

## Ten Ways MGNREGA Workers Do Not Get Paid

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*Recent evidence suggests that a significant number of Mahatma Gandhi National Rural Employment Guarantee Act workers are not paid at all for their work. An analysis of this phenomenon revealed that the increasing dependence on technology in the implementation of the act is creating new hurdles for wage payments.*

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) entitles all rural households to a minimum of 100 days of work a year at a notified wage rate. Wages are to be paid within a week of the work being done, and under no circumstances later than two weeks.

The importance of timely wage payments for MGNREGA workers, who are amongst the poorest in rural India, needs no elaboration. However, even according to the central government's incomplete calculations of delayed payments, 51% of the wages were not paid on time in 2016-17 (rates of delayed payment were even higher in the preceding two years).

Even more serious than delays in wage payments is the issue of wages not being paid at all. In the absence of any data on non-payment of wages, it is not possible to estimate the exact scale of this problem. As per calculations made by Siraj Dutta, more than 2 lakh bank transactions of MGNREGA wage payments worth `21.52 crore were "rejected" in Jharkhand from 1 April to 19 September 2016. This amounts to about 2% of all wage payments made in the state during that five and a half month period.

Common reasons for rejection include errors in the recording of bank account details in the programme's [Management Information System](#) (MIS) and lack of funds in the state's nodal bank for MGNREGA. Only some of the rejected payments are "reprocessed" after addressing the reason for rejection.

## How Are MGNREGA Wages Processed?

Before elaborating on the reasons for non-payment, a brief description of the MGNREGA payment process might help. Until 2012, “paper” Muster Rolls were used for marking workers’ attendance. Names of all the workers working on a given scheme in a particular week were written by hand on these muster rolls.

Arguing that there were few safeguards against fake names being added to these attendance sheets, the Ministry of Rural Development introduced “electronic Muster Rolls” (e-MRs). These e-MRs are electronically generated from the MIS and printed with the names of workers who are allotted work on the concerned scheme. Attendance details are marked on the printed copy of the e-MR and then entered in the MIS.

The MIS then generates a “wage-list” and a “Fund Transfer Order” (FTO) to be digitally signed by two authorised functionaries. In case the worker’s account is in a bank, the FTO first goes to the [Public Financial Management System](#) (PFMS), an online application of the central government through which several social security payments are now routed.

From the PFMS, the FTO is transferred to the state’s nodal bank for MGNREGA and then wages are credited in the worker’s account. In case of post office payments, the FTO first goes to the Center for Excellence in Postal Technology (CEPT), then to the head post office, then again to CEPT, then to the sub-post office and then wages are credited in the worker’s account in the branch post office.

## Ten Ways Workers Remain Unpaid

Here are some reasons why MGNREGA workers sometimes fail to receive payment for their hard labour. The discussion is based on observations in Jharkhand, but similar issues are likely to be occurring in other states as well.

1. **Working without one’s name on the muster roll:** In Jharkhand, workers are usually told to start work on a scheme before the printed e-MR reaches the worksite. In good faith, most workers do so. But often, due to one of the following reasons, the e-MR fails to include the names of all the concerned workers: (i) the worker’s Job Card number mentioned on the work application is different from the Job Card number entered in the MIS against that worker’s name; (ii) the worker’s name has been deleted from her electronic Job Card without her knowledge (see below); (iii) the worker’s name has been entered in some other e-MR without her knowledge, to siphon off wages (it is not possible for a worker’s name to appear on more than one e-

MR in a given week); (iv) error by the computer operator. Since it is not possible to manually add names of the left-out workers on the printed e-MR, the only way to pay them is to generate a separate e-MR with their names on it. This is usually not done and the workers are not paid their wages.

- 1. Error in recording the number of days worked:** As mentioned above, the printed e-MR seldom reaches the worksite on time. Meanwhile, the worksite supervisor maintains *kaccha* (unofficial) records of workers' attendance, to be copied later on to the printed e-MR. If a mistake is made in copying the attendance details from *kaccha* records to the printed e-MR, or in entering them from there into the MIS, the workers risk missing their wages again. For instance, if a worker works for six days in a given week, but only four days appear in the MIS, she will not get paid for the remaining two days.
  
- 1. Lost muster rolls:** In case a printed e-MR, after being filled, gets lost or does not find its way back to the computer operator for some reason, it is entered as a "zero attendance" e-MR in the MIS and the workers on that e-MR will not get their wages.
  
- 1. Wage-lists/FTOs not being generated/authorised:** In case a wage-list or an FTO is not generated for an e-MR, or the FTO is not signed either by the first or the second signatory, workers on that e-MR will remain unpaid. This happens either due to lapses by the concerned functionaries or because they refuse to sign without a commission.
  
- 1. Scheme closure in MIS without completing wage payments:** Sometimes, due to the repeated instructions from the ministry to increase the rate of work completion, local functionaries close schemes in the MIS without ensuring that all the wages have been paid. Once the scheme is closed, it is no longer possible to enter attendance details from e-MRs in the MIS or to regenerate a rejected FTO transaction. Schemes can only be reopened from the state-level MIS login. Further, complaints about non-

payment of wages due to closure of schemes seldom reach the rural development department.

1. **Working without a bank or post office account:** In 2008, there was a shift from cash payment of wages to bank or post office payments. Since then, workers who work without a bank or post office account cannot be paid. This problem, however, has greatly reduced over the years as most MGNREGA functionaries have stopped accepting work applications from workers without a bank or post office account.
  
1. **Wrong account number in the MIS:** Possession of a bank or post office account is not enough: the account details also have to be correctly entered in the MIS. In case an invalid account number is entered, the payment is rejected. Although there is an option of correcting the account details and regenerating the wage-list for payment, it is a tedious process and few MGNREGA functionaries consider this exercise worth their while. Further, if the recorded account number happens to be someone else's, wages get credited to that person's account. Recovering the payment from the wrong account (or from the functionary responsible for the error) is also a long-drawn out procedure which is seldom followed.
  
1. **Wrong Aadhaar number in the MIS:** States are under much pressure from the central government to disburse MGNREGA wages through the new "Aadhaar Payment Bridge." While the advantages of this mode of payment are not clear, Aadhaar-based payments have their own set of complications. In case a worker's Aadhaar number that is entered in the MIS is wrong, and the payment is made through the Aadhaar Payment Bridge, she will not get her wages.
  
1. **Aadhaar number linked to a wrong account:** Entry of a worker's correct Aadhaar number in the MIS is not the only requirement for a wage payment to succeed through the Aadhaar Payment Bridge. If the Aadhaar number is linked to a wrong

bank account number in the MIS, the worker will not receive her wages. Also, Aadhaar-based payments pose a peculiar problem for workers with multiple accounts. If a worker's MGNREGA account as seeded in the MIS differs from her Aadhaar-linked account, Aadhaar-based wage payments will be made to the latter account whereas she is likely to look for her wages in the former account since that is where previous MGNREGA wages would have been paid.<sup>[1]</sup> This problem arises because there is no system in place to tell workers which of their accounts is linked with Aadhaar and which of their wage payments are Aadhaar-based. Not finding wages in the usual account, the worker may assume that her wages have not been credited and stop doing MGNREGA work.

1. **Deletion of a worker's name from her Job Card:** In case a worker, whose name is deleted from her electronic Job Card without her knowledge, demands work, the e-MR will not include her name. The deletion can happen for various reasons. For example, it could be happen when workers are removed from the MIS when their Aadhaar number or photograph has not been uploaded, or could be done to simply reduce the number of workers eligible for demanding work. As discussed earlier, most workers in Jharkhand are made to work before the printed e-MR reaches the worksite. If a name is missing from the e-MR, the worker will not get paid. If the worker's name is included in the e-MR but her name is deleted from her Job Card *after* she works, the wage-list will not include her name as her account details will automatically get "un-frozen" in the MIS. Such a worker will be able to receive her wages only after her name is reinstated on her electronic Job Card. This can only be done from the state-level MIS login, after requesting the department to do so. This procedure is seldom followed and the worker remains unpaid.

## Technology Alone Is Inadequate

The implementation of MGNREGA is increasingly dependent on technology. The shifts from cash payments to bank (or post office) accounts, then to electronic payments, and now to Aadhaar-based payments were supposed to enhance transparency and reduce leakages.

While these objectives have perhaps been fulfilled to some extent, the inability of local functionaries and infrastructure to cope with the requirements of these complex technologies (along with the absence of an effective grievance redressal system) is leaving lakhs of workers unpaid every year.

Earlier, it was possible to fix problems such as missing attendance details and wrong account numbers at the local level, but now corrections require the intervention of block-level functionaries (sometimes even district- or state-level functionaries) who are difficult to access for most workers.

The absence of a payment guarantee is an important reason for workers losing interest in MGNREGA despite needing employment. If the central government is really “committed to implementing the programme in letter and spirit within the legal framework established for it,” as claimed by the Rural Development Secretary in a recent [article](#), it is time to ensure that MGNREGA workers are not denied their wages under any circumstances.

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[1] In the rush to meet Jan Dhan Yojana account opening targets, many MGNREGA workers who already had a bank account were made to open another account linked to their Aadhaar number under the scheme, sometimes without their knowledge.