

This is an Accepted Manuscript of an article published by Taylor & Francis in Contemporary South Asia on 02 June 2010 (electronic version), available online: <http://www.tandfonline.com/doi/abs/10.1080/0958493032000057690>.

Making Sense of the Local State: Rent-Seeking, Vernacular Society and the Employment Assurance Scheme in Eastern India

I Introduction

The state in India has failed to deliver on many of the promises it has made to the rural poor. In the 1950s agrarian reform initiatives were undermined by richer peasants, and since then the state has only intermittently been successful in making sure that the funds it has earmarked for the alleviation of rural poverty have served that purpose. Evidence abounds of funds being siphoned off by richer households, or of estimates for public works schemes being inflated by contractors anxious to shortchange the state. These contractors are often in league with corrupt politicians and government servants. In some States up to 50% of government funds fail to make their way to the intended beneficiaries, and critics have charged that projects built with government funds have been of poor quality and are only rarely maintained (Das 1992; Echeverri-Gent 1993). In some cases, public funds have literally been washed away.

What accounts for this? It has long been argued that the state in India is a weak-strong state (Rudolph and Rudolph, 1987). Marxists and pluralists alike have suggested that governments have been unable to act against the interests of the dominant classes or interest groups that keep them in power. This accounts for the failure of agrarian reform (Bardhan 1984), and for the successes of the so-called 'bullock capitalists' (Varshney 1995). It also helps to explain why the state is able to police the external borders of the country, even as central and State governments are unable to wean public sector enterprises off generous state subsidies (Waterbury 1993) or safeguard resources meant for the poor.

More recently, two bodies of work have emerged which have sought to understand the state from the 'inside-out'. In both cases they tap into long-standing traditions of economic and political thought. In rational choice models state failure is considered to be the result of a system of governance that provides excessive opportunities for rent-seeking behaviour (Bates and Krueger 1993, Geddes 1994). Individual agents are assumed to behave rationally and to maximize their utilities. Government officers can serve their self-interest by charging for services that only they can provide. In Jharkhand, for example, where trade in certain trees is still nationalized, only a Divisional Forest Officer can grant permission to a small farmer to cut down and sell trees from his homestead land. The small farmer will often find it necessary to pay a 'commission' to the DFO to get this permission (Corbridge and Kumar 2002). Government officers can also exploit information asymmetries to improve their financial

position. The new institutional economics pays particular attention to the principal-agent problem in the public sector (North 1990, and see Grindle 2000 for a discussion). In the case of government spending programmes it might be possible for lower-level government servants (the agents), including accountants, to falsify the books in their favour in such a manner that their supervisors (the principals) are unlikely to find out.

The policy implications of these models are very clear. Neo-classical economists will argue for a reduced public sector, and (thus) for fewer opportunities for the abuse of monopoly powers. These abuses include not only rent-seeking behaviour and simple corruption, but also abusive or time-wasting behaviour on the part of government ‘servants’ (see also Hirschman 1971). Political scientists, for their part, will join in calls for civil service reform. This will include downsizing, as well as more competitive salaries, a better career structure, and increased pay differentials (Rose-Ackerman, 1999).

A second model of the state is also ‘institutionalist’ in form, but makes quite different assumptions about the nature of the individual and what might motivate him or her. Instead of building their models on the basis of a disembodied ‘everyman’, a rational agent who thinks the same regardless of class, caste, gender or location, the preference of the ‘new cultural economics’ is for an understanding of state-society relations that refuses to assume that ‘elite’ and ‘ordinary’ Indians share the same world-view. According to Sudipta Kaviraj (1991), the failure of the state to achieve its developmental ambitions is due in part to the inability of lower-level state functionaries to understand the ideology of planning that was gifted them by Nehru and Mahalanobis.

The state as an impartial and rational agency for the promotion of development or the public good might mean something to members of an English-speaking elite, but these same principles of disinterestedness and abstraction translate very poorly into the vernacular understandings of the Block and *panchayat* [council]-level officials charged with ‘modernising’ civil society.ⁱ The result, as Ronald Inden (1995) has also argued, is a breakdown in state capacity at the lower-levels, at least in regard to ‘development’.

Government programmes for the poor are sometimes not welcomed by their supposed beneficiaries, and in any case are massively distorted by lower-level bureaucrats who think in terms of family, caste or community, and who expect favours to be returned for favours performed. Thus is ‘development’ undone, much as rational choice models also assume. The difference, of course, is that the cultural critique is not sanguine that state reform is the way forward. Understanding (*verstehen*), or education in the broader sense of a meeting of minds, will be as important in the longer run to ‘development’ as will be pro-market reforms or the redesign of the civil service.

In this paper we open a window on these models of the state by means of a study of the Employment Assurance Scheme (EAS) in eastern India. We do not argue that our findings will hold across India, or that they will satisfy the demands of some social scientists for statistically significant results. But if our efforts are more modest, and more obviously anthropological in inspiration, we believe this is appropriate.ⁱⁱ Given that different models of the state depend upon competing assumptions about the nature and motivations of ‘individuals’, and about the workings of local governance structures, it is proper that we adopt a case-study methodology that probes these questions in depth. And

in rural Bihar (and Jharkhand), at least, and to a certain extent also in West Bengal, we find that the main aims of the EAS *are* re-worked at the District-level, as Kaviraj implies they might be, but not because of a prevalence there of ‘vernacular’ (local, embedded, non-English) understandings about government (*sarkar*) or ‘development’. Very much to the contrary, and contrary to simple ideas about rent-seeking among government officers, the EAS was reshaped at the District level by officers who understood the workings of New Delhi or Patna only too well. The fact that they converted a demand-led employment programme into a more conventional programme of public works was not a product of misunderstanding, but of a lack of trust. District-level officers did not believe that New Delhi would finance an open-ended commitment to employment generation, nor did they trust their subordinates to carry out *kaccha* employment schemes without lining their own pockets. If anything, it was a fear of rent-seeking by Block and *panchayat*-level officers that prompted District-level officers to behave as they did (as per the suggestion of principal-agent models), which is not to say that there was no corruption at this level. In addition, there were pressures from below, from local politicians and better-off villagers, for the EAS to be turned into an ‘assets creation’ scheme. Contrary to the views of Ronald Inden, many local people craved development in the form of public infrastructure, even if the poorest did not always support the demands for road building that emanated from some richer villagers.

To make these arguments we have organized the paper as follows. In section II we consider how the Employment Assurance Scheme is meant to function in the Indian countryside, before briefly describing the research project that this paper draws upon. In

Section III we provide evidence of low levels of public awareness of the EAS at our five field sites in Bihar, Jharkhand and West Bengal (the data coming from 1999, or before the reintroduction of functioning *panchayats* in Bihar and Jharkhand).ⁱⁱⁱ More especially, we consider how and why it was that District-level officers in Bihar and Jharkhand moved to reshape the EAS into a scheme for the construction of durable (*pucca*) assets. In Section IV we examine the reactions of local politicians, and some villagers, to these developments. We note, once again, that levels of awareness of the EAS were not high in Bihar or Jharkhand, even among the political classes. At the same time, there is evidence to suggest that influential members of both communities were not averse to the policy-changes that had been effected by District-level officers. In North Bihar, for example, the local Member of the Legislative Council (MLC) was happy to see the vast majority of EAS funds spent on capital-intensive road-building projects. These roads serviced most of the *panchayats* where he had supporters, and their construction provided key supporters with opportunities to acquire contractorships (and thus extra incomes). Finally, in section V, we reflect in more general terms on the workings of the local state in rural eastern India. We challenge the idea that the local state is bound to ‘fail’ because of an excess of rent-seeking behaviour (this is to oversimplify what is happening), and we propose a modification to the Chatterjee-Kaviraj thesis about the foundations and self-understandings of the modern state. The concept of ‘vernacular society’, we contend, is not sufficiently attentive to the class and caste dimensions of the state’s engagements with political society.

II The Employment Assurance Scheme and the Study Area

The Employment Assurance Scheme began life in 1993 with backing from the Ministry of Rural Development in New Delhi. Although the scheme drew inspiration from various State-level schemes to guarantee employment in the off-season, and most notably from the Employment Guarantee Scheme in Maharashtra, the EAS was distinctive in its ambition to be a demand-led programme of employment generation that would draw down unlimited resources from the Centre.^{iv} The first aim of the EAS, then, was “to provide gainful employment during the lean agricultural season in manual work to all able-bodied adults in rural areas who are in need and who are desirous of work, but who cannot find it” (Government of India 1993: 1). As conceived by New Delhi, and as later confirmed by the Governments of Bihar and West Bengal (in our case), the intention was to provide sufficient resources to assure up to 100 days of waged employment for a maximum of two adults per household in need. The demand for such employment was to come from within the labouring classes. Men and women who could not otherwise find work, and who were eligible for support, were asked to petition their *panchayat* office for employment. Where possible, this work was meant to come from existing Plan and non-Plan ‘works in progress’. In other cases, the labouring poor were asked to identify schemes that would benefit their locality, and to demand employment on these schemes once they had been sanctioned at the Block-level. If these schemes did not provide sufficient opportunities for employment, then fresh demands could be made on the state. According to the EAS Guidelines published by the Government of India, it would be

incumbent upon New Delhi to provide 80 percent of the funding for these new schemes, with State governments providing matching funds.

The second aim of the EAS was to make sure that any schemes sanctioned under the EAS Guidelines would be labour-intensive. Thus, while the Government of India insisted that “the provision of employment under this scheme results in the creation of durable productive assets in the Block area” (ibid.), it also required that: “Only labour-intensive works of a productive nature which create durable assets should be taken up for sanction under EAS and included in the shelf of works/projects” (ibid.: 4). In practice these guidelines gave District-level officers considerable room for manoeuvre, as we shall see later, but the bias to employment creation was clear nonetheless: section 3.10 of the Guidelines states that: “All works started under EAS should be labour-intensive works only. Labour-intensive works are defined as those which have a ratio of unskilled labor to equipment, material, and other skilled work of not less than 60:40. Works requiring a larger component of materials like cement, steel, etc., should not be sanctioned under the EAS unless the excess cost on material components is provided from other sectoral programme funds” (ibid.: 5). The Guidelines further suggested that this ratio of 60:40 could be met if new works under the EAS were distributed as follows: 40% on water and soil conservation measures, including afforestation, agro-horticulture and silvipasture; 20% on minor irrigation works; 20% on link roads (as per the District’s Master Plan guidelines), and 20% on primary school and *anganwadi* [child welfare] buildings.

Thus described, it will be apparent that the EAS is not only a major poverty-relief scheme, but that it also makes a number of assumptions about the capacity of poorer people to make demands of government officials, and about the workings of the local state. Instead of relying on top-down bureaucratic surveillance, the EAS provides spaces for public participation and improved opportunities for public accountability. These spaces, however, vary from State to State depending upon prevailing institutional arrangements. In West Bengal, the EAS was meant to run through the State's system of *panchayats*. The public proposal of schemes and the presentation of scheme accounts were to be accommodated within the format of *gram sansads*, or the statutory bi-annual Ward-level meetings that had been established in the mid-1990s and which are open to all voters in the area. *Gram panchayats* and the Block-level *panchayat samitis* had the responsibility for collating scheme proposals from the cluster of villages under their jurisdiction and for forming these into EAS plans. These would then be voted on in the annual *gram sabhas* which are open to those persons living within the *gram panchayat* area, and passed upwards to Block and District councils for approval, with technical input from civil service staff where appropriate. In Bihar, an established system of local public meetings had not been in place prior to the inception of the EAS, and in 1997 the State's *panchayats* (which had last been elected in 1978) were finally suspended. This meant that the framework of institutions responsible for implementing the EAS was less established than in West Bengal. The participatory elements of the EAS were to be carried out in Bihar by Block officers who would organise the scheme's village-level open meetings themselves. Particularly in Bihar, then, the EAS required a significant degree of changed behaviour from state personnel, and provided the public with the

opportunity to experience directly any changes from a ‘monitoring’ to a ‘facilitating’ bureaucracy that occurred as a result.^v

We shall see later on that these changes have been slow to occur. For our purposes, though, a comparison of the workings of the EAS in Bihar and West Bengal promised to be instructive. Given the absence of functioning self-government institutions in Bihar, we supposed that we might observe the workings of the local state there with particular clarity.

The research was conducted throughout 1999 in three village-Block-District combinations in the erstwhile State of Bihar, and in two such locations in West Bengal. In Bihar, the team worked in Bidupur Block, Vaishali District, in Sahar Block, Bhojpur District, and in Murhu Block, Ranchi District (now in Jharkhand: see Figure 1). Although these Districts were located in north, central and south Bihar respectively, they were selected to represent different political conditions, or ‘regime-types’. Bidupur Block was chosen because it typified a part of Bihar that has experienced high levels of political competition between different castes. We hypothesized that government officers would face extreme pressures from organized political groups and their representatives (both formal and informal). Sahar Block was chosen because it had long been a heartland for the Naxalite struggle in central Bihar. We assumed that government officers would come under pressure to deliver benefits to those sections of rural society that were economically disadvantaged but which had experienced forms of political or cultural empowerment. (We also noted that leftist political forces in the Block, and indeed in the village where we worked, were facing competition from the armies [*senas*] of local

landlords, including from the Ranvir Sena). Murhu Block was chosen because it seemed to typify a part of ‘tribal’ South Bihar where the *adivasi* communities (the Mundas especially) might be expected to keep government at arm’s length, and where government might function according to its own mandate.

In each of these Blocks, as in the two Blocks where we worked in West Bengal - Debra Block in Midnapore, an area of established CPM hegemony, and Old Malda Block, Malda, where government officers had to function amid a more ‘traditional’ politics of clientelism – we worked at two separate and yet interlinked geographical scales. In each case, the team worked intensively in one village community. This community was chosen to be not untypical of its Block, and a local field assistant was employed to work throughout the year with a stratified random sample of 100 households, including 80 that were identified as ‘poor’ on the basis of an earlier village census. The team collected data on how such people (and 20 other, better-off households) defined the boundaries of the local state and chose (or chose not) to work with particular state functionaries. We also collected data on a household’s understandings and/or experiences of the EAS and other development schemes, as well as of the provision of schooling, and on the ability of family members to deal with the judiciary or police.^{vi} In the case of the EAS, these data sets were supplemented by the collection of Block and District-level data on the sanctioning of schemes and the disbursement of funds, as well as by a large number of interviews with people who were linked to some aspect of the EAS. These interviews extended from District Magistrates and District Development Officers, to Block Development Officers, junior engineers,

accountants, *panchayat sewaks*, contractors and others. The EAS can be thought of as a set of spokes that links a village community (possibly a hamlet, or *tola*) to the Block (in terms of scheme selection), and then to the District (for the sanctioning of schemes), before connecting back to the village by way of an executing agent (the contractor), and the men or women responsible for preparing financial or technical estimates, and monitoring the work(s) performed. The iterative field methodologies that we worked with sought to capture this constant moving of files and funds, as well as of people and petitioners, from village to Block and District and back again.

III. Trust, Big Schemes and the Role of the District-Level Officer

It will come as no surprise that the EAS failed to generate many person-days of employment in the villages where we worked in 1999, when a new set of Guidelines was introduced, or in the period from 1993 to 1998.^{vii} The social science literature is replete with examples of development projects in India failing to live up to the promises made on their behalf. This literature has established, in the case of the first phase of the Green Revolution, for example, that the benefits of farming with high-yielding varieties of wheat or rice were mainly captured by those farmers rich enough to afford chemical fertilisers and pesticides, and sufficiently well off in terms of access to land, water and credit (see Frankel, 1971; Harriss, 1982).^{viii} And in the case of the Public Distribution System there is evidence to suggest that many poorer households have been unable to acquire ration cards, and that large quantities of grain made their way to private traders from Fair Price Shops (see Mooij 1999). In these and other cases, the poor lacked the

economic and political clout needed to make demands on the state, and in the latter case funds leaked to better-off households, as perhaps the government expected they would do.

In the case of the Employment Assurance Scheme, as we indicated above, the assumption that members of the rural poor will make demands upon the state is especially heroic, particularly in those regions without a tradition of grassroots political mobilization. For the EAS to have any hope of working as a demand-led system of employment provision it would first be necessary for the rural poor to know of the scheme's existence and its broad intentions. We found, though, that only a small minority of households was aware of the EAS (see Table 1). In Midnapore, *panchayat* members at different levels (*zilla parishad*, *panchayat samiti*, *gram panchayat*) did have a reasonable working knowledge of the scheme (although some members thought it guaranteed 120 days of waged work), and 30% of the rural poor in our Ward (45% of the non-poor) had heard of the EAS. But even here, where villagers received their information mainly from the CPM-ruled *panchayat* or from CPM politicians, only 6% of the poor (15% of the non-poor) were clear on the distinctive features of the EAS. In Malda, in contrast, as in the Bihar (or Bihar and Jharkhand) field sites, less than fifteen percent of poorer households were aware of the existence of the EAS, and a more detailed understanding of its aims and objectives was confined to a few households among the non-poor community. In Malda, only one respondent from among the poorer households knew that the EAS was meant to provide employment, and he got this information from a government employee of the *gram panchayat*. (Another government

officer suggested that *panchayat* members were aware of the EAS, but chose not to publicise its existence for fearing of losing control over the monies that they were diverting to their own pockets). In Bihar, of course, the *panchayat* system was not functioning in 1999. To the extent that villagers could get information about government schemes, they relied on local fixers (*dalaals*) or politicians (as in Bidupur: see below), or on government workers at the village and Block levels.

The fact that most poor households were unaware of the EAS does not mean that all of their members failed to gain employment. Some of them – mainly male household members - did receive work, not least in Midnapore, even when they had not received an EAS card. By and large, though, a lack of information translated into a lack of labour days assured or provided (see Table 2), as might be expected. We comment elsewhere on the details of these patterns of participation and non-participation, and on the social networks that sometimes allow poorer villagers to access the local state. We also describe the ways in which questions of scheme selection and contractor appointment were decided (see Williams, Veron, Corbridge and Srivastava, 2001). In this paper, though, we want to take up an aspect of the EAS that is less transparent, namely its ‘conversion’ in each of our study areas (although we focus now mainly on Bihar) into a scheme for the building of durable assets. If we look again at Tables 1 and 2 we can see that the EAS failed to meet its objectives in equal degree in Bhojpur and Ranchi Districts, despite our expectation that demand for work would be high among the organized rural poor in Bhojpur. By the same token, as Table 3 makes clear, in each of these Districts the schemes that were run under the EAS (from 1993-4 in Ranchi, from 1996-7 in

Bhojpur and Vaishali) were mainly designed to run as material-intensive projects. In Murhu Block (Ranchi) 156 schemes were sanctioned in the years 1993-94 to 1998, and of these schemes only 17 could be described as labour intensive (the pond or *ahar* schemes). A further 90 schemes worth Rs.18.5 million generated a demand for unskilled labour that cannot have amounted to more than 30-35% of spending, and this percentage declined over time as individual road-building schemes became more expensive. In Bidupur Block (Vaishali) just 57 schemes were sanctioned in a three-year period, and 90% of the funds were spent on road projects that were often all-weather and black-topped. This did not deter the relevant officials from declaring that 58% of the budget had been spent on the wages of unskilled labour. (In Sahar Block the figures were shown to be exactly 60:40; a District-level officer in Vaishali told us that he favoured a 58:42 split on the ground that it “appeared more credible”).^{ix}

What accounts for this bias towards ‘big projects? It might be thought that it reflects a lack of understanding among Block-level workers. And it is true that none of the Block Development Officers (BDOs) to whom we talked had a good understanding of the EAS, despite the fact that they had assumed the responsibilities of the *Pramukh* (the elected chief of the *Panchayat Samiti*) in the wake of the dissolution of the *panchayats* in Bihar in 1998. The BDOs knew that the EAS was about employment provision, but they were poorly informed about the demand-led or guaranteed nature of that ‘provision’. The BDOs rather understood the EAS to be a sister programme to the Jawahar Rozgar Yojana (JRY) programme, with the former taking up ‘big schemes’ and the latter ‘small schemes’ (interview with BDO, Murhu). Levels of understanding were

still less clear lower down the government ladder, and we were assured by a Block Agricultural Officer in Sahar that “*EAS mein sunishchit samay per scheme ko poora karna dena hota hai*” (‘EAS means that we have to complete the scheme in the assured time frame’).

But such misunderstandings cannot explain the preference for ‘big schemes’ that is evident at the District level. The Block and village-level workers, after all, were receiving their information from their superiors at the District-level; they did not have access to the same manuals as their bosses. So why did District-level officers act as they did when sanctioning material-intensive schemes? Part of the answer is to be found in the ‘technical imperatives’ of the Employment Assurance Scheme. The District-level officers who we spoke to in Bihar were well aware that the Block was the main implementing agency for the EAS. They also knew that many Block offices were overburdened. In the 1970s the Block office was required to deal with relatively few poverty-reduction schemes. In the 1980s and 1990s these schemes were significantly expanded, and were supposed to be run on a decentralized basis. By 1999 a typical Block was receiving 6-8 times the funds flow it would have received in 1979, and the Block office might be asked to run 100-130 schemes under JRY and EAS, as well as providing 1000 houses under the *Indira Awas* scheme and 500 wells under the Million Wells scheme. In a Block like Sahar these schemes were supposed to be spread out across 55 villages in 12 *panchayats*, many of which are very difficult to access. The Block office in Murhu is responsible for 141 villages in 24 *panchayats*, while in Vaishali there are 133 villages to serve in 24 *panchayats*. Despite repeated and sometimes justified claims

about government overstaffing in India, these workloads had to be shouldered by about the same number of workers as would be found in a Block in 1980. In Murhu, for example, the complement of civil staff in the Block office ran to the Head Assistant, the *Nazir* (accountant), and two assistants. On the technical side there were four Junior Engineers and one Assistant Engineer (who also worked for the neighbouring Khunti Block), while the complement of field staff ran to 24 *Panchayat Sewaks* and 9 Village-Level Workers. The BDO of Murhu despaired of the situation. He told us that the better able and connected of his workers were trying to find work in urban areas, and that his accountant was not up to the task of handling cash transactions in the sum of Rs 3-4 crores.

The situation was not much different in Bidupur or Sahar. In Sahar there were only 2 Junior Engineers to deal with between 300 and 400 schemes. These men were expected: (a) to prepare estimates for proposed schemes (prior to any approval being granted at the District level); (b) to prepare the layout for a scheme and to work with the chosen contractor; (c) to supervise in person the most crucial stages of construction, which might include foundation casting, the fixing of a lintel, and roof casting; (d) to inspect and measure the progress of a scheme (in part to secure future fund flows to the executing agent); and (e) to assist senior engineers (including the Assistant Engineer) in their inspection visits. Naturally, these tasks could not be completed properly, even where the Junior Engineer was working to the best of his ability. If there is state failure – and significant leakage of funds – it is because the local state is underdeveloped in

relation to the tasks set for it. And this will be true even when supervisory staff from the non-technical side are deployed to help the process of scheme inspection.

But it is not just technical or capacity problems that incline District-level officials against the sanctioning of a large number of labour-intensive (and *kuccha*) schemes. A Block-level officer in Murhu told us that: “We tried to include proposals of [*morum*] roads and irrigation ponds in our proposal as they generate maximum employment. But, during the scrutiny at the level of the DDC [District Development Commissioner], those were struck off the list. In fact, in 1997, DDC gave an oral instruction that henceforth no earthwork schemes should even be proposed”. When pressed on why he thought this was, the officer replied that: “They [district-level officials] worry about misuse of money if more *kuccha* works are executed. ... [This was] not simply because they want to save skins [but because] they genuinely believe that *kuccha* works will always be subject to siphoning off of government money, and they wish to safeguard against that”.

This understanding of the motives of a (senior) District-level officer proved to be extremely accurate. In our conversations with District Magistrates and District Development Officers we found that political considerations loomed large in their decision-making. Contrary to the assertions of some neo-liberals, it is a mistake to assume that government officers in India are intent on maximizing the rents they can extract from the misuse of a public office. It is clear that a scheme like the Employment Assurance Scheme does lend itself to a system of institutionalized cuts and commissions, much as Robert Wade has described in the case of a south Indian Irrigation Department

(Wade 1982), and that Junior Engineers regularly mark-up the costs of a scheme in order to inflate their wages. We describe the precise nature of this corruption elsewhere. Here it will suffice to say that we have estimated the magnitude of fund leakage from EAS schemes in Bihar to be of the order of 30-35% of the total flow of funds, and that (or rather ‘but that’, given received views about Bihar) we found no cases of outright looting where a scheme existed only on paper. Even corrupt officials find themselves in a more complex set of relationships than is acknowledged in a simple theory of rent-seeking. Perhaps especially in Bihar, given the publicity that has been given to the cattle fodder scam,^x government servants are mindful that they might be found out if they engage in corrupt behaviour, or that they might be informed upon by one of their colleagues. This cautions them against excessively predatory forms of behaviour. In the case of District-level officers, moreover, there are strong pressures not just to exact rents (which might be needed to maintain close links with sympathetic politicians, or to help secure better postings), but also to clamp down on the corrupt activities of their subordinates.^{xi} Thus, while it is clearly the case that some bribes (*ghus*) are channeled up the hierarchy of Bihar Administrative Service and Indian Administrative Service officers to the District and State-levels, it was equally clear to us that District-level officials were pressing for *pucca* EAS schemes as a way of guarding against what they saw as the twin evils of *kuccha* projects: the fact that they provide so much scope for corruption (on account of being difficult to inspect), and the fact that some of these schemes will be built to fail (or to fall down), thus denying any visible evidence of ‘development’.

What we observed here was a lack of trust in Block-level officials by their District-level bosses. But this lack of trust also extends upwards from the District to the governments sitting in Patna and New Delhi. When we pressed District-level officers on their efforts to reshape the aims and objectives of the EAS – efforts that they freely acknowledged – they focused on what they saw as the lack of credibility that surrounds the issue of fund flows. All of our respondents challenged the idea that New Delhi or Patna could ever hope to fund sufficient schemes to employ two adult household members for up to 100 days each year throughout India, and then mainly in the lean season. The DDC of Ranchi was adamant that the Centre simply didn't have the resources to direct more than two installments of funds to any District of Bihar in a given year, a view based, no doubt, on his difficulties in acquiring a third tranche of funds for Ranchi District. When we put it to him that some Districts in Andhra Pradesh were reputed to have received 5 or 6 installments, he countered by saying that he had visited New Delhi to press for a fresh round of funding, and had been told by the Secretary of the Ministry of Rural Development that this was so much rhetoric: no District had received more than three installments of EAS funds in a year.

Whether or not this is true is not really the issue. The point is that DMs and DDCs in Bihar don't trust the authorities in New Delhi or Patna to provide sufficient funds to “check the out-migration and exploitation of *akushal mazdoor* [unskilled labour]” - which is how, in 1995, the Government of Bihar described the main purposes of a programme that would be “demand-driven and [with] no financial limit” (Government of Bihar, Secretary – Rural Development, Letter No.3248, 17 June 1995,

sent to all DMs and DDCs, Bihar).^{xii} They also doubted whether their own Blocks and Districts, or indeed the Government of Bihar, had the means or the drive to make demands of New Delhi at the right time. The DM of Bhojpur told us that even if the EAS could draw down unlimited funds from the Centre, those funds were still budgeted on an annual basis and would be taken up on a first-come, first-served basis. In his view, Bihar was too slow in making its demands for further installments of funds. By the time it was ready to claim a third round of funds it was too late in the financial year: other States had got in ahead. Whatever the truth of the matter – and the fact that some Blocks are always in surplus suggests that local capacity is key – the fact remains that District-level officers are wary about advertising the EAS too widely. In their view, it is better to plan for a small number of well-costed and at least partly monitored *pucca* developments, than to plan for a large number of *kuccha* schemes that will generate kickbacks and local conflict, and which cannot hope to soak up the local demand for paid labour. As the DM of Vaishali summed up: “The fund that we get now, two installments, can hardly generate 100 days employment. In fact, with this limited resources available under EAS, the approximate labour days generated are around 200,000 man-days, and, the surveyed number of labourers being close to this figure, approximately one man-day for each labourer has been created in this District. If one looked at the man-days generated in entire State, and the figure of the State-wide registered labourers, then by and large the same ratio would be observed”.

IV Pressures for Development: Politicians and the Rural Poor

In fact, in the community where we worked in Vaishali (Dhuboli), not a single person has taken up work under the Employment Assurance Scheme within the village, and yet there were few complaints about the workings of the scheme here, and nor were there in Sahar or Murhu.^{xiii} Part of the reason for this has to do with the lack of information about the scheme, but this is only part of the story. There were also pressures from within village communities, and from their political representatives, to see the EAS as a scheme that would create durable assets, and which would bring ‘development’ to rural communities.

These pressures played themselves out in different ways. In Sahar Block, contrary to our expectations, there was little evidence of political mobilization around the benefits of EAS schemes. Such activities as there were took the form of direct petitioning of senior government officers through the institution of the *Janata Durbar*, and efforts by some Musahars to make sure that one of their number was appointed as a contractor of an EAS scheme. But in the poorest *tola* of the village where we worked no benefits from major government schemes had been received over the course of twenty years, despite this *tola* (with its high population of Scheduled Castes, including Musahar households) being a stronghold of the sitting Member of the Legislative Assembly (MLA), himself a member of the Communist Party of India (Marxist-Leninist). In this case a lack of mobilization did spring from a lack of information, as well as from reluctance in some quarters to engage with the state. The local MLA was unfamiliar with the EAS guidelines and had ceded responsibilities for the selection of schemes to District-level officers. They in turn ensured that every *panchayat* in Sahar Block had

received some EAS funds by 1999, even if nearly half of all the villages within these *panchayats* (including in Korandehri, where we worked) received no funds at all (see Figure 2).^{xiv} As we intimated before, the concern of the District-level staff was to ensure that ‘development’ was visible in the field, and, in Sahar especially, to make sure that ‘development’ did not stoke up political tensions or rivalries.^{xv} In practice, though, at least in Korandheri, there were almost no efforts to ensure that schemes were placed in the poorest *tolas*, or to inform poor villagers of their right to demand work.

A lack of awareness of the demand-led nature of the EAS was also apparent in Murhu Block (Ranchi District), but in several of the *panchayats* in this Block the *Mukhiya* (elected leader) was active in pressing for a flow of funds from government. In Mahil *panchayat* (see Figure 3), the *Mukhiya* was an especially strong representative of his community, and most of the (mainly tribal) villagers looked to him to access the state on their behalf. The *Mukhiya* had been responsible for getting EAS cards for a small number of villagers (admittedly only two from our sample population), and he worked closely with the *Panchayat Sewak* to draw up an annual list of possible schemes. One of his close associates told us that: “*Panchayat Sewak* comes and tells us that we should list out important schemes: check dams, schools, roads, sitting platform, community buildings, drainage and so on. He also tells not to list more than 5-6 schemes, sometimes more when the *panchayat* is big. This is done after few of us collect and deliberate [the *Mukhiya* and his inner circle], but usually we give 10-15 schemes. Ultimately, 2-4 schemes come to the *panchayat*”, and, he might have added, the *Mukhiya* largely takes responsibility for ‘placing’ them and for carrying out the work. Interestingly, the only

opposition to the *Mukhiya* came from a group of unemployed youths who wanted to control some of these schemes. In this case, though, and in several other cases which came to our attention, no argument was raised against *pucca* development projects. To the contrary, the youths wanted a check dam to be built in their part of the village. Like the *Mukhiya*, they were happy to define the EAS in terms of the creation of visible and durable assets. If some work came from the scheme that was well and good. But work was not the main concern: that could always be had in the brickfields of Gorakhpur, or at building sites in Calcutta. Even the poorest villagers understood development in conventional terms, and welcomed signs of it.

A commitment to ‘development’ was still more apparent in Bidupur Block, Vaishali District, but in this case, unusually, the leading local politician was extremely knowledgeable about all government schemes, and had taken control of them in his constituency. Unlike his counterparts in Murhu and Sahar Blocks, the *de facto* MLA of this area (and *de jure* Member of the Legislative Council [MLC]), Bholu Babu, was well aware of the demand-led provisions of the Employment Assurance Scheme, and he knew the details of those guidelines that specify the ‘proper balance’ of unskilled labour and materials in different schemes. Indeed, he provided us with a critique of those guidelines, arguing that it would be absurd to make a priority of afforestation or irrigation schemes in Bidupur, given its location next to the Ganges: what was needed was all-weather roads, and if their construction required the importation of skilled labour, so be it.^{xvi}

This attitude to employment generation is surely linked to the fact that Bhola Babu, and Rajendra Rai (at the time the MLA for the Hajipur Assembly Constituency, into which 6 *panchayats* of Bidupur fall) are both members of the ruling Rashtriya Janata Dal, a political party that caters strongly to the interests of Yadav farmers. Those most in need of employment, such as the Musahars, are mainly supporters of the *Dalit* leader, Ram Vilas Paswan, and his acolytes.^{xvii} But if caste and class antagonisms help us to understand why Bhola Babu is insensitive to employment issues, they do not gainsay the fact that his preference for using EAS funds to build all-weather roads is widely supported in the Block, even though it reduces the (still considerable) scope for skimming by his favoured contractors. Indeed, in terms of the more specific arguments of this paper, what is truly significant is the extent to which Bhola Babu, as a leading member of ‘vernacular society’ in Kaviraj’s terms, buys into the discourse of development as modernization, and works closely with his counterparts in ‘elite society’ to bring this about.

We received information on these transactions from Bhola Babu himself, and from an ex-District Magistrate of Vaishali. The ex-DM told us that during his long tenure in Vaishali he adopted a quota system wherein local MPs and MLAs were asked to recommend and decide upon the schemes that would operate in their constituencies. His formula was simple, if quite at odds with the instructions he received from Patna or New Delhi. All programme resources that came to his District were to be divided up on a 70:30 basis between the MLAs and the MP. If a Block fell between two constituencies, the resources would be divided in proportion to the number of *panchayats* in each

constituency. The representatives could then use the money as they saw fit. In the case of Bidupur Block, the records show that resources have been distributed almost exactly on a 19:6 basis, reflecting the fact that Bhola Babu represents 19 of the 25 *panchayats*. They also show that Bhola Babu has been active in making sure that schemes are set up – or are about to be set up (see Figure 4) - in all of the *panchayats* where he has supporters.^{xviii} From his perspective, the building of all-weather roads not only makes sense in developmental terms, but also ensures that resources will quite literally follow a road map through his constituency, in the process dampening down inter-village rivalries. Naturally, his key supporters become the executing agents of these schemes. The DM, meanwhile, having ceded power to the MLAs in recognition of their local dominance – a labour contractor exaggerated the power of the *Mukhiyas* when he told us that: “JRY is *Mukhiya*’s scheme and EAS is Bhola Babu’s scheme” - still made an effort to ensure that some funds went to those *tolas* or villages which were ignored by Bhola Babu or Rajendra Rai. “For those areas, and also areas that are of interest to important political leaders from opposition, I used the interest money accrued to the development funds. If any MLA or ruling party leader questioned as to why I was sanctioning projects in areas of their political rivals, I would say that that was being done out of the discretionary DM’s funds and did not encroach upon their quotas, hence they could not have any grievance nor any *locus standi* to object to this”. In Bidupur, then, as in Sahar and Murhu Blocks for quite different reasons, a combination of social forces came together to redefine the aims and objectives of what was intended by New Delhi to be an employment assurance scheme.

V Conclusion: Making Sense of the Local State

This paper has not sought to evaluate the EAS as a development programme. It will be apparent, even so, that the EAS has failed badly in terms of its principal stated objective of assuring labour to the rural poor in the off-season. The reasons for this are much as we might have expected – an almost complete absence of information flow to the poorest *tolas*, the lack of voice of many among the rural poor, a preference for *pucca* developments on the part of better-off villages – even though there are one or two conundrums that we must explore further in other papers. (We need to explain, for example, why it is that women failed to get much EAS work in Bihar, when they gained significantly from the Employment Guarantee Scheme in Maharashtra).^{xix} What was less easy to predict was that the aims and objectives of the Employment Assurance Scheme would be so consistently reworked at the District-level, most especially by senior government officers, but also by some politicians. They were reworked, moreover, in a manner that is not easy to square with either ‘rational choice’ or ‘new culturalist’ accounts of the nature of state power in India.

In a recent article, Evan Osborne has argued that: “It is beyond dispute that in India government-dispensed rents are a major phenomenon” (Osborne 2001: 659). He maintains that rents of the order of 30%-45% of national income (an estimate he derives from a study by Mohammed and Whalley, 1984) are often channeled through the reservations system, and are responsible for reproducing the “inevitable Balkanization of Indian politics” (ibid.: 679). These are large claims, but like many of the more extreme

versions of the rent-seeking thesis they fail to grasp important points about the nature of state power in India. Leaving aside the rather extraordinary assumption that the reservation of government and public-sector jobs in India is *prima facie* evidence of the distribution of government rents, our work suggests that it is a mistake to assume that government officers are this one-dimensional.^{xx} Rent-seeking is entrenched in Bihar and Jharkhand, as it is in West Bengal, but we need to understand that rent-takers are sometimes driven to provide a public service on a personal basis. Given the *underfunding* of many government offices in Bihar (especially), not to mention the underfunding of government servants, a government officer is sometimes unable to perform his or her duties without making use of his or her private resources. It also needs to be said that there are honest government servants, and that even dishonest officers are rarely bent on maximizing their rental incomes, as the simpler versions of rational choice theory suggest they should be. In an interesting review of the literature on corruption, Pranab Bardhan concludes that a person's "expected gain from corruption depends crucially on the number of other people we expect to be corrupt" (Bardhan 1997: 1331), and thus on the possibility of being punished for such behaviour. This is what we found in eastern India. Government officials do fear being found out, and senior officials are put under repeated, if periodic, pressures to root out corrupt behaviour in their subordinates. In the case of the Employment Assurance Scheme in Bihar, it was widely recognized that District officers discouraged *kaccha* schemes because they increased the scope for corruption. A fear of punishment outweighed any urge that might have existed to maximise rental incomes.

But fear of punishment was not the only reason that persuaded senior officers to push the EAS in the direction of *pucca* schemes, and it would be wrong to conclude that their behaviour is dictated only by a sensitivity to principal-agent problems. Most District officers that we spoke to understood ‘development’ in conventional bricks and mortar terms, and some used the government’s instruction to build ‘durable productive assets’ under the EAS to turn a blind eye to its more pressing instruction to provide labour to demanding and eligible individuals. That they also chose this path because they mistrusted New Delhi, and because they feared that a more participatory form of development would increase social tensions, might seem to confirm some of Sudipta Kaviraj’s observations about the broader course of ‘development’ in India. In his view: “Over the long run, the strategy of development in India, precisely through its relative success, has tended to reopen the deep division of discourse in Indian society between a homogenizing elite, speaking English, and a vast lower-order population, looking and speaking with intense vernacular hostility against some of the consequences of this form of capitalist development” (Kaviraj 1991: 87). But here too we need to tread carefully. We came across little evidence to suggest that poorer men and women are opposed to forms of ‘development’ that increase their capabilities, as opposed to developments (such as large dams) which are sometimes pursued at their expense. They might crave employment and durable assets, but in the absence of the former they do not wish to surrender the latter, and nor do most of their political leaders.^{xxi} And the absence of the former, moreover, is due in part to the fact that some middle-class members of the ‘vast lower-order population’ (who certainly do not speak English) have been keen to bring

‘development’ to their villages in the form of bricks and mortar. There is a class, and in Bihar a caste, dimension to the diversion of EAS funds from the rural poor.

Finally, we would want to qualify the suggestion that the nationalist struggle in India failed to develop a “deeper sense of community than merely the common opposition to the British” (Kaviraj 1991: 90), and so failed to create a modern state that was grounded in Indian (or vernacular Indian) traditions (see Chatterjee 1993: 75). It is true, of course, that caste-based identities have been reinvented since 1947, and in key respects strengthened, just as it is clear that the state in India has been obliged to recruit personnel from among the “lower orders” (Kaviraj 1991: 91).^{xxii} But if the lower orders are keen to pursue their interests by different means than reason alone (as Nehru might have wished they would), it is not clear that they are pursuing different ends or that it is they alone who have taken the state’s policies and “reinterpreted [them] beyond recognition” (ibid.). Our work on the EAS in Bihar suggests that a gentle but still important reshaping of central government policy was effected mainly by men who are very much members of the ‘English-speaking elite’, and yet very much with the support of different groups in ‘vernacular society’.^{xxiii} Just as it is a mistake to assume that the poor are opposed to development, or that officers think only of maximizing rents, so also is it a mistake to suppose that an English-speaking elite speaks with one voice, or that it cannot share a vocabulary with key elements in vernacular society. New Delhi is not Arras or Ranchi, and the pressures on government officers at all spatial scales cannot easily be reduced to a quasi-biological imperative or a cultural archetype. The nature of the local state is better understood in terms of the actions of its personnel and the

competing pressures which prompt these actions. In a very real sense government is what government does or is made to do, and it is important that the complexity of these 'doings' is taken into account when recommendations are made for improved rural governance.

ENDNOTES

ⁱ A vernacular understanding of social life thus implies an inability or unwillingness to subscribe to the ‘generalised morality’ that Jean-Philippe Platteau (1994) believes has underpinned the economic success of ‘the West’ (including Japan). The vernacular understanding is familial and oriented to the concentric communities of lineage, caste and locality that Satish Saberwal (1996) takes to be at the heart of mainstream Indian sensibilities. Relatedly, it has been Partha Chatterjee’s more recent contention that the poor in India cannot hope to engage the state in a properly ‘civil’ manner. They are forced to deal with the state through the offices of local brokers and henchman in the arena of what he calls, instructively, ‘political society’: an arena that is at based on participation, for sure, but which also encourages populism and violence. On this, see Veron et al, 2001.

ⁱⁱ We also share the suspicion that many anthropologists have voiced about the quality of official statistics in poorer countries (Hill 1984), including in India. If we are truly to believe in the grander social science models of some economists and political scientists, we need at the very least to ‘field test’ some of the official data sets upon which their generalizations and predictions depend.

ⁱⁱⁱ The State of Bihar was divided into the States of Bihar and Jharkhand in November 2000. Although we carried out the major part of the fieldwork for this study in 1999, in Bihar, many residents of South Bihar already referred to themselves as Jharkhandis, and this colours our choice of term here. In addition, the research project that we carried out from 1998 to 2000, which was financed by the UK’s Economic and Social Research Council (grant number: R000237761), whose support we happily acknowledge, was followed up in 2000-2001 by a programme of ‘action research’ in Bhojpur District, Bihar and Malda District, West Bengal. We are grateful to the UK’s Department for International Development for funding this latter project, some broader findings from which we draw upon here, and to Ben Rogaly for his friendship and support. Above all, we want to thank our field assistants in Bihar, Vishwa Ranjan and Ashok Kumar, for all their hard work in the ‘research villages’.

^{iv} The Employment Guarantee Scheme in Maharashtra has been reviewed by many authors, including, notably, Dandekar (1983), Echeverri-Gent (1988, 1993), Herring and Edwards (1983), Joshi and Moore (2000), and Lieberman (1985).

^v Panchayat elections were finally held in Bihar in 2001. The research team plans to return to the Bihar field sites, in due course, to examine the effects and effectiveness of the reintroduction of local democratic institutions.

^{vi} We do not comment here on these broader (protective and disciplinary) functions of the state.

^{vii} The new Guidelines introduced in September 1999 ended a previous commitment to provide central funds for EAS projects until the legitimate demands of registered labourers had dried up. This commitment was precisely what made the EAS, following the EGS in Maharashtra (where it worked far more effectively, as we shall see) a scheme which held out the promise of empowerment through collective actions and the mobilization of rural labour.

^{viii} Interestingly, some of the benefits of the Green Revolution did reach smaller farmers and the landless in subsequent years, thus undermining the ‘worst case’ rhetoric of some on the Left: for a review, see Harriss, 1992.

^{ix} Wherever possible, we prefer not to state the name or the precise job title of our interviewees, many of whom talked to us on condition that they would not be identified (though see also note xvi).

^x A scam that allegedly involved the looting of perhaps World Bank funds (possibly \$200 million) to pay for livestock improvements in Bihar. On this and other scams, see Nambisan (2000).

^{xi} For a more nuanced account of corruption and rent-seeking behaviour, see the collection of essays edited by Mushtaq Khan and Jomo Kwame Sundaram (2000).

^{xii} It is significant here, as Ben Rogaly (2002) has emphasized in his research, that the state is coding migration as a problem, even as a pathology.

^{xiii} Some work was obtained by a group of Harijans on another (non-EAS) road scheme connecting the village school to the western Yadav *tola*. They were promptly dismissed when it came time for black-topping the road, and skilled labourers were brought in from outside.

^{xiv} In Figure 2 the smaller box shows, in the case of Sahar Block, Bhojpur District in Central Bihar, that 41% of all scheme funds were spent on just 8% of all villages; conversely, 46% of villages received no EAS funds at all between 1993 and 1998.

^{xv} Here, as elsewhere, District officials were wary of schemes that demanded the active participation of groups of villagers (or village factions, as they might be described). Many officials preferred to work with and through established village leaders or local politicians, the better, they said, to get the job of development done.

^{xvi} “The instructions direct that one should employ resources on various sectors. One of the sectors is forestry. If we implemented the scheme in [neighbouring] Raghapur Block, all the plantations in a year would get washed off next year due to erosion that Ganges causes in this area! How insensible to impose such restrictions from above without appreciating the ground conditions”. Interview with Bhola Babu. (The names of the local ‘MLAs’ are given in the text about here because they can easily be looked up).

^{xvii} For a detailed account of the politics of Bidupur-Hajipur at the time of the 1999 General Election in India, see Ranjan (2000).

^{xviii} In the course of one conversation, Bhola Babu produced a copy of the release letter of the second installment of funds from the Government of India, as sent to the DM of Vaishali for 1998-9, and said: “Our people in Bidupur are patient. I tell them that when the next installment would come, I would get the schemes in their area too. [Showing the letter] Now the second installment having been received, I would cover other areas as well. This is why you find only limited schemes in few areas until now”.

^{xix} Or perhaps this should be the other way around. The failure of the EAS to employ many females in Bihar and West Bengal is probably less surprising – given the generally subordinate position of women there – than is the success of women in gaining work in Maharashtra’s Employment Guarantee Scheme. In both States, an evident gender bias was reproduced and justified with reference to the type of work that was entailed: ‘heavy work’ that was supposedly ‘not suitable’ for women, and which was itself a product of a bias to *pucca* schemes.

^{xx} Mushtaq Khan and Jomo K.S. (2000) make the important point that almost any income that is received by an individual or a firm could be called ‘rent’ if it is not generated through competitive market relations, but that this would not be very helpful. They further point out that some countries (as in East Asia) have fared very well despite high levels of rent-seeking or ‘crony capitalism’, while others, as perhaps in South Asia, have not. What matters is the type of rent that is extracted or sought, and the reasons for it: something which less nuanced accounts of the dangers of ‘rent-seeking’ behaviour fail to register.

^{xxi} Haripriya Rangan makes the same point when she berates leading anti-development thinkers for ‘celebrating the margins’ precisely when many of the people at those margins are demanding to be included in the processes of development and development planning: see Rangan 2000, chapter 6.

^{xxii} There is a further difficulty here. It is not clear that the state in India *has* recruited mainly from the ‘lower orders’, if by this Kaviraj means the rural or urban poor. In the main it has not. Men and women in the lower layers of officialdom may not speak English, but they generally live or aspire to live in urban areas and with some urban comforts. The broader point, of course, is that we often need a finer mesh of

categories than is provided by the distinctions between elite/mass, upper/lower or English/vernacular – notwithstanding that these pairings are instructive and provocative.

^{xxiii} Although we have focused on Bihar in this paper, it is worth underlining that matters were not so very different in West Bengal: once again, a programme that was meant to be demand-led and geared to the needs of unskilled labourers was converted into a more traditional ‘bricks and mortar’ scheme. The main difference is that, in West Bengal, District-level officers tended to combine with their Block and village-level subordinates to prevent information flowing to poorer villagers and their representatives. Particularly in Midnapore, where officials recognized that the CPM might indeed raise the awareness of the labouring poor, the bureaucracy was unwilling to raise expectations for fear of dashing them later. District and local-level bureaucrats did not trust the governments of West Bengal or India to make sufficient allotments of EAS funds to meet local needs.

Figure 2: EAS Spending by Panchayat and Village, Sahar Block, Bhojpur District, 1996-7 – 1998-9

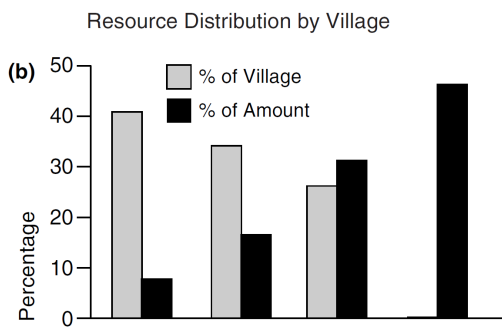
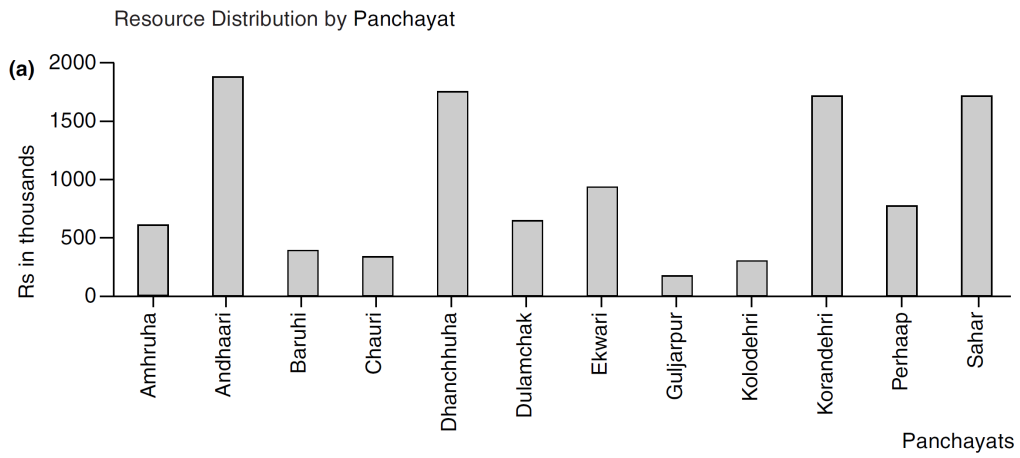


Figure 3: EAS Spending by Panchayat and Village, Murhu Block, Ranchi District, 1993-4 – 1998-9

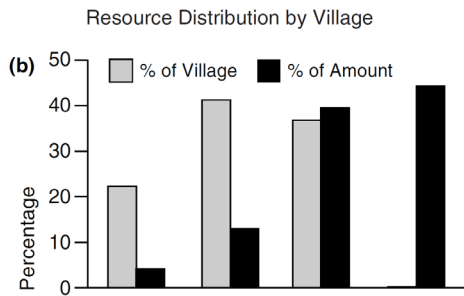
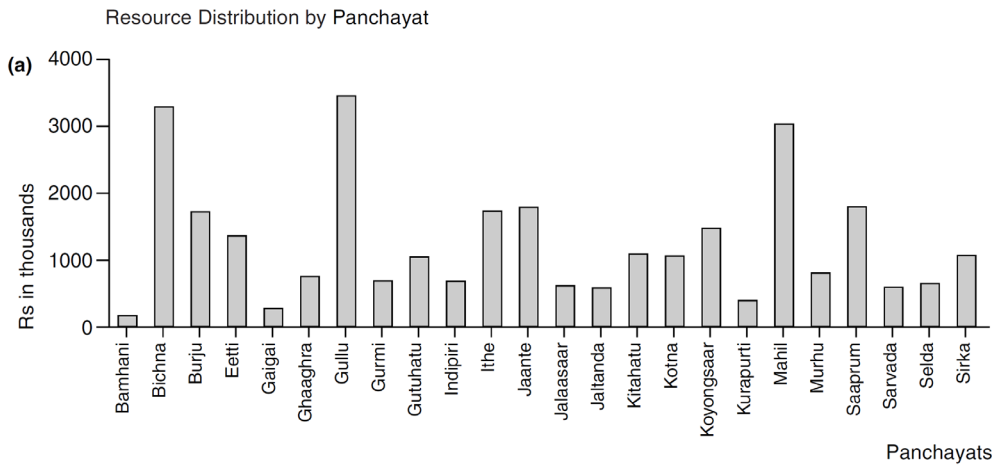


Figure 4: EAS Spending by Panchayat and Village, Bidupur Block, Vaishali District, 1996-7 – 1998-9

