

Public Policy Reform and Informal Institutions: The Political
Articulation of the Demand for Work in Rural India

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Abstract

The emphasis on rights that individual citizens can claim from the state represents a significant institutional development for poverty alleviation policies. In India, important legislation was passed in 2005 to guarantee rural households 100 days of work paid at a statutory wage rate. This Right to Work legislation has enabled the implementation of the world's largest public works program – the ‘Mahatma Gandhi’ National Rural Employment Guarantee Scheme or NREGS. This study explores variation in policy outcomes under NREGS within a rural district of North India (Uttar Pradesh). It finds that this variation is the product of the interaction between formal and informal institutions. As such, the demand for work benefits does not emerge spontaneously from self-selecting rural citizens, but is articulated by local elected officials who are pressured to accommodate demands for rents from the bureaucracy. Specifically, local elected officials are compelled to proceed to a *selective activation* of the demand for benefits to ensure the generation of a surplus which will form the basis of bureaucratic rent payments. The study relies on qualitative data, specifically interviews with past beneficiaries of the scheme, bureaucrats tasked with policy implementation and elected village leaders (the *Gram Pradhans* in the Indian state of Uttar Pradesh) to document the conditions under which a surplus is extracted and rent payments made. The study shows that caste and political leadership structures at the local level affect the generation of surpluses and the payment of rents by *Gram Pradhans* to the bureaucracy. While the Right to Work legislation represents progress for poverty alleviation, policies such as NREGS that emphasize rights and the expression of a demand for benefits need to consider more carefully the conditions under which this demand emerges as well as

the ways in which discretionary authority can thwart the goals of public policy.

Keywords: Asia; India; Poverty Alleviation; Informal Institutions; Bureaucracy; Local democracy.

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The introduction of legislation promoting rights that citizens can claim from state agencies represents a significant institutional development in the field of poverty alleviation. This has been especially the case in India, where in 2005 the Right to Work Act created an entitlement to work in rural areas where most of the country’s population still resides. This legislation has translated into the implementation of the National Rural Employment Guarantee Scheme (or NREGS), a policy which in 2016 provided 2.2 billion person–days of work to 45.5 million households, making it the world’s largest public works scheme (Banerjee et al. 2016; Gulzar and Pasquale 2017).¹

To the extent that NREGS is implemented across the different Indian states, the variation in policy outcomes – such as employment generation levels – reflects the diversity of a “continent masquerading as a country.”² But a variation persists within the individual states, and within districts at the state level. In rural Uttar Pradesh for instance, India’s largest state but also one of its poorest (Singh 2015), some villages have been successful in channeling development funds whereas neighboring villages have not. And this variation among villages masks yet other discrepancies in the ways individual citizens access state benefits within the villages themselves. While some rural citizens have been repeatedly sidelined, others have had their claims (Kruks-Wisner 2017) effectively mediated and translated into benefits. This is especially remarkable given that NREGS distinctly emphasizes a right to work that includes all citizens living in rural areas.

¹Source: MGNREGA Public Data Portal.

²The Economist, May 22, 2015, <http://www.economist.com/blogs/graphicdetail/2015/05/daily-chart-7>

In this study, I provide an answer to this puzzle by exploring the interactions between formal and informal institutions (Helmke and Levitsky 2004; Tsai 2006). As a public policy, NREGS generates norms such as the entitlement to 100 days of work, or the rule that requires projects under the policy to be identified within village assemblies, known as *Gram Sabhas*. Wherever implemented, these formal rules interact with informal norms of expected behavior, such as clientelism (Hicken 2011; Lauth 2000) or rent extraction. To the extent that NREGS as a policy emphasizes the expression of a demand for benefits at the local level, policy implementation depends on the relative ability of individual citizens to interact with elected representatives and bureaucrats. This, I argue, creates opportunities for a quid pro quo under the policy, such that elected representatives can *selectively activate* the demand for work benefits. Yet local elected representatives do not have immediate access to public resources. In order to fully deliver on their promise, they must bargain with bureaucrats tasked with the effective delivery of policy benefits. As a result, the ability of elected representatives – such as the *Gram Pradhans* in rural Uttar Pradesh – to selectively activate the demand depends on whether they meet the demands for rents from the bureaucracy. And since benefits in the form of wages paid are directly provided to workers through individual bank accounts, they must extract a surplus from the demand for benefits at the local level in order to meet these demands.

I develop the argument through a case study of the implementation of NREGS in a rural district of the northern Indian state of Uttar Pradesh. While interviews carried out with past beneficiaries of the scheme revealed that the delivery of work benefits under

NREGS can reflect clientelism, conversations with elected representatives and candidates ahead of local elections (*Panchayati Raj*) in the Fall of 2015 revealed not just the extent of rent extraction across the district, but also the web of informal norms that drove rent extraction at every level of the implementation chain. The qualitative data I collected also suggested that the payment of rents itself depended on political leadership at the local level. Caste, partisanship and institutional mechanisms such as the enforcement of mandatory quotas of representation for disenfranchised communities interacted to create different leadership opportunities at the village level, which affected the ability of elected officials to selectively activate the demand for benefits and to deliver rent payments. While a policy such as NREGS was by design intended to empower communities and ultimately prevent the distortions that have been known to affect policy implementation in India and beyond (Wade 1985), the data I present in this study suggest that informal institutions such as clientelism have not only endured but also adapted to the new formal institutional incentives promoted by the Indian state.

This paper makes several contributions. First, it engages a literature on citizen-state relations, and specifically work that has emphasized the conditions under which citizens access state benefits (Krishna 2002, 2011; Kruks-Wisner 2011, 2017). My work shows how institutional incentives under NREGS affect the ways in which citizens interact with state agencies. Second, this study speaks to a literature that has investigated the impact of interactions between formal and informal institutions (Helmke and Levitsky 2004; Lauth 2000; Tsai 2006) on development and policy outcomes (Mangla 2015; Niehaus and Sukhtankar

2013a,b). The paper shows that institutional incentives for the expression of a demand for benefits under NREGS make the deployment of strategies such as clientelism at the village level dependent on the delivery of rent payments to the bureaucracy. Third, my empirical work minutely documents the mechanisms of policy implementation, and as such sheds new light on policy performance under NREGS (Gulzar and Pasquale 2017) suggesting that policy outcomes may reflect different political strategies than identified so far (Jenkins and Manor 2017; Maiorano 2014).

Given India's recent trajectory of economic growth, and unsatisfactory record at poverty alleviation (Dreze and Sen 2013; Gupta 2012), my conclusions should be of interest to scholars of comparative politics, but also to development practitioners with an interest in poverty alleviation strategies. The paper not only shows that the emphasis on rights and a demand for benefits fails to empower the poor, particularly in areas where a democratic deficit persists. It also illuminates the ways in which institutional design enables bureaucratic discretionary authority to defeat NREGS' unique policy goals. Yet these conclusions should not be interpreted as an indictment of the Right to Work legislation, nor do they suggest that poor areas of North India are unable to escape a poverty trap. Rather, they should serve as a cautionary tale and call for a more thorough consideration of the conditions under which poor citizens express a demand for benefits, and how bureaucrats work to meet this demand.

1 A new poverty alleviation strategy: Decentralization and Demand-based policies.

In India, the constitutional amendments passed in 1992–1993 have affected many state interventions, given the new responsibilities devolved to the *Panchayati Raj*, India’s constellation of local government agencies. Despite the uneven implementation by the Indian states of the constitutional provisions (Bohlken 2016), decentralization has translated both into enhanced capacity at the local level (Chattopadhyay and Dufflo 2004; Pande 2003) and a democratic deepening, particularly with the promotion of local democracy and the enforcement of quotas for traditionally disenfranchised communities (Bhavnani 2009; Chauchard 2014, 2017).

These efforts to empower citizens at the local level have been pursued in the face of enduring poverty (Dreze and Sen 2013) and growing inequality (Kohli 2012). The Right to Work Act, passed in September 2005 under the leadership of the Congress-led United Progressive Alliance, represented an important step in the consolidation of a safety net for the rural poor in India (Chopra 2011; Jenkins and Manor 2017). The legislation aimed to protect agricultural wage labor against seasonal fluctuations in employment and wage exploitation through the provision of public employment at a statutory wage rate.³ This legislation was also introduced as the Indian state was significantly increasing the resources

³The statutory wage rate is established by the individual states, in accordance with the Constitution of India, and specifically the 1948 Minimum Wages Act. This provision was intended to ensure that the minimum wage rate would take into account the unique political economies of the Indian states.

dedicated to poverty alleviation (Dreze and Sen 2013; Krishna 2002). The National Rural Employment Guarantee Scheme or NREGS – the scheme derived from the Right to Work Act – has become the world’s largest public works program (Gulzar and Pasquale 2017; Maiorano 2014), with a total outlay of US\$ 7.5 billion, close to 1% of India’s GDP as of 2016.⁴

Public works were a staple of poverty alleviation and famine prevention in the colonial era (Mathur 2016) and employment guarantee schemes or EGS were launched in the 1980s in the states of Maharashtra and West Bengal, with varying success (Basu 1981; Dev 1996; Etcheverri-Gent 1993; Herring and Edwards 1983). Nor is NREGS is the first all-India public works program, since the National Rural Employment Program or NREP was extended to all the Indian states at the end of the 1980s (Joshi 2010).⁵ NREGS remains unique in that it guarantees the provision of public employment by state agencies. The policy stops short of creating a universal entitlement however, since it explicitly targets rural households (and leaves out the urban poor), and its implementation remains contingent on the expression of a demand for benefits.⁶

With its emphasis on community participation, transparency in record-keeping, NREGS was designed precisely to avoid the type of problems that affected policy implementation,

⁴Despite calls for a discontinuation of the scheme before the 2014 *Lok Sabha* elections, the BJP-led National Democratic Alliance has actually increased the funding dedicated to NREGS since coming to power in 2014, from approximately US\$5 in FY 2013–2014 to US\$7.5 in FY 2016–2017.

⁵NREGS officially replaced many concurrent attempts at providing temporary employment in rural India and ensuring basic livelihoods, such as SGSY.

⁶Rather than being legally-binding, the legislation simply states that citizens are entitled to 100 days of work, a policy consistent with the Directive Principles of the 1950 Constitution of India.

particularly in the field of poverty reduction (Deshingkar et al. 2005). Because of the emphasis on a right to be claimed, NREGS contrasts with other strategies of poverty alleviation implemented at the entire discretion of local bureaucrats and elected officials⁷ or policies relying on explicit means-testing, such as the poverty line.⁸

2 The Policy Blueprint: How NREGS is supposed to work

NREGS seeks to both provide unemployment relief through public works projects and to strengthen democratic institutions at the local level. Policy implementation chiefly relies on the expression of a demand for benefits from rural citizens as it is mediated by the institutions of the *Panchayati Raj*.

2.1 The demand for work

Under NREGS, the demand for benefits is expected to emerge through self-selection, which is theoretically ensured by the nature of the work offered under the scheme – manual, unskilled labor (an implicit means-test under the policy). In order to claim work, beneficiaries must request a job card, which the law mandates must be provided within 15 days after an application has been submitted. At the local level, the elected Village Chief

⁷This is for instance the case of the development funds allocated by the state administration to local government agencies, or elected officials such as the Member of Legislative Assembly in India.

⁸The poverty line remains used as an indicator of poverty but less as policy implementation tool. For instance, the National Food Security Act of 2013 has created an entitlement to food for 75% of India’s rural population and 50% of the urban population through the Targeted Public Distribution System or TPDS.

or *Gram Pradhan*⁹ is responsible for the delivery of these job cards and the provision of work opportunities at the *Gram Panchayat* level, India's lowest political unit.

Beneficiaries can request work under the 100-day legal entitlement once the job card has been prepared, and they may claim that entitlement piecemeal throughout the year.¹¹ They are also expected to be involved in the preparation and selection of projects through a process of collective deliberation. By law, *Gram Panchayats* are expected to hold a certain number of town-hall style meetings called in Uttar Pradesh *Khuli Baithak* [open meeting], the outcome of which is a shelf of projects ready to be implemented, *contingent* on the demand for work expressed by rural citizens.¹² Under NREGS, projects are expected to make an intensive use of labor, rather than machinery (along a 60/40 ratio) – a rule that was intended to avoid the reliance on contractors. Additionally, as a public works program, NREGS stands apart from other poverty alleviation schemes in that work benefits are provided individually, but can be accessed only collectively. This means that while the policy encourages individual citizens to make claims, work can only be delivered through the implementation of projects employing several workers. And while rural citizens are supposed to have a say in the selection and preparation of projects, they do not decide

⁹The Chiefs are known under different names in India: as *Gram Pradhans* in Uttar Pradesh, *Sarpanch* in Rajasthan and *Mukhiya* in Bihar. Elected every five years, the *Gram Pradhan* is responsible for the channeling of development funds at the village level as well as the settlement of minor disputes. In that function, he is typically assisted by a government-appointed civil servant, known in rural Uttar Pradesh as the Secretary,¹⁰ and the *Panchayat Mitra*, who is usually a resident from the village and is also appointed by the state bureaucracy.

¹¹This provision was specifically included to ensure the scheme would be responsive to the seasonal variation in needs for agricultural wage labor.

¹²Beneficiaries can only choose from certain types of projects, which are generally public works that contribute to the provision of public goods in rural areas, and make intensive use of labor such as earthen roads, basic irrigation or watershed management activities.

when the work begins.

The projects prepared by the *Gram Panchayats* must go through a compliance check at the Block level, the administrative unit above the *Gram Panchayat*.¹³ The Block is also where an engineering team reviews the projects to make sure that they are sound, feasible and contribute to the creation of rural assets. More importantly, the Block is where the payment of wages is approved, once projects have begun. During the implementation of projects, the *Panchayat Mitra* – an employee of the village administration – is chiefly responsible for taking attendance and for recording on a muster roll the number of days each beneficiary has worked. Muster rolls are later consolidated to prepare wage lists, in which the total wages are compiled for each beneficiary. Upon completion of the projects, the Block officially approves payment requests, and the funds are transferred to individual bank accounts.¹⁴

¹³For example, the compliance check is intended to make sure that no contractors are going to be used to implement the projects or that the Village Panchayats strive to make sure that the demand for work include enough women workers or members of traditionally disenfranchised groups. There is for instance a provision in the law to mandate that women represent 33% of the workforce.

¹⁴In the early years of NREGS implementation, wages were disbursed directly by the *Gram Pradhan*, but this system was progressively replaced after 2008 (Jenkins and Manor 2017).

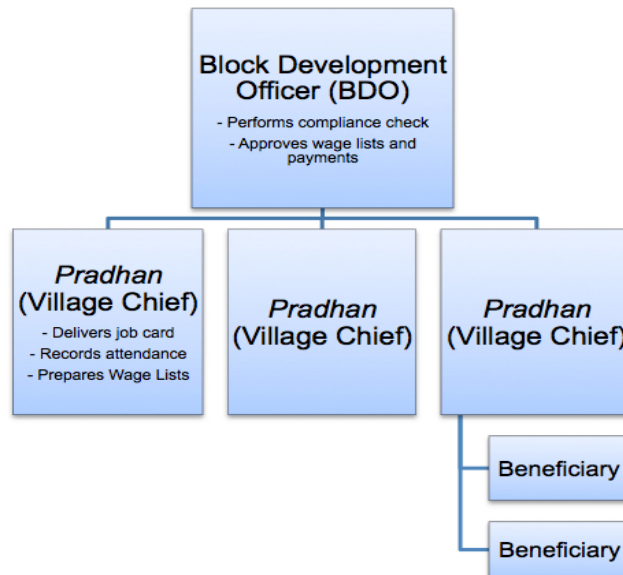


Figure 1. NREGS implementation at the local level

2.2 Interactions between formal and informal institutions

The implementation of NREGS critically relies on a set of institutional rules – such as the need for rural citizens to self-enforce their right to work, or the rule that 60% of the funds be spent on wages for unskilled labor. These prescriptions form the “rules of the game” (North 1991, p. 98) under NREGS, and generate incentives that drive interactions between the state and its representatives, on the one hand, and rural citizens, on the other. Yet institutions are not always parchment rules, they can also reflect informal norms that are “enforced outside of officially sanctioned channels” (Helmke and Levitsky 2004, p. 727), which is the case for instance with patronage and clientelism (Lauth 2000). Formal and informal norms interact to affect policy outcomes (Mangla 2015; Tsai 2006), in ways that

often ostensibly depart from the expectations of policy-makers (Migdal 1988). As such, the conditions under which a demand for benefits emerges under NREGS represent a unique opportunity to investigate these interactions.

Prior work on NREGS has generally considered two ways in which policy outcomes reflects these interactions. One significant body of research has looked at the extent to which the scheme remains supply-driven, suggesting that political considerations above the village level continue to play a significant role (Das 2015; Gulzar and Pasquale 2017; Jenkins and Manor 2017; Maiorano 2014). Jenkins and Manor (2017) for instance not only point to the lack of bureaucratic accountability under the scheme, and the pressures exerted on local elected officials for illicit income, but they also use specific cases (Rajasthan and Madhya Pradesh) to illustrate the different attitude of state governments in India with respect to policy implementation. Other recent studies of NREGS have emphasized the persistence of leakages under the scheme (Khera 2011; Shankar and Gaiha 2013), providing detailed empirical accounts of the patterns of corruption, pointing for instance to the incentives that bureaucrats have to engage in corruption when statutory wages increase (Niehaus and Sukhtankar 2013a,b), or showing how these patterns of corruption evolve when the modalities of implementation – such as the basis on which wage disbursements are made – change (Banerjee et al. 2016). These two types of interactions are not mutually exclusive, as corruption can reflect forms of rent extraction that serve a political purpose, such as the accumulation of resources with a view to run for or remain in office (Bussell 2010, 2012; Wade 1985).

While these studies all generate important insights into policy implementation, they tend to overlook the conditions that enable corruption and rent extraction at the local level. Further, they often take informal norms for granted and do not specify the ways in which these norms influence policy outcomes. This study builds on earlier insights but contributes by integrating the investigation of the demand for work and the political conditions at the *Gram Panchayat* level that precisely affect the way the demand is articulated. Specifically, it finds that the policy blueprint creates opportunities for the exercise of political discretion, in the form of the *selective activation* of the demand by local elected officials. Yet these opportunities for clientelism remain dependent on the interactions between local officials and bureaucrats, who leverage the delivery of policy benefits (such as wages paid) to extract rents from local elected officials. In the following section, I present data collected in a rural district of Uttar Pradesh to illustrate these interactions and describe the articulation of the demand for benefits.

3 How it really works: NREGS in rural Uttar Pradesh

As a policy, NREGS specifically seeks to address the seasonal variation in rural employment levels by providing temporary work opportunities to poor households. These opportunities represent not just a form of supplemental income, but also a form of safety net for the unemployed poor. While the official unemployment rate in Uttar Pradesh stood

at 7.4% in 2015–2016,¹⁵ the figure masks underemployment and high poverty levels in rural areas. For instance, as of 2011–2012, 30.4% of the rural population of Uttar Pradesh officially lived under the poverty line.¹⁶

Rural poverty in Uttar Pradesh remains uniquely associated with the distribution of assets such as land. The average landholding size is below 1 ha. (2.5 acres) (Singh 2014) and small and marginal farmers represent 83% of land cultivation in the state (Mehrotra 2014). To the extent that this size is considered as non-viable economically (Singh and Mehrotra 2014), agricultural wage labor represents an important source of subsistence income. Along with the seasonal fluctuations of the labor market for agricultural wage labor, and notwithstanding the variation in poverty levels between poorer and richer districts, structural poverty should make participation in NREGS in rural Uttar Pradesh predictable with confidence.

3.1 Case selection and data collection process

The data presented in the rest of the paper were collected in Bahraich district, located approximately 120 km north of the state capital, Lucknow. The district was chosen based on the author’s previous work in this part of central Uttar Pradesh, the historical region of *Awadh*.¹⁷ To some extent, Bahraich is a representative district of rural Uttar Pradesh.

¹⁵Source: Report on Fifth Annual Employment–Unemployment Survey, Labour Bureau of India, 2015–2016 (The full report can be found at http://labourbureaunew.gov.in/UserContent/EUS_5th_1.pdf)

¹⁶Source: Planning Commission of India (now NITI *Ayog* – National Institution for Transforming India). Estimates given according to the Tendulkar methodology (http://planningcommission.nic.in/news/pre_pov2307.pdf).

¹⁷This author carried out field work in the neighboring districts of Gonda and Faizabad in 2013.

Agriculture follows a pattern common to other districts, with two cropping seasons – *Rabi* in the winter and *Kharif* during the Monsoon.¹⁸ The percentage of small and marginal holdings is close to the state average (95.06% to 92.46% at the state level)¹⁹ and the district is irrigated, much like the rest of the state.

Bahraich district departs from the state average in three aspects (even when one excludes the urban districts):²⁰ the literacy rate, the percentage of Scheduled Castes and the percentage of the population that belongs to the Muslim community. At 49.4%, the literacy rate is the second lowest in the state and is well below the average for rural districts (66.7%). However, the percentage of Scheduled Castes is lower than the rural average (14.6% against 20.73%).²¹ and Bahraich has a higher percentage of Muslims than the rural district average (Muslims represent 33.52% of the population against 18.9% for the rural state average).²²

This variation from state averages does not make the area anomalous in any way that undermines the findings in terms of explaining the dynamics of NREGS implementation.

A closer look at employment generation levels (at the district level) sheds some additional

¹⁸The *Rabi* season usually involves crops such as corn, pulses and mustard seeds whereas the *Kharif* season is usually dedicated to paddy.

¹⁹Marginal landholdings are those under 1 ha. and small holdings between 1 and 2 ha. Source: Agricultural Census of India, 2010–2011.

²⁰I consider districts as ‘urban’ if the percentage of the urban population is 50% and more. This is a purely arbitrary measure, but one that I believe provides an adequate measure of the rural population. The Census of India uses different criteria to determine the urban share of the population, but that measurement is done within the districts themselves.

²¹Slightly less than half the state districts (33) have a percentage between 11% and 22%.

²²Source: Census of India, 2011. I am including here the literacy rate and not the number of literates (which typically represents the ‘crude’ literacy rate. The literacy rates counts the same number of literates as the crude literacy rate but uses a smaller denominator (population aged fifteen and above).

Table 1: Bahraich, Kheri and Uttar Pradesh in perspective (Source: Census of India, 2011 and Agricultural Census of India, 2010–2011)

	Small and marginal holdings, less than 2 ha, %	Literacy, %	Percentage of Scheduled Castes, %	Percentage of Muslims, %
Bahraich	95.06	49.4	14.6	33.52
Kheri	89.71	60.6	26.40	20.58
Uttar Pradesh, average	92.46	67.7	20.46	19.26
Uttar Pradesh, rural average	92.48	66.7	20.73	18.90

light on the relative case of Bahraich. If one assumes that literacy affects the ability of citizens to make claims and demand welfare benefits – as should be the case under NREGS, then a district with a higher literacy rate should be expected to have higher employment generation levels (at constant poverty levels). Likewise, a higher proportion of Scheduled Castes should make the implementation of NREGS more likely, all things being equal.²³ The neighboring district of Kheri offers an interesting comparison. In 2015–2016, it had a person-days per capita figure of 1.2 as opposed to 1.3 in Bahraich.²⁴ Yet, Kheri’s literacy rate stands at 60.6% and the district has a 26.40% Scheduled Castes population (and a 20.08% share of Muslims), and a comparable level of small and marginal holdings (89%),

²³I consider the percentage of Scheduled Castes as an imperfect proxy for rural poverty. This is because the Scheduled Castes (also known as Dalits) have historically suffered discrimination in India (Chauchard 2014). This legacy of discrimination has translated into lower socio-economic status, which is reflected in the distribution of rural assets. For instance, in Uttar Pradesh, two-thirds of the landholdings belonging to Dalits are under .5 ha [1.25 acres], with an average size of only .23 ha. [.75 acres] in this category (Trivedi 2014).

²⁴Source: MGNREGS Data Portal. I take the number of person-days of work per capita as a rough – yet imperfect – measure of employment generation levels. In this case, the denominator is the total population, which assumes that the district’s entire population is likely to work on NREGS project, which is obviously not plausible.

suggesting that literacy and the percentage of Scheduled Castes may not necessarily be correlated with employment generation levels.



Figure 2. Uttar Pradesh and Bahraich District in India

The data presented in the rest of this paper are drawn from both structured and semi-structured interviews conducted over one year in Bahraich district. I started by conducting

interviews with past beneficiaries of the scheme in four different administrative blocks and legislative constituencies (*Vidhan Sabha*).²⁵ I sought to explore the variation in policy outcomes at the individual level, given a variation in administrative boundaries. Out of the four constituencies in which I traveled, one belonged to the party then in power, the *Samajwadi Party*, and the other three to opposition parties (Indian National Congress or Congress, *Bahujan Samaj Party* or BSP and *Bhaaratiya Janta Party* or BJP).²⁶ In each of the villages where I interviewed beneficiaries, I also conducted interviews with elected representatives (*Gram Pradhans*), government civil servants such as the *Gram Vikaas Adhikari* informally known as ‘Secretary’ and the *Panchayat Mitra*.

Additionally, I carried out semi-structured interviews in 40 *Gram Panchayats* ahead of the local elections held from September–December 2015.²⁷ In each of these *Gram Panchayats*, I interviewed both the sitting *Gram Pradhan* and a candidate running for the position of *Gram Pradhan*.²⁸ This round of interviews was intended to help me identify the conditions under which the bureaucracy, and specifically the Block staff, interacted with local elected officials. Interviewing candidates was a way to check whether other

²⁵Administrative Blocks and *Vidhan Sabhas* [state legislative constituencies] overlapped. I explored the variation across Blocks within a given legislative constituency later when I carried out interviews with *Gram Pradhans*. I was able to interview 92 past beneficiaries.

²⁶The *Samajwadi Party* or SP was in power from 2012–2017. A coalition formed by the SP and Congress was defeated by the BJP in the last state elections (March 2017).

²⁷These local elections were held at the three levels of the *Panchayati Raj*, *Gram Panchayat*, *Khand Panchayat* [Block] and *Zilla Panchayat* [District]. The data presented in this study only reflect election-related work carried out at the *Gram Panchayat* level.

²⁸I selected 10 *Gram Panchayats* from four constituencies (*Vidhan Sabha*), and two Blocks from within each constituency (hence a total of eight Blocks). In each Block, I roughly followed the percentage used by the Government of Uttar Pradesh to award reservations. For instance, out of five *Gram Panchayats* in one single Block, I chose one reserved for the Scheduled Castes, two reserved for the Other Backward Classes and two non-reserved (known as a *Samanya* [General] seat), in keeping – whenever possible – with the 33% reservation quota for female candidates.

village residents were aware of practices such as rent extraction. A broader goal of these interviews was also to determine the role played by political entrepreneurs above the *Gram Panchayat* in helping articulate the demand for benefits.

An important part of this research in Bahraich involved a form of participant observation at different sites, such as a Block Office, the District Development Office and at least three NREGS worksites. To the extent that it was possible (attendance was relatively erratic, particularly at the Block level), I sat down with government employees, took part in their discussions (work-related or not), and attended staff meetings (such as the weekly staff meetings between the BDO and the Secretaries). This methodology was especially useful to uncover the interactions between formal and informal interactions, something interviews with past beneficiaries of the scheme for instance did not reveal. There are obvious trade-offs involved in this approach but I believe it was essential to understand the underpinnings of distributive politics under NREGS at the district level.²⁹ Whereas it does not offer the breadth of a large-N analysis, the study provides an in-depth understanding of the mechanics of policy implementation at the local level invisible in other sources of data or through other means of investigation.

²⁹Mathur (2016) uses participant observation in her investigation of NREGS in Himalayan India, but focuses exclusively on bureaucratic practices. My study sought to leverage participant observation to document distributive politics under NREGS.

3.2 The empirical puzzle: variation in policy outcomes within a poor district

Despite relatively high levels of poverty, outcomes under NREGS – such as employment generation levels (and wages paid to workers) – vary *within* a district such as Bahraich. This variation is both measured across time and space. For instance, the variation takes the form of unequal levels of spending across *Gram Panchayats* within any given year, but also between years, whereby *Gram Panchayats* register no spending for instance and spending in another year. While each *Gram Panchayat* is unique, and none can be considered as equally poor, the variation still remains to be explained. Table 2 shows the extent of this variation across Blocks within the district, for two years, 2013–2014 and 2014–2015.³⁰

The emphasis on a demand for benefits makes policy outcomes under NREGS especially interesting to investigate. To the extent that the demand for benefits depends – at least, theoretically – on the self-enforcement of a right to work, the implementation of the scheme is bound to generate variation. Poor citizens in rural areas have a relative ability to access state benefits (Krishna 2011; Kruks-Wisner 2017), and there is after all no reason to believe that this would not be the case under NREGS. Data collected by the Government of India point to variation across Blocks (which roughly have the same population – around 250,000 in Bahraich district), along with a significant number of *Gram Panchayats* registering no

³⁰I provide the Block average person-days of work, but also the standard deviation *within* each Block, along with the percentage of *Gram Panchayats* with no spending at all. I am only using these two years to show the variation across the same *Gram Panchayats*. Some administrative boundaries changed ahead of the *Panchayati Raj* elections of 2015, so I am not including data from 2015–2016 and later.

Table 2: Employment generation (person-days of work), and percentage of *Gram Panchayats* with no spending, Block level, Bahraich district (UP), 2013–2014 and 2014–2015. Source: MGNREGA Data Portal

Block	2013–2014				2014–2015			
	Average person-days of work (GP level)	Standard deviation (person-days)	Labour expense per capita (Rupees)	Percentage no work	Average person-days of work (GP level)	Standard deviation (person-days)	Labour expense per capita (Rupees)	Percentage no work
Balaha	4603	2576	142.7	8.4	5407	3793	201.9	0
Chitaura	3205	2690	143.8	20	2962	4511	157	0
Huzoorpur	3683	2273	200.8	11.5	4390	2569	277.4	0
Jarwal	2445	1690	110.7	15.3	2240	1909	98.5	2.5
Qaisarganj	2958	2331	139.2	15.4	3135	2833	158.6	4.2
Mahsi	3261	2412	121.1	16.2	2508	2214	138.1	6.7
Mihinpurwa	4478	3594	130.9	17.4	3955	3616	131.2	2.32
Nawabganj	2791	1925	127.6	18.5	3049	2669	174.2	2.85
Phakharpur	2551	2401	105.8	17.4	3173	3462	150.9	10.4
Payagpur	2320	1522	109.6	13.8	2149	1927	102	4.1
Risya	3746	3173	160.3	16.21	4272	3712	214.9	5.4
Shivpur	4485	2987	152	14.7	3459	2844	134	4.4
Tejwapur	2668	1957	118.9	13.69	2226	2027	113.2	5.4
Visheswarganj	2287	1290	108.4	13.3	2996	1680	163.9	2.6

spending at all (on labor) – approximately 20% of *Gram Panchayats* in Chitaura Block for instance.³¹ Yet while these official data can point to variation *across* villages, they are relatively unhelpful to understand the variation *within* these villages.

A quick comparison of the implementation of NREGS across two villages further illustrates this empirical puzzle. In the summer of 2015, I visited two *Gram Panchayats* relatively close to the district headquarters (and located in the same Block), Mohammadganj and Bahadurpur.³² To the extent that these *Gram Panchayats* were relatively similar, I believe the comparison is still helpful to assess the variation in employment gener-

³¹It is remarkable that the percentage drops significantly in the following year. As I discuss later in the paper, rent extraction was an important way for *Gram Pradhans* to accumulate resources ahead of the local elections, which were scheduled for the end of 2015 in Uttar Pradesh.

³²Throughout the paper, and with a view to protect the identity of respondents, the names of *Gram Panchayats* have been withheld or changed.

Table 3: Mohammadganj and Bahadurpur: Census data (2011)

	Population	Literacy, %	Percentage of Scheduled Castes, %	Main Cultivator, %	Marginal Agricultural Worker, %
Mohammadganj	2404	38.31	14.35	14.94	7.53
Bahadurpur	2820	41.80	36.02	22.53	22.06

ation levels within both *Gram Panchayats*. I provide in Table 3 some descriptive statistics on these two *Gram Panchayats*.³³ Both *Gram Panchayats* included a group of ‘Forward Castes’ – *Brahmans* and *Thakurs*³⁴ –, a sizeable group of Other Backward Classes or OBCs (mostly *Yadavs* – also known as *Ahirs*, *Lonias* and *Sonis*), Scheduled Castes (*Chamars* and *Pasis*), and Muslims (such as the high status *Pathans* and a lower status group such as the *Darzi*), though the proportions varied somewhat (there were for instance more OBCs in Mohammadganj).

Projects in each of these Village Panchayats started at the onset of the Monsoon.³⁵ While the projects had a different purpose – the project in Mohammadganj was a ‘*Sadak Patti*’ [strip of road] project, a rural road built with earth from neighboring fields and the project in Bahadurpur project was a ‘*Talab Khudai*’ [pond clearing], both involved the same basic task, namely lifting mounds of earth to form an embankment (bund) – for a road in the first case and the banks of a pond in the second.³⁶ What stood out as conspicuous between these two *Gram Panchayats* was the different perception by workers of

³³In Table 3, the percentages for main cultivator and marginal agricultural workers are given in relation to the total number of workers, not the total population.

³⁴*Thakurs* are also known as *Rajputs* in other parts of North India.

³⁵June 18 for Bahadurpur and June 20, 2015 for Mohammadganj.

³⁶A task described in Hindi as *Mitti Patai* [earth digging].

the implementation of projects and specifically the selection of workers. In Mohammadganj *Gram Panchayat*, the work under NREGS involved a handful of Muslim workers who came from outside the *Gram Panchayat*, and not from the two closest *majras* [hamlets], though they were both located just a field away from the road under construction. In one of those hamlets, residents from the *Pal* caste (OBC) (who formed a faction opposing the sitting *Gram Pradhan*), refused to work on account that the wage rate was too low. In another neighboring *majra*, also located a field away from the road, the Dalit respondents explained that they were not offered work. By contrast, the project in Bahadurpur was much more labor-intensive, and provided work to up to 30 people on any given day, more than half of whom were women. In Bahadurpur, beneficiaries were keen to emphasize that there was no discrimination in the distribution of work opportunities, even though the ‘mate,’ who supervised the work made it clear he knew who supported the *Gram Pradhan* and who did not.³⁷ While imperfect, the comparison suggests that while the demand was intended to emerge spontaneously from the claims made by citizens, work opportunities were ‘distributed’ in both villages, and thus more likely to be the product of the *Gram Pradhan’s* decisions. Additionally, in the latter case this distribution appeared to be more selective, leaving some to benefit from the scheme and others not.

³⁷Field visit and author interview, June 18th, 2015.

3.3 The articulation of the demand for work

The demand for benefits should theoretically emerge spontaneously from the claims made by rural citizens. Interviews with both past beneficiaries of the scheme and local officeholders and bureaucrats painted a different picture. Beneficiaries were usually called for work by the *Gram Pradhan* who used discretion in the distribution of work opportunities. As a result, the articulation of the demand for work ran counter to the general entitlement of a right to work claimed in national legislation. Moreover, and to the extent that it required approval by the bureaucracy, it further departed from entitlement goals when the payment of wages was delayed or diverted.

The past beneficiaries of the scheme that I interviewed were usually from socio-economic groups that are considered likely to perform the type of work required under NREGS: 22% of them were for instance from the Scheduled Castes or SC, 47% were from the Other Backward Classes or OBC and 22% were poor Muslims.^{38 39}

Yet, in contrast with the assumption of policy-makers, these interviews also revealed that more than 50% of the respondents (58 out of 92) had been called for work⁴⁰ by the *Gram Pradhan* (either directly or through the *Panchayat Mitra*, the administrative assistant who oversees development activities at the *Gram Panchayat* level). The *Gram*

³⁸When surveying *Gram Panchayats*, I made sure to sample past beneficiaries from all the different hamlets.

³⁹Few of the respondents (3) belonged to the 'Forward Castes' (such as the high status *Brahmans*) and none of the Muslim respondents were from the high status *Pathan* group. I should add that the OBC category in India reflects a variety of *jatis* [caste] that includes poorer groups such as *Kumahars* and relatively wealthier groups such as the *Yadavs*, the cattle-herding caste, who are less likely to perform NREGS work.

⁴⁰Respondents typically used the word *bulaanaa* in Hindi, which can be translated as 'call' or 'invite.'

Pradhans that I interviewed in the Fall of 2015 admitted as much. As many as 14 out of 38 (36%) I interviewed across all Blocks and constituencies explained that they were calling laborers for work, suggesting that the emphasis on a demand for benefits – and the concurrent displacement of eligibility criteria under NREGS – created opportunities for political discretion: “Here (...), they go from house to house to call workers. When there are two parties in the village, then the workers won’t be able to go on their own.”⁴¹ Additionally, a majority of the candidates interviewed (34 out of 40) explained that the *Gram Pradhan* selectively called workers and many of the *Gram Pradhans* I interviewed – 17 out of 38 (44%) admitted that government schemes, such as *Indira Aawaas Yojna* and the *Samajwadi Pension Scheme*⁴² were also used to mobilize political support at the local level, alongside NREGS.

The persistence of clientelism was not just remarked by the *Gram Pradhans* and candidates this author interviewed, it was also mentioned by bureaucrats such as the BDO of a neighboring Block as a challenge to implementation.⁴³ And the use of discretion extended to other aspects of project implementation as well. The extent to which the *Gram Pradhan* decided to include rural residents in the implementation of projects was for instance reflected in one particular incident which this author observed on the implementation of a *Sadak Patti* [strip of road] project in Mohammadganj. There, as the workers arrived

⁴¹ Author interview with a *Gram Pradhan* from Matera Constituency, Dec. 3, 2015.

⁴² While *Indira Aawaas Yojna* is funded by the central government, the *Samajwadi Pension Scheme* was launched by the state government of Uttar Pradesh after 2012. Both technically rely on eligibility criteria (poverty line for the former and age for the latter).

⁴³ Author interview with the Block Development Officer of Faridpur Block [the name has been changed], April 15, 2015.

early in the morning on the first day of the project,⁴⁴ one individual who owned a small plot along the road protested against what he saw as the workers' excessive plowing of his field, admitting in the process that he was unaware that the work was about to start.⁴⁵ While the *Gram Pradhans* in Bahraich and other parts of Uttar Pradesh usually called upon a government agent (the *Lekhpal* [Government Accountant]) to demarcate a road to be built, this 'over plowing' of neighboring fields remained a contentious issue for peasants who owned and farmed small plots, as losing land to a road (no matter how lasting the road would be) meant less arable land for the upcoming agricultural season. Interviews with the *Gram Pradhans* and the candidates revealed that this was a common issue, as reported by 33 respondents out of 78 (19 *Gram Pradhans* and 14 candidates).

The extent to which the *Gram Pradhans* were able to use discretion in the distribution of work opportunities nevertheless masked another important aspect of project implementation, namely the gap that existed between work that actually happened and the wages paid upon project completion.⁴⁶ These discrepancies are by definition difficult to substantiate, given the challenges posed by monitoring and the required verification of the muster rolls and wage lists, which are not always produced concurrently. Interviews carried out

⁴⁴June 20, 2015.

⁴⁵Author Interview, June 20, 2015.

⁴⁶The gap between work effectively performed and the wages effectively paid reflected different strategies. The *Gram Pradhans* inflated muster rolls and wage lists with a view to extract a surplus, but the discrepancies also reflected efforts to compensate workers at a higher rate when the NREGS official wage was not competitive, as was the case in Mohammadganj where the *Gram Pradhan* compensated workers '*khanti se*' – on a piece basis [a *khanti* is a stick used to measure the volume of earth dug in rural India]. The discrepancy between wage lists and work performed in this case allowed workers to claim higher wages, closer to Rs. 300 per day – a rate practiced in the district headquarters – than the daily rate enforced at the state level, Rs. 161 [US\$ 2.5] (as of April 2015).

with *Gram Pradhans* and candidates suggested that the practice was nevertheless common across the Blocks: overall 60% of the respondents admitted it was happening (46 out of 78), including 34% of the *Gram Pradhans* I interviewed (13 out of 38). Though the *Gram Pradhans* were perhaps less likely to admit to these practices than the candidates, some of them were very blunt:

“We have to give a 10% commission at the Block to ensure the payment of wages, if we don’t put additional names, then how will we manage the payment of the commission? Starting with the babus [Office clerks] to the APO [Assistant Program Officer dedicated to NREGS sitting in the Block] they take 25 Rupees for each page of the muster roll, how will we arrange the money?”⁴⁷

Remarkably, the need to generate a surplus compelled the *Gram Pradhans* to *selectively activate* the demand for benefits in a way that ensured surplus extraction. As a candidate from Payagpur constituency suggested: “(...)The Pradhan invites only workers from whom he can get the commission [from]. Those he knows don’t give the commission he does not invite to work.”⁴⁸ This selective activation of the demand therefore occasionally reflected a distributive strategy that resulted in benefits (in the form of wages paid) being distributed to kin and partisans, which allowed the *Gram Pradhan* to maximize the return on cash withdrawals even when he needed to compensate workers for work effectively performed under the scheme. As a candidate from Qaisarganj constituency put it:

⁴⁷ Author interview with a *Gram Pradhan* from Qaisarganj constituency, Dec. 6, 2015.

⁴⁸ Author interview, Dec. 3, 2015.

“The job cards are prepared for their own people, those who perform the work on NREGS their name is not written on it, on the muster roll are only the names of the people from the Pradhan, the money is withdrawn in their name, and once he has given them some money, the Pradhan keeps the remaining money to himself, and those who effectively perform the work, they get it with difficulty.”⁴⁹

While the *Gram Pradhans* did not have immediate access to public resources, they could still control the payment of wages by keeping the job cards and passbooks (in which individual transactions were recorded) in order to cash the wages themselves (on behalf of villagers), with the benevolence of the bank employees. More than half of the past beneficiaries this author spoke with did not have their job cards with them (49 out of 92), and half of them explained that the cards were kept with the *Gram Pradhan* or the *Panchayat Mitra*. Yet the *Gram Pradhans* could not proceed alone to the payment of wages. The demand for work still needed to be processed by the bureaucracy to the extent that the payment of wages was approved by the Block Development Officer, or BDO, the head bureaucrat at the Block level.

⁴⁹ Author interview, Qaisarganj constituency, Dec. 6, 2015.

3.4 Bureaucratic discretion, the production of data and the payment of wages.

The Block Office remains an important node for the implementation of state policies in rural India. For instance, the Block is where many of the development funds sent by the central government through the State Finance Commission are disbursed.⁵⁰ This is also the case under NREGS, since the data pertaining to muster rolls is processed at the Block to enable electronic payment of wages.

My investigation took me to several Blocks, including one close to the district headquarters in which I spent a significant amount of time meeting government employees. This Block office's state of decrepitude and the frequent power cuts had prompted government employees to outsource the data entry to a cybercafe located in the district headquarters. Bureaucrats sitting in the Block were still reviewing files, but the *Gram Pradhans* and other bureaucrats tasked with the implementation of NREGS worked directly with the manager of the cybercafe for data entry purposes.⁵¹

NREGS has often been touted for its reliance on modern technology as a way to enhance transparency and efficiency in implementation (Khera 2011; Jenkins and Manor 2017). Yet this very use of modern technology has created new opportunities of discretion in the implementation of the scheme. For instance, it was customary for *Gram Pradhans*

⁵⁰These funds are given to local *Panchayati Raj* agencies for local development projects by the state administration (specifically the State Finance Commission, hence their name).

⁵¹Data entry was not systematically outsourced across the district, and some of the Blocks were able to process data from muster rolls and wage lists within their own premises.

or *Panchayat Mitras* to come to the cybercafe with muster rolls from projects, and let the data entry operator (often the manager himself) enter the data that was then processed for payment. The manager generally charged a fee for his services, usually on the basis of the number of people listed on the muster roll. In doing so, he had managed to create his own niche to extract bribes from the implementation of the scheme as the cybercafe itself remained relatively shielded from the inquiries of the rural public and the administrative staff from the Block. Some of the *Gram Pradhans* and Assistants this author spoke with admitted that the data entry operator would often purposely make mistakes, such as misspelling a name, in order to extort more money from them. These data entry mishaps meant that workers would not be able to receive payment at the end of the process (or that their payments would be delayed), putting the *Gram Pradhan* under pressure as workers complained of late payments and payments sent to the wrong accounts.⁵²

The payment of wages did not only reflect the *Gram Pradhan's* use of discretion in the selective activation of the demand for work, it also reflected bargaining with bureaucrats. As such, payments were often 'agreed upon' rather than simply approved by the Block employees. In the Block mentioned above, as in other neighboring Blocks, the BDO would charge a 10% commission to approve the wages electronically, a percentage that was applied to the payments requested and whose proceeds would then be shared among the different Block Office employees as well as bureaucrats sitting in the district headquarters.⁵³ While

⁵²The data entry operator routinely charged Rs. 300 [approx. US\$ 5] to make corrections to the muster roll, a significant sum given the number of files (and potential mistakes) he processed even on a daily basis.

⁵³An interview with the *Panchayat Mitra* of Bahadurpur on October 1st, 2015 revealed the following distribution: District Magistrate – 1%, Chief Development Officer and District Coordinator for NREGS –

the BDO posted in the Block had not set up the rent extraction rules, he was perceived as being particularly zealous in the collection of rents derived from the payment of wages, which was referred to by bureaucrats and *Gram Pradhans* as the *vyavasthaa* in Hindi [system or arrangement].

To the extent that it is beyond the purview of the law and largely escapes public scrutiny, rent extraction – as a share of wage payments – remains difficult to measure.⁵⁴ More than the sums involved, which many agreed had been reduced by the introduction of payments via direct deposit, this rent extraction system remained unique in that it facilitated policy implementation at the *Gram Panchayat* level, as much as the extraction of a surplus demand *enabled* the delivery of these payments, since no *Gram Pradhan* would have been willing to pay for the rent out of his own pocket without recouping the loss from the selective activation of the demand. Yet, and to the extent that they escaped state sanction, the collection of these rents critically proceeded from the enforcement of a set of informal norms, which I discuss in the following section.

2%, Block Development Officer – 2%, Junior Engineer and Technical Assistants – 2%, NREGS Accountant – 1%, Contingency funds' (small office expenses) – 2% and Assistant Program Officer – 1%. The author was provided somewhat similar accounts of the percentages received by the different recipients on several occasions – this was just one of them. All accounts were consistent in that they never mentioned the local Member of the Legislative Assembly or MLA, though it remained unclear whether he did receive part of the proceeds, either directly (from the District Magistrate) or indirectly (from the Party in Lucknow) – such evidence being the most difficult to track down.

⁵⁴The figure of Rs. 2,000,000 (20 Lakhs) for three Blocks on a monthly basis [approx. US\$30,000 as of April 2017] was once quoted by a bureaucrat as the amount effectively collected by the BDO (after he was promoted to supervise an additional two Blocks). This would take the monthly collection in each Block at Rs. 700,000 [approx. US\$10,000 as of April 2017].

4 Rent collection, agency problems and informal norms

That government resources dedicated to poverty alleviation have been diverted from their original purpose in rural India is unsurprising; the extensive literature on the topic provides ample evidence (Bussell 2012; Niehaus and Sukhtankar 2013a,b; Oldenburg 1987; Wade 1982). Yet, the fact that policy implementation reflected distributive strategies at the *Gram Panchayat* level that had less to do with needs than with the way local elected officials engaged their constituents and the bureaucracy, has some important implications, given the changing institutional environment and the recent emphasis on a demand for benefits.

4.1 Rent extraction and agency problems

The extraction and collection of rents remained critical to policy implementation, particularly the delivery of policy benefits (in the form of wages paid). But rent extraction and collection involved multiple transactions between different stakeholders at different levels of implementation, such as beneficiaries of the policy (when they benefitted from a selective activation of the demand), *Gram Pradhans* and bureaucrats. These transactions were affected by agency problems that potentially compromised the extraction and collection of rents. Agency problems typically arise when a principal cannot monitor the level of effort of the agent whom he has entrusted with the execution of a task (Dixit 2002; Pepinsky et al. 2016). In the case of NREGS, agency problems affected both the delivery

of policy benefits – in the form of wages paid, rather than just employment generation – and the extraction and collection of rents, which enabled the delivery of benefits. On the one hand, the *Gram Pradhan* depended, as principal, on the BDO and the Block Office staff, as agents, for the delivery of wage payments, once the work had begun. On the other hand, the BDO and the bureaucrats, this time as principals, also depended on the *Gram Pradhans*, as agents, for the delivery of a rent payment, while the *Gram Pradhan* depended on beneficiaries for the extraction of a surplus demand from beneficiaries (to whom wages were directly paid by direct deposit).

A similar agency problem affected the interaction between bureaucrats at different levels of the implementation above the BDO, once the surplus had successfully been extracted at the *Gram Panchayat* level and the rent payment made. The decentralization of payments compelled bureaucrats to extract rents from the *Gram Pradhans* but it was largely expected that the money collected would have to be sent up the bureaucratic hierarchy, first to the Block and on to the district headquarters. This ensured that the agency problem in the transmission of rent payments would be replicated at every level of the bureaucracy. Together, these agency problems reflected a larger collective action problem for all the participants in rent extraction and collection. Every participant would have benefited from the collection of rents, but every participant had an incentive to defect and keep one's share of the rent payment, starting with the extraction of a surplus demand at the *Gram Panchayat* level. The enforcement of informal norms – not officially sanctioned by the state (Helmke and Levitsky 2004) – contributed to solve this collective action problem

in addition to defining a moral space for rent extraction.

4.2 A web of informal norms: reciprocity, non-interference and equity

Informal norms of expected behavior emerged in response to the formal policy blueprint for the implementation of the scheme at the local level. The enforcement of these norms solved the collective action problem posed by rent extraction and collection in a way that provided every participant selective incentives in the form of a personal gain at every level of implementation. In Bahraich, three informal norms played a unique role in regulating the interactions between beneficiaries, *Gram Pradhans* and bureaucrats: reciprocity, non-interference and equity. Taken together, these norms regulated the interactions between stakeholders in policy implementation and involved both rewards and punishments at the different levels of policy implementation. These norms were not particular to any implementation level, say the Block or the *Gram Panchayat*, nor did they ever conflict – in fact, successful implementation required that conflicts among norms be managed by the different stakeholders.

Reciprocity primarily drove the distribution of the surplus among beneficiaries, *Gram Pradhans* and bureaucrats, specifically the BDO. For successful rent extraction should have allowed beneficiaries not performing the work to cash in part of the surplus whenever the *Gram Pradhan* pocketed his own share and the BDO collected a rent payment, which also had to trickle up through the bureaucracy. Reciprocity in that sense was markedly at odds with legal-rational, procedural transactions along a ‘Weberian’ ideal type of the state

bureaucracy (Weber 1978).

Non-interference also guided interactions between all the different stakeholders and in doing so, contributed to insulating each implementation level from each other. The Block for instance remained unconcerned with the distributive strategies pursued by *Gram Pradhans*, that is, as long as the rent payments were delivered. Likewise, the Block did not force *Gram Pradhans* to proceed to rent extraction, and local officeholders were free to opt out. To a large extent, this non-interference was also the product of information asymmetries between the bureaucracy and the *Gram Panchayat* level. A Block Development Officer typically supervises dozens of *Gram Panchayats*,⁵⁵ which makes monitoring especially challenging. As a result, the BDO was not concerned with the details of the data entry process per se but would only carry out a cursory review of the wage lists.

The third norm – equity – helped define what acceptable level of graft could be collectively tolerated. Bureaucrats sitting in the Block – including the BDO – were unable to gauge exactly the level of rent extraction. This problem was exacerbated for bureaucrats sitting above the Block, who were even less able to do so. The enforcement of this norm induced individual behavior in that it defined a legitimate space for rent collection, beyond which it was, for instance, no longer acceptable to collect rents. The boundary was certainly moral, in that it defined what was legitimate to ‘eat’ for a bureaucrat or *Gram Pradhan*,⁵⁶ but it was primarily informed by information asymmetries between the different

⁵⁵In the Block close to the district headquarters that I investigated, the BDO supervised 75 *Gram Panchayats* until September 2015, when redistricting brought that number to 90.

⁵⁶In North India, the verb ‘to eat’ is used as a euphemism for corruption.

implementation levels and remained subjective, in the absence of official state sanction. As such, equity should be understood as what individuals considered as acceptable, and less as an ideal of redistribution.

Two examples will serve to illustrate the enforcement of this last norm. In April 2015, the BDO of the Block in which I carried out my investigation removed an Assistant Program Officer (APO) – a lower level bureaucrat specifically tasked with the monitoring of NREGS projects and reporting to the BDO. The BDO needed the support of lower-level bureaucrats such as the APO to negotiate and collect the rents from individual *Gram Pradhans*, since he was physically unable to collect them across the Block. Yet a disagreement over the amount to be extracted and collected led the then APO to fall from the BDO's grace and to be transferred to a backwater Block (in April 2015)⁵⁷ as the BDO suspected that the APO was collecting money that he would not be willing to share.⁵⁸ His replacement proved to be far more zealous as summer projects were being launched and larger payment requests had to be processed as a result.

Yet the BDO himself became a target as he was promoted to supervise two additional Blocks (in addition to his own) – in the summer of 2015. The promotion had obviously enabled him to dramatically increase his rent-collection abilities and he presumably reaped considerable benefits in the process. In the districts headquarters however, this soon raised

⁵⁷The Block is located right by the border with Nepal, a rather long drive for government employees who usually reside in the district headquarters and use a two-wheeler to get to work.

⁵⁸His replacement seemed especially pliable and compliant and was once described to me as a *dalal* [fixer or agent], a term often used for intermediaries in North India (Oldenburg 1987; Witsoe 2013). *Dalal* [literally 'pimp'] has a negative connotation in Hindi.

eyebrows, and ultimately the inability to monitor rent extraction (at higher levels of the bureaucracy) along with the perception that he was unwilling to share the spoils led to the temporary suspension of his salary (along with the salary paid to other Block level bureaucrats) – in October 2015.⁵⁹

4.3 Selective incentives, rewards and punishments

As the first agents of resource extraction and collection, the *Gram Pradhans* were essential to the bureaucracy’s rent collection efforts. In order to enforce compliance, the BDO wielded specific power by virtue of digitally approving payments for NREGS (through the use of a ‘dongle’ for electronic signature) and other development funds.⁶⁰ This discretionary authority provided the BDO leverage when negotiating the rents with the *Gram Pradhans*,⁶¹ which he did by requesting payment of the rent ex ante, i.e. before the wages were effectively paid to workers by direct deposit.⁶² This reflected a strategy rather than personal preferences. Staff turnover at the Block level – appointments could be very short, sometimes six months – meant that the BDO had little time to build relationships based on trust. Requesting payment ex ante allowed to mitigate the risk of defection among *Gram*

⁵⁹This led a district-level bureaucrat – the Chief Development Officer or CDO – to retort to the BDO who was complaining about the temporary suspension: “But which salary do you actually depend on?” (quoted by the District-level Assistant Program Officer, Author interview on Nov. 27th, 2015).

⁶⁰The State Finance Commission funds for instance allowed the use of discretion since the BDO, Secretary and *Gram Pradhans* are chiefly responsible for their management and disbursement.

⁶¹The *Gram Pradhans* were often primarily involved in the negotiation of the rent, though the Secretary occasionally intervened, particularly when the *Gram Pradhan* was unable to negotiate – specifically in *Gram Panchayats* reserved for traditionally disenfranchised groups.

⁶²The practice was not systematic. In a neighboring Block, the rent payment was expected upon the final payment of wages.

Pradhans, who could decide to pocket the surplus and not remit it to the Block Office staff.

For the *Gram Pradhans*, rewards for compliance came in the form of a share of the surplus extracted from the payment of wages (which they also shared with the beneficiaries privy to the surplus extraction mechanism). Yet the provision of these selective incentives ensured the participation of many, but not all the *Gram Pradhans*. Measuring exactly the participation rate remains a challenge, and many of the *Gram Pradhans* I interviewed were reluctant to admit on the record that they were giving money, though as many as 26 out of 38 (65%) admitted that the system was enforced (not necessarily in their individual Block). Candidates were more likely to do so (34 out of 40), though it is unclear how many of them actually knew the mechanics of rent extraction, beyond the accusation – relatively common ahead of an election – that the sitting *Gram Pradhan* was ‘eating’ a lot of money.

The BDO specifically sought to punish the *Gram Pradhans* who wished to implement the scheme (or had started implementing the scheme) but refused to pay the commission. A majority of the *Gram Pradhans* (20 out of 38) confirmed that the punishment consisted in stopping the work, or alternatively, slowing down the payment of wages, which put considerable pressure (from the workers) on the *Gram Pradhan* – who were primarily held accountable for the payment of wages. Many also suggested that the punishment extended to other development funds, as was remarked by another *Gram Pradhan* from Mahsi constituency: “If the commission is not given, there can be obstacles to the work, the funds from NREGA and State Finance Commission [Raj Vitta] can stop.”⁶³ Alternatively,

⁶³Author interview, Nov. 26 2015.

the BDO occasionally proceeded with enhanced monitoring of the village expenses, as explained by a *Gram Pradhan* from Qaisarganj constituency: “His assessment of work will be unsatisfactory, and an investigation will be conducted.”⁶⁴

The provision of selective incentives in the form of a personal gain was not always enough to induce *Gram Pradhans* to deliver the rent payment. In fact, non-interference ensured that the *Gram Pradhans* were not coerced into participating, simply that they were provided selective incentives. And while opting out meant not cashing out a surplus from the wage payments, the strategy was less consequential for the *Gram Pradhan* – at the *personal* level – than it was for the village community. Whether the *Gram Pradhans* opted out because they did not want to be associated with rent extraction, or instead just did not find enough of a personal gain, did not really matter from the perspective of rural citizens, who were all collectively ‘punished’ in the absence of work and wages and were inclined to blame the *Gram Pradhan* for ‘eating’ the money. *Gram Pradhans* as a result were not punished as individual citizens, but rather as elected leaders.

The fact that the many *Gram Pradhans* visiting the Block were often the same visitors suggests that the BDO and his staff were able to collect rents from a relatively small number of reliable *Gram Pradhans*. In the summer of 2015, as the date of the *Panchayati Raj* elections approached, the volume of payments increased, in part because the cooperating *Gram Pradhans* had tremendous cash needs ahead of the elections.⁶⁵ The payment of

⁶⁴ Author interview, Dec. 11, 2015.

⁶⁵ The *Gram Pradhans* considering a run were uniquely constrained by state policies such as redistricting and the enforcement of mandatory quotas at the local level which limit the competition to specific caste groups. The quotas were awarded in September 2015, which suggests that many of the *Gram Pradhans*

commissions then took a powerfully symbolic dimension as visitors to the Block avoided entering the Office through the main entrance – adding insult to injury – as they went on with the pilfering of state resources, and at a time when the BDO, representative of the Indian state, came to the office only once a week.

Yet there were more than personal considerations in the decision made by the *Gram Pradhans* to participate or not. While a few were unwilling to extract a surplus demand, many were actually unable to do so, yet others were able to escape these demands for rents. The implementation of NREGS, and the subsequent enforcement of rent collection happened amidst different political leadership structures at the *Gram Panchayat* level, which I discuss in the final section of this paper.

4.4 Norm enforcement and *Gram Panchayat* political leadership structures

The *Gram Pradhans*' participation in rent extraction depended on both their acceptance of the conditions posed by the Block but also largely on their ability to extract a surplus in the first place, i.e. by providing selective incentives to beneficiaries themselves. The mechanisms of surplus extraction and the delivery of rent payments did not happen in a political vacuum. They were largely dependent on the type of leadership at the *Gram Panchayat* level. Two aspects of the local political leadership particularly mattered: partisanship – specifically the relationship with district party elites – and caste (as it interacted

who were accumulating resources were doing so without knowing whether they would be able to run.

with the enforcement of formal rules for political representation).

Interviews with *Gram Pradhans* and candidates not only revealed the extent to which rent extraction drove policy implementation, since two-thirds of the respondents (60 out of 78) across all the Blocks and legislative assemblies in which the author traveled acknowledged that the *vyasvasthaa* [system] was enforced by the bureaucracy. Respondents also agreed that some *Gram Pradhans* were unlikely to deliver rent payments: those considered as *'imandaar'* [honest] and those with ties to local political leaders, such as the Members of the State Assembly or MLA and local party leaders (specifically the District Party President of the *Samajwadi Party*, then in power at the state level.). Overall, more than 50% of the respondents (41 respondents out of 78) identified links to a local political leader as a way to escape the bureaucratic demands for rent. *Gram Pradhans* who nurtured ties with local party leaders were often characterized as *dabangwalle* [powerful]⁶⁶ an indication of their political influence in the countryside. As a *Gram Pradhan* from Payagpur constituency explained:

“If the Pradhan is honest, then he will not give money but if he has to make work happen in the village, then he will have to give them [the babus] money.

The powerful Pradhans do not give.”⁶⁷

It was assumed that the BDO would not dare challenge a powerful *Gram Pradhan* who could complain to the MLA (from the party in power) and risk being transferred, as a

⁶⁶The term *dabang* can be translated either as assertive or powerful in Hindi.

⁶⁷Author interview, Dec. 2, 2015.

candidate from Mahsi constituency explained: “The powerful ones do not give money. The BDO could get beaten up for asking for money.”⁶⁸

Partisanship therefore played a role to the extent that some *Gram Pradhans* maintained ties with political elites in the district, and specifically with elites from the party in power. This was for instance the case in Bahadurpur – one of the two *Gram Panchayats* compared earlier, where the *Gram Pradhan* from the *Yadav* caste kept ties with the local MLA and Minister from the the party in power, the SP, a relationship which exempted him from paying the commission to the BDO. This exemption from the delivery of rent payments also gave him leverage as he implemented the pond clearing project in the summer of 2015 and translated into an increased ability to pursue his own distributive strategy, which could involve rewarding partisans and reaching out to non-partisans, as appeared to be the case in Bahadurpur. By contrast, the Mohammadganj *Gram Pradhan* who did not nurture ties to the MLA and in fact supported the Opposition party (the BSP), was expected to deliver these rent payments, which made the pursuit of clientelism necessary to extract a surplus, but which required the cooperation of the selected beneficiaries, even when they chose not to perform the work and the work itself had to be outsourced to individuals from outside the *Gram Panchayat*, as appeared to be the case in Mohammadganj.⁶⁹

⁶⁸ Author interview, Nov. 26, 2015.

⁶⁹ This led him to hire workers from outside the *Gram Panchayat* who would expect to be paid on a piece-basis, while the payment was cashed in the name of a close friend or kin. The political setup of each *Gram Panchayat* remains uniquely shaped by the size of the winning coalition, which tends to be small, given the enforcement of the First-Past-The-Post or FPTP and the large number of candidates (Bohlken 2016). In many places indeed, the *Gram Pradhan* can win a local election with only a small plurality of votes, and sometimes with votes from individuals who are unlikely to perform the type of work required under NREGS.

At any rate, few *Gram Pradhans* appeared to maintain strong ties with party elites, as the latter remained unable, and to some extent, unwilling, to build extensive ties in the countryside. For instance, a majority of respondents (54 out of 78) explained that the Member of the Legislative Assembly or MLA played little to no role in local elections, i.e. that he refrained from supporting openly any candidate or sitting *Gram Pradhan*. On the one hand, this non-interference owed to information asymmetries between district party elites, and the *Gram Panchayat* level, as explained by a *Gram Pradhan*:

“The MLA does not provide any help in the election, there are a lot of Gram Sabhas in one constituency, they cannot help all of them. They can provide some help in the Gram Sabhas that are close to their house.”⁷⁰

On the other hand, this non-intervention in the politics of the *Gram Panchayat* owed to the nature of local elections, which were often a very competitive affair involving several candidates (Bohlken 2016). In the words of a candidate: “The MLA does not provide any help, because if he helps someone the other candidates get angry or they can create some trouble for the MLA.”⁷¹ Supporting any one of the candidates might backlash, especially if the ‘chosen’ candidate lost in the end, thus potentially thwarting the efforts of the MLA to garner as much political support as possible: “The MLA have to take most votes, so they do not help anybody.”⁷²

⁷⁰ Author interview, Mahsi constituency, Nov. 26, 2015.

⁷¹ Author interview, Mahsi constituency, Dec. 5, 2015.

⁷² Author interview with a candidate from Mahsi constituency, Nov. 26, 2015.

As a result, member of the district party elites refrained from openly supporting candidates as much as they refrained from getting involved in village politics after the election. This relative insulation of village politics from district, and even state-level politics meant that the selective activation of the demand remained endogenous to political competition within the *Gram Panchayat*, allowing political leaders – the *Gram Pradhans* – to both reward their partisans and generate resources for vote-buying through surplus extraction without the MLA interfering.⁷³

In addition to partisanship, caste played an important role in surplus extraction and the collection of rent payments. First, and largely because of the unequal distribution of rural assets (such as land) and the overlap between caste and class, the powerful *Gram Pradhans* were likely to come from specific caste groups, such as the high status *Thakurs*. But leadership structures at the *Gram Panchayat* level were also uniquely fashioned by the interaction of caste and the quotas enforced for the representation of traditionally disenfranchised communities, such as the Scheduled Castes (SC) and the Other Backward Classes (OBC). The enforcement of these quotas takes a unique importance during the *Panchayati Raj* elections held every five years, since the award of quotas determines who is allowed to run for office, and thus limits the competition to specific caste groups.⁷⁴ Yet

⁷³This absence of interference in NREGS spending at the individual level was nevertheless compatible with the discretionary use of development resources which the MLA and other district-level leaders occasionally showered on specific communities and villages, as was remarked by many of the *Gram Pradhans* I spoke with.

⁷⁴As in many other parts of India, quotas enforced on a rotation basis, but in Uttar Pradesh, in contrast with other states, the distribution of quotas is not randomized. While in some states, such as Rajasthan, the quotas are assigned randomly (Chattopadhyay and Dufflo 2004; Chauchard 2014), in Uttar Pradesh the assignment of quotas is based on a rapid census carried out before the elections. The state assigns a total number of reserved seats based on the share of the total population for specific caste groups. Individual

Table 4: Average landholding size (in hectares), by status (*Gram Pradhan*/candidate) and caste group

Constituency (<i>Vidhan Sabha</i>)	<i>Gram Pradhan</i>			Candidate		
	Forward Castes	OBC	SC	Forward Castes	OBC	SC
Qaisarganj	13.9	4.9	.9	na	3.9	.5
Mahsi	na	5.4	1.2	9.8	5.9	8
Payagpur	8.3	1.7	na	12.9	2.9	.6
Matera	11.3	8.3	1.8	9.7	1.1	5.9

these formal incentives were often thwarted by the weight of caste hierarchies, which the unequal distribution of rural assets largely reflected, as shown in Table 4.

In two *Gram Panchayats* I visited during the Fall 2015 elections, the *Gram Pradhan* and the candidate in a *Gram Panchayat* that was officially reserved for the Scheduled Castes were ‘shadowed’ by members of the ‘Forward Castes’ (*Thakurs* in both cases).⁷⁵ When they were not shadowed by other citizens belonging to the ‘Forward Castes,’ officeholders from the Scheduled Castes appeared more likely to be the target of the bureaucracy’s demands for rents, as was explained by a *Gram Pradhan* (belonging to the *Thakur* caste himself) in Payagpur constituency:

“We do not give the commission, such *Pradhans* as those with ties with officers
or associated with local leaders, they do not give money. *They* [the bureaucrats]

assignments to *Gram Panchayats* are based on the demographic increase since the last election, which also occasionally leads to redistricting.

⁷⁵For instance, in Mathurganj [the name has been changed] of Mahsi Constituency, the sitting *Gram Pradhan* – who belonged to the Scheduled Castes – worked as a maid for a local *Thakur* landlord.

take a lot of money from the reserved seats.” [emphasis added]⁷⁶

Caste also played a role in determining the ability of a *Gram Pradhan* to actually provide selective incentives to beneficiaries. A high caste *Gram Pradhan* was in a better position not just to escape bureaucratic demands but also to inflate muster rolls and wage lists on his own account and for his own benefit. The political clout derived from traditional forms of caste dominance allowed him to do so *without* necessarily providing beneficiaries with selective incentives (in which case he kept the passbooks). And the leadership structures at the local level largely remained insulated from bureaucratic intervention, which remained difficult since government bureaucrats could remove an elected *Gram Pradhan* only under exceptional circumstances, and with the approval of high-level bureaucrats in the district, a very challenging task. The relative importance of these leadership structures, along with bureaucratic non-interference in the distribution of welfare benefits translated into a form of autonomy from the state, albeit detrimental to the emancipatory goals of public policy.

⁷⁶Author interview with a *Gram Pradhan*, Dec. 9, 2015.

Conclusion

This study has presented extensive evidence of the distortions that contribute to defeat the goals of the National Rural Employment Guarantee Scheme (NREGS) in a rural district of Uttar Pradesh. In doing so, it has focused very closely on the details of implementation, showing the multiple ways in which bureaucrats and local government officials manipulate the formal rules established by the state. These details are complex and the politics is nuanced but altogether they suggest the following conclusions.

First, my empirical investigation has pointed to a political articulation of the demand for benefits, rather than its spontaneous emergence, an outcome at odds with the expectations of state policy. Data collected across *Gram Panchayats* of Bahraich district, in Northern Uttar Pradesh, revealed the extent to which *Gram Pradhans* – elected leaders of Village Panchayats – exercise discretion in the activation of the demand, the participation of beneficiaries in the design of projects and even the modalities of payment. Yet the empirical investigation also revealed how these local elected officials remain dependent on the bureaucracy to ensure the delivery of policy benefits. Ultimately, policy outcomes – such as employment generation levels and more importantly, the payment of wages – remained contingent on the interaction between the *Gram Pradhans* and the bureaucracy tasked with policy implementation, and specifically the payment of rents to ensure the disbursement of wages. The selective activation of the demand was therefore made necessary to ensure the extraction of a surplus that would allow rent payments to be made.

Second, this study has showed that rent extraction and clientelism at the *Gram Panchayat* level reflected the enforcement of informal norms of expected behavior, which helped mitigate agency problems. Specifically, these norms ensured that every participant was provided selective incentives, but they also reflected moral considerations as to what level of graft could be accepted among bureaucrats and elected officials. Providing an accurate account of the sums effectively diverted remains an elusive task, but the enforcement of these norms was a testament of the endurance of informal institutions in the face of changing formal incentives. In many ways, the BDO asking for a 10% commission to ensure the payment of wages acted much like the contractors who had been banned by the formal policy blueprint (Mathur 2016).

Third, the data presented in this study suggest that a policy that seeks to provide a safety net to the rural poor through popular participation remains dependent on the interactions between formal and informal institutions. Decentralization has often been touted as a more effective way to ensure service delivery or channel resources to the poor, but informal institutions such as clientelism can distort policy implementation in a way that blunts the emancipatory goals of public policy. This is especially likely to be the case where power asymmetries linger, as is the case for instance in Bahraich. Nevertheless, and in contrast with recent accounts of an affinity between decentralization and patronage or clientelism (Sadanandan 2012), this study showed that decentralization does not necessarily entail patronage or clientelism. Under NREGS for instance, the decentralization of benefit delivery proved compatible with clientelism only to the extent that rents could be extracted

and delivered to bureaucrats.

Decentralization does not guarantee transparency or accountability (Véron et al. 2006), especially where collective action in the face of poor service delivery and corruption remains a challenge (Mangla 2014). In Bahraich district, the mechanisms of rent extraction were relatively shielded from public scrutiny, and few, if any, of the beneficiaries of the scheme in the villages I visited were aware of the intricacy of the norms driving bureaucratic transactions. As a result, the implementation of NREGS served only to reinforce the powers of the local bureaucracy, exposing in the process elected officials such as the *Gram Pradhans* to accusations of mismanagement and corruption. While not systematically unfounded, these accusations nevertheless contributed to gravely affecting popular perceptions of democratic accountability, especially where the *Gram Pradhan* had refused to take part in rent extraction in the first place.

A final conclusion from this study is that public policies targeting the poor must do so by considering the conditions under which a demand for benefits emerges (or does not) as well as the response from state agencies. Specifically, this study draws attention to the ways in which institutional design leaves opportunities for discretionary authority that are inimical to the goals of a policy such as NREGS. Policy debates in recent years have largely focused on the need to empower communities to facilitate access to welfare benefits and basic services. They have at times revolved around the relative benefits of cash transfers (Dutta et al. 2010; Ghosh 2010) over means-tested targeting or the introduction of a universal basic income. A full discussion of the relative merits of these institutional

mechanisms is beyond the scope of this paper. At a minimum, the findings from this study call for institutional designs that minimize discretionary authority, not just in the determination of the beneficiaries, but also in the delivery of welfare benefits.

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