

**Working Paper 222**

**State Transfers to the Poor and Back: The Case of the  
Food for Work Programme in Andhra Pradesh**

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## List of Acronyms and Abbreviations

AE	Assistant Engineer
AICC	All India Congress Committee
AP	Andhra Pradesh
APL	Above the Poverty Line
BC	Backward Castes
BJP	Bharatiya Janata Party (a Hindu nationalist political party)
BPL	Below the Poverty Line
CFW	Cash for Work
CLP	Congress Legislature Party
CMO	Chief Minister's Office
CPR	Common Pool Resources
DRDA	District Rural Development Agency
EAS	Employment Assurance Scheme
EO	Executive Officer
FC	Forward Caste
FCI	Food Corporation of India
FFW	Food For Work
GoAP	Government of Andhra Pradesh
GoI	Government of India
GP	<i>Gram Panchayat</i>
GS	<i>Gram Sabha</i>
ICDS	Integrated Child Development Services
JGSY	Jawahar Gram Samrudhi Yojana (Jawahar Village Advancement Scheme)
JRY	Jawahar Rozgar Yojana (Jawahar Employment Scheme)
KI(I)	Key Informant (Interview)
MLA	Member of Legislative Assembly
MPDO	Mandal Parishad Development Officer
MPP	Mandal Parishad President
MPTC	Mandal Parishad Territorial Constituency
MRD	Ministry of Rural Development
MRO	Mandal Revenue Officer
MSP	Minimum Support Price
NGO	Non Governmental Organisation
NMMP	National Mid-day Meals Programme
NREP	National Rural Employment Programme
NTFP	Non Timber Forest Product
PACS	Primary Agricultural Cooperative Society
PDS	Public Distribution System
PUCL	People's Union for Civil Liberties
RI	Revenue Inspector
RLEP	Rural Landless Employment Programme
SC	Scheduled Caste
SGRY	Sampoorna Grameen Rozgar Yojana (Full Village Employment Scheme)
SGSY	Swarnajayanti Gram Swarozgar Yojana (Golden Jubilee Rural Self-Employment Programme)
ST	Scheduled Tribe
TDP	Telugu Desam Party (a regional party in power in AP)
UP	Uttar Pradesh
VAO	Village Administrative Officer
VDO	Village Development Officer
WM	Ward Member

## Glossary of Terms

<i>Gram Panchayat</i>	Village representative body
<i>Gram Sabha</i>	Village assembly
<i>Gunta</i>	A local measure of volume – 12' x 12' x 1'6"
<i>Kharif</i>	Monsoon crop growing season
<i>Mandal</i>	Territorial and administrative unit (with a population of about 50,000 to 70,000) between the village and district levels
<i>Nizam</i>	The ruler of Hyderabad State
<i>Panchayati Raj</i>	System of rural local government
<i>Poclain</i>	Trade name for a kind of earth excavator
<i>Rabi</i>	Winter crop growing season
<i>Rajya Sabha</i>	Upper house of the Indian Parliament
<i>Sarpanch</i>	Head of a <i>Panchayat</i>

## Glossary of Castes

Brahmin	Priest (FC)
Chakali	Washerman (BC)
Dasari	Bard, bangle-seller (SC in Medak and BC in Krishna and Chittoor)
Deshmukh	An official working under a <i>Zamindar</i> in the <i>Nizam's</i> government
Dudekula	Cotton-twanger/carding (BC)
Gowda	Toddy-tapper (BC)
Jangam	Bards, bangles and cloth sellers (SC in Medak and BC in Krishna and Chittoor)
Kamma	Cultivator (FC)
Kapu	Cultivator (FC in Krishna and BC in Medak)
Kuruba	Shepherd (BC)
Lambada	Nomadic livestock keeper (ST)
Madiga	Leatherworker and scavenger (SC)
Mala	Agricultural labourer and leatherworker (SC)
Mangali	Barber (BC)
Mudiraj	Fisher (BC)
Reddy	Cultivator (FC)
Uppara	Earth-worker (BC)
Vaddi	Well-digger, earth-workers (BC)
Yadava	Livestock keeper (BC)
Yanadi	Snake catchers (ST)
Yerukula	Pig rearers, salt sellers and basket weavers (ST)

## Summary

This paper reflects on the shortcomings of the Food for Work (FFW) programme in Andhra Pradesh to provide employment to drought-affected poor people. It shows how design faults, administrative mismanagement and local politics created conditions that were conducive to the large-scale misappropriation of resources meant for the poor. Drawing upon 12 months of primary field research (conducted in 2001 and 2002), it documents the processes that led to the illicit diversion of rice and the exclusion of very poor and lower caste people in six villages in AP.

The paper documents six generic types of irregularity, which were particularly damaging to the poor:

1. ineffective *Gram Sabhas* and top-down methods of work identification;
2. the employment of ‘contractors’;
3. the selection of beneficiaries by contractors instead of the very poor self-selecting themselves;
4. inappropriate wage-setting and the displacement of the very poor by slightly better-off people;
5. payments in cash instead of grain;
6. the use of labour-displacing machinery and a disregard of the mandatory labour:material ratio in works executed.

Wages were set at a level that was attractive to the non-poor in drought-affected locations and not attractive enough to the poor in irrigated locations. In the former case, this led to the intended beneficiaries being displaced by better-off groups. In the latter, it created strong incentives for using heavy machinery instead of labour. Entrenched power structures and social hierarchies allowed the corruption of service delivery systems. Bureaucratic inefficiency in releasing the rice, combined with unrealistic targets for completing works, added to these problems. The overall outcome was that the programme reached very few poor people in both dry and irrigated zones in the study areas. We show how, in the absence of impartial monitoring systems, adversarial politics and a free press have helped to limit irregularities and expose the cornering of benefits by the élite. Finally we identify lessons for policy that could help to make the design and implementation of similar projects more robust in the face of both political and rent-seeking tendencies towards misappropriation and misallocation.

# 1 Introduction

Few countries can claim the nature and scale of poverty programmes the Government of India (GOI) has put in place to reduce the poverty and suffering of poor and vulnerable groups in rural areas.<sup>1</sup> Such assertions are particularly true of the redistributive measures that underlie India's food security regime. Along with the Public Distribution System (PDS), which provides subsidised food and other essential commodities to the poor, an important element of India's food security regime has been the Food for Work (FFW) programme, which provides poor people with food – typically foodgrains – during periods of unemployment resulting from external calamities such as drought, floods and earthquakes.

FFW is one example (in many countries, an important one) of transferring public resources to identifiable groups of poor people who are vulnerable to crisis or chronic disadvantage of one kind or another. It does so by offering able-bodied people food in exchange for unskilled labour in public works. This paper focuses on one case-study, namely the design and implementation of FFW in one state of India – Andhra Pradesh (hereafter AP). FFW in AP is interesting both because it has been used to aid families affected by an extended period of drought in rural AP but also because it has been strongly associated with high levels of corruption. AP received more than 3 million tonnes of rice between September 2001 and July 2002, enough to feed twenty million workers for nearly a year, with a market value of Rs 30 billion.<sup>2</sup>

Drawing upon 12 months of primary research, this paper documents the processes that led to the large-scale misappropriation of rice and the exclusion of the very poor. The research was conducted between 2001 and 2002 in six villages of the districts of Medak, Krishna and Chittoor. The discussion is geared principally to issues of design and implementation but touches on a number of wider concepts, including the nature of corruption and types of governance appropriate to the efficient and accountable administration of schemes of this kind.

This paper adds to the already rich literature on how inappropriate wage-setting can result in the cornering of benefits by the non-poor at the expense of poorer groups of people. It breaks new ground in identifying how entrenched systems of power and patronage can disrupt attempts to achieve service delivery to the poor through decentralisation.

The study was conducted as part of a wider policy study on Livelihood Options in India, Bangladesh and Nepal.<sup>3</sup> The principal aims of the study are to understand what factors shape the basket of livelihood options available to the poor and what enables them to exit from, or prevents them spiralling further into, poverty. Access to benefits under pro-poor schemes such as FFW is a potentially important in both these senses and therefore merits special attention.

Key findings of the research based on comparisons of implementation by district, village and hamlet show that:

- 'FFW' *Gram Sabhas* were ineffective in putting the concerns and priorities of the poor and very poor<sup>4</sup> on the agenda.

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1 The annual Plan provision in 2002–3 for CSS in rural development is Rs180bn, for food subsidy Rs240bn, and for fertiliser subsidy about Rs110bn, making a total of Rs530bn. (Saxena and Farrington, 2003).

2 *The Hindu*, 25 July 2002: 'Probe sought into AP "rice recycling"'; BBC World News, 23 August 2002: 'South Asia – India corruption row halts food aid'; Indo-Asian News Service: 'Rice scam row heats up in Andhra Pradesh'.

3 See [www.livelihoodoptions.info](http://www.livelihoodoptions.info)

4 For a definition of poor and very poor see 4.2 on research methods The poorest (old, sick and disabled) would be excluded from FFW in any case but we presume that the intended beneficiaries are the very poor i.e. those who have very few options to earn a living when agricultural labouring work in and around the village is scarce.

- There was widespread use of contractors (which is prohibited under FFW), frequently under the control of local government officials.
- Most employment opportunities went to the hamlet of the village chief – the *Sarpanch*.
- The FFW daily wage, which was the equivalent of 10 kg of rice at the PDS issue price of Rs 5.65, was unattractive to the poor in highly diversified irrigated locations. This created the conditions for importing labour and labour-displacing machinery which then displaced the very poor who were willing to work on the programme.
- In remote and dry locations, the wages were highly attractive to the non-poor and this resulted in the displacement of the poor and very poor by better-off groups.
- The programme performed better in locations where alternative sources of employment outside agriculture were not available and this was seen in both irrigated and dry locations.
- Labourers were often paid in cash and the decision to do so was taken by contractors. Part of the reason was that rice was released to contractors late and in some cases it was because the contractors made a profit by selling rice on the open market.
- The highest level of rice misappropriation occurred in the two villages with the largest proportion of landless households.

The paper proceeds as follows. Part One discusses the principles that underlie FFW programmes and the major critiques of the approach. The subject of corruption in local government and the influence of village-level politics are also discussed. Part Two traces the origins of the current round of FFW in India and its salient features. Part Three discusses details of the kinds of irregularities observed in the study locations and differences by region. Part Four assesses whether any public voices have actually succeeded in improving delivery and services, and Part Five contains the conclusions and a discussion on how the experience of this round of FFW can inform future programme design.

## 2 Part I: The Principle of Food for Work

The concept of Food for Work finds its roots in the Irish potato famine of the late 19<sup>th</sup> Century, when a Relief Commissioner brought American corn to be given to the famine-affected poor in exchange for work (Gupta, 1996). While India introduced FFW programmes in the 1970s, they also gathered momentum in sub-Saharan Africa during the 1990s (Devereux, 1999).

The basic principle of FFW is to provide employment to the poor during hard times, to create community assets through labour-intensive work and to pay the labourers in foodgrains or other food items (Ravallion, 1991). FFW therefore aims to create win-win situations all round and has been popular among poor countries worldwide.

### 2.1 Food versus cash

FFW differs from other safety net programmes in that it is tied to the provision of food, which is thought to represent a contribution to household real income because it frees up household income spent on food for other uses. FFW is perceived as gender-neutral or even pro-women because women within the household are more likely to have control over the food received. It has been widely argued that transfers in the form of food are more likely to increase households' net food consumption than are equivalent cash transfers (Rogers and Coates, 2002). But some analysts, notably Drèze and Sen (1989), have argued that Food for Work can depress local food production. Early evaluations conducted by the Planning Commission (1979) in fact showed that food prices were depressed in some locations. Therefore, some analysts favour cash for work (CFW) because it has a less depressing effect on the economy. But others have pointed out that cash may benefit men more than women (Maxwell and Templer, 1994), and concerns have also been raised about the potential of CFW to fuel inflation. In general, the popularity of FFW outweighs CFW and a number of government programmes on conservation, post-cyclone and earthquake relief have used the FFW approach in order to provide humanitarian assistance with reconstruction.

### 2.2 Employment for poverty reduction

Here it is also worth noting India's long history of wage employment programmes for poverty reduction. The National Rural Employment Programme (NREP) and the Rural Landless Employment Programme (RLEP) were initiated in the 1970s (the Sixth and Seventh Five Year Plans). These were then merged into the Jawahar Rozgar Yojana (JRY, the Jawahar Employment Scheme) in 1989. JRY was meant to offer the poor employment through asset creation. JRY was subsequently redesigned in 1999 into the Jawarhar Gram Samrudhi Yojana (JGSY, the Jawahar Village Advancement Scheme) to convert it into a project that was primarily for economic infrastructure creation, with employment as a secondary objective.

The Centrally-sponsored Employment Assurance Scheme (EAS), launched in 1993, had objectives similar to the JRY programme. In 2001, FFW was launched as a component of EAS in some States. Soon afterwards, EAS, JGSY and FFW were merged into Sampoorna Grameen Rozgar Yojana (SGRY, the Full Village Employment Scheme) with a Central budget of Rs.100bn. But it continues to be popularly known as Food for Work, and we will use that term in the remainder of this paper.

## 2.3 Self-targeting

A major advantage of a food for work programme is its apparent ‘self-targeting’ nature. Self-targeting here means that the wage offered is pitched at a level which is attractive to poorer households, but would not attract better-off households. By this logic, even if FFW is introduced in well-endowed areas, it has the potential to reach large numbers of poor people living there.

Self-targeting makes FFW cheaper to administer than conventional targeting or the free distribution of food aid, which involve high costs for gathering information and supervision. This feature is attractive to poorer governments in the current climate of decreasing resources for development and humanitarian assistance.

## 2.4 Known problems with FFW

### 2.4.1 Wage-setting

FFW programmes have not always succeeded in reaching their intended beneficiaries. There is already a rich literature from diverse countries and continents on the problems associated with targeting in FFW. A dominant theory is that wage rates should be set sufficiently low to attract the otherwise unemployed or underemployed and provide an income transfer to such individuals (World Bank, 1998; Bhalotra, 2002). The idea is that the non-poor will select themselves out of participation in a programme that offers a ‘low’ wage and requires physical work.

An important factor in determining the outcome of FFW programmes is the wage level, and there have been wide variations depending upon the resource availability and philosophy of implementing governments. Several projects in Africa have paid a food wage much higher than local market wages (Sharp, 1997). For example in Ethiopia in 1996, the ration of wheat was found to be 138% to 190% higher than prevailing agricultural wage rates. This was partly due to concerns that a ‘liveable’ wage be paid. However it is known that wages that are set higher than the market wage attract the non-poor (Devereux, 1999; Gebremedhin and Swinton, 2000 in Barrett and Clay, 2001). This defeats the very purpose of FFW as a supplementary source for the poor who are either under- or unemployed (Barrett and Clay, 2001).

Much research has been conducted on the conceptual basis of targeting and it is now understood that the setting of wages is crucial in determining the distributional outcome of the programme. The latest round of FFW programmes in India set wages at 10 kg of rice (at the PDS issue price of Rs 5.65/kg) and this was higher than the legal minimum wage for unskilled labourers in several contexts. However, as we will see in the coming pages, the FFW wage was below the market wage in some locations and above it in others and this had implications for the participation of the very poor in the programme.

However, wages are not the only issue – common assumptions about labour availability and productivity in poor households that guide FFW design may also be erroneous. For instance, Barrett and Carter point out that the poorest can have a higher marginal productivity of labour than the wealthiest when rural markets fail, thereby inducing the most needy to choose not to participate in FFW schemes intended to benefit them (Barrett and Carter, 2001). Barrett and Clay (2001), argue that FFW cannot be efficiently self-targeting in developing country contexts with imperfect factor markets for land, labour and capital. In particular, they argue that the assumption that poor households are always ‘labour rich’ and therefore willing to participate in FFW and rich households are ‘labour poor’, is open to dispute. Other criticisms of the FFW approach are that it favours able-bodied people and excludes the poorest of the poor because they are usually those who cannot

work, such as the elderly, sick, disabled or female-headed households with many dependents. FFW has also been criticized for reaching only those locations that are favoured by the administration.

Despite these criticisms and failures, several FFW programmes have provided a vital means of sustaining life and livelihoods during periods of ecological and economic stress (Drèze and Sen, 1995; de Waal, 1997). The experience of NGO-implemented FFW programmes in AP has been particularly positive.<sup>5</sup>

#### 2.4.2 FFW and corruption

That FFW can easily lead to corruption and misappropriation is well-recognised in the international literature. Because they are so dependent on local channels of administration, FFW programmes are highly prone to misallocation, which has typically diverted food and subsidies intended for the poor (Harriss et al., 1992; Nayak et al., 2002). As Herring and Edwards (1993, quoted in Barrett and Clay, 2001) have argued, this reflects the discretion – governing decisions about project duration, location, wage rates, payment terms, etc. – that rests with local and (typically) low-paid officials.<sup>6</sup>

Some have argued that programmes based on payments in kind present fewer opportunities than those based on cash payments for local-level misappropriation of resources by officials because of the cost of storing and transporting grains (Nayak et al, 2002). However, they also point out that if these responsibilities are contracted out to ‘fair price shops’ and private contractors, then there is considerable scope for fraudulent practice. This is particularly true of situations in which the FFW price is lower than the market price, primarily because it provides an incentive to siphon off and sell a portion of the foodgrains. Indeed, this was observed during the fieldwork in AP reported below, when contractors sold FFW rice on the open market and traders ‘recycled’ it by selling it back to the FCI.

The ability to ‘corrupt’ the distribution of public resources highlights the important ways in which local institutions affect the transparency and behaviour of local government officials. In India, the 73<sup>rd</sup> Amendment of the Indian Constitution gives village, block and district level bodies a constitutional status under Indian law (World Bank, 2000a: 7). At the village level, the most important provisions relating to participation and accountability are those governing ‘reservations’<sup>7</sup> and the *Gram Sabha*. At the village level, the *Gram Sabha*, which constitutes all eligible voters within a *Gram Panchayat* area, is meant to serve as a principal mechanism for transparency and accountability. Beneficiary selection in FFW, as well as the identification of works and the disbursement of benefits, has been devolved to the *Gram Panchayat* and *Gram Sabha*. In theory, the *Gram Sabha* provides an important means of ensuring that marginal groups are incorporated into local politics and that representatives act in a way that is consistent with their formal responsibilities and the plural interests of their constituents.

In practice, however, it has not lived up to this (rather lofty) ideal. Studies of decentralisation in India have consistently highlighted the fact that the 73<sup>rd</sup> Amendment and earlier attempts at decentralisation have failed to prevent local (and primarily landed) élites from controlling *Panchayats*.<sup>8</sup> Micro-level studies have shown that *Gram Sabhas* often fail to fulfil their role as deliberative bodies or as a mechanism for accountability (Alsop et al., 2000; Deshpande and Murthy, 2002; Nambiar, 2001). This is partly attributed to low levels of participation among the

5 Discussion on FFW at Rural Livelihoods Forum organised by WASSAN, September 2002.

6 In fact, FFW has found acceptance among the supporters of decentralisation because it gives local authorities an important role in beneficiary selection and implementation. Therefore, staunch supporters of FFW in India include many NGOs with left-wing beliefs.

7 A proportion of public appointments at many levels are reserved for members of Scheduled Castes and Tribes, and for women.

8 See, for instance, Alsop et al. (2000); Behar and Kumar (2002); Deshpande and Murthy (2002); Echeverri-Gent (1992); Jha (1999); Mukarji (1999); Nambiar (2001); de Souza (2000); Vyasulu and Vyasulu (1999); World Bank (2000a; b; c).

electorate as well as the non-cooperation of local officials. Examples of the latter include officials delaying or postponing *Gram Sabha* meetings, officials not attending *Gram Sabha*, and, more generally, official decisions having no bearing on decisions reached during the *Gram Sabha* (Crook and Manor, 1998: Chapter 2; Deshpande and Murthy, 2002; Nambiar, 2001).

Explanations for poor participation in the *Gram Sabha* include (e.g. Alsop et al., 2000; Nambiar, 2001): limited benefits of participation; high opportunity costs, particularly among very poor groups; fear of disrupting existing patron-client relations; corruption; agenda-fixing; factionalism and fear of exclusion from community.

The World Bank's study of 53 villages in Rajasthan and Madhya Pradesh (Alsop et al., 2000) found that gender and education were important determinants of political participation. Even when there are reservations to ensure that marginal groups have a place in the *Panchayat* system, there is evidence to suggest that these formal institutions have been usurped by more informal patterns of domination and power. Reservations for women, for instance, are notoriously prone to corruption by male relatives, excluded from formal participation by their lack of scheduled status (Vyasulu and Vyasulu, 1999). Similar patterns have been observed among SC and ST appointees, whose economic well-being is dependent on the patronage of local élites.

In the following sections, we argue that the *Gram Sabha* and the *Gram Panchayat* were generally unable to over-ride the power of local officials and local élites, who were able to divert FFW rice away from the rural poor. Indeed, many of the main contractors were *Sarpanches*, *Mandal* development officers and other members of the bureaucracy.

The findings presented in this paper also shed some light on the ways in which competitive parties and an aggressive media can help to counter-act these powerful forces of corruption and power, an argument made by Drèze and Sen (1989). In AP, the media and the opposition Congress Party have waged a sustained battle and in some measure, have forced the State and Central governments to publicly acknowledge irregularities in FFW programmes.

### 3 Part II: The Current Round of Food for Work in India and Andhra Pradesh

The most recent revival of FFW in India was partly a response to the public interest petition filed with the Supreme Court in May 2001 by the People's Union for Civil Liberties (PUCL) against the government in the wake of starvation in Orissa. The PUCL petition pointed out that Article 21 of the Constitution makes it mandatory for the State to ensure the right to life of citizens which includes the right to live with dignity with at least 'two square meals a day'. Therefore both federal institutions and State governments ought to be held responsible for mass malnutrition at a time when there were in excess of 60 million tonnes of foodgrain stocks with the Food Corporation of India. The Supreme Court affirmed that where people are unable to feed themselves adequately, the government is obliged to provide for them, ensuring at the very least, that they are not exposed to malnourishment and starvation. Attorney General Soli Sorabjee called it a 'horrendous state of affairs' and accused the government of criminal neglect of its constitutional obligations.

Following this landmark judgement, the court passed an interim order in November 2001 that converted several food security schemes into entitlements (rights) of the poor. These are:

- Food for Work programmes
- Antyodaya Anna Yojna – subsidised food for the poorest of the poor
- National Old-Age Pension Scheme
- Integrated Child Development Services (ICDS) programme
- National Mid-day Meals Programme (NMMP)
- Annapurna scheme – subsidised food for drought-affected families

#### 3.1 FFW guidelines

According to the guidelines, FFW is a general scheme, i.e. it can form a part of any central or State government scheme that is being implemented for employment generation in districts affected by natural disaster (most commonly, drought). The intention was to integrate FFW with all such schemes implemented by *Panchayat Raj* Institutions, other local bodies, government departments, agencies, corporations, self-help groups, market committees, etc. Funds for the material component would be sanctioned from the scheme and rice towards the wage component would be drawn from the Food for Work Programme.

According to the official guidelines for FFW, the Government of India should make available appropriate quantities of foodgrains to each affected State as an 'additionality' (i.e. over and above their regular allocations) and free of cost, with a view to enabling them to provide adequate wage employment opportunities to the rural poor.

#### 3.2 Mode of payment

The payment of wages was to be partly in kind (up to 5 kg of foodgrains per man day) and partly in cash. The cash component of the wages and the material cost were to be met from the scheme under which the Food for Work programme was implemented. The cost of transporting foodgrains from the Food Corporation of India (FCI) to the worksite or PDS outlet and its distribution was the responsibility of the State governments.

The allocation of foodgrains to the States under the Food for Work Programme was to be made after obtaining district-wise proposals of requirement of foodgrains from the State Government, which would be forwarded by the Ministry of Rural Development (MRD). The MRD would then make district-wise recommendations to the Department of Food and Public Distribution for release of foodgrains.

The FCI would then release foodgrains to the District Collector or District Rural Development Agency (DRDA) within the allotted District-wise allocation of the Department of Food and Public Distribution without insisting on payment. The Ministry of Rural Development would make payments directly to the FCI against the acquisition ('lifting') of foodgrains by the States, on submission of Bills by the FCI to the MoRD duly verified by the Collector/Relief Commissioner of the State Government/DRDAs (Press Information Bureau, 2001).

## 4 Part III: Research Design and Methodology

The fieldwork for this study was conducted in six villages (comprising of several hamlets) spread across Medak, Chittoor and Krishna districts, corresponding to the historical regions of Telangana, Rayalseema and Coastal Andhra. The selection of the three districts was justified on the grounds that they are agro-ecologically distinct but also different in their socio-historical development, agrarian relations and diversification of occupational structures. Therefore we expected to find that FFW would offer more employment to the very poor (for definitions of poor and very poor see below) in relatively less diversified villages where there are few sources of employment outside traditional local labouring options. In Medak and Chittoor, these would be groups of poor people who had not been able to migrate out for remunerative seasonal employment,<sup>9</sup> and in Krishna they would be the large numbers of landless households in the village dependent on agricultural labouring.

### 4.1 Key characteristics of the three regions

**Telangana** is a semi-dry region. It was under the rule of the *Nizam* (the ruler of Hyderabad State) and is comparatively backward in terms of infrastructure development, educational facilities and the advancement of women. This region is now home to some of the poorest people in AP, who migrate out for several months a year to make a living. The capital city of Hyderabad lies within Telangana, and provides urban employment to many rural migrants. Medak has a large industrial belt in the south around Hyderabad that developed in the 1980s when the government announced tax incentives for industry which attracted investment from rich landlords from Coastal Andhra.

**Coastal Andhra** includes a number of districts that have developed faster than other parts of AP and includes the coastal delta areas that are very similar to 'green revolution' parts of Punjab, Western UP, Gujarat and Maharashtra. In these canal irrigated lands, agriculture is based on intensively farmed high yielding paddy, sugarcane, vegetables, green gram, black gram and turmeric, and the associated characteristics of the labour, such as heavy inflows of seasonal migrant labour from surrounding poor areas. Many of these farmers have been typecast as capitalist farmers, who have invested their surplus into diversifying out of agriculture. Development indicators show much improvement in female literacy, income levels, infrastructure development, the sex ratio and infant mortality.

**Rayalseema**, on the other hand, has some of the harshest environmental conditions in the State and even in the whole of India. The average annual rainfall is 700mm and the net sown area is only 38% (GoAP, 2002). The summer of 2001 brought the fifth consecutive year of drought in some parts, with ancient tanks and wells running dry. Chittoor lies in the semi-arid region of Rayalseema with an average rainfall below 1000mm per annum.

### 4.2 Quantitative and qualitative methods used

Basic information on occupation structures, caste, income and asset ownership was collected through a census survey that covered 4,647 households. Data on employment in FFW works were collected through questionnaire surveys of 360 households during September 2001–June 2002. Sample sizes for the villages varied from 40–80 households, depending on the size of the village

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<sup>9</sup> Here we make a distinction between two kinds of migration documented in AP, accumulative and coping. Coping is distress-driven, whereas accumulative migration involves high return work, such as sugarcane harvesting, trench digging (for a detailed account see Deshingkar and Start, 2003). While those undertaking coping migration could justifiably be included in potential beneficiaries of FFW, households on accumulative migration are often not poor and therefore not eligible to participate.

and were selected through stratified random sampling by landholding and caste. This was done because land and caste<sup>10</sup> continue to be major axes of wealth and power in Andhra Pradesh.<sup>11</sup> In addition to this, qualitative data were also collected from *Mandal*-level government officials, key informants at the village level, and poor households across all locations. Focus group discussions were used as a tool to understand structures of power and patronage as well as exclusionary processes and how these impacted on beneficiary selection, identification of contractors and works as well as village-level modifications to wages adopted during the programme. One research officer was based in each village for the entire duration of the data collection.

### 4.3 The study villages

#### 4.3.1 Medak

**MD** is a remote village in the north-eastern part of Medak. It receives very little rain and there is also not much groundwater to tap. It is unreachable in many ways and in the words of the Mandal Revenue Officer (MRO) ‘nothing happens here’. People are poor and many of them migrate out seasonally to high agricultural productivity zones and also to Hyderabad. The agrarian system is still very feudal with one Deshmukh (Brahman) family owning most of the land. The Mudiraj (erstwhile fisherfolk) dominate the village numerically with 246 households (57% of the population). Most of them are small and marginal farmers. The Reddy and Gowda are a little better off with most of them in the small farmer category. The only non-farm diversification is into government jobs. All castes and classes, with the exception of the Brahmans, migrate.

In contrast is the other study village in Medak, **GU** which lies in the industrial belt. GU has a very large non-indigenous population because of immigration for work in local industries. While 65% of the population is native, the rest has settled in the village over the last 20 years. Economic and political power is concentrated in the hands of the Reddy, who are mainly natives of the village. All the large farmers belong to the Reddy caste. In fact, they are the most landed community in the village, with 36 medium farmer households, 37 semi-medium farmer households and 87 in the smaller landholding categories. The Mala and Madiga (the two main Scheduled Castes in Andhra Pradesh) are mainly landless. A few households received land during the reform programme 30 years ago but most of this is left fallow as it is dry and/or degraded. There is a high level of diversification in this village, with several shops and workshops.

#### 4.3.2 Krishna

**KO** is a large, well-connected and well-endowed village, typical of the better-off villages of the delta zone. It has a characteristically large population of 1429 households. This reflects the many work opportunities present in the village that have attracted people from outside over the years, which have kept the villagers from moving to other destinations. The village is highly developed and there are many amenities, including a variety of shops, such as bookshops, dispensaries, pesticide shops, etc. The village is a destination for seasonal immigrant labourers who come for 3–4 months a year to harvest the paddy. SCs are numerically the most dominant group but they are also

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10 Studies on caste and poverty have shown that poverty is worse among historically marginalised groups, and in AP, as in the rest of India, these are the dalits (SC) and tribals. These groups are poor for different reasons. The dalits are the lowest in the Hindu hierarchy, the so-called ‘untouchables’ who had to do all the dirty jobs such as skinning carcasses and cleaning out latrines and drains. Although the practice of untouchability was abolished by the Untouchability Offences Act in 1955, discrimination against these communities still continues and they are among the poorest and least educated in India. The tribals have suffered from large-scale displacement and destitution due to the destruction of indigenous forest-based livelihood systems.

11 We are beginning to see changes in this pattern. Recent research on diversification has shown that the landless may not be the poorest because of increased mobility and more options for remunerative work outside agriculture (Start and Deshingkar, 2003).

mostly landless, thereby limiting their economic (and political) power. Over 54% of the Mala and more than 60% of the Madiga work as agricultural labourers.

**KA** is a prosperous village with assured canal irrigation, which enables farmers to take two paddy crops in a year. In that sense it is a typical delta village. But is relatively remote and less developed when compared to KO and this is reflected in its lower population. In fact, the growth of population has been very low due to permanent outmigration. Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) show that a majority of households have one or two members who have settled permanently in nearby urban locations, such as Vijaywada and Machlipatanam. These people are small businessmen or work in the service sector, for example as bus conductors or drivers. There are three hamlets in this village and although they are all multi-caste, they are all dominated by different castes. KU Palem has more Gowda and also more large farmers. Kamlapuram, on the other hand has more Kapu and more medium farmers. Kalavagunta is again dominated by Kapu but it has a greater proportion of landless and small farmers compared to the other hamlets. SCs are strikingly landless, which is worse than their status in the study villages in Medak and Chittoor. Here too a majority of Mala and Madiga households work as agricultural labourers.

### 4.3.3 Chittoor

**OP** village lies between the western and eastern parts of Chittoor district. It is situated near the border with Tamil Nadu and the cross-cultural influences are palpable. There is much movement of people and produce across the border. This *Mandal* lies in a 'V' shaped rain shadow area which has been in the grip of a serious drought for the last five years. It is officially classified as drought-prone and has been declared as drought-affected for the last two years. The drought has had a deep impact on life in the village, with many farmers, particularly groundnut farmers, leaving their lands fallow rather than taking the risk of farming with uncertain outcomes. What were previously coping mechanisms have therefore turned into risk mitigation in OP. In other words, life has adjusted itself to a lower water profile, with many marginal farmers now reduced to being wage labourers on a more or less permanent basis. Several poor households have diversified into service sector jobs that cater to establishments in the nearby town of Chittoor. Dependence on common pool resources (CPR) for collecting and selling non-timber forest products (NTFPs) is heavy, particularly during the lean work season. The Reddy are the most wealthy in terms of landholding, with the Kamma closely behind. The Mala and Madiga are mainly landless, although the Mala form the largest ethnic group in the village with 47 households (21% of the population).

**VP** is in the dry part of the district and has suffered from drought for the last four years. Sericulture was a major occupation in the village, which took off in a big way in the 1990s but has now been undermined by cheap Chinese silk imports. Several people, particularly those belonging to the Vaddi caste, migrate out seasonally for agricultural work and work on construction sites. Now those households that have accumulated some wealth through migration and sericulture are investing it in irrigated farming to enter the expanding horticultural sector in Chittoor. Larger holdings are concentrated in the hands of the Yadava, and Reddy castes. Although the Vaddi have succeeded in accumulating a degree of wealth, as evidenced by the large new houses and temples that they have constructed, they rarely own large parcels of land. Out of 207 Vaddi households, there are no large farmers, only one medium farmer (out of 15 in the village), 3 semi-medium farmers and 7 small farmers. The rest are marginal and below, and 56 households are completely landless. This is partially explained by the fact that their skills are outside agriculture – they are well diggers by tradition and have lately diversified very successfully into digging for a variety of rural and urban projects. But the Vaddi have risen rapidly in social and economic spheres. They won the *Sarpanch* position recently from the Yadava family who had held it for the previous 37 years. As a result they

have acquired a formidable reputation as a strong community and are now clearly a force to reckon with in the area.

#### 4.4 Who are the potential beneficiaries?

FFW was instated to help poor people in rural areas who were suffering from the negative impacts of drought. However, the negative impacts of drought (reduction in work availability and wage rates) would have been felt differently by the different groups of poor people described above. Therefore we distinguish between the poorest, the very poor and the poor based on survey data related to incomes, assets, caste and occupations, our own wealth ranking, key informant interviews and accumulated experience in the field (see Annex 1 for results of wealth ranking). The poorest in our villages were often households with a disabled person or long-term illness, or female-headed households. The very poor tend to belong to the scheduled castes (SC) or scheduled tribes (ST). They are illiterate and assetless, so much so that they cannot even migrate out for remunerative work. Their main tradeable asset is labour and they are mainly unskilled agricultural labourers. The poor, on the other hand, are more likely to belong to the backward castes and work as part-skilled workers in the non-farm sector. Many of them migrate seasonally for work in high productivity areas.

Household census data on incomes confirm that STs and SCs are poorer compared to other groups. The present poverty line for AP is Rs 20,000 per annum for a family of five, but this is based on expenditure data. While our data are not directly comparable, the table below gives a broad picture of income poverty and it is seen that SC and STs and have a higher proportion of their populations in lower income categories.

**Table 1 Caste by income (Rs/annum)**

Caste/tribe	up to 15,000	15,001–20,000	20,001–60,000	More than 60,000
Scheduled Tribes	23.6%	19.6%	47.3%	9.5%
Scheduled Castes	22.3%	17.5%	50.8%	9.3%
Backward Castes	21.3%	15.4%	52.0%	11.4%
Forward Castes	20.5%	11.4%	43.1%	25.0%
Total	21.3%	14.7%	48.8%	15.2%

*Source:* Household Census Survey

Landholding plotted against income shows that, although the landless are not necessarily the poorest, ownership of land is strongly associated with income. Nearly 12% of the landless population is in the highest income category, compared to 6% for the semi-marginal.<sup>12</sup> Again this could be because they have been able to pursue remunerative options outside agriculture. Nearly 23% of the small farmer households earn less than Rs 20,000 per year. This can be explained largely by the low productivity of the holdings that many farmers operate. The picture changes noticeably with semi-medium holdings where the proportion of very poor and poor households is much lower. But the majority of households are just over the poverty line. Most medium and large farmers are well-off.

<sup>12</sup> Land ownership categories: up to 50 cents: sub-marginal farmer; up to 1.25: semi-marginal; up to 2.5: Marginal; up to 5 acres: small; up to 10 acres: semi-medium; 10–25 acres: medium; >25 acres: large.

**Table 2 Income by owned land (Rs/annum)**

<b>Landownership category</b>	<b>up to 15,000</b>	<b>15,001–20,000</b>	<b>20,001–60,000</b>	<b>More than 60,000</b>
Landless	25.9%	15.4%	46.8%	11.9%
Sub-marginal	19.3%	20.2%	57.5%	3.1%
Semi-marginal	25.4%	18.1%	49.8%	6.6%
Marginal	20.4%	14.9%	53.4%	11.2%
Small	11.3%	12.6%	54.9%	21.2%
Semi-medium	6.1%	4.5%	59.3%	30.1%
Medium	2.4%	5.4%	21.7%	70.5%
Large	0.0%	0.0%	29.0%	71.0%
<b>Total</b>	<b>21.3%</b>	<b>14.5%</b>	<b>48.8%</b>	<b>15.4%</b>

*Source:* Household Census Survey

If we break down the broad caste categories into specific castes, then it is clear that the scheduled tribes and scheduled castes have the least land and, as stated earlier, this renders them economically (and therefore socially and politically) powerless in a society that is still dominated by land-based power structures.

**Table 3 Caste by land**

<b>Caste category</b>	<b>Landless</b>	<b>Sub-marginal</b>	<b>Semi-marginal</b>	<b>Marginal</b>	<b>Small</b>	<b>Semi-medium</b>	<b>Medium</b>	<b>Large</b>	<b>Percentage of total village population</b>
Scheduled Tribe	3.5%	2.2%	3.1%	2.2%	1.8%	2.8%	0.6%	0	2.9%
Scheduled Caste	23.1%	18.4%	15.0%	10.0%	7.3%	2.4%	1.8%	0	17.0%
Backward Caste	44.2%	74.1%	64.4%	57.9%	52.0%	28.5%	21.7%	29.0%	48.2%
General Category	29.3%	5.3%	17.5%	29.9%	38.9%	66.3%	75.9%	71.0%	31.9%

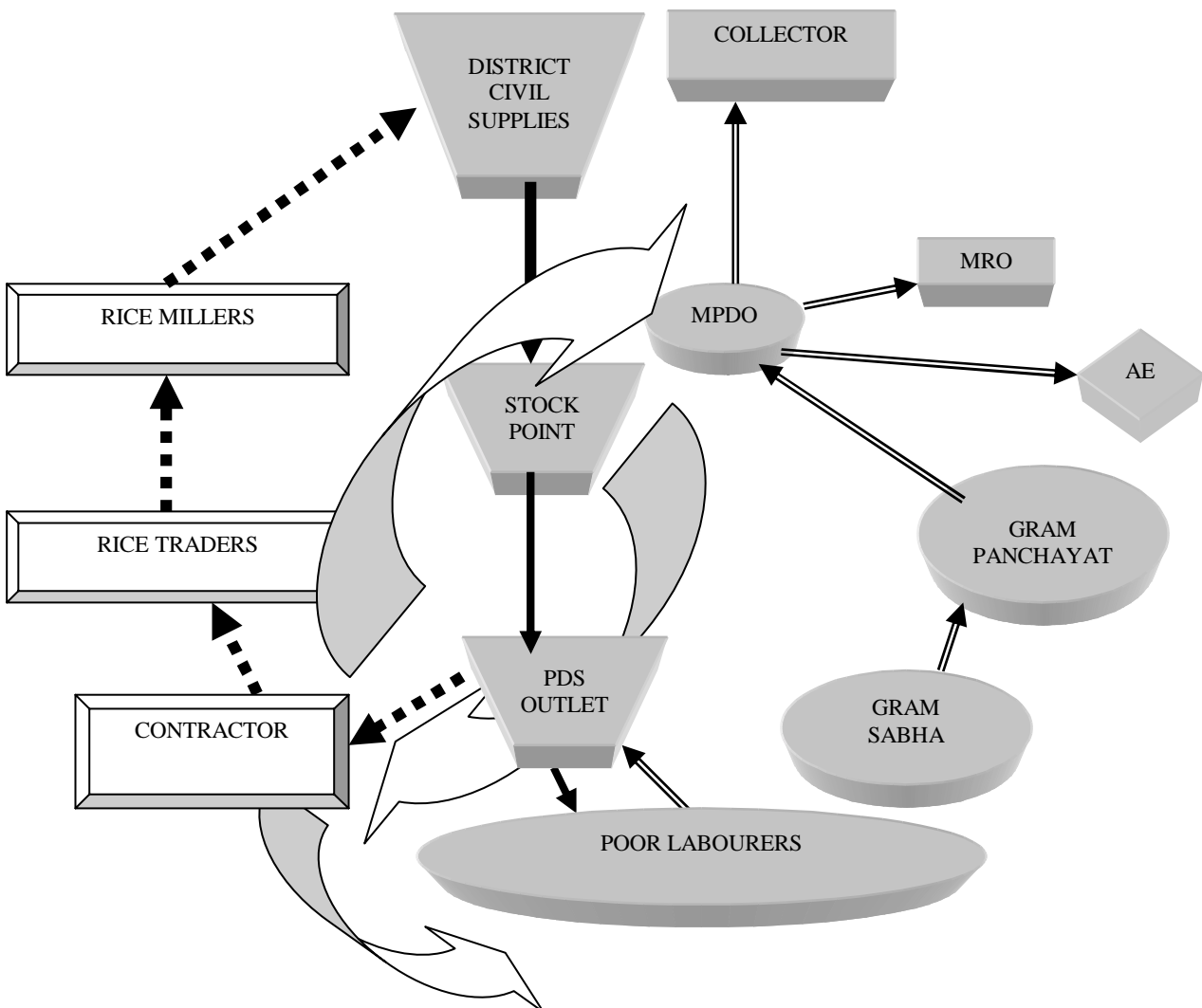
*Source:* Household Census Survey

Against this background, it would seem logical that the target group for FFW in the 2001–2 round should be the very poor, comprising mainly lower caste, landless agricultural labourers who were suffering from a lack of employment opportunities in the village.

## 5 Part IV: Irregularities in Implementation

Our understanding of procedures at the *Mandal* and village level was derived through interviews with officials and key informants in the six study villages. Irregularities were observed at almost every level and in every step of the process at the *Mandal* and village level. Moreover, abundant coverage in the local, State and national press indicated that irregularities were occurring at the district and State level too. Figure 1 below shows the flows of rice and money within the State as they were intended to be and as they were in reality. The double lines show work proposals and requests for rice by the official route; solid lines show flows of rice according to the official route; block arrows indicate contractor-led identification of works and flow of rice and money, and the thick dotted lines show leakage or diversion of rice.

**Figure 1** Flows of work proposals and rice under the FFW programme



Source: This is our conceptualisation of the process

Note: Double lines – work proposals and requests for rice by the official route

Solid lines – flows of rice according to the official route

Block arrows – contractor led identification of works and flow of rice and money

Thick dotted lines – leakage or diversion of rice

In the following sections, we discuss six generic types of irregularity which were particularly damaging to the poor – ineffective *Gram Sabhas* and top-down methods of work identification, the employment of ‘contractors’; the selection of beneficiaries by contractors instead of the very poor

self-selecting themselves; inappropriate wage-setting and the displacement of the very poor by slightly better off people; payments in cash instead of grain; the use of labour-displacing machinery and disregard of the mandatory labour:material ratio in works executed and, lastly, the prevalence of higher levels of misappropriation of rice in villages with larger landless populations.

Table 4 summarises these irregularities. While a full explanation of the entire contents of the table is not provided here, references are made to it throughout the text in the coming pages.

**Table 4 Irregularities in Food for Work implementation in the six study villages**

	Krishna		Medak		Chittoor	
	KO	KA	GU	MD	VP	OP
<b>Brief description of village</b>	Canal-irrigated; highly diversified; plenty of work in and outside agriculture.	Canal-irrigated; prosperous; plenty of work in high-productivity agriculture.	Industrial area; very near Hyderabad.	Remote, poor and drought-affected with no options outside agriculture; mass outmigration.	Drought-prone; mass outmigration of 'earth-worker' caste.	Drought-prone with few options outside agriculture.
<b>Outside labour (estimate by KIs)</b>	80%	None	90%	None	None	None
<b>Mode of payment</b>	Cash and coupons by contractor.	Cash and coupons by contractor.	Cash by contractor.	Rice and cash by contractor; no coupons.	Rice by contractor; no coupons	Rice by contractor; no coupons
<b>Who were the contractors</b>	1 <sup>st</sup> phase: ward member 2 <sup>nd</sup> phase: <i>Sarpanch</i> and ward member.	1 <sup>st</sup> phase: <i>Sarpanch</i> 2 <sup>nd</sup> phase: MPP and relatives.	1 <sup>st</sup> phase: <i>Sarpanch</i> and ward members.	1 <sup>st</sup> phase: ward members.	<i>Sarpanch</i> , ex- <i>Sarpanch</i> , MPTC, ex-VAO's son, WS president, Vaddi mestri	<i>Sarpanch</i> , MPTC, ex <i>Sarpanch</i> , ex- MPTC.
<b>Whether earth-moving machinery used</b>	Yes	Yes	Yes	Yes	No	No
<b>How works were identified</b>	1 <sup>st</sup> : GS 2 <sup>nd</sup> : No GS	1 <sup>st</sup> : GS 2 <sup>nd</sup> : No GS	1 <sup>st</sup> : GS 2 <sup>nd</sup> : No GS	1 <sup>st</sup> : GS 2 <sup>nd</sup> : No GS	No GS but petitions to MPDO.	No GS but petitions to MPDO.

Source: Synthesis of findings from FGDs and KIIs

## 5.1 Ineffective *Gram Sabhas* and top-down methods of work identification

The correct procedure for identifying community works was to hold a *Gram Sabha* meeting and then prepare proposals for works on the basis of that. The proposals would then have to be sent up to the *Gram Panchayat* for forwarding to the *Mandal Parishad* Development Officer (MPDO). The *Mandal* Revenue Officer (MRO) should also be involved at this level, to approve proposals and ensure that no legal disputes (e.g. over land) would arise as a consequence of the works. An Assistant Engineer (AE) from the *Panchayati Raj* Department would have the task of costing the proposals in terms of labour (and therefore rice), as well as cash requirements. Once these two

procedures were completed, the proposals would be forwarded by the MPDO to the Collector. The Collector would be in charge of developing district-wise proposals and estimates of the quantity of rice and materials that would be required. He would also be responsible for the allocation of cash from different schemes.

Since the primary objective was to create employment opportunities for the very poor, the FFW guidelines (both central and state government) stated that labour-intensive works were to be given preference. These included works under water conservation programmes (Neeru Meeru), watershed development works, water harvesting, digging or desilting of ponds and tanks, the construction of rural link roads and drains within the village.

However, practice was very different from theory. *Gram Sabhas* to identify FFW works ('FFW *Gram Sabhas*') were held only during the first phase<sup>13</sup> of the programme in our study villages. But even then, the democratic process was subverted in several ways:

- The two Chittoor study villages had a process whereby people submitted written proposals to the MPDO. In one village (OP), the MPDO and VDO together decided which works would be undertaken and where. Repairing overflow canals was identified, which is likely to benefit mainly the better-off.
- In GU, attendance at the FFW *Gram Sabha* was poor, with only 40 people present. *Mandal*-level officials (MRO, MPDO, RI, etc) and elected and official members of the *Gram Panchayat* (*Sarpanch*, ward members, EO, etc) constituted the majority. Ward members were allowed to speak but not others. According to one villager, the *Sarpanch* and *Mandal* officials discussed business among themselves for two hours at the meeting. Only road and drainage works, predominantly in upper caste localities, were discussed. For example, a shortcut road from the main village to Dargula hamlet was proposed. Dargula is the home of the Reddy *Sarpanch*. This was done whilst several BC and SC localities are badly in need of roads and drainage. Another major work proposed was a compound wall (with gate) to the *Gram Panchayat* office. This work had already been completed under another programme, so that the 'double-counting' permitted corrupt misappropriation.
- In MD, the *Gram Sabha* had an almost unprecedented level of participation and representation of poor and disadvantaged groups from all five hamlets. Nearly 150 people attended the meeting which for a village with just over 450 households was impressive. This was particularly significant because the hamlets are scattered over a large area, with three of them being remote and inaccessible. More than half of the households from the remote hamlet of G Kunta attended the meeting and people from all habitations spoke at the meeting. But here too, power and caste played an important role in controlling the distribution of benefits. Works were ultimately awarded to contractors and reflected their priorities rather than the priorities of the community or the choices of the poor. An added problem was that contractors often decided who could and could not work on the programme. We return to the case of this village in the discussion of contractors below.

The works that were actually approved reflected the priorities of the contractors who were invariably politically and socially powerful. We discuss the issue of contractors in FFW in the following sections. In the second and longer phase of FFW, *Gram Sabhas* were abandoned in favour of a more top-down procedure. In most cases, local politicians, engineers or other influential persons (some of whom were also contractors) proposed works, which were then 'approved' by *Mandal* officials and line department staff (such as an AE). Part of the reason for the switch in works identification procedure during the second phase was the pressure that government officials

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<sup>13</sup> The first phase of the FFW programme was from September to December 2001 and the second phase lasted from January to July 2002.

were being put under to complete works in order to justify the large allocation of FFW rice from the central government.

What is also striking from the key informant interviews and focus group discussions is that most villagers in all locations did not know how much rice their village eventually received. Nor were they aware of their entitlement in terms of the amount of rice to be paid as wages and how long they would get work for.

## 5.2 The use of contractors

Had the programme unfolded as it was supposed to, labourers would have interacted directly with *Panchayati Raj* officials to obtain employment on the democratically identified works, and then approached the PDS outlet to claim their dues in rice. The involvement of contractors in the programme was therefore not even mentioned in the guidelines. But the evidence from the six villages studied is that all works were executed through contractors. In fact, contractors were the main drivers of work identification and this would be based on their own preferences, social status, political connections, financial capital and the profits to be made. The size of the contract would be estimated and there would be a struggle for control over this between different powerful individuals controlling the village. The ability to offer cash up front for paying bribes and labourers' salaries was an important determinant of who became a successful contractor.

Opposition newspapers such as the Deccan Chronicle have argued that contracts were being awarded on a preferential basis to TDP (the leading Telugu Desam Party) workers and leaders. But field-based evidence shows that *Panchayat* officials (with both TDP and Congress affiliation) were very heavily involved. Table 4 above shows that in five cases out of six, *Sarpanches* themselves were contractors. Other influential persons such as Ward members, MPTC members, the MPP and his relatives, the ex-*Sarpanch*, ex-VAO and his relatives, the president of the Watershed Committee and even the president of the Water Users Association were contractors. Anyone with strong political connections and the capacity to invest in bribes, heavy machinery and recruitment of labourers could become a contractor.

As news spread of the enormous gains to be made through FFW, *chhinna varu* (small people) were displaced by *pedda varu* (big people). In one village in Krishna, the *Sarpanch* was the contractor during phase one. But when it became clear that huge profits could be made, he was dismissed from this position by the MPP who then took over as contractor and also brought in several relatives.

Syndicates of contractors were also formed to share FFW contracts. In GU, several ward members formed a syndicate and pressed the argument that WMs could execute the work(s) falling under their respective wards. But even then, a majority of the works were awarded to socially and politically powerful Reddy WMs. Only one non-Reddy WM (who is also the Deputy *Sarpanch*) was given one contract. In MD, Habitation Committees (one Committee for each hamlet) were constituted by *Mandal*-level officials to execute the works. Most Committee members were Ward Members. Some influential persons, such as the Deshmukh landlord, who owns 300 acres of land in the village, also managed to get onto the Committee. For all practical purposes, Committee members acted as contractors and were generally referred to as such.

While such syndicates usually served the interests of upper castes and elected officials, there was one case where a backward caste syndicate had challenged the prevailing power held by upper castes in the village. This was VP village, where the Vaddi caste (BC) have successfully won contracts under the Janmabhoomi programme and in this instance they were successful in winning several FFW work contracts. They then employed their own people at a highly attractive local FFW wage (see below).

Apart from syndicates, there were also chains of contractors. The implication of this was that profits were creamed off at each 'link', compounding the loss to the poor. In VP for example, one Vaddi contractor was allotted all FFW works by the MPDO. This contractor then subcontracted other individuals.

There were four major sources of illegal profit for contractors:

1. Claiming the full rice quota for partially completed works. For instance, a road has to be laid and the contractor does only 50% of the work but claims all of the rice. He may compromise on the width and thickness and/or the length of the road.
2. Claiming rice for old works that had already been completed under another programme.
3. Putting in separate claims to different departments for the same work. For example, claims for desilting tanks could be submitted to the *Panchayati Raj* Department under Neeru-Meeru as well as the Irrigation Department.
4. Submitting inflated proposals. For example, a proposal to dig a trench would be made up for Rs 75,000 but this would actually cost Rs 30,000.

### 5.3 Beneficiary selection

FFW programmes are intended to be self-targeting but in practice this rarely occurred in our study villages. Interviews conducted in all six villages suggest that beneficiaries were selected during meetings among *Panchayat* members, *Sarpanches*, *Mandal* officials and contractors, and that the decisions were announced during or soon after the *Gram Sabha*.

In three villages, the largest number of labourers were hired from the *Sarpanch*'s hamlet (Table 5) because he/she<sup>14</sup> was the major contractor. In MD, the largest number of labourers were hired from the hamlet dominated by the caste that the *Sarpanch* (female) belonged to, although she herself was living in another hamlet from where a considerable number of labourers were also hired. In the case of OP, a very powerful Reddy (upper caste) farmer was able to override the *Sarpanch* because he had more political power than the *Sarpanch* (male). This Reddy, together with the ex-MPTC who is a Naidu (also upper caste), were said to have helped the present *Sarpanch* obtain his seat, which was reserved for a member of the Backward Castes. The Reddy was awarded FFW work in five locations. Therefore, with the exception of OP in Chittoor and GU in Medak, the hamlets that recorded the highest number of person-days for local labour in the survey were the seat of local power.

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<sup>14</sup> In four out of the six study villages, the *Sarpanch* was a woman elected through reservations. But the actual power was held by a male relative.

**Table 5** Person-days generated in the first phase (Sept–Dec 2001) by hamlet in the sample

District	Village	Hamlet	Total population	Person-days for men	Person-days for women	Total person-days
Chittoor	OP	OP	304	19	22	41
		Kothuru	190	0	0	0
		K H Wada	119	14	3	17
		K Gollapalli	259	0	0	0
		Mangalapalli	249	19	8	27
		Total	1121	52	33	85
	VP	VP	608	31	39	70
		B Kurrupally	387	30	5	35
		Dinnepalli	366	25	0	25
		Eturupalli	60	10	0	10
		Narsapur	942	233	189	422
		Gampanapalli	370	55	10	65
		Gandhinagar	36	0	0	0
	Total	2769	384	243	627	
Krishna	KO	KO	4662	21	2	23
		K T palem	433	3	0	3
		Total	5095	24	2	26
	KA	KA	689	12	0	12
		U K Palem	554	30	1	31
		U K Gunta	715	16	120	136
Total	1958	58	121	179		
Medak	GU	GU	6939	9	4	13
		Ramnagar	186	0	0	0
		Dargula	163	0	0	0
		Total	7288	9	4	13
	MD	MD	693	59	6	65
		Pothanagapally	977	108	8	116
		Thanda	252	39	7	46
		G Kunta	254	16	0	16
		L N Pally	311	49	0	49
		Total	2487	271	21	292
		Group Total	20718	798	424	1222

Source: Household Sample Survey. Shaded rows show the hamlet of the *Sarpanch*.

### 5.3.1 Little employment generated

The other important finding that emerges from the survey data is that in three out of the six villages, hardly any employment was generated through FFW. By examining the number of beneficiary households we know that 65% of the households in MD worked on FFW and nearly half of all households, participated in VP village (Table 6). In sharp contrast were the more prosperous villages on the coast and the diversified and industrialized village in Medak where the lowest levels of participation were recorded.

**Table 6 Number of beneficiary households by village**

Village	Beneficiary households	Total households in the sample	As a percentage of total sample households
OP	9	40	22.5%
VP	28	60	46.7%
KO	11	80	13.8%
KA	11	60	18.3%
GU	3	80	3.8%
MD	26	40	65.0%
Total	88	360	24.4%

Source: Household Sample Survey

A different picture emerges when the number of person-days generated are examined. It is seen that the village ranking changes with VP village coming first. In this village, 627 person-days of work were generated for the sample of 60 households (Table 7). If extrapolated to the entire village, then it can be argued that each person would have received roughly two days of work on the programme,

Second in rank was MD where everybody would have received at least one day of work. Third was KA, a prosperous coastal village, which is also high. This shows that in some locations, beneficiary households worked for a longer time, pushing up the number of person-days generated.

**Table 7 Person-days of employment generated in the study villages**

Village	Total person-days in the sample	Extrapolation to the entire village	Total village population
OP	85	405	1121
VP	627	5700	2733
KO	26	433	5095
KA	179	1279	1958
GU	13	217	7288
MD	292	2655	2486
Group total	1222	13578	20681

Source: Household Sample Survey

Focus group discussions conducted in VP show that this was mainly due to the large number of FFW contracts won by the Vaddi. In MD, the reasons for the larger number of person days were entirely different. This was probably the only village where the democratic process had actually worked, corruption levels were lower and several poor and very poor persons received work. In KA, very poor households who would have normally been pushed out to look for work in the lean season also worked on the programme.

In contrast, hardly any employment was generated in KO and GU, the two largest and most diversified villages with a high proportion of landless people. The two major reasons behind this were that contractors brought in labourers from outside or used labour-displacing machinery in most situations and particularly where local labourers were unwilling to work for FFW wages. For instance, in GU nearly 90% of the labourers were brought in from outside and this could be the reason that the figures collected through our sample show no participation from Dargula, the *Sarpanch's* hamlet. Similarly, in KO nearly 80% of the labour was imported. Both of these villages are highly diversified and labour markets are tight. The FFW wage was not attractive enough to a majority of local labourers. This provided a strong incentive to contractors to employ 'outside' labour or heavy (labour-displacing) machinery, as we will see in the following sections.

## 5.4 Wage levels and the exclusion of the very poor and lower castes

At the start of the FFW programme, there was a directive from the State government that workers should be paid a uniform wage that was the equivalent of 10 kg of rice at the PDS issue price of Rs 5.65/kg. This was much higher than the legal minimum wage for unskilled agricultural labour which was set at Rs 30–36.50 in 2000 (Ministry of Labour). Presumably the FFW wage was set at this level in order to provide a decent liveable wage. Our assumption is that the main target group of the FFW programme were unskilled agricultural labourers whose main tradeable asset was labour and who would have been thrown out of work by the long drought.

But there is compelling evidence that FFW wages were modified at the village level to a rate that was nearer the market wage. This occurred in a number of ways:

- In MD for instance contractors and *Mandal*-level officials announced during the FFW *Gram Sabha* that FFW wages would be 10 kg for men and 5 kg for women. In MD the *de facto Sarpanch*, the husband of the elected *Sarpanch*, was also the local PDS dealer and he was the main proponent of the informal FFW wage regime because he would gain from it. Although this met with some oral protest, no-one lodged a formal complaint for fear of not getting any employment. During the implementation of the programme, wages were modified further. In several instances, toddy was also given to labourers as part of the wage because the toddy shop owners themselves were members of the Committee(s) or close to the Committee members. For example, in Pothanagapally, the toddy shop owner is also a member of the Habitation Committee.
- In KO, it was announced during the *Gram Sabha* that workers would receive 10 kg of rice for every three cubic meters of drainage dug.
- In GU, the wage rate was set by Reddy contractors at Rs 40 for unskilled workers and Rs 70 for skilled workers.
- In VP, the FFW wage was modified as the programme progressed, to Rs 120 per *gunta* (a local measure of volume – 12' x 12' x 1'6') dug after complaints from stronger (and politically influential) Vaddi labourers that everybody was being paid the same (men, women, the sick, weak, children) even though they worked at different rates. In the same village (VP) the scheduled castes were paid 10 kg of rice per day for FFW works under the watershed programme involving plantation, soil work, canal work and bunds. The average income per head was Rs56/day.

A major factor was that contractors were reluctant to pay workers more than the market rate. But another reason was that implementing agencies with different payment regimes found it difficult to change practice and adopt the FFW rate. Therefore different line departments used different measures for payment (e.g. the Forest Department paid by the volume dug) and this translated into amounts that were closer to their standard rates of payment. In effect, this meant that wages were progressively negotiated to a level that was closer to the market rate through interactions between labourers, contractors and implementing agencies. Despite this, they remained above the market rate in dry areas and below it in more productive areas.

Table 8 shows prevailing market wages for casual agricultural labour in the study villages.

**Table 8 Market wage rates for unskilled agricultural labour compared to the FFW wage**

Village	Market wage	In-kind payments	Real FFW wage
KO	70 for men, 50 for women	None	Rs 70 for every 3m <sup>3</sup> of drainage dug.
KA	70 for men, 50 for women	None	Rs 60
GU	50 for men, 25 for women	2 bottles of toddy for men, 1 bottle for women	Rs 40 for unskilled and Rs 70 for skilled workers
MD	40 for men, 20 for women	2 bottles of toddy for men, 1 bottle for women	10 kg of rice for men and 5 kg for women
OP	35 for men, 30 for women	One cooked meal	Rs 55 per day
VP	35 men, 30 women	One cooked meal	Rs 120 per <i>gunta</i> * dug

Source: Information synthesised from FGDs

\*A local measure of volume – 12' x 12' x 1'6'

Focus group discussions and interviews conducted in the study villages at the end of the first phase in December 2001 revealed the implications of this for attracting the very poor:

- In the more diversified and productive villages, such as KO and KA, the original FFW wage of Rs 56 would have attracted some very poor and unskilled workers (particularly women) but this was revised to Rs 70 for every 3m<sup>3</sup> dug in order to attract more workers. Despite this, few were willing to participate in the programme. However, instead of discontinuing it, works and rice continued to be requisitioned and a majority of the works were completed with outside labour and labour-displacing machinery.
- In dry areas, the opposite was true: the market wage was much lower than both the FFW wage and the legal minimum wage, especially for women. This created a condition where FFW wage work was attractive to the non-poor too. In Medak and Chittoor districts, as we will see in the following section, migrating labourers postponed their departure from the village because they perceived FFW work as a lucrative option.

If we examine the caste profiles of FFW beneficiary households, it is seen that nearly 44% of the SC households in the sample worked on the programme. The corresponding figure for ST was 33% and for BCs, 25%. This would suggest that the benefits flowed mainly to the poor and the very poor because SC and ST tend to belong to those categories. However, on examining the number of person-days generated by caste, it is seen that by far the largest beneficiaries were the BCs. In our sample the BCs were mainly Vaddi and Mudiraj, both upwardly mobile castes and certainly not among the very poor. They have climbed out of being solely dependent on low paid local labouring through seasonal migration. It is known that households that migrate seasonally are not the poorest of the poor because they have the necessary minimum level of capital to do so.

**Table 9 Number of beneficiary households and person-days of work by caste group**

	ST	SC	BC	FC
Number of beneficiary households	4	31	43	10
% within category	33.3%	43.7%	24.7%	9.7%
Number of person days worked in sample	62	312	709	139
In the entire village	775	3120	7878	1738

Source: Household Sample Survey

In fact the Vaddis' caste council took a decision that labourers who had migrated out would be recalled for participation in FFW works because the programme offered guaranteed employment with better returns than local agricultural labour. Our field officers were told that each Vaddi family received at least 2 quintals of rice during the first phase. Similarly discussions with the Mudiraj in

Medak also revealed that they had postponed their outmigration in 2001 by roughly a month to the end of November.

**Table 10 Number of beneficiary households by caste**

Caste	Number of beneficiary households
Yanadi	1
Mangali	1
Dasari	1
Uppara	1
Brahmin	1
Chakali	2
Kammari	2
Kuruba	2
Dudekula	2
Muslim	2
Lambada	3
Reddy	3
Kapu	4
Gowda	7
Yadava	7
Mudiraj	9
Vaddi	13
Mala	17
Madiga*	21
Total	99

Source: Household Sample Survey

\*Scheduled castes or dalits

## 5.5 Payment in cash instead of rice, and delayed payments

The FFW rules allowed payments in a combination of rice and cash and this choice was left to the labourer. But almost everywhere, wages were paid solely in cash and not rice, a decision taken by contractors and *Panchayat* officials. The contractor received rice for the works from the MPDO through the Civil Supplies stock point under the MPDO at the *Mandal* level. This was ostensibly done on the promise that the contractor would issue food coupons (that he had been provided by the MPDO) to the labourers. But the actual process did not work like this and several contractors were forced to make payments to the labourers in cash because they received rice up to four months after completion of the work.

Rice could not be requisitioned in advance of the works because the rules are that this must be done only after the completion of the work. Most contractors received the rice several weeks after completion of the work but they had to pay labourers immediately. They used this time gap to their own advantage, sometimes delaying payment or replacing it with cash. The poor were deprived in real terms because they would not be able to buy 10kg of rice on the open market (at Rs 9/kg) with Rs 56, which was the cash equivalent of the FFW payment. And as discussed previously, the FFW wage was modified at the local level so that it was often less than the prescribed FFW wage. In MD for instance, women were paid Rs 30 a day (and one bottle of toddy), whereas men received Rs 40 and two bottles of toddy.

There were also delays in payment, a very serious factor for labourers who were already suffering the effects of prolonged drought. For example, in one hamlet of VP, women workers hired by a Vaddi contractor in September 2001 had not been paid any rice or cash even a month after the work was completed. These women did nothing about this. In contrast, when some Vaddi labourers were not paid on time because the contractor did not get the rice on time, they temporarily stopped working on the programme as a mark of protest. They were paid soon afterwards.

In KO, dalits complained that they were being offered cash only as payment because the rich landlords wanted to keep this rice for paying immigrant labourers. They got away with this by floating a rumour that FFW rice is bad for the health.

There was of course the added reason that contractors were interested in selling the rice on the open market. So, when the rice was eventually received by the contractor they would sell it to rice traders. This led to a process which acquired the name of recycling. The most common way in which rice recycling occurred was when contractors collected rice coupons from the MPDO and then took rice from the PDS outlet at the PDS price of Rs 5.65/kg. He then sold the rice to traders who further sold it to rice millers for around Rs 7.50/kg. The millers finally sold it to the FCI as part of the paddy procurement quota for Rs 9.50/kg. For this to happen the connivance of the PDS dealer, the MPDO, rice millers and *Panchayat* officials and FCI officials was essential. But the records maintained by the PDS dealer showed that all labourers had taken rice personally through coupons.

Figures on rice procurement for AP during *Rabi* (winter growing season) 2001–2 supported the allegation that recycling was happening. According to Y Shivaji, a former *Rajya Sabha* (upper house of the Parliament) member speaking at a meeting on MSP policy (reported in *The Business Standard*),<sup>15</sup> procurement was poorer than average at first, but it picked up rapidly later and went up to 2.8 million tonnes against 1.9 million tonnes the previous year. This increase occurred at a time when production in AP fell from 4.2 million tonnes to 3.8 million tonnes, thereby providing further evidence that recycling of FFW rice had taken place. Mr Shivaji argued that such a situation could arise only because the FCI procures rice from millers in AP and not directly from farmers as in Punjab and Haryana.

After the irregularities during the initial rounds, the guidelines were changed to include the Revenue Department and PDS outlets. This was aimed to put in place some kind of checks and balances in the system. Under the new regime, the MRO was to issue the release orders (issuing rice to the PDS dealers) based on the reports submitted by the MPDO. A ‘route officer’ was appointed to accompany the rice from the warehouse to the PDS shop concerned (to prevent diversion). The route officer could be the VDO (Village Development Officer), Junior Assistant, Revenue Inspector (RI) or Executive Officer. The MPDO would have to issue coupons to the *Gram Panchayat* and they would have to pass them on to the labourers based on their work. The labourers in turn would collect the rice from the PDS shop. The VAO was supposed to oversee the distribution of rice by the PDS dealer. But none of this happened in practice. The route officers did not accompany the stocks and the coupons were not given to labourers by the contractors. And neither did the VAO supervise the distribution. The main reason was the already over-stretched timetable of all of these officials. The VAO of MD complained ‘We are supposed to do all of these things. But if we do so we cannot complete our routine work which is our priority’.

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15 Press Trust of India, 11 November 2002 ‘Irregularities in procurement of rice in AP’

## 5.6 The use of labour-displacing machinery

The basic rationale of FFW is that works should be labour-intensive in order to create employment for the poor. But given the failure of the programme to attract poor labourers in the more productive villages, this created incentives for the use of heavy machinery. We were told by key informants and labourers in the two villages where the highest levels of misappropriation occurred, that instead of discontinuing the programme, more and more works and rice were requisitioned. The obvious reason was to continue the stream of lucrative contracts. The lack of interest from local labourers also created the conditions for employing outside labourers and labour-displacing machinery. The result was that even those local labourers who actually needed the work (the very poor in GU and KO) were not offered employment. An example is the case of Yellaiah, one of the 15 dalits (scheduled caste) who worked on the first round of FFW in GU. He complained that although they were promised 8 kg of rice and Rs 5 per day for several days, they were told to stop after just four days and given Rs 200 each. The work was later completed with machinery.

Several works were completed with Poclains (the trade name for a kind of earth excavator) instead of manual labour. Poclains are becoming the preferred machine for undertaking a variety of village works through all kinds of programmes<sup>16</sup> from the point of view of the rich who aspire to own them. Poclains are known to be labour-displacing and are therefore illegal in programmes that are meant to be labour-intensive. According to a study conducted by WASSAN (n.d.) a Poclain working for one hour can displace 17 labourers working for one day. It costs Rs 800 to hire a Poclain for an hour.

For example, in one of the study villages in Krishna district, out of 54 works, excavators were employed in 40 cases. Annex 2 shows where Poclains were used and who owned them, providing insights into the flow of benefits to the rich and powerful. It also shows the various kinds of works that were undertaken under FFW as well as the quantity of foodgrain committed (tied) and distributed according to official records. Tractors were used only for a few days to transport gravel from a distant place (bullock carts were also widely engaged which fetched more rice/wages to the owners). When interviewed, contractors in MD said that they used machines because there was tremendous pressure from officials to complete the works within the 'timeframe', i.e. within a month (which was also stated at the *Gram Sabha*). A Poclain was used by the Forest Department for about two weeks to dig trenches under FFW, again displacing several labourers.

This arrangement meant that muster rolls would have to be falsified to show that labourers had been engaged. This was usually done with the connivance of the work supervisor. In GU most of the works were machine- and material-intensive, so the muster rolls were full of fictitious names of labourers.<sup>17</sup> The names of Reddy labourers were also found on each page.<sup>18</sup>

### 5.6.1 The labour:material ratio

The use of machines led to the flouting of the 60:40 labour:material ratio that is mandatory in all public works classified as labour-intensive in India. According to the Swarnajayanti Gram Swarozgar Yojana<sup>19</sup> (SGSY, Golden Jubilee Rural Self-Employment Programme) guidelines, labour-intensive works are defined as those which have a ratio of wages of unskilled labour to the costs of equipment, material and other skilled work of not less than 60:40. This ratio was relaxed in

16 The use of Poclains in the Neeru-Meeru programme (a GoAP water conservation programme) has been well documented. For more information please see WASSAN (n.d.)

17 Research Officers managed to have access to muster rolls.

18 The Reddys had not worked on the FFW programme in the village.

19 The Government of India merged several self employment programmes (IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS) into the Swarnajayanti Gram Swarozgar Yojana.

the case of JGSY because its primary objective was infrastructure creation with employment only as a secondary objective. But for FFW, employment creation was the primary objective.

After the use of heavy machines was reported in the press, this practice was justified by some government officials who argued that the creation of durable assets requires a greater input from machinery (pers comm. N.C. Saxena). However, our research showed that earth excavators were used to carry out simple digging tasks that should have been done through manual labour. This was a contravention of the very purpose of the programme.

To conclude, the overall outcome of design faults, bureaucratic inefficiency and village power relations was that in dry and backward locations, those who were already able to pursue livelihood options such as migration cornered the jobs created under FFW, and not the very poor. In locations that were prosperous, with a more diversified economy, FFW had hardly any impact on local labourers. In these areas, a large proportion of the rice was misappropriated by contractors and sold on the open market. Given the quantities of rice allocated, very few works were completed and even fewer local labourers were employed because so much of the work was done with heavy machinery.

## 6 Part V: Have Any Voices Improved Delivery?

Cycles of corruption of the kind documented in this paper were enabled by the powerful combination of social and political power on the one hand, and illiterate, poor and powerless labourers on the other hand. Awareness of misappropriation by influential persons was high amongst potential beneficiaries in the study villages. But so too was a sense of helplessness. They could not challenge contractors and officials openly because it was these very people who were their patrons in day-to-day life. Therefore, poor scheduled caste people did not dare question the motives and actions of the powerful.

### 6.1 Phone complaints by ordinary citizens

In a limited number of cases, villagers attempted to expose the corruption of FFW by telephoning the local police. This was particularly common in Chittoor, where police were able to intercept a number of trucks carrying FFW rice across the border. In some cases, this form of protest was soon controlled: when contractors realised that people were using telephones they cut the lines before a big rice sale was planned.

### 6.2 Media reporting and protests by the opposition

Much of the exposure of malpractice was made possible through exposés in the media combined with protests from opposition parties. Reportage relating to corruption and malpractice in FFW has been extensive. *The Hindu*, a national English-language newspaper, carried reports on FFW almost every day between July and September 2002. But the reporting in the Telugu media was even more detailed and frequent.

The Congress Party maintained a sustained attack on the TDP with the result that the programme became an embarrassment for the government and it was temporarily suspended at the end of August 2002. Following that, the Prime Minister asked for a report into the irregularities under FFW (*Deccan Chronicle*, 31 August 2002; *The Hindu*, 3 September 2002). While the TDP admitted to some irregularities it argued that the Opposition had been highly selective in its accusations, underplaying its own involvement in the misappropriation.

The positive outcome of these accusations and counter-accusations was that the government strengthened its commitment to take action against all those who misused the FFW scheme. The public debate on the FFW programme has also led to politicians accepting that there are inherent shortcomings in the political system that inevitably lead to misappropriation.<sup>20</sup>

By early November 2002, the government had initiated action against 200 officers, cancelled the licences of 200 fair price shops and 80 rice mills. ('TDP dares YSR<sup>21</sup> to visit Madugula', *The Hindu*, 1 September 2002). Updates on action taken have been provided regularly on the Revenue (Relief) Department website (<http://www.ap.gov.in/relief/ffwirr.html>) as well as in public interviews by TDP leaders. However an important shortcoming in the efforts so far is that both the Engineering Staff College of India as well as the Vigilance and Enforcement Department are

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<sup>20</sup> In the same *Times of India* interview mentioned previously, the Chief Minister states 'There are thieves in the TDP as well. But we have less thieves compared to the Congress, hence people voted for us. This is a different kind of corruption and unless politicians learn to lead an exemplary life, corruption in politics cannot be curbed. While we politicians indulge in such kind of corrupt activities, how can we ask officials or party workers to be clean'.

<sup>21</sup> Y.S.R. are the initials of the Congress Party chief, Y.S. Rajasekhara Reddy, and he is often referred to in this way.

government agencies. These two agencies inspected 30,924 works and reported irregularities of various kinds in 2,236 of these. No independent enquiry has been undertaken.

In addition, FCI officials were put on alert to monitor rice being offered by millers in view of these allegations and the vigilance wing of the State Civil Supplies Department raided several PDS outlets as well as mill stores and seized stocks of rice in various districts.<sup>22</sup> At the beginning of September 2002, the Information Minister stated that merely 0.5% of the 3 million tonnes of rice had been misused. He denied the involvement of any minister (*The Hindu*, 3 September 2002).

A notable effort made by the GoAP recently to improve delivery was the revision of the FFW guidelines to reduce the role of Ministers as sanctioning authorities.<sup>23</sup> The revised guidelines of 13 September 2002 (G.O.Rt.No.4974) state that Collectors would be responsible for all aspects of the programme: execution, monitoring, evaluation, quality control and ensuring total transparency. All executed works would have to be mentioned on the internet.

The new guidelines also give more power to PRIs by introducing *Panchayat Works Committees* to be formed by the *Gram Panchayat* with the *Sarpanch* as chairman, MPTC member, three *Gram Panchayat* members and two members from self-help groups (to be selected by the *Gram Panchayat* from outside the GP). The village secretary is to be the convener of this works committee. This committee will execute all works and receive rice for distribution to labourers.

While these efforts are commendable, they may not succeed in controlling misallocation and misappropriation to the desired extent if not accompanied by more measures that will facilitate a demand-driven approach. In other words, a situation needs to be created where the poor have enough information and the voice to exercise their claims.

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<sup>22</sup> *Business Line*: 'FCI officials put on alert to check diversion of rice', 3 May 2002.

<sup>23</sup> According to the older guidelines (Govt Memo 43851/r/f II/2001-3), collectors had to constitute District Level Committee of Political Parties presided over by the Local Minister to advise and review the relief programme. Ministers were given a lot of flexibility in adjusting the guidelines 'to the felt needs of local areas if any difficulties arose during the implementation'.

## 7 Conclusions

The evidence presented in this paper raises serious doubts about the effectiveness of the 2001–2 FFW programme in AP in mitigating food insecurity faced by drought-affected people. Beneficiary selection and works identification were done through decentralised means but both were ineffective due to existing structures of patronage, power and rent-seeking. The potential for FFW to be self-targeting was defeated by wages being set above the market rate in less endowed villages. This drew slightly better-off people away from outmigration. In the more productive and diversified locations, FFW wages were not high enough and few were willing to participate in the programme. This highlights the need for better understanding of the labour market and agrarian relations among policy makers both at the Centre and the State.

One of the most disturbing findings that emerges from this research is that almost everywhere we studied, *Panchayat* officials and *Sarpanches* were instrumental in the corruption of FFW. This calls into question the promise that decentralisation holds for improved accountability and better service delivery. Mechanisms for limiting corruption have not been effective. The case of FFW also reinforces recent thinking within the Planning Commission that mismanagement and misappropriation are more important causes of continuing poverty and deprivation than are shortages of funds in themselves.

The encouraging outcome is that the media is playing an increasingly important role as a watchdog and so is the multi-party system in the State, which provides at least some counterforce to the government. Phone complaints by the poor against people in positions of power may mark the beginning of a new culture of voicing protest.

Drawing out lessons for policy presents difficult challenges because simply formulating monitoring and evaluation procedures will not be enough. Checks and controls must be built in to the design of such programmes in a way that they cannot be easily falsified. At any rate, the monopoly that the state and local élite hold in implementation needs to be dismantled and this could be achieved by allowing in more independent agencies. But exactly how this can be done meaningfully would have to be worked out through further research and field trials.

Perhaps one way of avoiding such high levels of rice recycling in the future would be to ensure that rice is released promptly so that cash payments do not have to be resorted to. The pressure faced by District Collectors in sanctioning works and distributing large quantities of rice in a short space of time also needs to be recognised. But as a general lesson, further transfers of this magnitude should not be allowed until such time as robust channels have been designed and implemented to ensure that resources meant for the poor really can reach them.

## Annex 1 Clusters of Poverty

Observations in the field suggest that there are certain identifiable combinations of income, caste, gender and asset ownership which are very difficult to determine through quantitative analysis. On the basis of focus group discussions, participatory wealth ranking and observations, we identify the poorest, the very poor and the poor as the following groups or clusters of people.

Area	Village	Brief description of village	Poorest	Very Poor	Poor
Krishna	KO	Canal-irrigated; highly diversified	Single-elderly woman households Usually ST, SC sometimes BC Totally assetless households—no land Households with a disabled member and few earning members	Female-headed households with an elderly head Those without even their own house plot Those who earn from catching fish in irrigation canals May migrate to other nearby districts during Sept–Nov Usually belong to ST or Madiga (SC) categories	Landless and not leasing in land Lack of access to credit because no collateral or get credit at very high interest rates No owned animals but may lease in/share rear Young female-headed households SC, Kshatriya, Gowda, Muslims, * note – attached labourers in coastal areas earn more than Rs 15,000 a year and are not poor
	KA	Canal-irrigated, but not diversified	Single-elderly woman households Mala (SC) and Jangam (BC) Totally assetless households—no land Households with a disabled member and few earning members	Mala (SC) Female-headed households Live in remote hamlets Lack of social capital	Live in remote hamlets Marginal farmer Kapu (FC) who do not send their wives to work, Jangam (BC)
Medak	GU	Near Hyderabad and in industrial belt	Attached labourers Households heavily dependent on CPRs No PDS white (BPL) card No assets, skills, household labour or education Madiga (SC), Jangam (SC) and Yerukala (ST)	Those who depend solely on agricultural labour Madiga (SC), Jangam (SC) No access to credit Landless or with a small plot (0.5–1 acre) of dryland and land usually left fallow No livestock Female-headed households	Shop assistants Casual industrial labour (not those on formal contracts) Without any household member in formal sector employment Cannot get credit and if they do it is at 4–5% interest per month Usually in debt that they have great difficulty in repaying SC, Yerukula (ST), Katika Muslims

					(BC), Chakali (BC) No links with Reddys
	MD	Dry; remote; backward	Live in remote and inaccessible habitations No access to housing and PDS Heavily dependent on CPRs Total lack of assets, skills and networks Madiga (SC) and Lambada (ST)	Attached labourers Inability to migrate Landless Female-headed households ST, Madiga (SC) No social networks to help No contacts with politically important persons Those who depend solely on agricultural labour Cannot get credit at all Everyone in the family is completely illiterate	Goat or sheep rearers Backyard poultry No bullocks No access to credit Landless or marginal farmers Migrate to Hyderabad for construction work (men) and domestic maids (women) but not those who migrate to Bodhan sugarcane fields – they are much better off Illiterate No-one in the family has a job in the formal sector
Chittoor	VP	Drought-prone; near Bangalore; mainly dryland agriculture	Dasari (BC) No relatives or friends to help in hard times No assets No marketable skills No access to CPRs	Muslims, Mala (SC) No caste unity Illiterate Inability to pay for services to get access to bank loans Not even offered sharecropping opportunities Agricultural labourers with only 2–3 months of work in a year	Migrate Share croppers Semi-skilled labourers Get up to six months of work in a year as agricultural labourers Vaddi, Kuruba, Yadava (all BC) May have dryland holdings as large as 3 acres Own local cows, sheep, goats, backyard poultry Depend on CPRs for income – sell wild vegetables, <i>neem</i> seed, firewood
	OP	Near Chittoor Town; small village; mainly tank- and well-irrigated.	Yerukula tribals (ST) No marketable skills No access to CPRs Unaware of rights and pro-poor schemes	Madiga (SC), Yanadi tribals (ST) Agricultural labourers	Service castes Sharecroppers Lease in/share rear cows Female-headed households

## Annex 2 Details of Foodgrains, Machinery, Labourers and Contractors Employed in FFW Works in One Case Study Village

	Name of the work	Estimated cost	Wage component	Quantity of food grain tied	Cumulative expenditure	Food grain distributed	Man-days generated	Type of machinery used*	Local labour or outside labour*	Contractor involved*
1.	Raising of levelling to M.P.Ele.School at KO	0	0	10	#	#	#	Poclain	L, O	Sarpanch
2.	Raising of levelling to Z.P.High School at KO	1	1	240	#	#	#	Poclain	L, O	Sarpanch
3.	Levelling of site east side of Z.P.High School at KO	1	1	112	#	0	0	Poclain	L, O	Sarpanch
4.	White washing	0	0	50	#	49	490	None used	L	Panchayat member
5.	Digging of side drains	0	0	32	0	18	180	None used	L	Panchayat member
6.	Digging of side drains	0	0	42	0	20	200	None used	L	Panchayat member
7.	Outlet channel of Nagaraju Chervu and Vishnuvardhana Chervu	0	0	28	0	23	234	Poclain	None	Sarpanch
8.	Impt. road from KO to Malampalli Polimera Donka	2	2	295	2	295	2950	Poclain	None	Sarpanch
9.	Clearing jungle along KO Malampalli Polimera Donka	0	0	70	0	70	700	Poclain	None	Sarpanch
10.	Widening the road from KO to Mallampalli	2	2	353	2	307	3070	Poclain	L	Sarpanch
11.	Formation of bunds to west & south sides of Jaggaiah Chervu	2	2	305	#	305	3050	Poclain	None	Sarpanch
12.	Formation of bunds to north and east sides of Jaggaiah Chervu	1	1	261	#	260	2600	Poclain	None	Sarpanch
13.	Desilting of Jaggaiah Chervu	2	2	341	2	340	3400	Poclain	L, O	Sarpanch
14.	Levelling of site to Veterinary Hospital	1	1	222	#	220	2200	Poclain	L, O	Sarpanch
15.	Levelling of site to M.P.Elementary School (NM)	1	1	109	#	0	0	Poclain	L, O	Sarpanch
16.	Construction of individual sanitary latrine at KO	1	0	28	1	28	280	Poclain	L	Panchayat member
17.	Clean and green	0	0	9	#	9	187	None used	L	Panchayat member

18.	Levelling of OC's burial ground	2	2	281	#	0	0	Poclain	L, O	<i>Sarpanch</i>
19.	Levelling of Yadavaula burial ground	1	1	142	#	142	1420	Poclain	L, O	<i>Sarpanch</i>
20.	Levelling of community site at north Malapalli	0	0	77	#	77	770	Poclain	L, O	<i>Sarpanch</i>
21.	Levelling site of PACS	1	1	162	#	162	1620	Poclain	L, O	Political party leader
22.	Levelling of the community site at Ramalayam and Anganwadi centre in KO	1	1	180	#	180	1800	Poclain	L, O	Village Secretary
23.	Levelling of site in BC colony	2	2	328	#	0	0	Poclain	L, O	<i>Sarpanch</i>
24.	Desilting of Kamasala Cheruvu	2	2	341	#	341	3410	Poclain	L, O	<i>Sarpanch</i>
25.	Formation of road on east side of Nagagaju Cheruvu	0	0	63	#	63	630	Poclain	None	<i>Sarpanch</i>
26.	Desilting of Bodi Venkaiah Cheruvu	1	1	90	#	90	900	Poclain	None	<i>Sarpanch</i>
27.	Site levelling to M.P.Ele.School (AA)	0	0	27	#	0	0	Poclain	L, O	<i>Sarpanch</i>
28.	Formation of internal roads	0	0	15	#	0	0	Poclain	L, O	Political party leader
29.	Desilting of Bapalam Cheruvu	2	2	309	#	0	0	Poclain	None	<i>Sarpanch</i>
30.	Desilting of North Malapalli cheruvu	1	1	148	#	0	0	Poclain	None	<i>Sarpanch</i>
31.	Formation of Tummachelki Donka	1	1	259	#	221	2210	Poclain	L	<i>Sarpanch</i>
32.	Formation of Veerayya cheruvu donka	1	1	146	#	120	1200	Poclain	L	Political party leader
33.	Formation of the road from R&B road to Prasada Rao Chavidi	2	2	341	#	266	2660	Poclain	L	<i>Sarpanch</i>
34.	Formation the road from M.Satyam fields to Inampudi drain	0	0	81	#	80	800	Poclain	L	<i>Sarpanch</i>
35.	Formation of the road from R&B road to Baplam Cheruvu	1	1	146	#	51	505	Poclain	L	<i>Sarpanch</i>
36.	Formation of the road from B.K.Raju fields to Chilakalapudi drain	1	1	227	#	195	1950	Poclain	L	Political party leader
37.	Formation of the road from Anganwadi to Venkatachalam fields	0	0	67	#	0	0	Poclain	L	<i>Sarpanch</i>
38.	Formation of the road from R&B road to Inampudi drain	1	1	180	#	135	1350	Poclain	None	<i>Sarpanch</i>
39.	Formation of the road from Inampudi drain to Matlamalapalli	2	2	352	#	328	3280	Poclain	None	<i>Sarpanch</i>

40.	Formation of internal roads in SC locality	0	0	53	#	0	0	Poclain	L	<i>Sarpanch</i>
41.	Formation of internal road in BC colony	0	0	13	#	0	0	Poclain	L, O	<i>Sarpanch</i>
42.	Site levelling to SC's community latrine site	0	0	19	#	0	0	Poclain	L, O	<i>Sarpanch</i>
43.	Formation of the road from Ele.School to burial ground in Turakapalem	1	1	152	#	0	0	None used	L	<i>Sarpanch</i>
44.	Site levelling to M.P.Ele. School at Turakapalem	0	0	5	#	5	50	None used	L	<i>Sarpanch</i>
45.	Site levelling to community sites in Turakapalem	0	0	38	#	38	380	None used	L	<i>Sarpanch</i>
46.	Filling breaches to channel in front of Urdu School in Turakapalem	0	0	15	#	15	150	None used	L	<i>Sarpanch</i>
47.	Site levelling to Anganwadi centre building in Turakapalem	0	0	8	#	8	80	None used	L	<i>Sarpanch</i>
48.	Formation of the road from R&B road to Muslim burial ground	0	0	67	#	0	0	None used	L	<i>Sarpanch</i>
49.	Disilting of drains in KO	2	2	317	#	255	2550	None used	L	Large farmers
50.	Formation of the road from KO Malampalli rd to B.Kutumba Raju fields	1	1	109	#	0	0	Poclain	L, O	Political party leader
51.	Levelling of Kshetriaiah's burial ground	0	0	45	#	0	0	Poclain	L, O	Political party leader
52.	Formation of the road to SC burial ground	0	0	38	#	38	375	Poclain	L, O	<i>Sarpanch</i>
53.	Site levelling to bio-gas plant site in KO	0	0	31	#	0	0	Poclain	L, O	<i>Sarpanch</i>
54.	Removal of light jungle and weed growth from 0.000 km to 3.684km (TE) on KO North	0	0	23	0	23	230	None used	L	Village Secretary
55.	Total	36	35	6170	3	3994	40037	-	-	-

Source: Mandal Office. Prices in 100,000 rupees and quantities in quintals.

\*Details of machinery used, labourers and contractors obtained through fieldwork.

#Data not available

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