has to ask for employment under Employment Guarantee Scheme from the Samiti Officer (i.e. Tahsildar) or from Registering authority in the concerned villages by filling up Form 4. The Samiti officer has to provide work under the scheme within 15 days after the receipt of application (Form 4, i.e. demand for work).

The employment seeker is required to declare that he will work for a continuous period of at least 30 days on the task assigned. The Samiti Officer gives the employment seeker Form 7 indicating the implementing
agency for the task. The implementing agency has to employ the person on the work, if the person presents himself on work within seven days of the receipt of the letter issued by the Samiti Officer. Failure to provide employment creates the liability on the State Government for payment of unemployment allowance at the rate of Rs 10 per day.

The MEGS requires that the employment be ‘gainful to the individual and productive to the economy’ i.e., that ‘on completion of the works undertaken, some durable community assets should be generated.’ The priority areas for works include labour intensive components of irrigation projects, percolation and storage tanks and underground bandharas; soil conservation and land development works; afforestation and social forestry; roads including internal village roads; and a few years ago individual beneficiary schemes (Jawahar wells, Horticulture, etc). The ratio of unskilled to skilled for minor irrigation tanks, percolation tanks, village tanks, maji malguzari tanks, forest ponds, Gabian bandhara and roads has been fixed at 51:49 and for all other works it is 60:40.19

The MEGS was conceived as a citizen-sensitive scheme and required that on-site amenities be provided such as drinking water facilities, first aid boxes, crèches and shelter. Additionally, provisions were made for accident-related benefits and maternity benefits for women labourers who have worked continuously for 75 days before delivery. Wages are paid on the basis of quantity of work done and the schedule of rates for different tasks. The assumption is that ‘an average person working diligently for seven hours a day, should earn a wage equal to the minimum wage prescribed for agriculture labour for the concerned zone, under the Minimum Wages Act.’ Zone-wise prevailing rates of wages under Employment Guarantee Scheme revised on 26 March 2001.
Distinct from other anti-poverty programmes, the MEGS is implemented by the existing administrative system in existence in the State, with a few modifications and at very little additional cost. The Planning Department is the nodal department and other departments, and the MEGS, implement normal plan projects. The responsibility for the MEGS is that of the district collector and the tehsildar. The collector is empowered to sanction the works costing up to Rs 5 million and the divisional commissioner up to Rs 7.5 million. Works costing above Rs 7.5 million are to be approved by the State Government. The works are implemented through various government departments such as Irrigation, Public Works, Agriculture, Forest and local bodies, viz., Zilla Parishads.20

According to the 2001 Census there are 40,412 villages and 162 'C' Class Municipalities in Maharashtra. The MEGS is implemented in 33 out of the 35 districts in the State of Maharashtra (Mumbai City District and Mumbai Suburban District are excluded); it is implemented in 350 out of 353 tahsils located in 298 blocks.

The State has a population of 96.7 million of which 55.7 million are in rural areas. There are 8.31 million agricultural labourers; 4.26 million marginal farmers (with less than one hectare of land) and 31.7 small farmers (one to two hectares of land) in the State. Maharashtra has 1.94 million rural families below the poverty line and 4.2 million labourers are registered under the MEGS.21 Funds are specifically collected and earmarked for the scheme through the levy of special taxes and the State Government has to make a matching contribution equal to the net collection of taxes and levies every year. Hence the expectation is that the entire funds collected will be used for implementing work on demand as stipulated under the MEGS.
Table No. 2.02

MEGS and NREGS: comparing the design

<table>
<thead>
<tr>
<th>Factors</th>
<th>MEGS</th>
<th>NREGS</th>
</tr>
</thead>
</table>
| **Objectives**        | • To provide gainful and productive employment to those in need of work and who are prepared to do unskilled manual labour but cannot find work on their own;  
                        • To create durable community assets for longer term development. | • Enhancement of livelihood security of households and strengthening of the livelihood resource base of the rural poor through unskilled manual work;  
                        • Other objectives include safety net to reduce migration by rural poor households in the lean period; creation of productive assets to ensure development of rural areas; protecting the environment; empowering rural women; fostering social equity, etc. |
<p>| Eligibility           | All adults in villages and C class towns                             | Only households in villages in designated districts                   |
| Coverage              | Thirty-three out of 35 districts of Maharashtra (excluding Mumbai City District and Mumbai Suburban District). | Phase I from 2 February 2006: 200 districts. Phase II extended to an additional 130 districts. 113 of these districts notified on 1 April 2007. Phase III extended to the entire country from April 2008. |
| Administrative arrangements | No separate administrative machinery. Minimal administrative costs. The works are implemented through various government departments such as Irrigation, Public Works, Agriculture, Forest and local bodies, viz., Zilla Parishads. | Ministry of Rural Development as the nodal Central Ministry. Administrative hierarchy at central, state and below levels. |
| Days of work          | Round-the-year guarantee with the understanding that works will not be initiated during the peak agricultural season. | 100 days per household |</p>
<table>
<thead>
<tr>
<th><strong>Women</strong></th>
<th>All adult women equally entitled to demand work as are all adult men.</th>
<th>One-third of beneficiaries must be women but rights of women subsumed within the household.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job cards</strong></td>
<td>Nil</td>
<td>To be provided within 15 days of application</td>
</tr>
<tr>
<td><strong>Choice of works</strong></td>
<td>By Collector or Tehsildar.</td>
<td>By Gram Sabha in villages and to be displayed after approval of shelf of projects.</td>
</tr>
<tr>
<td><strong>Wage rate</strong></td>
<td>Zone-wise prevailing minimum rates of wages under Employment Guarantee Scheme revised as on 26 March 2001 are as follows: Zone 1 - Rs 51; Zone 2 - Rs 49; Zone 3 - Rs 47; Zone 4 - Rs 45. This would be applied on a piece rate basis.</td>
<td>Minimum wages applied to task completed.</td>
</tr>
<tr>
<td><strong>Days taken for payment as per design</strong></td>
<td>15 days</td>
<td>15 days</td>
</tr>
<tr>
<td><strong>Worksite facilities</strong></td>
<td>Drinking water facilities, shelter for rest at the time of interval, first aid box, crèches, shelter and midwife to look after the children of labourers, wired goggles for stone crushing labourers</td>
<td>Drinking water, shade, crèche, first aid kit.</td>
</tr>
<tr>
<td><strong>Unemployment allowance</strong></td>
<td>Failure to provide employment within 15 days of receipt of demand leads to payment of unemployment allowance at the rate of Rs 1 (now Rs 10) per day.</td>
<td>One-third of the applicable wage, to be given if work not provided within 15 days of application</td>
</tr>
<tr>
<td><strong>Measurements for payment</strong></td>
<td>By technically qualified persons as per schedule of rates so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.</td>
<td>By technically qualified Junior Engineer (JE) or Assistant Engineer (AE) or Village Monitoring Committee based on a schedule of rates so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.</td>
</tr>
<tr>
<td><strong>Supervision</strong></td>
<td>Site supervisor from the government department implementing the project.</td>
<td>Qualified technical personnel.</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Source of funds</strong></td>
<td>Levy of specific taxes with State Government matching amount thus collected.</td>
<td>Central and State Government.</td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td>Village and tehsil level committees consisting of male and female workers, head of the village council, tehsildar, and kotwal.</td>
<td>Vigilance and monitoring committees set up.</td>
</tr>
<tr>
<td><strong>Grievance redressal</strong></td>
<td>Putting up a complaint to the tehsildar.</td>
<td>Complaint registers or open days run by senior officials.</td>
</tr>
<tr>
<td><strong>Target group</strong></td>
<td>Open to all adult individuals regardless of caste, gender, income group. Self-targeting or targeted based on low wages and unskilled arduous work.</td>
<td>Open to all adults at the household level regardless of caste, gender, income group. Self-targeting or targeted based on low wages and unskilled arduous work.</td>
</tr>
</tbody>
</table>

**The MEGS: Expenditure and Employment Generation:**

From generating five million person-days of employment in the early 1970s, employment through the MEGS rose to over 200 million person-days three decades later. However, employment generated has varied significantly over time. For instance, while the number of person-days generated through the MEGS increased rapidly from 48.1 million in 1974–75 to a peak of 205.4 million in 1979–80, it declined thereafter to 13.33 million in 1987–88 and further to an all-time low of 7.80 in 1989-90. The sharp downtrend in expenditure in the late 1980s in the absence of significant alleviation of poverty in the state is a cause for concern.

One explanation for the sharp decline in person-days generated under the MEGS is that for as long as activists have applied pressure (i.e. until the mid-1980s), the MEGS was implemented effectively (Patel, 2006).\(^{22}\) There was a sharp reduction in person-days of employment generated
in the late 1980s following the hike in the wage rate leading to rationing of jobs’ and the poor bore the brunt of the reduction. While 148 million person-days were generated in 1992–93, the rest of the decade saw a reduction in employment generation with levels fluctuating around nine crore person-days. However, the turn of the century saw a rise in employment generation under this scheme from 110 million in 2000–01 to a provisional estimate of 220 million person-days in 2004-05.

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

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

Third, and perhaps the most important reason, is the dilution of the grass root movements, which played a crucial role in generating demand for work. Since the scheme had emerged out of social mobilization, and also allowed multiple manifestations of movements, dilution of grass root
mobilization during the late eighties and onwards dissipated the momentum for demanding work.

It is a well known fact that the National Rural Employment Guarantee Scheme (NREGS) is based on the Maharashtra Employment Guarantee Scheme (MEGS) for which an act was passed in 1976. The scheme ran until February 2006, when it was converted into the Maharashtra Rural Employment Guarantee Scheme (MREGS), under the guidelines of the NREGA. However, after the years, it appears that the scheme is performing poorly in Maharashtra and has not even spent half the amount allocated to the 12 districts selected in the first phase by the central rural development ministry.

**Problems of Wage Employment Programmes:**

The wage employment programmes suffered from various problems leading to poor implementation of schemes. First of all, for the rural poor, it was difficult to understand the nuances of the programme. As a result, they were cheated and false muster rolls were prepared to siphon off the money. Second, the schemes suffered from the bureaucratic muddles. It is a centrally sponsored programme with rigid guidelines, which may not fit into local conditions. By the time it reached the poor, it passed through the central government, State government, panchayat and the beneficiary. At every level, there is red tapism and delays leading to underutilization of funds. Adding to all these, the government started reducing the allocation to the wage employment programme from the Ninth Plan. It is totally a government managed programme at every level and the poor is the silent or passive beneficiary of the scheme. The poor had no say in the programme.

**Reforms under EGS:**

The EGS has been in existence for a long period so far. There is a
need for some changes which would be more effective in helping the poor without altering the basic structure of EGS. Some of them are the following.\textsuperscript{24}

- **Wage Rate:** The workers under EGS in Maharashtra seem to be shifting from EGS to JRY because of the higher wage rates in the latter. The data shows that around 9.12 crores person days were created under JRY. This number is almost equal to that created under EGS. There is a need to have some parity between these two schemes. The wage rate must be raised in such a way that a person working 300 days a year can lift him or herself and dependents above the poverty line.

- **Resources under EGS:** The Government may resort to employment rationing if the hike in EGS wages is not accompanied by a matching increasing in the outlay. This seems to have happened in the late 1980s. In real terms, there has not been much increase in the outlay under EGS in recent years. The resources have to be increased if the government is serious about increasing wage rates under the scheme. Apparently, there is accumulated surplus of nearly Rs.2,000 crores in the Employment Guarantee Fund. These funds can be utilized for paying higher wage rates and better infrastructure.

- **Asset Creation and Organizational Aspects:** Some organizational aspects have to be sorted out in EGS. Improper planning, inadequate project selection and design, lack of technical and organizational supervision, and finally long delays in implementation have affected the productive quality of capital constructed. The EGS has been criticized for neglecting the creation of durable assets by paying more attention to employment generation. The initial emphasis on creation of durable assets got watered down due to public pressures for starting road works.
One major weakness of the EGS is the lack of adequate planning for assets. It may be noted that volatile demands from the workers also creates problems for the projects. Droughts, natural calamities or even seasonal changes cause dramatic shifts in demand. Because of sudden increase in demand, new projects have to be undertaken which may be of little productive value.

- **Maintenance of Assets**: Maintenance and utilization of assets are observed to be far from satisfactory. The problems in ensuring adequate maintenance are two-fold. First, there has been a considerable delay in handing over completed works to the Zilla parishads for maintenance. Second, even where the works have been handed over, the local bodies did not allocate resources for the maintenance of the EGS assets. Consequently, the maintenance of assets has been neglected. There is a need to allocate some part of the EGS funds for maintenance of the assets.

- **People's Participation**: Some evaluations have shown that the EGS plans and implementation is dominated by bureaucracy without people's participation. People's participation in selection and management would improve the productivity and sustainability of the assets.

- **More Importance to Watershed Development**: Water management is crucial for increasing agricultural production and productivity in Maharashtra. It may be noted that even after utilizing the ultimate irrigation potential, over 60 per cent of the cultivated area may have to depend on uncertain rainfall. Therefore, EGS projects should concentrate more on water conservation. Similarly, emphasis has to be given to the promotion of horticulture.

- **Involvement of NGO**: Along with local people's participation, involvement of voluntary organizations would improve the working of
EGS. Corruption and leakages in the EGS has been a point of major concern. A number of cases of corruption have been cited in the reports of the legislature committee on the EGS from time to time. Involvement of NGOs and local people can reduce the corruption.

References:


13. Punekar & Golwarkar, Rural Change in Maharashtra, Bombay Popular Prakashan.


