
Heavy Wait

Wage Payment Delays in NREGA by the Central Government across Caste and Payment Type from April, 2021 to September, 2021

By: LibTech India

What is this Presentation About?

Timely payment of wages is central to the successful implementation and active worker participation in NREGA. This assumes particular significance in post pandemic times.

The PAEG tracker demonstrates the overall situation of the programme in this financial year

In this presentation, we look at wage payment delays caused by Central government across 10 states.

NREGA Wages: What does the Act Say?

As per the Act, all the labour wages are to be paid by the Central government.

Chapter 2, Section 1 of the Act mandates that payment of wages must be completed in 15 days of completion of a muster roll of work.

For each day's delay, the workers are entitled to a delay compensation of 0.05% per day of the wages earned.

Stage 1: State government's responsibility

Stage 2: Central government's responsibility

Timelines: Stage 2 To Be Completed in 7 Days

Steps	Processes	Period	Responsibility
	Stage 1	T + 8	State Government
1	Last date of muster roll as per e-muster	T	
2	Data entry of attendance into MIS	T + 2	
3	Measurement of the work and entering the same in NREGASoft	T + 5	
4	Generation of wage list	T + 6	
5	Generation of FTOs (1st signatory)	T + 7	
6	Approval of FTO for payment (2nd signatory)	T + 8	
	Stage 2	T + 9 to T + 15	Central Government
7	Signing of pay orders by MoRD (in Ne-FMS States/UTs)	T + 9 to T + 11	
8	Crediting into bank accounts of beneficiary by payment agencies	T + 10 to T + 15	

Earlier Work

In our earlier work of analysis of 90 lakh transactions, we had found that the Central government alone was taking more than 50 days to credit wages.

No Delay Compensation was getting calculated for any of this delay.

The Ministry of Finance acknowledged the correctness of these findings and issued a Memorandum.

It stated the reasons were due to “infrastructural bottlenecks, availability of funds & lack of administrative compliance”

Ministry of Finance Memorandum

Government of India
Ministry of Finance, Department of Expenditure
167 B, North Block, New Delhi

21 August 2017

Subject: Note on Delay in Payments of MGNREGA

Reference: Instructions from Ad. Secretary (Department of Expenditure) dated 10 August 2017

1. Background

- 1.1. An article titled "MGNREGA payout delays under-estimated" was published in Business Standard on 8th August, 2017 reporting the preliminary findings of a research, based on publically available record. A random sample of 3446 Panchayat across 10 states had been drawn and 90 Lakh records have been analysed on

Figure 1: Memorandum issued by the Ministry of Finance that we mention

- 2.4. On an average day, 10 – 15 Lakh Pay Orders are issued by Under Secretary to Government of India, Department of Rural Development. These orders contain FTOs of various states & union territories as per their demand, subject to them meeting financial and administrative requirements. It was found that the delay in payments to states mentioned in the newspaper articles were mainly due to infrastructural bottlenecks, availability of funds & lack of administrative compliance.

Delay in Payments – MGNREGA

Page 3

Figure 2: The specific part of the Memorandum that says delays are due to insufficient funds

Supreme Court Orders

“We also cannot countenance the view advanced by the Central Government that it has no responsibility after the second signature is placed on the FTO. The wages due to the worker in terms of Stage II above must be transferred immediately and the payment made to the worker forthwith failing which the prescribed compensation would have to be paid. The Central Government cannot be seen to shy away from its responsibility...”

[Full Judgement can be found here](#)

Methodology & Objective of this Study

Methodology: We randomly sampled 10% of Funds Transfer Orders (FTOs) from 1 block per district per state for 10 states between April, 2021 and September, 2021.

Based on 18 lakh FTO transactions from 10 states we analyse

1. Stage 2 delays in the first half of the financial year 2021-22
2. The impact of caste-based segregation of FTOs (In March 2021, the Central government segregated payment of wages based on the caste category of workers. This is at odds with universality of the programme.)
3. Payment delays by the payment type, i.e., whether it is an Aadhaar-based payment or an Account based payment.

Sample & Representativeness

State Name	MP	CG	RJ	UP	OD	WB	KT	JH	BH	KL
No. of transactions in lakhs	5.56	2.93	2.07	1.53	1.47	1.27	1.21	0.76	0.61	0.56

Table 2: Total number of transactions by State

	Caste	MP	CG	RJ	UP	OD	WB	KT	JH	BH	KL
Sample (% of transactions by caste)	Oth	87.58	51.93	63.08	72.16	72.61	59.50	52.1	56.43	64.38	62.92
	SC	11.36	9.53	6.58	15.62	18.66	13.52	12.81	19.29	33.66	29.26
	ST	1.06	38.54	30.34	12.22	8.73	26.98	35.1	24.29	1.96	9.83
Complete Official data (% of person-days by caste)	Oth	87.58	55.49	68.42	75.18	72.12	54.8	52.71	54.88	67.07	65.46
	SC	11.2	9.61	8.31	17.95	16.98	12.5	13.71	20.4	31.83	26.38
	ST	1.22	34.9	23.28	6.87	10.91	32.7	33.58	24.72	1.1	8.16

Table 3: Comparison Between our Sample Data and the Complete Official Data by Caste

Overall Scenario of Stage 2

Stage 2 for 71% of the transactions exceeded the mandated 7 day period.

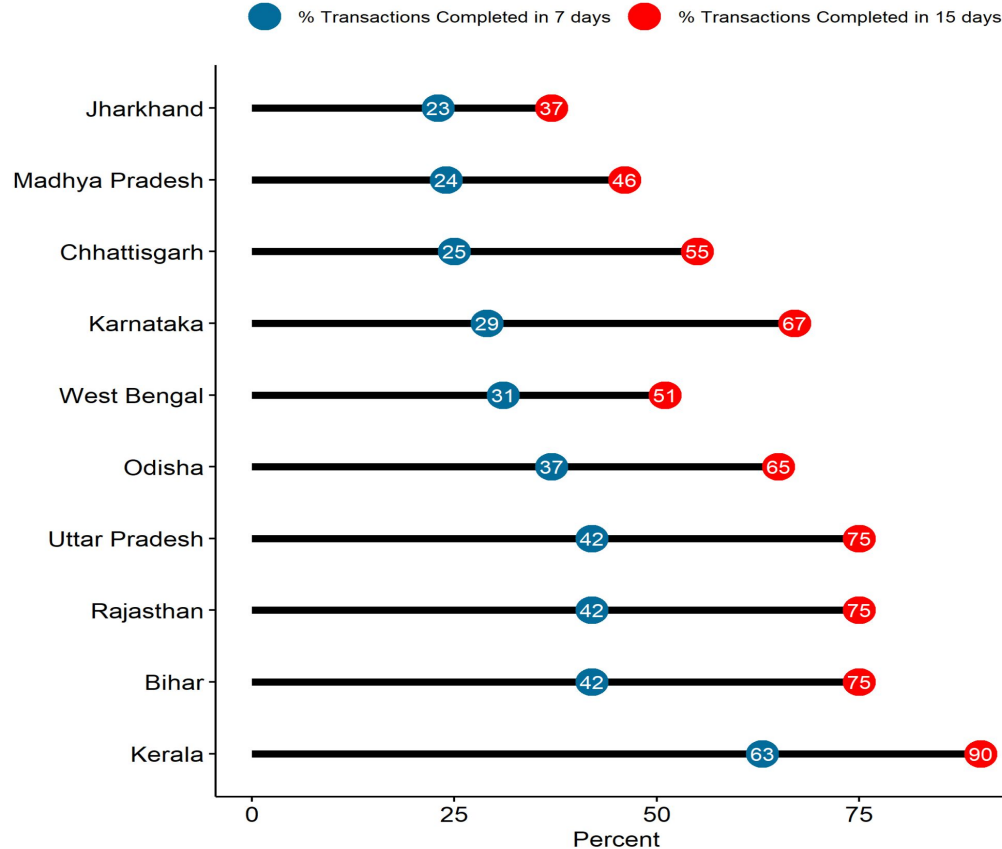
Stage 2 for 44% of the transactions exceeded 15 days.

45% of the wage payments to West Bengal was pending as on October 13, 2021. No payments had been processed between August 15 and October 13.

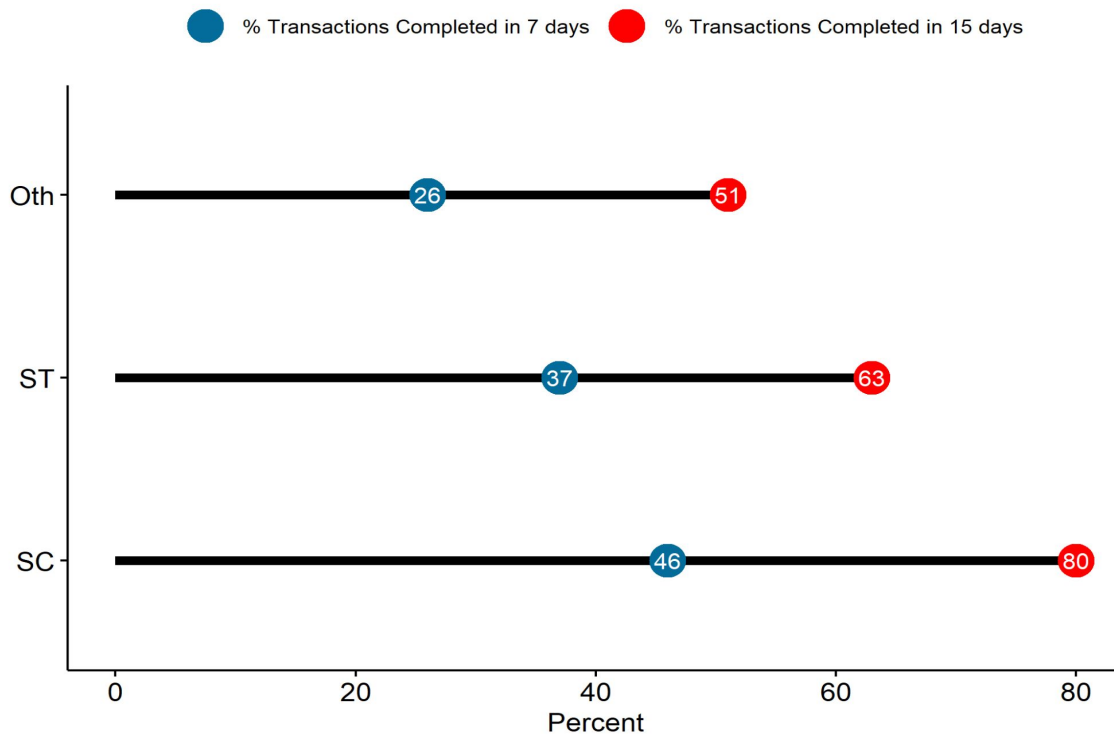
Rejected Payments are transactions that fail due to technical reasons. Over Rs 4 crores in our sample are rejected affecting nearly 35,000 job cards.

Delay Compensation payable to workers for Stage 2 is still not calculated.

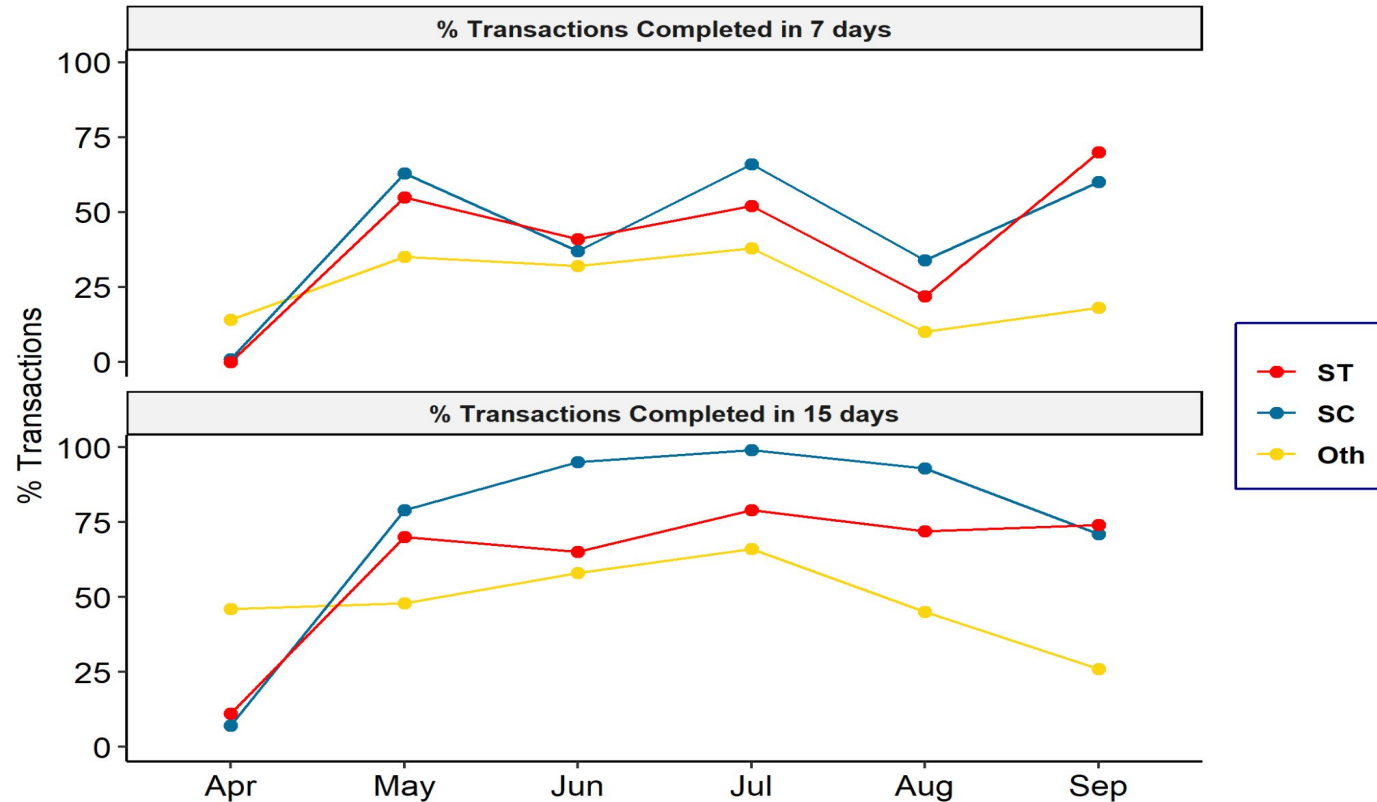
State-Wise Stage 2 Delays



Overall Delays by Caste: Impact of the Circular

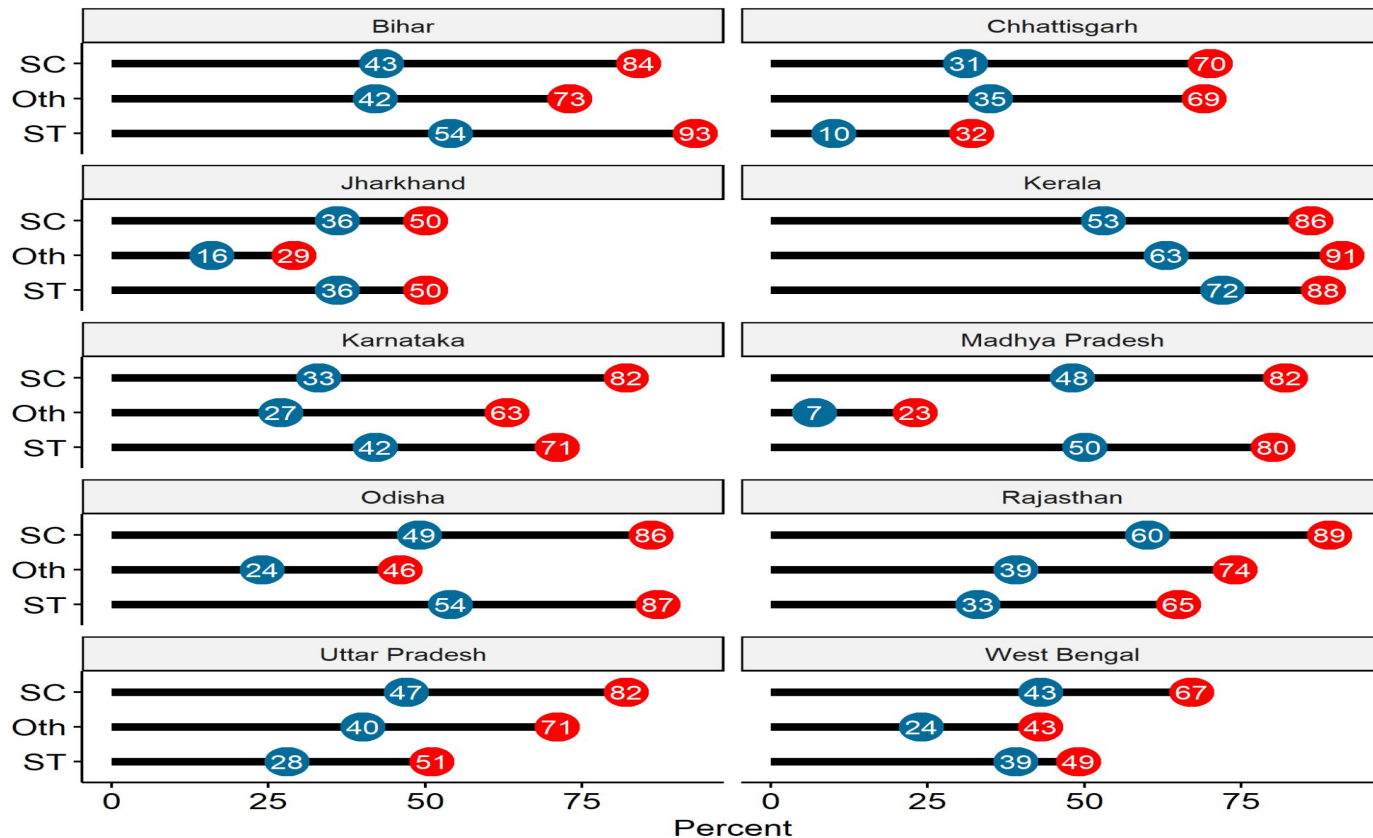


Delays by Caste over Time



Stage 2 by State by Caste

● % Transactions Completed in 7 days ● % Transactions Completed in 15 days



On the Caste-Based Circular

Our RTI on accessing this circular met with a hazy response.

News reports indicating that the circular will be rescinded. But no official communication yet.

While affirmative action is important and an estimate of expenditure for SC/ST households is useful, segregating payments by caste is not the answer.

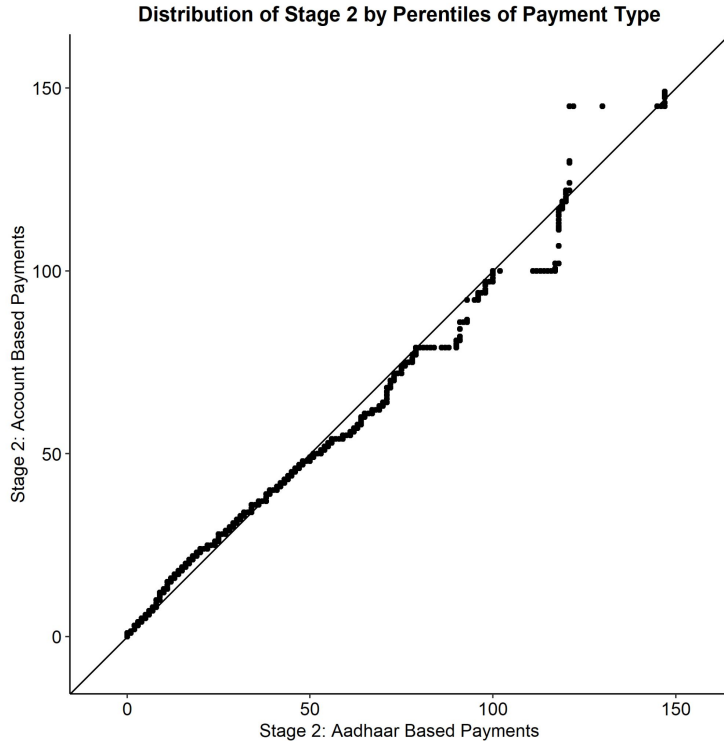
It is at odds with the universality of the programme.

It has increased the work load of block level officials by at least 3 times.

It has resulted in caste based and religious tensions among workers.

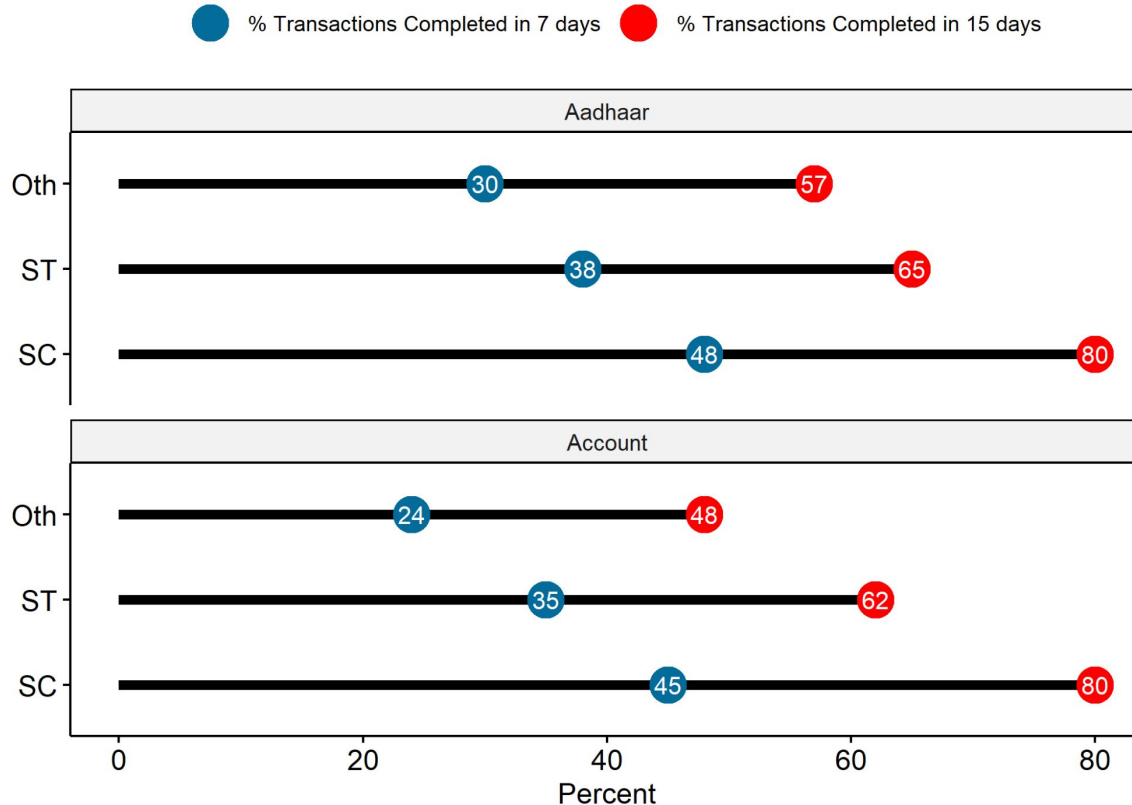
There is a systematic delay for “Others”. This is more noticeable in poorer states such as Jharkhand, MP, West Bengal, Odisha.

Stage 2 by Payment Type



- The 45 degree solid line are the percentiles of Stage 2 for Aadhaar based payments.
- The dots are percentiles of Stage 2 for Account based payments.
- When dots are below the line, Account based payments are quicker.
- Dots are practically on the 45 degree line indicating no evident difference in stage 2 by payment type

Stage 2 by Payment Type by Caste



- No difference in Stage 2 by SC and ST.
- Marginal difference in Stage 2 for 'Other' is likely due to the caste based segregation

Some Observations on Payment Type

Empirically there is no difference in Stage 2 by payment type.

Rejection rates are identical for the two payment systems (~3%).

Misdirected payments more likely in Aadhaar based payments than Account based payments.

Resolving payment problems for Aadhaar based payments are much more complicated than Account based payment.

No additional cost for Account based payments.

Need an independent assessment on the cost benefit analysis of the payment systems for DBT.

Thank You

You can access the full report [here](#)

For further details please contact:

Anuradha De (anuradhad@gmail.com) | +91 97177 06689)

Rajendran Narayanan (rajendran.narayanan@apu.edu.in | +91 9620318492)

Parul Saboo (parul@igidr.ac.in | +91 8879505113)

Laavanya Tamang (laavanyatamang@gmail.com | +91 9910746743)

Website: <https://libtech.in/>

Twitter: @LibTechIndia

Facebook: @libtechindia

Email: libtech.india@gmail.com