

# Hardships in accessing MGNREGA Payments in Odisha

Short Brief

# Introduction

*“If I need to get money from the bank, I go to my sister's house in the evening. It is in the Block, this way I can spend the night at her house and get in the line at the bank early in the morning”*

— Priya Debi (name changed)  
a NREGA worker from Banspal block in Keonjhar district

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has served as a lifeline for people living in the rural areas in Odisha, especially during the Covid-19 pandemic. One of the provisions under the Act, that was built as a safeguard for workers and was aimed at ensuring timely payment to workers, was that workers must receive their wages within 15 days of completion of the muster roll of work [Section 1 (Chapter 2, Paragraph 3)].

Officially, the payment process through which workers receive their wages has 2 stages. Stage 1 begins when a muster roll of work ends. The block generates the wagelist and then the Fund Transfer Order (FTO), and once this is signed, it is sent ahead to the Centre. Stage 1 is the responsibility of the state, and it must be completed within 8 days. Once the FTO is sent to the Centre, Stage 2 begins. After receiving the FTO the Centre has 7 days to process it and credit wages to the worker's account. This is Stage 2, the responsibility of the Centre, and it must be completed within 7 days.

Once the money has reached the workers' account, the government considers the process to be complete, and assumes its responsibility to be over. Yet, there is also a Stage 3 - the time taken for and the challenges faced in withdrawing wages from one's own account. There is sufficient anecdotal evidence from field experiences over more than ten years about the challenges rural citizens face in accessing their own money. Banks are too

few and too far; network connectivity remains a serious problem; officials at Customer Service Points (CSPs) or Banking Correspondents (BCs) charging 'commissions' is normal. This delay in the wage payment and the challenges faced by workers in actually accessing their own wages, is what we call the last mile. Since the government doesn't assume responsibility for Stage 3, the extent of challenges faced by workers in withdrawing their wages have not been documented properly.

This report is an attempt to understand the extent of such challenges in the context of Odisha. We use data collected through a rapid survey conducted in five blocks of Odisha – Athmallik, Banspal, Kankadahad, Pottangi and Semiliguda – for the analysis. These blocks were selected purposely, as the study team (LibTech India and Foundation for Ecological Security (FES)) works closely in these five blocks. Therefore, while the data is not representative of challenges within the state, the varied geography and access to disbursement agencies across the five blocks captures the various types of challenges faced by workers across Odisha. 8 panchayats were sampled from each of the 5 blocks. 5 villages were then randomly sampled from each of the selected panchayats. From the 5 sampled villages, a total of 25 respondents were randomly sampled from a list of workers who had worked for at least 10 days in the last financial year. As a result, a total of 1,066 respondents were interviewed.

<sup>1</sup> This is a brief summary of the report. The detailed report can be accessed here.

[http://libtech.in/wp-content/uploads/2022/10/LoLM-Odisha\\_Report\\_October-2022-1.pdf](http://libtech.in/wp-content/uploads/2022/10/LoLM-Odisha_Report_October-2022-1.pdf)

<sup>2</sup> For logistical reasons, villages that were very difficult to access were removed before selecting the sample households.

# Challenges Faced

## Challenge 1: Out of Pocket Costs and Income Forgone

Workers often have to travel long distances and spend several hours in order to withdraw wages. This results in significant costs – both out-of-pocket costs and income forgone. We found that more than half of the workers ended up spending more than one day's wage for a single visit to the disbursement agency. These costs are significantly higher for workers who primarily use bank branches. Transport cost is the largest expense head amongst the expense heads that comprise out-of-pocket costs.

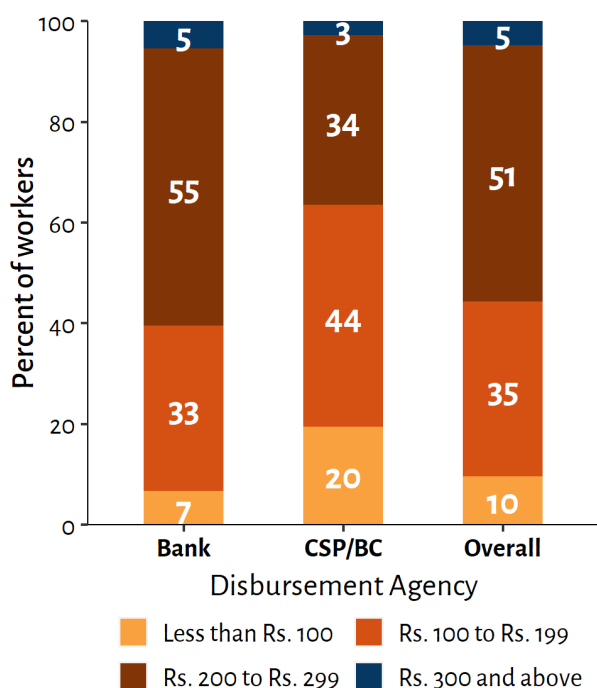


Figure 2: Income lost (in Rs.) while withdrawing wages

The costs of withdrawing wages multiply when workers have to make multiple visits. The reasons for multiple visits can be broadly classified into two categories—lack of information on wage credit and infrastructural issues. More than half the workers had to make multiple visits as a result of not knowing when their wages got credited. Further, infrastructural issues like overcrowd-

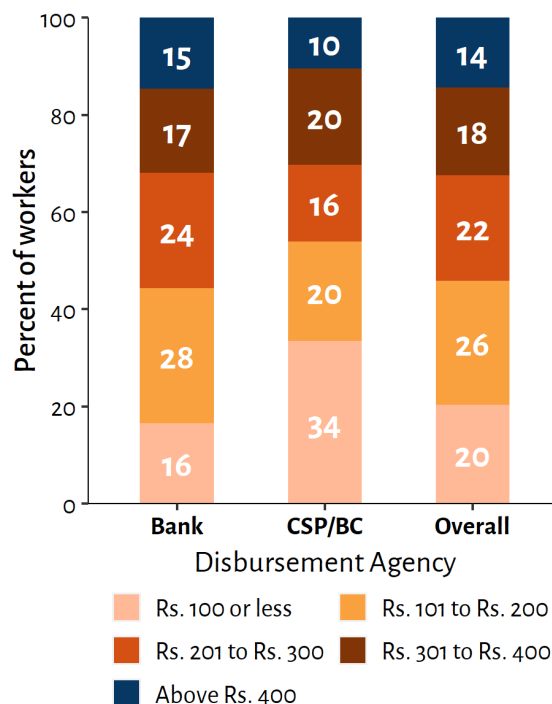


Figure 1: Total direct costs of withdrawing wages

Further, in addition to the out-of-pocket costs, workers forgo income as a result of missing work when travelling long distances and/or spending long hours to withdraw wages. 73% of the workers miss at least one full day of work. Here too, the proportion is higher for workers who primarily use bank branches. As a result, workers lose out on a substantial amount of income. Majority of the workers forgo more than Rs. 200 on days they travel to withdraw wages.

ing, network failure and lack of electricity often led to multiple visits. Overcrowding is more common at bank branches since bank branches are fewer in number and a larger proportion of workers access them. Network connectivity is usually weak in the panchayats where CSPs/BCs are located.

## Challenge 2: Lack of Transparency

Workers also face challenges due to a lack of transparency. As discussed above, workers often do not get information about wage credit through credible sources. Only half the workers reported getting information about wage credit through sources like programme officials and SMS. Other workers either got information through non-credible sources (38%) or had to visit the disbursement agency to find out if wages had been credited (12%). These findings further indicate the need for disbursement of information through proper channels.

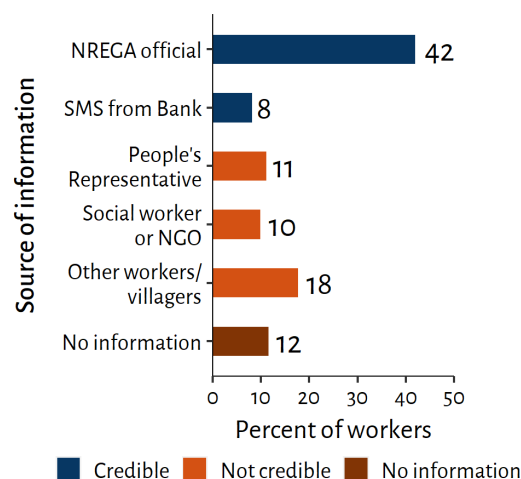


Figure 3: Method of finding out about payment being credited

It is important for workers to be able to track transactions. Workers are vulnerable to fraud when they cannot keep track of transactions. Further, it is difficult to know for certain if wages have been misdirected without keeping track of transactions. Our findings suggest that a significant proportion of the workers were not able to track transactions, either through regular update of passbooks or SMSs/receipts. 5% of the work-

ers did not have a passbook. Even amongst the ones who had a passbook, only around one-fourth could always get their passbooks updated. Further, amongst the passbooks that were updated, more than one-fifth were updated manually. Additionally, only around one-fourth of the workers received an SMS or a receipt on withdrawal.

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	97.3	13.5	61.1	25.4
CSP/BC	87.1	34.7	52.6	12.8
<b>Overall</b>	<b>95.1</b>	<b>17.4</b>	<b>59.4</b>	<b>23.2</b>

The lack of transparency has made workers vulnerable to misdirections and fraud. While less than 5% of the workers said their wages were misdirected and an

equivalent proportion reported experiencing fraud, 20% said that they didn't know if their wages had been misdirected or if they had been subjected to fraud.

## Challenge 3: Poor Grievance Redressal Mechanisms

The various challenges discussed above highlight the need for an accessible and well-functioning grievance redressal mechanism. However, the survey demonstrates that this was not the case. We found that less than 20% of the workers had made complaints, usu-

ally orally, and less than 2% had done so in writing. Oral complaints cannot be tracked, and thus, it is not possible to follow-up on such complaints. Further, of those who had filed complaints, more than 75% had complained regarding pending wages.

# Key Recommendations

The last mile challenges discussed above are a major hindrance in timely and hassle free access to wages. We suggest some steps that can be taken by financial institutions, the government, and the Civil Society Organisations (CSOs) to help in reducing last mile challenges.

## More Bank Branches/CSPs/BCs with proper infrastructure

- » The **financial institutions** should set up bank branches, CSPs/BCs and ATMs closer to the workers such that each worker has access to a disbursement agency within fifteen minutes walking distance.
- » The **government** needs to ensure that the financial institutions are following the Rural Branching Mandate of setting up 25% of the branches in rural areas as per the RBI Master Circular DBR.CO.RRB.BL.BC. No.17/31.01.002/2015-16
- » The **government** must ensure that the required infrastructure such as electricity, internet connectivity and offline capabilities are available for CSPs/BCs to function smoothly.

## 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.
- » The **CSOs** should spread awareness about Aadhaar linking of workers' accounts and assist them in getting it done.

## Regular Information Dissemination

- » The government and **CSOs** must regularly disseminate Information about wage credit 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 here.

- » The **financial institutions** must make passbooks available to everyone and update the passbooks free of cost at all disbursement agencies whenever the worker demands it.
- » The **government** and **CSOs** should paste a list of Know Your Rights (KYR) in Odia in all public places such as schools, Anganwadis, panchayat bhavans and all disbursement agencies. A suggested list of KYR can be found here.

## Improved accountability and grievance redressal system

- » The **government** must bring every agency involved in the payment of NREGA wages within the ambit of social audits with clear penalty norms in case of violations. In addition to field functionaries such as the Gram Rozgar Sahayak (GRS), Junior Engineer, the Programme Officer, the following institutions should also be brought under social audit norms: the National Payments Corporation of India (NPCI), UIDAI, banks, and BC/CSPs.
- » The **government** should have an accessible and swift grievance redressal system in place so that the workers can file complaints in case the disbursement agency refuses to update the passbook.
- » The **government** must strengthen the grievance redressal mechanism by placing kiosks in accessible distance of the workers and making them aware of where and how they can file complaints and ensure that workers are given dated receipts on filing complaints.
- » The **CSOs** should spread awareness about the grievance redressal mechanism and assist workers in filing complaints.

Last mile challenges are crucial, and have an impact across DBT schemes. We urge the government, **financial institutions** and **CSOs** in Odisha to work together and run campaigns so that the recommendations discussed above are implemented.

## Formats for Recommendations

### Format for Dissemination of Information on Wage Credit

District name

Block name

Panchayat name

Village name	Jobcard	Worker name	Head of household	FTO no.	Financial Agency	Reference No.	Wagelist no.	Bank code	IFSC code	Processed date	Processed amount

### 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 SMSs 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.
  5. Type of bank account (ex: zero balance account, basic savings account etc)
  6. Requirements and charges associated with such an account (ex: minimum balance, limits on withdrawal amounts, maximum deposit amount, if any).
  7. A bank branch cannot refuse to let you withdraw money even if there are CSPs/BCs in the area.
  8. There should be no limit to the number of transactions allowed within a month at the bank branch.
  9. 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.
10. Your bank account type cannot be changed without your written consent.
11. Your bank account can be linked to your Aadhaar only with your written consent in the local language.
12. The bank cannot draw on your general account balance to clear any debts that you may owe to the bank.
13. No one has the right to demand your bank account details over the phone.
14. Do not share the OTP received on your phone with anyone, even if they are bank officials.
15. If you face any difficulties during bank transactions, the bank official must assist you.



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