

## **Is MGNREGS A Workfare Programme? Conceptualizing Employment, Unemployment and Workfare**

**Ms. Rajimol MS<sup>1</sup>, Dr. K Gangadharan<sup>2</sup>**

<sup>1</sup>Asst. Prof. of Economics, NMSM Govt. College, Kalpetta, Wayanad and Research Scholar, Dept. of Applied Economics, Kannur University, Palayad Campus, Thalassery, Kerala, India

<sup>2</sup>Prof. and Head, Department of Applied Economics, Kannur University, Palayad Campus, Thalassery, Kerala, India

### **\*Corresponding Author:**

Ms. Rajimol MS

Email: [msrajibin@gmail.com](mailto:msrajibin@gmail.com)

**Abstract:** Unemployment, in the modern time, is considered as one of the unavoidable social evils for which no panacea exists. Workfare programmes are adopted and executed in various forms to provide social assistance to counteract it. There are a number of programmes implemented under different regimes to reduce the sufferings of the victims. Mahatma Gandhi national Employment Guarantee scheme (MGNREGS) is often referred to as the biggest of one such programmes. Though the problem of unemployment and the impact of workfare and related policies are widely discussed, there is a lack of clarity in its definition and conceptual issues. This paper is an attempt to discuss the definition of unemployment and workfare. In the last part of the paper, an attempt is made to examine how far MGNREGS--often referred as world's largest workfare programme, can be treated as a workfare programme.

**Keywords:** Employment, Unemployment, Workfare, MGNREGS.

### **INTRODUCTION**

Unemployment is treated as one of the social evils and a byproduct of industrialization. It is a social evil because the impact of unemployment is not just on the person who is out of a job: it is on the whole society. Further, the person undergoes many personal, psychological and emotional problems. Public workfare programmes are used by developing and developed countries to provide safety-net to the unemployed people who are in need of social protection. The programmes are aimed at providing a temporary source of income to the unemployed and enable them to participate and secure employment in the regular job market. The workfare often adopts unskilled manual works, which are labor-intensive in nature like reforestation, construction and maintenance of the road or other public utility places like park, canals, etc, soil and environment conservation activities and other projects which also become a source of livelihood to the participants or to the community in the long run.

There are a number of programmes adopted to provide social assistance to the unemployed and to prepare them to take up a regular job in the employment market. Policy makers, government and researchers label all such programmes as workfare and consider all the participants as unemployed. Thus there is a clarity in the concept of unemployment and workfare. This paper is an attempt to examine the concept of

unemployment and workfare. The paper is divided into Three part: part I discusses the concept of unemployment with a brief history of the term. The second part is an attempt to briefly discussion of the origin and concept of workfare as a public policy instrument. Finally, a quick attempt is made to discuss how far MGNREGS can be treated as a workfare programme.

### **Part I**

#### **Unemployment**

Compared to many economic terms used in labour studies, unemployment is of recent origin which came into being around a hundred years ago. A quick look at the history of mankind shows that unemployment was not considered as a serious social problem till the industrial revolution, though they existed in various forms across the society[1]. The pre-industrial period labour markets were characterized by its homogeneity nature – no special skill was necessary for effective field work. Most employments were in the agricultural sector. The more the number of children a farmer had, the higher was the yield. Though the population was in increasing stage, famines, calamities, and diseases kept them under control and the excess supply of labour was checked by high death rate. Since the labour requirement in the agriculture sector was more or less consistent, the problem of unemployment was hardly felt.

A systematic and scientific reflection on the problem of unemployment can be traced back to the writings of Adam Smith—the father of political economy. In his writings, the displacement of workers due to specialization in labour is discussed. He viewed it as a structural unemployment and argued that the displaced labour, once they acquire sufficient skill will be absorbed and the net unemployment taken all sectors together would be zero. This is based on the assumption of the perfect geographic and occupational mobility of labour. The comparative advantage theory of trade by David Ricardo also speaks of the possibility of the downfall of the sector where the economy has less advantage, leading to unemployment of people in that sector. The development of the other sector where the economy has advantage can solve this problem with the development of free trade and labour migration [2]. The classical economists following the Say's law of the market, subscribed to the idea of the existence of full employment -- ruling out the possibility of unemployment. The emergence of the problem of unemployment is short-lived as the market forces can make an automatic adjustment to bring equilibrium.

Unemployment due to lack of effective demand was first discussed in the writing of Thomas Malthus. His analysis indicated that the demand for luxury goods and services can be affected and unemployment may emerge in the industries or in business houses where such goods and services are offered. He altogether has ruled out the possibility of insufficient demand in the market for necessary goods. Looking at the working of the capitalist system in England, Jean Charles Leonard Simonde de Sismondi also agreed with the Malthusian concept that lack of effective demand can put the system out of track. With the publication of *The General Theory*, Keynes emphasised the need for effective demand and argued that the great depression and unemployment were the results of the insufficient demand. He also called for government intervention to reduce the problem of unemployment.

Conceptualization of employment and unemployment has given rise to a wide range of discussion and debate. ILO has taken initiatives in this direction and has brought out working definition to employment, work and unemployment. To understand what is unemployment, the concept of employment also has to be understood. Because, if unemployment is viewed as the lack of employment, job or work, unemployment is the absence of employment ie, it is the other side of the employment. To measure unemployment clearly, the reality of employment also has to be measured. Without understanding and measuring employment, it would be meaningless to measure unemployment [3].

The 19th International Conference of Labour Statisticians has defined work as “*any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use*”[4].

The definition has included all activity irrespective of it being formal or informal in character and does not consider the legality of the activity. But it excludes activities that do not involve producing goods or services like stealing and begging and self-care activities like personal grooming and hygiene. It also has excluded activities that cannot be done by someone else on one's behalf such as learning, sleeping or activities of own recreation [4].

The resolution also has defined a person in employment “*as those of working age during a short reference period were engaged in any activity to produce goods or provide services for pay or profit*”[4].

Thus, a person can be considered as employed if one has worked in a job for at least one hour. It also considered those people who are “not at work” due to temporary absence from a job as employed. The temporary absence includes shift work, compensatory leave for overtime, flexible working time, annual holidays, sick leave due to own illness or injury, periods of maternity or paternity leave and so on. Such people who are absent from the present job but has a job attachment are considered as employed.

Unemployment and rate of unemployment are viewed as one of the important measures of well-being and economic development. Though the concept seems to be simple, giving a working definition has given rise to many practical problems. It was ILO which raised unemployment as a social problem at the international level in the first decades of the 20<sup>th</sup> Century. The ILO preamble to its Constitution adopted in 1919 speak about full employment and ‘prevention of unemployment’ as its objectives. Till then, different terms were used to refer the labour with out job like ‘surplus labour’ by classical economists or industrial reserve army by Karl Marx [5].

Though the earlier efforts to provide an international standard to the measure of unemployment can be traced back to 1895, the root of the present definition of unemployment is derived from the initiatives taken by International Labour Organization in its Eight International Conference of Labour Statisticians (ICLS) in Geneva in 1954 [6].

According to this definition, a person is considered as unemployed if he/ she, during the reference period, simultaneously satisfies being:

- a. **Without work**-- the person is not in paid employment or is not self-employed. This separate the employed people from the unemployed.
- b. **Currently available for work**:- the person is willing and is available for paid employment or self-employment. The criterion is used to exclude those who are currently available for work from those who are looking for work to be taken up in future.
- c. **Seeking work**:- the person is seeking paid employment or self-employment and has taken specific steps in this regard during the specified recent period. The seeking work criterion is used to ensure that those who are willing to work has taken some active steps in this direction to be classified as unemployed.

Based on the recommendation of the 13 conference, the 19 conference also has suggested that the criterion of seeking work can be relaxed in the situations where the labour market is largely unorganized and the labour force is mostly self-employed [7].

According to the definition, an unemployed is a person;

- (a) Who is available and seeking work, whose contract of employment had been terminated or temporarily suspended;
- (b) New entrant to the labour market or those who had never been in employment previously but were looking for job prior to the specified period of reference
- (c) Person looking for job and currently available for work but have made arrangements to start a new job at a date subsequent to the specified period
- (d) Persons on temporary or indefinite layoff without pay

As pointed out earlier, active steps involved to prove that the person is really seeking employment has made the definition restrictive in nature. The seeking of employment can be verified only in well-developed countries. Whether a person is available for work and has taken an active step to seek the work cannot be verified in under developed countries where the labour market is not developed or do not exist at all. Hence the convention has suggested two different type definition to the term unemployment, namely, the Restrictive definition of unemployment and Extended definition of Unemployment;

#### **Restrictive Definition of Unemployment**

The restrictive definition emphasizes that a person to be considered as an unemployed need to be seeking work. The convention has suggested few examples to show that the person has taken active steps in seeking employment such as application to employers, registration at a public or private

employment exchange, placing or answering news paper advertisement, checking at work-site, farms, factory gates, market or other assembly places, seeking assistance of friends or relatives, looking for land, building, machinery or equipment to establish one's own enterprise, arranging for financial resources, applying for permits, and licences etc.

#### **Extended Definition of Unemployment**

Many policy makers have criticized the job seeking element of the definition as it is applicable only to developed labour market. They argue that the emphasis on seeking work does not fully capture unemployment in economies where a formal process of job seeking does not exist. Job search is mainly for paid employment and in economies where an informal system is prominent, it is not possible to capture the actual number of unemployed. In a country, if a large segment of people are self-employed, the actual number of job seekers will be much more than the official known statistics.

Thus the extended definition of unemployment requires only two elements ie, the person is without employment and is currently available for work. The person may not be seeking job or have not taken any active step to look for job for various reason such as (i) the belief that work was not available; (ii) Lack of knowing where to find work, (iii) bad weather, (iv) awaiting result of previous applications, (v) awaiting recall to work, (vi) temporary illness, (vii) any other similar reason which does not contradict with the current availability.

#### **Part II Workfare**

One of the policy measures adopted to tackle the problem of unemployment by the modern government is to provide employment opportunities or to make the displaced person capable of adapting to the new field of work where employment opportunities exist. Upholding the concept of work culture, the programme is popularly known as "work for your welfare" "work for welfare" or "workfare". *Workfare* is the practice of requiring those who receive public benefits or social security assistance to spend time on some mandated activity. The term was coined to represent a change in the welfare approach of direct social assistance through cash transfer to the mandatory work requirement. The participants usually required to take part in public work programmes to receive social assistance in the form of cash or in kind such as food, housing, medical expenses etc.

#### **A brief History of workfare**

Though the state funded social assistance was in practice in different part of the world, the welfare assistance is believed to have its origin with the Poor

Relief Act of 1601 which is popularly known as the poor laws [8]. The Beveridge Report of 1942 and the National Insurance Act of 1946 painted social assistance a right based colour, making it as part of the obligation of a welfare state [9]. But this approach was questioned from different corners as it carries obligation from the part of the state with out any positive contribution from the part of the citizens. Policy makers and the government argued for welfare assistance which requires some kind of contribution from the part of the able bodied citizens.

It is believed that the concept had its origin in the US where James Charles Evers introduced work associated with welfare assistance in 1968 which was popularized by Richard Nixon in 1969 where he spoke about the 'ending of welfare as we know it'. According to Nixon administration, work-based social assistance is more effective and has a positive alternative to the passive provision of welfare support [10]. Rober Walker [11, 12] holds the view that though the concept of work based welfare became a centre of welfare and debated extensively in European countries in the last few decades as a reform measure, US history bear evidence to the existence of such programmes even before the 1930s. Participation in work as a requisite for the receipt of the benefit under Aid for Families with Dependent Children (AFDC) was introduced in 1962 by the then US government. Like wise the special employment creation projects also contained provisions of work participation. The Work Incentive programme (WIP) introduced in 1967 is treated as the centrepiece of federal employment policy. The programme contained the mechanism for operationalising workfare (10).

### **Defining Workfare.**

Lodemel and Trickey define workfare as "*programmes or schemes that require people to work in return for social assistance benefit*" [13]. The non-compliances to the work requirements will result in the loss of benefit in full or at least in part leading to serious negative financial consequences. Thus *workfare* builds the bridge between social policies and labour market policies, the two elements of welfare which were traditionally separate.

The above definition has three elements: a. *workfare is Compulsory*. The participation in the work is compulsory for those who wish to avail the social benefit. The non-participants are excluded from availing the social benefit. It is a work based and work enforcing welfare programmes [14]. Because of the compulsory characteristics associated with the workfare, it is often described as '*throtter*' means a programme which carries a package of 'threats' and 'offers' [10, 15]. b. *workfare is primarily about work*: unlike other social benefits, where the recipients usually

do not have a responsibility, the workfare demands a compulsory participation. The works are often aimed either at building individual or social infrastructure or bringing some physical benefit to the society or to the participant at large. The participation in skill development programme, attending training or such programmes are often not considered part of workfare. c. *workfare is about policies tied to the lowest tire of public Income support*. Workfare by nature is part of social assistance programme. Social assistance refers to as the last resort of income support the beneficiaries have. Thus, it is associated with 'means testing'. The programme is a mixture of work and welfare and aimed at enhancing the welfare of the social security recipients [14, 16].

The shift from 'direct cash benefit transfer' form of social assistance to 'work based social assistance', the compulsion and coercion associated with them, carry a strong message to the benefit recipients. With the emphasis on work rather than training or any other form of activation, the policies are also aimed to modify individual behavior [17]. It was argued that 'no strings attached welfare entitlements erode the employment habits, job skills and work ethics of the poor'. Policy makers demand the work-based welfare assistance on the ground that of the poor performance and the reluctance to adhere to the work-habit, unwillingness to take up the challenges and responsibilities attached to the work of those returned from social assistance to regular employment.

### **Part III MGNREGS**

With the policy changes to work-based social assistance, a number of such programmes were introduced in different part of the world. Mandatory Work Activity (MWA) and Community Action Programme of UK, The Qualification Programme of Norway, The traditional Internal Improvement Programme or the Public Work Programme (PWP) of US, Revenu Minimum d'Insertion" (RMI) of France, Trabajar Program of Argentina are some of the workfare programmes. The Canadian *First Nations* youth employment training programme is a modern version of workfare. A close look at most of this programmes shows that they contain the element of human capital formation rather than just benefit transfer for work.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), originally initiated as National Rural Employment Guarantee Scheme (NREGA), is launched in 2006 to provide employment to the unemployed person. The programme still continues with the objective of "*enhancing the livelihood security of the households in rural areas of the country by providing at least one hundred days of*

guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work" [18]. It is estimated that since inception, a sum of Rs 411634.78 Crore has been spent and 2401.64 Crores of person days of employment were generated under the programmes as on 01.08.2017 [19].

### **MGNREGS: A Workfare programme?**

Many research writings on MGNREGS is considered it as a workfare programme [20-22] and has analysed it from the view point of providing social benefit in return for the work done by the participants. As it implied in the definition of workfare, to consider a programme as workfare, it must satisfy three main elements namely, (a) *it is Compulsory*; (b) *it is primarily about work* (c) *it is about policies tied to the lowest tier of public Income support*.

A simple analysis of the MGNREGA, as it is today shows that they fail to satisfy at least some of the characteristics of a workfare programme. The two elements of the compulsory nature and the programme is essentially about work are definitely satisfied where as the third element of it being the last resort of assistance to the participants are neglected. As per the norms of the programme, any person, irrespective of his occupational status can participate in the MGNREGA programme. There is no means testing is carried out for enrollment.

The workfare programmes, in general, are based on assumptions like (a) there are enough job for all the unemployed to be engaged in one way or another; (b) the welfare recipients can successfully transit to the labour market through workfare; (c) the recipient can move to the higher ladder of employment if they stay long enough in the workfare; and finally, (d) welfare recipients can be motivated to enter into regular job than depending on welfare [10].

A simple analysis of MGNREGS shows that it failed to comply with many of these assumptions. Since the work offered through the programme are primarily based on unskilled work, there is no skill acquisition being made. Further, there is no guarantee that the participant can move to a higher ladder of employment as the programme usually do not provide any training or skill acquisition. The programme guarantees financial assistance equivalent to 100 days of wages in return for the work done. The Indian experience shows an increasing number of participants and budgetary allocation which indicate that the benefit recipients continue to depend on social assistance and do not move to a regular job.

Finally, it is good to examine how far a programme has achieved in attaining the policy

objectives of a workfare programme such as (a) ensuring that the able bodied adult members contribute something to the society in return for the welfare they receive, (b) reducing the welfare dependency and welfare costs, (c) enhancing the occupational opportunities available to the participants through training and skill updating and finally, (d) helping welfare recipients to find a job in public sector or in private sector. The primary objective of the MGNREGA is to provide employment to the unemployed and in the process, it is assumed that they build physical capital and means of livelihood which can ultimately take them out of the welfare dependency. But this objective of the programme often remains unattained and building up capital for livelihood are seldom attained. Since there is no skill development programme and the employment opportunities offered through this scheme are hardly capable of enhancing any employment skills, the scheme has failed in improving the quality of human capital or in enabling the participants capable of finding a job in public or private sector.

### **CONCLUSION**

Workfare programme in the sense of earning benefit alone had never existed as it is also aimed to enhance the living condition of the beneficiaries and to make them less dependent on social welfare support in the course of time. The programme aims to help employable people to find work, make them capable of entering into the labour market and make them independent of social assistance. There is often a target group like the lone mothers, long term unemployed, unemployed youth and so on who otherwise find it difficult to find a job.

There are different programmes offered by various regimes to provide employment assistance or to social security benefit to the unemployed. MGNREGA is one such programme which aimed at providing employment to 100 working day to any one willing to be included in the programme. Though it is a programme based on employment, it cannot be termed as workfare in its true meaning as many of the essential elements are not present with the scheme. One of the main elements of workfare – being the last resort of dependence for the participants through means testing is over looked. Further, the programme also has failed to enhance livelihood status of the participants and make them independent of the social assistance.

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