

# The Central Government is taking 24 days on Average to Complete Wage Transfers instead of 7 Days for MGNREGA Workers in Telangana State

## Background

According to Section 3(3) of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005, workers are entitled to receive their wages within a fortnight of the date of closure of the muster roll. In case the payment of wages is not made within fifteen days from the date of closure of muster roll, the wage seeker, as per Para 29 of Schedule II of the Mahatma Gandhi National Rural Employment Guarantee Act is entitled to payment of compensation at the rate of 0.05% of the unpaid wages per day of delay beyond the sixteenth day of closure of muster roll.

In [our earlier studies](#) we found that the central government is taking longer than the stipulated time to process stage 2 payments of MGNREGA in several states, so we wish to investigate the time taken for the workers from Telangana in stage 2 in this year so far and in the last two financial years.

The MGNREGA payment process broadly consists of two stages. After the work is completed, a Fund Transfer Order (FTO) is generated by the state government and digitally sent to the Centre, which is called Stage 1. The Central government then processes the FTOs and transfers wages directly to the workers' accounts. **This is called Stage 2 which is entirely the Centre's responsibility.** As per guidelines in pursuance of the Act, Stage 1 must be completed in 8 days and Stage 2 must be completed within 7 days after that. Stage 1 and Stage 2 together should therefore be completed within 15 days of closure of a muster of work.

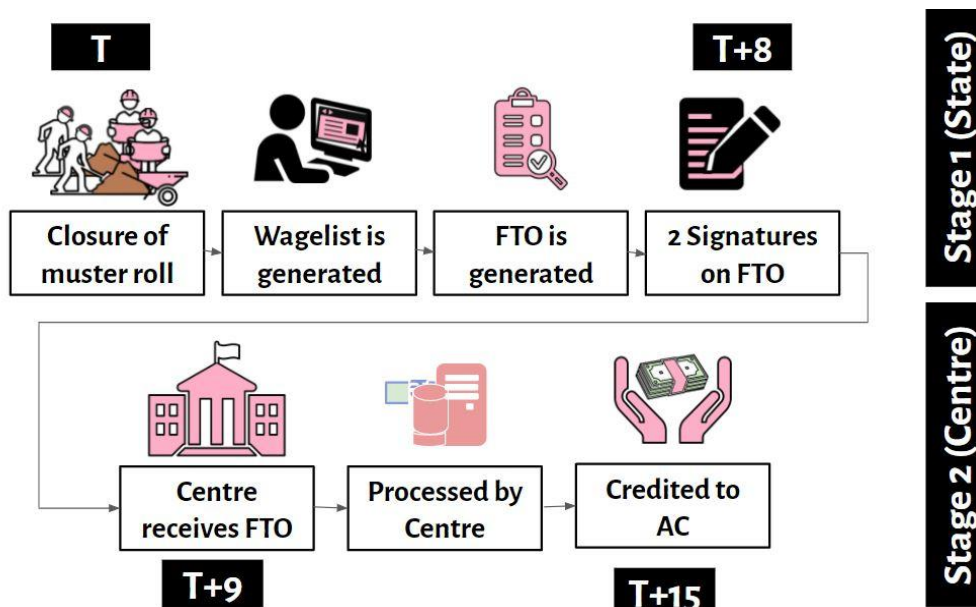


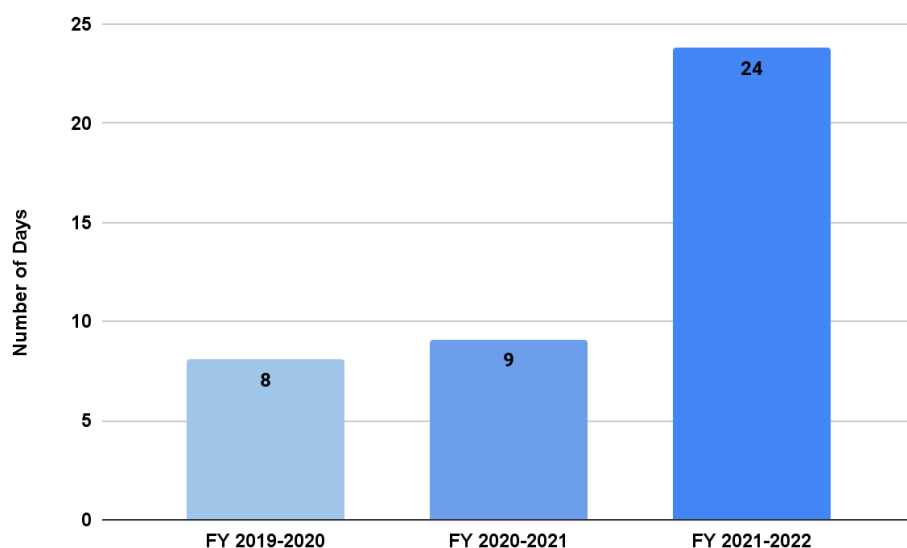
Figure 1:  
Illustration of  
Stage 1 and  
Stage 2 in the  
Payment Process  
of MGNREGA  
wages

## Methodology

1. We randomly sampled little more than 1% of the panchayats in Telangana (138 of 12,769 panchayats). We downloaded details of payments for all the job cards that appeared for work in the current financial year (FY 2021-22) up to 18th January 2022.
2. In the absence of availability of data pertaining to Muster closure data which is essential for Stage 1 analysis, we limited our analysis to Stage 2 of the payment process only.
3. We then got the difference between FTO uploaded date (Date on which the FTO is sent from state to Centre) & the Date of Credit to see how long each transaction took in Stage 2 of the payment process. We considered the transactions that have a credited date only.
4. We calculated the average days it took to complete Stage 2 of the payment process for the state.
5. Out of 2.16 lakh downloaded transactions for the year 2021-22, which the FTO was sent to the Centre, 9% of transactions were still unpaid as of 18 January, 2022. **Thus, we analysed 1.97 lakh transactions that were paid across the 138 panchayats.**
6. All the data was obtained on 18 January, 2022 from <https://nrega.telangana.gov.in/Nregs/>

## Findings

1. On average the central government is taking **24 days to clear Stage 2 payments** for Telangana MGNREGA workers.



*Figure 2: Number of days taken by the center to clear stage 2 payments in three financial years.*

2. **24.6%** (48,594 out of 1.97 lakh) transactions in the sample geography took more than 30 days for payment from the 'FTO uploaded date'.

## Percentage of Transactions Cleared against the Number of Days

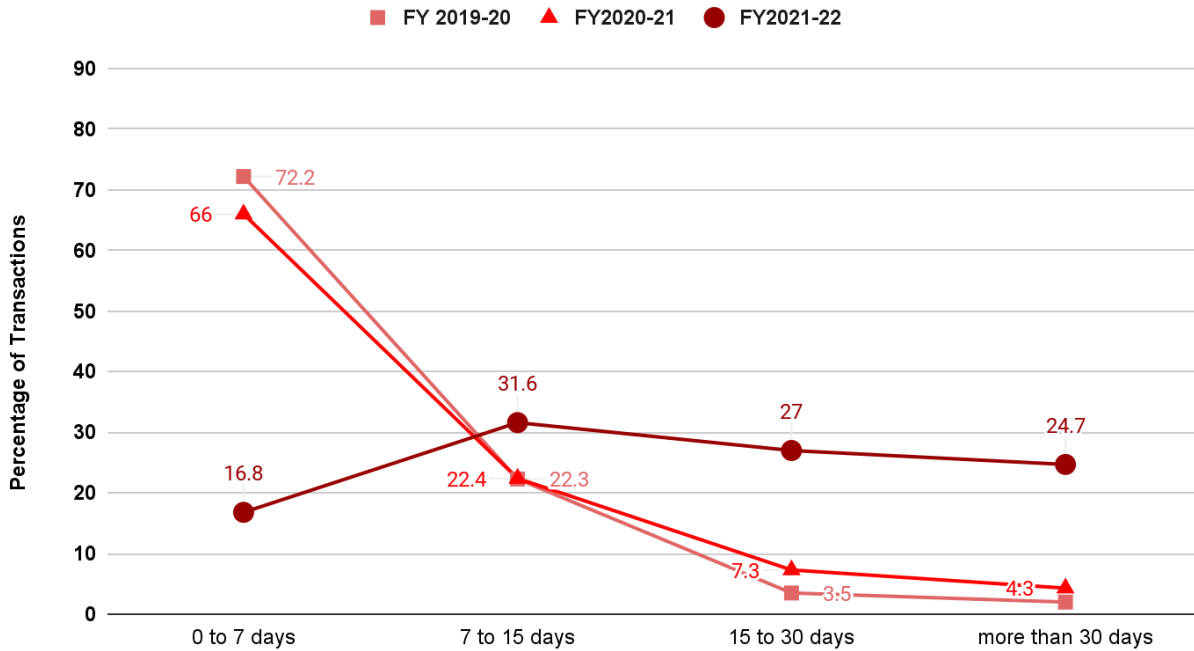


Figure 3: Percentage of transactions cleared against the number of days

- Percentage of transactions cleared between **0-7 days in FY 2021-22 is 16.8% whereas it is 66%** in the FY 2020-21 and 72.2% in 2019-20 as seen in Figure 3.
- The central government took 31 days on average to clear stage 2 of payments for SC workers, highest among the caste groups. Time taken for each caste category of MGNREGA workers in the state for the year 2021-22 can be seen in figure 4.

## Time Taken by the Center for Stage-2 of Payments

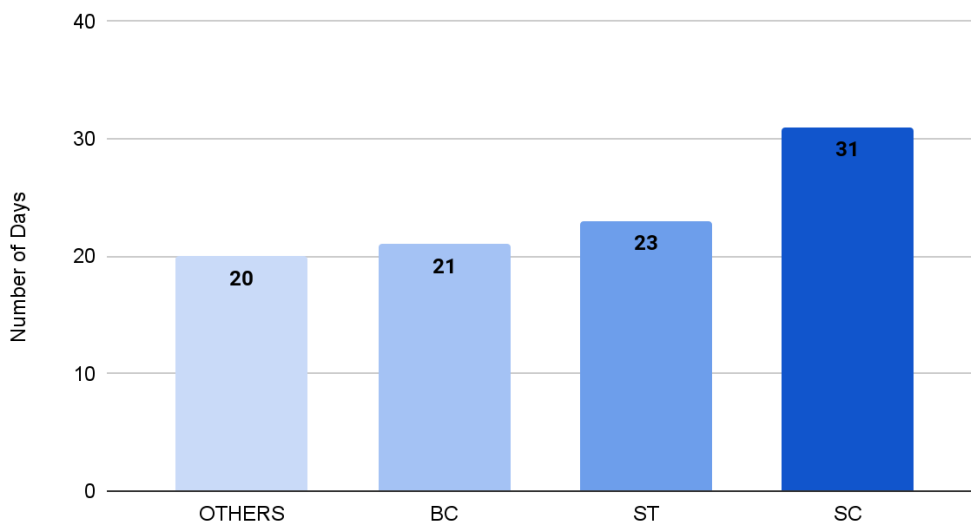


Figure 4: Number of days taken by the center to process payments for different caste groups in FY 2021-22

5. We noticed no significant difference across different caste groups in Stage 2 for the years 2019-2020 and 2020-21. On an average ‘Others’ have taken 9 days, whereas SC, ST and BC category payments were processed in 8 days for 2019-20 whereas in 2020-2021 SC and Others it is 10 days, and for BC and ST time taken has been 9 days.

This variation in the number of days across different caste groups can be associated with the [controversial order](#) issued by the central government to the states’ in the month of March 2022 to split MGNREGA payments based on the caste. Later on 1st November, 2021 the central government has [withdrawn](#) this order and directed MoRD to make required changes in the software as per their operational convenience. However our field investigation shows that the required changes are not made in the software as on dt.

## Conclusion

Millions of the workers across Telangana and the country are dependent on MGNREGA works for their survival after the outbreak of Covid pandemic. In this context it’s been the responsibility of the central government to see that wages are paid in time as per the provisions of the Act. The delays not only violate the act but stand in contravention of the Supreme Court Orders in the Swaraj Abhiyan v Union of India case. The Center must pay compensation to the workers for the full extent of delays (in Stage 1 + Stage 2 of the payment process).

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