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The Politics of the Mahatma Gandhi National Rural Employment Guarantee Act in Andhra Pradesh

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Summary. — The Mahatma Gandhi National Rural Employment Guarantee Act is India's (and the world's) largest employment scheme. While many analyses exist on the impact and implementation faults of this program, scant attention has been dedicated to how political dynamics have influenced implementation. This paper will try to fill this gap with evidence from the southern state of Andhra Pradesh. It will argue that the implementation performance of the scheme has been fairly good, despite the abysmal performance of the state government with previous employment schemes; the key factor in determining such a shift was the political commitment of the state's chief minister.

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1. INTRODUCTION

The call for bringing politics back in development studies regularly resurfaces in both academic and donors circles (Hickey, 2008; Leftwich, 1994, 2005; UNDP, 2002; Whitehead & Gray-Molina, 2003) and today there is wide acceptance that development is “an inescapably political process” (Leftwich, 2005, p. 575) and that it “cannot be understood, analyzed, or managed without explicit recognition of the roles of politics and institutions in shaping what happens” (Reich & Balarajan, 2012, p. 5). In fact, in recent years a growing number of works appeared, linking politics and development (e.g., Harris, Stokke, & Tornquist, 2004; Manor, Ng'ethe, & Melo, 2012; Mosley, Chiripanhura, Grugel, & Thirkell-White, 2012).

A great deal of attention has been given to the role of the state (e.g., Corbridge, Williams, Srivastava, & Véron, 2005) and, more generally, to how institutions shape development processes (Houtzager & Moore, 2003). Far less attention has been given to the influence that powerful political actors exercise on such processes. This paper will seek to offer a contribution in these two domains, showing how the actions and interactions of the state's institutions (both formal and informal) on the one hand, and the interplay of political dynamics and political leaders' agency on the other, influence the implementation of India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the largest anti-poverty scheme in the world. In doing so, I will argue that political agency was the key element in determining a radical shift, from a path in which development policies were conceived as rent seeking devices by powerful elites, to one in which welfare schemes are widely recognized as election winning devices and should therefore be implemented the way they are supposed to. Such a shift will make the departure from the newly established path very costly politically.

The paper is structured as follows. In the first section, a brief description of the most salient features of the MGNREGA is provided. In the second and following sections, the analysis focuses on one state of India's federal system, Andhra Pradesh (AP). Not only is this one of the best performers among India's largest states, but the local administration has also set up a series of implementation measures that, on the one hand, claim to have depoliticized the scheme and, on the other hand, are being replicated at the national level. Section 2 deals with

the political commitment of the state government and in particular of its former chief minister, Y.S. Rajasekhara Reddy (popularly known as YSR). Section 3 deals with the relationship between the state's administrative apparatus and the state's political class. Finally, Section 4 offers a brief account of how the political dynamics described in the previous sections impact the implementation of the MGNREGA at the local level.

2. THE MGNREGA

The Indian Parliament passed the MGNREGA unanimously in August 2005, after a complex and somewhat peculiar policy process (Chopra, 2011; Dreze, 2010). It was the Congress party-led United Progressive Alliance's flagship scheme. The program was launched in February 2006 in the 200 most backward districts and by 2008 progressively extended to the whole country.

As the name suggests, the MGNREGA is a legal guarantee of employment. Every adult residing in rural areas has the *right* to demand and obtain employment in local public works within 15 days of the request and to be paid a (relatively) decent minimum wage. Every household is entitled to up to 100 days of employment per year. According to virtually every analysis, the scheme, although marked by some important ambiguities, has had a profound impact on rural India, significantly ameliorating the living conditions of the rural poor (Ministry of Rural Development, 2012).

The MGNREGA contains what are perhaps the toughest transparency and accountability measures a poverty scheme has ever seen; it bans contractors. By not putting an upper limit on expenditure, it makes employment a non-excludable good, thus significantly reducing the role of political brokers

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in guaranteeing the poor's access to the scheme. In other words, the MGNREGA is an example of "post-clientelistic" policy (Manor, 2010); namely, a government scheme that is insulated to a significant extent from intrusions by politicians seeking to deviate public resources and distribute them through their patronage networks. As such, it contrasts greatly with anti-poverty policies of the past, whose aim was often the opposite; i.e., oiling patronage networks down to the local level in the absence of effective party organizations.¹ Obviously, as this paper will show, the fact that the MGNREGA is a "post-clientelistic" policy does not mean that the program is completely isolated from politics.

Not surprisingly, the MGNREGA had few supporters within the Congress party itself (Jelani, 2010). As Congress's Vice-President, Rahul Gandhi, put it in a private conversation, "why should my MPs from Uttar Pradesh support the MGNREGA when they are all contractors?"² To win the "battle for employment guarantee" (Khera, 2012), a huge amount of political energy was spent by the supporters of the act including a few politicians, many civil society activists, and some bureaucrats. However, a few politicians did understand the political dividends that could be derived by "investing" in the MGNREGA. The chief minister of Andhra Pradesh, YSR, was one of them.

3. THE ROLE OF POLITICAL COMMITMENT

This paper will provide an analysis of how politics influence the implementation of the MGNREGA in the southern state of Andhra Pradesh. This state is the top spender and among the top performers in terms of employment generation.³ Andhra Pradesh has also adopted quite a few administrative innovations that are now being replicated in other states of the Indian Union.

Our attention will focus on two main points. First, the political commitment of the state government and in particular, of its Congress chief minister will be explored. Second, the relationship between the political class and the state administration, in particular the Rural Development (RD) department, which is in charge of the implementation of the scheme in the state will be discussed. These two dynamics are, of course, interrelated and intertwining.

The Congress party had based its electoral campaign for the 2004 state elections on a very progressive agenda, promising to respond to the severe crisis in which the rural sector had precipitated in the previous years (Ghosh, 2005). The political backing of the MGNREGA must be understood within this broader political context.⁴ In fact, that the MGNREGA would be a priority of the state government was clear since the very beginning, when YSR asked and obtained the national scheme to be inaugurated in Andhra Pradesh by the Prime Minister.

YSR came from a powerful family from the Kadapa district in Rayalaseema region. YSR's family was one of the families that formed the backbone of the Congress party's organization during the anti-colonial struggle and maintained significant power after 1947. As was the case in many states, much of the political activity took place within the Congress party itself, mainly in the form of factional strife, which in Rayalaseema region assumed a particularly violent form. YSR's family was able to build his political turf mainly through "violence and intimidation" (Jangam, 2013, p. 12) against factional rivals.

YSR became an important figure in Andhra Pradesh's politics in 1980, since that time he never lost an election. His

repeated electoral victories made him important in the eyes of the central leadership of the party in New Delhi, whose backing was crucial for his appointment as the state's party leader in the 1990s. The Congress party unexpectedly won the general elections in 2004 and a crucial contribution for this victory came from Andhra Pradesh where YSR had led the party to a sweeping victory both for the central Parliament (the party conquered 29 seats, more than in any other state) and the state Legislative Assembly, where the Congress obtained 185 seats in a 294-member assembly. This further increased YSR's importance in the eyes of the central leadership, especially Sonia Gandhi.

In fact, Mrs. Gandhi's strong backing became the single most important factor in explaining YSR's rise as Andhra Pradesh's absolute monarch. Two other factors explain this. First, during his chief ministership, YSR supplied the central Congress party with abundant funds mainly coming from kick-backs on government contracts in his state (more on this below). Second, YSR used his powers to eliminate factional enemies (hitherto a structural feature of Andhra Pradesh's politics) and to win followers, mainly through the provision of economic benefits or ministerial berths to political non-entities (who, therefore, knew that they owed their positions exclusively to the chief minister). The enactment by his government of a series of very popular welfare schemes made him extremely popular, which obviously further reinforced his position within the party. In other words, welfare schemes made him popular, the backing of the central leadership made him irremovable and the generous funding provided to followers and enemies made him stronger.

YSR used his position of prominence inside the party to realize a crucial precondition for the successful implementation of the MGNREGA in the state. The chief minister made it clear to his partymen and cabinet colleagues that the MGNREGA and other welfare schemes could not be considered as a way to amass wealth and to finance political activities.⁵ The chief minister also made it clear that those who did not abide to this rule would not be protected. In other words, the experience of the Food for Work scheme—often called "Loot for Work"—which had led to "exceptionally high misappropriation" (Deshingkar, Johnson, & Farrington, 2005, p. 576) had to be reversed. On the other hand, he explicitly facilitated and promoted the generation of illicit money from other sources, such as land concessions, government contracts, and mining.⁶ Indeed, he was extremely "liberal" when it came to distributing or facilitating the accumulation of black money (Congress MLA, interview, Hyderabad, December 17, 2012). Thanks also to the extreme centralization of power in the chief minister's hands—who was able to control government funds to a significant extent and to squeeze "wet" ministries at will (Congress former cabinet member, interview, Hyderabad, December 17, 2012)—the operation was quite successful and welfare schemes were not systematically conceived as a source of income by most politicians in the state. The shift from the old path to a new one was remarkable.

Second, the executive spared no effort in giving the RD department the necessary autonomy and authority to successfully run the scheme. In particular, a good number of transfers brought the most efficient and honest officials to the department, beginning with the principal secretary and the MGNREGS Director.⁷ The latter two made a list of five "non-negotiable" issues (translated in a list of 55 recommendations) that had to be incorporated in the state's MGNREGA guidelines. The chief minister backed the guidelines and used all his political leverage to make the Cabinet sub-Committee accept all 55 recommendations, including those

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