

WHY SHOULD UNIONS' ENGAGE WITH THE NREGA?

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Trade unions have through their history remained committed to achieving full employment. Our commitment in organising the unorganised is derived from this understanding. We believe that with increase in visible employment, aggregate real income will increase, which in turn will increase aggregate consumption of the poorest of the working class.

We, however, recognise that achieving full employment is neither tenable nor sustainable in a capitalist economy. The very existence of unemployment is essential for maintaining the stability of the capitalist system. There are four clear factors that make the existence of unemployment necessary for the stability of the capitalist system. First, it provides the capitalist system with a pool of available labour from which to draw on when the pace of accumulation increases and economic growth creates a need, however temporarily, for more workers. Second, unemployment serves to discipline workers, who may not fear being laid off in an environment of full employment or become more militant in articulating and struggling for their demands. Third, unemployment is an effective instrument that capital uses to hold down wages by using unemployment to discipline workers and thereby decreasing their bargaining power and thus keep wages from rising. Finally, inflation is an instrument of capitalism to sustain downward pressures on real earnings of workers and their by eroding their bargaining power.

In the national context, the contribution of the rural sector in the GDP is fast declining though the population dependent on it has remained almost stable over the years. The contribution of agriculture to GDP in the period 1960-2002 has declined from 55 per cent to 24 per cent while the percentage of labour force dependent on agriculture has declined only marginally from 74 to 60 percent. Considering rural non-farm sector, the percentage of employment in this sector in total rural employment has only increased from 16.6 per cent in 1977-78 to 23.8 per cent in 1999-2000, which definitely does not have the capacity to absorb the mass of the rural disguised unemployed workforce. Hence, the pressure on the rural sector is growing each day.

According to the *Rural Labour Enquiry Report On Consumption Expenditure of Rural Labour Households: Year 1999-2000 (55th NSS Round)* the average daily earnings of workers in agricultural operations in a Rural Labour Household is Rs. 40.58 for men and Rs. 28.57 for women and the number of days worked on wage employment by men in a year is 222 and women is 192. And finally, according to the same report, the average number of wage earners in a rural labour household is 1.7. Therefore, even if we assume that there are 2 wage-earning adults (one man and one woman) in a rural household then

the annual earning from wages is Rs. 14500 ($=40.58 \times 222 + 28.57 \times 192$) approximately. Even if we use the national average as the baseline for earnings of all rural workers across the nation and consider Rs. 60 as the floor wage under NREGA, a 100-day guaranteed employment would mean an increase in the annual earning of a rural household by more than 40%. Considering the fact that the national average wage earning is far greater than that prevailing in most of the NREGA districts, the increase in rural earnings with the implementation of the NREGA would be considerably more than that calculated here.

Further, if we consider the NSSO's 60th Round Survey on Employment and Unemployment conducted in January-June 2004 we find that at the all-India level according to the current daily status the unemployment rate in the urban sector is 88 persons per 1000 persons as opposed to 91 in the rural sector. The urban sector has dismally failed to create new jobs. Further, expenditure in the public sector has declined over the years thereby reducing its employment generation capacity. Consequently, the urban sector has become all the more incapable to absorb the migrating rural workforce. Hence despite the intrinsic dualism rural-urban migration is also not sustainable. In the light of this employment crisis we see the NREGA as an opportunity to broaden our struggle and provide space for organising rural workers around the legal guarantee of 100 days of employment.

The NREGA as it appears today has its own shortcomings. It fails to ensure full employment of 240 days at minimum wages for all capable and willing adults. Moreover what we should also understand is that even if we get a guarantee of 240 days employment at minimum wages, this wage is far from the living wage. This wage may lift the rural workers from a state of destitution to a higher level, but it will fail to use the labour resource of the economy to its full potential. Also in the operation of the NREGA, wages are decided in terms of agricultural wages when the actual work provided is necessarily non-agricultural work. This work is quantified in terms of the PWD schedule of rates. As a result the daily wages payable under the Act remains ambiguous until the quantum of work is defined appropriate to the wage rate under the Act thereby leaving it to the states to interpret it in favour of the rural landed interest. In our understanding and experience, the initial struggle in implementing the Act will be to define, according to the area and conditions of work, a schedule of rates for different non-agricultural work commensurate with the wage rate applicable under the Act.

However it also throws up some important challenges before us. Addressing the gender issue is one such test. In a predominantly patriarchal society, we fear that men will singularly accept the work provided under NREGA thereby excluding participation of women workers. However we also believe that if women come out to work in the projects under NREGA while the men continue to work in the traditional areas of work, it will have a three-pronged effect:

1. The aggregate family income increases. Women in the rural sector are paid lower wages than their male counterparts and hence it is more profitable for a

- household to withdraw the women workforce from the free labour market and engage them under the NREGA where they are paid a minimum wage.
2. The gender harassment and exploitation that women are subjected to under the traditional agricultural sector is like to considerably diminish.
 3. Finally, if women do accept work under the NREGA, with the increase in their wages the average wage in a rural economy will rise and the demand for higher wages in the traditional sector will get strengthened.

If the Maharashtra EGS is any example to go by, the guarantee of work did result in empowerment of women and the mobilisation of the poor. The proportion of women amongst Maharashtra's EGS labourers is close to 45%.

From the past experience of various Food-for-Work and other rural employment programmes the following is evident:

- i. The programmes do not fulfil the potential for a wage push, because of inadequate work quantum and low wages – often below the statutory minimum wage.
- ii. Without effective control and monitoring of rural people, the resources get siphoned off or unproductive work is planned. Consequently, they rarely result in any long-term asset creation for rural development.
- iii. These were not legally enforceable and therefore dependent on political patronage without creating a political space for organising the rural poor. They did not provide a framework for collective bargaining and had little potential for accumulating organisational strength.

The NREGA makes a limited attempt to bridge these gaps. It has two distinct aspects:

- i. It specifies legal rights enforceable under law for:
 - a) 100 days of work for any rural household
 - b) Minimum wage of Rs.60 per day or the prevailing statutory minimum wage in the region, which ever is higher for rural work
- ii. Gram Sabha has been legally empowered to productively employ rural surplus labour to create real capital assets in the rural sector for development.

A guaranteed additional income of at least Rs. 6000 will definitely increase the effective demand in the rural sector thereby fundamentally altering the consumption pattern of the rural economy. What we also understand is that these provisions of the Act will lead to a multiplier-accelerator effect. The investment made by the government in creating real capital assets in the rural sector is likely to affect the consumption pattern of the rural workforce, which in turn will affect further investment decisions in the rural sector. This understanding is derived from the simple fact that one person's spending becomes another person's earnings, which in turn, allows for further spending. Any increase in spending, then, whether originating from the private sector or the public sector, gets multiplied through successive rounds of income earning and consumption spending. It opens up space for increasing the investment into wage goods sector thereby shifting the axis of national development from imperialist induced luxury consumption sector.

A comprehensive implementation of the NREGA would entail that the working population will demand a larger portion of the budgetary provision for themselves. To ensure that the government will have to either expand the tax base or indulge in deficit financing to raise resources. The LPG package introduced in the third world countries, including India, calls for reducing the tax rates thereby promoting the interest of capital as well as drastically cutting deficit financing. Hence by demanding a larger share in the cake, the workers would force the government to take action that would go against their class interest. This is the class struggle that we envisage NREGA would open up.

This Act also establishes some crucial rights of rural workers. Given the anomaly that though a majority of the workforce in India is dependent on the rural economy, very few cases of violation of labour rights appear in courts of law as opposed to the numerous cases lying in courts filed by the miniscule organised sector workforce. This Act is path breaking in the sense that for the first time in the history of Indian labour law there is a law that specifically establishes rights of rural workers. The NREGA establishes the right of rural workers to

- payment of wages
- equal wages for equal work
- minimum wages or the nationally established floor wage of Rs. 60
- a 7-hour workday and a weekly day-off
- a crèche, for children accompanying parent
- medical facilities and compensation, in case of worksite accidents
- unemployment benefit, if no work can be provided
- information, regarding every stage of the implementation of the Act.

Further, the provision of work under the NREGA is demand driven. The creation of a sustained demand will depend upon the organisational strength of the rural poor. The act has to be effectively used to accumulate organisational strength to sustain this demand besides changing the political shape of rural India.

Effective implementation of this Act will contribute to the reduction in outward rural migration. The rural workers migrate to urban centres in lean agricultural seasons, which tends to reduce the average wage in these urban centres by undercutting urban wages. The security of the additional income to the rural workers provided by the NREGA will strengthen their bargaining power, which in turn will make it possible to raise the urban floor wage of unskilled workers.

We therefore views the NREGA as potentially a programme that can result in a positive impact on collective bargaining strength of the poor communities, both with their employers and the government:

- (i) as it opens up the scope for advancement of the process of unionisation in the agrarian and rural sector and also advances unionisation around the core principal of one union in one location and one sector; and
- (ii) as it can be seen as a critical labour right – where the two rights have primacy over all others: the right to employment and the right to payment of wages.

The focus of winning these rights must not be limited to campaigns, however important this may be in the initial period, but beyond it, through sustained struggle of rapidly unionised workers. In the first instance, we shall focus and concentrate on specific contiguous areas which enable us to integrate the organised union strength with new organising initiatives. This view comes from the organisational understanding that if union power has to be advanced in a short time it has to accumulate organisational strength to make *strategic strikes* at specified sites.

Further proper implementation of the NREGA in the rural sector would also mean the creation of an employment opportunity in the rural sector beyond the employment provided by the semi- feudal structure. Contending this will not be an easy task, as it would entail breaking, to some extent, the power of the feudal structure. These are challenges before us that we need to test on the ground to see its success.

The Debate:

Two possible debates:

- (1) In counter position to the foregoing position has been the view that issues of corruption and its removal must precede the implementation of the NREGA. This in our view limits the possibilities of legislative obligations to employment guarantee.
- (2) The results of the Brazilian cash transfers have been well received in terms of lowering levels of inequality. The question that needs to be debated is that unconditional cash transfers a more superior form than the NREGA. Alongside, where does the balance rest between fiscal protection and legislative mandates?

The Methodology:

The forgoing ideas could go alone as a separate panel / workshop. Alternately, if there are other papers that go with the NREGA, social protection, or the MDGs this one could be placed in such session.