

# What Employment Guarantees Were Really About

 [thirdworlddecon.substack.com/p/what-employment-guarantees-were-really](https://thirdworlddecon.substack.com/p/what-employment-guarantees-were-really)

Rohith Jyothish

December 27, 2025

Employment guarantees are usually discussed as labour market interventions—policy instruments that provide temporary work, smooth incomes, or stabilise rural demand. In recent debates on the reform of the Mahatma Gandhi National Rural Employment Guarantee Act, the technocratic position has been that when employment demand is open-ended, fiscal uncertainty makes it difficult for the state to plan expenditure in advance. This imagination of reform is narrow.

Within the institutional limits of liberal democracy and capitalism, employment guarantees marked the furthest the Indian state had gone in acknowledging a basic and uncomfortable fact, that labour markets do not reliably translate one's ability to do labour into guaranteed subsistence, and that for large sections of the population, the formal freedom to sell labour is inseparable from the compulsion to do so on whatever terms are available. Employment guarantees did not promise emancipation or transformation. They promised something far more modest—that the risks produced by labour-market failure would not be borne entirely by households.



Source: <https://en.gaoconnection.com/reportage/nrega-employment-poverty-poor-payments-economy-labourers-jyoti-ghosh-nikhil-dey-labour/>

**MGNREGA to VB-G RAM G: A Brief Note**

---

MGNREGA was distinctive because it created rural employment in **response to demand**. Households could seek work when other sources of income failed, and the state was legally obliged to provide employment—or compensation—within a stipulated time. This demand-driven structure made the programme administratively and fiscally open-ended by design.

Recent reforms seek to reverse this logic. They move the programme towards *ex ante* planning, capped allocations, and technologically enforced limits on work and payment. The stated objective is efficiency and predictability. The effect is to remove contingency from the system. This is effectively a withdrawal of public commitment to absorb labour-market uncertainty.

That even this limited, arduous, low-paid, and explicitly non-transformative arrangement now appears unacceptable to technocratic reason should give us pause. If a programme that never claimed to solve rural poverty comes to be treated as an anathema to economic rationality, then the question before us is no longer one of policy design or administrative reform. It is a question about the **purpose of the state itself** in a capitalist democracy.

What, precisely, is the state for?

Liberal political economy assumes that risk is best handled by markets. But when markets fail, the state intervenes selectively—protecting stability at the system level, while leaving individuals to deal with instability in their own lives.

Is the role of the state to keep labour markets functioning smoothly, while expecting workers to absorb uncertainty in their own lives? Or is it to recognise that this uncertainty is systemic, and therefore something public institutions must address—even when doing so resists neat planning?

If we allow ourselves to go one step further and ask the question, “what is free labour”? Formally free labour—the ability to enter and exit contracts—has always coexisted with substantive unfreedom, the absence of credible alternatives, the impossibility of refusing work, and the ever-present risk of destitution. Capitalism reorganised unfreedom not as overt coercion, but as an internalised compulsion of everyday economic life. To be free to work is, for most, to be compelled to work under conditions not of their choosing.

Employment guarantees emerged from a policy imagination that recognised this contradiction. They did not resolve it. They shifted part of its burden from the private realm to the public domain. What is not being rolled back is not just a scheme, but the underlying acknowledgment that the state should even bother to do this at all.

Thanks for reading Third World Econ! Subscribe for free to receive new posts and support my work.

**Free Labour, Necessity, and Unfreedom**

---

The category of “free labour” occupies a central place in liberal political economy. Workers are considered free because they are not legally owned, because they can in principle choose their employer, and because employment takes the form of a voluntary contract. In this framework, coercion appears only when contracts are enforced through violence, bondage, or explicit restriction on mobility.

But this understanding of freedom has always rested on a thin conception of choice.

Formal freedom—the ability to enter and exit contracts—does not imply the presence of meaningful alternatives. For large sections of the working population, especially in rural and informal economies, refusing to work is not a real option. The freedom to sell one’s labour is inseparable from the necessity of doing so in order to survive. Exit exists in theory, but not in practice; choice exists on paper, but not in real life.

This is not even an anomaly in the margins of capitalism. This is how it is.

In much of rural India, the language of “free” and “unfree” labour misdescribes the problem. The issue is not that workers are forced into particular jobs, or that they lack the ability to switch employers. The issue is that labour markets themselves do not provide a stable route to subsistence.

For large numbers of rural households, wage work is episodic, spatially scattered, and poorly paid. Agricultural employment is seasonal. Non-farm work is scarce and often requires migration. Credit is expensive and conditional. In this context, the question is not whether a worker can refuse a particular job offer, but whether refusing work at all is possible without immediate consequences for food, shelter, or debt.

Rural labour markets don’t allocate opportunity as much as rationing hardship. People move between short spells of work, waiting, borrowing, and migration, because there is no institutional guarantee of continuity. The absence of alternatives is the norm.

Employment guarantees intervened here. They did not create better jobs or new career paths. They provided a publicly assured floor of work for several days in a year in a context where work itself was uncertain. In doing so, they altered how households managed periods of non-employment. They reduced the need to migrate immediately, to borrow on unfavourable terms, or to accept whatever work happened to be available that week.

Hence, employment guarantees were never primarily about employment. They were about acknowledging that, in rural economies, labour markets cannot be relied upon to secure subsistence on their own. **What is now being “reformed” is not just a programme, but the idea that ensuring this minimal condition of survival is a responsibility the state should accept at all.**

## **The World Employment Guarantees Were Responding To**

I draw here on a rural visit I undertook in Rajasthan in 2019, travelling through villages and worksites in conversation with local activists and residents. I use it as a way to specify what NREGA was responding to. How households manage risk in an environment where work, payment, and entitlements are uncertain by default.

Getting to [Devdungri](#) (Rajsamand) took time. From my then residence in West Delhi, there was a bus to a small town, then another older bus that ran less often, and then a walk. All along the way, you'll see the options for food dwindle. You have to grab *kachori-chai* at the last bus station. Once you get to the village, electricity came and went. At night, it was colder than expected. I was staying with activists from the *Mazdoor Kisan Shakti Sangathan* (MKSS). We slept on thin mattresses on the cold hard floor of a concrete building.

Mornings began in the common kitchen in a hut. The first question was always whether there was enough *atta* to make *rotis* for everyone. If there wasn't enough, one of us had to go to the ration shop. *Rotis* were made on a *chulha*. Oil was used carefully. Sometimes, there was a pickle (mango or lemon) that someone who had passed through earlier would have left behind. Meals were functional.

If you were tired of the functional food, there are no options for a hot meal from a restaurant or even packaged food. So if the *atta* has run out, it is incumbent upon you to go to the ration shop and collect the wheat. At the shop, it's a frequent sight that the biometric authentication machine did not work. Sometimes there was no electricity, or no network. Those who engaged in manual labour couldn't get their fingerprints authenticated. Under the central government diktat to push Aadhaar-based authentication in the Public Distribution System-run ration shops, there was no workaround. The fact that the shopkeeper knows the actual purchaser of rations didn't matter. The machine and the technologies it depended on had to oblige.

Walking through nearby villages with MKSS activists, people recognised what we were there for instantly. They would come to you explaining wages that had not arrived despite completing MGNREGA-related work, and the rations they couldn't collect due to authentication failures. At one worksite, three women were digging what looked like a pond. One of the women had only one arm. When one of my fellow travellers offered to help with the work, I joined in out of compulsion while the women stopped to take a breather and have their packed lunch. Suffice to say, I couldn't last more than 15 minutes without breaking my back. So, the women got up and got back to their digging. They were awaiting their overdue MGNREGA payments from the past several weeks.

When talking to people across hut settlements, they spoke of patterns of migration. Historically, men in the region would sell ice cream near the highway as it was a much better avenue for earning than any agricultural or non-agricultural work available in the villages. The best option for men was as a driver in a neighbouring town. That's when you earn enough to send back home.

Across these places, work did not appear as a ladder or an opportunity. When work was there, people took it. When it wasn't there, they waited, borrowed, cut back or planned to leave. This wasn't a "crisis". It was just how things were.

MGNREGA exists to respond to this world. At its best, it can be stability, and an escape from drudgery, but a lot of the time, it is one more option to escape the brutality of hunger and poverty. That's the social function it has.

I've spent a portion of the last two months travelling by road and rail across ten states from the north to the south of this country. It's hard to miss how the majority of people live engaging in petty production or services of some kind. *Gol gappa* shops in the *mofussil* towns and *dhabas* when you are on the highways give you a pretty good idea of the nutrient-deficient food on offer. This changes noticeably as you enter the southern states. I was reminded of the *Devdungri* visit when we stopped for dinner at one of the *dhabas*.

## Why Technocratic Reform Cannot Accommodate This World

---

Contemporary debates on the reform of employment guarantees are framed in the language of efficiency, predictability, and fiscal discipline. Open-ended demand is treated as a design flaw. Expenditure that cannot be capped in advance is seen as irresponsible. Technology is introduced to enforce limits, standardise procedures, and reduce discretion. From within this frame, reform appears self-evident.

Technocratic governance is organised around *ex ante* control. It works best when populations, expenditures, and outcomes can be anticipated and stabilised. Its preferred tools—targets, caps, digital monitoring, and automated verification—are designed to reduce variability. When uncertainty persists, it is treated as noise, leakage or inefficiency.

Employment guarantees violate this logic at a fundamental level. Their demand-driven structure does not merely introduce fiscal uncertainty; it institutionalises it. By allowing households to seek work when other sources of income fail, employment guarantees shift the timing of intervention from prediction to response. They accept that labour-market instability cannot be reliably forecast and therefore must be dealt with as it occurs.

This is precisely what makes them difficult to govern within a technocratic framework.

From the perspective of planning, the problem is not just that employment demand fluctuates, but that it fluctuates in ways that cannot be neatly separated from household life. Illness, crop failure, delayed wages elsewhere, and seasonal downturns do not arrive on schedule. They materialise unevenly, often simultaneously, and require immediate adjustment. Employment guarantees were one of the few public institutions that responded to this reality without insisting that it first be rendered legible and predictable.

Reform reverses this orientation. By prioritising capped allocations, advance planning, and technologically enforced eligibility, it seeks to bring employment guarantees back within the domain of controllable expenditure. In doing so, it implicitly redefines what counts as a legitimate public responsibility. Risks that cannot be anticipated or neatly budgeted are no longer absorbed by the state; they are pushed back onto households to manage as best they can.

This is not simply a matter of tightening implementation. It represents a shift in how the state understands its relationship to labour. Rather than treating labour-market instability as a condition that warrants public response, governance increasingly treats it as a private problem—one to be addressed through individual adjustment, migration, borrowing, or endurance.

Seen in this light, the retreat from employment guarantees is not a retreat from inefficiency, but from contingency itself. It signals a preference for governing a world that is predictable over responding to one that is not. The friction arises not because employment guarantees were poorly designed, but because they acknowledged a social reality that contemporary technocratic reason finds increasingly intolerable.

## **Conclusion: What Employment Guarantees Were Really About**

---

Employment guarantees were never primarily about employment. They were about acknowledging a limit—specifically, the limit of labour markets as mechanisms for securing subsistence in environments where work is irregular, payments are delayed, and alternatives are scarce. What they recognised, without theorising it explicitly, was that formal freedom in labour markets does not eliminate vulnerability; it reorganises it.

MGNREGA represented a modest and constrained attempt to deal with this reality from within the institutional boundaries of liberal democracy and capitalism. It did not challenge the organisation of production, nor did it promise emancipation from necessity. What it did was far less ambitious and therefore more politically significant: it accepted that households could not be expected to absorb labour-market risk indefinitely, and that the state had some responsibility to intervene when markets failed to do what they were assumed to do.

The current push to reform employment guarantees does not merely narrow their scope or improve their efficiency. It withdraws from this acknowledgment altogether. By insisting on predictability, caps, and technological enforcement, governance is reasserting a view in which uncertainty is no longer a public concern but a private one. Instability must once again be managed through migration, debt, family support, and endurance.

This retreat tells us something important about the contemporary state. Liberal political economy is comfortable with intervention when instability threatens accumulation or macroeconomic order. It is far less willing to intervene when instability is lived as hunger, exhaustion, or waiting. Employment guarantees forced this contradiction into the open by making the state visible at precisely the point where labour-market freedom reveals its limits.

To dismantle or hollow out such programmes is not simply to change policy. It is to reaffirm a particular answer to an older question: what is the state for? If the answer is no longer to absorb even a fraction of the risks that capitalism systematically produces, then freedom is left intact only as a legal form, emptied of material content.

In that sense, what is being rolled back today is not just an employment programme. It is the idea that the state should absorb even a fraction of the risks that labour markets routinely impose on households.

Thanks for reading Third World Econ! Subscribe for free to receive new posts and support my work.