

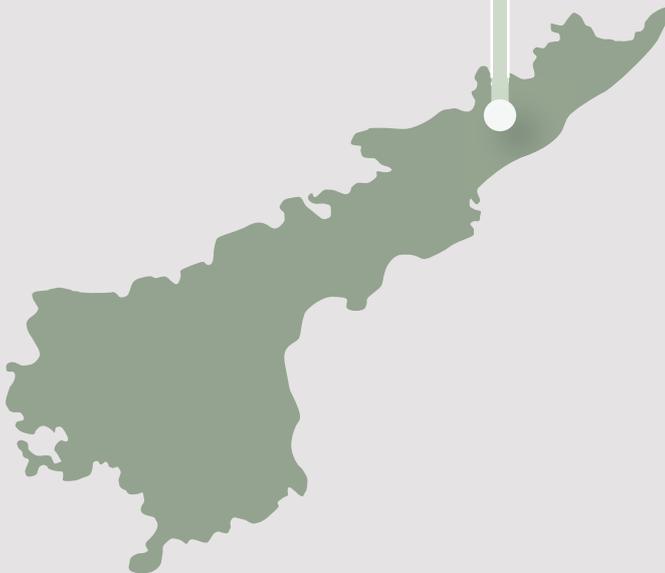


Length of Last Mile
Delivery in
Tribal Areas
of Andhra Pradesh

ITDA PADERU

*Integrated Tribal
Development Agency*

*Paderu is a town
located in
the Indian state of
Andhra Pradesh.*



Covers 11 Mandals

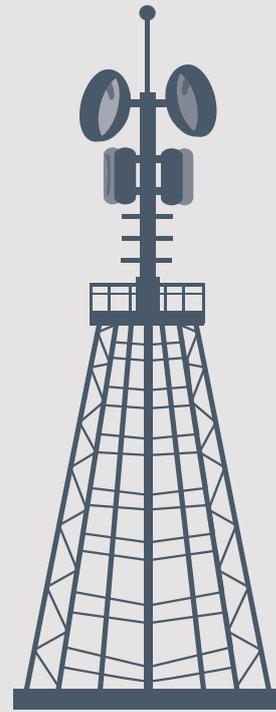
90% Tribal Population

***Geographically remote
and inaccessible***

***Pervasive network and
infrastructure issues***



1/3 of Paderu Villages don't have transport facility



104 Panchayats without connectivity

1. Background

During our years of working in Integrated Tribal Development Agencies (ITDAs) areas in Andhra Pradesh, we realised the challenging terrain, lack of infrastructure, and low levels of financial literacy, combined with a significant number of technologically challenged population without access to actionable information make the last mile¹ particularly difficult for those residing in these regions.

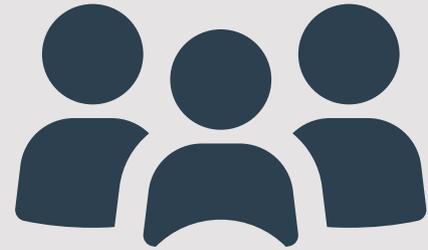
Historically, Scheduled Tribes have made up a significant portion of the population in the ITDA region; for example, 90% of ITDA Paderu is tribal. In this area, there are 104² grama panchayats without access to telecom signals. In addition, the Tribal Welfare Department's report indicated that nearly one-third of the villages in Paderu ITDA are without transportation infrastructure.

¹Workers in rural India face several hurdles and challenges to access their own hard earned money from banks and other disbursement agencies. These challenges are referred to as 'last mile challenges'.

²There are 244 grama panchayats in these 11 blocks and 104 do not have access.



One Bank Branch



34,000 individuals



154 Banking
Correspondent



3,803 villages

There are little financial alternatives in the ITDA Paderu region, with just one bank branch available for every 34,000³ individuals⁴. The 3,803 villages of Paderu ITDA have roughly 154 Banking Correspondent (BC) Locations to facilitate banking transactions to the locals.

Official data indicates that around 28 lakh adivasi households in the state were disbursed a total of Rs. 4289 crores from October 2019 to June 2021 through various cash transfer schemes. Since all of these households are required to collect cash from banks, the associated pressure has significantly increased. This has been identified as a key reason for conducting the study. In this context, it is crucial to examine these last mile hurdles to gain insights into their nature, estimate their magnitude, and identify actionable steps that can enhance workers' accessibility to their wages.

³ On average 1 bank branch is available for 7692 individuals in the country as on March 2022, NABARD Trend Report on Financial Inclusion in India - 2022

⁴ According to data from the District Handbook of Statistics, Visakhapatnam, 2020.

STUDY FOCUS



Time and Cost



*Transparency and
accountability*

2. Study Focus

While many tribal households are benefiting from various cash transfer programs, our study focuses exclusively on understanding people's experiences in collecting NREGA wages. By narrowing our focus, we aim to obtain more precise insights into the challenges that individuals face when collecting their wages. However, it is reasonable to assume that people's experiences in collecting cash from any scheme may be similar.

To provide a comprehensive understanding of the challenges we have organized NREGA workers into two overarching themes;

1. *Challenges related to time and cost*
2. *Challenges related to transparency and accountability.*

There are four basic kinds of money disbursement agencies available to tribal workers: bank branches, customer service points (CSPs), Business Correspondents (BCs), and Automated Teller Machines (ATMs). Bank branches are actual locations with a variety of financial services. Customers can access a restricted number of services at CSPs using

Aadhaar-based authentication. BCs carry a Point of Service (PoS) to offer quick banking transactions involving Aadhaar-based authentication. ATMs are devices that let users do simple transactions. By capturing experiences across all of these Disbursement Agencies, we aim to identify any hurdles that may be disproportionately affecting specific agencies.

The survey was deliberately conducted in Paderu ITDA, where the LibTech India team has been working for many years. For practical reasons, the survey was conducted at shandies, which are local weekly markets. We randomly sampled 11 of the 44 shandies in Paderu ITDA and interviewed at least 75 respondents from each of the sampled shandies, resulting in a total of 877 interviews.

As the survey was conducted in only one ITDA, the results may not be entirely representative of the challenges faced across all ITDAs. However, given the similar terrain, infrastructure, governance systems and access to Disbursement Agencies (DAs) across ITDAs in Andhra Pradesh, the recommendations drawn from the analysis can be applied to all ITDAs in the state. Additionally, the challenges faced often stem from common issues across Direct Benefit Transfer (DBT) schemes, so the recommendations can be helpful in addressing last mile challenges across all DBT schemes.

It should be noted that the number of workers accessing their wages through ATMs was very low, so the results pertaining to this group should be interpreted with care.

Findings

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graph TD; Findings[Findings] --> DAs[DAs accessed]; Findings --> Challenges[Time and Cost Related Challenges];
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DAs accessed

*Time and Cost
Related Challenges*

3. Findings

3.1. Disbursement Agencies Accessed

85% of the workers use CSPs/BCs as the primary DA

The majority of workers (85%) used Customer Service Points (CSPs) or Business Correspondents (BCs) as their primary Disbursement Agency (DA), while only 12.5% used bank branches. A very small proportion (21 people) used Automated Teller Machines (ATMs) as their primary DA. All respondents used an alternate or secondary DA when required. Among those who used bank branches as the primary DA, most also used CSPs/BCs as the secondary DA. Conversely, workers who primarily used CSPs/BCs mostly relied on bank branches as the secondary DA. ATMs were rarely used as the secondary DA.

3.2. Time and Cost Related Challenges

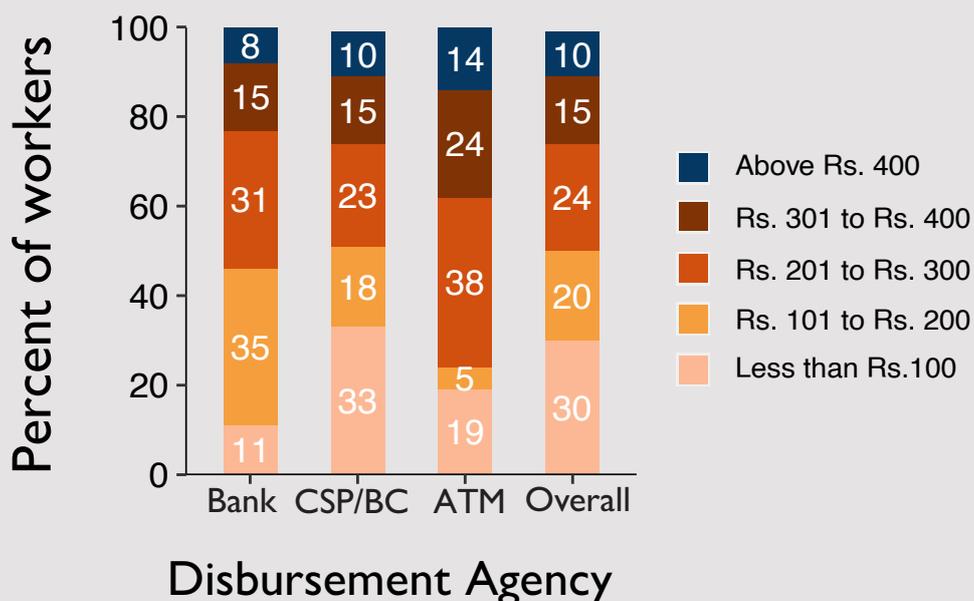
Workers often have to travel long distances and spend large amounts of money on withdrawing wages. To understand these challenges, we focussed on questions such as distance to the DA, time taken to travel there, costs incurred during the trip, and the reasons and frequency of multiple visits. These help shed light on many infrastructural problems

— an inadequate number of DAs that are often very far from their users; unreliable electricity and internet networks that hamper transactions.

3.2.1. Direct Costs

Half the workers spend above Rs. 200 and one-tenth spend above Rs. 400 on travel to withdraw wages.

Direct costs include money spent to withdraw wages, such as travelling long distances to and from the DA, buying food in case it takes too long to withdraw the wages, and accompanying fees for individuals who are elderly, single women, or differently-abled. Thus, total direct costs depend mainly on the distance to the DA and the time it takes to withdraw wages.

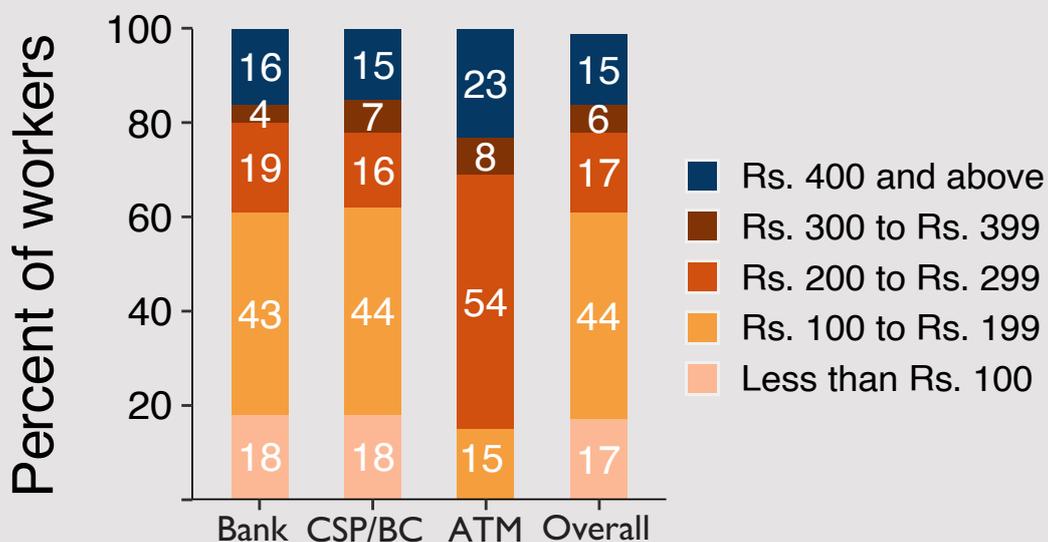


Overall, 37% of the respondents reported having to travel more than 10 kilometres to reach the DA, with even higher proportions for bank branches (48%) and ATMs (58%). Additionally, in ITDA areas, the panchayats are geographically spread out, so even though CSPs/BCs are usually located within the panchayat, over one-third of the respondents reported travelling more than 10 kilometres to reach the CSP/BC. Similarly, workers using bank branches as their primary DA spent more time travelling. As a result, workers often had to spend large amounts of money when visiting the DA. While 13% of the workers did not incur

any costs, 50% had to spend more than Rs. 200, and 10% had to spend more than Rs. 400 on a single visit. The costs were highest for workers using ATMs, with 76% spending more than Rs. 200 and 14% spending more than Rs. 400.

3.2.2. Indirect Costs

Around three-fourths of the workers missed at least a day's work. Around three-fourths of them had to forgo income worth Rs. 200 or more.



Disbursement Agency

Indirect costs occur when workers have to forgo wages on days spent in withdrawing wages. Given the distance travelled to the DAs and time taken to withdraw wages, workers not only have to spend money out of their own pocket but they often also have to miss work, losing out on income. This adds to the costs incurred by them.

Around three-fourths of the workers reported missing work while visiting the DA. Of the workers who missed work, more than 90% missed at least one day and 25% missed at least two days of work. As a result, 95% of the workers who missed work had to forgo more than Rs. 100 and around three-fourths of them had to forgo Rs. 200 or more. The income lost is substantial across all DAs but is even higher for those

using ATMs among whom more than 90% had to forgo more than Rs. 200.

3.2.3. Multiple Visits

One-third of the workers reported making multiple visits to the DA because they were unsure if their wages had been credited, while more than half of the workers had to make multiple visits due to infrastructural issues.

Multiple visits to the DA multiply the time and cost of withdrawing wages. Usually, multiple visits are caused by two reasons. First, the worker may reach the DA and find that their wages have not been credited, forcing them to visit again and again. Overall, one-third of the respondents reported having gone to the DA and found that their wages had not been credited and one-sixth reported that this had happened multiple times. This happens primarily because, even though the NREGA Act mandates that workers should be informed about wage credit through proper channels, the ground realities are often different.

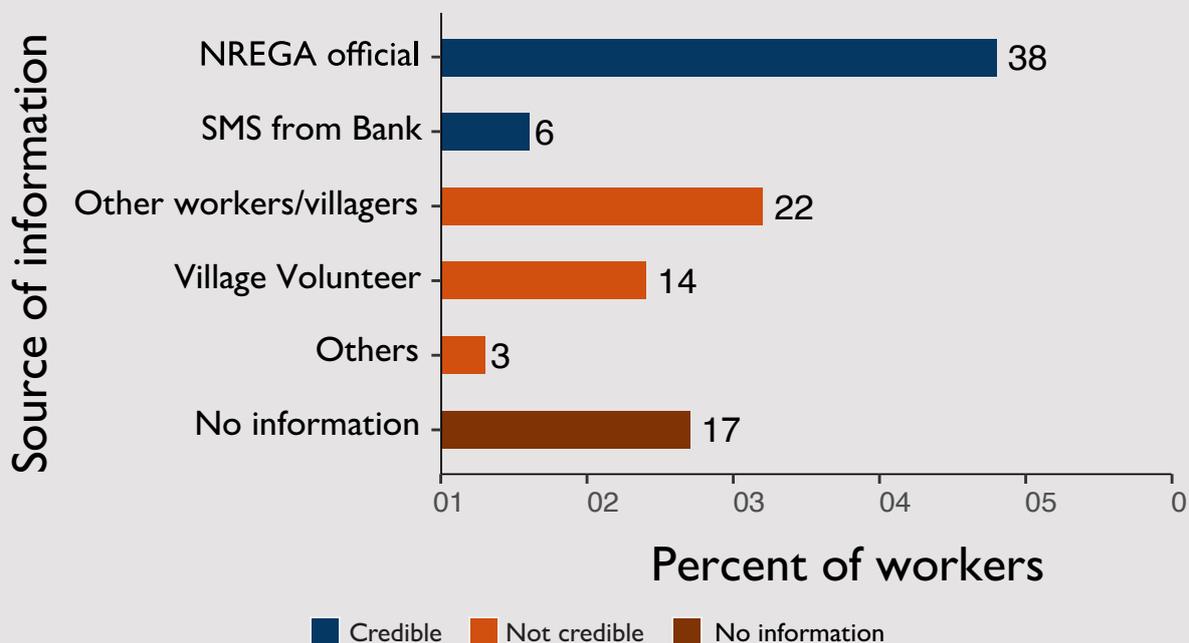
Second, infrastructural problems like overcrowding, network issues, and lack of electricity prevent workers from withdrawing their wages, even after the wages have been credited. 56% of the workers reported facing these problems. The three main issues due to which workers had to return without withdrawing wages were network failure (38%), overcrowding (35%) and cash running out (20%). While overcrowding was a far bigger problem at bank branches and network failure at CSPs/BCs, all three issues were reported by a large proportion of workers accessing their wages through ATMs.

3.3. Transparency and Accountability Related Challenges

Through our survey we wanted to understand more precisely the issues with transparency (access to information) and accountability (ability to redress their grievances). We asked respondents how they knew of wage credit, whether this was through credible sources such as NREGA functionaries or SMS. We asked if they were able to track their transactions through passbook updation, receipts, or SMS. Finally, we asked if they had filed any grievances.

3.3.1. Access to information

Less than half of the workers get information about their wages through credible sources.



According to the MGNREG Act, it is the responsibility of the state to ensure that workers are informed about the crediting of their wages. However, less than half of the workers receive reliable information through official channels or SMS notifications. Other sources include word-of-mouth (22%), village volunteers (14%), and visiting the DA to

find out (17%). Amongst the channels through which information about wage credit can be communicated, SMS is not even a viable option for a large majority of the workers as only around one-fifth of the respondents have a mobile phone. Further, poor network connectivity in ITDA areas makes it difficult for the messages to get delivered even for workers with a mobile phone. Lack of proper channels of communication about wages and other entitlements result in workers making multiple visits to the DA as discussed in the previous section 3.2.3 titled “Multiple Visits”.

3.3.2. Tracking Transactions

Less than one-tenth of workers had their passbook regularly updated. Only one-fourth respondents report getting an SMS or receipt on withdrawal.

Financial literacy continues to be low in rural areas, especially ITDAs, making it easy for citizens to be defrauded by disbursement agencies. There are countless field anecdotes about officials withdrawing extra money from citizens’ accounts, giving them only part of the amount withdrawn. This makes regular electronic updation of passbooks and withdrawal receipts/SMSes important tools to ensure transparency, and eventually reduces the likelihood of citizens being vulnerable to fraud.

Updation of passbooks can help the workers keep track of individual transactions as all transactions are recorded in one place. Fortunately, only 1.5% of all respondents were not issued a passbook. However, out of those who had passbooks, more than 90% said their passbooks were never updated. CSP/BC users fared the worst here, with 97% saying they never received receipts for their transactions, while 58% of bank users said their passbooks were never updated. Thus, workers using CSPs/BCs are less likely to be aware if there were misdirections or misuse of their account

Disbursement agency	% of respondents who had a passbook	% of workers who had a passbook and it was updated		
		No, never	Yes, sometimes	Yes, always
Bank	98.2	58.3	27.8	13
CSP/BC	98	97	2.9	0.1
ATM	100	81	19	0
Overall	98	91.7	6.4	1.7

Table 1: Percentage % of respondents with a passbook who had a passbook and frequency of updation

Another possible method of ensuring transparency in transactions is to get SMS/receipt on withdrawal. The proportion of people receiving SMS/receipts regularly on withdrawals is rather low at 27%. Workers, who primarily use CSPs/BCs are the worst off with only 23% receiving SMS/receipt on withdrawals.

3.3.3. Grievance Redressal

Only one-fourth had filed a complaint and only 10 people had done so in writing.

Grievance redressal is crucial for ensuring that entitlement holders can file complaints to hold officials accountable in case of grievances and receive their entitlements. Unfortunately, the survey revealed that the grievance redressal system in ITDAs is in poor condition. Only one-fourth of respondents said they had registered a complaint, and only 10 people had done so in writing or online. It is challenging to follow up on complaints that are not submitted in writing, making it difficult to hold functionaries accountable and resolve issues. The lack of local channels for registering grievances is evident in cases where complaints related to RoFR land titles can only be filed at the ITDA Office level.

4. Discussion

The ITDA areas of Andhra Pradesh have a multitude of issues that make the 'last mile' delivery difficult for people living in these areas. Firstly, the DAs are few and far apart. The distance, time, and cost of withdrawing money are impacted. Secondly, infrastructural issues like poor network (both mobile and road) connection make it difficult for people to withdraw money. As a result, people often take a long time to withdraw money and even have to make multiple visits at times. Thirdly, the lack of transparency, such as limited access to information about when the money has been credited or difficulty in tracking transactions, poses a number of challenges for the people. Fourthly, the low levels of financial literacy of people living in ITDAs makes them even more vulnerable to fraud. And finally, the lack of a proper grievance redressal system makes it difficult for rights holders to hold the officials accountable and get their grievances addressed.

However, there are a few positives of accessing entitlements through DAs for people living in ITDAs. With the increase in the number of DBT schemes in Tribal Areas, DAs made it possible for the tribals to access these entitlements. Secondly, the access to entitlements through CSPs/BCs have reduced the costs incurred in withdrawing money. However, our study shows that despite these positives, the last mile issues are still major hurdles. We make the following recommendations based on the findings of the analysis.

5. Recommendations

More Bank Branches/CSPs/BCs with proper infrastructure

- The government must ensure that the required infrastructure such as electricity and internet connectivity and offline capabilities are available for CSPs/BCs to function smoothly.
- DAs should be more accessible to the workers by setting up bank branches, CSPs/BCs and ATMs closer to the workers such that each worker has access to a DA within walking distance.

All accounts linked with Aadhar

- The financial institutions have to complete Aadhaar linking of workers' and the eKYC (biometric linking) so that they can use CSP/BC services as these are located much closer to the workers. In our experience we found this to be true for all DBT schemes that do cash transfers.

Regular Information Dissemination

- Information about wage credit must be regularly disseminated through mechanisms that have been arrived at through proper consultation with workers. A tentative format for disbursement of information about wage credit can be found in the Appendix.

Improved accountability and grievance redressal

- Passbooks must be made available to everyone and updated free of cost at all DAs whenever the worker demands it. There should be an accessible and swift grievance redressal system in case the disbursement agency refuses to update the passbook.
- A list of Know Your Rights (KYR) in Telugu should be pasted in all public places such as schools, Anganwadis, panchayat bhavans and all DAs. A suggested list of KYR can be found in the Appendix.

- The citizens should have the option of filing grievances with village volunteers/gram sachivalayams on issues at last mile and should be given a dated receipt on filing complaints.
- Tribals should be able to file grievances through the Village Volunteer, and as the weekly markets (shandies) in tribal communities' regularly draw huge crowds, provisions to register grievances should be available at these sites too.
- ITDA POs/District collectors should conduct periodic review meetings on the issues of last mile and should take corrective action.
- Government to regulate CSPs since weak compliance measures leave tribe members vulnerable to operator fraud.

Appendix: Formats for Recommendations

I. Format for Dissemination of Information on Wage Credit

District name:

Block name:

Panchayat name:

S.no	Village name	Job card	Head of household	FTO no.	Financial Agency	Reference No.	Wage list no.	Bank code	Village name	IFSC code	Processed date	Processed amount

2. Know Your Rights (KYR) for Bank Account Holders

1. When you open a bank account the bank must give you a passbook.
2. You can get your passbook updated at any time free of cost.
3. You can choose to request the bank for SMS services so that you get SMS for every transaction from your bank account. However, the SMS service is chargeable.
4. You should get clear written communication about the following when you open a bank account or your account type is changed
 - a. Type of bank account (ex: zero balance account, basic savings account etc)
 - b. Requirements and charges associated with such an account (ex: minimum balance, limits on withdrawal amounts, maximum deposit amount, if any) all in local language.
5. A bank branch cannot refuse to let you withdraw money even if there are CSPs/BCs in the area.
6. There should be no limit to the number of transactions allowed within a month at the bank branch.
7. A bank cannot close or freeze your account without communicating to you in writing. The procedure to reopen or unfreeze the account should also be specified in the written communication regarding the closing or freezing of the account.
8. Your bank account type cannot be changed without your written consent.
9. Your bank account can be linked to your Aadhaar only with your written consent in the local language.
10. The bank cannot draw on your general account balance to clear any debts that you may owe to the bank.
11. None has the right to demand your bank account details over the phone.
12. Do not share the OTP received on your phone with anyone, even if they are bank officials.
13. If you face any difficulties during bank transactions, the bank official must assist you.