

Continuing to use this site you consent to the use of cookies on your device as described in our [Cookie Policy](#) unless you have disabled them. You can change your [Cookie Settings](#) at any time but parts of our site will not function correctly without them.

[BS APPS](#) [BS PRODUCTS](#) [BS E-PAPER](#) [BS LEARNING](#)

[SIGN IN](#) [SUBSCRIBE](#)

# Business Standard

**JUST IN** Goldilocks year awaits emerging markets defying Covid-19 pandemic ro [Search News, Stock Quotes or Company](#)

You are here: [Home](#) » [Economy & Policy](#) » News

## Delayed payments to rejection: MGNREGS workers spend money to collect wages

Nearly 13% of surveyed workers reported rejected payments and most were unaware of the reason for rejection

### Topics

[MGNREGA wages](#) | [MGNREGA](#) | [Employment](#)

Shreehari Paliath | IndiaSpend

Last Updated at December 1, 2020 09:22 IST

Follow us on [Google News](#)    

[Hide v](#) [Close](#)



## ALSO READ

35% of work under scheme meant for migrant workers went to MGNREGA

Person-days of work under MGNREGA amid Covid-19 crisis: A reality check

MGNREGA work demand drops in July 2020 as labourers get jobs in farms

MGNREGA today and tomorrow

Why casual labour prefers to work in fields than under MGNREGA

Workers in India's rural jobs programme, the Mahatma Gandhi National Rural [Employment](#) Guarantee Scheme (MGNREGS), faced numerous delays and hurdles in accessing their wages, a three-state survey by transparency project LibTech India has found. Delayed payments had become so normal for workers that they did not see month-long delays to be a violation of their rights under the scheme, the survey noted.

MGNREGS workers' perspectives on the nature of hardships faced in accessing wages, awareness of banking norms, access to information, grievance redressal under the scheme, transparency and accountability were captured in the 'Length of the Last Mile' survey of 1,947 workers in one block each of Andhra Pradesh and Rajasthan and two blocks of Jharkhand between September and November 2018. The report based on the survey was released on November 18, 2020.

### Earn reward

Apply for a C  
Mastercard t  
enjoy no ann

Respondents had to make multiple visits to and wait for long hours at different disbursement agencies, spending between Rs 6 and Rs 67 on travel for each visit, said the survey. The multiple trips and long waits imply that workers had to forego further earnings in order to collect their MGNREGS dues.

Nearly 13% of surveyed workers reported rejected payments and most were unaware of the reason for rejection, meaning future wage payments to these individuals would continue to be rejected, according to the survey report. Yet only about 6.3% of workers whose payments were rejected registered a written

Hide v Close

plaint, of which nearly 60% said their complaint was not resolved satisfactorily, or at all. A robust grievance redress system could fix this, experts told IndiaSpend.

The 15-year-old MGNREGS scheme, which guarantees 100 days of unskilled work a year to every rural household, has about 140 million active workers. In a year of heightened rural distress, with abrupt job losses in the informal sector stemming from the nationwide COVID-19 lockdown, MGNREGS is falling short in helping residents tide over the economic distress, IndiaSpend had reported in August. Around 4.2 million rejected wage transactions in the current financial year remain pending for resolution.

#### Multiple visits and costs incurred over 'the last mile' to payment

Four types of MGNREGS wages disbursement agencies, i.e. banks, customer service points (CSPs; kiosks where customers access limited banking services), business correspondents (BCs; who travel with point-of-sale machines for small banking transactions) and ATMs were used by respondents. CSPs and BCs both require customers to authenticate transactions through Aadhaar-based biometrics. In Andhra Pradesh, workers could also withdraw wages from post offices.

Almost half of the respondents had to visit each type of disbursement agency multiple times to receive wages. Two in five workers had to make multiple visits to CSPs or BCs, which accounted for the least number of visits; 45% had to make multiple visits to banks. Making withdrawals from ATMs were the most bothersome, with more than half (55.3%) of respondents having to make multiple visits due to insufficient cash in ATM machines.

More than half of Andhra Pradesh respondents had to make multiple visits to any of the disbursement agencies, the most among all three states, with nearly three in four having to revisit CSPs or BCs for assistance due to biometric failure.

With each failure leading to increased visits, costs of accessing wages rose. The cost of travel to and from agencies was Rs 6 to the post office (in Andhra Pradesh), Rs 31 to visit a bank, Rs 11 to a CSP/BC and Rs 67 to an ATM, on average.

Similar issues of access for workers were noted in a February 2020 report by the Karnataka Evaluation Authority (KEA), when evaluating the impact of wage and material payments to MGNREGS beneficiaries through the electronic fund management system for five years to 2018-19 in eight districts. Problems of access increase the cost of transactions for workers, the KEA report had noted. "To add to the hardship the workers would often take the trouble to go by foot, or a vehicle to a kiosk only to find that 'the [ATM] machine is out of order,' 'no cash available,' 'no electricity or power supply', or that wage has not been credited," said the KEA report.

"With postal payment banks, one can think of the benefits of accessibility of post offices for workers," Sakina Dhorajiwala, co-author of the LibTech India survey report, told IndiaSpend. But there were many cases of post offices in Andhra Pradesh hoarding the money for disbursement for long periods, she said. While the cost incurred by workers to access wages from post offices seems to have been low, despite the multiple visits required, this mode also requires biometric authentication which posed the same problems of biometric failure as with the CSP model, Dhorajiwala added.

#### Long hours at various wage disbursement agencies

Among the 1,204 workers of the 1,947 surveyed who are bank users, it took more than four hours to access wages for about 42% of workers in Jharkhand and 38% in Rajasthan. This was significantly less in Andhra Pradesh, at just 2% of workers. Further, it took more than five hours to access wages from banks for 30% of workers in Jharkhand.

Banks are usually located at the block headquarters and thus tend to be crowded, the survey noted. Despite the long hours taken, around 80% of bank users surveyed preferred banks as these were felt to be more secure, coupled with offering the full range of banking services, such as updation of passbooks.

Less time was taken for transactions at CSPs or BCs, and there was less crowding than at banks, the survey found. However, most workers still had to wait for at least an hour at CSPs and BCs. In Andhra Pradesh, 50% of CSP and BC users took more than an hour to access wages, while those in Jharkhand and Rajasthan took more than two hours to access wages. The experience was worse for around 30% of



workers in Jharkhand and Rajasthan, who took more than three hours to access wages at CSCs and PDS.

The multiple visits coupled with long hours taken at disbursement agencies imply that workers had to forego more work and wages to withdraw their dues. The MGNREGS wage rate for Andhra Pradesh, Jharkhand and Rajasthan at the time of the survey in 2018-19 was Rs 205, Rs 168 and Rs 192, respectively. This was revised to Rs 237, Rs 194 and Rs 220 in 2020-21.

#### Systemic problems in rural banking affecting MGNREGS payments

After 2014-15, MGNREGS workers' Aadhaar numbers were seeded with their job cards and bank accounts to transfer wages, with Aadhaar-based biometric authentication needed for withdrawals at some disbursement agencies, as mentioned.

This created technical challenges for some workers in accessing wages, including missing names in muster rolls, mismatch of names in job cards and bank accounts or Aadhaar numbers, said Sunny Bhagat, an independent researcher who works on MGNREGS-related issues in Jharkhand. "In 2016, large numbers of Aadhaar linkages [to bank accounts] were made as per [Jharkhand] state government's norms, which led to errors of such nature [mismatch of names]," Bhagat told IndiaSpend.

Around one in three respondents in Rajasthan said they had faced difficulty getting their Aadhaar number linked with their bank account, as did one in five in Jharkhand and one in 14 in Andhra Pradesh. About 40% of CSP and BC users reported having faced biometric authentication failure at least once in the last five transactions.

Such banking-related hardships are not restricted to the three states surveyed by LibTech India. In 2018, all MGNREGS workers did not yet have bank accounts linked with their job cards, and less educated or less informed workers depended on "Banking Middlemen, to assist them to make a transaction in the bank or at the ATM kiosk", the KEA report had noted.

Privately-run Common Service Centres (CSCs) that provide online government services including banking for a fee across rural India, are also failing to deliver, according to a survey in Jharkhand, IndiaSpend reported in November 2019. CSCs tend to overcharge customers for services such as banking through Aadhaar-enabled payment systems, we reported. Here too, workers needed to make multiple visits due to biometric failure, lack of network connectivity and electricity.

These problems with rural banking have not changed much since the LibTech India survey in 2018, and COVID-19 lockdown restrictions have only exacerbated the situation in banks that were already crowded, said Dhorajiwala.

In 2014, a Reserve Bank of India-appointed committee had recommended that electronic payment access points be made available for all within 15-minutes' walking distance by 2016. The "urgent need to increase bank branches in rural India" was also highlighted in the LibTech India report in 2018. Yet around 40% of Jan Dhan account holders could not access the government's COVID-19 relief, IndiaSpend reported in June, with limited access to banks in rural areas cited among the most common gaps in last-mile connectivity.

#### Payment rejection and lack of accountability

A total of Rs 7.19 lakh remained unpaid to 249 respondents (nearly Rs 2,900 per worker, on average) due to rejected payments at the time of the LibTech India survey. About 89% did not know the reason for rejection of their wage payments, and thus did not know how to rectify it. Without rectification, however, future MGNREGS payments to these workers would continue to be rejected, according to the report.

Workers must receive payments within 15 days of the closure of muster rolls under MGNREGS guidelines, but the process of resolving rejected wage payments is unclear and may take months to be fixed, said the LibTech India report. Further, "the onus of identification of the problem and rectification falls entirely on the worker for no fault of theirs", said the survey report. Field functionaries such as assistants at the panchayat level and other MGNREGS field staff "did not seem to have clarity about" rejections, the report added.

In the five years to July 2020, about Rs 4,800 crore worth of payments were rejected and about Rs 1,274 crore worth were still pending to be paid to all MGNREGS workers, the report noted. As of November 30,



70% of payments have been made within 15 days for financial year 2020-21, per government data.

Rejected MGNREGS payments consist of approved 'fund transfer orders' (FTOs) to workers' accounts that have failed due to technical errors in the payment system. These include data entry errors by the local administration (incorrect bank account or Aadhaar number entered), bank account-related issues (dormant, joint or closed accounts), Aadhaar-related (delinking of Aadhaar from bank account due to mismatch of names, etc). Each type of error throws up a particular error code in the MGNREGS Management Information System (MIS). The total rejected FTOs pending resolution in 2020-21 are 4.2 million.

Computer operators at the block level understand the meaning of different error codes displayed in the MGNREGS MIS, according to the survey. With the move to digitisation, however, "computer operators [have] become quite powerful making it hard for workers to reach out to computer operators", said the report. Often, one computer operator at the block level is shared between multiple panchayats, which creates a human resources problem, Padma Bareddy, project manager, Anode Governance Lab told IndiaSpend. Computer operators also have to escalate some of the issues to a higher level, as there are different MIS user roles at the state, district and panchayat levels, added Bhagat.

Technology does not work in silos and is enabled by the principles used in its design, said Dhorajiwala, adding that agencies that design Aadhaar-centric platforms, for instance, are not accountable to people. "These platforms are opaque and do not consider the context of the state-like electricity and network challenges," she said.

Most panchayat functionaries who oversee MGNREGS work and wage payments are not capable of resolving technical issues on their own due to lack of training, Bhagat told IndiaSpend. "They tend to escalate technical problems to the MGNREGS cell [at the state level in Jharkhand] or other relevant authorities. Ideally, these issues should be resolved at the panchayat level," he added. "If panchayats are provided adequate resources and training, they are capable of taking ownership," said Bareddy.

There are also non technical reasons for delayed MGNREGS payments and arrears. Wage payments were frozen in 19 states in the past due to delayed audits and approvals by governments, IndiaSpend reported in November 2017, the year preceding the LibTech India survey. "The absence of signatories in office when required, mismatch between the account particulars and what was stated in the wage bills, and the delay in preparation of wage bills by the team leaders" were also noted by the KEA report in 2018.

#### Delays 'normal' for workers, grievance redressal inadequate

Of 1,947 workers surveyed, 546 communicated complaints and 79% of these related to pending wages or partial wages received, said the LibTech India report. Here too, added costs of making follow-up trips to the panchayat to resolve complaints were incurred by some workers. About 94% of complaints were made verbally, for instance to panchayat officials, and 6% were filed in writing. Only about 6.3% of workers surveyed whose payments were rejected registered a written complaint, and nearly 30% said they had a complaint but did not register it. Nearly 60% of those who had complained said it was not resolved satisfactorily, or at all. Verbal complaints, however, have "no official bearing and therefore it is equivalent to not filing it at all", the report noted.

One problem in registering grievances is that delayed payments have become so normal for workers that they do not see months-long delays to be a violation of their rights under MGNREGS, the report noted. Given that workers do complain verbally, there is reason to believe that if a robust and working grievance redress system is created, more workers would file complaints, said Dhorajiwala.

Often the people who implement MGNREGS are the same people who have to be approached to address the problem, making for a weak grievance redressal system, according to the report. For instance, if a worker is not provided employment within 15 days of receipt of application, they are entitled to a daily unemployment allowance, according to the 2019-20 annual master circular for MGNREGS. The compensation, if delayed, can be "recovered from the functionaries/ agencies responsible for the delay", says the circular. "If the block has to pay unemployment allowance from their pockets, it is unlikely that they will ever approve the claims of MGNREGS workers for unemployment allowance," Dhorajiwala cautioned.

Hide v	Close

governments must ensure that workers are made adequately aware about their rights from work demand to payments at the panchayat level, the report said in recommendations on the way forward, and also pushed for MGNREGS information system design that is "worker centric". Pointing to a need to make all agencies that design and develop technological solutions for MGNREGS accountable for delays, all "payment intermediaries like Unique Identification Authority of India [manages Aadhaar], National Payments Corporation of India [manages digital payments and settlement], Public Financial Management System [tracks funds released under all central government plan schemes] and Common Service Centres must be brought under the ambit of social audits as a start", said Dhorajiwala.

✉ **Dear Reader,**

Business Standard has always strived hard to provide up-to-date information and commentary on developments that are of interest to you and have wider political and economic implications for the country and the world. Your encouragement and constant feedback on how to improve our offering have only made our resolve and commitment to these ideals stronger. Even during these difficult times arising out of Covid-19, we continue to remain committed to keeping you informed and updated with credible news, authoritative views and incisive commentary on topical issues of relevance.

We, however, have a request.

As we battle the economic impact of the pandemic, we need your support even more, so that we can continue to offer you more quality content. Our subscription model has seen an encouraging response from many of you, who have subscribed to our online content. More subscription to our online content can only help us achieve the goals of offering you even better and more relevant content. We believe in free, fair and credible journalism. Your support through more subscriptions can help us practise the journalism to which we are committed.

Support quality journalism and **subscribe to Business Standard.**

Digital Editor

**Read our full coverage on MGNREGA wages**

*First Published: Tue, December 01 2020. 09:14 IST*

READ MORE ON [MGNREGA WAGES](#) [MGNREGA](#) [EMPLOYMENT](#) [ECONOMY & POLICY](#) [NEWS](#)

PREVIOUS STORY	NEXT STORY
<p>One nation, one ration card: 9 states can raise Rs 23,523 cr from markets</p>	<p>At 9.9% GDP growth, India could be fastest-growing Asian economy in 2021</p>
<p>Electricity thanks to Gautam A</p>	

**RECOMMENDED FOR YOU**

**Promoted Stories**

Hide v Close

