

# Press Note

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## **Length of the Last Mile**

### **Delays and Hurdles in NREGA Wage Payments**

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The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is meant to provide 100 days of employment per year to households willing to do daily wage labour in rural India. Wages are transferred directly to the bank accounts of workers by the Government of India (GoI) under the Direct Benefit Transfer (DBT) initiative. Delay in wage payments continue to be rampant and is one of the most pressing issues for workers. While the GoI has paid much attention to the technical architecture of DBT, scant attention has been given to the hurdles faced by the workers in accessing their wages after the money is credited to their accounts. These hurdles are referred to as 'last mile challenges.' To assess some last mile challenges, LibTech India conducted a survey of 1947 NREGA workers in Andhra Pradesh (AP), Jharkhand (JH) and Rajasthan (RJ) between September and November 2018. LibTech India, a group of social scientists, activists, engineers, and data scientists, has been actively working on various aspects of the NREGA across several states. The survey builds on decades of work pertaining to rural public services delivery by members of LibTech India. Focussing on last mile challenges, we are releasing a research report titled 'Length of the Last Mile: Delays and Hurdles in NREGA wage payments.' This research is based on a grant from the Research Centre of Azim Premji University, Bangalore.

The survey attempts to understand the experience of workers whilst using different payment disbursement agencies -- Banks, Customer Service Points (CSPs), Business Correspondents (BCs), Post Offices, and ATMs. Broadly, we examine the following aspects from the workers' perspective: (a) Awareness about banking norms (b) Access to information (c) Nature of hardships faced in getting wages in hand. Examples of hardships are time taken, repeated visits required to withdraw money, lack of passbook updating facilities, Aadhaar related issues etc. (d) Transparency & accountability (e) Rejected payments (f) Grievance redressal.

While the survey results are representative at the block level, experience suggests that our observations and the statistical estimates are likely to be representative across the respective chosen states. We combined several dimensions of hardships and created hardship scores of the respondents. This acted as an index of comparison of workers' experience across states. Overall, we found that, regardless of the disbursement agency, workers in AP experienced lower hardships while those in JH faced the most hardship. Post offices users (only used in AP) seemed to be most satisfied with the quality of services. Rural banks tend to get very crowded. This, in combination with banks being located far away from panchayats implies that, on many occasions, workers have to make multiple trips to withdraw their wages. 42 percent in JH and 38 percent of people in RJ took more than 4 hours to access wages from banks. In contrast, this was just 2 percent in AP. Overall, an estimated 45 percent had to make multiple visits to the bank for their last transaction.

CSP/BCs appeared to be a convenient alternative to transacting at the bank due to their proximity. However, an estimated 40 percent of them had to make multiple visits to withdraw from CSPs/BCs due to biometric failures. CSP/BCs don't have passbook updating facilities. In comparison, people with postal accounts in AP had their passbooks updated for every transaction. While a significant proportion in AP got receipts for withdrawals at CSPs/BCs, those in JH and RJ were rarely provided receipts. Lack of any accountability framework for CSPs/BCs means that some workers get charged for transacting there which is meant to be free. This was highest in JH where 45% of the users were charged. Qualitative research indicated that workers have faith in banks as a more robust institution.

Aadhaar based payments and centralisation has meant that workers sometimes have little clue regarding where their wages have been credited and what to do when their payments get rejected. We paid close attention to workers whose payments got rejected. Rejected payments are akin to bounced cheques that happen due to technical reasons such as incorrect account numbers and incorrect Aadhaar mapping with bank accounts. Workers do not get these wages unless the underlying problems are rectified. According to official figures, as of July 2020, in the last five years, about Rs. 4,800 crore worth of payments were rejected nationally and about Rs. 1,274 crore worth is still pending to be paid to workers.

Awareness about banking norms and rights was low overall. For instance, many did not know whether they could transact in other bank branches, the minimum balance to be maintained etc. However, higher awareness didn't translate to lower experienced hardships. Despite some inconveniences, bank users preferred to stick to the bank as their disbursement agency. The highest retention was among the postal account users who preferred to continue using the post office accounts.

Perhaps the weakest link in the chain of the last mile, is the lack of an effective grievance redressal system. Hardships have been normalised, meaning that even obvious violations of the Act are not construed as legitimate grievances by workers and hence go unregistered. Overall, only about 28 percent of the respondents communicated their complaints of which about 94 percent did so verbally.

In the light of the economic crisis due to the lockdown, NREGA's importance cannot be overemphasised. And, effective last mile delivery is vital. We hope that through the report, policy makers, practitioners, academics, and other civil society members can collectively understand and address the challenges workers face at the last mile. We have provided a detailed set of recommendations in this report and presented a suggested 'Know Your Rights (KYR)' checklist from the workers' perspective. These recommendations will have ramifications across other programmes (PM KISAN, Maternity Entitlements, Scholarships etc.) that operate within the DBT framework.

[Read the FULL REPORT here](#)

Attachments : 1) The Executive Summary      2) The Data Summary

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