

# Congress-led government offers band-aid to haemorrhaging rural India

Parwini Zora, Daniel Woreck  
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Indian Prime Minister Manmohan Singh travelled to a remote village in the southern state of Andhra Pradesh last month to announce the launching of a National Food For Work Program (NFFWP).

The site of Singh's announcement was meant to symbolize the strength of his United Progressive Alliance (UPA) coalition government's commitment to eradicating hunger and poverty. Plagued by debt, drought, and hunger, thousands of farmers in Andhra Pradesh have taken their own lives in recent years. In just one district of Andhra Pradesh, Anantapur, an average of 600 farmer-suicides were recorded each year for five years.

Singh touted the NFFWP as the first step in implementing the promise that the Congress, the dominant partner in the UPA, made during last spring's election campaign to "liberate the country from poverty, hunger and unemployment." He said the program would be initiated in India's 150 poorest rural districts and later become nationwide, but did not offer a definite timetable as to when it would be extended to the country's 450 other districts.

The program, which in its first phase will cost US\$445 million, will pay poor peasants and agricultural labourers the equivalent of five kilograms of rice for each day of manual labour they perform. Most of the pay will be in the form of rice, with a small cash component (up to 20 percent).

The NFFWP is being presented as a stop-gap measure, while the UPA develops and implements a "National Employment Guarantee."

The Congress, to its own surprise, found itself swept back into government last May on a tide of popular opposition to the increased economic insecurity, poverty and social polarization that have resulted from 13 years of neo-liberal reforms. While the Bharatiya Janata Party-led National Democratic Alliance, which had governed India since 1998, claimed that India was "shining," the Congress election campaign made a calibrated appeal to discontent among the rural poor and the working class with promises of increased spending on poverty alleviation and public services. Prominent among these promises was a Congress pledge to quickly adopt a National Employment Guarantee, which it defined as an act legally guaranteeing at least 100 days of paid work per year on public work projects for one member of every poor and lower middle-class

household in both rural and urban India.

The guarantee was included in the Common Minimum Programme (CMP) Congress subsequently drew up with its UPA partners and with the Stalinist-led Left Front, which is supporting the government "from the outside."

Purportedly the agenda of the UPA government, the Common Minimum Programme combines populist promises of a pro-poor orientation with pledges to Indian big business that the Congress-led regime will continue with privatization, deregulation and other investor-friendly policies.

Not surprisingly, within weeks of the UPA taking office it became clear that a National Employment Guarantee Act (NEGA) was not a government priority. No mention was made of it in the UPA's first budget.

By September it was generally conceded in the capitalist press that the new government is pursuing economic, military and foreign policies virtually identical to those of its right-wing predecessor. The Left Front, anxious for some policy change that it could point to in

justifying its support for a pro-liberalization government led by the traditional governing party of the Indian bourgeoisie, began to prod the UPA to make good on its promise of an employment guarantee.

Ultimately a draft bill was published and the government promised that the NEGA would be brought before parliament during the current session and would be operational in India's most distressed districts by the spring of 2005.

However, in recent weeks the government has moved to significantly water down the draft bill and has given contradictory signals as to whether it will even introduce the legislation to parliament this month.

Elements within the government are known to have complained that the scheme is far too costly—it has been estimated that when extended to all of India it could cost the equivalent of 1 percent of India's annual GDP, or about \$8.9 billion—and have proposed various changes that would have the effect of making the guarantee all but worthless.

These include: limiting the program only to rural areas and only to those defined by the state as poor; specifying no time frame for the program to cover even all of rural India; granting the government the right to "switch off" the program—i.e. to

cancel the guarantee—at any time; and defining a household as all those living in the same dwelling. (In India it is very common for joint families to live together.)

Last but not least, the revised draft bill allows the government to pay those employed under the National Employment Guarantee wages below the minimum wage, which varies from Rs. 40 or less than a \$1 per day in Assam to Rs. 120 (about \$2.70) in Karnataka. The draft reads: “Notwithstanding anything contained in the Minimum Wages Act 1948, the Central Government may fix the rate at which wages shall be paid to the labourers employed under the Programme.”

Liberal economist and development specialist Jean Dreze, who helped draft the first version of the bill and touted it as a major social policy advance, has said the proposed changes overthrow “fundamental and non-negotiable points.”

While the Left Front has criticized the changes, saying they will result in a “toothless guarantee,” it also criticized the original draft bill from the right. West Bengal’s Communist Party of India (Marxist)-led government objected to a provision in the draft bill stipulating that if the states—which are to administer the program and provide one-quarter of its funding—fail to provide work to an eligible person within 15 days of their applying, the state government must pay them dole. The Left Front, which established a dole program shortly after coming to office in West Bengal in 1977, repeatedly failed to give the jobless the benefits to which they were entitled, pleading lack of funds. In 2001, it scrapped the scheme altogether.

The West Bengal government also didn’t want the guarantee to be fleshed out in the legislation, ostensibly because it feared subsequent changes to the program would produce a flood of lawsuits. In reality, the Stalinists, like Indian big business, fear the cost of the program could balloon given the depth of India’s jobs crisis, and want to have the freedom to scale it back.

The popular support for the institution of a program that at best will provide temporary, hard-labour jobs at meagre rates of pay speaks to the extreme social crisis in India, and especially in the countryside.

Recent years have seen a substantial decline in employment opportunities in most sectors and especially agriculture, which provides well over half of all Indians with their livelihood.

Unemployment on a “current daily status” basis is said to have risen from 6 percent in 1993-94, to 7.3 percent in 1999-2000 and to have reached 9.5 percent by the end of 2003. More than two-thirds of the unemployed are in rural areas and 60 percent are educated.

Much of the peasantry has seen its landholdings decline—the average holding is now 2.5 acres—and with the state reducing its support for agricultural prices and various other subsidies, farmers have increasingly been driven into debt.

Two decades ago, 31 of every 100 rural families were landless. Today the figure is 41.

As a result of the growth of the landless, mechanization and cuts in government programs, the average available days of agricultural work per labourer has fallen in many parts of India to less than 50. Whereas in 1997-98 government relief programs provided 860 million days of work, by 2002 the days of work provided had fallen to just 523 million.

While the Indian government and World Bank have claimed that poverty in India has declined since 1991, development specialists have shown that there has been a significant drop in Indians’ caloric intake. According to Dreze, India faces “a nutritional emergency.” In 1999-2000, the last year for which there is complete data, as much as 40 percent of the rural population was consuming 1,900 calories or less. (2,400 is considered the norm.)

Given the scope of the crisis, the NEGA, even in its original form would have been a band-aid under conditions where the bourgeoisie’s neo-liberal reform program has caused rural India to haemorrhage and plunged tens of millions in the cities into increased poverty and economic insecurity.

The proposed changes not only drastically reduce the program’s scope, but effectively ensure that it will become an instrument through which big business can drive down wage rates, while using the unemployed as cheap labour on public infrastructure projects designed to facilitate export-led growth.

The Stalinists pushed for the NEGA as a means of justifying their support for a Congress-led government that is pressing forward with the bourgeoisie’s socially incendiary liberalization agenda. Instead, the government’s inability to implement this extremely limited social welfare measure—one essentially designed to prevent much of the population from falling into a social abyss—has only underscored the utter impossibility of reconciling the needs of India’s toiling masses with the program of capital.



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