



GOVERNMENT OF KARNATAKA

**EVALUATION OF IMPACT OF WAGE AND MATERIAL
PAYMENTS TO THE BENEFICIARIES (LABOURERS &
SUPPLIERS) THROUGH E-FMS SINCE INCEPTION OF
THE SYSTEM UNDER MGNREGA IN KARNATAKA**



ಕರ್ನಾಟಕ ಮೌಲ್ಯಮಾಪನ ಪ್ರಾಧಿಕಾರ
Karnataka Evaluation Authority

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DEPARTMENT OF PLANNING, PROGRAMME MONITORING AND STATISTICS

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KALABURAGI.

RURAL DEVELOPMENT AND PANCHAYATH RAJ DEPARTMENT



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CONSTITUTION OF INDIA

PREAMBLE

WE, THE PEOPLE OF INDIA,
having solemnly resolved to constitute India into a
SOVEREIGN SOCIALIST
SECULAR DEMOCRATIC REPUBLIC
and to secure to all its citizens:
JUSTICE, social, economic and political;
LIBERTY of thought , expression,
belief, faith and worship;
EQUALITY of status and of opportunity;
and to promote among them all
FRATERNITY assuring the dignity of the
individual and the unity and
integrity of the Nation;
IN OUR CONSTITUENT ASSEMBLY
this twenty-sixth day of November, 1949, do
HEREBY ADOPT, ENACT AND GIVE TO
OURSELVES THIS CONSTITUTION.

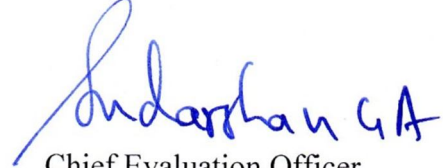
Foreword

MGNREGA, is the largest work guarantee programme in the world, that was enacted in 2005 with the primary objective of guaranteeing 100 days of wage employment per year to rural households to provide livelihood security and ensure right to work. Regular and timely payment of wages to the workers and transparency in payments were considered essential to achieve this. The MIS based Electronic Fund Management System (e-fms), that was introduced in 2012-13 was a big leap in this direction. An evaluation of the new system of wage payments was initiated by Rural Development and Panchayat Raj Department through Karnataka Evaluation Authority (KEA) to get field level evidence about functioning of the system and its impact on improving the efficiency of payments and ultimately helping the workers to secure their wages on time. It was taken up by the empanelled Consultant organization -Hyderabad Karnataka Centre for Advanced Learning Kalaburagi.

The findings of the study are based on the primary data collected from a random stratified sample of 4301 workers from eight districts of four revenue divisions in the state. The other stake holders- the material suppliers, elected representatives and Panchayat Development officers were also interviewed to get insights about functioning of the system. The major findings indicate that the programme objectives were largely achieved as 75 percent workers reported no delay in payment of wages and parking of funds was minimised. The delays are mainly noticed in pre-Fund Transfer Order (FTO) transactions. The number of visits to the banks are reduced saving both time and energy. Timely wages have also promoted enhanced rate of work acceptance. The gender differences in access to services are not significant. However, the presence of middlemen is not eliminated completely. On the other hand, the material suppliers are not comfortable with the new system. The major recommendations are- streamlining the pre FTO Transactions, automatic alerts of payments rejected or delayed by the bank, reasons for rejecting the claims and status of claims submitted etc. capacity building of Panchayat officials, promoting financial literacy of workers and a system of formal registration of grievances under Sakala services.

I expect that the evaluation study and its findings and recommendations will be useful to the Department of Rural Development and Panchayat Raj to implement the scheme more effectively to achieve the programme objectives in the State.

The study received support and guidance of the Additional Chief Secretary, Planning, Programme Monitoring and Statistics Department, Government of Karnataka. The report was approved in 45th Technical Committee meeting. The review of the draft report by KEA, members of the Technical Committee and an Independent Assessor, has provided useful insights and suggestions to enhance the quality of the report. I duly acknowledge the assistance rendered by all in successful completion of the study.



Chief Evaluation Officer
Karnataka Evaluation Authority

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The “Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka” was compiled with efficient analysis of primary and secondary data obtained from the valuable information contributed by beneficiaries of the scheme selected from 8 districts of Karnataka. Hyderabad-Karnataka Centre for Advanced Learning (HKCAL) would like to acknowledge the following personalities for their valuable contributions in completing this evaluation study.

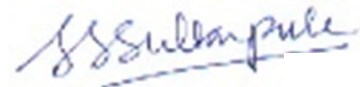
Dr. Shalini Rajaneesh, Principal Secretary to Government, Department of Planning, Programme implementation and Statistics, Sri. Sudharshan G. A., IFS, Chief Evaluation Officer, Karnataka Evaluation Authority (KEA), Commissioner of Rural Development and Panchayth Raj (RDPR) Department and Sri. V. M Mahesh, Technical Director of Rural Development and Panchayth Raj (RDPR) Department. We sincerely thank all of them.

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We thank Smt. Jyothi Jenni, Associate Director, Smt. Savitha Dayanand, Administrative Officer and all concerned officers and staff of KEA for their constant support.

Dr. G.K Karanth has carried out this study as its Principal Investigator and prepared this report. His total dedication for the evaluation study and involvement in preparing this report is highly appreciated.

Smt. Aprana M Kolla, Director of HKCAL is the key person for HKCAL in lending technical support in successful completion of this evaluation study. Our sincere thanks to her and all the HKCAL team, who contributed in taking up the Evaluation of the Scheme without whom the evaluation would not have been possible.



HKCAL, Kalaburagi

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Glossary

ATM	Automatic Teller Machine; also Any Time Money dispenser
BPO	Block Panchayat Office; Also TP – Taluk Panchayat
e-FMS	Electronic Fund Management System
EO	Executive Officer
FGD	Focused Group Discussion
FTO	Funds Transfer Order
GP	Grama Panchayat
JBC	Brand name of a heavy earth moving vehicle
MGNREGA	Gandhi National Rural Employment Guarantee Act
MGNREGS	Gandhi National Rural Employment Guarantee Scheme
NMR	Nominal Muster Roll
PDO	Panchayat Development Officer
ZP	Zilla Panchayat

Executive Summary

Timely payment of wages has emerged as one of the main challenges of MGNREGA over the last few years. As per section 3(2) of the Act, wages to the labourers have to be paid on a weekly basis and in any case not beyond 15 days from the date on which work was done. Against a backdrop of growing number of workers whose wages were unpaid or for vendors who supplied materials, the Government introduced a MIS based system of fund management, called Electronic Fund Management System (e-FMS). It came into effect during 2012-13, and by the end of financial year all the districts in Karnataka were under this new system of fund management. With a view to assess the impact of e-FMS, an evaluation study was undertaken to answer the following key questions:

1. If e-FMS system reduced the time in receiving wage and material payments?
2. Whether this system reduced intervention of middlemen and instances of corruption?
3. Has the system avoided parking of funds?
4. Are the beneficiaries able to withdraw money from the banks as and when required or do they face difficulties in dealing with banks with respect to withdrawal and any other issues?

In addition, there were over a dozen evaluation questions that were answered in this study. These questions pertained to issues such as the functioning of grievance redressal system, capacity of the personnel handling the software, issues pertaining to training, payment of compensation for unemployment and delayed wages, elimination of the role of middlemen and improved transparency in the system, etc. Evaluation was carried out by a sample involving 4301 MGNREGS workers drawn from 8 districts of the state (two each from the four administrative zones), 62 material suppliers, 920 elected representatives, 293 Panchayat Development Officers. A mix of qualitative (FGDs) and quantitative methods were used besides an extensive desk review of the data made available in MGNREGS' web portal [<http://mnregaweb4.nic.in>]. Although evaluation was meant to be for the period 2013-14 to 2015-16, owing to time over-runs and logistic delays, the study covered the period 2013-14 to 2018-19

Findings of the Study

In a large randomly selected sample of 6356 respondents as many as 2055 persons (32.33 per cent) reported that they had never worked even once in any of the MGNREGS works. Such a large proportion of inactive job card holders would dilute the findings of the study on the impact of steps taken to speed up wage payments so they were kept out of the analysis. Instead, data on the

remaining 4301 active job card holders were taken into consideration for data analysis. Among them, 3417 persons (79.45 per cent) had worked under MGNREGS at least once. Although, those who had worked at least two times (18.39 per cent) were much smaller in proportion, there is clear and strong relationship between timely or delayed payment of wages and the frequency of working under the scheme's projects. In other words, whether or not a worker remains active job card holder and works for wages in subsequent years was strongly predicted by whether or not wages were paid on time or there had been a delay. Timely payment of wages acts as an incentive to work on MGNREGS projects. Statistical 't' value in this regard was 7.944, which is considered to be significant.

The social category of respondents – in terms of whether they were grouped as SC, ST, OBC or General – and the frequency of their working in MGNREGS too is quite strongly related, with a 't' value of 3.172 at a significance level of 0.002. However, landownership status of the job card holders has a greater predictable value than their caste origins, in determining whether they work more frequently or less frequently. The 't' value in this respect is 4.942

One important finding of the study was that there is a widespread practice of work carried out of by hired workers elsewhere, or by use of machineries (JBC – an earth moving heavy vehicle, Tippers, etc) while showing that the works have been carried out by the registered workers. Presence of a large section of inactive job card holders, who reported 'never having worked', incidence of middlemen and or contractors (*Mestris*) to register seeking employment on behalf of the workers, and finally, lending out bank's Debit cards for withdrawal of wages deposited – all throw open the question of how dependent are workers upon employment guarantee schemes.

Most respondents reported not possessing their job cards at the time of interviews claiming that had handed over the cards to the GPs for either updating them for linking with Aadhaar Numbers or inserting or deleting names of workers, etc. Therefore it was not possible to obtain information pertaining to the specific projects they had worked on. Nor was it possible for us to determine whether or not digitally the particulars were authentic. The study had to depend on the stated opinions of the respondents in nearly all the cases.

Out of a sample of 4301 persons, 75 per cent had reported that there was no delay in wage payments in recent years, and that the delay was gradually declining ever since e-FMS had been introduced. Among those who reported delays, a larger section was from Yadgir (39.6%), Dharawad (37.0%), Dakshina Kannada (34.5 %) and Uttara Kannada (33.0%). More than technological factors, the delay was owing to the absence of signatories in office when required,

mismatch between the account particulars and what was stated in the wage bills, and the delay in preparation of wage bills by the team leaders (*Mestris*). Although these problems were also reported in the other districts, some districts experienced more frequently than the others.

The story is no significantly different for the material suppliers, 62 of them. Not one of them reported timely payment of their dues, the average time required ranged from 90 days to over 150 days. Their grievance was that there is greater administrative emphasis on clearing wages for workers than to the material suppliers.

At the field level, responses from wage workers was that they preferred e-FMS mode of payment directly to the Banks while material suppliers were not so much in preference. They did not seem to be as comfortable with the transparency of the processes. For, material suppliers are also '*Mestris*' and they find it hard to deal with inactive workers in registering demand for employment, submitting wage claims and finally having to run behind the workers to withdraw money that may have been credited.

The desk data review, however, shows a different picture. Not only is there an evidence of reduction in delays in wage payment, there is a strong evidence of increased rate of acceptance of work when offered in the years of e-FMS. Given the strong association between timely wage payment and incidence of working on MGNREGA, the enhanced rate of work acceptance demonstrates the positive effect of timely wage payment through e-FMS. This is true of all the districts in the sample and in the state as a whole. This trend is applicable to those who worked for full 100 days in a calendar year.

The second most important impact of improved timely wage payment is reduction in the number of times that the workers had to visit an ATM kiosk or the bank to ascertain whether or not wages had been credited. Going by the statements made by the respondents, the frequency had come down from over six times of visit to the bank to 3 to 4 times. The PDOs, in turn, pointed out that the anxiety of whether or not wages were credited leads them to start going to the bank from the very next day of FTOs being signed and uploaded. Yet, there continues some delays beyond prescribed time limit of 3 days (T) because of unavailability of one or the other signatories on time, not having the Book of Measurements certified by the concerned official (Block level Engineers), hardware problems such as breakdown of computers, unavailability of internet when needed. Delays are also due to lack of available funds and not reconciling payments on time. Unfortunately for the evaluation, it was not possible to access the data at Bank level to assess the time taken to process and credit the payables once the FTOs have been uploaded. For, the problem persists

owing to gap between FTO and actual credit of money into the accounts. Not merely the workers, even the officials at the GP level convey the message to workers and/or *Mestris* that mere digital signing of an FTO amounts to the money having been credited soon after.

There is a continued decline of individual bank accounts for each worker, and crediting of the proceeds separately for each worker's bank accounts. Not all of them have bank account linked with their job cards; the less educated or less informed worker has to depend on trusted ones whom we may refer to as 'Banking Middlemen', to assist them to make a transaction in the bank or at the ATM kiosk. All these add to the costs of transaction with a bank. To add to the hardship the workers would often take the trouble to go by foot, or a vehicle to a kiosk only to find that 'the machine is out of order,' 'no cash available,' 'no electricity or power supply', or that wage has not been credited. Just as bank accounts and Aadhaar numbers are being linked to the Job Cards, so too there must be a compulsory option of SMS alerts to inform any debit or credit into the account. Better still, as and when wage payment is approved and money credited into the account concerned, a registered mobile phone should receive a special SMS in the local language to inform money have been credited. This facility will save at least one or two trips to the bank or ATM.

Taking the sample as a whole, we find that 41.25 per cent of respondents reporting access to a commercial bank at less than a kilometer of distance. This is indeed a good feature of rural banking service in the face of ambitious introduction of e-FMS. About 40 per cent of workers have the option of going by foot to the bank to check on their accounts and / or to operate their accounts. If we include with this group another having bank at a distance of between 1.00 to 2.50 kilo meters, we have over 55 per cent beneficiaries having bank facility at less than 2.50 kms. Those with a bank at 2.51 to 5.00 kms make up 25.53 per cent and as a whole over 75 percent make up having a bank at less than 5.00 kms. However, a focus on our sample districts, Yadgir and Uttara Kannada districts, we are led to witness quite a high share of those with the bank at over 10 kms. of distance. In Uttara Kannada this distance is shared by 25.07 per cent while in Yadgir the share is even larger (37.29 respondents). Indeed, much of the criticism that our respondents had against e-FMS was owing to a fear over possibility of crediting of wages which in turn may be adjusted against outstand loan amounts or towards interests due. As a few Bankers pointed out, one of the reasons for complaints against delayed payments is because many MGNREGS workers may not be clear as to which account may have been linked to e-FMS transactions.

From the point of the evaluation, what is crucial to know is that most persons who were reporting the number of visits made to check on bank were also emphasizing that the incidence has now declined considerably. This is because they do receive the wages much sooner than before.

However, while evidence suggests that e-FMS has improved timely wage payment, and minimizing of parking of funds, the field data suggest that a) much delay is prior to uploading of the digital data or signing of FTOs; b) the functionaries at the GP or TP are unable to follow up on delayed payments once the FTOs are digitally signed; c) and that there is a need for an improved system of flow of information over the delays at the nodal bank level. Finally, compensation for delayed wage payment – whether the delay is at the GP/TP or ZP level or at the nodal bank levels – attempts need to be made for an automated generation of alerts for delay compensation due. As such claiming of compensation voluntary by the workers or vendors has been almost non-existent as a practice.

Two broad generalisations may be made in respect of gender differences in the study's findings: first that any difference in respect of gender differences that there may be is only narrow, and certainly not more than eight per cent points between men and women. Secondly, any difference that is found is more out of pre-FTO or post-deposit phenomenon than it being due to e-FMS as such.

Recommendations

A few recommendations are submitted as part of the evaluation. If found acceptable, some of these are to be followed up with the Union Government; since the programme and especially the softwares are centrally designed and made use of. State governments may not have the freedom to modify them.

1. Notify the basis for rejecting FTOs, rejecting claims for delay compensation and unemployment allowance to make e-FMS more transparent and accountable. [Pp. 70- 72; Table 14].
2. Minimize or streamline the pre-FTO transactions so as to hasten the digital signing of FTOs. [Table 7 to 10]
3. Enable the software to generate automatic alerts of payments rejected or delayed by the Bank; compensation to be paid for delayed payment and / or unemployment allowance to workers. Such alerts should reach both the GPs, and the affected workers. [Pp. 85-90; Table 19 and Figures 26 to 29].
4. Make it mandatory for the Banks to send out SMS alerts, free of costs, to indicate the status of claims submitted – for claims for wages, compensation and / or unemployment allowances. [Pp. 85-90; Table 19 and Figures 26 to 29].
5. MGNREGS workers are to be trained in regard to banking procedures including operating the ATMs. [Pp. 87-89; Figure 29].

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

6. Urgent need to upgrade the computer and software skills of DEOs and Bill Collectors. [Tables 9 and 10]
7. Offer incentives to PDOs to involve themselves in e-FMS work, especially in acquiring skills of computers and software applications. [Tables 9 and 10.]
8. Institute a formal registration of grievances – whether about delay in payment of wage and material costs, or other matters pertaining to MGNREGS. [Table 22 and 24]. Grievances, once registered, should be brought under the orbit of *Sakala* programme of the Government of Karnataka.
9. Take steps to fill up vacancies at the GP, Block and District level of key functionaries, especially those dealing with e-FMS technology in keeping with the growing volume of work and varying nature of grievances. [Tables 21 and 22]

1. Introduction

1.1 Background information:

MGNREGA is implemented as a centrally sponsored scheme under the aegis of the Ministry of Rural Development, Government of India. The mandate of MGNREGA Act 2005, minimum 100 days of unskilled wage employment to rural households in a financial year is guaranteed across the country. As per 6(1) of MGNREGA the Central Government may by notification specify the wage rate for the purpose of this act and right to receive the wages within 15 days by the workers. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) came in force on 2 February 2006. Initially, the act was applicable to 200 poorest districts of India (Phase I). Later, it was extended to another 130 districts in 2007-2008 (Phase II). Since year 2008-2009 its coverage has been extended to all districts of India as per the provisions of MNREGA (Phase III).

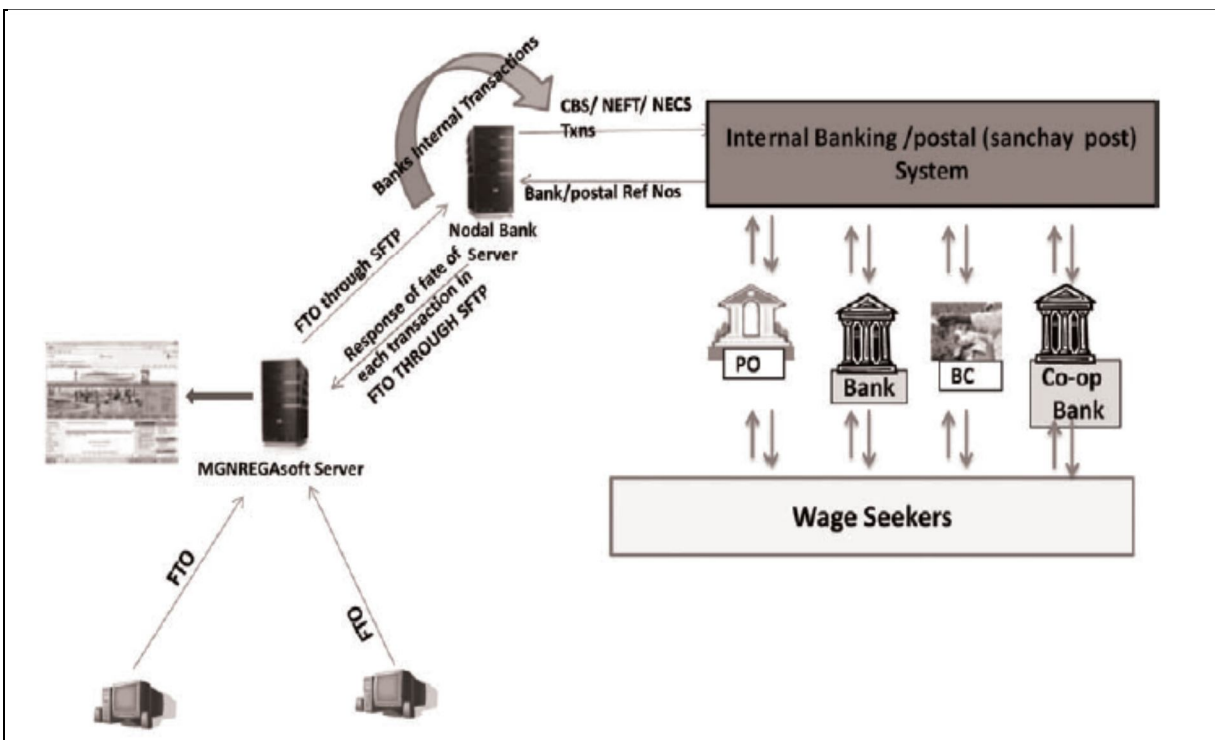
Under MGNREGA all the labourers are paid wages meant for 'unskilled' work, and the wage is paid through bank accounts. Presently the money is transferred to the worker's account directly through electronic transfer system without any cash disbursement. This system of transfer was introduced in the year 2013-14, and is known as Electronic Fund Management System (e-FMS). Wages to the labourers are expected to be paid on a weekly basis and in any case not beyond 15 days of the date on which work was done. Further, the payments to vendors of various materials used for construction of the assets, as well as administrative expenses are also made through e-FMS.

There are 60.13 Lakh job card holders in the State with 1.41 crore workers. Out of these 33.03 Lakh card holders and 64.73 workers are active. Systematic solutions have always been a major requirement to ensure that wages are paid on time to such a large population of workers. Under the aegis of the scheme an Electronic Fund Management System (e-FMS), integrated with accounting and reconciled with Core Banking systems has now been adopted throughout the country. E-FMS leverages the Core Banking infrastructure (NEFT/RTGS) of commercial banks. This in itself helps to streamline many of the problems that are being experienced in the current system of monitoring MGNREGA. E-FMS encompasses the implementation of Electronic Fund Transfer leveraging the Core Banking infrastructure of commercial banks. States are required to identify one or more Nodal banks, which will hold the funds in a Central Account with them. There can be one or more Central Accounts, depending on the State i.e. the State may choose to keep one

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

Central Account at the State level or different Central Accounts for each District. On receipt of digitally signed Wage List these banks will debit the Central Account and credit the account of the worker. The Wage List is generated through NREGA Software on a daily basis for all those Payment Orders that have been approved by the authorized signatory using digital signatures on NREGASoft. The same solution may be extended for payment of material and administrative expenses.

Figure 1: Flow Chart of e-FMS Process for Payments



(Source: Government of India 2013: P. 72)

Electronic Fund Management System (e-FMS) has been launched in all 30 districts of Karnataka since 2015-16 for both unskilled wages and material payments. In this regard Karnataka is disbursing 100 per cent wages electronically directly into accounts of the labourers. Therefore, highest standards of transparency and rigorous method of wage payment have been introduced.

The financial and physical progress achieved from 2013-14 to 2018-19 is as follows:

The objectives of the study were to assess:

1. If e-FMS system reduced the time in receiving wage and material payments?
2. Whether this system reduced intervention of middlemen and instances of corruption?
3. Has the system avoided parking of funds?

4. Are the beneficiaries able to withdraw money from the banks as and when required or do they face difficulties in dealing with banks with respect to withdrawal and any other issues?

In addition, a few specific evaluation questions were also posed. They are:

1. e-FMS is a transaction based MIS. As per chapter 8.7 under payment of wages, whether all the 3 categories of transactions are followed properly by the GPs/TPs & ZPs? If not, what are the deviations noticed in the selected GPs? Please elaborate.
2. Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?
3. What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?
4. If the complaints are on delayed payments, how many workers have got compensation for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?
5. How many applications were received for un-employment allowance and how many were paid? What are the reasons for non-providing the employment? Give details.
6. What are the reasons for payments due to be paid for the year 2015-16 in the sample districts above? Please furnish details.
7. To what extent it has improved the fund management?
8. To what extent it has brought transparency over earlier system?
9. What are the bottlenecks being faced in the system by the field level functionaries?
10. What should be recommendation to improve the system further to minimize delay if any?
11. To what extent the misuse of funds and involvement middleman are prevented by e-FMS?
12. Any suggestion from beneficiaries and stake holders to improve the design, delivery and modification on features of the e-FMS?

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

Table 1: Physical Progress of MGNREGA [2014-15 to 2018-19] (Rs. Lakhs)

S No.	States	No. of Registered		Cumulative No. of HH issued jobcards	Employment demanded		Employment offered		Employment Provided			No. of Families Completed 100 days
		Household	Persons		Total	Household	Persons	Household	Persons	Household	Persons	
2014-15	All India	129460767	277829090	127793327	46477349	73090996	46389383	72880888	41371279	62160240	1661835485	2491943
	Karnataka	5546730	15926039	5519714	1513650	4197500	1482457	4098686	1093906	3008352	43328089	41315
	%				27.29	26.36	97.94	97.65	72.27	71.67		3.78
2015-16	All India	131753503	279102560	129285628	53479564	84474264	53337028	84150731	48132074	72259092	2351412793	4847893
	Karnataka	5604053	15597297	5576206	1662438	4189166	1617408	4059593	1235613	3026777	59838284	132977
	%				29.66	26.86	97.29	96.91	74.33	72.25		10.76
2016-17	All India	130163285	263852067	126916298	56930348	89799875	56765784	89408762	51222192	76690926	2356403416	3991163
	Karnataka	5289205	13939006	5258577	2151614	5452652	2095613	5279880	1818202	4417198	91406352	196442
	%				40.68	39.12	97.40	96.83	84.50	81.01		10.8
2017-18	All India	132383801	260968622	128320823	57315688	89617908	57178963	89275882	51158907	75915341	2337431332	2955151
	Karnataka	5561963	13836511	5527003	2152259	4624032	2092005	4423358	1902386	3890970	85699469	29985
	%				38.7	33.42	97.20	95.66	88.39	84.15		1.58
2018-19	All India	136517651	263520613	131182632	58767937	91195228	58323266	90245982	52692626	77768650	2679508275	5205398
	Karnataka	5974136	14176971	5897436	2358790	4603443	2299168	4386791	2110275	3940907	104667379	211987
	%				43.05	34.61	97.47	95.29	89.46	85.61		9.88

http://mnregaweb4.nic.in/netnrega/citizen_html/demregister.aspx?lflag=eng&fin_year=2016-2017&source=national&labels=labels&Digest=DaNMckCT4HZjxosanlifUQ

Per cent figures refer to Karnataka State. Percent Employment Demanded is out of No. Registered; Per Cent Employment Offered is out of No. Employment Demanded; and Per Cent Employment Provided is out of Employment Demanded.

Table 2: Financial Progress of MGNREGA [2014-15 to 2018-19](Rs. Lakhs)

Year	State / India	Total Availability*	Actual Expenditure			Total Actual Exp	Total Exp including payment due	Net Balance
			Unskilled Wage	Material*	Admin			
2014-15	All India	3909491.97	2464188.37	962274.92	249843.61	3677087.61	3748236.99	161254.98
	KARNATAKA	195512.8	98666.87	60717.2	6943.7	166329.38	169088.47	26424.33
	%		50.47	31.06	3.55	85.07	86.48	13.52
2015-16	All India	4320031.94	3089242.43	1061776.7	239221.35	4390617.83	4443931.32	-123899.38
	KARNATAKA	131348.19	112045.97	60930.98	9216.37	182193.44	184484.2	-53136.01
	%		85.30	46.39	7.02	138.71	140.45	-40.45
2016-17	All India	5897628.57	4072246.81	1446168.4	288413.48	5809068.15	5908631.36	-11002.79
	KARNATAKA	344362.51	215464.88	105829.17	9497.34	330837.37	335953.45	8409.06
	%		62.57	30.73	2.76	96.07	97.56	2.44
2017-18	All India	6440803.78	4312767.03	1810022.2	277433.02	6402703.72	6536154.69	-95350.91
	KARNATAKA	309242.06	201681.4	91592.4	6666.12	300028.65	309057.36	184.7
	%		65.22	29.62	2.16	97.02	99.94	0.06
2018-19	All India	7095472.42	4715162.53	1946549.7	297874.78	6959968.82	8081536.62	-986064.2
	KARNATAKA	389938.26	232563.76	117834.57	10087.23	360499.91	433035.82	-43097.56
	%		59.64	30.22	2.59	92.45	111.05	-11.05
<p>Source: http://mnregaweb4.nic.in/netnrega/Citizen_html/financialstatement.aspx?lflag=eng&fin_year=2018-2019&source=national&labels=labels&Digest=2sK2jsi9G7FHeqD/Cv4G1Q</p> <p>Per cent figures refer to Karnataka State</p>								

2. Log Frame/ Theory of Change/ Program Theory:

Among the many issues concerning MGNREGA, one that defeats the purpose has been the delays in payment of wages to workers. A significant reason for the delay of wage payments is on account of non-availability of surplus funds with PRIs. Even if funds are lying un-utilized in some institutions these cannot be transferred to the district/block/GPs in the State. Fund allocation, hence, becomes difficult task in the implementation of MGNREGA. To meet this challenge, State has adopted an integrated Fund Management System called e-FMS, and same has been introduced in the State during January 2012. This is fully functional in all 30 districts. The e-FMS software interpreter NREGA-soft with *panther* Bank's software. The e-FMS achieves seamless online transfer of funds almost on real time basis to the beneficiary bank accounts. The payments to the labourers as well as the others are remitted electronically to their individual bank accounts. Payment of administrative charges through e-FMS started only from 2015-16.

2.1 Objectives of the Scheme:

1. Timely payment of wages has emerged as one of the main challenges of MGNREGA over the last few years. As per section 3(2) of the Act, wages to the labourers has to be paid on a weekly basis and in any case not beyond 15 days on the date on which work was done.
2. e-FMS solution will automate all processes involved in crediting the accounts of the beneficiaries.
3. Reduction in the turn-around time required for wage processing and payments
4. Automation of processes will eventually lead to *real-time availability* of data at all levels of governance for strategic decision making.
5. e-FMS will act as seamless payment mechanism which will automatically ensure fund transfer and crediting of beneficiaries accounts leveraging the Core Banking infrastructure (NEFT/RTGS/ABP) of banks.
6. The system ensures the right amount of money in the right accounts on time.
7. Avoid parking of funds.
8. This would also take care of the problem of large unspent opening balances.
9. This would help streamline the fund flow process.
10. Reduction of workload at Block Program Office (BPO) / Gram Panchayat (GP)

2.2 Institutional structure for implementation:

At the district level district MIS coordinator and at taluk level taluk MIS Operators are appointed to handle the e-FMS along with Project Managers. The Technical officers with graduate qualification on Agriculture, Horticulture, Forestry and Engineering have been recruited to assist the implementing officers of line departments of Agriculture, Horticulture, Forestry, Minor Irrigation, Watershed, PRED, Sericulture, Rural Water Supply and Fisheries.

At the GP level the Adhyaksha of the GP and PDO are responsible for signing the monthly bills of works done under MGNREGA. At the TP level the Adhyaksha of the TP and TDO and at the ZP level the Adhyaksha of the ZP are involved in managing the e-FMS with the line departments whose works are undertaken under MGNREGA.

The muster roll has a unique identity number electronically generated by the computer system (e-Muster) along with the list of workers. Every muster roll shall be signed by authorized person of the GP. The muster roll shall be closed on the last day of the month counter signed by every worker who have worked and the same shall be handed over to the engineers for measurement. Payment shall be made based on the measurements taken at the work site by the engineers.

The bills for works are prepared and Adhyaksha of the GP and PDO are the Joint Signatories for these bills. The Digital Signature Certificate (DSC) is issued by the competent authority. EO in case of GP, CEO in case of Taluk, DRDA and Line Department are the countersigning authorities for application for DSC.

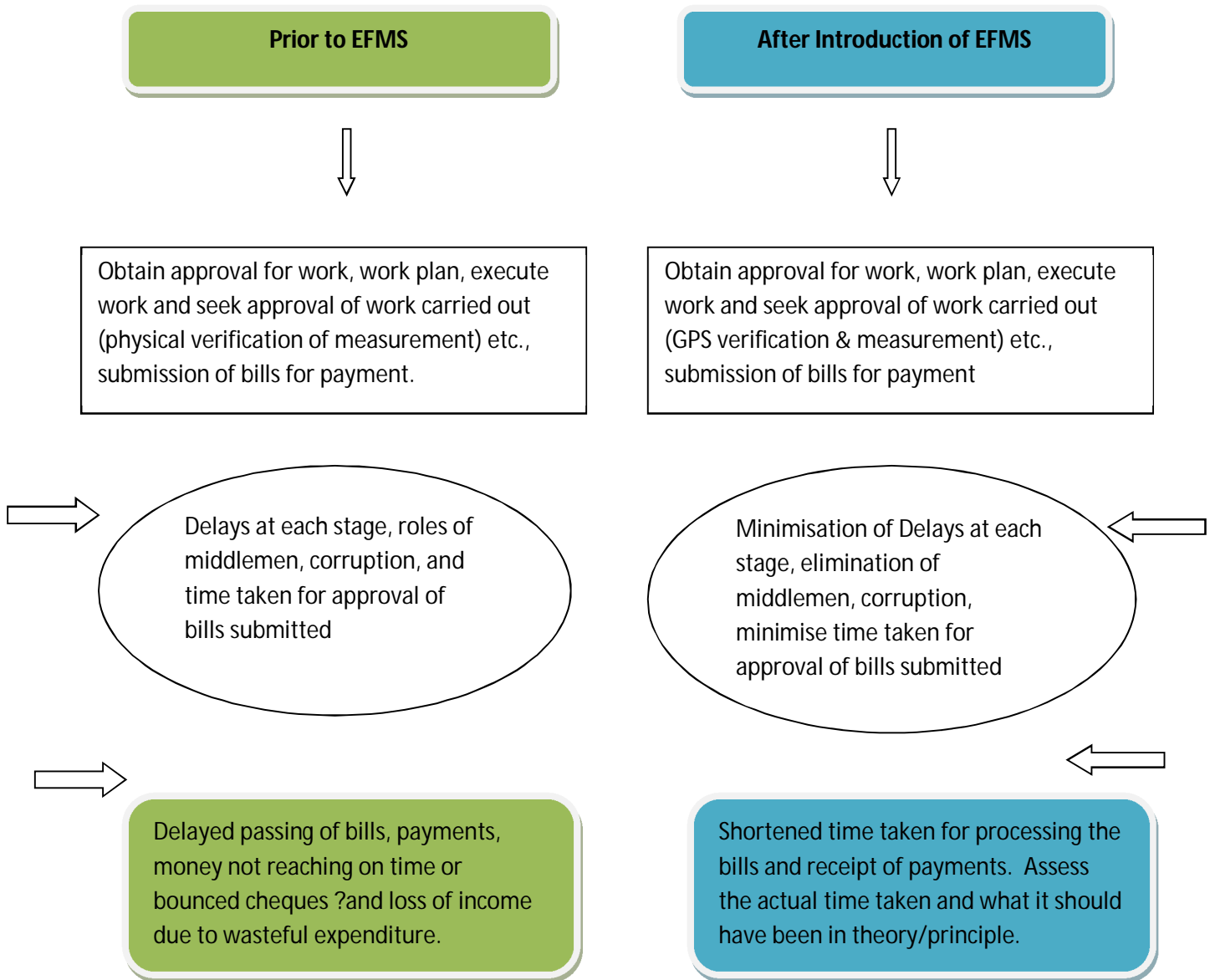
2.2.1 How e-FMS works: Funds from Central and State are pooled at one bank (Nodal Bank). e-Transfer of funds is made for wages for labours and material cost to vendors. Payments of wages are to be made against NMRs generated in MGNREGA MIS. Transfer of funds are made to the accounts of MGNREGA workers opened with CBS (core banking system, Name of A/c holder, A/c Number, Branch Name, and IFSC are considered). Thus it is called as Entitled based Funds Management System. e-FMS application links to wage list generated in MGNREGA MIS. Wage lists are transferred to Nodal Bank at State Hqrs. in the form of Fund Transfer Order (FTO) from MoRD Server. Funds are transferred from Nodal Bank to the beneficiaries' account through RBI. This funds transfer acknowledgements are sent back to MIS by the Bank collecting from RBI.

2.3 Logical Framework of Evaluation

As is well known, a logical framework makes an effort to offer an explanation of the basic logical project framework (log frame) used in relation to planning, designing, implementing, monitoring and evaluating any project being implemented. In the current instance, it refers only to the evaluation of a project, namely e-FMS as used in MGNREGA. The objective is to be able to identify changes if any as a consequence of implementation of the new variable or procedures, which in this case is e-FMS. As such there is no theory readily available that lends itself to be applied for the results of an evaluation. However, a few hypotheses could be generated: First that what is expected as outcome listed as A to C, in theory/principle as a consequence is more likely to be resulting when the work carried out is for community rather than meeting individual needs; Second, if the work carried out is within the purview of GP and not by a line department. Assumptions behind such two hypotheses are that in the case of a community work either a department or someone on behalf of the department is responsible to settle wages and therefore brings a collective institutional pressure to settle bills as against merely as individuals; and in respect of the second, line departments would have institutional built in delays as against the PRI in dealing with wage claims to be settled.

The flow chart of anticipated programme intervention and their expected outcomes along a corresponding time required to accomplish that result are presented below:

Fig 2: Log Frame



3. Evaluation Frame Work

3.1 Scope of evaluation:

The scope of the study is all the 30 districts of State. However, 8 districts and 300 Gram Panchayats from these districts are selected as sample as defined in the sampling methodology. Although the study period as indicated was 2013-14 to 2015-16, it was felt that since the study was in progress during 2017-18 and 2018-19, it cover up to 2018-19 so as to make the outcome of the study more relevant to the recent period. To compare the present system of payment by e-FMS the procedure adopted for payment of wage and material during non-e-FMS year 2012-13 was to be studied in the selected GPs by interviewing the beneficiaries and vendors, as also carrying out the desk review of data. As it turned out desk data, to be culled out from the web portal of MGNREGA, could not be accessed despite repeat efforts. Therefore, the base year was retained to be 2013-14 for which more or less uniformly desk data was available.

3.2 Objectives of Evaluation:

The objectives of the study are to assess:

1. Has e-FMS system reduced the time in receiving wage and material payments?
2. Has this system reduced intervention of middlemen and instances of corruption?
3. Has the system avoided parking of funds?
4. Are the beneficiaries able to withdraw money from the banks as and when required or do they face difficulties in dealing with banks with respect to withdrawal and any other issues?

4. Evaluation Questions and Sub Questions

1. e-FMS is a transaction based MIS. As per chapter 8.7 under payment of wages, whether all the 3 categories of transactions are followed properly by the GPs/TPs & ZPs? If not, what are the deviations noticed in the selected GPs? Please elaborate.
2. Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?
3. What is the cost incurred and time required for release of wages under e-FMS Vs. pre e-FMS period?
4. What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?
5. If the complaints are on delayed payments, how many workers have got compensation for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?
6. How many applications were received for un-employment allowance and how many were paid? What are the reasons for non-providing the employment? Give details.
7. What are the reasons for payments due to be paid for the year 2015-16 in the sample districts above? Please furnish details.
8. To what extent it has improved the fund management?
9. To what extent it has brought transparency over earlier system?
10. What are the bottlenecks being faced in the system by the field level functionaries?
11. What should be recommendation to improve the system further to minimize delay if any?
12. To what extent the misuse of funds and involvement middleman are prevented by e-FMS?
13. Any suggestion from beneficiaries and stake holders to improve the design, delivery and modification on features of the e-FMS?

4.1 Indicators

Corresponding indicators identified for the evaluation study are listed below:

- Impact on time in receiving payments
- Impact on middlemen and corruption
- Avoidance of funds parking
- Ability to Manage Bank Accounts
- Institutional and HR capability issues
- Financial Literacy hurdles - Regional and Social Groups

5. Evaluation Methods and techniques

A detailed review of the scope of work as described in the Terms of reference necessitates a **mix-design approach** for the study objectives and In sync with this the evaluation design, the methodology adopted for the study is a best-fix mix of **Quantitative and Qualitative** approaches.

FGD as a qualitative tool was carried out with all stake holders on all aspects of the e-FMS and their view for improvement in design and delivery of payment, improvement in the scheme implementation were elicited.

To substantiate quantitative information comparing the present system of payment by e-FMS the procedure adopted for payment of wage and material during non-e-FMS year, quantitative **structured interviews** were conducted with beneficiaries and vendors in selected GPs.

It was envisaged that a few of the indicators of the log frame shall pertain to understanding the government priorities and schemes. For this we shall depend on **desk review** of open source data and government records at the state and central level.

5.1 Data and Information sources

a. Sources of primary data:

- Structured interviews based on Interview schedule, with beneficiary households, *Mestris*, with DEOs, Computer and software specialists, Bank officials, PDOs, GP Representatives
- FGDs with beneficiaries, PRI representatives and officials from department
- Financial Timeliness or Gap tracker

b. Sources of Secondary data:

- Previous studies conducted in the field
- Secondary data provided by the Department and other coordinating departments

6. Evaluation matrix

The matrix of indicators for evaluation has been prepared based on discussions so far with officials of MGNREGA at the headquarters, and pilot studies carried out in a few GPs around Bangalore. A systematic review of literature too has enabled identify different issues and indicators.

6.1 Matrix for Key Evaluation Objectives

Objectives	Source of Information	Tools/ Techniques	Key Findings
Avoidance of funds parking	PRIs and Departmental Officials, Corresponding Documents, State's Contributions, Interviews with Nodal Banks, PRI Officials, Cross verification of Payment details.	Interview schedule, Desk review	<ul style="list-style-type: none"> • Substantially reduced, but not eliminated altogether. • Carryover of liabilities from previous years too considerably reduced
Ability to Manage Bank Accounts	Beneficiaries, Bank Officials,	Interview schedule, FGD	<ul style="list-style-type: none"> • Gradually improved, but not significantly; especially women and less educated.
Institutional and HR capability issues	Computer Operators / DEOs/ Software Service Specialists	Interview schedule	<ul style="list-style-type: none"> • Urgent need to update software skills and familiarity with new rules and regulations • Several key positions, especially MIS related, are vacant or not on a full-time basis
Financial Literacy hurdles - Regional and Social Groups	Districts, Beneficiaries	Interview schedule, FGD, Desk review	<ul style="list-style-type: none"> • Hurdles not confined to any specific group, gender or regions. • Need to provide financial literacy, and with the use of mobile phones.

6.2 Matrix of Indicators and Methods for Evaluation Questions

Sl No.	Evaluation Questions	Study Findings
1	As per chapter 8.7 under payment of wages, Have all the 3 categories of transactions been followed properly by the GPs/TPs & ZPs? If not, what are the deviations noticed in the selected GPs? Please elaborate.	<ul style="list-style-type: none"> • No mandatory transaction bypassed. However, the pre-FTO stages of work need to be hastened after the physical work on a project is completed.
2	Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?	<ul style="list-style-type: none"> • They are in place and technologically competent, but concentrated but top heavy: i.e., concentrated at ZP and BP levels than at BP or GP required. • Postings of personnel should also be in proportion to the normal volume of transactions in a district, so as minimise 'happy postings' in district or state headquarters or better cities.
3	What is the cost incurred by beneficiary and time required for receipt of wages under e-FMS Vs. pre e-FMS period?	<ul style="list-style-type: none"> • Frequency of visits made to Bank or ATM kiosks substantially reduced, from average of 6 or more times to 3 or 4 times. • From over Rs. 65 on an average per visit to now to Rs. 40 to 42.
4	What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?	<ul style="list-style-type: none"> • Data on this set of issues not easy to come by. • The web-master needs to rectify the pages that open pertaining to grievances. • Data is compiled and placed in a cumulative manner and not year-wise, • Grievances largely concerning individual officials, anonymous, or without adequate supporting evidence of charges levelled. • Basing on what could be seen on the page that opened, hardly any about wage delays, compensation not being paid or wage calculations. • Committees formed, but frequency of their meeting not clear.

5	If the complaints are on delayed payments, how many workers have got compensation for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?	<ul style="list-style-type: none"> • At the field level neither the workers nor material suppliers not forthcoming with whether or not they have lodged any complaints and registered any grievances formally. • From the available data, only about less than 50 cases of unemployment allowances paid to workers seeking work and not given work. Data on amount of money given is not available in the portal. • Handling of grievances needs much more transparency and accountability as to the basis on which wage claims were rejected, or delayed.
6	How many applications were received for unemployment allowance and how many were paid? What are the reasons for non-providing the employment? Give details.	About 30 or so applications over a period of six years received, all of them settled favourably. These were from Bidar, Haveri, and Hassan districts that were not among the sample districts. One case was from Chikkaballapura.
7	What are the reasons for payments due to be paid for the year 2015-16 in the sample districts above? Please furnish details.	Explained in the report. Briefly here, nonpayment of dues were listed in the portal as owing to insufficient funds (less than 5%), natural calamities (<5%), wages claimed not valid (between 60 to 70%), and others (20%). Nodal banks have to be much more forthcoming as to why certain FTOs are not processed or kept pending.
8	To what extent it has improved the fund management?	Parking funds has been significantly declined. So much so, in the latter years of e-FMS has the huge sum to receive from the Centre. Significantly increased instances and amounts of money shown as negative opening balance imply that money is due from the Centre while the state is pending money on its own.
9	To what extent it has brought transparency over earlier system?	Impressively. Increased number of queries or clarifications sought by 'Citizen' and civil society activists indicate this. However, there is need for greater transparency on the basis on which delay compensation is settled, or unemployment allowance given.

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10	What are the bottlenecks being faced in the system by the field level functionaries?	<p>Inability to resolve technical difficulties, software issues, breakdown of computers etc. Being held responsible for delays which may be due to the process being slow at the Bank level.</p> <p>Inability to cope up with work given other responsibilities assigned to the field staff, additional charges of a Panchayat or two to the PDO</p>
11	What should be recommendation to improve the system further to minimize delay if any?	<p>Most important is to address the issue of stabilization of progress made in reduction of delays.</p> <p>Upgrade the human capabilities to match the advancement in technology application for wage disbursement</p>
12	To what extent the misuse of funds and involvement middleman are prevented by e-FMS?	<p>Lending of ATM or debit cards, letting others to submit a demand for employment on behalf of the registered workers.</p> <p>Commission to be paid to field staff for inspection of works completed, filling up book of measurement, certification of wage bills and uploading the FTOs</p> <p>Emergence of new 'middlemen' in place of the erstwhile contractors.</p>

7. Sample and Sampling Design Sampling approach

Sampling design and methodology proposed is in line with the evaluation design for the study. Out of 30 districts, 8 districts have been selected at the rate of 2 districts per revenue division. For sampling purpose the districts were arranged in alphabetical order in each division and every 3rd & 6th districts after numbering were selected. A separate random number was generated for each division which was the 'starting' number from which the 3rd and 6th entry was chosen.

Table 3: Key Features of MGNREGS in Sample Districts

District	No. of TPs	Total No. of GPs	No of GPs selected	Total No Job cards Issued 2018-19	% HHs Provided Employment against Demand 2018-19	Work Competition Rate Since 2015-16	Payment due for the year (2018-19) [Rs., Lakhs]
Chikkaballapura	6	157	38	177546	85.96	75.44	1341.82
Kolar	5	156	34	119098	96.32	84.09	895.23
Dakshina Kannada	5	230	48	133858	89.43	81.93	1259.32
Mandya	7	234	47	246148	83.92	78.77	1917.96
Uttara Kannada	11	231	45	199568	90.05	74.56	5049.57
Dharawad	5	144	29	270725	91.57	86.24	2640.99
Kalburgi	7	264	51	159965	89.76	80.19	808.21
Yadgir	3	123	24	162936	91.18	81.92	1900.57
Total	49	1539	316	1469844	89.43	79.16	15813.67

Source: http://mnregaweb4.nic.in/netnrega/Citizen_html/financialstatement.aspx

Thus, a systematic cyclical random sampling method was used to select the districts for evaluation. The same method was employed also for selection of the sample GPs, while each of the Blocks (Taluks) was included to draw up the sample of GPs. There are 6019 GPs in the State. Out of these 5% (300) were to be evaluated. 316 GPs were thus selected out of the 1539 GPs in proportion to the population in 8 districts as shown in the table, which is 20% of the sampled TPs. These were selected at random by arranging them alphabetically. The payment made to all the works so selected were to be evaluated. FGDs were conducted with all stake holders on all aspects

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of the e-FMS and their view for improvement in design and delivery of payment, improvement in the scheme implementation were elicited.

7.1 Method of data analysis

Data entry and analysis was done using SPSS version 16. The official statistics accessed from the web portal of MGNREGA that were downloaded were converted into MS Excel format and analysed for trends and incidences of various indicators for the study. Data are presented as proportions and percentages, and as correlations of relevant variables. Tabular and Graphical representation are used for trend analysis.

Further, content analysis of the FGDs across respondents was carried out, after translation of the transcripts into English and common thematic ideas were coded.

7.2 What Does the Literature Tell of Wage Payment Delay in MGNREGA?

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a scheme that is a result of a path breaking legislation in India. Originally enacted as National Rural Employment Guarantee Act, was renamed as MGNREGA. Aiming primarily at strengthening the livelihood security opportunities for rural households that are unskilled or semi-skilled, the Act guarantees employment for a maximum of 100 days in a calendar year for its adult members. The Act came into force in February 2, 2006. The Scheme itself was introduced in a phased manner, in such a way that during the first phase aimed at 200 of the most backward districts in the country. During the second phase, during 2007-18 an additional 130 districts were included. The rest of the country was all brought under NREGA by April 2008. Eleven years have passed since the complete coverage of the country.¹

MGNREGS has been one of the themes that has had attracted largest scholarly and policy studies interest, not merely within the country but worldwide. The scheme has been placed in the league of world most famed social security schemes, but has the unique distinction of being a largest socially inclusive policy, where as in the rest of the world there is one or the other exclusion that takes place. For, instance an equally renowned scheme in Bangladesh is aimed only at women, while elsewhere it may be restricted to an ethnic group, migrants or of citizenship. Given the size of India's population, the scheme is also hailed as world's largest workforce's rights based

¹ The state of Karnataka had four districts under the scheme during the first Phase (Bidar, Chitradurga, Davanagere, Kalburgi and Raichur). Kalburgi is one of the districts covered in this study. The second phase covered the districts of Bellary, Belagavi, Chikkamagalur, Hassan, Kodagu and Shivamogga. The final phase completed the coverage of the remaining 19 districts, including 6 of which are in this study's sample (Chikkaballapura, Dakshina Kannada, Dharawad, Kolar, Mandya, Uttara Kannada and Yadgir).

programme (Government of India, 2016). Literature on the scheme has been in equal measures on either side: one lauding its accomplishment and as a basis of a massive source of social and economic change and empowerment of women, socially and economically weaker section of society; and the other which is extremely critical. Even political parties that are not in power have accused the programme of having been a major drain on the resources without contributing to any lasting assets in the rural society. But as soon as they are in power they too, like their predecessors, are seen to have become strong champions of the programme. Among the most powerful criticisms of the programme are on the absence of transparency, accountability, and financial misuse owing to corrupt practices and unfair nexus between the political bosses and corrupt officials (see, Jenkins and Manor 2017).

Not meant to be a technical evaluation of the programme, Jenkins and Manor's work looks at the alleged political motives behind the programme. Their work alleges that the programme is a classic example of political maneuvering, both at the state and central levels. They claim also that the programme has had complex impacts on the political capacities of poor people in the country. Jenkins and Manor's analysis also present an insight into the changing conceptions of rights of the poor, and the challenges faced by states in becoming accountable to the most disadvantaged citizens as well as the better informed persons.

Instead of focusing an all-encompassing review of literature pertaining to MGNREGS, an attempt is made here to take stock of what literature throws light on some of the key concerns of the evaluation: transparency, accountability, good governance, avoidance of delay in delivery of benefits – in this case wage, providing employment, and compensation for failing to accomplish them.

One of the most notable features of MGNREGS is that ever since its inception there has been a plethora of improvisations and modifications made to overcome the several hurdles. The most impactful of such changes have been the introduction of MIS enabled payment of wages to the workers, also popularly known as e-FMS. Considerable criticism of the programme had been its inability to settle wages to the workers on time. Even after introduction of e-FMS, the scheme came under severe criticism from the Apex court of the land, the Supreme Court (Anand 2017). Anand reports how the court castigated the states and Union government for not taking sufficient steps to settle the wages that were long due to the workers: 'A bench of Justices Madan B Lokur and N V Ramana also pulled up the Centre for not giving compensation to workers for delayed

payment for work under MGNREGA in a drought-like situation, and said it “does not behave a welfare state” and that “social justice has been thrown out of the window”.

Another of key focus of criticisms has been the presence of contractors who robbed the workers and their right to employment (see, Dreze 2007; and Dreze and Khera 2009). Yet, the authors anticipated much change and potential for the benefit of the poor as early as 2007 and 2008 when their studies were carried out.

A few years into the new and anticipated efficient system of e-FMS, a study found ten different ways by which the MGNREGA workers do not get paid (Aggarwal 2017). She lists them as under:

- Working without one’s name on the muster roll
- Error in recording the number of days worked
- Lost muster rolls
- Wage-lists/FTOs not being generated/authorised
- Scheme closure in MIS without completing wage payments
- Working without a bank or post office account
- Wrong account number in the MIS
- Wrong Aadhaar number in the MIS
- Aadhaar number linked to a wrong account
- Deletion of a worker’s name from her Job Card

Her conclusions, also shared by another study by Naryanan, Dhorajiwala and Golani (2018) make a point of importance: viz., Technology alone is not adequate. Narayan et al., goes on to make a serious change that is quite serious. Referring to the arbitrary manner in which claims for compensation for delay in wage payment are rejected, they have the following to observe:

While the effort taken to make transaction level data available in the public domain through the MIS is greatly appreciated, there is a legitimate concern that, on several occasions, such as arbitrary powers to reject compensation, the MIS is becoming a tool to subvert the law.

Aggarwal has some very important conclusions to arrive at, which is perhaps relevant to this study also:

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

Another study (Bino and Pasha 2014) carried out in Andhra Pradesh found that despite ICT being employed, several problems persisted. Some of the following are what they list as major limiting features on MGNREGA:

- Bogus registration of job cards, including those of minors, fictitious names, dead persons, physically incapable of working,
- Delay in preparing estimates, in sanctioning technical proposals (since thorough scrutiny were needed), GP or TP level functionaries with limited financial powers to sanction,
- Musters never maintained, or if it did, consisted of ghost workers, bogus attendance,
- Requisition for funds based on false measure of work, fabricated work details,
- Under payment of wages, fraudulent wage payment, and delays in wage payment.

A team of scholars, whose work has been hailed as a more comprehensive kind in assessing MGNREGS, concludes with a word of caution:

MGNREGA has certainly had contributed to many ways, 'such as improvements in financial inclusion and its effect on the use of moneylenders by both participating and non-participating households. Increased wage employment of women may bring with it longer-term changes in women's empowerment and public visibility that may affect society as a whole. Most importantly, some planned programme changes, particularly investments in high-quality infrastructure, may affect farm productivity and further improve incomes. To understand the impact of programme innovations will require longer-term monitoring and before-and-after data for the same villages and households. (Desai, Vashistha and Joshi 2015: 21)

Scholars have hailed MGNREGS for the role it is in giving a relief to the rural poor, especially those dependent on subsistence agriculture (e.g., Bhattacharya 2013) but finds the biggest loophole in it to be the delay factor. One scholar goes on to argue that it may guarantee employment but is yet guarantee timely wage payment (Dutta, Murgai and Ravillion and De Walle 2012). The other phenomenon that had long been associated with MGNREGA had been the role of contractor and middlemen. Dreze (2007) foresaw nearly a decade ago that the contractor-raj in MGNREGS would soon be a thing of the past. He may not have been completely wrong in his forecast, although they continue to raise their ugly head every now and then (Esteves 2014).

Even though the scheme has been for long in the public scrutiny and with a critical lens of evaluation and suspicion, from time to time there is an appeal to look at it sympathetically, especially in the absence of anything else as better, or when the policies are foxing full-fledged with a market friend neo-liberal economic policies. Especially when political parties too joined hands in critiquing MGNREGS, a very influential journal carried out an editorial titled “Why this Attack on MGNREGA?’ (Editor, EPW 214).

Inspired by several similar scholarly works and evaluations, this study too proceeds with an open mind and see how best the systems of governance in place can be better used for the benefit of the rural poor.

8. Findings of the Evaluation Study

8.1 A short description of the Sample

As mandated, this evaluation selected the sample of Districts, Blocks and the GPs. The mandate for gathering information from people was that they would be invited, through the respective GPs, for a FGD and from among the persons available a detailed questionnaire schedule would be canvassed to at least 20 participants. As it turned out, in every single village there had been much more than 20 persons who participated in FGDs and consequently the volunteers responding to our questionnaires too exceeded 20. With a view to save time and before the gathered group thins down in attendance, one or two of our research investigators were canvassing the questionnaire schedule even as the FGD was on, which was led by one of our senior investigators. As a result we canvassed the questionnaire schedules to much more than 20 in most GPs. Our aim also was to have as much representation and diversity of participation as well as respondents from different villages within the GP. In each Panchayat, besides interviewing the gathering at the notified venue, at least one village was visited by the team of our researchers to canvass the questionnaire schedule.

Table 4: A Short Description of the Sample

Sl. NO	District	Blocks	GPs	JC Holders	Never Worked	GP Members	PDOs	Bill Collectors	EOs	Material Suppliers
1	Chikkaballapura	6	38	635	85	94	28	31	6	10
2	Dakshina Kannada	5	48	921	120	149	40	48	5	10
3	Dharawad	5	29	490	68	82	28	28	5	6
4	Kalburgi	7	51	1401	506	150	47	51	7	9
5	Kolar	5	34	871	520	95	34	34	5	5
6	Mandya	7	47	627	378	135	47	47	7	7
7	Uttara Kannada	11	45	931	201	140	45	45	11	12
8	Yadgir	3	24	480	177	75	24	24	2	3
	Total	49	316	6356	2055	920	293	308	48	62

The eventually processed data reveals that we had as many as 6356 respondents, from 49 Blocks and 316 GPs. These respondents are people in the villages of the different Gram Panchayats, and who have registered as MGNREGA wage work seekers. It turned out that as many as 2055 persons of the sample surveyed were, in a strict sense, were ineligible. For, they reported never to have worked under any of the MGNREGA works, while many of them may well have been the material suppliers or contractors / *Mestris*. For the purpose of evaluation analysis this 2055 persons (32.33 %) has been left out, while restricting the analysis only for the remaining 4301 persons.

In addition to these respondents, as many as 293 Panchayat Development Officers (PDOs), 920 elected members of the GP were – in such a way at least one from each GP was either a President (Adhyaksha) or Vice President (Upadhyaksha) of the Panchayat - interviewed. 308 Bill Collectors, 48 EOs and 62 material suppliers were also interviewed. It must be admitted that given the short time for field study getting the consent of all these for an interview sitting was indeed challenging. In over 30 per cent of the Panchayats, there had to be repeat visits to these persons. The months in run up for the Assembly Elections (January to June 2018 may be referred to as the pre- and election months), and subsequently the Town Municipal Corporations elections kept many of these persons busy. In about 30 GPs, the PDO was in additional charge, with a regular posting from a neighbouring Panchayat, making the data collection task even more difficult. In as many GPs of our sample, the PDOs were holding additional charges of other GPs, most of which were not in our sample; had it been so, it would be have been a little simpler for data collection.

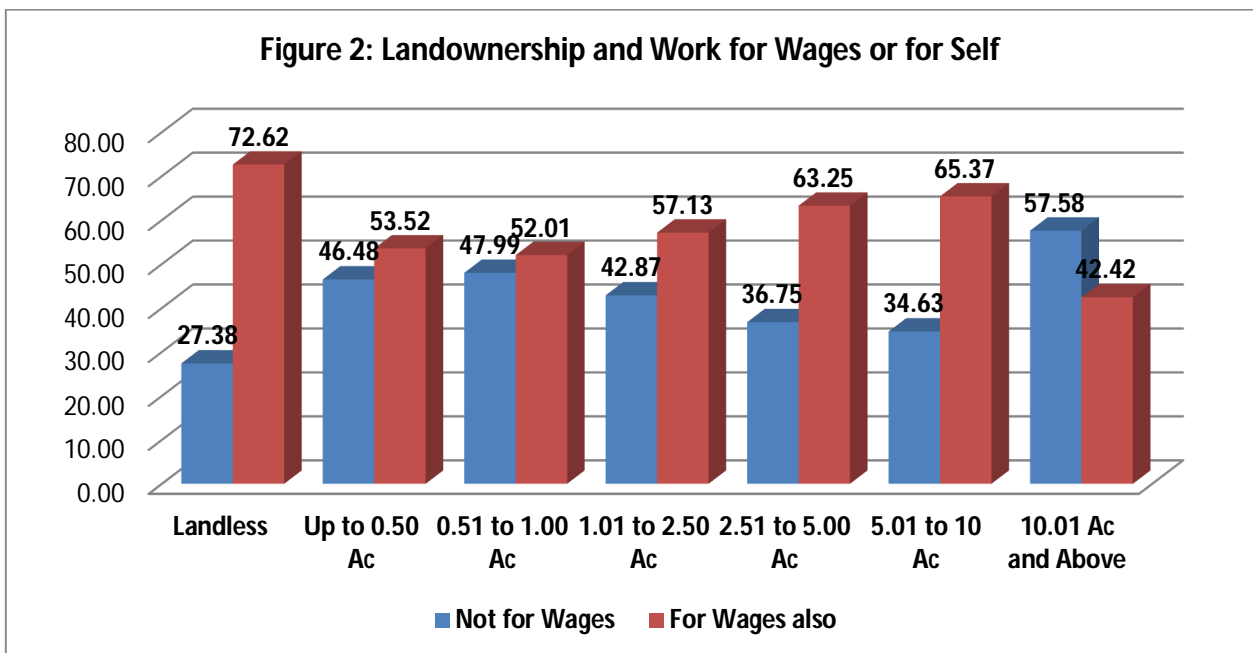
Given that we are reporting an evaluation of the impact of e-FMS in MGNREGA, it would be helpful to consider how landownership determines whether or not members of such households do work as wage labourers in general or work by and for themselves (meaning, not wage workers.) It may be recalled that we have omitted a large section of our respondents because they had never worked in MGNREGA. When they do not work as wage labourers, it is unlikely that they may undertake wage work under MGNREGA, especially given the fact that the wages offered under MGNREGA is said to be considerably lower than what the market offers them locally or as migrant workers. In any case, an attempt is made with the Table below to examine if landownership pattern has anything to do with their working for wages and outside one's homes.

It is reasonably well known that persons with larger land holdings tend not to work for wages, while very large landholders tend to depend on hired labourers than using household workers on a large scale. Even if they work, it is largely in supervisory roles than as manual workers involving much physical labour. As though defying these assumptions, respondents in our

sample have reported to be working as wage labourers notwithstanding a secure landholding, or not working as wage workers despite being landless or possessing very low extents of land.

In keeping with principles of research integrity, we need first to question whether or not our respondents telling the truth about their landholding status or whether or not they work as wage labourers.

Table 5 : Landownership and Work for Wages or for Self			
	Work for Wages or for Self (%)		
Landownership	Not for Wages	For Wages also	Total (N)
Landless	27.38	72.62	1187
Up to 0.50 Ac	46.48	53.52	355
0.51 to 1.00 Ac	47.99	52.01	646
1.01 to 2.50 Ac	42.87	57.13	1136
2.51 to 5.00 Ac	36.75	63.25	713
5.01 to 10 Ac	34.63	65.37	231
10.01 Ac and Above	57.58	42.42	33
Total %	38.32	61.68	4301
No.	1648	2653	



8.2 How Dependent People are for Work through MGNREGA?

As research investigators, we were conscious that convening group meetings of job card holders to discuss issues concerning timely payment of wages for work done and for materials supplied. Consequently quite a few 'interested' persons were at hand as participants. As indicated earlier, quite a few of them may have been *Mestris* or contractors, if not material suppliers besides those very 'workers' who actually never worked as wage labourers, instead gave away their ATM cards to contractors or *Mestris* to draw 'wages' being credited to their accounts. For them, it is economically important to assert that they actually work as labourers. For, their Job Cards and Debit cards are being used by others when they themselves may not be working as MGNREGA workers. Both in FGDs and in personal conversations, quite a few of them did reveal how they often lent their Job Card, and the Debit Card. Let us report a case from Mandya's Yathambadi Panchayat's Puttaswmy (name changed) who had the following to say:

Sir, at first we thought your team was here to detect if any of us had lent our cards to others. To tell you truth, we do. Why do we lend our cards? It is because, all of us need an income – it may be through working for wages or any other business. Many of us undertake contract work as and when they are available. When a scheme is approved, in the old days, it was assigned to one of us if our party was in power. He would get it (pointing at another person in the group) if his party is in power. But NAREGA has made it compulsory for all these people should be workers and they should be paid through banks. We would do that happily, but tell me how I can make any of them to work for me by paying Rs. 300 when everyone in the village gets at least double that amount... You may make a law that every worker in NAREGA should work for 8 hours. If you are from a village you will know that we work differently. We may start at 6.00 or 7.00 in the morning, stop doing it only when it is finished. Break at 10.00 to go to the town to do some of our work. Unless I also a coolie worker, I keep my own working hours. Even the workers do not follow a strict timetable, they have their own time table. All of us split our work, depending on the specific nature of work. To make all these possible, many Mestris or us as contractors take worker's cards and get work done in the best possible way. Sometimes we calculate four or five days as NAREGA work for actually two or three days of work so as to pay as per local wage rates.

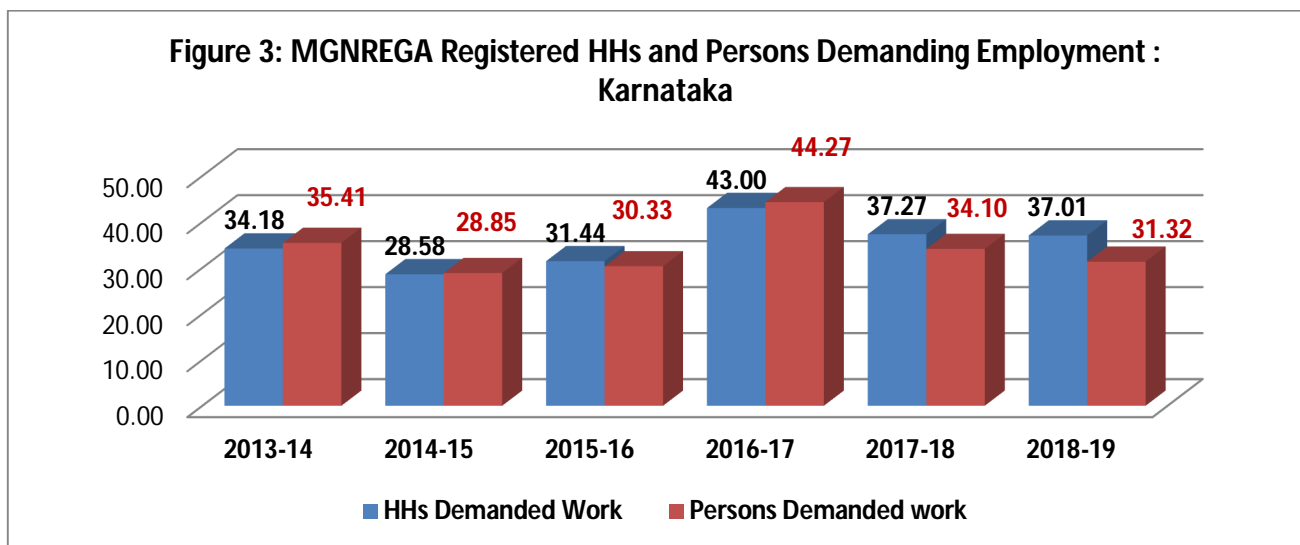
.... Do you think a real wage worker will wait for a week or ten days for his wages to be paid? There was a time when such workers would have been paid once a week – on the weekly market day or a Saturday. But by then we would have paid already an advance. How does one pay all that with NAREGA work? When for some work labourers are not available, we do use JBCs or our own hired workers whether or not they are job card holders. For accounting purposes, we use

each other's cards (referring to debit cards at the time of withdrawal of money from the bank after it is credited to the registered worker's account.)

Discussions of this nature highlighting the mismatch between realities of rural labour market realities (agrarian or non-agrarian) on the hand and the formalities and assumption of state sponsored employment schemes throw open the question of how dependent are workers upon such schemes? A frequently heard comment across the districts in the course of this evaluation was how difficult it had been procure casual workers for agriculture or for any other operations locally ever since food grains were being given away at 'One Rupee a Kg' under Anna Bhagya scheme! The other comment, as above, was the mismatch of wages offered to MGNREGA work as against the prevailing local rates. The PDOs and elected representatives too uniformly pointed in their interviews how it was nearly impossible if they undertook any community work (referring to line department's work – such social forestry, road work, school compound or work for a burial ground. One PDO of a Panchayat in Bantwala (Dakshina Kannada) pointed out: 'Why do you think people have begun to use handheld tillers or harvesters now?' In both Uttara Kannada and Dakshina Kannada districts, the common most complaint was their inability to get workers to harvest areca nuts, coconuts, and other fruits from trees: 'We have started inventing machines now to cut open and process areca and coconuts – not because it is easy or saves costs; mainly because, we do not get workers.'

A brief account of the above was given merely as a prelude to present information about our sample respondents who work under MGNREGA. A few of the questions we had posed to our respondents were how many times (or works in a year) they had worked under MGNREGA, ever since they had got registered as workers under the scheme. First let us take a look at the data for the sampled districts and the state culled out from MGNREGA portal. (Please refer to the Annexure III for Tables corresponding to the Figures presented below).

Figure3: MGNREGA Registered HHs and Persons Seeking Employment - Karnataka



As at the national level each year, in Karnataka too there is a surplus of rural households and workers who seek employment. At the commencement of a year, or at specified times in a year workers may submit a claim for employment filling up a prescribed form. These forms are available in the Panchayat office. Many a times, as it turns out, elected representatives bring to the notice of those living in their constituency of a notification seeking workers for a forthcoming work programme. This may be any of those which has been approved by the Grama Sabha and sanction to carry out the work has been received formally from the authorities concerned. As and when the approval for a said work is received, employment offer is made by the Panchayat. This in turn is to be accepted by the workers, and the actual work is carried out. There is expected to be a gap between the demand made, and the offer made. If the GP, TP or ZP fails to provide the minimum employment, the workers are liable to receive an unemployment allowance, for which the workers too have make a formal claim.

Not all households or individual workers who may have registered will make a demand for employment, at least not every year. Need to work and actual working in response to an employment offered depends on several factors. For the purpose of our evaluation, we shall make one hypothesis. All other factors being equal, the ease with which wage payment is made on time and without additional costs, one anticipates the gap between registration as worker and work demanded should be narrow. In other words, if one's experience of working in a state sponsored programme was one of hardship of delayed wage payment, loss of time and efforts in receiving what is due, etc., it is quite unlikely that the same person is available to work under similar circumstances in the following year/s. With the ease of wage settlement, the rate should be equal or slightly more the next year. The data in Karnataka shows that at the start of e-FMS, there was a

deficit in demand by households with only 34.18 per cent, and individuals with 35.41 per cent seeking employment. If we consider the rates, we find that during the subsequent years the demand has gradually risen, in such a way that in three years, the demand from households peaked to 43.00 per cent, and individuals demanding work peaked at 44.27 per cent. This evaluation study would consider all other factors to have been constant, and therefore attribute the rise in demand to be a consequence of introduction of ease of timely wage settlement. As evident from other indicators, the very next year of introduction of e-FMS had witnessed a escalation of delay in wage settlement, so too there had been a drop in demand for employment through MGNREGA. That the actual extent of employment offered, and the actual extent of employment accepted by the registered workers is a further fraction of the demand made for work is another matter, although these rates too cannot be free from the influence of ease of wage settlement through e-FMS.

Figure 4: MGNREGA Employment Offered against Demand, and Actually Worked by HHs.

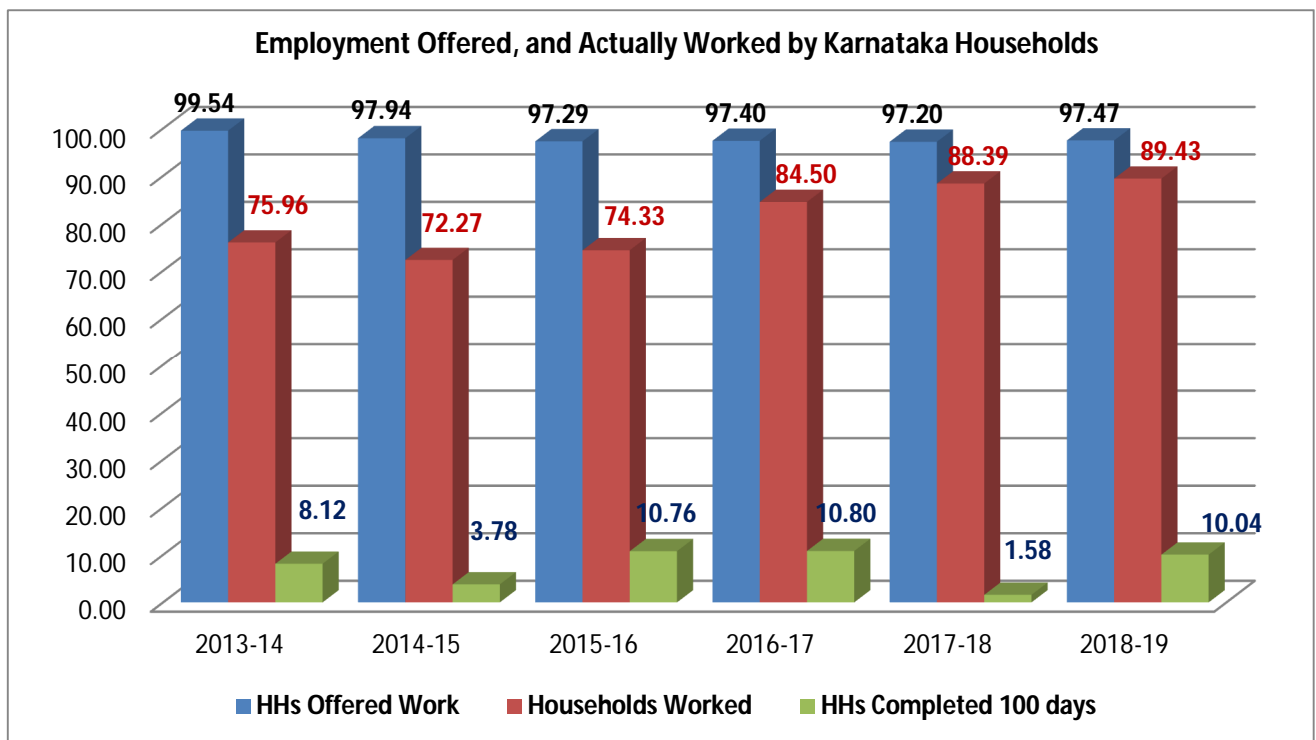
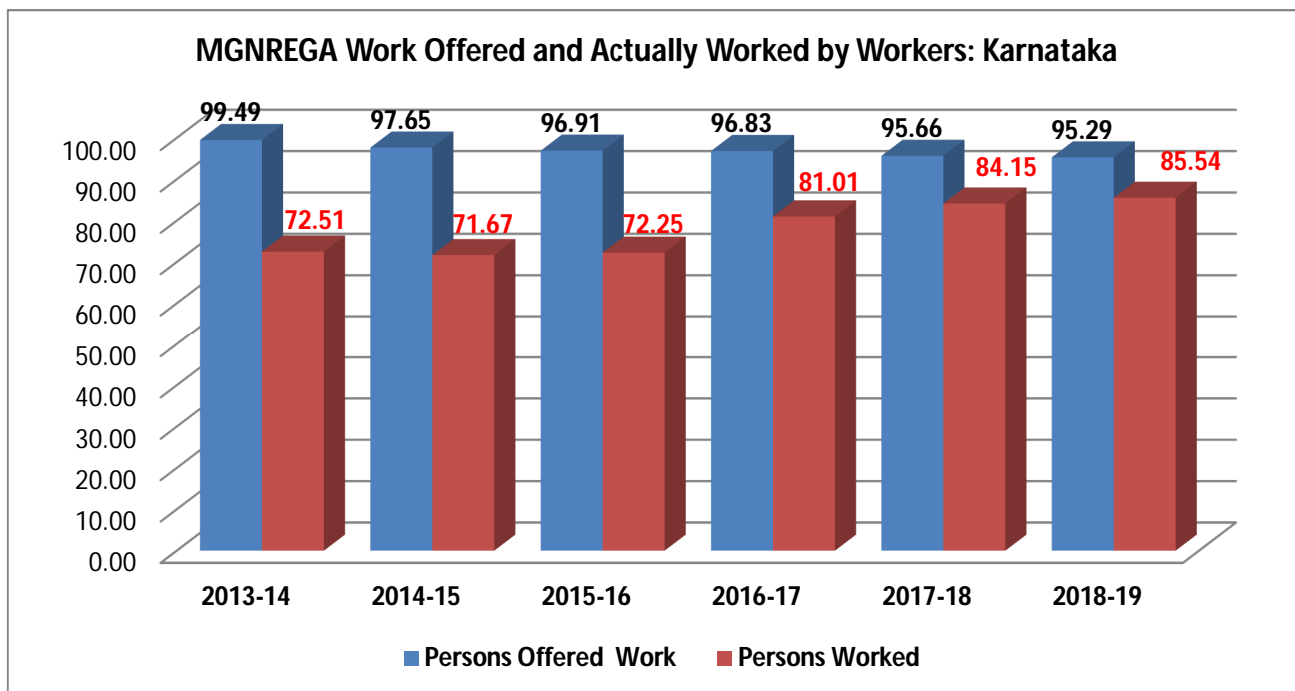


Figure 5: MGNREGA Employment Offered against Demand, and Actually Worked by Individuals



The state of Karnataka has a cause to have a sigh of relief with a sense of satisfaction. For, the state was able to offer employment to the employment seeking households work almost to the full extent of the demand made: between 95 to 99 per cent during years under reference. Against offering of employment to almost a 100 per cent of the demand registered in 2013-14, 72.51 per cent of those individuals who demanded work had actually worked. The gap between the extent of offered and extent of those who accepted the offer was 26.58 per cent points in 2013-14. The very next year, the gap narrowed down to 25.98 per cent points, - a marginal decline. By 2017-18 this gap narrowed further impressively to reach 11.16 per cent points, and in 2018-18-19 the gap had reached as low as 9,75 per cent points. This pattern pertained to individuals making demand for employment and accepting work that was offered. Taking households as a whole, the gap between supply and the rate of acceptance of work was 23.58 per cent points at the start of e-FMS (2013-14). As with individuals, the rate among households in Karnataka too shot up, but narrowly, to 25.67 per cent the very next year. Yet, the rate of gap gradually narrowed down to a low of 8.81 per cent points by 2017-18, and to a further low of 8.07 per cent points.

It may be recalled that the aim of MGNREGA is also to provide a minimum of 100 days of employment to the workers registered with the programme. As in the case of the other instances discussed above, here too we find a larger gap between what is offered and what is accepted as employment by the households. As ma be seen in Figure 4 above, only about 8.12 per cent of

employment seeking households did actually work for 100 days when it was offered to them. Even this rate too made a modest improvement, but only after years of e-FMS in operation, in 2018-19 to reach 10.04 per cent. But in the intervening years, the rate had dropped down to as low as 3.78 per cent the very next year of e-FMS introduction while it had dropped to the lowest ever – of 1.58 per cent during 2017-18.

Reflecting upon the situation in Karnataka as a whole, we may therefore conclude that e-FMS has contributed also in reducing the gap between employment offered by MGNREGA, and work actually accepted and worked by the registered and work-demanding households as well as workers.

Even though this section is meant to introduce the profile of sample respondents, it may not be out of place at this juncture to refer to one of the key features of MGNREGS. Under the Act, there is a provision for a compensational allowance to be paid should the state fail to provide employment to the workers after they have sought it and submitted a formal claim in a prescribed form. One of the evaluation questions in this study pertains to the incidence of unemployment allowance paid. Since our discussion above pertained to extent of employment sought and accepted by registered workers, we may dwell on the topic of unemployment allowance. In the first instance we need to highlight that the onus of seeking such an allowance is on the part of a registered worker or on their behalf by any others, but through approved channels. One may take the matter to the grievance redressal cell, or post a mail citing all the relevant particulars – including proof of having sought employment formally (by submitting Form No. 6). Indeed, there are quite a few instances of formally lodging of complaints that despite seeking employment a person not to have been offered the work assignment. However, in a majority of cases, we noticed from the foregoing discussion that up to or over 95% extent of work sought has been assigned. But if a worker fails to accept the offer of employment, that cannot be treated as failure to provide employment by the state, and therefore ineligible for any claim of compensatory allowance. Sometimes, Panchayats do offer employment but in a neighbouring village or at a distance. Refusal to work on such assignments too cannot be treated as failure to provide employment.

If there is a shortfall in actual number of days of employment offered against the demand for it made but workers, it is usually owing to work to have been offered at a time when the worker is not ready to work (due to planting or harvest season, migration in search of work, marriage, sickness or death in the family, etc.). On account of such factors, there is hardly any formal claim submitted for compensation. For all the six years from 2013-14 to 2018-19, there has been no

claim submitted for three years (2013-14; 2015-16 and 2018-19) from any of the districts in the state. During the year 2014-15, there had been just one claim submitted from one of our sample districts. This is from Beechaganahalli Panchayat, Bagepalli Block of Chikkaballapura district. Even though it was one FTO, it had involved 43 Transactions. We are unable to comment further on this case since none in the village nor Panchayat was aware of the incident. The portal does not furnish any further detail, nor the names of the individuals. Although the data refers to compensation to have been approved, no details of the amount of money involved is given. During the years 2016-17, there were five FTOs generated, two each from Bidar and Koppal districts, and one from Hassan. Together they involved 18 transactions. Other than these instances, there have been no claims made or compensatory allowances given by the state for the reference period. If only the particulars submitted through Form no. 6 is digitized and data uploaded on the MGNREGASoft, perhaps there may be room for automatic generation of number of days claimed and number of days of employment offered and accepted by the workers – so as to build a platform to systematically generate information on compensation to be paid.

We began this section of the report with a brief outline of the profile of the sample respondents. Having introduced their landownership, and whether or not they work for wages, we moved on to describe the demand for MGNREGA employment at the state level so as to contextualize our next issue to be analyzed: that of when did they register as MGNREGA workers and how frequently did they work in the programmes since their registration. It must be admitted at this juncture again, as a limitation of a study pertaining to past behavioural pattern, most our respondents were unable to recall for how many days they submitted their demand for employment. The responses were so off the mark or a blank statement as ‘whenever there was a notice of work being available.’ In quite a few FGDs in nearly all the districts, a comment frequently heard was ‘so and so filed the form on our behalf.’ Such observation go only to make a point in advance about one of our objective of evaluation – pertaining to the impact of e-FMS upon the institution of middlemen and contractors in MGNREGA. Perhaps, persons who filed employment requests on behalf of the workers or their households are such middlemen and contractors still persisting.

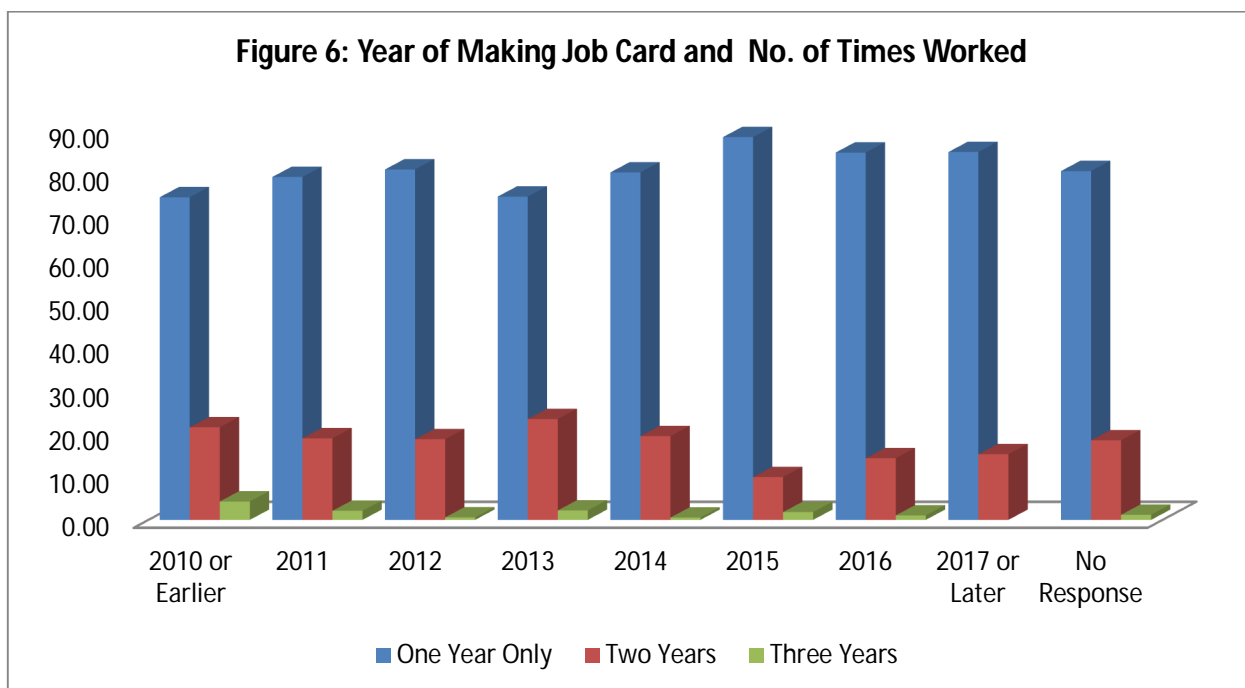
Since the number of times a worker engages in MGNREGS work is dependent also upon the year when his or her registration is made we present below data pertaining to the year when it was made and relate it to the incidence of one’s working under MGNREGA. As pointed our earlier, a large section of our respondents couldn’t recall the year when they first got the Job Cards made under MGNREGA. In fact, a vast majority of our respondents did not possess the job cards in their person or in their households. Instead, it was reported to have been in the Panchayat office.

Even though there had been no specific task of renewing the job cards, or effecting any modifications in them, these cards were said to have been deposited in the Panchayat office. When we had asked for reasons, the PDOs or other staff members of the Panchayats had given varying replies: (a) photographs are to affixed; (b) Aadhar card particulars are being entered; or simply (c) the workers have come back to collect them despite repeated reminders. All of these may be true, but we point out this fact only as an important requirement that the job cards are also as important document as an Aadhaar card or any other identity card, and cannot be risked by leaving with others. Steps need to be taken to minimise the time when Job Cards are left under the care of others – whether with the Panchayat or others.

Table 6: Year of Making Job Card by Respondents in Sample Districts

Year of Making Job Card by Respondents in Sample Districts											
Year of Making Job Card (%)											
Name of the District	2010 or Earlier	2011	2012	2013	2014	2015	2016	2017 or Later	No Response	Total (N)	
Chikkaballapura	28.91	0.36	1.64	5.09	5.27	6.00	6.91	5.27	40.55	550	
Dakshina Kannada	14.61	1.12	2.12	5.24	6.49	19.48	18.10	6.12	26.72	801	
Dharawad	56.16	3.55	1.66	3.79	0.71	0.24	2.37	1.18	30.33	422	
Kalburgi	14.19	1.01	11.06	15.53	3.02	6.93	6.48	9.72	32.07	895	
Kolar	50.43	5.13	1.99	2.28	4.27	9.40	6.84	3.42	16.24	351	
Mandya	21.69	4.02	2.81	4.02	6.83	4.02	11.24	5.22	40.16	249	
Uttara Kannada	60.14	1.92	3.70	3.29	5.34	4.52	8.63	5.75	6.71	730	
Yadgir	35.97	6.27	1.65	2.97	1.65	2.31	7.26	26.73	15.18	303	
Total	%	32.99	2.23	4.14	6.42	4.35	7.79	9.02	7.39	25.67	4301
	No.	1419	96	178	276	187	335	388	318	1104	

It is to be noted that in about 3 districts, more than half of the sample respondents had registered in or prior to the year 2010: Dharawad, Kolar, and Uttara Kannada. Years 2015 and 2016 were the years when Dakshina Kannada district had slightly larger per cent of respondents had obtained their job cards.



The general pattern however, is that besides not being able to recall the year when they got their cards made, a majority of respondents had obtained their cards prior to 2010: by over 30 per cent. However, going by the response pattern, we find that there is a strong tendency for many job card holders to work only once after having got a card made, but refrain from working in MGNREGA projects in subsequent years. This pattern may be owing to the fact a majority of those who have registered as workers do not work as wage labourers – given their landownership status and/or other occupational status. Further, this is also a result of many Job Card Holders working or having shown to work only on such projects in which they are the beneficiaries.

This conclusion brings us to address one of the key objectives of the evaluation study, namely to assess the timely payment of wages and material costs.

8.3 Has e-FMS system reduced the time in receiving wage and material payments?

The key purpose of introduction of e-FMS was to reduce the delays in payment of wages to the workers, and to the suppliers of materials that are used in carrying out different works under MGNREGA. The main focus of this evaluation too is to assess if there has been any decline in the waiting period for payment of wages and material costs to the workers and suppliers respectively. One of the severe criticisms over the manner of implementation of MGREGA programme throughout the country has been over the issue of delay in payment of wages and costs of materials used. Indeed, it is alleged that the delayed wage payment, in turn contributed to people having to resort to bribing the officials concerned. Literature on MGNREGA is rich in reporting this delay and the concomitant malpractices, role of middlemen, etc. (See, e.g., Manor 2003).

It may also be recalled that one of the goals of MGNREGA was to contribute towards improvement of workers' income levels and of the quality of life of the rural poor. By guaranteeing the work to those in need of employment, up to a 100 days in a year for each household, it is envisaged that they shall overcome the constraints of low wages, frequent unemployment and therefore uncertainty in wage earnings, and stress induced migration in search of work. Answer to the question of whether or not the indented number of days of work has been possible, itself has been a major concern of debate among policy makers and academicians (see, e.g., IAMR 2009; Economic Times 2013:). In a hard hitting comment on the working of programme, Economic Times commented on the Birthday of Mahatma Gandhi, in whose name the programme functions, that 'Delay in wage payment is one of the biggest problems that plague the rural employment scheme.' (Economic Times 2013). Indeed it is following severe criticisms of this nature, and findings of several evaluations that the union Government modified some of the rules and procedures in regard to wage payment. By 2013, the Minister in the concerned department, Mr. Jairam Ramesh mandated that a few categories of transactions should be in place to ease the payment process. These stages eventually became part of Chapter 8.7:

Category A may be addressed through the use of latest ICT technologies which will enable real time capturing of transactions.

Category B i.e. calculation of wages and sending the FTOs to Banks/ Post Offices is addressed through NREGASoft (e-FMS module).

Category C will be addressed by increasing the outreach of Banks/ Post office network (CBS) and is being resolved through roll out of BCs and improving postal network.

Introduction of e-FMS was a radical step not only in speeding up the process of payment of wages and for materials supplied, but also in eliminating the middlemen who were plaguing the system, as also to bring about transparency in the functioning. The e-Portal is dedicated to bring to notice of the public practically everything concerning MGNREGA. With a click of a mouse, anyone can now see what projects are in progress, who is the beneficiary, what is the time taken for various stages in works being carried out and wages paid, how much is due, etc. The information available makes the whole programme so transparent, that quite a few 'rights-to-information' activists find themselves inundated with information. Officials and staff members of the GP, TP and ZP were all trained in operating the specially created software – MGNREGASoft, and to make use of the new technology. Works carried out, whether at the level of GP, or through various line departments – such as horticulture, forest, irrigation, roads and highways, railways, etc., were also now made transparent and accountable.

Many key officials – such as the PDOs and Bill Collectors at GP stage, or the EOs and Engineers at the TP or ZP levels may not be able to claim complete proficiency in handling the software and technology. Although most officials claim ‘the knowledge of handling computers and related hardware,’ when it comes to working with them they are at a loss. Yet with the mostly outsourced human resource in the form of Data Entry Operators and/or Computer Operators, much work is being carried out and efficiently too. Our interviews with Taluk level Eos and engineering officials revealed that even though nearly 82 per cent claimed to have undergone training, day-to-day handling of the computer work or dealing with the software provided were all the responsibility of DEOs and other clerical staff. Even the responsibility of actually putting through a digital signature was carried out by such assistants although they may have been physically present at the time. The Second signature, which is by the President of the Panchayat, is invariably by the DEO at the GP office. He or she will largely go by what is explained by the PDO or the Bill Collector who may be officiating in the matters. Indeed, it is also owing to their dependence on intermediary officials or staff members that delays creep in and room for third party interventions. A group of wage earning workers and the material suppliers pointed out in one of the focused group discussions, in regard to whether or e-FMS had eliminated dubious role of contractors and middlemen in the system in these words:

‘Yes, it is true that the law does not permit any room for contractors or for middlemen. Earlier there were specialists – just as you may find in a RTO – whose responsibility it was to get work done for us at Taluk Offices or Panchayat Offices. Now with the coming of computers (referring to e-FMS) we have become dependents on a new set of middle men. They may not be corrupt, but availability of their time is most crucial for us. The Mestri submits our attendance sheets, but these have to be vetted by the Bill Collector, PDO, Engineer, and back again at the Panchayat office. Someone has to certify that the work done is actually as per specifications following a physical verification, which is to be matched also with a GPS camera or phone. Photos are to be put into the system (which matches with the approved GPRS location). Availability of signals, net connection, and the machines (meaning, hardware) working properly are all very important. They also have become a new middleman now for us. The operators of these – whether the bill collector or other PDOs, - they are also our new middlemen now.’²

² FGD proceedings in the GP office premises of Rustapur Panchayat, Shahpur block of Yadgir District.

Views of this pattern echoed in nearly all the FGDs in over 35 Panchayats. If the DEOs, PDOs or other officials of the GP were not present in the FGDs, the accusations were even more negative and bore charges of corruption. Further in quite a few such FGDs without the participation of elected representatives, charges were leveled against the President that if the beneficiary – whether a toilet construction scheme or field-bund strengthening programme, or the material suppliers had been a political opponent, there were chances of delays in her or his affixing the mandatory Second Signature.

At the National, State and within Karnataka, at the district and block levels the available data suggest significant reduction in the waiting period of wages to be released. However, there is considerable variation across the districts and across blocks and GPs where the delays persist. There has been a greater emphasis on the delays *after an FTO is issued*, whereas the Act. Is categorical in stating that *within 15 days of work (if not within 8 days of completion of work)* the worker should be paid the wages. The data that is presented in the official portal about wage payment and delays (if any) is all about the time taken after a FTO is passed, rather than the time since the work was carried out. In other words, **there may have been unaccounted delays not merely from the day(s) on which the workers do carry out wage labour, but also since the completion of work – at different stages for which inspections have to be carried out, certified, and the bills have to be prepared.** Nearly all the PDOs whom we could interview pointed out that *Mestris* responsible for taking the lead in carrying out the work and accounting were themselves at fault not only in the delayed submission of the papers, but also in making faulty entries. More than one PDO had observed that

*It is 'not as though all the workers or the Mestris are well experienced in these matters. Some are prominent persons in the village, but may not be so well educated or well-versed in filling-up the forms. They too have to depend on others for this purpose. Even though many workers may be pressing the Mestri to finish up his (or her) side of the paperwork and submit them for processing, they take time. The blame is more often on us in the Panchayat. None takes note of the inexperience on the part of the workers and the Mestri themselves.'*³

³ Extracts from Interviews with PDOs, in Yalsangi GP of Aland Block in Kalburgi district, and Surashetti Koppa in Kalghattagi block of Dharawad District.

Our study points out the procedural delays prior to passing of a FTO. Secondly, there is a greater emphasis in operations and monitoring of the programme, upon the Time taken between the completions of two signatures to FTOs: As per guidelines, three days of a gap is permissible and any delay beyond this is counted as delay of T+3 to T+8 days or more. In this respect too, not much emphasis is given to the process prior to this stage: of getting the wage list, filling it up as per norms and its submission, inspection (physical or GPS based) of the work carried out, etc. Delays that may take place in completing the required 'procedures' are hardly taken into account. The state average of delays in obtaining the second signature stood at 0.40 per cent in 2013-14, and at a higher rate of 0.46 by 2014-15 – the year of introduction the e-FMS. This increase, though in small proportions may be attributed to digital unpreparedness of the staff at all levels, especially in the GPs.

But, it must be pointed out that since the year e-FMS was introduced, there has been a gradual improvement in the rate of timely payment (within 15 days of signing the FTOs) of wages to the workers and material suppliers; although in one year or the other there may have been a slight or sharp decline in the rate of timely payment. The state has been one among those other states demonstrating a better than national average in terms of timely payment of wages to the MGNREGA workers. A year prior to the introduction of e-FMS, the state was much higher than the national average; it stood at 28.08 per cent of all transitions (FTOs) generated, in 2013-14. However, perhaps owing to the digital unpreparedness of the staff and slow improvement in equipping the offices with digital technology, the rate fell down to as low as 11.5 per cent. But during the subsequent years after introduction of e-FMS, the on time payment of wages, so too the material costs, has steadily risen. Wage payment on time stood at the rate of 75.76 per cent in Karnataka during the year 2018-19. What is not a comfortable finding is that the state having started out to be above national average when or prior to the introduction of e-FMS has gradually let the rate fall below the national average. Thus, when the rate was 75.76 per cent in 2018-19, the corresponding rate was much higher for the country as a whole: 90.52 per cent. Many other states that were far below Karnataka had risen up in this respect, and this calls for quite a concern.

F.1: Pre-FTO Procedural Delays

Procedural delays are a set of issues that result in delay in payment of wages or costs of materials. As may be evident by an understanding of the different steps of effecting payment towards wages and/or materials, one important is the signing of the muster of wages rolls payable to the workers. As soon as specific work under MGNREGA is approved, a person is chosen – usually referred to as the *Mestri* – whose responsibility it is to coordinate the work by the group of people

assigned labour to work on a project. It is he – for invariably it is a male person unless the work assigned is to a group of women members of a self help group – who liaisons with the Panchayat, maintains the sheet of attendance, submits the final account of attendance, and where necessary follows up with the officials at the Block level. Is he/she who shall coordinate the visit of an official or an engineer from the Block office to approve the work carried out in accordance with the approved specifications, and extent / type of materials used, etc. It is also this person who facilitates the GPS image uploading of the spot and extent of work carried out, a technique to ensure that the work carried out is at the location as approved and not a completed work elsewhere. Incidentally, in a majority of cases of our visits to the Panchayats in this study, we learnt that the *Mestri* is also the material supplier if the work required supply of materials. His role quite often resembles also as that of an erstwhile contractor, whose role was intended to be eliminated with the introduction of e-FMS in 2015-16. Further observations about this role shall be reserved until when we discuss the specific objective concerning middlemen and contractors.

When *Mestri* submits the Muster Roll, it requires two digital signatures, the first by the Panchayat level official – the PDO and second by the President of the Panchayat. A gap of three days is approved for completing the process of signatures by both the signatories. If the second signature takes more than three days, the procedure is to be completed by the Block level official – the Block Executive Officer. The clock begins to tick only after the Muster Roll is uploaded following its endorsement through dual signatures, within fifteen days of which wages or costs of material are to be paid to the worker / supplier as the case may be. What is not taken a careful look at is the procedural delay that takes place for the worker individually or as a group. The first of such delay is to get the official – an engineer from the Block office, and / or the Bill collector if not the PDO him/herself to visit the work site and take a decision of the quality or quantity of work carried out, extent and type of materials used, and whether or not the work carried out is in accordance to the approved plan. The engineer is more often given responsibility of inspection in at least four to five Panchayats. In addition to his/her paper work at the Desk of her office, one has to travel extensively in the different villages in the jurisdiction of each of the Panchayats of which he or she is responsible for. During the course of our field work in the different Panchayats across eight sample districts, more than 30 of Panchayats had the key person in charge of at least another Panchayat under his or her charge. Consequently the work load of PDO was double of what one would have had, had it been a single Panchayat under his/her charge. Consequently, there would be ‘unaccounted delay’ already in effecting the first signature for the Muster Rolls under process. The mandatory three days – as listed in Table below, is only after the first signature was affixed – not

taking into account the number of days of delay that he/she himself may have taken in affixing the 'fist signature.' Almost all of the PDOs were expressing how monitoring and implementing MGNREGA was in addition to many other programmes and activities for which they were responsible which they had to carry out despite the prodigal relational trouble they experienced with the elected representatives at the GP level, and much more so at the Block level. One PDO, who chooses to remain anonymous, described his predicament in the local language of Kannada peculiar to his region. When translated into English, it runs roughly as:

It is never possible to have a uniform nature of relationship with our political bosses. I could be very good with him in matters of issuing a ration card, or facilitating one grant or scheme for his supporters. But in MGNREGA matter, I will be his bad books for no fault of mine! I do my work, I will be damned.... I do not do my work (for fear of some wrong doing), I am damned then too! Net result is that what I do is a thankless job. It is the PDO who gets blamed for the delay in obtaining the second signature for a Muster Roll, or for the delay or rejection of a claim by the (commercial) bank. I am blamed also if the ATM card gets blocked for faulty usage at the ATM counter or if the machine did not have enough cash (to dispense with)'⁴

We had a unique opportunity also to hold a FGD with a few elected representatives and office holders such as the President and Vice Presidents of the Gram Panchayats. This was held in the district of Kalburgi. Even though our focus was on a wider range of issues, we wish to recall here a few observations made by the participating representatives pertaining to payment of wages to MGNREGA workers. When we pointed out to the delays in wage payment, and in particular the procedural delays, the group was of the view that there is often a lack of clarity on the roles of different stakeholders and officials concerned.

Prior to a FTO is issued, the PDO has to wait till all approvals are given by the officials at the Taluk / Block level over the quality and quantity of work carried out, uploading of GPS particulars etc. 'But quite often we as the Second Signatories may not be in the Panchayat office. We as local leaders have many different kinds of demand for our services and roles. Sometimes we have interferences also from the higher ups such as the local MLA who may have an issue with one or the other involved in a work for which we have to pass the orders for payment. It is therefore possible that sometimes there may be a delay or one or two days... The delays, if any, are a result of factors beyond our control. For example,

⁴ Extracts of a recording from a Group Discussion involving PDOs of GPs in Mandya block of Mandya district, on 02.02.2017. Parentheses added.

sometime when we are ready to carry out our responsibilities such as giving the Second Signature, there is no power supply, or the computer operator is unavailable, or there is no connection (internet connectivity).⁵

Given the fact that MGNREGA is a programme that has become a part of the trajectory of three parties – the block level bureaucracy, elected leaders and the decentralised governance and the workers at the village level, there is bound to be an admixture of procedural delays just as there could be facilitating factors. (see, Fischer and Ali 2019)ⁱ

Table 7: Delay of T+8 for Second Signature of MRs in Karnataka (Compared to National Average)

Delay of T+8 for Second Signature of MRs in Karnataka (Compared to National Average)					
No.	Year	National Average	State Average of Delay	Districts Below State Average (N)	Districts Above State Average (N)
1	2013-14	Not Available	0.40	18	12
2	2014-15	0.04	0.46	17	13
3	2015-16	0.03	0.38	16	14
4	2016-17	0.03	0.21	16	14
5	2017-18	0.02	0.19	14	16
6	2018-19	0.02	0.16	15	15

Figures represent % of the Total Muster Rolls Filled

Returning to the current theme of our discussion – procedural delays, we find from the MIS data that the delays in obtaining second signature is not in any way significant for either the state or All India as a whole. The national average of delay in obtaining the Second Signature beyond the permitted time of three days was as low as 0.04 per cent of all the MRs filled up and processed for payment during 2014-15. From the very subsequent year, the year by when e-FMS was in place, this already low delay was further halved, remained stationary at 0.02 per cent.

Karnataka state, on the other hand, started at 0.40 per cent in the year 2013-14 and rose to 0.46 per cent in subsequent year when e-FMS began to be operational. Since 2014-16 this rate has witnessed a steady decline, and by 2018-19, it stood at 0.16 per cent. Karnataka, though consistently above the national average in this respect, has shown a steady decline coinciding with the introduction of e-FMS. The second signatories have demonstrated a better responsiveness in fulfilling their obligation of having to complete digital affixing of their signature within the mandated time of three days.

⁵ Extracts of a FGD with elected representatives and Block level officials in Kalburgi on 24.03.2016.

If a district is below state average of the delay, it would mean that such districts are faring much better in obtaining both the signatures on time and fulfilling the formal procedures. The trend has been that gradually the number of districts faring well in this respect has declined from 18 in 2013-14, to 16 by 2018-19. Conversely from 12 districts that were above the state average had risen from 12 districts to 15. In other words, the state of Karnataka had begun to demonstrate a declining trend already in respect of the delays between the first and second signatures in finalising the FTS even before the introduction of e-FMS: by 2015-16 the rate had come to down to 0.38 per cent from 0.40 and 0.46 in the preceding two years prior to the introduction of e-FMS. What is to be noted is that the rate came down to less than half of what prevailed prior to e-FMS. Perhaps, this could be attributed to an impressive awareness of legal obligation to sign the FTO within the specified time, by both the PDO and elected representatives.

This study is focused more on assessing the changes, if any in respect of delay in payment. Procedural delays as discussed in this section pertained merely before the clock ticking, i.e., submission of the Muster Rolls and passing the Funds Transfer Order (FTO). The MGNREGA Act stipulated wage payments must be made within eight days of issuing of FTO, but certainly before 15 days. Let us examine the impact of e-FMS in that respect.

Further on Procedural Delays: Perceptions of the Panchayat Development Officers

As far as the workers are concerned, their goal is not so much to complete the task for which a MGREGS assignment has been given to them. Instead, it is the day's or week's work at the end of which payment is to be made. For, their orientation to work is more as a casual labour and not a piece rate work of completing an assignment from the start to finish. Accordingly, they begin to expect wages from the moment a work-day is complete, and as is the convention locally, to be paid at the end of the day or week.

Under the MGNREGS, the moment a piece of work is complete – either in terms of a stage of work or work-week for which a wage list may be prepared and a FTO is to be approved, the permitted time restrictions do not begin. The goal of e-FMS in effect seems more to minimise the delay after a FTO is signed.

There are different stages at which delays occur in order to bring a NMR to a stage of an FTO passing. In the first place, the work should have reached a stage for which account of what has been done is presentable – measurements. It should have completed at least seven days of a work cycle. Thrid, the work accounted for must be certified for the measurement indicated and

quality of work carried out. Fourth, work completed (or extent of work completed) must also be reported through a geo-location GPS image, such it is assured that the work accounted for is genuine for which wage and material costs are being claimed. Fifth, the submission of such a muster roll and details should be on time but prior to the completion of a work cycle. This also implies that the attendance sheet is submitted, with proper certification, names of workers and their bank accounts matching, names of workers to have been reflected properly in the Job Cards, etc. Discussions with the Panchayat Development Officers (PDOs) reveal the field level problems faced in this regard. See, Table 8 below.

Districts	Issues Faced by PDOs in Timely Wage Payment								Total (No.)
	No Issues / No Response	Delay from e-FMS side	Aadhaar and / Bank Account Issue	Delay in filing NMR / Attendance Sheet	Demand for wage on the day of work	Internet Connectivity	Measurement and GPS Delays	Work incomplete	
Chikkaballapura	3.57	12.82	7.14	17.11	3.70	20.00			23
Dakshina Kannada		23.08	21.43	22.37	11.11		30.77	40.00	44
Dharawad	78.57								22
Kalburgi	3.57	17.95	7.14	15.79	11.11		19.23	20.00	31
Kolar		5.13	14.29	6.58	14.81	10.00		10.00	15
Mandya	3.57	17.95	14.29	22.37	14.81		26.92	10.00	39
Uttara Kannada	7.14	23.08	35.71	13.16	37.04	70.00	11.54		46
Yadgir	3.57			2.63	7.41		11.54	20.00	10
Total %	12.17	16.96	6.09	33.04	11.74	4.35	11.30	4.35	230
No.	28	39	14	76	27	10	26	10	

According to them the biggest challenge faced by them is that the workers or their *Mestri* fail to submit the nominal muster roll (NMR) or the attendance sheet on time. As one PDO pointed out:

‘It is not as if we are sitting in our office waiting for the Mestri to submit the NMR, for it to be signed and posted. We have other work too and other targets in the Panchayats. We have to ensure that the work for which they are submitting wage claims are properly certified, have reached an acceptable stage at the end of work cycle (week or a fortnight) and so on. Most often they take more than a week to prepare their attendance and wage claim list (NMR) and expect that the wages should be credited to their account the very next day.’ [A PDO in Dakshina Kannada District]

Mandya and Dakshina Kannada districts top in respect of the delay in submitting the NMR/Wage List as an issue for the PDOs (22.37 per cent each). Chikkaballapura and Kalburgi are the next in frequency in this regard with 17.11 per cent and 15.79 per cent of PDOs in these two districts respectively also reporting it.

‘Delay from e-FMS side’ as an issue warrants some elaborate explanations. When asked what they felt was a compulsive issue in regard to the delays in wage payment, 17 per cent of PDOs responded by saying the delay was not their part, but on the part of e-FMS. What they mean actually by this statement is quite simple. It implies that on their part, the PDOs would have obtained well on time both the signatures required for uploading a FTO. But the delay takes place in the wage / material costs being credited on time. As far the PDOs are concerned, the statement is meant to reflect that we have done our job, and it is now the responsibility of the stages after that: the nodal bank. As an issue, this topped the list in Uttara Kannada (23.08) followed by Mandya and Kalburgi (17.95 per cent each).

The issue of linking Aadhaar number of individuals and bank accounts dominate the list of issues raised by PDOs, who felt this too contributed to substantial delays and/or rejection of claims submitted. But, the Table above reports issues that were listed as their foremost concern, while the same issue may have been a second or third in their list of issues. As a first issue, bank account and its linking with Aadhaar was a primary issue for only about 7 per cent of PDOs. But as an issue, this was most frequent in Uttara Kannada (35.71 per cent) followed by Dakshina Kannada (21.43 per cent). With about 26 per cent of PDOs this was the second most important issue, while with 21 per cent it had occupied a third place. Disregarding the rank this issue occupied as a matter of concern, linking of Aadhaar and Bank Account was a major issue in all districts. During the course of our data collection this exercise was much in progress, and people had their own views about it – largely in opposition. There had also been a considerable opposition to each worker having to have a separate bank account, while the practice hitherto had been one account for a household. But the opposition to this initiative, it was said, was largely by the contractors who carried out work by commissioning machines and heavy earth motors (JBCs, Tippers etc.) and made use of the job cards of many workers who may not work personally in MGNREGS.

The PDOs were asked, during the course of interviews with them, to comment on the extent of certain problems or issues that may be contributing to delays in wage payment to the workers at the Panchayat or Taluk / Block level. With a view to make it easy for them to respond, and make room for comparisons across issues and across the districts, they were asked describe their occurrences as has either high or low. About 15 issues were thus posed to them. As may be

anticipated, there was a high incidence of denying many of them as not occurring in their GPs or as they not being an issue at all. This was the case with nearly all the issues listed; in the range of 50 to 60 per cent PDOs for whom such issues were not a concern in their GPs. This is evident by looking at Col. 3 in the Table 9: below, labeled as 'None'.

Specific Problems		None	High	Low
Wrong entry of NMR Number	No.	178	15	37
	%	77.4	6.5	16.1
Wrong entry of Job Card Number	No.	157	15	58
	%	68.3	6.5	25.2
Wrong entry of Bank Ac. Number	No.	116	26	88
	%	50.4	11.3	38.3
Changes in Bank Ac Number after Job card registration'	No.	130	17	83
	%	56.5	7.4	36.1
Accounts Frozen	No.	152	23	55
	%	66.1	10.0	23.9
Rejection of wage claims made	No.	155	13	62
	%	67.4	5.7	27.0
GPS report and attendance not matching	No.	153	23	54
	%	66.5	10.0	23.5
Delays in First and Second Signatures	No.	145	27	58
	%	63.0	11.7	25.2
Instances of Up scaling of digital signatures	No.	106	3	121
	%	46.1	1.3	52.6
Delayed Payments	No.	146	34	50
	%	63.5	14.8	21.7
Complaints about work not being given	No.	158	21	51
	%	68.7	9.1	22.2
Complaints about Work not being carried out but claims made for wages	No.	166	11	53
	%	72.2	4.8	23.0
Use of Job workers Cards by Others (Contractors)	No.	155	24	51
	%	67.4	10.4	22.2
Complaints related NREGA under RTI	No.	156	22	52
	%	67.8	9.6	22.6

As an evaluation report, it must be stated that either genuinely these were not an issue for most GPs, in which case considerable positive outcome has resulted in managing and following various procedures for wage and material payment at GP levels involving the PDOs. There could also be a counter reason for such a high rate of reporting these issues as not a problem faced in their GPs: Admitting their occurrences could well reflect on the efficiency of the PDOs, and therefore a denial. Of course, and lastly, it could also be a result of faulty identifying of issues for comments by the PDOs. But, most such issues were identified based not only prior consultations with the

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PDOs during the pilot field studies, consultations with officials in the RDPR, and above all, the review of literature that we had carried out (e.g., Narayanan 2016; Bino 2014 and Paul 2016).

For the purpose of analysis in the following we may omit PDOs response of ‘None’, and take into account only such reporting as occurring – whether in ‘low’ or ‘high’ rates. However, merely because PDOs admitted some instances of issues to be occurring in their GPs does not mean that they were rampant or very low in occurrence.

Table 10: PDOs Response to the Frequency of Occurrence of Certain Problems leading to Delay in Payments

No.	Specific Problems	Occurrence	High	Low
1	Wrong entry of NMR Number	16.25	28.8	71.2
2	Wrong entry of Job Card Number	26.25	40.5	59.5
3	Wrong entry of Bank Ac. Number	23.44	32.0	68.0
4	Changes in Bank Ac Number after Job card registration'	20.00	17.2	82.8
5	Accounts Frozen	26.56	31.8	68.2
6	Rejection of wage claims made	22.50	29.2	70.8
7	GPS report and attendance not matching	24.06	29.9	70.1
8	Delays in First and Second Signatures	38.75	2.4	97.6
9	Instances of Upscaling of digital signatures	23.13	29.7	70.3
10	Delayed Payments	22.81	20.5	79.5
11	Complaints about work not being given	31.25	17.0	83.0
12	Complaints about Work not being carried out but claims made for wages	23.44	17.3	82.7
13	Use of Job workers Cards by Others (Contractors)	35.63	22.8	77.2
14	Complaints related NREGA under RTI	24.38	29.5	70.5

Even though some problems by their occurrences may contribute significantly to the delays in payment – not withstanding e-FMS, the extent to which they occurred were quite low as reported by the PDOs. For instance, the phenomenon of delay in the first and second signatures to be affixed digitally for FTOs to be approved is one such. Although about 38.75 per cent of PDOs shared this as a problem, the extent to which it occurred with rank of it being ‘high’ was by merely 3 PDOs, while 97.6 per cent felt it was ‘low’ in its frequency. The next in order of greater frequency of being shared as a problem was ‘Use of Job workers Cards by Others (Contractors)’: 35.63 per cent. As a problem, this is a critical issue – for usually the necessity to use of other’s job card is when the work is being carried out by machines and by contractors. *One of the objectives of this evaluation is also to assess if the role of middlemen has declined or eliminated with the*

introduction of e-FMS. Here is another indicator by which we get evidence that the practice has not altogether disappeared. For, 35.6 per cent of PDOs did express that there were instances of this happening in their GPs. It is another matter than 77.2 per cent of them reported the incidence to be on a 'low' scale, while the rest (22.8 per cent) considered it be quite 'high' in their GPs.

Table 11: PDOs Perception of Problems Resulting in Delayed Payments across Districts.

Name of the District	Wrong entry of NMR Number		Wrong entry of Job Card Number		Wrong entry of Bank Ac. Number		Changes in Bank Ac Number after Job card registration'		Accounts Frozen		Rejection of wage claims made		GPS report and attendance not matching	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Chikkaballapura	13.3	2.7	13.3	6.9	11.5	8.0	23.5	3.6	13.0	7.3	15.4	4.8	13.0	9.3
Dakshina Kannada	26.7	16.2	13.3	22.4	19.2	20.5	5.9	21.7	21.7	18.2	7.7	27.4	4.3	14.8
Dharawad	33.3	18.9	53.3	10.3	23.1	10.2	23.5	9.6	30.4	16.4	69.2	17.7	52.2	14.8
Kalburgi	6.7	16.2	6.7	20.7	15.4	13.6	11.8	18.1	8.7	20.0		17.7	8.7	18.5
Kolar		2.7		1.7		9.1		8.4	4.3	1.8		4.8		5.6
Mandya	6.7	27.0	13.3	15.5	7.7	14.8	11.8	18.1	8.7	20.0	7.7	9.7	8.7	16.7
Uttara Kannada	6.7	8.1		10.3	15.4	18.2	23.5	10.8	8.7	9.1		8.1	13.0	13.0
Yadgir	6.7	8.1		12.1	7.7	5.7		9.6	4.3	7.3		9.7		7.4
Total %	6.5	16.1	6.5	25.2	11.3	38.3	7.4	36.1	10.0	23.9	5.7	27.0	10.0	23.5
No.	15	37	15	58	26	88	17	83	23	55	13	62	23	54

[Per cent figures in the Table are out of the total among the Sample Districts.]

The other important problem that is faced by the PDOs in their GPs is one of wrong entries – whether of number of the NMR (16 per cent), name of the worker and their job card numbers (26 per cent), or their bank account numbers (23 per cent). Among these three, 'wrong entry of job card numbers' was expressed to be 'high' by over 45 per cent of PDO, while wrong bank account numbers was an issue with 32.0 per cent. Dharawad as a district had a higher frequency of this phenomenon, while in Kalburgi this was lowest. Focusing at the levels of districts, the PDOs in Dharawad had somewhat 'high' incidences in respect of most problems listed, as compared to their occurrences among the sample districts:

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

- Wrong entry of NMR Numbers (33.3 per cent)
- Wrong entry of Job Card Numbers (53.3 per cent)
- Wrong entry of Bank's account numbers (23.5%)
- Freezing of Bank Accounts of the Workers and/or Material Suppliers (30.4%)
- Rejection of wage claims made by workers (69.2%)
- GPS reports and / or attendance sheets not matching wit work done (52.2%)

Table 12: PDOs Perception of Problems Resulting in Delayed Payments across Districts (Contd.)

Name of the District	Delays in First and Second Signatures		Instances of Up scaling of digital signatures		Delayed Payments		Complaints about work not being given		Complaints about Work not being carried out but claims made for wages		Use of Job workers Cards by Others (Contractors)		Complaints related NREGA under RTI	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Chikkaballapura	11.1	10.3	33.3	9.9	5.9	2.0	14.3	3.9	9.1	5.7	16.7	5.9	4.5	3.8
Dakshina Kannada	22.2	20.7	33.3	27.3	14.7	18.0	14.3	27.5	18.2	20.8	12.5	17.6	22.7	23.1
Dharawad	11.1	6.9			29.4	22.0	14.3	9.8	45.5	15.1	20.8	21.6	50.0	11.5
Kalburgi	14.8	19.0		16.5	11.8	20.0	14.3	19.6	9.1	20.8	20.8	13.7	4.5	21.2
Kolar	3.7	8.6		8.3	2.9	6.0	4.8	5.9		3.8		7.8		5.8
Mandya	11.1	15.5	33.3	19.0	5.9	16.0	9.5	19.6	18.2	13.2	8.3	17.6	9.1	11.5
Uttara Kannada	18.5	10.3		14.0	23.5	6.0	23.8	5.9		9.4	16.7	9.8	4.5	13.5
Yadgir	7.4	8.6		5.0	5.9	10.0	4.8	7.8		11.3	4.2	5.9	4.5	9.6
Total %	11.7	25.2	1.3	52.6	43.5	43.5	14.8	21.7	4.8	23.0	10.4	22.2	9.6	22.6
No.	27	58	3	121	100	100	34	50	11	53	24	51	22	52

However, the data as available in the MGNREGS portal does not match with the claims made by the PDOs in the sampled GPs of Dharawad district. To that extent either the PDOs were referring to their own GPs based on their experience/ assessment, although at the district level the situation is much better in some of these respects for which data was available at GP level.

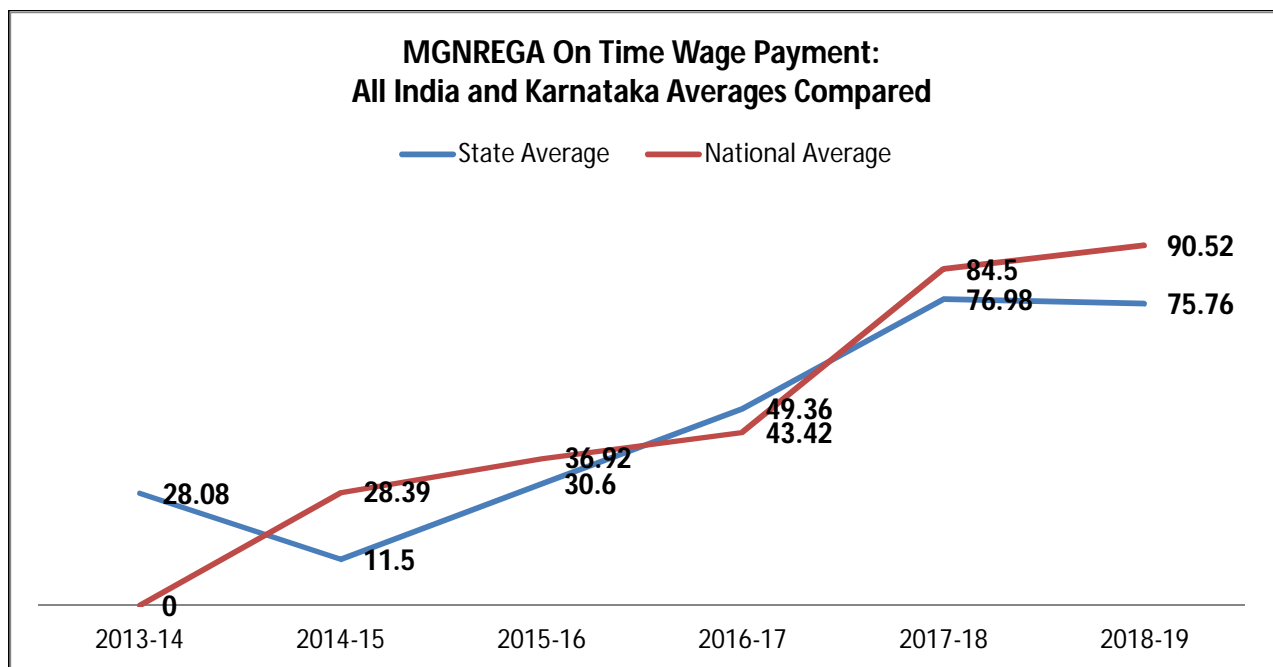
8.4 Delayed Wage Payments

As pointed in the foregoing section, wages for the work done by MGNREGA workers should be paid within 8 days, and latest by 15 days, as per the Act. For the purposes of our analysis, we took the data available for the years 2013-14 (the year of introduction of e-FMS), 2014-15 through 2018-19. If the wages are paid within the 15 days of posting the FTO, such payment may be defined as Wages Paid without Delay, or Paid on Time.

As may be noticed from the Figure below, both at the national and state levels, the coveted ‘on time payment of wages’-rate was much low prior to the introduction of e-FMS: According to one source of data⁶ the national average of timely payment has steadily risen from being as low as 28.39 per cent to 90.52 per cent by 2018-19. This drastic change was possible, it is said, due to the introduction of e-FMS which initially was carried out in select states and gradually spread throughout the country.

Although Karnataka had been one of the states that were lower than the national average in payment of wages on time, it was at hovering around 30 per cent in the year and prior to introduction of e-FMS (2012-13). In fact, from 28.08 per cent during 2013-14, it had fallen to as low as 11.5 per cent in terms of timely payment rate a year prior (2014-15) to introduction of e-FMS. The introduction of the system seem to have given such a good kick-start to the state that the increasing rate is quite steep - although not as steep as the rise in national average rate. By the year 2018-19, the state average rate of timely payment stood at 75.76 per cent, while the national average stood at 90.52 per cent.

Figure 7: MGNREGA ‘On Time Wage Payment: All India and Karnataka Compared



Source: Web Portal of MGNREGA

http://mnregaweb4.nic.in/netnrega/Paymentstatus.aspx?page=S&lflag=eng&rb_mode=&state_name=KARNATAKA&state_code=15&fin_year=2015-2016&source=national&Digest=OCUu/nO5pnBo9glidkxdXA

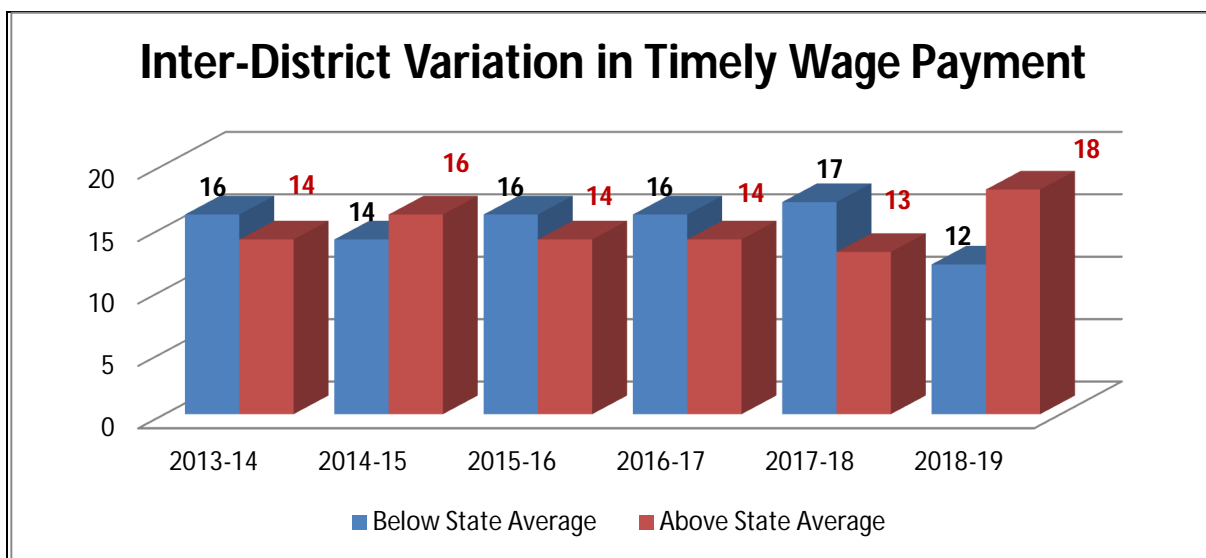
⁶ Accessed from <http://pib.nic.in/newsite/PrintRelease.aspx?relid=170788> on September 13, 2017. But the portal of MGNREGA does not have this data for the year 2013-14, which we have taken as ‘Data Not Available.’

In this respect the state has much to accomplish with a view to remain at par with the national average, if not above it as many other states have accomplished. A point that the evaluation would make as a recommendation is that while digital technology may ease the doing business of payment of wages (and material payment) it is necessary also to match this development with human capabilities and the commitment to a normative goal of timely payment than delaying it for other personal or political reasons. This is a point that emerged during the course of our field interviews and focused group discussions.

8.5 Inter- District Variations in On-Time Wage Payment

Electronically available data on various aspects of implementation of MGNREGA is so impressive that one can track the progress all the way down to individual beneficiary. For the present our discussion pertains to the district level, and it is found that there is considerable variation between the districts in respect of accomplishing the fete of timely wage and material costs payment. Table below shows the variation across districts, in terms the extent to which different districts are below the state and national average – that is, they have succeeded in making wage payment prior to the 15 day limit legally permissible.

Figure 8: Inter-District Variation in Timely Wage Payment Compared



Note: The number labels in the Figure refers to Number of Districts in the State

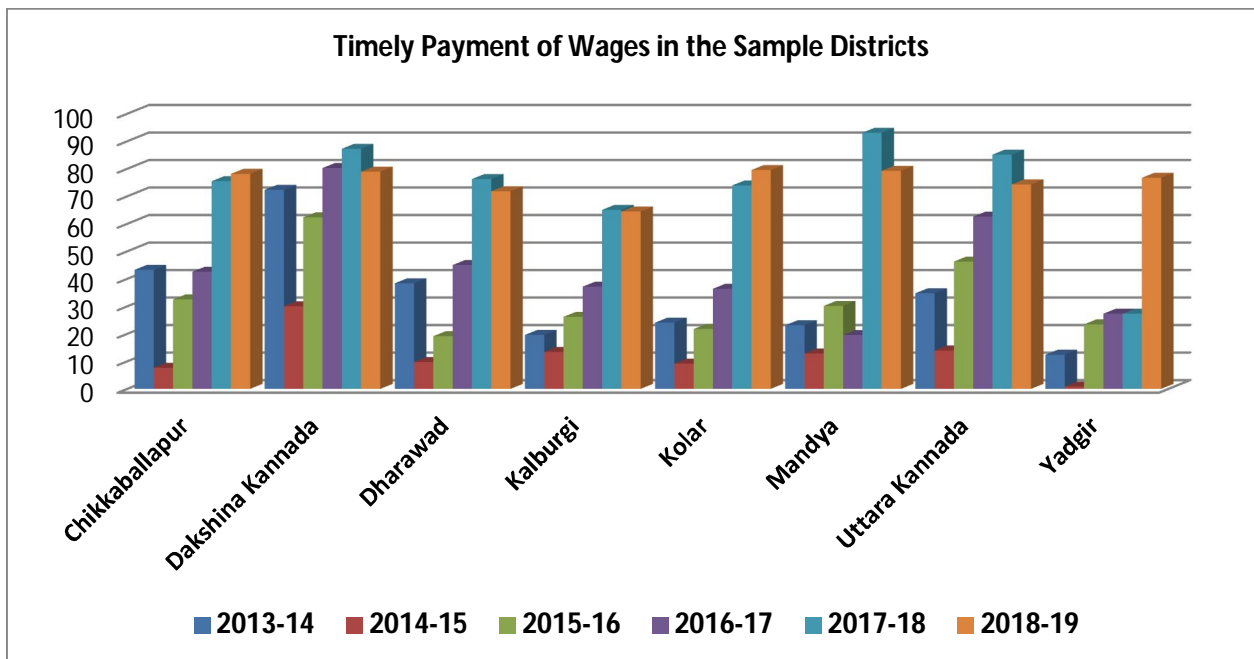
Source: <http://mnregaweb4.nic.in/netnrega/Paymentstatus.aspx>

As regards the Figure above, the desirable outcome is that more and more states should demonstrate their presence in the group labelled as those who are ‘Above State Average.’ The data from MGNREGA portal shows that:

1. Quite a few districts have varying tendency in respect of accomplishing the goal of timely wage payment
2. In the year of introduction of e-FMS (2013-14) Karnataka state a larger number of districts (16) had a much lower than the state average of timely payment.
3. The very next year in which e-FMS was introduced, there was a marginal improvement in the number of districts who had made timely wage payment.
4. It needed nearly three years for the state to show an impressive performance of timely wage payment: In 2018-19 there were as many as 18 districts in this category, while the districts demonstrating much delayed payments than the state average had fallen down to 12 districts.

Timely payment of wages, as has been already pointed out, has not been uniform in all the states, and within Karnataka, among all the different districts. Even among the sample districts, we find that some districts had been already doing (reasonably and relatively) better than the others *even as e-FMS began to take firm roots in the state*. Thus by FY 2013-14, Dakshina Kannada among the sample districts had as a high timely wage payment rate of 72.35 per cent. In other words out of the claims for wage payments submitted and the requisite forms uploaded on the MGNREGASoft server, 72.35 per cent of claims had been honoured.

Figure 9: Timely Payment of Wages in the Sample Districts (2013-14 to 2018-19)



Source: <http://mmregaweb4.nic.in/netnrega/Paymentstatus.aspx>

However, most districts – including those in the sample – were at a low rate of timely wage payment. Districts such as Yadgir (12.41%), Kalburgi (19.61%), Mandya (23.12%), and Kolar (24.08%), were at quite a low. Introduction of e-FMS necessitated not only having to switch from

the old system of doing things to a new one, but also to be familiar with the newly introduced procedures as also being savvy technologically.

It may be recalled that MGNREGA had been introduced in three phases in the country, and so too, among the districts of Karnataka. We carried out a statistical test to examine if there had been any difference in performance in respect of wage and/or payment towards materials costs between the districts falling under these three phases of implementation. In respect of both these indicators, namely timely wage payment or payment towards material costs, there had been no statistically significant difference. In other words, timely payment or delayed payments, the districts showed no difference that was statistically significant. Perhaps, since it is over a decade now that MGNREGA has been in place in these districts, the phase in which a district started MGNREGA makes no difference in this respect. Had the data pertaining to the different phases or stages in which e-FMS was introduced in these districts, it would have been interesting to examine the changes or differences, if any, in regards to timely payment of wages and for materials supplied. E-FMS which was introduced during February in the year 2012-13, initially a few select Blocks of a few districts had covered the most of the districts by the end of the year, and by the commencement of FY 2013-14, the entire state had been under e-FMS. As such there is not much room left at this stage for a comparative analysis of timely payment in such Blocks or Districts that were introduced with e-FMS within the span of a year.

The transition from the old to the newly introduced e-FMS did have its toll – throughout the country and in Karnataka, and therefore there was a drastic drop in the timely wage payment rate the very next year. Thus Dakshina Kannada which had a pride high rank the previous year, showed a very poor performance by the year 2014-15. The rate in the district of Dakshina Kannada that year was 30.03 per cent, a fall by nearly 42 per cent points. Yadgir district, which was already at a low rate of wage payment on time was worst hit, for the year after introduction of e-FMS, the rate fell to as low as 0.83 per cent. **What we now make as an observation is based not only on evidence from the secondary data mined from the MGNREGA portal, but also from the field. While one could anticipate and even rationalize the decline in timely wage payment rate the year after introduction of a new system, the hardship experienced by the beneficiaries during that period of transition must have left quite a negative impression about the new system. For, even two years after the new system in place, the timely wage settlement rate did not come back to what it had been prior to the new system. For example, Dakshina Kannada which had as a high rate as 72.35 per cent in 2013-14, showed a rate of 62.34 per cent by 2015-16. And, it may be pointed out that this district had shown a remarkable recovery over the two years.**

Interestingly the rate of recovery and improvement of the timely wage settlement rate was much better in such districts that had already been poor. What needs to be noted is that in these districts (viz., Kalburgi, Kolar and Yadgir) the immediate impact was not only good, but the recovery after the fall was so good as to bring the new rates over and above what it had been prior to e-FMS year of 2013-14. Rather shockingly, the districts that had been doing rather well in 2013-14, while showing a fall the next year, could not surpass the earlier rates. Thus, though dramatically recovered by 2015-16, the rate in Dakshina Kannada could not reach a higher rate than what it was in 2013-14. **In other words, the study found that the immediate impact of e-FMS on timely wage settlement was much better on such districts which had a very poor show in this respect prior to the introduction of e-FMS.**

What explains the curious finding of the poorly performing districts showing a much better impact of a new system than such districts which had been doing very well prior to the introduction of the system? Our attempt to answer this question could at best be a speculation and therefore a hypothesis, for at the time of carrying out of field data collection the evaluation team was unaware of the facts. These facts were made available much after the field data collection. Had the evaluation team been facilitated with access to the data on the portal, field data gathering could have been sensitive to these findings and focus of data gathering could have been much more targeted as well as the information. The hypothetical interpretation of this finding is as under.

Such districts which hitherto had a poor record of timely wage payment must have been an accumulated pressure to perform better. As such when a new system was introduced specifically with the aim of rectifying this, there may have been a reinvigorated effort on the part of all functionaries to perform better. Had they failed even under the new dispensation, how the poor performance would be accounted for except by accepting the blame upon their-selves? In part, at least, this could be one of the interpretations of the finding. At the risk of stretching the point, it may then be said of the districts that had been performing better, that their rates of recovery were certainly much better, although a little short of what it had been in the first year.

But that the impact of e-FMS in enabling a much improved situation concerning wage payment is evident by the fact that in a majority of districts, the data show an impressive performance as compared to what the rates were at the start of the programme and by the end of four or five years. Two districts, Bengaluru and Udipi have shown a slight decline by the end of 5 years: Bengaluru has declined by 6.35 per cent points over the period under reference (20-13-14 and 2018-19), while Udipi has a decline by 2.99 per cent points. Even though these two districts have shown a decline from what it was at the start of the programme, their current rate is not any

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less impressive either: Bengaluru urban district had a rate of 72.87 per cent and Udupi, a rate of 74.74 per cent. As discussed earlier, the already high ranked districts have not shown much sharper increase (in terms of impact) consequent to the introduction of e-FMS. Thus besides these two districts, Dakshina Kannada has had a marginal growth by 6.59 per cent points. Most districts that had a low rate of wage settlement on time have had an impressive impact by the end of five years since e-FMS was introduced. Some districts which had as low a rate as 17 per cent ended up by 2018-19 with 81 per cent timely wage settlement. This is Vijayapur (See Table 13)

Table13 : Impact of e-FMS upon Timely Wage Payment Rates				
District	Timely wage payment Rates in the Year (%)		Difference in per cent points	Compounded Annual Growth Rate
	2013-14	2018-19		
BENGALURU	72.87	66.52	-6.35	-1.807
UDUPI	74.74	71.75	-2.99	-0.813
DAKSHINA KANNADA	72.35	78.94	6.59	1.759
KODAGU	50.83	73.63	22.8	7.693
CHIKKAMAGALURU	55.48	80.04	24.56	7.605
BELAGAVI	44.36	77.34	32.98	11.759
DHARWAR	38.37	71.89	33.52	13.380
CHIKKABALLAPURA	43.27	78.33	35.06	12.603
BIDAR	21.34	59.62	38.28	22.812
SHIVAMOGGA	40.36	78.98	38.62	14.370
UTTARA KANNADA	34.75	74.57	39.82	16.499
CHITRADURGA	11.87	51.77	39.9	34.253
KOPPAL	27.34	68.56	41.22	20.186
BAGALKOTE	37.74	79.08	41.34	15.945
BALLARI	39.85	83.51	43.66	15.948
KALABURAGI	19.61	64.99	45.38	27.079
BENGALURU RURAL	50.2	95.74	45.54	13.783
HAVERI	25.23	71.67	46.44	23.221
RAMANAGARA	23.08	71.01	47.93	25.204
CHAMARAJA NAGARA	27.24	76.32	49.08	22.881
HASSAN	32.32	82.71	50.39	20.675
GADAG	27.61	80.18	52.57	23.766
VIJAYPURA	16.93	70.7	53.77	33.092
KOLAR	24.08	79.61	55.53	27.017
MANDYA	23.12	79.36	56.24	27.974
RAICHUR	20.53	77.26	56.73	30.351
TUMAKURU	24.94	84.06	59.12	27.508
MYSURU	23.64	86.86	63.22	29.728
YADGIR	12.41	76.74	64.33	43.963
DAVANAGERE	17.36	81.79	64.43	36.342
Karnataka	28.08	75.76	47.68	21.958

While a hypothesis has already been floated as an explanation for this pattern of impact at the end of two years, the same holds true in respect of impact five years later too. But, since by the end of five years of the programme there seems to be a stabilization of the rate of growth in per cent point terms we may offer another explanation.

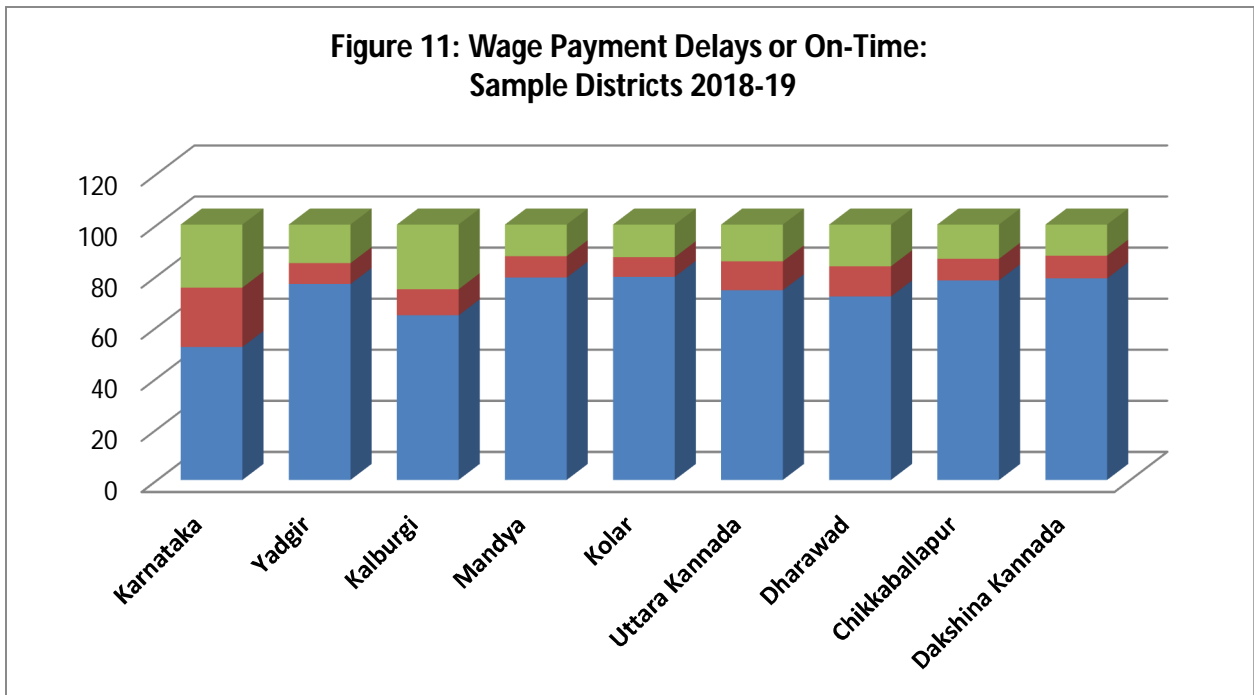
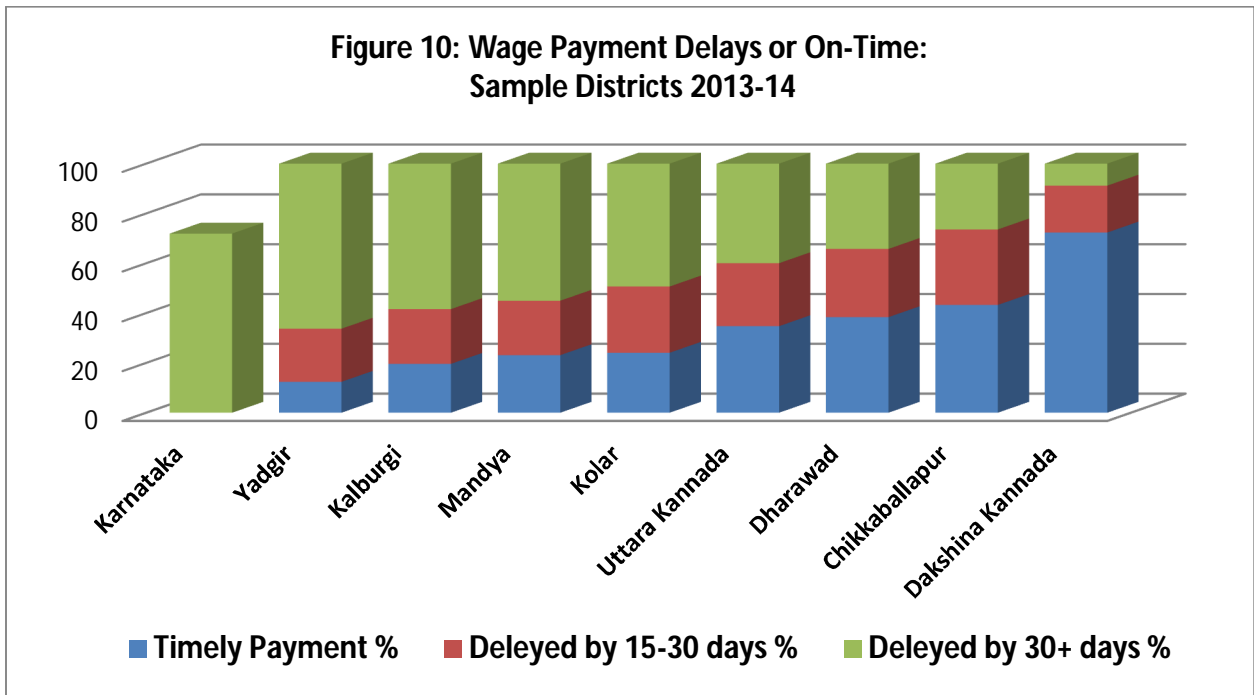
The Compounded Annual Growth Rate (CAGR) for the state as a whole, and in particular to the sample districts clearly indicates evidence to the hypothesis examined earlier. Such districts that were lagging behind the rest in achieving a good rate of timely wage payment did catch up with e-FMS in place and so displayed a much better CAGR. Such other districts which were doing better already, had only a modest CAGR, as in the case of Dakshina Kannada with 1.759 per cent of CAGR .

Is there a technological standardization effect on timely wage payment rates as a consequence? For, both the erstwhile well performing districts and the poorly performing districts have not crossed what may be described as an utopian rate of timely wage settlement, say at over 95%. Perhaps the human factors – not merely skills in handling the new technology, but also capability of working towards the Utopia is yet to reach a level as to produce such a utopian result.

As regards our sample districts, Yadgir stands out as one of the highest impacted district: It stood at 12.41 per cent timely wage payment rate at the start of the programme – which rate incidentally was the lowest in the state as a whole – returned a high rate of 76.74 per cent by 2018-19. The impact was by 64.33 per cent points, one of the highest impact rates in the state. The impressive impact rates are also be witnessed in the other districts that had a relatively poor rate of wage settlement at the start of the e-FMS programme.

This set of findings of the evaluation is quite a favourable one when we look at the timely wage payment pattern. There is also data about staggered delay in settlement, which too ought to improve over the years of adapting e-FMS for wage payment. To pose this issue as a problem, a question may be formulated thus. If the impact of e-FMS was not good enough to produce timely wage payment in certain districts, by when did the wage payment happen? What was the next best thing to happen if not the most ideal as one of timely payment? If payment could not be made within the stipulated time of 15 days, when was it done? The next slot for which data is made available at the district level is delays beyond 15 days but up to 30 days. The share of wage settlement that may fall under this category is primarily dependent on the extent to which wages had been cleared in the first and stipulated time. Larger the proportion of labourers paid within the stipulated lesser is likely to be those to be paid in subsequent slots of time.

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Note: Legend as in Figure 18

As was observed in the foregoing discussion, there had been an impressive rate of improvement in wage settlement. Accordingly, therefore, we find much smaller proportion of workers being paid as delayed payment by 15 to 30 days. Every single district in the state, include those in our sample, have shown a decline in the share of those paid with a delay of 15 to 30 days during the five years of e-FMS in place.

To illustrate the point, let us take the case of Chikkaballapura, one of our sample districts. During 2013-14 the share of workers whose wages were paid with a delay of 15 to 30 days was 30.32 per cent, which had come down to 8.45 percent by 2018-19. Not only the lowering of this rate a result of clearing a much larger proportion of wages to be paid well in time, but also the technology has now enabled a reduction in the second stage of delays too. So much so, the delay beyond 30 days was a mere 13.22 per cent in 2018-19, while in 2013-14 this rate was 26.40 per cent. In sum, the impact of e-EFMS has not only in respect of improving the timely wage payment, but also in minimizing the subsequent delays of those that were not successful to be cleared on time.

8.6 Reduction in the Delay in Payment for Materials Supplied

Thus far, the focus of discussion on the findings of the evaluation has been on timely payment of wages. Another important component of payment has been towards the materials supplied by vendors for various works taken up under MGNREGA. These materials could vary from simple taps in a toilet, to sand or cement for construction of a compound or school building, to tiles and electrical switches. These require buying up the material upfront and submit claims for reimbursement. For this purpose vendors are identified and are recognized to be legal vendors. Having such vendors is a much thought over policy decision, but one of the chief benefits of having them on board is that they contribute considerably to reduction in costs of the works involved. A vendor of electrical items brings the advantage of timely supply of materials required – instead of a beneficiary running around to make purchase in small quantities from a retail outlet. Overhead costs of procurement, travel and the quality of products may all lead to escalation of costs as also affect the quality of work. The vendor, instead, can bring the advantage of lowering the price since s/he may be procuring them at a wholesale rate than on a retail basis. Additionally, the vendor usually enjoys a credit-line with the wholesale outlets or has the financial capacity to invest upfront on material unlike a beneficiary.

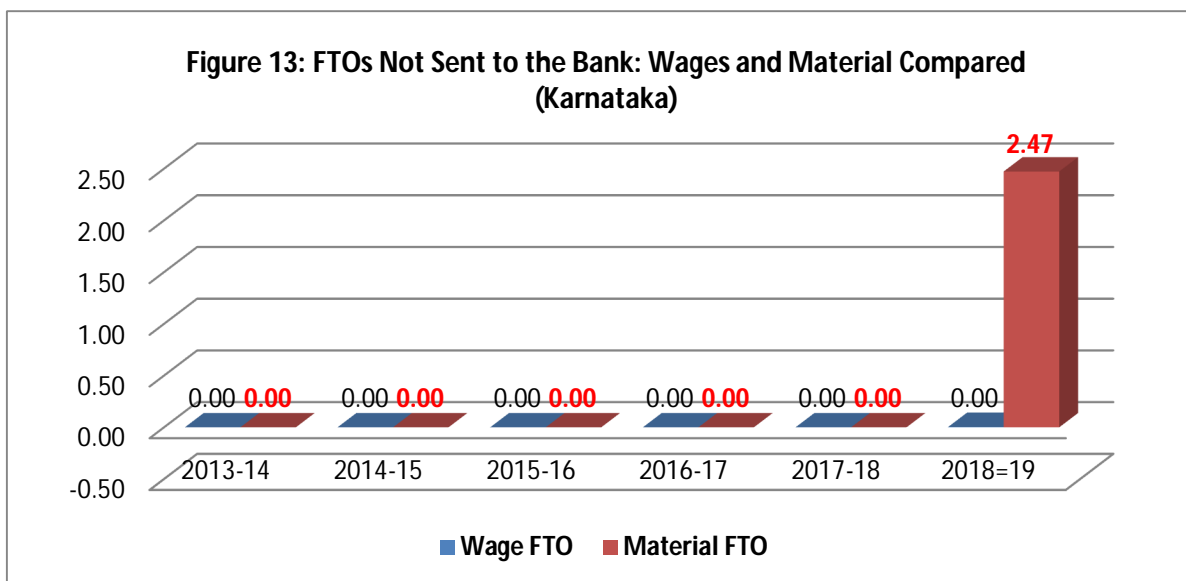
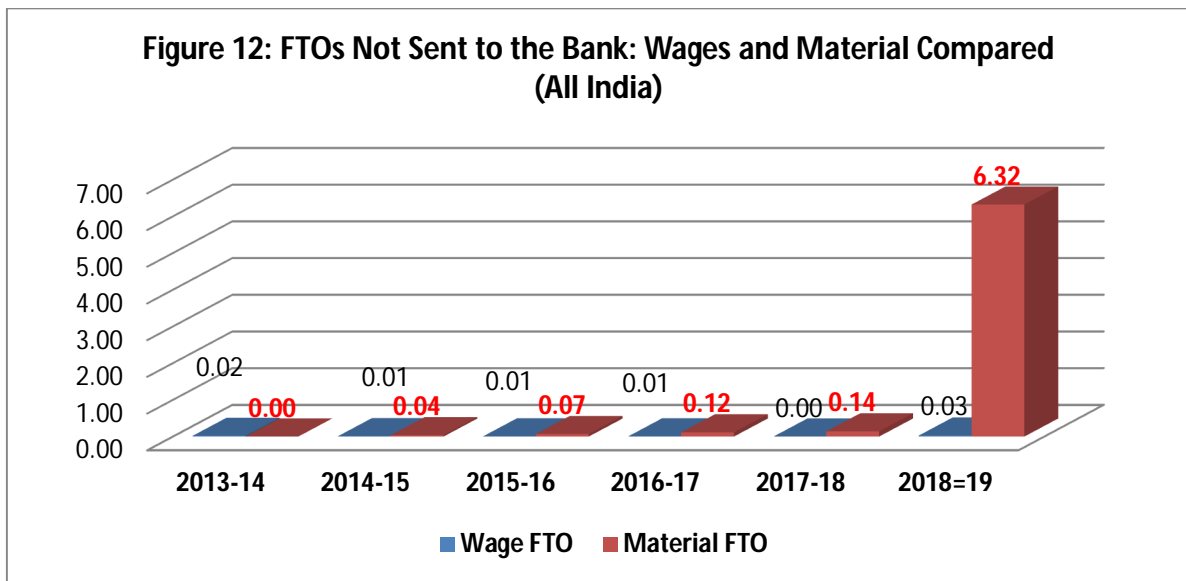
The letter and spirit of e-FMS is meant to be applicable for settlement of both wages to the workers and to the material suppliers, emphasis in spirit seem to be more in favour of the wage workers than the timely payment for material suppliers. This was evident in the course of fieldwork, especially the FGDs in nearly all the Panchayats where they were held. The dominant pattern was that nearly 30 to 40 per cent of the more vociferous participants in these FGDs were vendors, many of who were seen to be found in FGDs in more than one Panchayat within a Block. In the course of discussions that took place many of them would bat on behalf of and for the cause

of delayed wage payments even though they were merely vendors of materials. In quite a few of the FGDs the participating wage workers were passive participants who would let the more articulate vendors to speak on their behalf. One important inference we drew from the ethnography of the FGDS was that, the vendors were quite often – if not invariably – operating also as middlemen and contractors which both e-FMS and the MGNREGA Act aims to eliminate. More particulars of this phenomenon shall find space for reflection in this report in a subsequent section devoted to discuss the role of middlemen and contractors. For the present, our emphasis is more on timely payment towards the materials supplied than who the suppliers are or whether or not they are in contravention of the law.

Our examination of the state (and national level data for comparison purposes) has two central focuses. First, what is the pattern of impact of e-FMS upon payment towards material supplied? Second, is either of them – wage workers and the material suppliers – better placed in respect of this impact? It may not be inappropriate to formulate a hypothesis as we embark upon this latter comparison. The hypothesis is that the vendors of material suppliers have a better rate of timely payment, or a reduced delayed payment than experienced by the wage workers. One may want to know the basis of such an assumption behind the hypothesis. Wage workers in any approved work comprise of a group of workers together, and except through a *Mestri*, there may be little scope for the group or individual workers in the group to wield any pressure upon the several officials at different stages prior to and during payment for work done. On the contrary, the social and economic background of a vendor is considerably different, and whether acceptable or not, the vendor is in a better situation in wielding pressures and influence over the actions of the officials concerned. Thus, a vendor is, as hypothesised, is better situated to bring an engineer for a spot inspection than do an ordinary wage worker or a beneficiary. Therefore, it is hypothesised that payment patterns – especially for them to timely or minimum delays – is more likely to be favouring the vendors than the workers. If this is confirmed, our inference would be that e-FMS is favouring the vendors much more than the workers, who are perhaps socially and economically much more vulnerable than any others. Let us proceed to see what the data at the state and national levels has to inform us.

Examination of data for Karnataka and All India reveals, in the first place, there is only a marginal and otherwise an insignificant difference the timely or delayed payments of (a) wages and for materials supplied; and (b) and in the averages of these in Karnataka and All India. In each year since 2013-14, the All India averages is slightly less than 100 per cent in forwarding the FTOs from the Panchayats to the banks concerned for processing payment towards materials. Karnataka,

in contrast, is much more consistent in maintaining a 100 per cent rate in forwarding the FTOs. The only exception is in the most recent financial year – 2018-19 – by when both the average rates for India and Karnataka are slightly (only comparatively speaking) higher at 6.32 and 2.37 per cent respectively of the FTOs being held back without forwarding to the banks for payment. Perhaps, and given the usual delays in processing prior to reaching FTO stage, there is an occurrence of this phenomenon in the most recent year. However, looking at the overall pattern between the forwarding of FTOs for wage and materials, it looks as though – in a very limited sense – Karnataka is more favourable to material vendors than the rest of the country, with a difference of about 4 per cent points better.



However, the material suppliers are at an advantage also in respect of their claims for payment being approved by the bank than those of the wage workers. The absolute numbers are too small and, as pointed out, almost insignificant. Yet, this could be viewed as the papers concerning material suppliers – whether it is about their bank accounts being valid, linked to their Tax’s PAN card or Adhaar number, etc. being more in order than those of the wage workers.

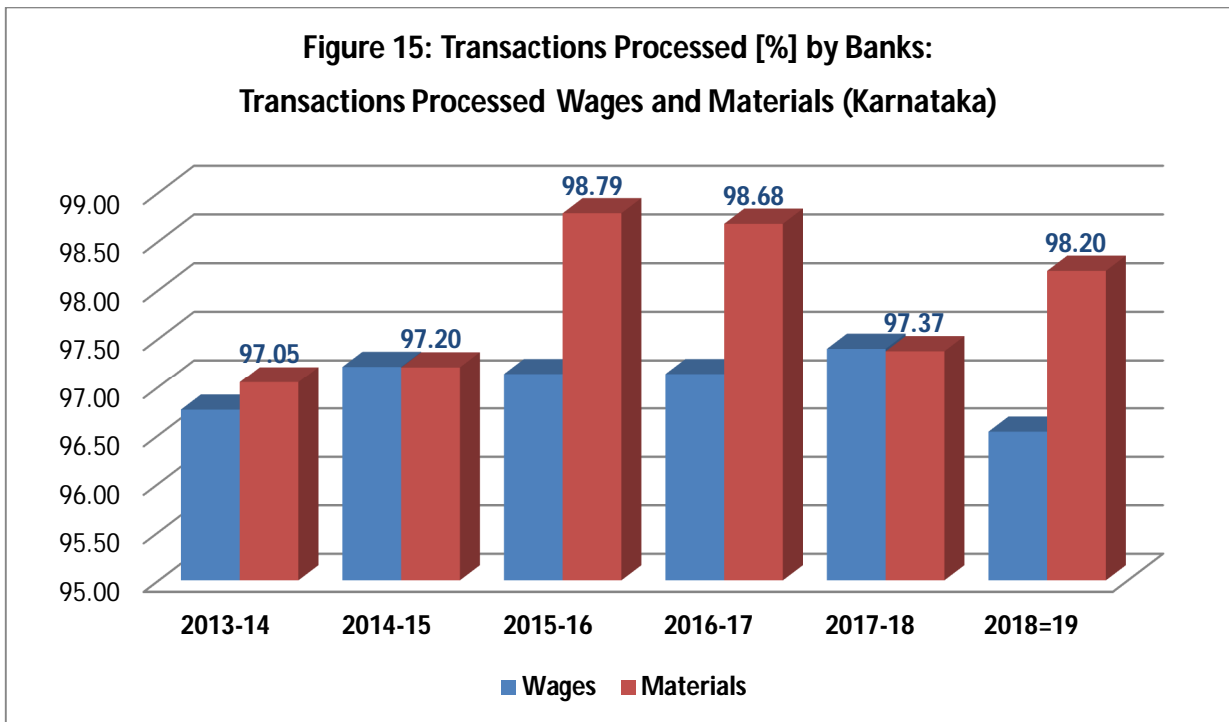
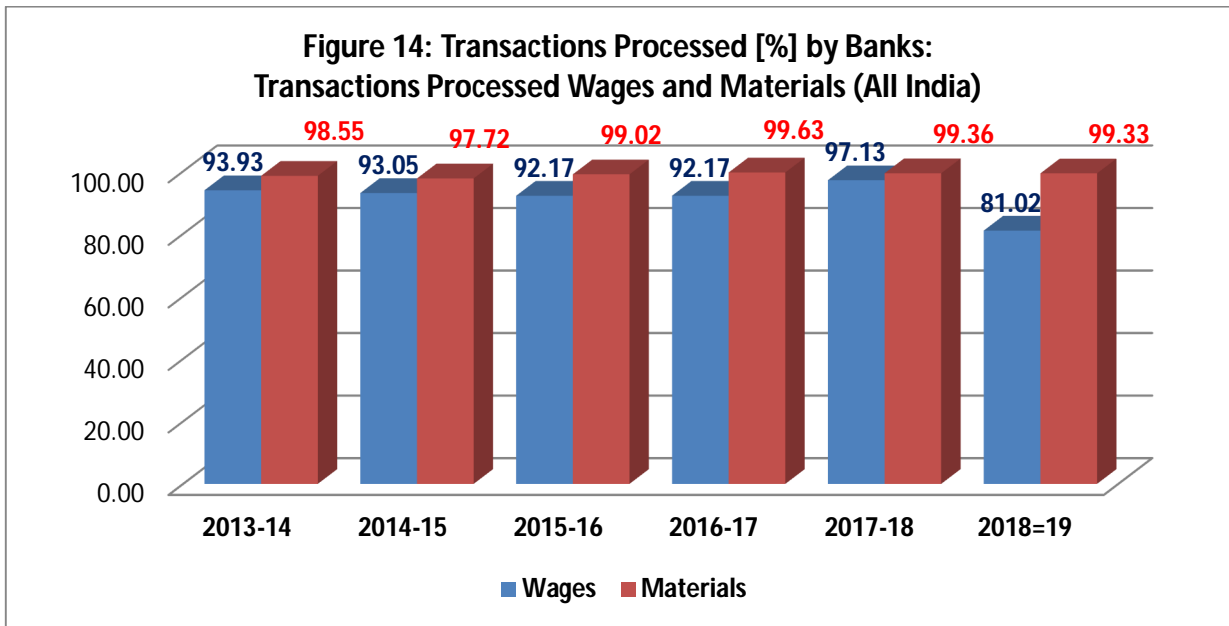


Figure 16: All India: Payment for Materials - Bank's Response

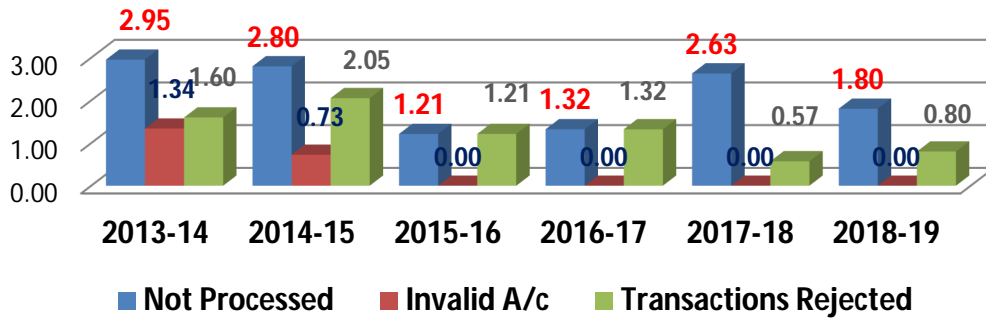


Figure 17: All India: Wage Payment - Bank's Response

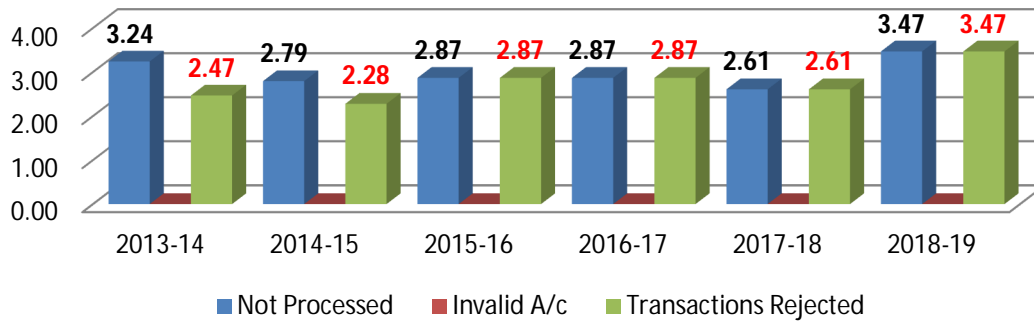
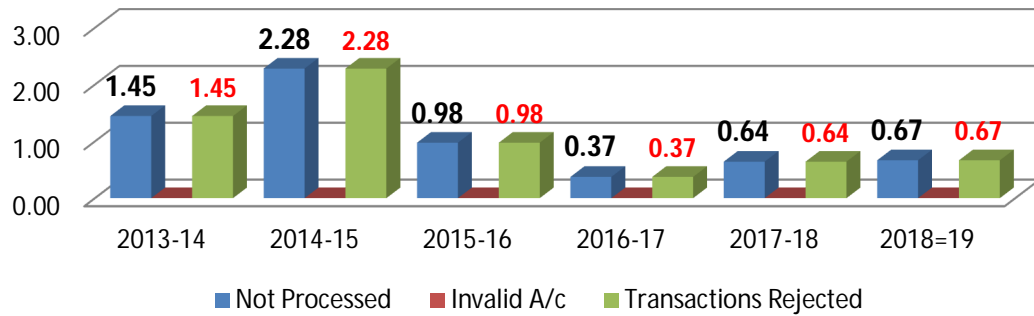
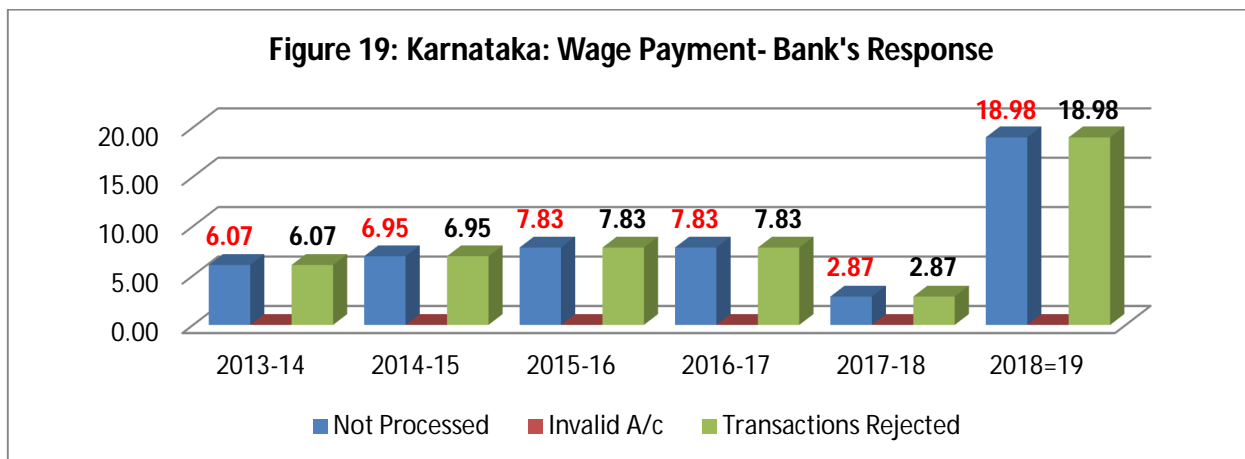


Figure 18: Karnataka: Payment for Materials - Bank's Response





Interestingly enough, in the All India average we find a few invalid bank accounts by the material suppliers, while the wage workers had not such mistakes in their papers. The Karnataka wage workers and the material suppliers, in contrast had no rejection of their claims or delayed on account of invalid account numbers being mentioned in the FTOs. The banks found the wage workers, however, at fault for one or the other reasons much more than they did with the material suppliers. The material suppliers were far more safer in this respect.

How shall we sum up our findings in respect of the questions posed earlier in this section? The evaluation finds, though to a very limited extent, the material suppliers are better placed than wage workers in their FTOs being forwarded or processed by the banks. 3.47 per cent of the **wage earners** at All India level, had their claims not processed by the banks and another 3.47 per cent had their claims rejected by the bank by 2018-19, even after six years of introduction of e-FMS. It should be noted that at the commencement of the programme of e-FMS – 2013-14, this rate was 3.24 per cent of claims not processed by the banks, and 2.47 per cent of cases rejected. Indeed, the latter had witnessed a slight rise in the incidence as the years went by in implementation of e-FMS. As against this, material suppliers at All India level had a mere 1.8 per cent and 0.8 per cent of claims not processed, and rejected respectively. If this was the scene at national level for MGNREGA, what was it like in Karnataka?

Two important observations are to be made in respect of wage and material payments being processed by the Banks for workers and vendors in Karnataka. Material suppliers have a progressive decline in the incidence of their claims not being processed by the Banks. In other words, as the years went by after introduction of e-FMS, there has been a gradual decline in the incidence of banks not processing their FTOs. This is true also in respect of the rate at which their claims are rejected by the banks. In contrast, the FTOs of wage workers for payment of their wages, the banks seem to be more exacting: Not only there is a higher rate of not processing their

FTOs at the start of e-FMS, there has been a gradual rise in their proportion in the subsequent years. By 2013-14 in Karnataka, the rates of transactions rejection and claims not processed by the banks were at 6.07 per cent each, which grew to be 18.98 per cent each by 2018-19.

Now to conclude the discussion on delays or timely payment on wages and material supplies, we may reiterate what was said earlier. While e-FMS has made good strides in speedier disbursement of wages or the material costs to the vendors, there is need to overcome what seems to be a standard limit of around 70 per cent timely payment. The human capabilities of handling the preliminary stages, proper training of filling up the wage slips, providing correct bank accounts etc.

8.7 Rejection of Payment Claims

Even though a FTO may be made favouring the worker, the money may yet not reach him or her because the commercial bank may not have released the money. There are several reasons for the Bank not responding. One of them is owing to the bank account number not matching with what they have on records. Secondly there may not have been sufficient balance available to dispense the payables. Thirdly, the claims are rejected owing to one or the other fault in the uploaded FTO.

The portal maintained by MGNREGA has a few statements giving particulars of claims rejected. We took stock of this data and looked at the manner it has changed over the years since implementation of e-FMS and a few years prior to its introduction. First, let us examine what the data tells on rejection rates for the nation as a whole and how the State of Karnataka fares in that respect.

Data at the national level show that there has been a reasonably low incidence of rejection of FTOs by the banks. In 2015-16, it was as low as 2.08 per cent of the total transactions for which FTOs had been generated. For the subsequent years too through 2017-18 it remained at around the same range, although in the year 2018-19 it rose by one per cent point to reach 3.59 per cent. Different states have had varying patterns in FTO rejection rates, where 2015-16 there were 17 states above the national average of 2.08 per cent- implying a much higher rate of rejection, while it raised by one more state to 18 numbers by 2017-18. In 2016-17, the number of states with a higher than national average (of 2.95) witnessed a decline.

As may be seen in the Table 14, Karnataka has had a fluctuating pattern in this respect. But certainly it is much higher than the national average through the corresponding years. But, the year 2018-19 witnessed one of the largest per cent share for Karnataka in respect of FTO rejection rates: a whopping 23.44 per cent as FTP rejection rates.

Table 14: FTO Rejection Rates – Karnataka States Compared

	National Ave.	Karnataka Ave.	States Above National Ave.	States Below National Ave.	Total States and U.T.
2015-16	2.08	4.16	17	17	34
2016-17	2.95	8.49	12	22	34
2017-18	2.68	2.96	18	16	34
2018-19	3.59	23.44	14	20	34

What explains the fluctuating rates of FTO rejection rates? While electronically the FTOs is uploaded, digitally signed by the two persons, all the particulars of the workers are already in the system, the work having been approved and so highlighted in the portal, the Bank rejects the FTO. As such the PDOs and the officials at the Gram Panchayat levels and at the levels of Block level would have done their work of verifying the work done, wages claimed and the like, yet, there the bank may find one issue or the other with the FTOs. Having no funds and so, holding back an FTO cannot be accounted as rejected. As such that is not included. Our consultations with one of the former Ombudsman of MGNREGA revealed that the main and perhaps the only reason why the Nodal Bank may reject an FTO is when the Account Number of the worker / material supplier does not match with the records they have. This may happen for several and important reasons, it was pointed out.

First, a worker or his household members may have entered a wrong (non-existent) account number by mistake. The beneficiary's bank code for financial code too may be sometimes wrongly entered. Second, the job card number as entered for the purposes for wage disbursement may differ from what had been entered at the time of issuing of a Job Card and registering it. Thirdly, there may have been one or the other administrative reason the account may have been 'frozen' for MGNREGA transaction purposes, and therefore the money due may not be processed. Fourthly, while the job card was made for a worker, it would have been as a part of the household and at the time of enrolments, an independent account of any of the members may have been registered or a joint account may have been registered. As EFMS began to encounter problems with such joint accounts and accounts of any other member other of a household other than the worker, there was a major change in the policy in this regard. Each job card holder is now expected to possess a

separate and independent bank account. The process of this transition itself took considerable time and effort by the Panchayat officials who had to first recall the cards, obtain the bank account particulars, make the necessary changes and reissue the cards. But the completion of this process took additional time and difficulties because the erstwhile job cards were often with the ‘Mestris’ or contractors.

One of the more challenging problems of bank account problem is that, unlike a decade ago, rural households today have come to have multiple accounts with the Bank. It is not uncommon that such members – sometimes more than one individual from a household has had a loan transaction with the bank but may not have been repaying the loan as stipulated. Fearing that any deposit of money (from MGNREGA, for instance) may get adjusted towards the installments that they may be due, many workers or beneficiaries of MGNREGA have tended to deliberately give a different bank account. Consequently, either an attempt to transfer money by the Bank may not succeed since the ‘official’ account number varies from what is now being given by the beneficiaries. Interestingly enough, all bank accounts have to be now linked to Aadhaar number of an individual. This linking of accounts to Aadhaar is a more recent phenomenon, since 2017-18. Consequently there is a high rate of rejection as noticed in the Table above.

8.8 Has this system reduced intervention of middlemen and instances of corruption?

The simple and direct response to this question arising out of our evaluation objective is ‘Not Entirely.’ There is quite a detailed and in depth qualitative data available on this aspect of our objective. One of the questions in our survey addressed this issue, of whether there existed contractors or middlemen. Almost uniformly every respondent denied the existence of either of them. Of the record, or private conversations reveal quite the contrary. A few points may be made here at this juncture to give an indication of strength our findings. A PDO in one of the Panchayats of Kolar district made an observation that, in a way, sums up the ground reality about disappearance of contractors or their role in MGNREGA. The following is an edited (without distorting the statements) version of what this PDO had to say, who insisted on not being named.⁷

There is no chemical insecticide discovered yet to eliminate some things in our society... Contractors are one of them. By law or rules, you may prohibit them... but take a look at the rising numbers of JBCs and other earth moving vehicles. (Within the jurisdiction of)Our Panchayat itself

⁷ With due concerns for research ethics, we respect all our informants who sought anonymity while speaking to us. This applied especially the government officials, or the outsourced employees working in MGNREGA wings of administration.

we have more than three JBCs, and over a hundred tractors, and few road rollers. Whether or not this programme has helped the rural poor, it certainly has helped the heavy and earth moving automobile industry. ... In my own Block (Taluk) there are at least 4 or 5 road-side villages from where contractors pick workers and transport them in goods-vehicles to different sites where NREGA work is in progress. On record, it is someone else who is at work, but in reality, it is these workers who do the work.'

Field data informs us that there prevail several facilitating factors for the continuing existence of contractors. In the first place the support base of the elected leaders itself is made up not only the ordinary citizen of their constituencies, but also those builders, contractors, or other with similar business interests. Given the democratic strength of decentralisation units, which as institutions and the key persons as their representatives, brings them to the fore as a major partner in implementing MGNREGA. Contractors do find their space one way or the other. Indeed, we found in the course of fieldwork that a majority of our respondents did not possess their Job Cards on their person nor in their residences. According to some, they were with a person whom most referred to as '*Mestri*'. The system cannot function without *Mestri*, for it is he or she who collects the wage list, attendance list with the different workers' names and details of work done by them on it. It is he or she who has to fill up the form and submit to the PDO concerned. Even if there should be no middlemen, a person who functions as a liaison between the GP or work assigning agency (TP or ZP), and the workers tends to become a 'middleman' whom the law would like to avoid. Moreover, MGNREGA procedures are all framed on the assumption that is operating in a supply-driven labour market. While this may in part be true – at least if one were to consider land and other asset-less workers – a majority of job card holders are not readily available to work as wage workers, even during severe draught or other adverse conditions⁸. Many of the job card holders are also well-to-do rural landowners, while one may come across an occasional non-agricultural occupationally engaged person as a teacher, tailor, or milk dairy cooperative's secretary. Therefore, what we find in reality is a demand- driven labour market for MGNREGA, also because the wage rates are at times less than half of what a worker may get locally for a day.

Certain individually benefiting schemes – such as construction of a residence, laying a check-dam in ones fields, or developing a horticultural plot etc. often are 'outsourced' to others to carry out, and involving additional expenses than what one may receive from the GP under the programme. Consequently, the beneficiary will show himself or herself (and other members of the household as workers) while actually that is one way of meeting the additional costs of construction

⁸ See, e.g., Karanth 1995, especially Chapter 4, that describes why some people do not work as wage workers even when in economic duress.

or work to be carried out. The ‘contractor’ who may undertake the responsibility of carrying out the task with his own set of labourers – local or immigrant, if not minimising the dependence on labourers by making use of machines – will show on paper the work said to have been carried out by the beneficiaries. The beneficiary will register a demand for work in the prescribed form, and will sign the requisite papers to show that s/he and other members of the household would have contributed their labour. The receivable wages are, however, collected by the ‘contractor.’ We found this as a standard practice in almost all housing projects. On the part of a ‘middleman’, it is easier for him to get material at relatively lower rates – since he would be buying them in bulk, and execute multiple ‘projects’ by keeping with him some committed workers.

To provide further strength to our finding, we need to point out that out of the 6356 respondents across the 8 districts and 49 Blocks and over 300 Panchayats, nearly a third of them (32.3 per cent) had never worked even once under MGNREGA. But they were all job card holders, and claimed to have registered seeking work. Besides these persons, there were another 53.8 per cent who claimed to have worked just once after having registered and obtained the job card. It is our argument, based on the qualitative evidence gathered during field data collection and FGDs, that a majority of ‘not worked’ job card holders had lent their cards to such other ‘*Mestris*’ or contractors who may get an assigned work done through machines (Tractors, tippers, JCBs, etc.,) but show the work to have been carried out by the registered MGNREGA workers.

Table 15 : Year of Job Card Making and Number of Times Worked

Times Worked	2012 or Earlier	2013	2014	2015	2016 or later	Unable to Recall	Total
Never Worked	31.48	2.04	3.45	6.86	11.58	44.57	2055
One Year Only	32.10	2.90	3.78	7.05	13.90	40.27	3417
Two Years	40.33	4.05	3.79	3.54	10.49	37.80	791
Three Years or more	46.67	6.67	1.11	6.67	4.44	34.55	93
Total %	33.12	2.82	3.63	6.54	12.59	41.30	6356
No	2105	179	231	416	800	2625	

Just to confirm our hypothesis in this regard, a sample crosschecking of the information provided by our ‘never worked’ category of respondents on the MGNREGA portal by using their job card numbers. To our surprise, 68 per cent of our sample showed on record to have worked at least once. Given the limited time and access to the data on portal, we could carry out this cross checking for a small sub-sample of 500 persons from across the different districts. We use this information merely to surmise that such non-workers may well have been beneficiaries of individual schemes (such as a farm pond, construction of a toilet, or a dwelling unit under one of

the housing schemes, if not taking part in building a check dam for a canal on or adjoining their own land.) Yet, in response to our question as part of the survey, they had stated never to have worked!

These observations go merely to substantiate the conclusion to which we arrive: that, the not only have the middlemen or contractors have not disappeared, but the recording of having worked ‘on paper’ or having worked merely once despite being a job card holder – say for over six to seven years – indicates the prevalence of corrupt practices.

An important occurrence in the Table 15 above that needs to be noted is that among those who never worked (despite possessing a job card), 44 per cent couldn’t recall when they got their job card made, and nearly a third were those who made got it made prior to or in the year 2012. It was also the time when e-FMS and the steps to make MGNREGA more transparent and free of middlemen had not been initiated. But they all took part in the FGDs and our survey – making a strong case of timely settlement of wages, to avoid having multiple bank accounts in a household, etc. Genuine workers, as we shall see in the subsequent chapters, were all making a case of continuation of e-FMS, but to further hasten the process of wage settlement.

Three other immediate points in conclusion, however, may be addressed at this juncture. First, most material suppliers are also (with some notable exceptions, however) are such contractors or ‘middlemen.’ Second, even though e-FMS presupposes direct transfer of wages to the bank accounts of the workers, there is a widespread incidence of the bank’s ATM or Debit card being retained by such ‘middlemen.’ According to our information from the field, a fee of Rs. 100 to 250 is to be paid as ‘usage’ charges for swiping the ATM card. Finally, in some GPs were informed of a new type of middlemen emerging in the process of wage disbursement. These are the outsourced ‘Data Entry Operators,’ who too, it is alleged, demand a fee for their role of timely data entry operations or facilitating the uploading of FTOs, digital signatures of the two signatories, etc.

8.9 Has the system avoided parking of funds and Contributed to its better management?

If there had been any delay in completing this research on time, it is on account of our failure to access this data at the Banks concerned, and at the levels of specific GPs in our sample. In order to answer the question, therefore, we must state that the finding has to be by inference of the data on Opening Balance (at State, District and Block level.) Some data was not available at the GP levels. Even though the rate of unspent money at the end of the year has declined over the years, there continues to be varying sums of unspent balance. This, technically, amounts to be sums that may be referred to as ‘Parking’ of money. What is, however, not readily available as

information is for how long the FTO was not honoured by the banks. With a view to clarify this point we need to emphasize that the current understanding of timely payment is the mere dispatch of FTOs at the GP or other appropriate levels. Whether or not this FTO was honoured, whether or not the worker was paid is information unavailable at the GP level. As far as the PDO or the level of other signatory is concerned, once the FTO is signed and uploaded, it is deemed as though the wages have been paid. Most persons who participated in our FGDs at Panchayat offices were such ‘workers’ or material suppliers who had not received their wages or payments. Such unpaid money is, in effect, parked funds. Notwithstanding this explanation, we find also in the financial statements of money flow through e-FMS that is usually up to about 10 or 15 per cent of the year’s ‘available money’ that is shown as money unspent but shown as against pending wage or material cost disbursement.

One of the objectives of this evaluation is to assess if there had been any impact of e-FMS upon the undesirable phenomenon of ‘parking of funds.’ This phenomenon occurs at many levels – even after the money may have been allocated by the Central government, and even if the money are to be paid directly to the beneficiaries, there are several means with which this money could be held back in the main banks. Once the allocated money reaches the designated ‘lead bank’ in the respective states, the FTOs generated may have one or the flaw, the bank accounts of the beneficiaries may have had an error at the entry of records, or the more recent Aadhaar Linked Bank Account (under the Aadhaar Payment Bridge System) may not be the one to which money may have been credited, and so on. As pointed out earlier the Panchayat concerned (and the PDO) may be under the impression that once the FTO has been signed by the two authorities, whatever was due to the worker has been paid and there ends the matter as far as they are concerned. The worker/s, on their part makes several visits to the Panchayat office seeking explanations as to why their money has not been credited to their account. While neither is usually capable of finding out an answer, the bank concerned may have had some issues with the FTO and/or may have rejected payment. Money thus payable remains with parked with the bank. There is another manner by which money is parked. That is, even though there may have been claims made for disbursement at various stages, for weeks and at times months together, money may not get released from the levels higher than the Panchayat. Even though, money has to come from the Centre directly to the beneficiary as regards the wages are concerned, there are quite a few other payments – such as wages for skilled labour, and for materials, as also towards costs of administering the programmes – many of which has to be met out of the State’s employee guarantee fund. Often the state too makes considerable delays in disbursing the dues, consequently contributing to holding back the

allocated funds. This too is another form of parking the funds – meant for payment of wages and for materials.

For long, concern over parking of funds did not come about, for most evaluation or academic research concentrated on other dimensions of MGNREGA. Consequently, parking of funds passed nearly unnoticed. As the Government began receiving complaints over non-payment of wages on time, and funds not flowing smoothly for projects to be undertaken, and as preparations for implementation of e-FMS picked up pace, concern over parking of funds at various levels began to attract attention. One impressive study by scholars in the National Institute of Public Finance and Policy (New Delhi) drew considerable attention among scholars and policy makers alike (See, Bhanumurthy et al. 2014).

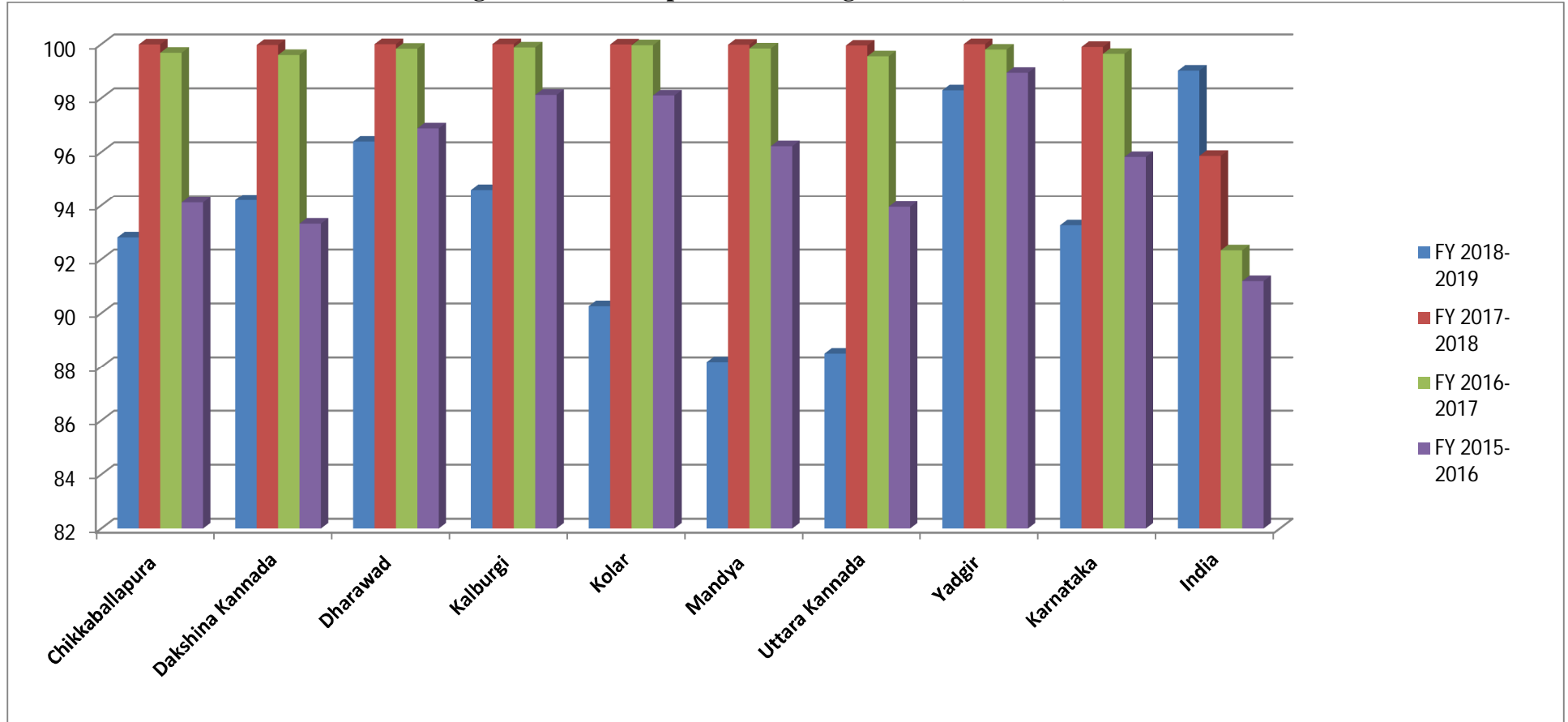
So widespread was parking of funds prior to 2012-13, it was more than a third of the funds received for the programme at all India level. We reproduce below the findings of Bhanumurthy et al. (2014) in this respect, following the submission of which report, the Government of India took steps to prevent parking of funds at different levels.

Table 16: MGNREGA: All India - Financial Progress (Rs. In Crores)			
Year	Fund Release	Unspent Balance	Non-Utilization %
2008-2009	29945.44	10039.6	33.53
2009-2010	33506.61	11597.94	34.61
2010-2011	35242.71	13238.26	37.56
2011-2012	29184.86	9371.22	32.11
2012-2013	30001.01	5182.15	17.27

(Source: Bhanumurthy et.al. 2014: P.2)

State of Karnataka was significantly different from the rest of the states in respect of maintaining minimum unspent balance, as reported by the study. It was grouped with other states that had, what was defined as ‘low’ unspent balance or the incidence of parking of funds. However, the state’s allocation under the State Funds for Employment Guarantee was not as forthcoming as that of the Centre’s. However, with the introduction of e-FMS,

Figure 20: Total Expenditure through EFMS (Per Cent)

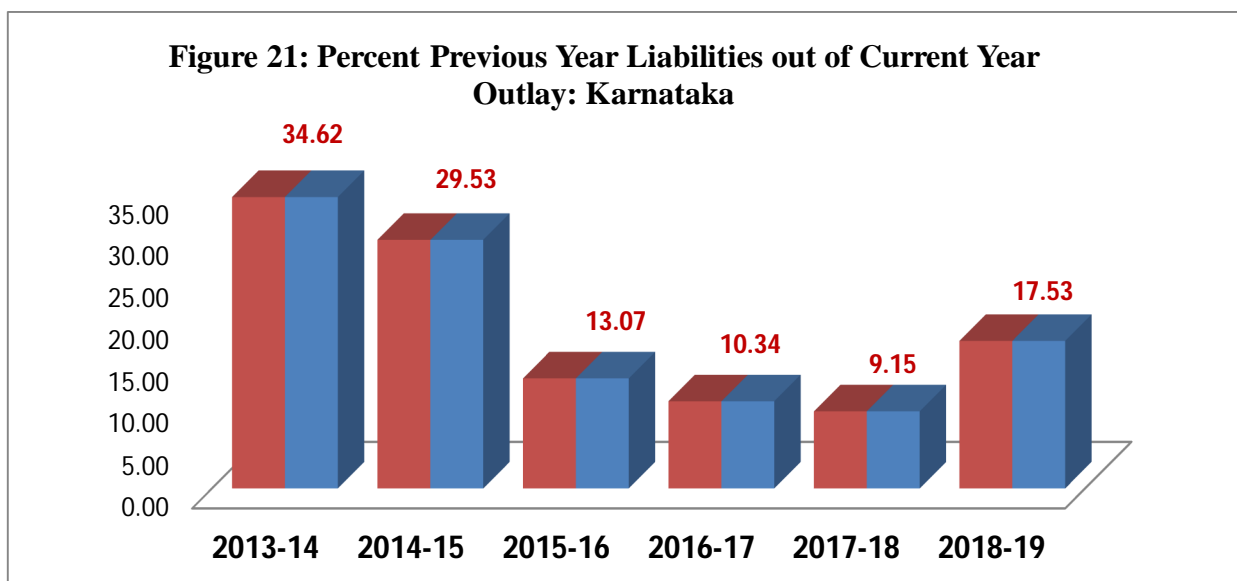


Source: Compilation from MIS page of the MGBREGA website

http://mnregaweb4.nic.in/netnrega/writereaddata/citizen_out/fundstreportMtemp_Out15_1314_.html

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

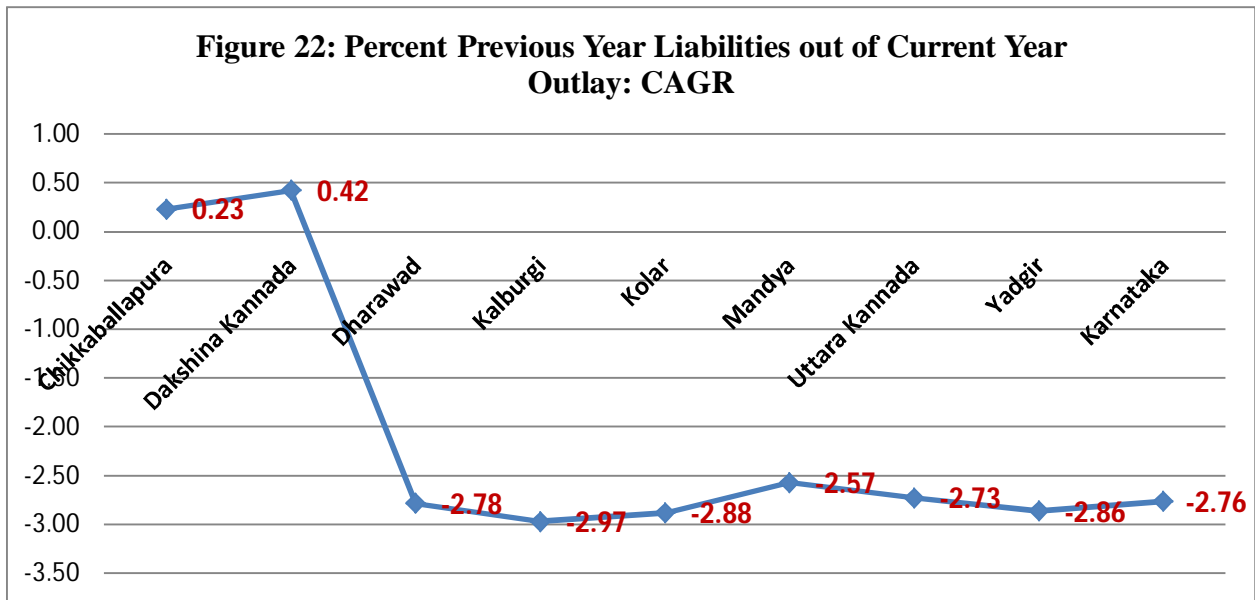
One of the indicators of better overall performance of a programme is to be able to have minimum financial liabilities towards the previous years. Not only there may have been time overruns in completion of projects, there may also have been unspent money towards payment of costs and wages. As has been pointed, one of the key goals of e-FMS is not only timely wage and material costs payments but also to minimise parking of funds and better funds management. We took a look earlier at the proportion of previous year's unspent balance amounts. The Figure below indicates the extent to which there has been a better overall project management with the indicator of declining rates of previous year's liabilities.



Source:http://mnregaweb4.nic.in/netnrega/state_html/outlayvscomest.aspx?page=s&lflag=eng&state_name=KARNATAKA&state_code=15&fin_year=2018-2019&source=national&Digest=1GUZ+JIMWW9Sh7V/cGX2UA

At the commencement of MGNREGA, the rate of liabilities was pegged at 34.67 per cent which declined impressively to a low of 9.15 per cent by 2017-18. There is almost a doubling of this rate in 2018-19 over its previous year. This increase is due also to the loss of time for over three months owing to an election code of conduct on account of the general election to the state Assembly. Yet, the steady decline in this component is a clear indication of improved fund and project management, which too can be attributed to the introduction of e-FMS.

Focusing on the sample districts separately, we notice that two districts have actually had a positive Compounded Annual Growth Rate - which is an indication of not managing the previous year's funds and projects as well as those other which have had a negative CAGR. The two erring districts in the sample are Chikkaballapur and Dakshina Kannada.



Source: http://mnregaweb4.nic.in/netnrega/state_html/outlayvscomest.aspx?page=s&lflag=eng&state_name=KARNATAKA&state_code=15&fin_year=2018-2019&source=national&Digest=1GUZ+JIMWW9Sh7V/cGX2UA

However, one must hasten to add that these two districts had already a low liability rate to start within 2013-14, at 12.29 and 8.00 per cent respectively. These rates, for that year was among the lowest in the state, and certainly among the sample districts. In fact, these rates were significantly lower than the state average of 34.62 per cent. By the end of 2018-19 there had been a marginal increase in their rates which are at 15.11 and 13.5 per cent respectively. This variation in respect of well performing districts brings us back to the question of stabilization of progress with any scheme such as e-FMS.

8.10 Are the beneficiaries able to withdraw money from the banks as and when required or do they face difficulties in dealing with banks with respect to withdrawal and any other issues?

Even as the study commenced and progressed, we noticed a considerable improvement in the pattern and specific response to our battery of questions on this theme. For, as a policy there was a major shift from joint bank accounts to individual bank accounts. Consequently, even within a household one did not have to depend on the other members whose bank account it may have been registered for the purpose of MGNREGA payments. Thus a person in the erstwhile system had a chance of losing our her hard earned wages to any other – usually a male member in whose name the bank account may have been and who either operated it or used an ATM / Debit card to

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withdraw money. Dealing with bank officials has no unique advantages or disadvantages merely because the transaction concerned MGNREGA. However, there was a sizable demand from the participants of our FGDs (and respondents of our sample survey) for cash-wage payment than direct transfer to bank accounts. For, many had the hard task of having to travel by foot, two wheelers or bus or other modes of transport merely to withdraw money from the bank. The main report makes an analysis of the average distance travelled by members of household to the nearest ATM or Bank, mode of travel and from a sub-sample data on the amount of money they spend in such travels to the bank. There certainly has been a considerable and positive change in their banking capabilities, although many women and less educated or older persons depend on others for operating bank accounts or ATMs.

8.11 Education and Bank Account Particulars

One of the key concerns of this evaluation is also to assess if the job card holders under MGNREGA have the ease of banking facilities, and whether or not they are able to operate and transact their bank accounts easily. Success of e-FMS depends significantly upon the extent of financial inclusion, as also financial literacy in terms of their being able to independently operate their account.

Any available respondent may have answered our questions in the survey tools. Therefore to take that person's educational qualification into account may not be a proper means of assessing educational background of the whole household. Therefore we took into consideration the highest educational level of any person in the household – who, it is believed will be able to assist or advise other job card holding members of the household. Such an educated person will also be able to pass on much information pertaining to MGNREGA, such as the right of every registered person to claim compensation for delays in wage, or for unemployment. 25 per cent of households have SSLC as the highest education for its members.

Considering the highest education level in the sample households, we find there is a high likelihood of MGNREGA workers needing help of others – whether from within or outside the household to operate their bank accounts. For, we assume that persons of less than SSLC or 10th standard level of education may find it hard to operate a bank account by oneself. Nearly three-fifths of the sample households have the highest education of up to 7th Standard. 25 per cent of households have SSLC as the highest education for its members. Considering the levels of education, therefore, the onus lies more on commercial bank's staff to help or assist MGNREGA workers. This is truer when workers go to the bank to seek information about whether or not wages have been credited, and if only a partial amount has been credit to explain that it is not the fault of

the bank for it. Indeed, as it became evident during the course of our field data collection and the FGDs, we learnt much of the confusion or lack of clarity with the banks contributes the negative views about e-FMS and direct transfer to the beneficiaries.

Table 17: Highest Education in Sample Households:

Highest Education in Sample Households										
	Name of the District								Total	
	Chikkaballapura	Dakshina Kannada	Dharawad	Kalburgi	Kolar	Mandya	Uttara Kannada	Yadgir		
< 4th Class	43.27	13.86	39.34	76.31	22.22	10.44	47.12	92.74	1927	44.80
> Class 7th	16.00	21.60	26.54	5.03	14.25	5.22	16.99	2.97	614	14.28
SSLC	31.64	30.84	30.33	15.31	33.62	36.14	26.03	3.30	1094	25.44
PUC	6.36	15.98	3.79	1.79	16.52	25.70	6.16	0.66	364	8.46
ITI/ Diploma		2.00		0.11	2.85	6.02			42	0.98
Bachelor's Degree	2.36	13.61		1.45	8.55	13.65	3.56	0.33	226	5.25
Professional Degree		1.00			0.57	1.20			13	0.30
PG or Above	0.36	1.12			1.42	1.61	0.14		21	0.49
Total	550	801	422	895	351	249	730	303	4301	

Even as the fieldwork was in progress there had been a major decision that each worker who may have registered with MGNREGA should possess a separate account for oneself. The practice hitherto had been to permit a worker to have a joint account with another member of the household, to which account wages could be transferred. Whether or not there had been a progress in terms of timely wage payment under such a system of accepting joint accounts, the chief disadvantage was that some members had to depend upon the others in the household to operate their accounts. Thus women workers, and/or other dependents in the household had the prospect of losing out on their earnings if the account holder had been a strong patriarch, or misused the earnings of other such dependent members

The policy now has shifted towards independent accounts and progress is being slowly in this direction. Consequently, in Karnataka state as a whole, individual accounts that are active have risen from 863877 during 2013-14 to as high as 6529315 by 2018-19. The Compounded Annual Growth Rate is 22.42 for Karnataka state in respect of Individual accounts. Kalburgi and Chikkaballapura are the two districts which have had a higher CGAR, and more appropriately since these two districts had been the ones with lowest individual bank accounts. Correspondingly for

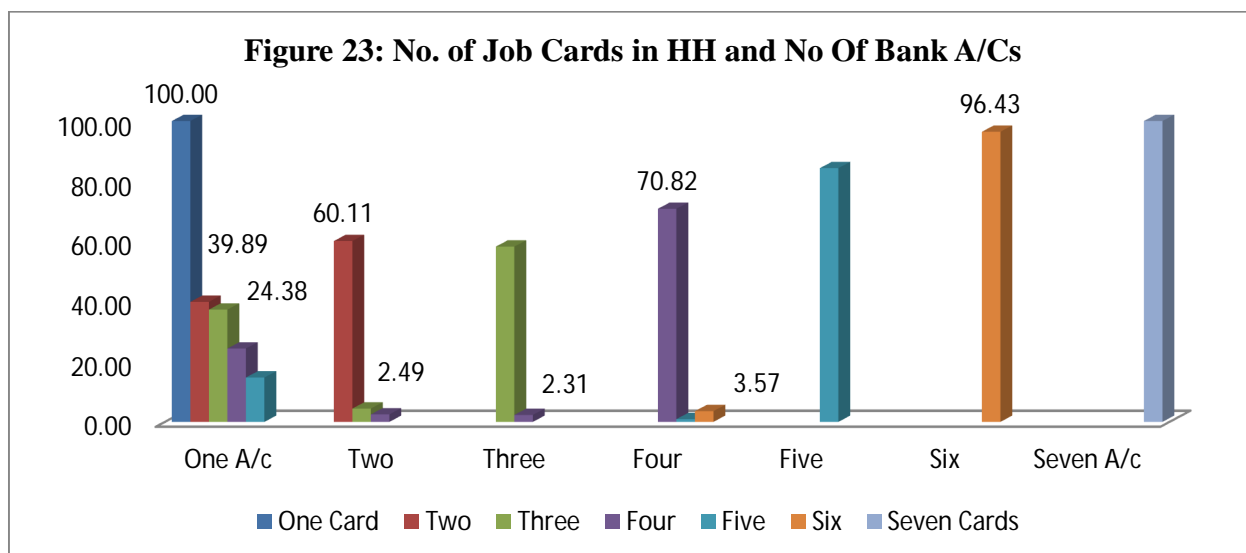
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the years under reference, there has been a steady decline of joint accounts linked to MGNREGA: Karnataka as a state witnessed a negative CAGR, one of -17.16 against an All India CAGR of -23.31 for joint accounts. Among the sample districts in this evaluation, Kalburgi and Chikkaballapura – the two districts that had witnessed highest CAGR of individual accounts – have registered largest decline.

Table 18 :Annual Growth Rates of Active Bank Accounts (2013-14 to 2018-19)			
	Individual	Joint	Total
Chikkaballapura	10.96	-8.33	10.33
Dakshina Kannada	10.00	-7.66	9.40
Dharawad	10.60	-8.77	9.61
Kalburgi	11.92	-9.97	10.73
Kolar	10.58	-8.24	9.89
Mandya	9.84	-6.85	9.49
Uttara Kannada	9.10	-6.00	8.86
Yadgir	9.76	-8.94	7.94
Karnataka	22.42	-17.60	20.89
All India	32.98	-22.31	31.99

Source: MGNREGA Portal at http://mnregaweb4.nic.in/netnrega/MISreport4.aspx?fin_year=2013-2014&rpt=RP&source=national and for corresponding years

If these are what the macro data tells us, let us now shift our focus to what the field data tells us concerning our sample districts and respondents pertaining to banking facilities.



It may be noted that the incidence of multiple card sharing a single account is quite high when households have less number of cards. Thus as households have greater number of job cards, the likelihood is that they tend to have separate bank accounts, and certainly the incidence of sharing the same account is almost negligible among them. In contrast, 39.9 per cent of two job card

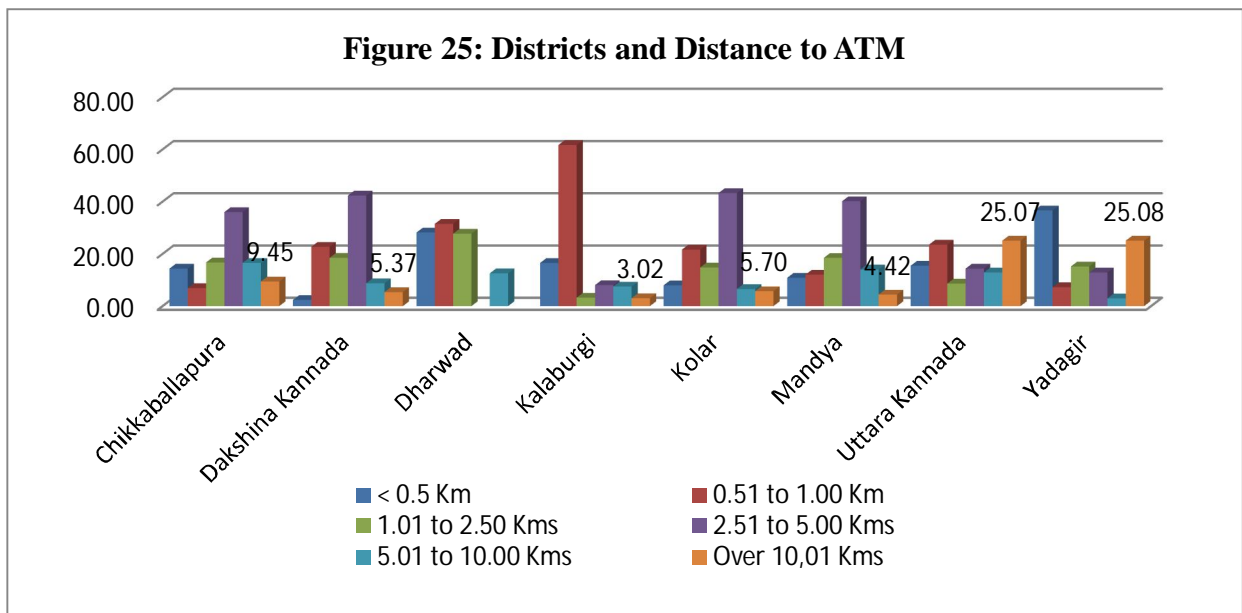
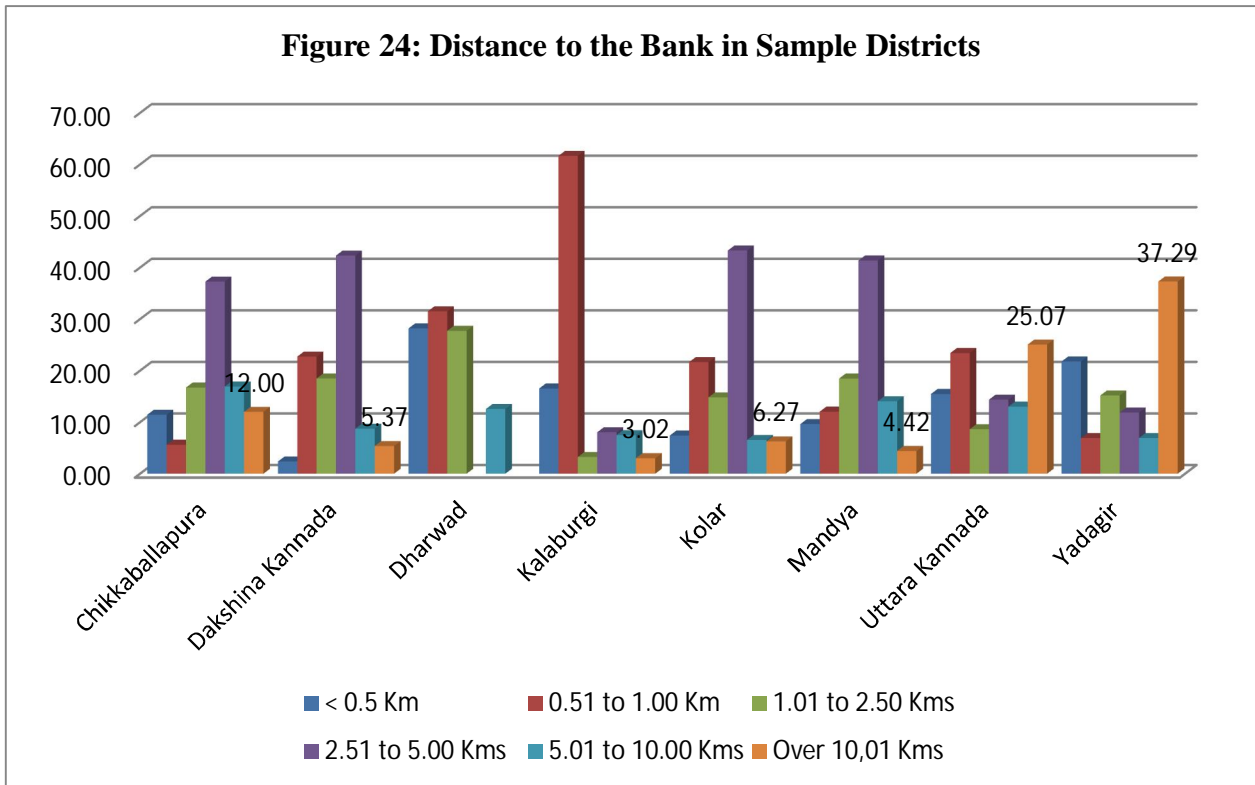
holding households have just one account, i.e., joint accounts. In any case, what is also to be taken note of with concern is that nearly half of the job card holders in our sample have to be dependent on others who have and operate the bank accounts. Thus, even though wages may have been credited to such joint accounts, there is a further notional delay whereby the worker whose wages may have been credited to an account has to wait until such a time when the operator of the account is free to withdraw money. However, if the declining trend of joint accounts which we witnessed in the state as a whole, there is a sign of decline of this hardship.

There are at least three ways by which a bank account could be operated – for withdrawal or transfer of money. First is to go to a bank and find out if there has been a credit of money as wages into their or their joint account. Most respondents were quite eloquent in blaming the bank officials for not being forthcoming in offering the requisite information for not so well-informed customers as the MGNREGA workers. With the progress of digitization of bank transactions, the passbook too is to be updated by using a printer or a teller machine. But, there has to be sufficient knowledge of knowing whether or not a deposit has been made, or if a partial payment has been credited that needs to be understood too. The second important means by which one may know the bank balance or whether or not a credit has been made is by operating an ATM, which may be quite close at hand or at quite a distance. There is also a rider that the worker has to have the knowledge of operating a teller machine and that he or she has the facility of a debit card linked to the account. If it is a joint account, the chances of possessing a debit card are not an option since the main account operator has the advantage. The third is of course by receiving a SMS message from the bank about any bank transaction that may have occurred. But for this to happen, the account holder should have enabled the option to receive messages. There is yet another means, which is mentioned here only for theoretical purpose since with the exception of just two persons in a sample of 4301 had the facility required for it: net banking.

Taking the sample as a whole, we find that 41.25 per cent of respondents reporting that workers in their villages have access to a commercial bank at less than a kilo meter of distance. This is indeed a good feature of rural banking service in the face of ambitious introduction of e-FMS. About 40 per cent of workers have the option of going foot to the bank to check on their accounts and / or to operate their accounts. If we include with this group another with bank at a distance of between 1.00 to 2.50 kilo meters, we have over 55 per cent with a bank at less than 2.50 kms. Those with a bank at 2.51 to 5.00 kms who make up 25.53 per cent, over 75% make up having a bank at less than 5.00 kms.

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However, a focus on our sample districts, Yadgir and Uttara Kannada districts, we are led to witness quite a high share of those with the bank at over 10 kms. of distance. In Uttara Kannada the distance is shared by 25.07 per cent while in Yadgir it is even with a larger share by 37.29 respondents from their districts respectively.



Dharwad, and rather paradoxically, Yadgir present the advantage of banks being as close as less than half a kilometre from respondent’s residence. In Dharwad it is by 28.20 per cent of

sample respondents while in Yadgir it is 21.78 per cent who are within a distance of half a kilometre from the bank. Dakshina Kannada, Kolar, and Mandya districts present the prospect of commutation by the MGNREGA workers to a distance between 2.51 to 5.00 Kms. by over 40 per cent of the respondents. The pattern of distance from place of residence to the nearest ATM is identical with the pattern of distance to bank. The only difference is in most of cases rural workers have the benefit of an ATM operated by any other commercial bank even though their account is in a branch of a bank elsewhere and at a distance. Thus, in Yadgir in 37 per cent of our respondents had a the branch of their commercial bank at a distance of over 10 kilometers, but the same distance to an ATM was only for 25 per cent.

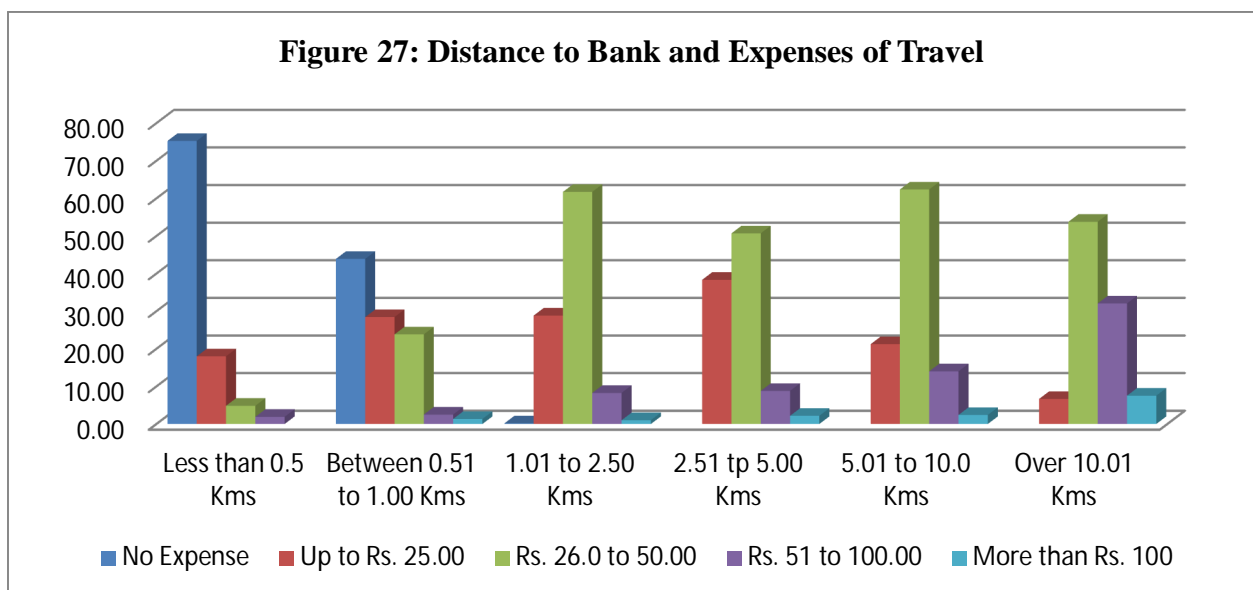
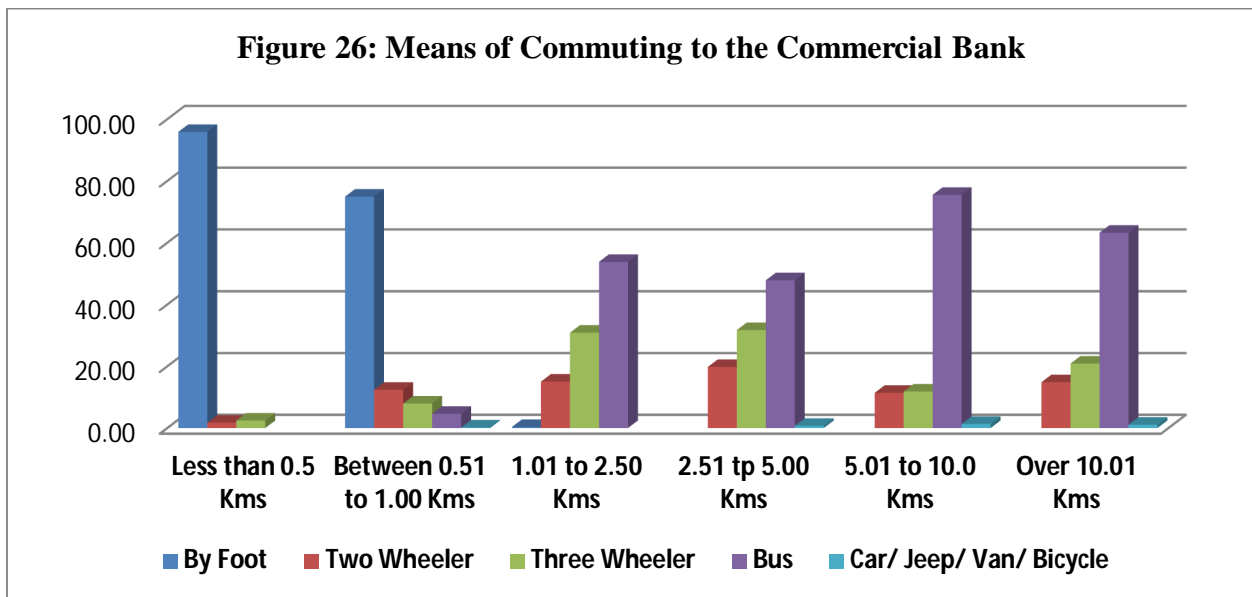


Figure 28: Distance to ATM and Means of Travel

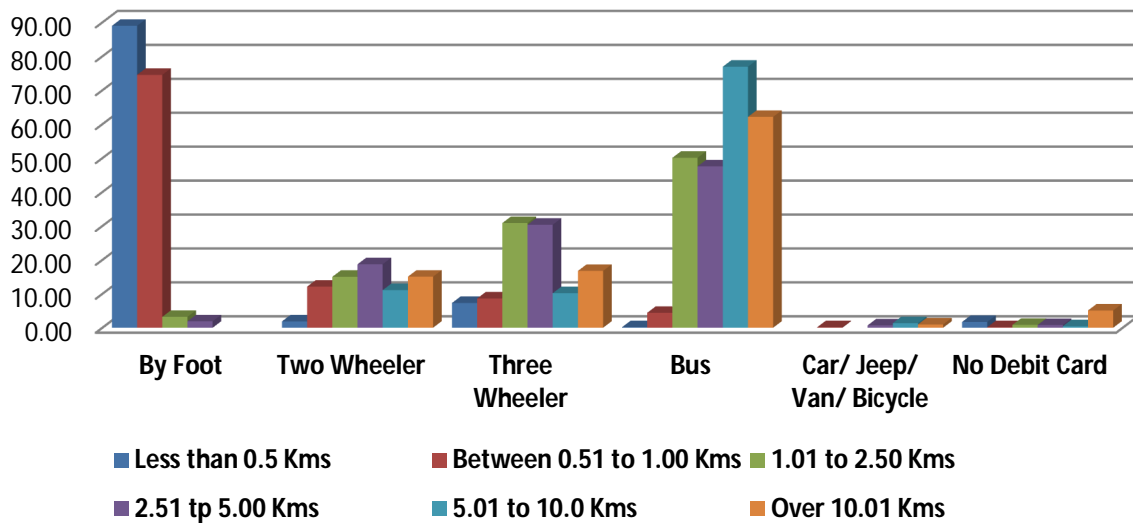
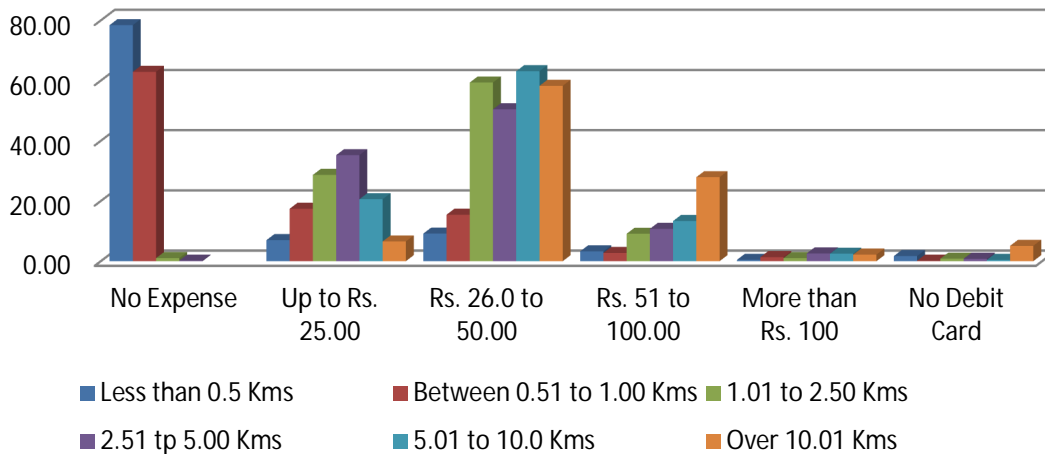


Figure 29: Distance to ATM and Costs of Travel



What is of importance from the point of view of hardship of visits to the commercial bank for the purpose of operating the bank accounts (– whether to draw cash or to ascertain whether or not wages had been credited is one had to go to the bank or ATM). Farther these two facilities, greater the need to depend on other means than merely going there by foot. The two Figures above give us an idea of the distance to these two facilities and how covered, whether by foot, public or by one’s own transport facilities.

A few quick observations about the distance and cost of travel data may be made here for that too tells us about our sample respondents who are MGNREGA workers. First, as earlier noted, facilities of banking has made substantial progress in the country, and so too in our sample

Panchayats and districts. Because of the proximity to either a bank or an ATM, most respondents go by foot to cover the distance. Since the distance reported is less than a Kilometer, it also means that these facilities are close to their place of residence. Almost all Grama Panchayat has an outlet of a Commercial Bank and this facilitates the workers to operate the bank expenses. It also imply that e-FMS as a means of financial management and of disbursement of wages has gone hand in hand in a majority of cases with progress in rural banking facilities.

Secondly, instance of commercial banks at a distance, say of over 10 kms. is not only because of the facility not being available closer to the place of residence, but also many workers had already opened their bank accounts at Hobli or Block headquarters where the facility may have been available a few years ago. More importantly, many rural persons – poor or rich alike, prefer not to combine banking services in such branches where they may have had a loan account in operation. There is a fear that as and when a deposit is made towards their wages or any other benefits, they do not wish that to be adjusted towards what is an outstanding amount as dues. Frequent policies of waiver of loans or moratoriums on interest payable encourage people to delay settlement of their loan accounts. Therefore, many beneficiaries of government schemes prefer to maintain a separate account for such transactions while not mixing up with any direct transfer of benefits including crediting of wages. **Indeed, much of the criticism that our respondents had against e-FMS was owing to this fear or possibility of crediting of wages to be adjusted against outstanding loan amounts or towards interests due. As a few Bankers pointed out, one of the reasons for complaint against delayed payments is because many MGNREGA workers may not be clear as to which account may have been linked to e-FMS transactions.**

Going by the distance to the facility of Bank branch or the ATM, it is important also to consider the possible expenses the workers may incur in checking the if the deposit has been made or to withdraw the cash, or engage in other transactions. At this juncture, it is appropriate to point out that almost all the respondents who were appreciative of e-FMS scheme of wage payment than earlier, are happy one important account. That is, with the direct transfer of money to their account they do not have to wait for long (and/or incur expenditure to facilitate speedy payment) at the Panchayat office or before the contractor who may have in the past undertaken the task of carrying out a work. While reporting approximate costs incurred to visit the bank branch or an ATM in relation to transactions under MGNREGA, nearly all respondents were also noting how the costs now being mentioned were much lower than what it used to be a couple of years ago. Whether or

not they themselves may have worked for wages in the past, they were at least representing the views of those other workers earlier.

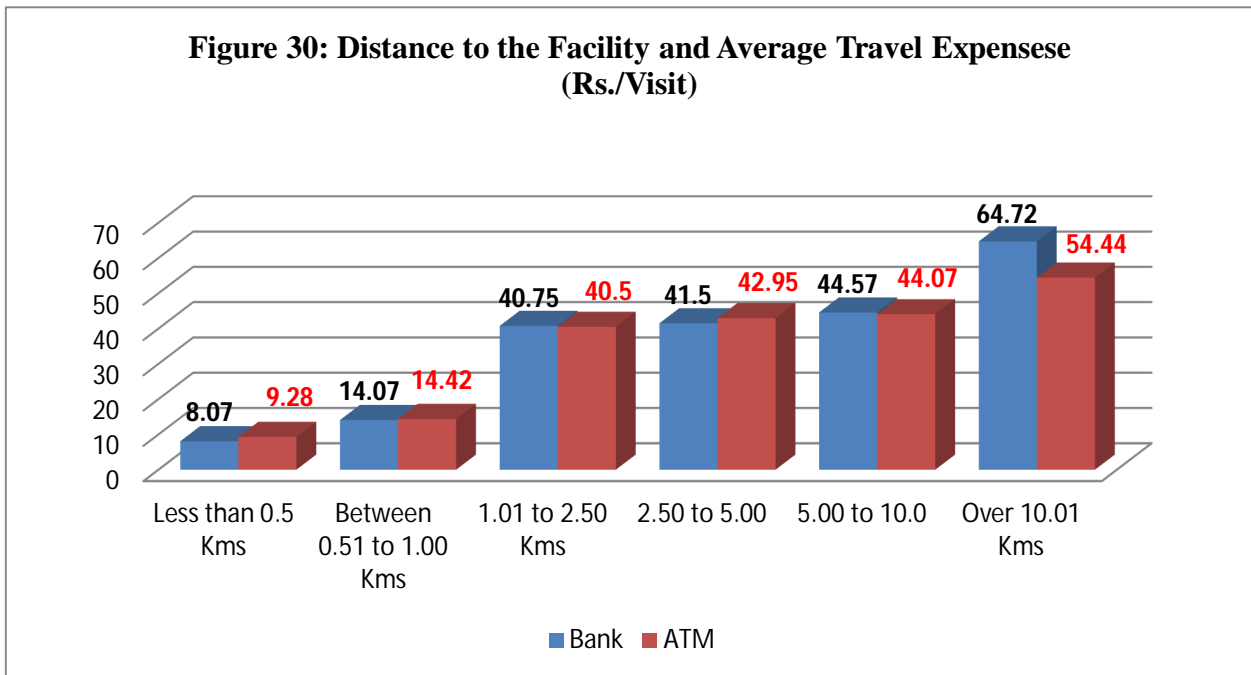


Figure above presents us an idea of average expenditure a MGNREGA worker incurs in visiting either a commercial bank or an ATM facility. Interestingly this cost includes, often the expenses incurred over the travel expenses of an attendant whom they trust and take with the person along to help in carrying out the bank or ATM operations. It was in this context too that most respondents make an important point to the effect that ‘If only the commercial bank staff are a little more patient and kind towards us the rural bankers, we may save a lot on having to depend on the ‘banking middlemen.’ We learn in the course of our interviews and FGDs that many informed persons collect a nominal or heft fee of about Rs. 50 to Rs. 100 depending upon the amount being withdrawn at the bank or ATM. A few GPs were informed of these new emerging ‘middlemen’ who become necessary because of, what they describe as, customer unfriendly bank staff. One of the suggestions made by participants in these FGDs was the banks to designate staff members to facilitate ease of transaction by the rural and beneficiaries of ambitious programmes of ‘financial inclusion.’

One last observation concerning bank and wage crediting process – in time or otherwise: A reference has already been made to the structure of rural labour market. For most kinds of work, agricultural, horticultural, artisanal, or other, advance intimation is given to the workers about the probable dates by when their services are required. As an incentive to fulfill a promise made in this regard, if not for the workers to meet their immediate need, a sum of money is given in advance. In

principle this to be deducted when the wages are being settled after the work is carried out. More frequently, this sum keeps oscillating between the worker and employer almost as a current account or a running account. Whether or not what is being paid out to a worker is wages at a time of transaction, it is such transactions that ensure a relatively dependable labour supply for work when needed.

What is found in reality in regard to MGNREGA works is that the labourer is to be paid his or her wage once in a fortnight – when the wage bills are submitted and FTOs generated, etc. Having worked already, the workers begin to be somewhat under pressure to receive their wages. This prompts them to find out if the wages were deposited or not in the bank. Even though possession of a mobile phone has become now a way of life in almost all households – rural or urban, rich or poor alike, not all of them have the facility to enable intimation through SMS for any debit or credit in their accounts. As may be seen in the Table below, a mere 1.35 per cent of the respondents depended on SMS sent by the bank to check on whether or not wages were credited. Incidentally, this too is an important service which the commercial banks could initiate on their own to avoid undue crowd and rush of business in their premises: by enabling auto-SMS intimation to their registered mobile numbers. MGNREGA is currently underway in registering the worker's mobile numbers this manner – as part of their larger programme of linking Aadhaar registration etc.

Table 19: Distance to the Bank and Frequency of Checking Wages Credited

Distance to the Bank	Frequency of Checking Wages Credited in Bank							Total
	Do Not Check	Once or Twice	Thrice	Four Times	Five Times	6 Times or More	Depend on SMS	
< 0.5 Kms	0.87	47.58	23.18	2.60	9.17	12.98	3.63	578
Between 0.51 to 1.00 Kms	0.50	44.90	7.36		26.76	18.90	1.59	1196
1.01 to 2.50 Kms	2.36	69.48	0.51		16.36	11.30		593
2.51 to 5.00 Kms	1.09	58.50	0.59	2.67	21.94	14.23	0.99	1012
5.01 to 10.0 Kms	1.09	55.36	0.66		21.44	21.23	0.22	457
Over 10.01 Kms	1.08	69.03	0.43		22.80	5.16	1.51	465
Total %	1.07	55.57	5.49	0.98	20.83	14.72	1.35	4301
No.	46	2390	236	42	896	633	58	

In the absence of these facilities, workers had to undertake several trips in the past to check on their bank accounts. While there is a near unanimous opinion that the frequency has now drastically reduced, there still is an occurrence of repeat visits to the Bank, and/ or to the ATM points. Analyzing the data on frequency of checking with the bank on wage credit, and whether or

not the distance to the bank has a role in it, we found there to be a strong negative relationship. That is, farther the bank from place of residence less frequently does one check with the bank.

The 't' value was -4.604 which denotes a strong negative relation of frequency of checking with the distance to the bank. With every slab of distance increasing, the predictability of their checking the balance at the bank is less by 4.604 per cent.

The Table and the statistical test tell us and the policy makers of an obvious truth: The stress and strains of delay in payment is highest to those who are at a distance from the bank. For neither do they know whether or not money has been credited, nor can they easily afford to make a repeat visit just to know whether or not money has been credited. Each visit resulting in the disappointment of learning the money not having been credited can only push the workers against the system of e-FMS for, as the Figure (on average expenditure) above informs us, the person is likely to incur an additional Rs. 65 besides what may have already been spent on similar visits.

From the point of the evaluation, what is crucial to know is that most persons who were reporting the number of visits made to check on bank were also emphasising that the incidence has now declined considerably. This is because they do receive the wages much sooner than before.

The Evaluation Report now may turn its attention to answering some of the specific evaluation questions. Some of these have been addressed to while fulfilling the specific evaluation objectives, as above. But, so as to present a specific and brief responses to these questions the following have been presented.

- a. Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?

Most GPs have outsourced Bill Collectors and DEOs in place, many of the latter also computer savvy. Out of the 256 Bill Collectors interviewed from that many Panchayats, about 45% per cent were outsourced and or temporary staff. The biggest complaint that the Bill Collectors (henceforth, BCs) have is that even though their work amounts to about 50 to 75% of MGNREGA work, they are not offered any training in computer and software matters. Consequently, they feel, the DEOs become so critical and the entire work process pertaining to MGNREGA is on their shoulders. A

remark made by a Bill Collector in one of the GPs of Dharwad was echoed by many others in this study:

Many of us are not permanently employed, and our salaries are not regular. When it comes to physical verification of the works carried out by the registered workers, it is us who have to accompany the Engineer to the spot, and carry out the measurements. We have all the knowledge and required information about the work. Yet, it is the PDOs who call the shots when it comes to uploading the data. We too would gain if a formal training is given to us.

The role of both the BCs and DEOs are crucial for the smooth functioning MGNREGA. The detailed account of procedural delays that was discussed earlier could be minimised if only the job morale of the two sets of functionaries is addressed. They become the rallying points in answering doubts, responding to complaints and guiding the workers who go to them with their problems. Given the work pressures, and series of meetings that a PDO has to attend to, it is the Bill Collectors and the DEOs who meet the workers, suppliers and artisans regularly. If there are problems faced by them, it is they who first come to know about, for they are first approached. The response patterns to a question on the nature of complaints received by the Bill Collectors are presented in Table below.

District	No Complaints	About Delay in Payments	About Material Payment	About Cheating by others	Less wages paid	Wage Credited to Wrong Account	Total
Chikkaballapura	11.11	83.33			5.56		18
Dakshina Kannada	5.13	69.23	12.82	7.69		5.13	39
Dharwad		90.00		10.00			10
Kalaburgi	6.06	81.82	6.06	3.03	3.03		33
Kolar	25.00	70.00		5.00			20
Mandya	10.00	62.00	8.00	10.00	10.00		50
Uttara Kannada	11.76	76.47		5.88	5.88		17
Yadgir	13.56	57.63	13.56	13.56		1.69	59
Total	%	69.11	7.72	8.13	3.25	1.22	246
	No	170	19	20	8	3	

The Secretary or the PDO is not always competent in handling the computers or is digitally literate. Interestingly, they have all become Android or smart phone savvy, but not in handling the PCs and the relevant software. The DEOs, lengthier their service, more digitally friendly they are.

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Likewise, closer the area from which they hail ('native place') greater has been their contribution, for many PDOs were also complaining of how at the nick of time the DEOs may not be available to handle the data entry work.

The DEOs have been offered training of various types, particularly on MIS related issues, DBTs and digital payment systems. So too are the PDOs and other officials at the GP and TP level through the State Training Institutes. Most training programmes have been via Video Conferencing. As a former Trainer pointed out that the training offered is not sufficient. 'Usually we offer training on what ought to be, but rarely in response to what is needed at the ground level.' One MIS Coordinator in Dharwad pointed out that 'no amount of training – technical or administrative – is of much relevance as long as these trainings do not have an evaluation or examinations. Without such an accountability of what is learnt, the lower level functionary rarely takes these training seriously,' he pointed out.

An important but urgent requirement is a systematic management of complaints received. The beneficiaries, when they encounter a technical or administrative problem, invariably take them to the DEO or the Bill Collectors – who are more at hand than a PDO. The elected representatives too, if they have been informed of the problems, take the matter to these functionaries. The issues may be of a widely ranging types: delayed wage payment; dissatisfaction over what was claimed as attendance and/or wages to have been rejected; delays in submission and approval of records from Book of Measurement (referred to usually as MB Records); mistakes in NMRs; wrong entry of Bank Account numbers and other such particulars; and above all confusion over money to have been released but the sum not reflected as having been deposited. Another frequent problem encountered as complaint by the DEOs and Bill Collectors, as also the elected representatives is when the Bank clears a FTO partially in such a way that some workers are paid while the others are not. It was not uncommon for us to be witness to heated arguments and exchange of abuses since invariably the last mentioned is interpreted as a result of a motive – political or extra-administrative ones.

In all such matters, there is no systematic recording of grievances brought to the notice of functionaries, or of their having brought them to the notice of the higher authority – in this case the PDO. In matters pertaining these, it is necessary that a systematic follow up is also made with designated officials at the Taluk (Block) or District level. Concerning e-FMS, there is a designated MIS Coordinator at the block level, failing which at the District level who may be contacted. Bill collectors and especially the DEOs complain that the computer system needs up-gradation, both

hardware and software. The internet speed too is a common source of frustration, for often they are unable to 'push' the data, or effect reconciliation of claims for funds.

On our part, we were unable to seek further clarification or confirmation of a complaint made by one of the PDOs in a Panchayat at quite a distance from the town of Gulbarga. According to this PDO, the slow internet speed in the area in which they operate results in whatever money that the 'Central Government's department releases gets exhausted since most others operate the system with relatively better speed and the internet too is fast enough. By the time we succeed in login in and making the right contact, all the money released is exhausted!' We do not believe this is how the system works, but coming as it does from a PDO, it points to an urgent need for better education about how funds management is carried out and disbursement of wage payment is made by officials at the grass roots level. For, it is they who have to answer the often frustrated workers about the delay if any. Wrong information can only make people intolerant of the new system of funds disbursement, that too in a context when it aims at being transparent and accountable. Little wonder, that there is quite a strong opposition towards e-FMS by those affected: contractors, certain Panchayat level functionaries, and the material suppliers.

Table 21: Key Posts in Office in Sample Districts (2018-19)							
Districts	No of Blocks	No of District level Staff Filled	No of Block level Staff Filled	No of Panchayat level Staff Filled	MIS Coordinator	Computer Assistant	Data Entry Operator
Chikkaballapura	6	56	160	555	1	0	1
Dakshina Kannada	5	56	144	659	1	1	2
Dharawad	5	121	270	1235	0	0	0
Kalburgi	7	87	214	1032	1	0	1
Kolar	5	86	141	654	0	0	0
Mandya	7	88	255	847	1	0	3
Uttara Kannada	11	53	355	2536	0	0	0
Yadgir	3	52	134	505	2	0	0
Karnataka State	176	2760	6421	33946	28	2	21

Source: http://mnregaweb4.nic.in/netnrega/Staff_reg_detail_report.aspx?page=S&lflag=eng&state_name=KARNATAKA&state_code=15&fin_year=2013-2014&source=national&Digest=1Mnm9YPi43Hvn80NVtAftQ

Even though there are specialists at the District and Block levels dedicated to resolve technical issues, unless complaints are brought to their notice, the problems remain at the local level. One

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MIS Coordinator in Chikkaballapura District observed that 'MIS should be both ways, and one way. We are at the top levels of administration to receive feedback from the village and GP level.'

As we were finalizing this report, some of the key technical positions that guide the implementation of e-FMS, particularly the MGNREGA-soft at the sample districts and state level are presented in the Table 21 above.

Quite a few districts in Karnataka were without a full-time MIS Coordinator in office: Bengaluru (Urban), Dharawad, Kolar, Ramanagara, Shivamogga and Uttara Kannada are such districts. Two of them, Dharawad and Uttara Kannada are this study's sample districts. When inquired about the two posts in place, we were informed that one or the other MIS Operator from the Block level would be deputizing or given additional charge. MIS Coordinator is far too an important office for flawless functioning of e-FMS that it requires a full-time official. Indeed depending on the volume of work, the number of MISD Coordinators should be posted, it is felt. Bidar district, for instance has 3 MIS Coordinators while a much larger district as Mandya or Bengaluru Rural has one each. Bidar has 5 Blocks and 186 GPs; whereas Mandya has 7 Blocks and 234 GPs. Within districts, the Blocks to have a somewhat disproportionate placement of MIS Operators. Mandya's Nagamangala (with 27 GPs) has 3 MIS Operators, while many other Blocks in the district - with larger than 30 GPS. But they have one MIS Operator each.

Table22: Digital Payment Training Status: Sample Districts and Karnataka

S No.	Block	No. of GPs	ToTs trained at various levels		
			Block	GP	Total
1	2	3	4	5	6
Dakshina Kannada	5	232	0	0	0
Dharawad	5	144	1	0	1
Kalburgi	7	266	8	3	11
Kolar	5	156	1	0	1
Mandya	7	234	7	53	60
Uttara Kannada	11	233	40	21	61
Chikkaballapura	6	157	30	133	163
Yadgir	3	126	1	1	2
Sample	48	1548	88	211	299
Karnataka	176	6099	925	2724	3744

Source: http://mnregaweb4.nic.in/netnrega/digi_training_report.aspx?type=1&lflag=&page=S&state_name=KARNATAKA&state_code=15&fin_year=2013-2014&Digest=GYrdiVWkccDpjlWqv1a0Q

Not much data is available at the Block or Panchayat level as to what trainings have been attended by the officials. When asked there is a vague response on one or two training programmes given about MGNREGA wage payment, or office administration. Perhaps this could be seen as a reflection of the impact it may have made or failed to have made an impact upon the recipients of the training. When asked what they would expect to be able to perform better in fulfilling the goals of MGNREGA, one of the common demands made by both the Bill Collectors and the DEOs was more training on computer skills and on familiarizing with the updates of the software. As one DEO, named Sunita in a GP in Kolar pointed out, there is a constant need for updating themselves with changes in the software and procedures prescribed: ‘We live and work in a remote village, practically cut off from what goes in the city or official Head Quarters. VC (video conferencing is not of much help as a training tool, for we do not get enough opportunities to seek clarifications on our doubts. Your training programmes should be made much more women friendly, for by the time we go to the venue and settle down, the training itself is over.’

One data source on Digital Payment training accessed from the MGNREGSA portal gives us an idea of the trainings received by functionaries. It appears as though there is an imbalance of knowledge and skill penetration across the districts, and into the levels beneath District and Blocks. Once again an observation made earlier needs to be repeated in this context too: While officials and functionaries in some districts do receive formal training of this nature, there are some which is hardly in relation to the number of staff or GPs. Thus, Dakshina Kannada has not received a single training to its officials on the subject of Digital Payment, while other districts like Dharawad or Kolar officials have received hardly any. This imbalance needs to be rectified at the earliest. Attendance in such trainings, and passing a preliminary examination must be mandatory, and some incentives must be offered for acquisition of such skills.

- b.** What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?

Grievance redressal has been largely informally and at the GP or TP/ZP levels. Even though there is a special coordinator, and at the ZP level an Ombudsman, there had not been many instances of formal registering of grievances.

Even though there are complaints of short-changing of wages to be paid in contrast to what is claimed, there is not much formal protest or registering of complaints. Delays too are likewise not

a subject of grievance lodging. We spoke to one Ombudsman at each of the district level. What one of them had as a reaction to our question about grievance lodging or redressal may be summed thus:

‘Most grievances that we receive are about frauds alleged over work not having been done but claims for payment being made. This is usually a proxy political war between contending elected members of the Panchayat on the one side and those who may have lost the elections on the other. There are also RTI specialists who keep lodging complaints... I served as an Ombudsman for about two years, and I did not receive one single complaint against delay in wage payment or payment in short of what had been claimed.’

That at the state and national level, there is a platform for any ordinary person – be it a concerned citizen, a representative of NGO, a worker or a ‘VIP,’ or a official responsible from the departments concerned – everyone has an opportunity not only to see what the exact status of a work in progress or completed, who the beneficiary is or what is the amount of money spent on it, etc. One need not go all the way to the location where the work is in progress or completed to assess these. These are all the very significant features of transparency that is now possible with the implementation of MGNREGS. Considering the extent of transparency one would anticipate an inundation of complaints seeking redressal of grievances.

There are some issues, however, with the portal in opening the page pertaining to grievances or complaints registered.⁹ In the first instance, this page doesn’t open during 21.00 hrs the previous day till 06.00 Hrs the next day. In other words, transparency of this page is not 24/7 phenomenon. Secondly, the page offers a hyper link to each of the entries in a cell – be it number of complaints against a ZP or Block Panchayat or GP. But, when pursued with any of such links the page does ‘not open in full or does not display the full extent of complaints received. Thus, even if there is a listing of say 24 Complaints by workers in Chikkaballapur district, we are unable to make a full taxonomy of the complaints, for we don’t know what the content of complaints is. Thus, in an evaluation of elimination of delays in wage payment and make the system transparent by giving option for grievance redressal, we do not know how many complaints by the workers were, in fact, pertaining to delayed wage payment, or wrong calculation of wages, etc. Likewise, we are unable

⁹ See,

http://mnregaweb4.nic.in/netnrega/citizen_html/citipoattend_rep.aspx?page=S&state_name=KARNATAKA&state_code=15&Digest=SAa1xnUybV6AoT1KKwH7CA

to take a full stock of complains about alleged frauds in measurements, disbursement of money, etc. Attention of these were brought to the notice of officials in the Head Quarters in Bengaluru, who we understand in turn have conveyed it to the Coordinators with NIC, Delhi.

A final issue with the page in the portal under reference is that one is unable to see the rate at which complaints are registered during the course of different years since implementation of e-FMS. Instead, the portal presents data only on a current consolidated basis. As a consequence one is unable to arrive at the progress made or not made in addressing the complaints received or actions taken. Even the perusal of the first opened page of grievance redressal, it was evident that a majority of grievances are complaints about PDOs style of functioning, form no. 6 (meant to claim employment) not being issued, or funds mismanagement without any substantial reference to names of officials, GPs or when and where.

What is, however, worthy of a special mention in an evaluation as this is the following: Although there has been a decline in the instances of delayed payments of wage and/or materials supplied, they do not seem to be proportionately or correspondingly reflected in the range of complaints received. While there is relatively high representation of citizen groups, the primary stakeholders do not seem to be opting to lodge their complaints or grievance, if any.

Three factors could be behind this finding on our part. First, recall we have not studied the entire range of complaints registered, since it was inaccessible during the course of our study. Second, either workers or material suppliers are uncomfortable lodging a formal complaint against the officials and the elected representatives for the fear that their future transactions with them may be affected adversely. Third, there may be insufficient awareness on their part, especially the workers, of the option to lodge a grievance over delayed or faulty wage calculation and payment. The last two explanations did find an endorsement in the course of our fieldwork.

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Table 23: Complaints Lodged and their Status: Karnataka and Sample Districts

District Name	Complaints Lodged by:									Complaints Lodged Against							Status of Complaints				
	Citizen	Worker	GP	NGO	VIP	Media	States	Engineers	Total	GP	TP	P.O.	ZP	DPC	Implementing Agency	Total	Pending	Forwarded	Intermediate Reply Sent	Partially disposed	disposed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CHIKKABALLAPURA	83	24	1	1	2	3	38	0	152	121	4	10	2	15	0	152	26	7	0	0	119
DAKSHINA KANNADA	6	9	0	5	0	1	9	0	30	26	1	1	1	1	0	30	5	0	0	0	25
DHARWAR	16	1	2	0	0	1	3	0	23	16	1	2	0	4	0	23	1	3	0	0	19
KALABURAGI	37	94	0	0	4	0	26	1	162	156	1	1	2	2	0	162	72	2	0	0	88
KOLAR	69	15	0	3	3	2	31	0	123	111	1	1	8	0	2	123	14	17	0	0	92
MANDYA	40	8	2	1	4	0	12	1	68	63	0	0	0	3	2	68	30	6	0	0	32
UTTARA KANNADA	20	14	0	0	1	8	6	1	50	40	2	2	6	0	0	50	8	1	0	0	41
YADGIR	41	14	1	2	1	0	28	0	88	82	0	0	5	1	0	88	14	16	0	0	58
Total	1212	1291	50	51	67	46	504	6	3240	2842	82	69	104	98	45	3240	556	176	1	10	2497

Source:

http://mnregaweb4.nic.in/netnrega/citizen_html/citipoattend_rep.aspx?page=S&state_name=KARNATAKA&state_code=15&Digest=S

[Aa1xnUybV6AoT1KKwH7CA](#)

(Note: Abstract. Cells do not add up, since negligible numbers were omitted.)

One material supplier in Uttara Kannada had the following as an explanation in an interview:

Sir, as you are aware, payments by and for any government scheme generally takes time. There are many considerations that have to be attended to. We have got used to these. Just because MGNREGS attracts so much of national attention, and interest by academicians like you, doesn't mean that it functions any differently from many other government schemes. Merely because there is a delay in payment, or a miscalculation of what is due for us, we cannot rush to a platform and lodge a complaint. We do know the officials concerned and their limitations, as also the pressures under which they work. Do you expect that there are that many complaints lodged with Lokayukta that is anywhere comparable to widespread instances of corrupt practices? So too, we do not rush to the ombudsman or to the grievance redressal cell at each instance of delay or mismanagement!

c. Compensation for Delayed Wage Payment for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?

As pointed above, identification of instances of grievance lodged for wage delay could not be carried out exhaustively. At the field level, we did not come across a single instance of a respondent having lodged a grievance over delayed payment of wage, and therefore formally seeking compensation as per the law. For instance, in Uttara Kannada district, a sample district in our study, wage delay compensation of Rs. 2901 was paid in 11 GPs of Kumta Block during the year 2014-15. At least five of these GPs were in our sample. Yet none of the participants in our FGDs in these was aware of this information, it appeared, while the GP functionaries (PDOs, Bill Collectors and DEOs) too were unaware.

However, at the district level, concerning our samples, there is not a significant number of instances of complaints lodged over the issue of delay in wage payment. Paradoxically, irrespective of the number of such complaints, the compensation paid uniformly is even more insignificant. (See, Annexure IV for data pertaining to delay compensation in the sample districts),

In the state of Karnataka as a whole, there has been delays recognized for which compensation is to be paid for. It is not certain whether there had been formal claim for compensation had been submitted or what is presented in the portal is a system generated data. In any case there has been a process of verification that has been carried out.

Table 24: Delay Compensation Eligibility Determined, Paid or Rejected

Karnataka	Payable (In Delay Days)	Rejection Reason (In %)					Total Rejected Days	delayed compensation Paid (% per cent payable)
		Insufficient Fund	Natural Calamities	Compensation not due	Other			
2013-14	163620430	6.02	3.47	48.73	41.77	98.74	0.00	
2014-15	393165619	1.98	1.52	18.78	77.73	99.96	0.03	
2015-16	166018603	1.16	7.95	37.99	52.90	99.53	0.27	
2016-17	177378348	0.07	7.91	60.76	31.26	91.79	7.59	
2017-18	39534195	1.00	12.96	77.50	8.54	91.66	4.60	
2018-19	79679486	3.56	10.87	85.57	0.00	46.81	0.10	

It is found that the rate of rejection has been quite high. The highest rate of rejection has been 99.96 per cent of claimed delay of 393.17 Lakhs of days. A mere 0.03 per cent of total compensation claimed was actually paid to the workers. Table above gives an account of the basis on which compensations were rejected. Highest among has been by determining that the 'compensation is not due' based on verification of documents.

Neither the workers themselves, or the PDOs and other officials at the GP level are in a position to know the reason why the claimed wages or the compensation of delay was declined or rejected by the Bank. It is here that considerable efforts are to be put in place to make the process much more transparent.

EFMS: Did gender make any difference?

Although there has been no special provision to address the differences in gender in designing or implementing e-FMS, we address a few issues keeping gender differences in focus. No evaluation in any society can afford to ignore the difference, if any, a programme made for men and women. For, all programmes would have aimed at bringing the results in such a way that they are neutral to gender differences among the intended beneficiaries. Instead, most programmes would make a special provision to cater to the needs of the vulnerable and socially excluded, including women. In reporting the evaluation of e-FMS, we bring together a few gender concerns towards the end, primarily because it is simpler to present the findings than repeating the description of processes at the conclusion of each analysis. Discussing them as is now done here is not to be mistaken for as an after-thought, but for the specific purpose of achieving clarity and avoiding repetitions.

The first issue of concerns with which we examine our data from a gender difference point of view is whether or not women work as wage workers as compared to men in MGNREGS. Although the macro data on men and women who are registered as workers under MGNREGA show that they account for 45.35 per cent, nearly half of men and women are found to be active workers. In other words, there is hardly any difference whether one is a male or female when it comes to being an active worker in MGNREGS. Data pertaining to Karnataka state too was more or less similar to national pattern, the difference if any being only in respect of two or three per cent points. However, the data on whether or not they work in schemes benefiting themselves or their households, as against working also as wage workers for others, showed that slightly more women (higher by three percent points) than men work for themselves. In other words, women have a marginally lower share of wage workers.

Gender	Work for Wages or for Self		Total
	Self	Self and Others	
Male	37.52	62.48	3158
Female	40.51	59.49	1143
Total	38.32	61.68	4301
	1648	2653	

The second point of focus was to see if there was any difference between men and women workers in respect of their seeking help of others to get a job card made for MGNREGS. A majority of the respondents – whether men or women had been dependent on one or the other in getting the cards made out for them, or in registering themselves as workers under MGNREGA. As may be anticipated, the data shows that women were more dependent on others to get the job cards made than the men: 60 per cent of men needed help of others, while a slightly higher per cent of women – 68 per cent – needed other’s help. In either case, Panchayats took the lead in helping persons to register as workers. We were keen on ascertaining if any of those who helped them were ‘contractors’, we were unable to get this data in any reliable form.

Gender	Support for Making Job Card					Total
	Self	Others in Family	Panchayat	Others	No Response	
Male	40.12	1.23	55.76	0.28	2.60	3158
Female	32.37	2.36	62.12	0.44	2.71	1143
Total	38.06	1.53	57.45	0.33	2.63	4301
	1637	66	2471	14	113	

A third gender dimension in our focus is on the number of times men and women worked as MGNREGS workers. It may be recalled that we had examined – as part of the profile of our sample respondents – the number of times they had worked after having registered as MGNREGS workers (see Table 15). The context then had been the years since they had got their job cards made and the number of times they worked as MGNREGS workers. Looking at the same data but with a gender perspective, we find that marginally there is a higher share of women who work only once, while it is men who work also during the subsequent years. Perhaps, women tend to work on projects that are meant to benefit themselves or their households, than working for wages for others.

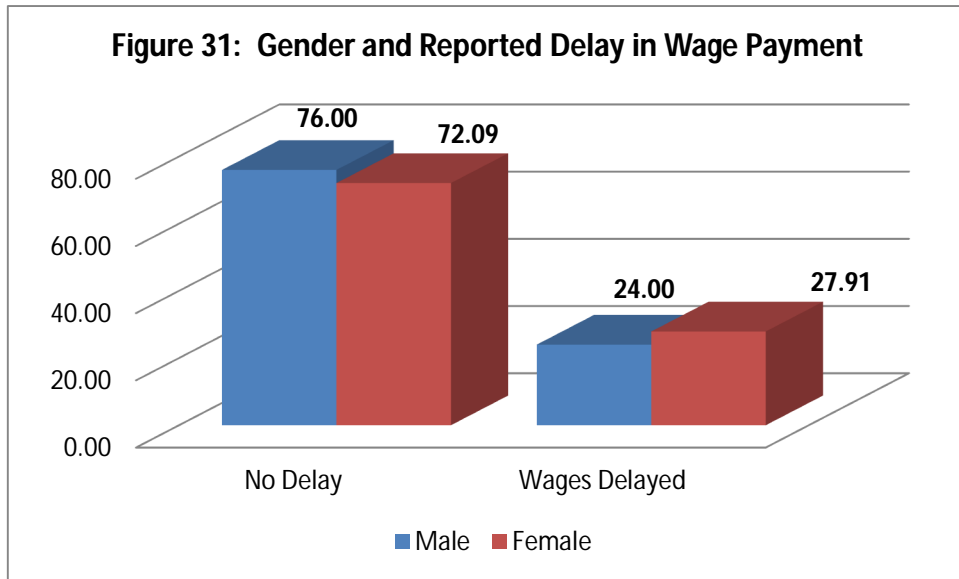
Gender	No. of Times Worked				Total
	One Year Only	Two Years	Three Years	Four Years	
Male	78.88	18.97	2.06	0.09	3158
Female	81.01	16.80	2.19		1143
Total	79.45	18.39	2.09	0.07	4301
	3417	791	90	3	

Did e-FMS enable men and women workers to get their wages paid on time or without much delay? Or, did any one gender derive a greater benefit out of e-FMS? Answering these questions constituted fourth of our gender concerns.

Gender	Reported Delay in Wage Payment		Total
	No Delay	Delayed Wage Payment	
Male	76.00	24.00	3158
Female	72.09	27.91	1143
Total	74.96	25.04	4301
	3224	1077	

As evident from the Table above, there was a marginally higher advantage for women in minimising or avoiding delay in wage payment. About four per cent more of women found that there had been delays in wage payment than expressed by men workers. Although the difference between men and women in this respect is marginal, it is necessary to take note that more women experienced delays than did men. This raises the question of whether implementation of e-FMS has been gender neutral, or is there something in the system that it favours men more than the women? While answering these questions, it is necessary to take into account the fact that in preparing the muster roll, passing the FTOs, or in digitally signing the FTOs, it is not the individual

worker who is in focus. Instead, it is the group of workers who may have worked for a single job. If, therefore, more women reported that they had experienced, the reasons are more associated with the pre-FTO processes than the actual e-FMS.



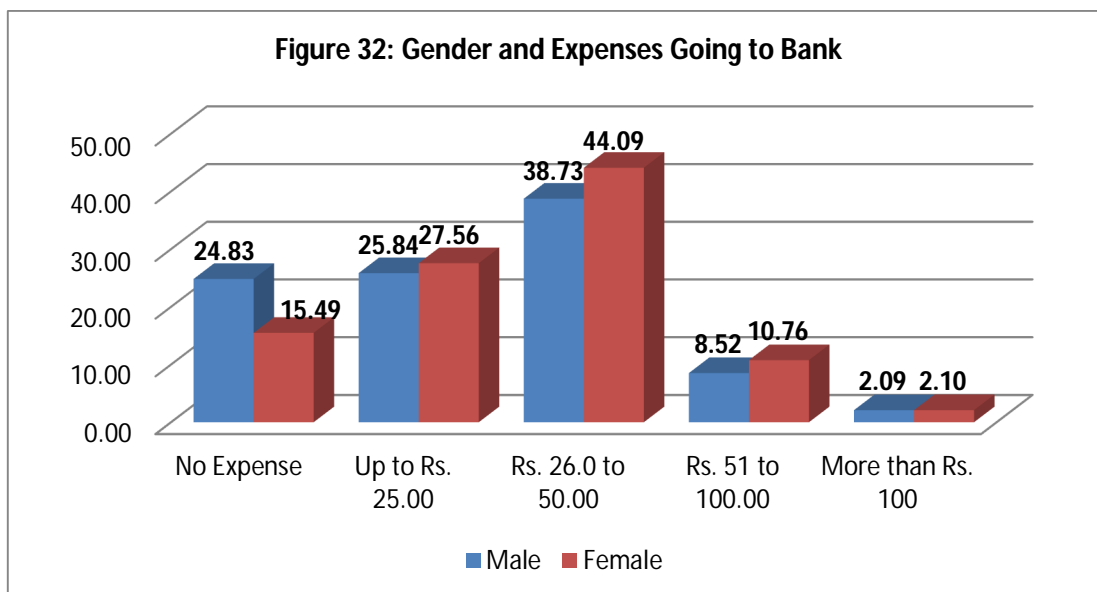
With the help of Figure 31, we may note that the perception of delayed wages despite e-FMS is marginally higher among women respondents. While 24 per cent of men had expressed an experience of delayed wage payment, almost four per cent point more of women had been paid their wages late. When cross checked with the PDOs on this, we were informed that as such there is no special reason why more women should experience any delay in wage payment. One PDO was of the view that ‘it may be because some women may become aware of their wages to have been credited into their account much later than men. It may be for this reason that you may find more women complaining of delayed wage payment. It may also be because they may not be well versed with the use of ATM cards, and therefore blame the hardship as delayed wage payment.’

Considering that the benefit of e-FMS depends also upon the use of debit cards provided by the commercial banks to their account holders, it is necessary to examine if knowledge of using them is same for both men and women workers. In response to our question, we found that by about 5 per cent points women were more at a disadvantage in this respect. That is, 29.40 per cent of women respondents claimed a good knowledge of using a debit card in the ATM machines, while slightly higher per cent of men respondents (34.80 per cent) had claimed such knowledge. Correspondingly, more women had expressed finding it hard to use them and depend on others for their operation. However, in the course of almost all the women participants in the FGDs that we conducted had admitted that it is the men in their households who made use of the debit cards that may have been issued to them.

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It is keeping this finding in view that this study makes a specific recommendation that whether men or women, the workers in MGNREGA should be given a training in basic banking operations including operation of a debit card in the ATM kiosk.

One of the key difficulties, if any, with e-FMS is that a worker incurs some overhead expenses having to visit a Bank, or an ATM kiosk. This expense, of course, may be on account of having to pay for a bus or a fare for hired three wheeler (auto-riksha) if not the costs of fuel for using own vehicle. But as some respondents pointed out, there is also the occurrence of additional expenses resulting from the tips to be paid to a person who accompanies them to go to the bank or helps in operating the account. If we take a look at the gender difference in this respect (Figure 32), it could be noted that more women workers incur any expenses than do men workers: As against a 25 per cent of men who reported no expenses, merely about 15 per cent women had this to report.



In each class of expenditure as we had grouped it for purposes of comparison, the share of women is higher than of men; the highest being in the group of Rs. 26 to 50 as expenses per visit. In short, what becomes evident is that women workers have a burden of higher overhead expenses in operating the bank accounts than do men.

Gender	Knowledge of Using a Debit Card			
	Yes	No	Depend on Others	
Male	34.80	50.13	15.07	3158
Female	29.40	51.53	19.07	1143
Total	33.36	50.50	16.14	4301
	1435	2172	694	

The delays experienced and / or expressed may also be due to the fact that more women respondents were unaware of the means of operating an ATM or using their debit cards than men. Men reported to be with the knowledge of using a debit card by 5 per cent points more than women; likewise there was a higher dependence of women upon others (with the knowledge) for using their debit cards. Because of their lack of knowledge and the consequent dependence on others, women were less frequent in visiting ATM kiosks and the number of times they had to check if their wages had been credited or not. In any case, it is usually a male member of the household who normally checked the ATM on behalf of a woman worker, for she would find it also difficult to travel specifically outside the village for that specific purpose.

What conclusions may be drawn from the foregoing analysis of gender dimensions of e-FMS in operation? Two broad generalisations may be made: first that any difference that there may be is only narrow, and certainly not more than eight per cent points between men and women. Secondly, any difference that is found is more out of pre-FTO or post-deposit phenomenon than it being due to e-FMS as such.

9. Reflection and Conclusions

As per section 3(2) of the Mahatma Gandhi National Rural Employment Guarantee Act 2005, wages to the labourers has to be paid on a weekly basis. At the conclusion of work during a work cycle of a week, wages were to be paid with 15 days on the date on which work was done. Against a backdrop of growing number of MGNREGS workers remaining unpaid wages for the work they carried out, or for vendors who supplied materials, the Government completed the introduction of a MIS based system of fund management, called Electronic Fund Management System. It came into effect during February 2012 and by the end of financial year all the districts in Karnataka were under this new system of fund management.

9.1 The objectives of the study were to assess:

1. If e-FMS system reduced the time in receiving wage and material payments?
2. Whether this system reduced intervention of middlemen and instances of corruption?
3. Has the system avoided parking of funds?
4. Are the beneficiaries able to withdraw money from the banks as and when required or do they face difficulties in dealing with banks with respect to withdrawal and any other issues?

9.2 In addition, a few specific evaluation questions were also posed. They are:

1. e-FMS is a transaction based MIS. As per chapter 8.7 under payment of wages, whether all the 3 categories of transactions are followed properly by the GPs/TPs & ZPs? If not, what are the deviations noticed in the selected GPs? Please elaborate.
2. Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?
3. What is the cost incurred and time required for release of wages under e-FMS Vs. pre e-FMS period?
4. What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?
5. If the complaints are on delayed payments, how many workers have got compensation for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?

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6. How many applications were received for un-employment allowance and how many were paid? What are the reasons for non-providing the employment? Give details.
7. What are the reasons for payments due to be paid for the year 2015-16 in the sample districts above? Please furnish details.
8. To what extent it has improved the fund management?
9. To what extent it has brought transparency over earlier system?
10. What are the bottlenecks being faced in the system by the field level functionaries?
11. What should be recommendation to improve the system further to minimize delay if any?
12. To what extent the misuse of funds and involvement middleman are prevented by e-FMS?
13. Any suggestion from beneficiaries and stake holders to improve the design, delivery and modification on features of the e-FMS?

9.3. Findings of the Study

In a large randomly selected sample of 6356 respondents as many as 2055 persons (32.33 per cent) reported that they had never worked even once in any of the MGNREGS works. Such a large proportion of inactive job card holders would dilute the findings of a study on the impact of steps taken to speed up wage payments; they were kept out of the analysis. Instead, data on the remaining 4301 active job card holders were taken into consideration for data analysis. Among them, 3417 persons (79.45 per cent) had worked under MGNREGS at least once. Although, those who had worked at least two times (18.39 per cent) were much smaller in proportion, there is clear and strong relationship between timely or delayed payment of wages and the frequency of working under the scheme's projects. In other words, whether or not a worker remains active job card holder and works for wages in subsequent years strongly predicted by whether or not wages were paid on time or there had been a delay. Timely payment of wages acts as an incentive to work on MGNREGS projects. Statistical 't' value in this regard was 7.944, which is considered to be significant.

The social category of respondents – in terms of whether they were grouped SC, ST, OBC or General – and the frequency of their working in MGNREGS was wage earners too is quite strongly related, with a 't' value of 3.172 at a significance level of 0.002. However, landownership status of the job card holders has a greater predictable value than their caste origins, in determining whether they work more frequently or less frequently. The 't' value in this respect is 4.942

One important finding of the study was that there is a widespread practice of work carried out of by hired workers elsewhere, or by use of machineries (JBC, Tippers, etc) while showing for accounting purposes fictitiously as having been carried out by the registered workers. Presence of a

large section of inactive job card holders, those others who report in the field as ‘never having worked’, and the incidence of letting middlemen and or contractors (*Mestris*) to register seeking employment on behalf of the workers, and finally, lending their bank’s Debit cards for withdrawal of wages deposited – all indicate some flaws in our assumptions about rural labour market. These throw open the questions of how dependent are workers upon employment guarantee schemes.

Given the fact that most respondents reported that they did not possess their job cards on hand or were not in their homes at the time of interviews – since there had been a substantial number of them had been handed over to the GPs for updating them, linking with Aadhaar Numbers, inserting or deleting names of workers, etc., it was not practical to obtain the information pertaining to the specific projects on which they had worked. Nor was it possible for us to determine whether or not digitally the particulars could be ascertained. The study had to depend on the stated opinions of the respondents in nearly all the cases.

Out of a sample of 4301 persons, 75 per cent had reported that there was no delay in wage payments in recent years, and that the delay was gradually declining ever since e-FMS had been introduced. Among those who reported delays, a larger section was from Yadgir (39.6%), Dharawad (37.0%), Dakshina Kannada (34.5 %) and Uttara Kannada (33.0%). More than technological factors, the delay was owing to the absence of signatories in office when required, mismatch between the account particulars and what was stated in the wage bills, and the delay in preparation of wage bills by the team leaders (*Mestris*). Although these problems were reported also from the other districts, some districts experienced more frequently than the others. The story is no significantly different for the material suppliers, 62 of them. Not one of them reported timely payment of their dues, the average time required ranged from 90 days to over 150 days. Their grouse was that there is greater administrative emphasis on clearing wages for workers than to the material suppliers.

At the field level, responses from either the wage workers were such that they preferred e-FMS mode of payment directly to the Banks while material suppliers were not so much in preference. They did not seem to be as comfortable with the transparency of the processes. For, more material suppliers are also ‘*Mestris*’ and they find it hard to deal with inactive workers in registering demand for employment, submitting wage claims and finally having to run behind the workers to withdraw money that may have been credited.

The desk data review, however, shows a different picture. Not only is there an evidence of reduction in delays in wage payment, there is a strong evidence of increased rate of acceptance of work when offered over the years of e-FMS. Given the strong association between timely wage

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

payment and incidence of working on MGNREGA, the enhanced rate of work acceptance demonstrates the positive effect of timely wage payment through e-FMS. This is true of all the districts in the sample and in the state as a whole. This trend is applicable also in respect of those who worked for full 100 days in a colander year.

The second most important impact of improved timely wage payment is reduction in the number of times that the workers had to visit an ATM kiosk or the bank to ascertain whether or not wages had been credited. Going by the statements made by the respondents, the frequency had come down from over six times of visit to the bank to 3 to 4 times. The PDOs, in turn, pointed out that the anxiety of whether or not wages were credited leads them to start going to the bank from the very next day of FTOs being signed and uploaded. Yet, there continues some delays beyond prescribe time limit of 3 days (T) because of unavailability of one of the signatories on time, not having the Book of Measurements certified by the concerned official (Block level Engineers), hardware problems of breakdown of computers, unavailability of internet when needed. Delays are also due to lack of funds being available and not reconciling payments on time. Unfortunately for the evaluation, it was not possible to access the data at Bank level to assess the time taken to process and credit the payables once the FTOs have been uploaded. For, the problem persists of a gap between FTO and actual credit of money into the accounts. Not merely the workers, even the officials at the GP level convey the message to workers and/or *Mestris* as if mere digital signing of an FTO amounts to the money having been credited soon after.

There is a continued decline of individual bank accounts for each worker, and crediting of the proceeds separately for each worker's bank accounts. Not all of them tend to have a debit card linked to their cards, the less educated or less informed worker has to depend on trusted others, whom we may refer to as 'Banking Middlemen', to assist them to make a transaction in the bank or at the ATM kiosk. All these add to the costs of transacting with a bank. Of even more hardship to the workers is when take the trouble to go by foot, or a vehicle to a kiosk and find that 'the machine is out of order,' 'no cash available,' 'no electricity or power supply', or to find that wage has not been credited. Just as bank accounts and Aadhaar numbers are being linked to the Job Cards, so too there must be a compulsory enabling the option of SMS alerts to inform any debit or credit into the account. Better still, as and when wage payment is approved and money credited into the account concerned, a registered mobile phone should receive a special SMS in the local language to inform money to have been credited. This facility will save at least one or two trips to the bank or ATM.

Taking the sample as a whole, we find that 41.25 per cent of respondents reporting that workers in their villages have access to a commercial bank at less than a kilo meter of distance.

This is indeed a good feature of rural banking service in the face of ambitious introduction of e-FMS. About 40 per cent of workers have the option of going foot to the bank to check on their accounts and / or to operate their accounts. If we include with this group another with bank at a distance of between 1.00 to 2.50 kilo meters, we have over 55 per cent with a bank at less than 2.50 kms. Those with a bank at 2.51 to 5.00 kms who make up 25.53 per cent, over 75% make up having a bank at less than 5.00 kms. However, a focus on our sample districts, Yadgir and Uttara Kannada districts, we are led to witness quite a high share of those with the bank to be at over 10 kms. of distance. In Uttara Kannada this distance is shared by 25.07, per cent while in Yadgir it is even with a larger share by 37.29 respondents from their districts respectively. Indeed, much of the criticism that our respondents had against e-FMS was owing to a fear over possibility of crediting of wages which in turn may be adjusted against outstand loan amounts or towards interests due. As a few Bankers pointed out, one of the reasons for complaints against delayed payments is because many MGNREGS workers may not be clear as to which account may have been linked to e-FMS transactions. From the point of the evaluation, what is crucial to know is that most persons who were reporting the number visits made to check on bank were also emphasizing that the incidence has now declined considerably. This is because they do receive the wages much sooner than before.

However, while evidence suggests that e-FMS has improved timely wage payment, and minimizing of parking of funds, the field data suggest that a) much delay is prior to uploading of the digital data or signing of FTOs; b) the functionaries at the GP or TP are unable to follow up on delayed payments once the FTOs are digitally signed; and that there is a need for an improved system of flow of information over the delays at the nodal bank level. Finally, compensation for delayed wage payment – whether the delay is at the GP/TP or ZP level or at the nodal bank levels – attempts need to be made for a automated generation of alerts for delay compensation to be due. As such voluntary claiming of compensation has been almost non-existent as a practice.

Two broad generalisations may be made in respect of gender differences in the study's findings: first that any difference that there may be is only narrow, and certainly not more than eight per cent points between men and women. Secondly, any difference that is found is more out of pre-FTO or post-deposit phenomenon than it being due to e-FMS as such.

10. Recommendations

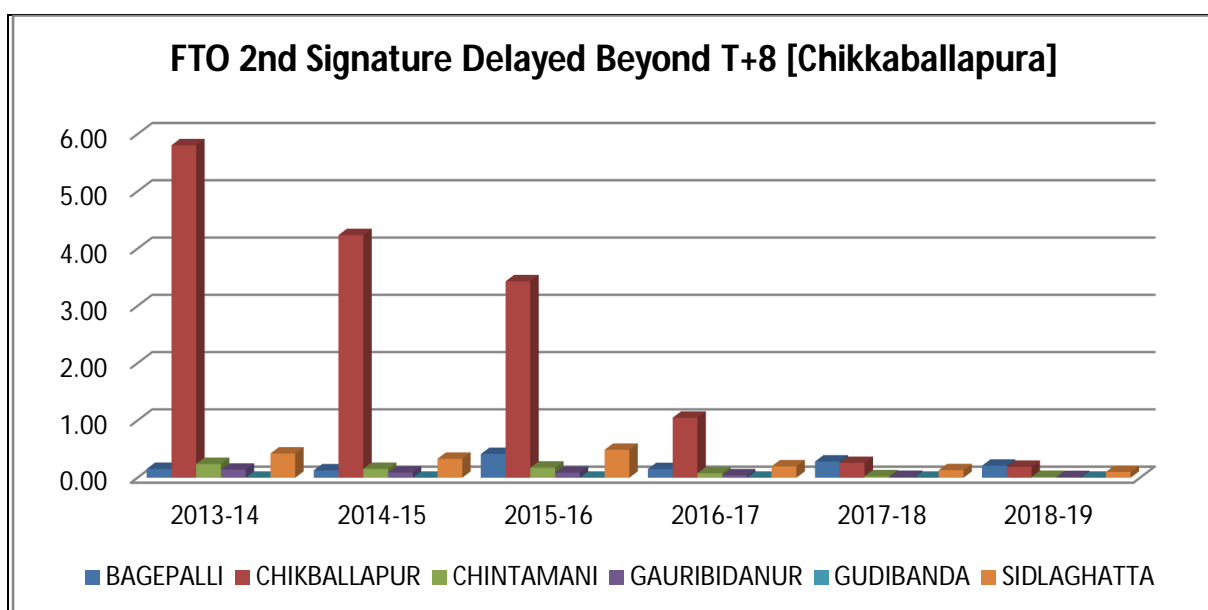
A few recommendations are submitted as part of the evaluation. If found acceptable, some of these are to be followed up with the Union Government; since the programme and especially the softwares are centrally designed and made use of. State governments may not have the freedom to modify them.

1. Notify the basis for rejecting FTOs, rejecting claims for delay compensation and unemployment allowance to make e-FMS more transparent and accountable. [Pp. 70- 72; Table 14].
2. Minimize or streamline the pre-FTO transactions so as to hasten the digital signing of FTOs. [Table 7 to 10]
3. Enable the software to generate automatic alerts of payments rejected or delayed by the Bank; compensation to be paid for delayed payment and / or unemployment allowance to workers. Such alerts should reach the GPs, and the affected workers. [Pp. 85-90; Table 19 and Figures 26 to 29].
4. Make it mandatory for the Banks to send out SMS alerts, free of costs, to indicate the status of claims submitted claims for wages, compensation and / or unemployment allowances. [Pp. 85-90; Table 19 and Figures 26 to 29].
5. MGNREGS workers are to be trained in regard to banking procedures including operating the ATMs.
6. Urgent need to upgrade the computer and software skills of DEOs and Bill Collectors. [Tables 8 to 12; Pp. 50 -576].
7. Offer incentives to PDOs to involve themselves in e-FMS work, especially skills of computers and software. Tables 8 to 12; Pp. 50 -576]
8. Institute a formal registration of grievances – whether about delay in payment of wage and material costs, or other matters pertaining to MGNREGS. [Table 22 and 24]. Grievances, once registered, should be brought under the orbit of *Sakala* programme of the Government of Karnataka.
9. Take steps to fill up vacancies at the GP, Block and District level of key functionaries, especially those dealing with e-FMS technology in keeping with the growing volume of work and varying nature of grievances. [Tables 21 and 22]

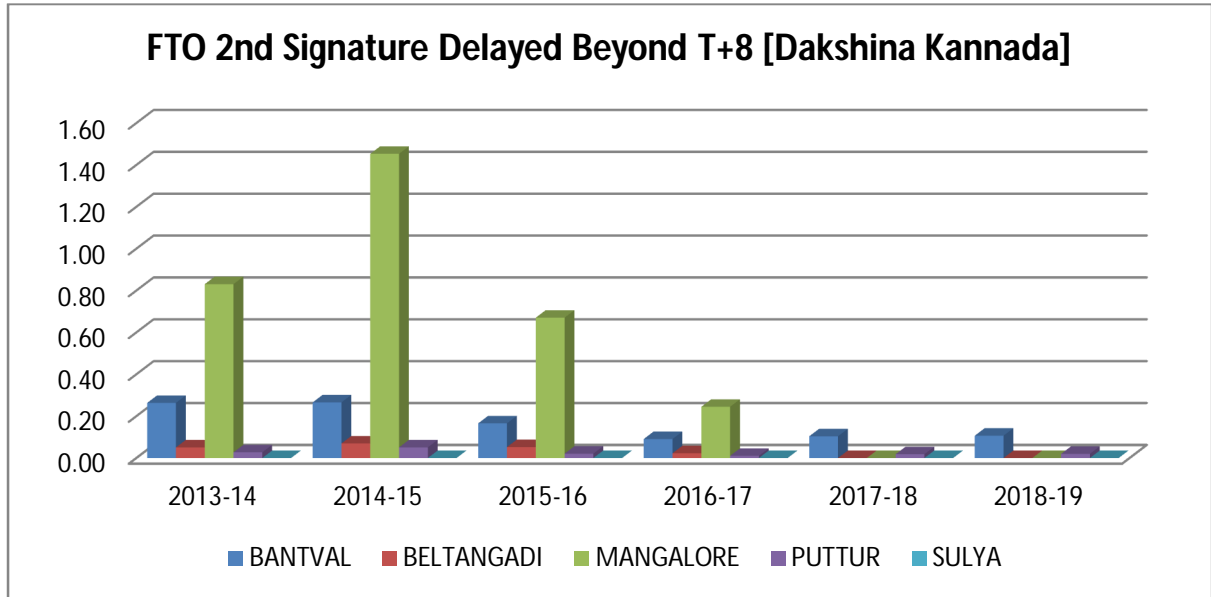
Annexure I:

Tables and Figures for Delay in Second Signatures on FTOs

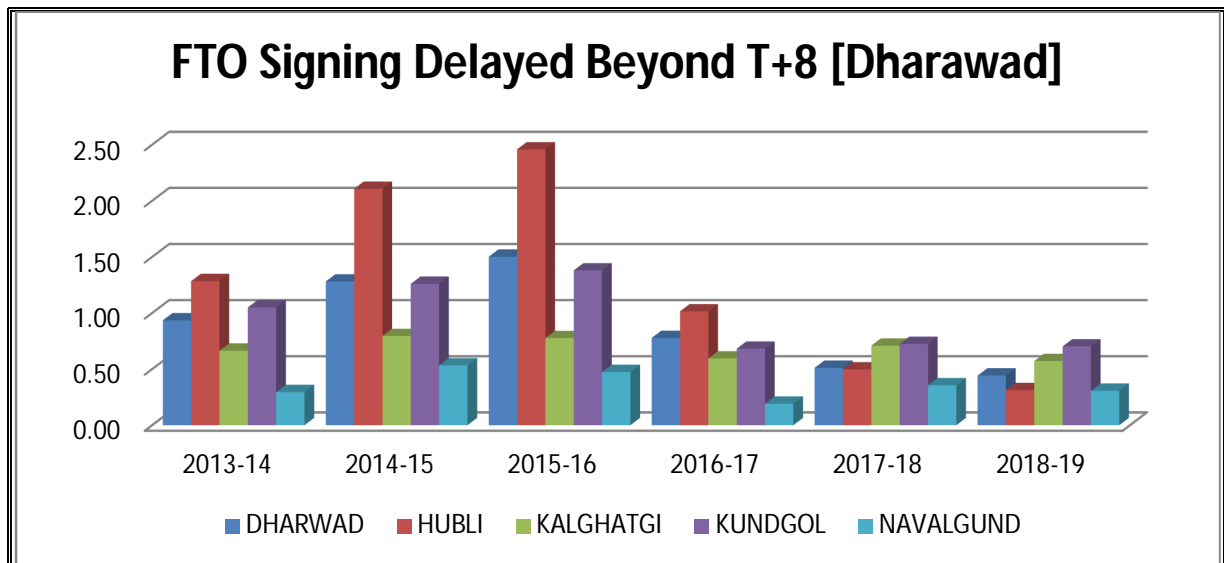
FTO Signing Delayed Beyond T+8 [Chikkaballapura District]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BAGEPALLI	0.16	0.13	0.41	0.15	0.28	0.21
2	CHIKBALLAPUR	5.81	4.24	3.43	1.05	0.26	0.19
3	CHINTAMANI	0.24	0.16	0.18	0.08	0.03	0.01
4	GAURIBIDANUR	0.14	0.09	0.09	0.04	0.02	0.01
5	GUDIBANDA	0.00	0.00	0.00	0.00	0.00	0.00
6	SIDLAGHATTA	0.42	0.33	0.49	0.20	0.13	0.10
	Total	0.51	0.38	0.58	0.24	0.12	0.09



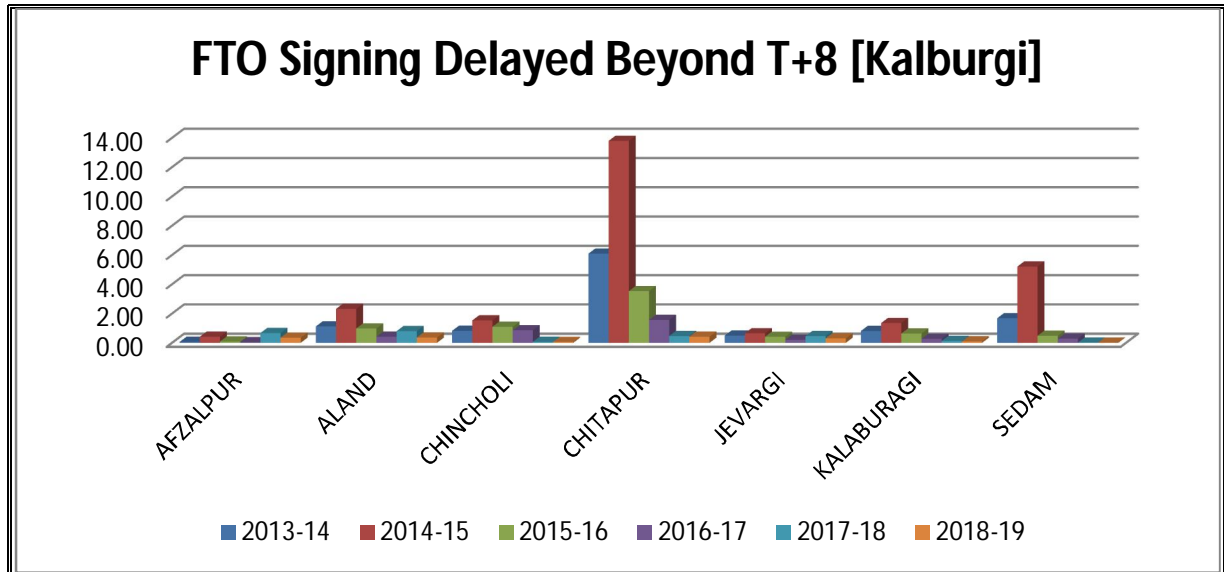
FTO Signing Delayed Beyond T+8 [Dakshina Kannada]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BANTVAL	0.26	0.27	0.17	0.09	0.10	0.11
2	BELTANGADI	0.05	0.07	0.05	0.02	0	0
3	MANGALORE	0.83	1.45	0.67	0.24	0	0
4	PUTTUR	0.03	0.05	0.02	0.01	0.02	0.02
5	SULYA	0	0	0	0	0	0
	Total	0.16	0.23	0.14	0.06	0.03	0.03



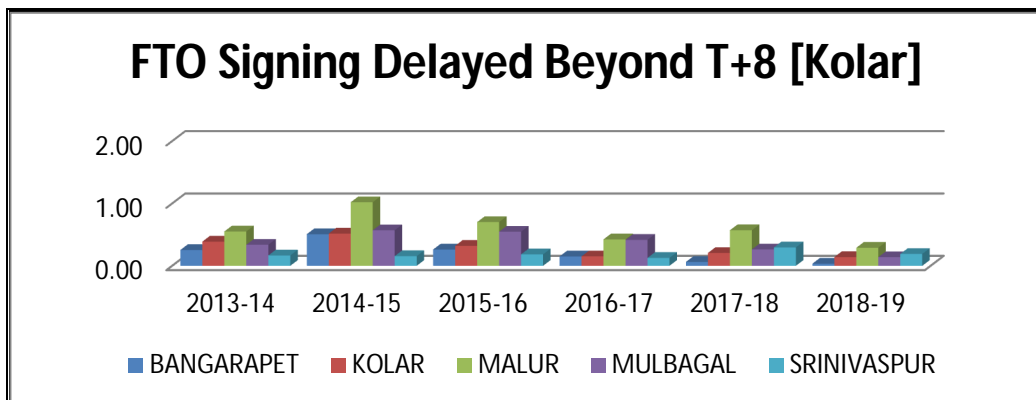
FTO Signing Delayed Beyond T+8 [Dharawad]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	DHARWAD	0.93	1.28	1.50	0.78	0.51	0.44
2	HUBLI	1.28	2.11	2.46	1.01	0.50	0.31
3	KALGHATGI	0.66	0.79	0.78	0.59	0.71	0.57
4	KUNDGOL	1.05	1.26	1.38	0.68	0.72	0.70
5	NAVALGUND	0.30	0.53	0.47	0.19	0.36	0.31
	Total	0.87	1.18	1.26	0.68	0.56	0.46



FTO Signing Delayed Beyond T+8 [Kalburgi]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	AFZALPUR	0.06	0.41	0.09	0.05	0.67	0.35
2	ALAND	1.12	2.32	0.98	0.42	0.80	0.36
3	CHINCHOLI	0.82	1.54	1.10	0.86	0.07	0.06
4	CHITAPUR	6.09	13.79	3.53	1.57	0.46	0.42
5	JEVARGI	0.49	0.65	0.41	0.21	0.46	0.31
6	KALABURAGI	0.81	1.35	0.63	0.27	0.13	0.10
7	SEDAM	1.68	5.21	0.48	0.29	0.02	0.02
	Total	1.28	2.46	1.14	0.58	0.36	0.26

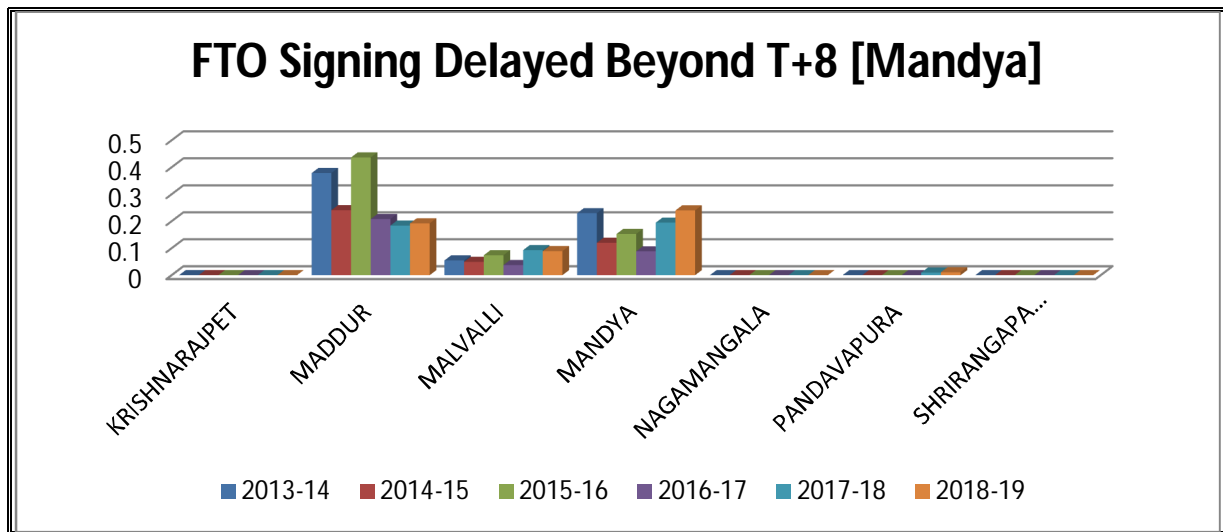


FTO Signing Delayed Beyond T+8 [Kolar]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BANGARAPET	0.25	0.51	0.26	0.15	0.06	0.03
2	KOLAR	0.39	0.52	0.32	0.15	0.21	0.14
3	MALUR	0.55	1.02	0.70	0.42	0.57	0.29
4	MULBAGAL	0.34	0.57	0.55	0.42	0.26	0.14
5	SRINIVASPUR	0.17	0.16	0.18	0.13	0.30	0.19
	Total	0.34	0.51	0.40	0.24	0.26	0.15

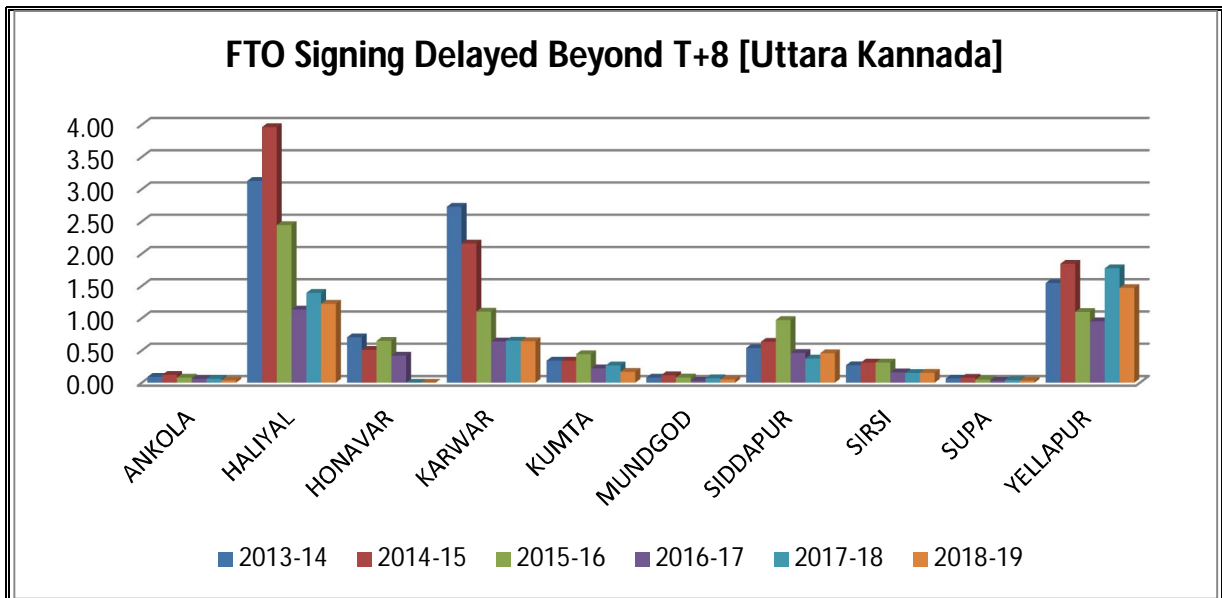


Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

FTO Signing Delayed Beyond T+8 [Mandya]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	KRISHNARAJPET	0	0	0	0	0	0
2	MADDUR	0.38	0.24	0.44	0.21	0.18	0.19
3	MALVALLI	0.05	0.05	0.07	0.04	0.09	0.09
4	MANDYA	0.23	0.12	0.15	0.09	0.19	0.24
5	NAGAMANGALA	0	0	0	0	0	0
6	PANDAVAPURA	0	0	0	0	0.01	0.01
7	SHRIRANGAPATTANA	0	0	0	0	0	0
	Total	0.10	0.07	0.10	0.05	0.07	0.08

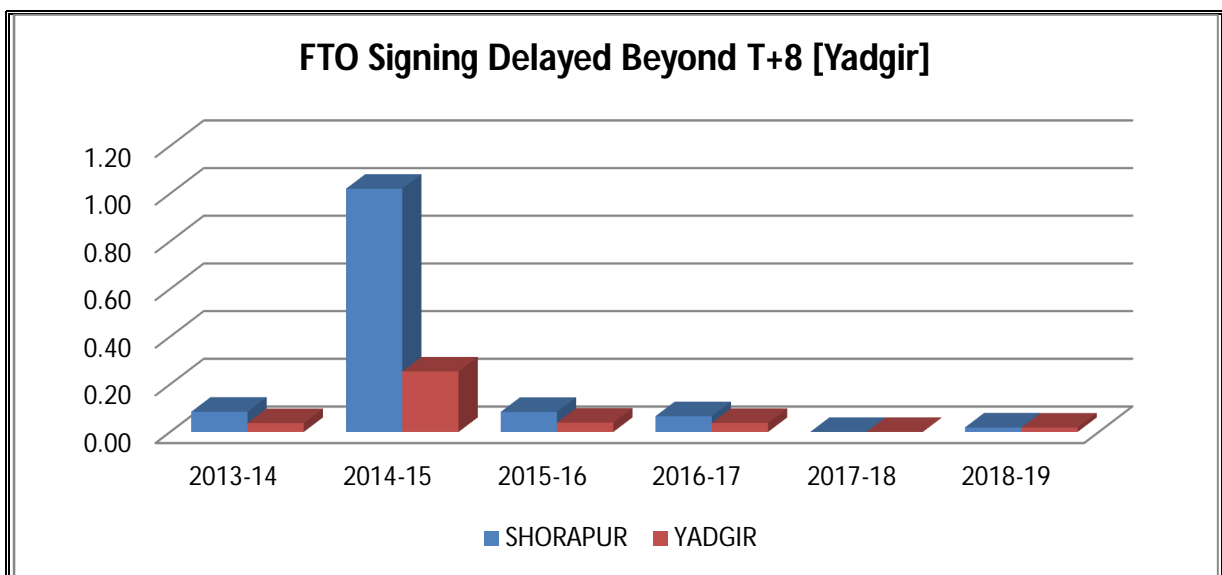


FTO Signing Delayed Beyond T+8 [Uttara Kannada]							
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	ANKOLA	0.09	0.12	0.08	0.06	0.06	0.04
2	BHATKAL	0	0	0	0	0	0
3	HALIYAL	3.13	3.96	2.44	1.13	1.39	1.22
4	HONAVAR	0.70	0.51	0.65	0.42	0	0
5	KARWAR	2.73	2.16	1.10	0.64	0.65	0.64
6	KUMTA	0.34	0.34	0.44	0.22	0.27	0.17
7	MUNDGOD	0.08	0.12	0.08	0.03	0.07	0.05
8	SIDDAPUR	0.54	0.63	0.97	0.46	0.37	0.46
9	SIRSI	0.27	0.31	0.31	0.16	0.15	0.15
10	SUPA	0.06	0.08	0.05	0.03	0.04	0.03
11	YELLAPUR	1.54	1.84	1.10	0.95	1.77	1.47
	Total	0.74	0.72	0.69	0.39	0.44	0.36



Note: The Figure does not include Bhatkal block since there had not been any delay in any of the years

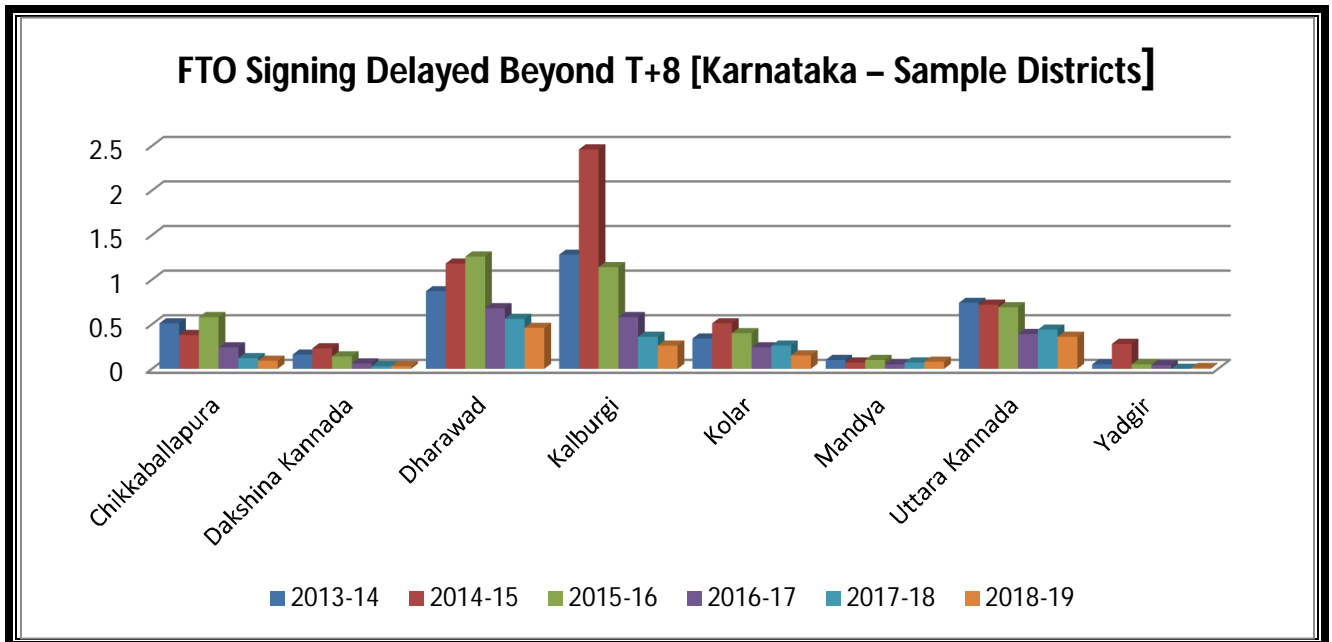
	Blocks	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	SHAHPUR	0	0	0	0	0	0
2	SHORAPUR	0.08	1.02	0.08	0.07	0.00	0.02
3	YADGIR	0.04	0.25	0.04	0.04	0.00	0.02
	Total	0.05	0.28	0.05	0.04	0.00	0.01



Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

The Figure does not include Shahpur block since there had not been any delay in any of the years

FTO Signing Delayed Beyond T+8 [Karnataka – Sample Districts]							
	Districts	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Chikkaballapura	0.51	0.38	0.58	0.24	0.12	0.09
2	Dakshina Kannada	0.16	0.23	0.14	0.06	0.03	0.03
3	Dharawad	0.87	1.18	1.26	0.68	0.56	0.46
4	Kalburgi	1.28	2.46	1.14	0.58	0.36	0.26
5	Kolar	0.34	0.51	0.40	0.24	0.26	0.15
6	Mandya	0.10	0.07	0.10	0.05	0.07	0.08
7	Uttara Kannada	0.74	0.72	0.69	0.39	0.44	0.36
8	Yadgir	0.05	0.28	0.05	0.04	0.00	0.01
	Karnataka State	0.40	0.46	0.38	0.21	0.19	0.16
	All India						



Annexure II: Landownership and Whether or Not Work as Wage Workers

Districts, Landownership and Whether Work for Wages				
District	Landownership	Work for Wages or for Self		Total
		Not for Wage	For own and wages	
Chikkaballapura	Landless	58.78	41.22	148
	Up to 0.20 Ac	73.33	26.67	15
	0.21 to 1.00 Ac	45.98	54.02	87
	1.01 to 2.50 Ac	51.16	48.84	172
	2.51 to 5.00 Ac	53.27	46.73	107
	5.01 to 10 Ac	47.37	52.63	19
	10.01 Ac and Above	100.00		2
	Total	53.45	46.55	550
Dakshina Kannada	Landless	38.10	61.90	21
	Up to 0.20 Ac	42.25	57.75	142
	0.21 to 1.00 Ac	48.97	51.03	194
	1.01 to 2.50 Ac	46.95	53.05	311
	2.51 to 5.00 Ac	44.07	55.93	118
	5.01 to 10 Ac	27.27	72.73	11
	10.01 Ac and Above	50.00	50.00	4
	Total	45.69	54.31	801
Dharwad	Landless	44.44	55.56	36
	Up to 0.20 Ac	100.00		3
	0.21 to 1.00 Ac	33.33	66.67	6
	1.01 to 2.50 Ac	35.09	64.91	57
	2.51 to 5.00 Ac	23.91	76.09	184
	5.01 to 10 Ac	34.13	65.87	126
	10.01 Ac and Above	50.00	50.00	10
	Total	31.52	68.48	422
Kalaburgi	Landless		100.00	625
	Up to 0.20 Ac		100.00	2
	0.21 to 1.00 Ac		100.00	21
	1.01 to 2.50 Ac		100.00	100
	2.51 to 5.00 Ac	17.54	82.46	114
	5.01 to 10 Ac		100.00	30
	10.01 Ac and Above	100.00		3
	Total	2.57	97.43	895

Evaluation of Impact of Wage and Material Payments to the Beneficiaries (Labourers & Suppliers) through e-FMS since Inception of the System under MGNREGA in Karnataka.

District	Landownership	Not for Wage	For own and wages	Total
Kolar	Landless	71.91	28.09	89
	Up to 0.20 Ac	77.27	22.73	22
	0.21 to 1.00 Ac	93.33	6.67	60
	1.01 to 2.50 Ac	83.33	16.67	108
	2.51 to 5.00 Ac	67.24	32.76	58
	5.01 to 10 Ac	50.00	50.00	14
	Total	77.78	22.22	351
Mandya	Landless	51.90	48.10	79
	Up to 0.20 Ac	53.33	46.67	30
	0.21 to 1.00 Ac	42.86	57.14	42
	1.01 to 2.50 Ac	31.48	68.52	54
	2.51 to 5.00 Ac	48.48	51.52	33
	5.01 to 10 Ac	66.67	33.33	3
	10.01 Ac and Above	62.50	37.50	8
	Total	46.18	53.82	249
Uttara Kannada	Landless	56.41	43.59	117
	Up to 0.20 Ac	41.43	58.57	140
	0.21 to 1.00 Ac	33.33	66.67	183
	1.01 to 2.50 Ac	37.91	62.09	211
	2.51 to 5.00 Ac	28.13	71.88	64
	5.01 to 10 Ac	38.46	61.54	13
	10.01 Ac and Above		100.00	2
	Total	39.45	60.55	730
Yadagir	Landless	59.72	40.28	72
	Up to 0.20 Ac		100.00	1
	0.21 to 1.00 Ac	71.70	28.30	53
	1.01 to 2.50 Ac	37.40	62.60	123
	2.51 to 5.00 Ac	45.71	54.29	35
	5.01 to 10 Ac	73.33	26.67	15
	10.01 Ac and Above	50.00	50.00	4
	Total	51.49	48.51	303

Annexure III: Employment Demanded, Offered and Actually Worked – Sample Districts and Karnataka

Employment Demanded, Offered and Actually Worked (%)										
Years	Districts	persons Demanding Work	Employment Offered	Persons Actually Worked	HHs Completed 100 days of work	Years	persons Demanding Work	Employment Offered	Persons Actually Worked	100 days of work
2013-14	Chikkaballapura	29.45	98.54	54.25	3.75	2014-15	29.20	96.73	71.05	2.97
	Dakshina Kannada	28.55	99.41	92.90	4.16		20.73	98.94	92.10	3.05
	Dharawad	47.24	99.78	70.05	9.47		39.62	98.07	79.20	5.58
	Kalburgi	40.10	99.63	63.23	9.03		26.45	97.36	60.37	4.56
	Kolar	27.67	99.20	84.89	11.82		22.51	96.77	83.13	6.50
	Mandya	24.77	98.73	86.03	5.53		36.07	97.82	64.89	0.81
	Uttara Kannada	22.09	98.89	89.68	2.10		18.69	97.13	82.93	1.44
	Yadgir	46.32	99.86	61.90	8.37		11.61	98.17	51.32	0.96
	Karnataka	35.41	99.49	72.51	8.12		28.85	97.65	71.67	3.78
2015-16	Chikkaballapura	26.76	95.18	54.87	6.22	2016-17	38.48	94.18	73.81	7.52
	Dakshina Kannada	20.60	98.76	91.14	3.50		26.38	97.98	93.09	2.33
	Dharawad	37.41	96.99	75.59	10.74		38.74	96.89	78.90	10.94
	Kalburgi	212.96	95.58	76.34	10.48		56.60	96.43	78.71	7.03
	Kolar	31.70	96.64	80.55	20.79		30.88	93.76	76.04	8.06
	Mandya	19.01	95.74	69.82	4.10		26.98	94.63	80.42	5.76
	Uttara Kannada	20.53	97.38	84.54	6.76		27.08	97.26	85.71	5.34
	Yadgir	20.29	97.61	78.40	7.80		199.57	97.47	82.66	7.68
	Karnataka	30.33	96.91	72.25	10.76		44.27	96.83	81.01	10.80
2017-18	Chikkaballapura	26.86	93.37	75.43	1.79	2018-19	28.58	93.79	80.08	9.97
	Dakshina Kannada	22.53	97.94	94.42	3.32		20.02	97.80	94.37	4.11
	Dharawad	28.03	93.54	83.22	0.34		25.33	93.64	84.87	2.99
	Kalburgi	28.69	93.56	74.04	3.52		30.15	92.47	78.49	6.10
	Kolar	26.00	91.40	77.74	0.65		28.88	91.95	84.46	15.56
	Mandya	26.96	94.23	85.83	0.43		23.27	95.12	88.56	5.94
	Uttara Kannada	22.82	97.47	84.59	0.87		20.96	98.46	87.94	3.48
	Yadgir	35.77	95.95	83.62	2.42		25.82	96.32	89.05	5.62
	Karnataka	34.10	95.66	84.15	1.58		31.32	95.29	85.54	10.04

Annexure IV: Delay Compensation Eligible, Paid and Reasons for Rejection (Sample Districts)

Chikkaballapur	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	Delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation on not due	Other			
2013-14	850674	0.04	0.03	93.53	6.40	99.89	0.00	
2014-15	8109374	0.00	0.07	57.43	42.50	99.92	0.00	
2015-16	2023896	0.00	1.63	97.18	1.19	99.85	0.00	
2016-17	3975872	0.00	0.03	98.94	1.03	100.63	0.00	
2017-18	868629	0.07	1.32	98.59	0.02	98.61	0.10	
2018-19	1561276	16.17	0.02	83.81	0.00	95.22	0.00	

Dakshina Kannada	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation on not due	Other			
2013-14	316570	0.67	20.66	55.84	22.83	100.00	0.00	
2014-15	1407408	0.00	6.62	2.07	91.31	99.98	0.00	
2015-16	530049	0.00	10.14	18.09	71.76	99.99	0.00	
2016-17	361943	0.00	2.99	26.87	70.14	100.00	0.00	
2017-18	234207	0.00	18.45	60.44	21.11	98.73	0.00	
2018-19	565603	0.08	69.89	30.03	0.00	3.96	0.00	

Dharwad	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation on not due	Other			
2013-14	1250609	11.02	0.15	46.02	42.81	98.80	0.00	
2014-15	15046783	0.76	0.02	14.40	84.82	100.01	0.00	
2015-16	8174215	0.03	0.04	42.74	57.20	99.73	0.00	
2016-17	6738120	0.10	0.01	5.02	94.87	100.06	0.00	
2017-18	874205	1.59	17.92	63.92	16.57	99.55	0.00	
2018-19	1874738	0.00	0.11	99.89	0.00	66.11	0.00	

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Annexure IV: Contd

Kalburgi	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation not due	Other			
2013-14	12471299	0.00	0.87	17.58	81.55	100.03	0.00	
2014-15	20226348	0.00	1.11	8.35	90.54	100.14	0.00	
2015-16	6184545	0.15	30.38	30.20	39.27	99.80	0.00	
2016-17	10573206	0.12	15.15	47.38	37.35	100.06	0.00	
2017-18	2006797	2.37	24.57	42.30	30.76	99.87	0.00	
2018-19	7045924	0.31	62.77	36.92	0.00	29.07	0.00	

Kolar	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation not due	Other			
2013-14	6257434	5.51	27.71	45.21	21.57	99.97	0.00	
2014-15	9696359	0.41	18.60	33.78	47.21	100.06	0.00	
2015-16	10027185	0.10	17.05	75.15	7.70	100.04	0.00	
2016-17	8724193	0.05	1.08	90.09	8.78	101.09	0.00	
2017-18	1471609	0.47	0.08	97.01	2.43	100.58	0.00	
2018-19	2643998	0.00	1.78	98.22	0.00	76.46	0.00	

Mandya	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insufficient Fund	Natural Calamities	Compensation not due	Other			
2013-14	6153598	1.97	0.01	49.28	48.74	100.02	0.00	
2014-15	12118667	3.90	0.04	10.98	85.09	100.05	0.00	
2015-16	4615631	1.48	0.03	21.27	77.23	99.99	0.00	
2016-17	11086443	0.00	0.05	43.16	56.79	100.08	0.00	
2017-18	583360	0.00	0.02	90.71	9.27	97.87	0.00	
2018-19	2149144	0.00	0.03	99.97	0.00	37.18	0.00	

Uttara Kannada	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insuffici ent Fund	Natural Calamiti es	Compen sation not due	Other			
2013-14	3537974	43.46	0.02	45.21	11.32	99.90	0.00	
2014-15	4643540	17.46	0.51	8.15	73.89	96.22	2.68	
2015-16	1625189	7.09	0.07	26.92	65.91	96.12	2.54	
2016-17	1113250	0.00	0.25	29.94	69.81	70.60	22.25	
2017-18	247493	0.23	12.90	79.46	7.40	83.42	6.92	
2018-19	1104787	0.86	0.15	98.98	0.00	45.90	0.03	

Yadgir	Payable (In Delay Days)	Rejection Reason(In Days)					Total Rejected Days	delayed compensation Paid [In Rs.]
		Insuffici ent Fund	Natural Calamiti es	Compen sation not due	Other			
2013-14	11846194	0.02	0.04	68.45	31.50	100.00	0.00	
2014-15	10884455	9.52	0.00	48.85	41.64	100.02	0.00	
2015-16	3881704	0.00	0.90	64.38	34.72	99.91	0.00	
2016-17	6671665	0.75	0.21	32.29	66.75	100.71	0.00	
2017-18	1359018	0.02	0.12	74.84	25.02	99.68	0.00	
2018-19	1608977	0.00	0.00	100.00	0.00	19.82	0.00	

Annexure V: List of Reference

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