

# Global insights

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## Employment guarantee as social protection: lessons from Tamil Nadu, India

### Summary

Social protection programmes have emerged as key drivers of development policy with the potential to alleviate poverty and vulnerability, as well as generate more transformative outcomes in terms of empowerment and social justice. Over the last 10 years employment guarantee schemes – such as the Expanded Public Works Programme in South Africa and the Jefes de Hogar programme in Argentina – have been introduced as part of governments' social protection policies. One such programme is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), India's flagship national rural employment scheme which forms a core part of the country's expanding social protection programmes. It was rolled out across India in 2008 and aims to provide basic social

security to India's rural poor providing 100 days of guaranteed waged employment to every household. Since its launch, it has already benefitted tens of millions of rural households across the subcontinent. Based on a case study from the southern state of Tamil Nadu, this policy brief explores how the scheme is implemented, who works under MGNREGA and how the rural poor benefit from it. The brief also considers whether MGNREGA produces transformative outcomes for rural low-caste labourers and addresses structural causes of rural poverty and inequality. Finally, it draws some lessons from the Tamil Nadu experience for the design and implementation of employment-based social protection policies in other parts of the world.

### Key findings

- In Tamil Nadu MGNREGA has benefitted the poorest of the poor, especially by providing a safety net and a tool for poverty alleviation. It has particularly benefitted rural women and others who depend on low paid agricultural work.
- The gendered impacts of MGNREGA are largely due to the universal, right-based and women-friendly nature of the policy, which has made it accessible and suitable for women and other vulnerable social groups.
- Working for MGNREGA suits the rural poor at different times of the year and for several reasons. In the study region the 'pros' of MGNREGA included its local availability throughout the year, relatively 'easy' work with fixed and regularly paid wages, equal pay for men and women, and the opportunity to work free from caste-based relations of subordination and discrimination.
- The scheme has produced transformative outcomes for the rural poor. It has a significant indirect effect on agricultural wages, creating a positive impact that reaches far beyond those it employs. It also improves the bargaining power of agricultural workers, most of whom are women.
- In terms of public works, the scheme has failed to create sustainable assets or to contribute to the development of the rural economy.
- Key to successful implementation is the nature of the bureaucratic and institutional organisation at the level of the state and below. In Tamil Nadu MGNREGA implementation has benefitted from cross-party support from the state government and a well-functioning state bureaucracy.
- Official MGNREGA data should be used with caution. Assessing the validity of this data by comparing it to field level observations, researchers found that in some ways the official MGNREGA data is reasonably robust, while in other – very important – ways it is highly problematic. This raises an important 'flag of warning' to others drawing on particular parts of the official MGNREGA dataset.

### About this policy briefing

This policy briefing was written by Grace Carswell and Geert De Neve drawing on research from a study entitled: India's National Rural Employment Guarantee Scheme: livelihoods, gender and migration in Tamil Nadu (British Academy SG101559)

### Further information

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## The research

Building on earlier research in the region, fieldwork was carried out in late 2011 in two villages in Tamil Nadu to gather quantitative and qualitative data on MGNREGA and its effects on rural livelihoods. Spending time at the MGNREGA worksites, researchers used a combination of participant observation, case studies, focus group discussions and in-depth interviews with workers to explore the scheme. A survey of 109 MGNREGA workers was conducted together with interviews with site organisers, village administrators, and block- and district-level officials. Information was collected on occupations, incomes, caste, education, and debt as well as on villagers' engagement with MGNREGA, their views of the scheme and its effects on their lives. In addition, official MGNREGA data available online was analysed and compared with field-level data.

## MGNREGA: The Programme

India's flagship Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) is an unprecedented scheme that in 2012-13 alone benefitted nearly 50 million rural households across the subcontinent. MGNREGA was enacted by Parliament in 2005 and rolled out across all districts in 2008. It seeks to provide basic social security to India's rural poor providing 100 days of guaranteed waged employment to every rural household. At the time of this research project, in late 2011, this was at an official daily wage rate of INR 119 (\$ 2) set by the Government of Tamil Nadu. Since it was rolled out across India, MGNREGA has been marked by a huge diversity in impact, yet despite its highly uneven implementation, the scheme remains impressive and unique in the global context of social protection policies – not in the least because of its scale.

In Tamil Nadu, widely considered to be a 'success' story in terms of MGNREGA implementation, official data suggests that annual expenditure on the scheme stands at INR 41 billion (\$ 680 million) in 2012-13. The average number of person days used per rural household has increased

steadily, as has the total number of person days. Between 2008-9 and 2012-13, the total number of households who benefited from the scheme more than doubled from 3.3 million to 7 million (see Table 1).

## Implementing MGNREGA in Tamil Nadu

Research was carried out in two villages in the Tiruppur district of Tamil Nadu, at the heart of a booming engineering and textile industrial region. This is a region with ample non-agricultural job opportunities, particularly for men. One of the villages sends large numbers of commuters (across castes) to work in the Tiruppur garment industry while the other contains a vibrant rural powerloom industry employing local people and migrants. Both villages have broadly the same social makeup, with a landed caste of Gounders dominating economically and politically and with Dalits as the poorest and socially lowest ranking group in the region. Here Dalits own virtually no land or other productive assets. In one of the villages Dalit men and unmarried women commute to Tiruppur to work in garment factories, while married women's domestic commitments continue their dependency on agricultural wage labour in the village. In the other village both men and women increasingly rely on wage labour in the powerlooms, with most being 'tied' to powerloom owners as bonded labourers. Here, debt bondage prevents men and women from accessing more desirable and better paid opportunities in Tiruppur's garment factories.

Tamil Nadu is a state with a long-standing commitment to pro-poor politics and has produced a series of social policies, including subsidised food and housing schemes, since at least the 1970s. This commitment to social welfare has become a cross-party feature which politicians draw on to gain votes. Tamil Nadu also has a well-developed and integrated bureaucracy at all administrative levels. Administrators in the state have extensive experience in the implementation of rural development programmes and welfare schemes, backed up by state-level surveillance. This administrative capacity has greatly facilitated MGNREGA implementation. For example, the state imposes 'targets' for district level officials, such as numbers of people to be employed on MGNREGA per day. Such targets, imposed top-down through District Collectors and Block Development Officers, are key to the successful implementation of the scheme. Other state-level specifications include a ban on use of materials and contractors to reduce opportunities for corruption, and weekly payments in cash at the worksite.

## Who are the MGNREGA workers?

In these two villages, in line with state-level data, the majority of MGNREGA workers are women (88 per cent) and Dalits (76 per cent). Compared to the village population as a whole, MGNREGA workers are less well educated (56 per cent having no education at all compared to 37.5 per cent of the village as a whole) and a higher proportion of them are

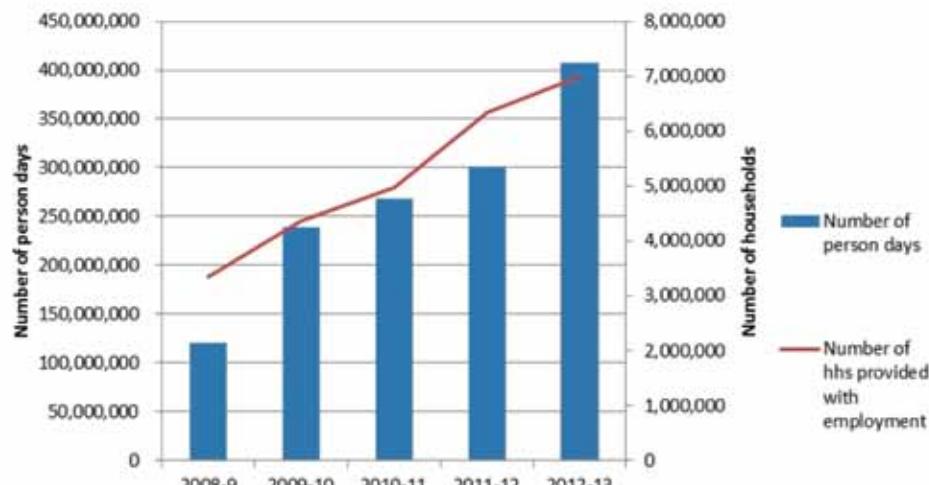


Table 1 – Tamil Nadu: 2008-2013 MGNREGA employment data



MGNREGA workers clearing a water channel

divorced, separated or widowed (25 per cent, compared to around 10 per cent for the whole village population). MGNREGA workers are drawn particularly from those households who depend on agricultural labour as their main source of income, rather than from households drawing their primary income from better paid, non-agricultural activities such as Tiruppur garment jobs or village based powerloom work. When they are not working for MGNREGA, most workers (73 per cent) are employed as daily agricultural labourers, while a significant minority (15 per cent) has no other work at all: these are the old, weak, disabled or those with young children. The main beneficiaries of the scheme are thus women, Dalits and villagers with little education or assets, and it is clear that in terms of reaching vulnerable rural groups, the scheme is remarkably successful in this region.

## Why choose MGNREGA work?

MGNREGA offers 100 days of work per household at an actual daily wage rate of INR 110-114 (\$ 1.85) per day (at the time of fieldwork). The MGNREGA wages are lower than the daily wages that can be earned in most employment alternatives of this area, and considerably lower than men's wages. This largely explains why men are generally reluctant to take up this work. MGNREGA workers can broadly be divided into those who also engage in other paid employment (whether it is

agricultural or non-agricultural work), and those who are unable to do any other employment at all. The reasons for taking up MGNREGA differ between these groups. Those who have other paid employment consider it to be poorly paid in comparison with their usual work, but useful when other work is unavailable or inconvenient. MGNREGA provides a minimum income during 'quiet' times, helping people bridge seasonality in agriculture as well as in slack periods in the textile industry. For those unable to do any other paid work MGNREGA is a scheme that offers the only manageable source of employment available to them. These are people who are too old, weak or sick to be able to work in the fields or powerlooms. They see MGNREGA work as 'easy' and convenient. The work is considered to be 'easy' because the workload is limited and can be completed in just a couple of hours. Overseen by worksite supervisors who are usually the same caste as them, surveillance is not strict. This work is also convenient, being located close to their homes and women can bring their children to work with them.

## Other benefits of the scheme

**Dignity:** Another key positive aspect of MGNREGA, particularly for Dalits, is that it is free from the largely caste-based relations of subordination, discrimination and exploitation that mark both agricultural daily wage work and

powerloom employment. Those normally employed in agriculture often work alongside their employers, who hassle them to work harder and faster; the work is closely related to past relations of subordination and servitude, which all Dalits aspire to move away from. Being a government scheme means that MGNREGA is considered 'respectable' and 'decent' work, which adds considerably to its success in the minds of its participants.

**Wages:** MGNREGA helps to push up agricultural wages and provides an alternative source of income for the rural poor. Together these effects combine to enhance the bargaining power of rural labourers. While the increased wages might be bad news for landowners, it is a significant, and extremely positive, effect from the workers' perspective. The scheme's impact on agricultural wages is not only important in terms of the extent to which it has pushed up wages but also in terms of the breadth of these impacts: wage hikes benefit all the rural poor who are dependent on agricultural work for their livelihood, not just those who participate in MGNREGA. It could be argued that this indirect effect on the rural economy may prove to be even more important in terms of livelihood than any of the scheme's direct outcomes.

**Bargaining power:** Both landowners and agricultural labourers recount how MGNREGA has given agricultural workers more confidence to ask for higher wages when their labour is in high demand. Even when there is very little agricultural work available in the village, daily wage labourers are now better placed to negotiate a wage that is at least at the MGNREGA level. While non-agricultural jobs are already available to some rural workers, MGNREGA has now added a new employment opportunity. This is particularly significant for women and the elderly whose restricted access to alternative jobs in town has kept them in agriculture and their wages low. As women's agricultural wages are closer to the state-set MGNREGA wages, it is their's that are pushed up by rising MGNREGA wage levels. For women it is not just that their bargaining power has improved, but also that they now have the choice between agricultural work and MGNREGA work, and that they can plan what work to do according to their own needs rather than being subject to the demands of landowners.

# Policy implications

Social protection policies can produce wider transformative effects and address structural poverty and inequality in rural society. Even though MGNREGA in Tamil Nadu has not created durable rural assets or enhanced the local economy, it has improved the bargaining power of the rural poor in local labour markets, reduced their dependency on the dominant elite, and contributed to the rise in agricultural wages. Such transformations are invaluable to challenge long-standing rural dependencies and inequalities, and to address the root causes of rural poverty. The relatively effective implementation of MGNREGA in Tamil Nadu contains a number of lessons for other employment guarantee-based social protection policies. Such schemes are more likely to have successful outcomes if:

- There is high-level political will and commitment to implementing the policy as well as competent bureaucratic and administrative structures to ensure implementation. Tamil Nadu – with its well developed and effective functioning bureaucracy at all levels – has politicians and bureaucrats that want this scheme to work. They allocate money to the MGNREGA budget, want that money spent, and want to create a large number of person-days of MGNREGA employment. Here the scheme has been successful precisely because it has not been left to the whims of elected village leaders, but has remained in the hands of a bureaucracy that is at least to some extent independent from local village elites
- Attention is paid to wage levels under the scheme and how the remuneration relates to wage levels in local labour markets. In Tamil Nadu they are high enough to attract villagers to the scheme but not so high that men dominate the scheme and push women out
- The policy is supported by a framework that makes the employment scheme particularly attractive to women and other vulnerable groups. Gender-neutral wages, flexible and convenient access, and reasonable workloads are more likely to attract the elderly, widows, female heads of households and members of minority groups (such as Dalits in India)
- Legal regulations are available that reduce opportunities for corruption. In Tamil Nadu, the ban on the use of materials and contractors is believed to have kept ‘leakages’ at a minimum, while weekly public payments in cash at the worksite enhance transparency and are popular with workers.

## Cautionary note: comparing official data with ethnographic data

Official data from the MGNREGA website was examined alongside independently collected survey and ethnographic data. This suggested that in certain ways the official MGNREGA data is robust: in particular absolute numbers were good for one of the villages, although they were not accurate for the other. However, in other very important ways, the data was highly problematic. The online data keeps a careful track of how many days each household has worked, but the data at the level of the individual is not reliable. Furthermore, the individual characteristics of MGNREGA workers (in particular age and caste) as inputted on the online database of Job Cards were shown to be unreliable. This is a note of caution to other researchers intending to use the official data, and in particular the individual characteristics part of the online dataset.

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This, and other briefings are available at [www.sussex.ac.uk/global/showcase/globalinsights](http://www.sussex.ac.uk/global/showcase/globalinsights)

## Other readings

Carswell, G and G De Neve (forthcoming) ‘MGNREGA in Tamil Nadu: a story of success and transformation?’, *Journal of Agrarian Change*.

Carswell, G and G De Neve (forthcoming) ‘Women at the crossroads: a village study of MGNREGA implementation in Tamil Nadu’, *Economic and Political Weekly*.

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Jeyaranjan, J (2011) ‘Women and Pro-Poor Policies in Rural Tamil Nadu: An Examination of Practices and Responses’, *Economic and Political Weekly*, XLVI (43): 64-74.

Khera, R (ed) (2011) *The Battle for Employment Guarantee*. Delhi: Oxford University Press.