## The NREGA, the Maoists and the Developmental Woes of the Indian State

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The United Progressive Alliance government's much touted flagship programme under the National Rural Employment Act is aimed at countering some of the developmental woes of the Indian state in the backward regions. The Maoists are active in some of the most backward areas and the government has been accusing them of stalling development. Hence, the current solution as operationalised by the government is to flush out the anti-developmentalists by force and then proceed with development. We examine these issues through a case study of the NREGA in Jharkhand, Chhattisgarh, and Orissa. The districts chosen were from the first 200 where the NREGA has been implemented from 2006 onwards and are also under the influence of the Maoists.

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## 1 Backwardness, Rural Employment Guarantee and Naxals

The initial 200 districts chosen for implementation of the National Rural Employment Guarantee Act (NREGA) were the most backward districts of this country. In administrative lexicon, backward districts or remote/underdeveloped areas are identified on the basis of a set of criteria - low agricultural productivity, high incidence of poverty, high concentration of scheduled castes/tribes, areas which suffer from isolation in demographic terms, etc. This identification process then leads to planning for development of these backward areas.1 The underdevelopment and neglect of these backward areas are at times reminiscent of the workings of the East India Company till 18582 - "The (East India) Company which ruled India until 1858 did not make one spring accessible, did not sink a single well, nor build a bridge for the benefit of the Indians". It was also evident from the socio-economic survey that certain areas still continue to be severely underdeveloped in India, where the inadequacy of basic infrastructure and aggregate lack of development has combined with recent increases in food and employment insecurity to create conditions of rural distress that may be unprecedented. Further evidence of rural distress was found in the poor quality of housing and the lack of basic material possessions.

The current developmental indicators<sup>3</sup> show very clearly that it is the states of Jharkhand, Chhattisgarh, and Orissa that lag behind on every indicator. In terms of social groups we could easily state that dalits, adivasis, nearly all backward castes and Muslims are the most marginalised; women within these groups are the most discriminated. Some of these developmental

woes were supposed to be addressed by the much touted government flagship programme, the NREGA. Three years since the inception of the programme, the results in these areas leave much to be desired. Additionally for the Indian state, the list of developmental woes becomes exacerbated because a substantial portion of these backward areas have also been under the influence of the Maoists.

The main support for the Maoists, according to a report of an expert group set up by the Planning Commission entitled Development Challenges in Extremist Affected Areas (March 2008), "comes from dalits and adivasis". The group identifies largescale displacement, forest issues, usury, land alienation, insecure tenancy contracts among other socio-economic reasons in backward areas as the main reason for the spread of Maoism. It also clearly states that for dalits, apart from sub-human poverty, there are issues of unemployment, discrimination and exclusion which are the main reasons for discontent. The adivasis, on the other hand, fare the poorest in terms of all human development indicators. The report goes on to locate the rise of Maoism in the context of the developmental paradigm of the Indian state. The field visits we undertook in these areas broadly converge with the findings of the expert group. The Maoists have been active in these areas for the past four decades and it is only recently that the Indian state acknowledges them as a potential threat to its sovereignty ("the biggest internal security threat").

There are broadly two opinions regarding Maoism in the Indian context - one sees chronic socio-economic underdevelopment its root cause and the other sees it purely as a law and order problem. The union home minister has outlined the state's approach to deal with the Maoists as police first and then development. In other words, the state intends to secure areas which are under the influence of Maoists and then proceed with development. This approach conveniently sweeps under the carpet two issues which need to be brought to light in the current conjuncture. First, the Maoists are (by the government's own admissions) active in the most backward areas which, in turn, are among the areas where the NREGA was first operationalised in 2006. Second, there were developmental works happening in these areas for the last 62 years till the Maoists stepped in and blocked all developmental programmes. The Maoists' alleged antidevelopment stance comes, according to one strand of thinking, because they have an incentive to keep an area underdeveloped so as to keep feeding into the local anger against the Indian state. Of course, if the NREGA is effectively implemented then these areas will probably see some substantial development for the first time. Hence the Maoists would be expected to have a tense relationship with the NREGA. This study enquires in detail about the working of NREGA in such areas and the effect it has had on Maoism and vice versa.

In terms of the most backward areas of this country, one of the chronic problems is of joblessness. Also, a substantial portion of these districts suffer from very low levels of agricultural productivity. The annual average days of employment (during the year 2008-09) per household (except those in NREGA-related works) were low in most of the study regions. In particular, it was extremely low in the villages in Orissa where it was only 35 to 40 days. For the study regions in Chhattisgarh it was in the range of 60 to 70 days, while in case of Jharkhand it was in the range of 150 to 200 days. The higher days of employment in Jharkhand is due to employment in the non-agricultural sector (construction works and stone cutting) in the nearby towns.

In the face of such distress, people in these areas migrate to look for work. It is in this backdrop that the NREGA came into force – promising to provide for the livelihood security of rural households. The NREG Act, 2005 is theoretically a demand-driven legislation where rural people can get work on demand and also have a say in deciding what kind of developmental works are to be undertaken locally. Thus democratic decentralisation and sustainable community development are the twin planks on which the NREGA is premised.

## 2 Impact Assessment

Provision of work and creation of durable assets are the economic mechanism of the NREGA. Both these objectives have important

socio-economic implications in terms of livelihood strategies in rural India. Employment generation is necessary to raise the purchasing power, and thereby create demand in the economy. A decline in the level of employment adversely affects the purchasing power and thereby the process of demand creation falters. Both male and female unemployment rates in rural India have gone up in 2004-05 as compared to 1993-94. The male unemployment rate (by current daily status) has gone up by 2.4 percentage points, while the female unemployment rate has gone up by 3.1 percentage points (NSS, 61st round). Impact on agriculture assumes particular importance in the current scenario marked by extraordinary food price inflation and falling per capita availability of foodgrains. The food price inflation is in double digits. The per capita availability of foodgrains has fallen below their 1960 levels (Shah 2007).

In such a situation, successful implementation of the NREGA can achieve the twin objective of employment generation in rural India, and at the same time address the issue of falling agricultural productivity through creation of durable assets. As an immediate effect, wages earned through NREGA can become a source of great respite for the large masses of rural population in terms of maintaining the minimum levels of foodgrain consumption. In all the villages (spread across 12 blocks) surveyed, the additional income earned through NREGA-related works was mostly spent on consumption of foodgrains.4 On a long-term perspective, durable assets created through NREGArelated works can help in raising agricultural productivity. Works like land development, minor/micro irrigation, construction of ponds, etc, are important complementary inputs for agricultural activities.

#### 2.1 Employment and Wages

For the purpose of our analysis, the blocks surveyed for this study have been categorised into four groups on the basis of number of days of employment (according to the primary household-level survey) per household in NREGA works in the respective study villages.

Blocks for which the number of days of employment per household in NREGA

works were at least 50 have been classified under Group A (Table 1). Group B consists of those blocks for which the number of days of employment per household in NREGA works was more than 25 but less than 50. The blocks for which the number of days of employment per

Table 1: Person-Days of Employment Per Household in NREGA Works

Group	State	District	Block	Person Days of Employment Per Household
Α	Chhattisgarh	Bastar	Tokapal	55
	Chhattisgarh	Bastar	Bastar	50
В	Chhattisgarh	Dhamtari	Nagri	46
	Chhattisgarh	Dhamtari	Dhamtari	39
C	Jharkhand	Khunti	Khunti	25
	Orissa	Dhenkanal	Sadar Dhenkana	l 20
	Jharkhand	Gumla	Raidih	15
	Jharkhand	Khunti	Murhu	1
	Jharkhand	Gumla	Dumri	10
	Orissa	Malkangiri	Malkangir	i 7
D	Orissa	Dhenkanal	Goundia	
	Orissa	Malkangiri	Korkunda	

Source: Survey Data

household in NREGA was not more than 25 have been classified as Group c. Finally, Group D consists of those blocks where NREGA works were yet to be implemented. In each district, two blocks were surveyed, and in each block, two villages were surveyed.

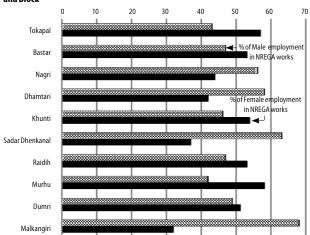
From Table 1 it can be clearly observed that Chhattisgarh has done relatively better in terms of providing employment through NREGA as compared to the other two states (Jharkhand and Orissa). The blocks surveyed in Chhattisgarh fall either in Group A or in Group B. Blocks surveyed in Jharkhand and Orissa are located either in Group c or in Group D. This clearly brings out the poor state of affairs with regard to implementation of NREGA in these two states, particularly in Orissa. On the whole, the average person days of employment per household under NREGA was found to be much lower than the entitled 100 days in all the study areas (Table 1).

An important aspect of NREGA works in the blocks surveyed was the participation of women. In all the blocks, except Malkangiri, female participation fulfilled the statutory minimum of 33%. Out of the 12 blocks surveyed, female participation was higher than male participation in six

blocks (Figure 1). The contours of rural distress and large-scale migration (especially by men for short-term migration) seems to be the reason why women are opting to do hard manual labour to keep their households going.

The advantage of working under NREGA is that it would immediately raise the purchasing power of the poorer households

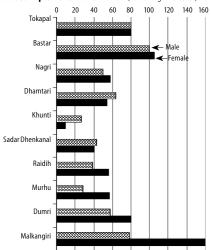
Figure 1: Percentage Distribution of Days of Employment in NREGA Works, by Gender and Block



through the wage channel. This could impact rural wages in general and agricultural operations in particular. We found that both male and female wages in various agricultural operations have gone up after the implementation of NREGA.<sup>5</sup> But the percentage increase in female wages was higher than the percentage increase in male wages in six out of the 12 blocks surveyed (Figure 2).

However, from Figures 3a and 3b (p 45) it can clearly be observed that even though

Figure 2: Percentage Increase in Male and Female Wages
Due to Implementation of NREGA (Percentage increases)



the percentage increase in female wages was higher than the percentage increase in male wages in certain blocks, the wage disparity between male and female persisted in agricultural works.

#### 2.2 Impact on Crop Cultivation

Paddy is the principal crop grown in most of the study region. The study villages in

> Chhattisgarh, Orissa, and Jharkhand did not have any irrigation facilities and paddy cultivation is entirely dependent on rainfall. In addition, the lower resource base of the farmers adverselv affected investment in agriculture. The inputs for paddy cultivation came primarily from the household itself. Seeds used were home produced.

There was very limited or no use of chemical fertilisers. Except for transplanting and harvesting, hired labour was not used at all. With meagre income from crop cultivation and depending primarily on labouring out in various agricultural and non-agricultural activities, the marginal and small farmers could hardly save anything to invest in agriculture and therefore could not enhance crop yield. As a result, paddy yield in the study villages in Chhattisgarh, Orissa, and Jharkhand was rather low.

With the implementation of the NREGA, farmers (marginal and small farmers in particular) have additional income to invest in agriculture. In other words, in addition to consumption expenditure, a portion of the income earned through NREGA was invested in agriculture. Expenditure in agriculture was primarily in the form of purchase of chemical fertilisers and high yielding varieties of seeds. This has resulted in an increase in crop yield in the study regions. The increase in paddy yield is in the range of 50-55% in the study regions of Chhattisgarh, and 90-100% in the study regions of Jharkhand.

The increase in crop yield was accompanied by an increase in the cost of

cultivation. Post-NREGA higher agricultural wages provide only a partial explanation to the rise in the cost of cultivation. Use of chemical fertilisers and high yielding varieties of seeds (both of which were earlier not used at all or used only to a very limited extent) are also responsible for the escalation in the cost of cultivation. The increase in the crop yield has reduced the livelihood vulnerability of the small and marginal farmers. Their livelihood security can be further improved if extension services and complementary inputs like irrigation are provided in these regions.

### 2.3 Impact on Migration

Among the villages surveyed, outmigration was observed in the villages of Dhenkanal, Bastar, Khunti, and Gumla districts. In all these villages, outmigration has been the result of lack of employment opportunities within the village. The destination is usually the agriculturally more advanced states of the country like Punjab and Haryana. At least one member from the households surveyed migrated to places like Punjab and Haryana to work as agricultural labourers on daily wage or long-term basis. With the commencement of NREGA works, which has ensured employment in their native places, the incidence of outmigration has come down. Since the last two years, with the NREGA income, they have started taking interest in increasing crop yield on their land through improved agricultural practices. Earlier they were concerned only with the earnings from wage labour. But now, they are taking interest in enhancing the net income from crop cultivation by increasing the productivity through proper use of fertilisers, seeds and other inputs. Even though migration has not stopped entirely from these regions, the incidence of seasonal outmigration has definitely come down.

## 2.4 Household Income

Due to implementation of NREGA, there was increase in both overall employment and wage rates which resulted in increase in household income of the rural poor. In the study regions of Chhattisgarh, the net household income increased in the range of 160% to 23% in 2008-09 as compared to that in 2005-06. The same in the

study regions of Jharkhand is in the range of 60-70%, while it was in the range of 30-40% in case of the study regions of Orissa where it was implemented.

Most households reported that inflation in food prices were the major source of expenditure of the increased household income from NREGA. This, in turn, implies the extent of agrarian distress in the study region. Had NREGA not been implemented in these areas (despite their shortcomings), most of the households would not have had the capacity to purchase enough foodgrains.

## 3 Impediments to Implementation of NREGA

Based on our observations in the field, the nature of impediments in the implementation of NREGA can be broadly classified into a few broad headings. In what follows, these impediments are discussed in some detail.

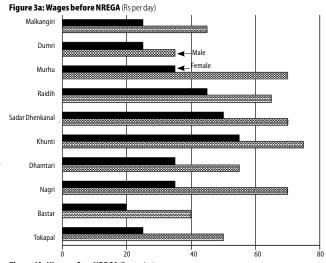
#### 3.1 Lack of Awareness

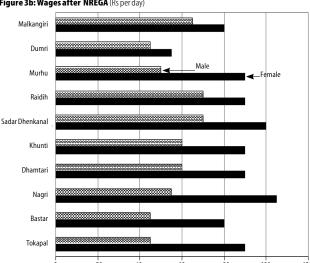
Lack of awareness about various provisions of the Act proved to be a major impediment in its implementation. Most of the villagers in the study region are aware of 100 days of employment, minimum wages, and provision of work within 5 km. However, a majority of the villagers are unaware of the fact that NREGA was an Act and not a scheme. Moreover, villagers are unclear about the role of the gram sabha in the entire process. Most of them have the idea that the works undertaken in NREGA are to be selected by the district authorities, and the gram sabha is supposed to implement the orders of the district officials. Further, unawareness about the process involved in job application was rampant. In particular, collecting receipts after applying for the job was not known to the villagers at all. Not surprisingly, therefore, unemployment allowances were not paid.

## 3.2 Insufficient Resources

Gram Rozgar Sevak is the main link person between NREGA work and villagers. The amount of work which he has to do is extremely time consuming and requires him to travel great distances within the panchayat to reach information to villagers regarding NREGA. For this he gets a paltry

Rs 2,000 (approx) per month which is insufficient to run a family. Also, the money for photographs (for job cards and bank accounts) is not given to him. There is 2% of the NREGA fund which is there for this kind of work but it never reaches the Gram Rozgar Sevak. Hence at times he collects Rs 20 for photographs, etc, which, Figure 3b: Wages after NREGA (Rs per day) on inspection, turns out to be the everyday corruption but the Gram Rozgar Sevak is just a tiny part of this chain. In fact, funds not being released on time are probably a very important reason for this low level of corruption in public works. Without effective financial decentralisation, this problem of funds cannot be effectively tackled.6





## 3.3 Wage Payment: The Crux of the Problem

The task rate system is not explained properly to workers and moreover the different rates for different soil types are not implemented. The District Schedule of Rates (DSOR) in most backward districts is outdated and the various time and motion studies done are not taken into account by the district officials to upgrade the schedules and hence a worker ends up getting much lesser than minimum wages under task rate systems. Also most rural worksites have people working in work groups and hence the money is given to the group leader for the entire task. What happens because of this is that when the leader finally divides the money amongst the group, workers actually end up getting much lesser than minimum wages. Also the kinds of tasks are such that women workers get lesser than male workers. As an example, when it

comes to earth work, women workers only do the job of "lift and lead" and not the actual cutting of earth and hence work groups which have more women end up getting lower than work groups which have lesser women. Overall this task rate system is an effective method of underpayment of rural workers. Also, the main source of corruption is to be found in the wage payments that are made. The modus operandi for this is the fudging of muster rolls by filling in false information either regarding the names of workers or number of days or both. To get rid of this leakage the government has adopted the system of payments through the bank or post office. This solution, as we see below, is also fraught with some deficiencies.

#### 3.4 An Empowering Solution?

Bank officials are often rude with villagers. Sometimes they give the excuse that the computer system is down and hence wages cannot be paid on that day. Villagers say that sometimes they have to go to the bank for more number of days than the work done to get their money. They also complained that the computerised system is too complicated for them. Also deposit slips have to be filled for withdrawal which they cannot do themselves if they are not literate. At times the deposit slip is filled by bank officials (especially the State Bank of India) and the amount entered is much lesser than what they should get, for example, Rs 300 instead of Rs 500. On being asked why they are being given lesser than what they should receive as wages, the answer is that there is some minimum balance which has to remain in the account. Also Rs 500 is the minimum balance for each account which is being taken from workers to open the account. Moreover, post offices have an upper limit of Rs 40,000 per day and hence villagers are asked to come back the next day to get their money. An average worksite under NREGA would have wage payments to the tune of a few lakhs and hence this upper limit of Rs 40,000 is too meagre to ensure timely payments of all workers. In effect, the number of days wasted at the bank and post office to get their money is creating an adverse reaction amongst villagers who are expressing their unwillingness to receive their wages under this system. The workers say that often the wages they are supposed to receive, especially under the task rate system, comes out to be not whole numbers, for example, Rs 534.68. The workers say that if they are paid in cash they receive the entire amount or close to it at least while under the account system they would get the lower whole number say, Rs 500. The major complaint is against SBI officials who behave as bureaucratically as the developmental administration when it comes to dealing with illiterate workers.

#### 4 Types of Work Done

As far as the nature of work undertaken in NREGA was concerned, it was observed that road construction was the most important work undertaken in the blocks falling in Group c (Table 2). In fact, for all the blocks in Group c, except Khunti, road construction was the only work done under NREGA during the year 2009. This was in sharp contrast to the blocks falling under Group a where works under NREGA are much more diversified and road construction was not the only activity undertaken in NREGA. In case of Group A blocks, focus is more on land development and micro-irrigation works, and therefore creation of productive assets for sustainable agriculture is taking place in this area. So, Group A blocks are not only providing more days of employment in NREGA works, they are simultaneously creating productive assets for sustainable agriculture.

## **5** Response of Naxals

The field survey revealed that the charge that the Maoists have been blocking developmental schemes does not seem to hold much ground. In fact, Bastar seems to be doing much better in terms of NREGA than some other areas. A responsive district

administration and people's pressure on the ground are working in tandem to yield results. On top of that, the enforcement of minimum wages can be traced back to the wage struggles led by the Maoists in that area. A clear result that we came across is the doubling of wage rates for tendu leaf collection in most of the Maoist areas (e g, from 23 paise per 1,000 leaves to 47 paise per 1,000 in Malkangiri). Also, the contractors in these areas have been forced to pay higher wages in some of the areas as a result of Maoist pressure.

The Maoists, however, have been blocking road construction but not the other kinds of permissible works under NREGA. The main reason that we could gather from the local people is that the development of big roads means ease of access for the police and the paramilitary. This directly leads of more harassment of the local population, especially in Maoist dominated areas, in the form of night raids on villages and the subsequent beatings, torture and other police excesses.

On the other hand, Maoists were not blocking other kinds of permissible works under NREGA – especially, land development on sc/st land or small irrigation facilities provided, afforestation, etc. In short, those works which increase agricultural productivity of the rural poor are not blocked. The reason for this is not hard to seek. The social support base of the Maoists comprise mainly dalits and adivasis who are mostly landless or small/marginal peasants. Anything that helps them improve their livelihood is not going to be touched by the

Table 2: Percentage Distribution of Person-Days of Employment in Various NREGA Works, by Block

Group	State	District		Flood Control and Protection	Water Conservation and Water Harvesting	Drought Proofing Including Afforestatior and Tree Plantation	Micro- Irrigation Works	Provision of Irrigation to Land Owned by SC, ST Land Reform, Indira Awas Yojana, etc.	Renovation of Traditional Water Bodies	Land Development Plantation, Levelling, etc	Road Connectivity	Other Activists Approved by MRD
A	Chhattisgarh	Bastar	Tokapal	No	Yes (30%)	No	Yes (26%)	No	No	No	Yes (44%)	No
	Chhattisgarh	Bastar	Bastar	No	No	No	No	No	Yes (33%)	Yes (50%)	No	Yes (17%) school boundary
В	Chhattisgarh	Dhamtari	Nagri	No	No	No	No	No	No	Yes (60%)	Yes (40%)	No
	Chhattisgarh	Dhamtari	Dhamtari	No	No	No	No	No	No	No	Yes (all)	No
C	Jharkhand	Khunti	Khunti	No	Yes (33%)	No	No	No	No	No	Yes (67%)	No
	Orissa	Dhenkanal	Sadar Dhenkana	al No	No	No	No	No	No	No	Yes (all)	No
	Jharkhand	Gumla	Raidih	No	No	No	No	No	No	No	Yes (all)	No
	Jharkhand	Khunti	Murhu	No	No	No	No	No	No	No	Yes (all)	No
	Jharkhand	Gumla	Dumri	No	No	No	No	No	No	No	Yes (all)	No
	Orissa	Malkangiri	Malkangii	ri No	No	No	No	No	No	No	Yes (all)	No
D	Orissa	Dhenkanal	Goundia	No	No	No	No	No	No	No	No	No
	Orissa	Malkangiri	Korkunda	No	No	No	No	No	No	No	No	No

Maoists since they are not in a position to provide a better economic option. Also, the Maoists have been encouraging the conduct of social audits since this helps in the creation of a new kind of democratic practice hitherto unseen in India. The people have a say in their own development which is probably coterminus with the Maoist conception of people's power over their own matters. Overall, it seems that the NREGA is not a programme with which the Maoists in backward areas have a tense relation.

#### **6 Conclusions**

Underdevelopment or backwardness in the Indian context can largely be understood in terms of the developmental paradigm followed by successive governments. Socio-economic deprivation and exclusion have resulted in the growth of the Maoists in the backward areas of the country. The levels of rural distress can be tackled – the proper working of the NREGA seems to be a small but necessary step in that direction. The state has only to blame itself and its corrupt bureaucracy for flawed implementation of the flagship programme. Putting the blame onto a third party as anti-developmentalist does not seem to be cutting much ice - a fact revealed by our field study. The government instead of trying to get its own house in order has been busy trying to claim sole credit for the passing of such a distinctive Act.

The Congress Party, in particular, has been plagued by the issue of ownership of the NREGA. The better implementation of the NREGA in some opposition ruled states (e g, Rajasthan) and the increase in minimum wages by some state governments (e g, in Uttar Pradesh) has just added to its woes. The older developmental programmes in the era of Congress rule mostly were named after the members of the Gandhi-Nehru family (e g, Indira Awas Yojana, Jawahar Rozgar Yojna, etc) – thus excluding any other party from claiming it. The NREGA however had been an outcome of several groups on all sides of the political spectrum campaigning for it. Most importantly, the UPA-I government had the support of the left when it enacted the NREGA. Thus it was impossible given the political coalition at that time to call it after a Gandhi or a Nehru. This time however, the UPA-II does not have to deal with such

belligerent partners. Hence, this flagship programme had to succumb to the politics of nomenclature – the NREGA got renamed as the Mahatma Gandhi National Rural Employment Guarantee Act! Naming the most ambitious developmental programme after the most famous Gandhi can have its pitfalls, especially, since Gandhi had a simple test in the form of a talisman –

... Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man or woman whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him or her. Will he or she gain anything by it? Will it restore him or her to a control over his or her own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melt away.

The developmental woes of the Indian state continue.

#### NOTES

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- For a detailed study of backwardness, see Banerjee (2008).
- 2 Rosa Luxemburg discusses this in Accumulation of Capital (1913) where she quotes Count Warren on the working of the East India Company. See her Chapter 27, "The Struggle against the Natural Economy" for greater details. She forcefully makes the point that British colonialism was not interested in developing India but rather was indifferent to constructing public utilities. This state of affairs continues in some of the most backward districts of the country even today, 62 years after independence from colonial rule.
- 3 See Banerjee (2010) for the detailed study and discussion of results.
- The households were asked to rank the item heads (consumption expenses, medical expenses, educational expenses, productive purpose, and others) under which NREGA income was spent. In the villages surveyed in 9 out of 16 blocks, a majority of the households are reported to have spent the largest proportion of NREGA income on consumption of foodgrains.
- Wages before NREGA refers to the agricultural wages in the villages surveyed during the 2005-06 agricultural year, while the wages after NREGA refers to the agricultural wages during the 2008-09 agricultural year.
- 6 See Bhaduri (2005) for greater details on financial decentralisation.

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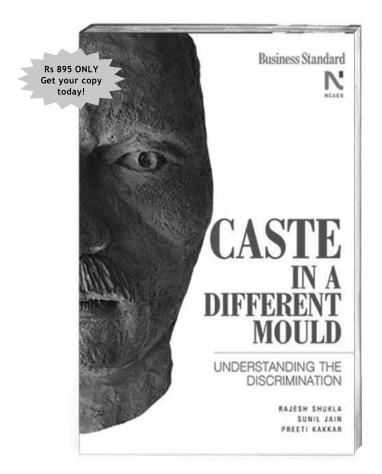
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Innumerable government initiatives have been structured around inadequate data. Caste in a Different Mould corrects this anomaly by looking at inequality in a more sophisticated way. Powered by data from NCAER, it quantifies the impact of education, urbanisation and occupation on the income levels of different caste groups. A must read for anyone interested in understanding contemporary India.

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