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Use of Modern Technology in Rural Development – A case study of National Rural Employment Guarantee Scheme (NREGS) in Odisha

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Abstract

Government of India like other governments has been facing the problem of unemployment. During its course of independent existence, it has charted out various schemes to eradicate the same. In the course of the study we trace some of these schemes and land up at the most popular and mass scheme of its time i.e. National Rural Employment Generation Scheme (NREGS). This is the first of its kind as it attaches a legal framework to the aspect of employment, limits machinery and contractor usage and typically promotes works affecting the environment. In all, it's a scheme where we have the beneficiaries working for their own benefit in the long run. It's in fact has government evincing strong interest in improving the livelihood of the rural masses. With a predominant rural population and the policy makers plagued with the fundamental problem of migration; this scheme theoretically seems to be the perfect solution provider. Given the size of funds allocated and the number of stakeholders involved; it becomes very important that a study is made to suggest procedural changes and bring out flaws, if any. It has been facing many a problems. Some of the problems are inherent in the very nature of the scheme itself; some generated during the course of it and some courtesy the people involved in the same. The problems are discussed at length in the present study. Each of them is dissected to find out the root cause, the problems are described and ultimately suggestions are made for each of them.

We arrive at the benefits to the rural masses, who actually work, both the societal and financial benefits, benefits to the government in terms of easy monitoring, identifying accountability and financial management and lastly benefits to the local statutory authorities in terms of easy monitoring and generating goodwill. The paper draws importance because of the usage of technology. It is one stopover for generating social upliftment in rural India. In a country like India where social upliftment is linked closely with financial gains, the technology suggested is not out of place. In Odisha particularly, the backwardness has always been a perennial constraint in further development. But courtesy this, the state has a chance to showcase to the entire country about the maturity and seriousness in its thinking process; ultimately aimed towards not only optimum usage of Central Government's funds but also quick progress in the desired rural development. Smart card (the paper discusses) has been used for various purposes. But in this paper the authors describe the usage of it in a manner suited to the typical processes under NREGS. Charity and no free lunches are possible; financial(s) with receivable cash flows are also described to generate viability for the entities involved.

Key Words: Five year Plan, Right to Information, Below Poverty Line, Block, KYC, Non frill account, Financial inclusion, Banking Correspondent.

I INTRODUCTION

It has been observed that rural development is the only way of development which can take off India from developing state to developed state. For this, Government of India has been introducing various rural development schemes/plans during five yearly plan periods since independence. Only introduction of any plan/scheme is not the end; its successful implementation is the right approach to achieve the targeted goal. Introduction of National Rural Employment Guarantee Scheme (NREGS) in tenth plan, through parliamentary act is one of the big such scheme which is operational till date in all part of India. Now question arise whether this most alluring scheme is in right process of implementation or it require more monitoring for its successful implementation. The present study is an attempt to see the lacunae of implementation of the scheme at grass root level, say, Block and Panchayat level and suggest policy measures to enhance the quality of applicability of the scheme.

1. Briefing up of few rural employment generation initiatives of Government of India

As per the 2001 census, India had a population of 742.6 million residing in rural India, which is 72.2% of the total population. This figure has shown a growth of 114 million within a span of ten years (based on 1991 Govt. of India census). The sheer size of the population makes it the single largest unclassified community by all measurements in India. Needless to say successive governments have always tried to address this group while taking policy decisions. Agriculture has been the primary source of income for this class. With the growing incomes in the urban lands and with a view to control migration of population from the rural segment to the urban areas, we have had various rural-development schemes initiated by the Central Government from time to time. Most of these schemes revolved around social and financial upliftment of the rural

masses through increased avenues of employment and augmenting the levels of employability. Odisha being one of the less developed states of the country also had the benefit of getting funds under the same. Since we are talking specifically for the state of Odisha, a pointer towards statistics would not be out of place. As per the same census, Odisha had a population of 36.80 million with a rural population of 31.28 million (85.01%); indicating clearly that the percentage is much higher than the national average.

Coming to the aspect of rural-employment generation schemes / rural development projects undertaken by successive central governments as mentioned in the above paragraph, it may be mentioned that this aspect was the most important content of each of our Five Year Plan. The Plan wise important initiatives in this regard are shown in Table-1.

2. Genesis and detailing out of NREGS in general

As has been described earlier, various employment schemes have been in vogue in India. However this particular scheme is different because of the following reasons:

i. According to legal framework:

a. It provides legal guarantee of 100 days of work to every rural household

b. There is a clause for un-employment allowance if one is not provided employment

c. It is demand-driven rather than supply-driven.

ii. This is also unique for another reason that it promotes those works in the villages, which involves conservation of nature and natural resources, checking de-forestation, promoting water conservation, minor irrigation works, designing earth / mud dams, flood control activities and

tree plantation are some of the many activities being targeted under this scheme primarily across the country.

iii. Implementation: At the grass root level, the identification of the workers is done by the village *panchayat*. The data with regards to their identification, the job allotted and the working days elapsed is recorded in a data sheet called job card. Government of India has also recognized this as an identity proof also. It may be noted here that the job entrusted calls for un-skilled manual labour only.

The wages to the workers may be paid on a daily basis or on completion of the project depending on the duration and the number of people involved. Given the legal binding of this scheme, the wages are paid as per the local state government rules. It cannot be paid less than the said level (minimum wage rate) of the respective state. Since the intention of the government is to raise the livelihood of rural masses through employment generation, two things are particularly taken care of namely:

- a) cost of the material(s) involved in any project should not exceed more than 40% of the total project outlay and
- b) no contractor will handle the project.

As a countercheck measure, the District Planning Coordinator along with the officials of the village panchayat have to certify the quantum and nature of project undertaken. This would be frozen annually once for all record purpose. This data falls under the ***Right To Information Act*** and any person from the public can check it at any point of time by making the necessary official request(s).

The flow of implementation of the scheme is given in Flow Chart 1 depicted in Fig-1

Table-2 shows the present scenario of implementation of NREGS in Odisha. It shows that total 9913 no. of works of various kinds have been completed up to the end of 2009-10 financial year involving an expenditure of INR 2,710.41 lac. It has been observed that the major initiatives taken in creating infrastructure like rural connectivity, renovation of traditional water bodies like ponds, tanks, etc and water conservation and its harvesting. Importance lies with other aspects also as mentioned but emphasis has not been given so far.

In Table-3 we have shown the ongoing and suspended works during 2009-10 financial year which have been shifted to Financial Year 2010-11. It has been observed from the said table that number of works in rural connectivity such as roads, bridges, culverts etc. have been given importance followed by renovation of traditional water bodies and water harvesting. In ongoing process stress has also been given to provision of irrigation facility to land development.

Table – 4 shows employment generation under the scheme during financial Year 2010-11 up to August 2010. If we want to know the job aspirants it will certainly show that it is very high. Cumulative number of household registered is 58.63 lac where as job card holders are 57.96 lac and cumulative person days generated is 422.90 lac. It is strange to note that only 31,585 households completed the 100 days of work where as households registered with job cards is 57.96 lac. 0.54% is absolutely by any standards. The reason for this low percentage has been delved in detail in the course of the paper.

II APPLICATION OF THE SCHEME

The actual process flow and implementation at the grass root level needs to be studied in detail. Since the financials and number of stakeholders involved are huge, it becomes all the more important that we study the process to find out flaws if any and also to suggest any procedural changes required to streamline the process.

1. The present process flow of disbursement of funds in Odisha

Central government is the chief sponsorer of the program. The funds are allocated to each and every state in terms of works being undertaken and the projection of work that has been done. The block for the entire village panchayats under it collates the data with regards to the details of the various projects. The block's data are collated and the districts data is made and all the districts data are collated for arriving at the state's figure. In Odisha, Department of Panchayati Raj is the nodal department for the said project. A Secretary heads the department. We have a position called Director (Special Projects) who is in charge of the said scheme under department of Panchayati Raj.

The process flow in details is as follows:

- a. The local Panchayat Office / Block Development Officer chooses the number of project that would be done in the villages coming under a particular panchayat. The said project is sent for the approval of the collector who is the project director for all projects of a district. Here we already have Information Technology playing a role. The project is submitted online and the approval from the collectorate is also obtained on line. A specific code is generated for each project.

The job code is allotted after Technical sanction & Financial sanction (TSFS as they call it) has been provided.

- b. It is presumed that job cards have been allotted apriori. This is allotted to all adults in a household after getting the certificate from the village Sarpanch.
- c. The Junior Engineer makes the financial estimate of the said project(s). This would have been made earlier also while submitting the panchayat-wise demand for financial sanction the previous year but it has to be re-visited for the sake of inflationary / any other financial changes within a year.
- d. After the necessary approval(s), the announcement of the said program is made across villages and job-card holders are invited to participate in the said project. A list of interested people is drawn by the village officials those who register. The people who apply is also registered against the specific code as mentioned in point **a**. This information is also uploaded in the website of the scheme which is visible to the national decision makers as well as that of the state.
- e. The data entry of the interested people that we are talking about is done manually. The process involves signing of a muster-roll sheet by each of the interested labourers. The village chief also verifies the same. The progress of the work requires daily monitoring, updating of man-days / work-in-progress in the muster-roll data.
- f. An edifice is created on the spot where the actual work takes place detailing the name of the project, number of people involved, cost of the project and the duration of the project.

- g. Job commences and the work is regularly monitored and involvement of the requisite labourers is also checked and processed.
- h. The attendance of each and every day is maintained physically by the supervising officials who are basically the block / panchayat level officers.
- i. Payment is done every eighth day for the entire work done till that day. This is as per the records submitted and updated by the officials. However practically, no such payment(s) actually takes places. All payments are done only after the completion of the project. The site for the scheme is updated every eighth day stating that the payments has been made on a work-in-progress basis. A rough estimate is made with regards to the financials and the physical work done and it is entered in the system.
- j. After the due completion of the work, the physical verification is done. The engineer as mentioned in point c, verifies the physical completion of the work.
- k. Final payment to all the participants is done only after the completion of the work. Sufficient time delay takes place due to data entry in the system, certification of the junior engineer getting the due clearances and final approval of the collector and subsequently the advice reaching the block level.
- l. Upon the completion of all the processes mentioned above, the payment is issued in the form of cheques signed by the Block Development Officer and handed over to the village Sarpanch for onward delivery to the beneficiary villagers. These villagers have to go to the issuing bank, as these are bearer cheques where each of the beneficiaries has to be present in the bank to withdraw the money. The entire payment is handed to them in cash individually.

The typical time lag between the physical completion of the project and actual receipt of payment by the beneficiary is about 60 days.

2. The flaws involved in the present process flow; attaching a time line to some flaws

- a. Allocation of job card (as mentioned in Section **II-1-(b)** above) is done on the basis of certificate from the Sarpanch. Let us understand that the issuance of a job card and subsequent usage of it entails financial transactions so due seriousness ought to be provided to the same. We have cases where minors have been given job cards. Know Your Customer (KYC) checking as is done by a bank is not done while preparing the job card. There are many fake cards in the system also which have been fished out courtesy the certificate provided by the Sarpanch. We also have cases where people long dead are still alive courtesy job-cards issued in their names, which are used by some other people.
- b. The data entry of each of the entries as mentioned in point **Section II- 1- (d), (g) and (h)** above calls for involvement of manpower for making entries and be ready for data fetching as and when demanded. This results in unnecessary delays in recording the actual completion of work. *Say, a work is for 25 days, the data collation may take place after 10-12 working days. This delays the payment process too. Needless to say any process involving manual intervention may warrant manual error as well as entail a degree of corruption.*

Now the degree of corruption is to be argued in a bit detail with this particular aspect. When we do have manual entry there are chances of influential people making more number of days irrespective of whether they have worked or not. There have been instances of people just being present in the rolls while getting enrolled and then they are seen next in the queue for

getting the wages paid; all these involving serious connivance with the government officials with pass backs (*jugaad* is a word which is doing the rounds in the West) involved across levels.

- c. The individual details are taken care of, however, the system has no control or check for the other family members of any individual. There are chances that a family might end up getting more than 100 days of employment violating rules of the scheme.
- d. The financial irregularity with regards to beneficiary payment starts as started in **Section II (i)**. The very objective of the project is to ensure regular payments to the beneficiaries. The act also calls for regular payment. As we discussed earlier, this Act also has a legal backing. Despite this, actual problems do occur in handling disbursements. This payment is practically not done.
- e. The ultimate aim of the entire project is to generate employment during the lean period of employment i.e. during the gap between the two seasons of cropping. When we talk of employment, we mean the earnings, the income to the persons actually involved. However, there is a sufficient amount of delay in receiving payments by the beneficiaries. We have to get into the nitty-gritty of it. The problems associated with this particular aspect is manifold:
 - i. The disbursement of the payments is in the form of bearer cheques and not through cash which is the mode in which the labourers / beneficiaries want their money.
 - ii. The actual distance of the bank's branch from the point of work is typically far off. In a rural area, the reach of the bank is pathetic despite

the various initiatives of Reserve Bank of India. We are discussing **Financial Inclusion** because of this problem of reach. *In the case of Chhatrapur where we did our actual study, the bank where the funds/accounts of NREGS for Chhatrapur block are parked is 14 kms from the place of work.* The beneficiaries have to slog this distance shelling out atleast INR 100 towards the cost of transportation; besides they have to waste a whole working day.

- iii. The branch of the bank where the cheques are drawn is typically a rural branch. The branch has to be given prior notice so that the requisite quantum of cash is arranged for. A typical project would have a disbursement of INR 20-22 lac. They may or may not entertain the beneficiaries if they do not have cash. *There have been instances where irate beneficiaries have caused damage to the property of the bank's branch.*
- iv. These problems coupled with the delay in verification of the final report results in the beneficiary receiving the payments around **60 days form the actual completion of the job.**
- v. The procedure does not involve foolproof checking of the identification of the beneficiaries.

III A Proposal

At the central level, government is very keen to continue the project. It wants to add more and more beneficiaries into the system. However the flaws mentioned above at the grass root level can severely deter the further prospect of government's motive. It is highly recommended that these are addressed immediately and necessary checks are put in place so as to mitigate any further occurrence of the said or newer problems.

1. Proposed method of disbursement

The methodologies described above and the problems associated with each are typical to each and every state of the country. Each nodal officer (Collector in the case of Odisha) tries to find out the best possible way of doing away (read reducing) the problem. Various efforts that have been used are as follows:

- a. Opening up of the scheme account with post-offices along with the beneficiary accounts. Post-offices have a better spread than banks in rural India. They have their own savings bank system. This reduces the distance factor to some extent but the problem of handling out / disbursing cash remains.
- b. Not only post-offices but banks branches were also used to open no-frill accounts of the beneficiaries. But this led to complicity in account management and reconciliation for the state government as no single bank covers the entire geographical spread of a block. When one bank catered to a part of the area, another bank catered to another part of the block. Besides this, the cash handling as mentioned above was also a problem. Another fundamental problem associated

with no-frill accounts is the *no-frill services*. The banks are least bothered about servicing or addressing the queries / requirements of these clients.

- c. The state machinery is used to transport cash to the requisite branch on behalf of the bank. This reduces the cash problem of the respective branch, however, it does not take care of the identification / wrong credit to any beneficiary. This is not a foolproof method as this cannot be handled by the government officials every time; there are many projects running under a Block Development Officer's jurisdiction making it impossible to cater to all.
- d. Engage one senior person of the village to liaison with the bank officials for quicker arrangement(s) of cash.
- e. Giving top priority to the project sanction, approval for payment and final certification of all projects under NREGS. The Collector has multitude functions but this one is given priority. This reduces the total delay to some extent but cannot help in mitigating the cash arrangement and disbursement problems.

However, as is evident, despite the interest of the people involved, the payment is delayed. So we have to go beyond the traditional mode of thinking and doing things.

The proposed scheme involves the smart use of technology. We are talking of smart use of technology for:

- a. Electronic disbursement of funds
- b. Linking of relevant information to NREGA server

c. Online monitoring of day-to-day progress

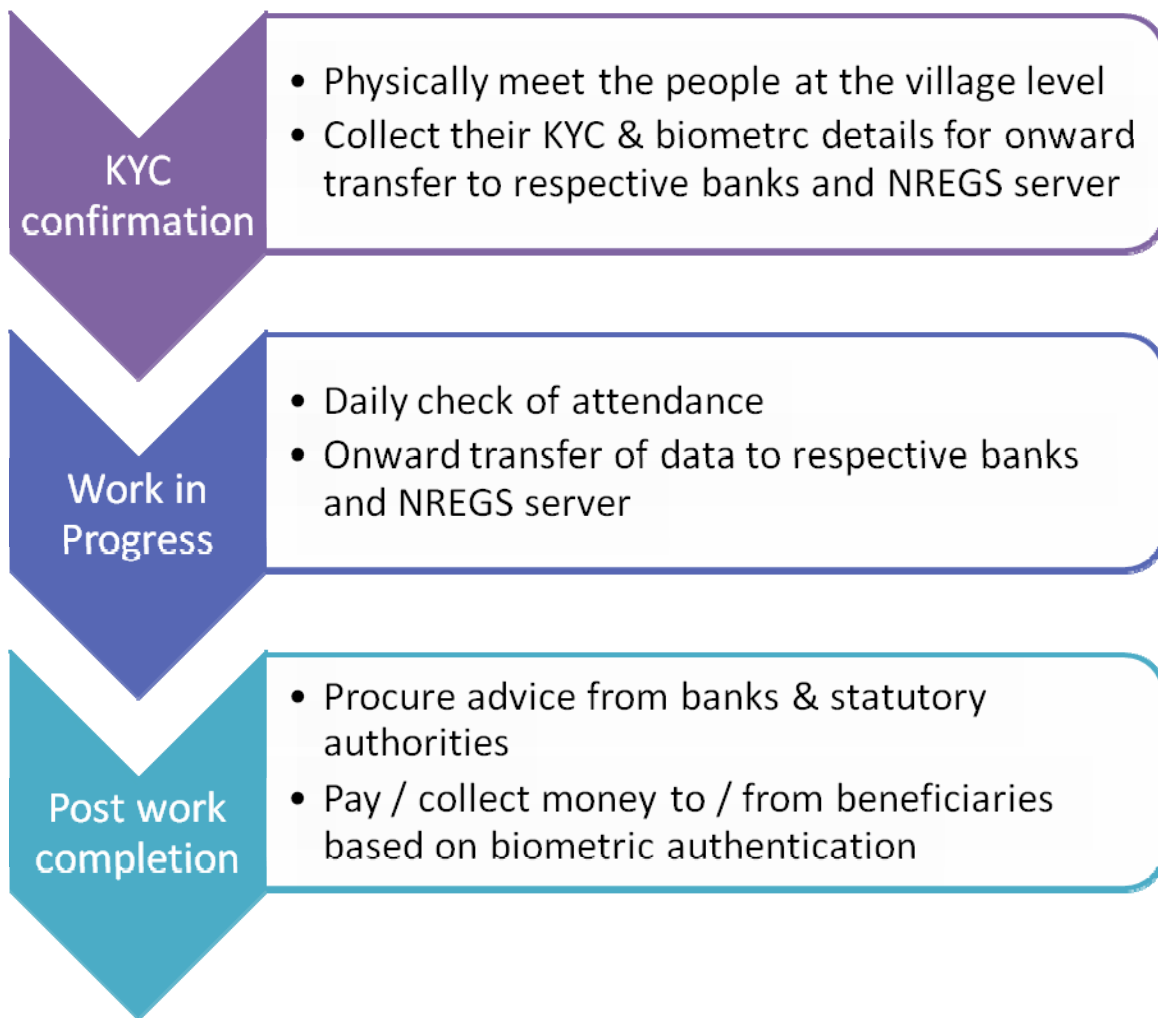
The **Committee on Suggesting a Framework on Electronic Benefit Transfer** has proposed a framework towards the first part (April 15-2008). It may be noted that any use of technology and development of a subsequent sustainable model in this segment has certain nuances and requirements, which needs to be taken care of. The following points are noteworthy;

a. The model should address the problem of geographical spread.

b. The model should be financially attractive for any entity which takes over the same; government / statutory implementing bodies should not enforce charity or corporate social responsibility as the garb for undertaking this project. The scale of operations / model should either have a regular profit (on a mutually agreed transparent manner as the entire investment would be routed through the government's corpus) or have a model wherein profit is reaped on a long-term approach either on scale or through quick-brokeven or any other complex fuzzy logic / framework / model. This suggestion is made keeping in mind the long term running of the project and usage of the best people, best system and the best technology for the same. It is for sure that in this world of business, any entity who undertakes the usage of technology and relevant people should have a recurring inward cash flows atleast for few seasons.

c. It should encompass the typicalities of the complex transactional requirement of the general rural masses who are un-educated, do not know much of banking but the right to speed of transaction(s) is as high as that of any other urban community / individual. The system used also should be scalable to accommodate multitude number of beneficiaries.

The proposed model involves usage of handheld devices with GPRS enabled connectivity. A schematic representation of the device is attached below. This would act as a connector to information held in distant server of banks. This is to be used by **Banking Correspondents (BCs)** hired by the approved banks. The role of Banking Correspondents is as follows:



Schematic representation of the work flow of a BC

The model encompasses this indirect route through banks primarily because of two reasons namely

a. There is involvement of delivery and deposit (read handling) of public money which requires statutory sanction from the regulators.

b. There is a set of rules already existing for the banking sector in India; routing the system through banks does not entail establishing fresh set of rules.

The detailed process flow is as follows:

a. The bank, which is chosen by the Department of Panchayati Raj in joint consultation with Reserve Bank of India, has to choose a Banking Correspondent (BC) to handle the process. They would be the extended arms of the respective bank. The nearest branch (from the place of work) of the bank would be the nodal branch for the respective BC. The BC would be directed by the official(s) of this branch for handling the project(s) being handled close to the branch.

The important names providing technical consultancy in this line are FINO & ALW.

b. The Banking Correspondent has to first identify the villages where the projects are going to come. They would have to cover the villages and check out the exact details of the job cardholders. A thorough KYC check needs to be done for all the individuals. The bank officials can guide the BCs to check out and record specific demographic aspects of the individuals. KYC check is required to open bank accounts.

c. This seems to be a typical thing which was earlier being done anyway by the bank official(s) when the beneficiaries used to approach them for opening no-frill accounts as mentioned earlier. The technical aspect comes in the form of record of thumb impressions and the images getting embedded in a chip based smart cards. These smart cards are compatible to the handheld devices.



A sample biometric smart card reader; note the card punching place, the GPRS connector and the thumb reader.



A sample biometric smart card; note the chip and the details mentioned

d. The smart card is issued to the beneficiaries upon proper KYC check and the fingerprint details are permanently stored in the chip. Each card number is numbered and this numerical value is marked to the bank account of the respective individual.

e. Here there is no requirement of certification from any individual be it the Sarpanch or any government official. In Odisha each villager has now got an` Election Commission's voter identity card (courtesy the electronic voting methods) which can be used as a base document to issue a smart card.

f. Once issued, the said cards are handed over to the respective individuals. Now when the beneficiary wishes to enroll for a particular project, he / she has to punch in the details into the

biometric smart card reader. All such individual card details are thus punched in to the system. The BC has to carry the information to the block officials. They need to download the data and convert it into a particular format for onward updation in the NREGS server.

g. When the job begins, the card reader may be used to take care of daily attendance. A BC has to reach the site for just keying in the details of the people working in the site. A surprise visit may be arranged for in mutual coordination between the government officials and the bank's branch to bring in a further degree of transparency. Each day, these data is also keyed in to the main server. In the back-end an auto counter is on with regards to the number of days an individual is getting work. Based on the same, a cumulative payable amount against his / her name is generated. For example, the rate of digging soft soil is INR 145 per day (INR 160 for hard soil and INR 250 for laterite soil) per 100 cubic feet of soil and if suppose a person has already worked for 3 days, a payable amount of INR 435 should be generated for that individual.

h. On the seventh day of completion of work, a system-generated communication goes to the Collectorate advising the officials for generating the payment. Upon receipt of such a communication, the necessary information may be passed on to the block officials for generation of necessary advice to the bank. It is presumed out here that the bank's branch, which maintains the accounts of the beneficiaries, also maintains the money provided by the Central Government for the said project under NREGS. The block officials need to inform the bank to transfer the money to beneficiary account. The advice needs to be necessarily given in a soft format for immediate upload by the bank.

i. When the bank completes the transfer of requisite funds from the project's accounts to the beneficiary accounts as per the advice received from the block official(s), the BCs may be advised to carry on their next level of activity.

j. They need to carry cash to the point of work. This may be done the next day i.e. eighth day. The quantum of cash would be determined by the amount of work that has been completed.

k. At the point of work, they hold the smart card reader and check out the authenticity of the beneficiary by checking out the fingerprints. The details are checked online through the GPRS connector, which is in turn connected to the bank's server. Upon checking out the genuineness of the individual, the BC then asks for the option of withdrawal from the beneficiary. The beneficiary may choose to withdraw partly, fully, not withdraw at all, and deposit any amount. Depending upon the transaction (credit / debit), the necessary receipt is generated and handed over to the beneficiary. After returning to the bank's branch the necessary cash settlement may be done. *Those days when these transactions are supposed to happen, the respective branch may be allowed to close a little later by their senior functionaries. At the bank level, these accounts may be specially isolated to allow such transactions.*

We shall now check whether all the irregularities discussed above are routed out and the existing compliance to the rules of the scheme is met or not.

a. The smart card shall check out the details of an individual like name, date of birth, father's / husband's name and prepare a unique combination number. This number is the digital signature of the individual. This cannot tally with any other individual's. Duplicity of cards in the individual names is ruled out. The family member's names are also tagged to any individual.

Hence the chances of a family earning more than 100 days of employment in a year are ruled out. This would be checked by the system every time a request for payment is made.

b. We have been discussing the case of fake entities making it to the muster rolls. If a system generated attendance is maintained, there are no chances of people making it into the payment list without actually carrying out work.

c. No manual entry is undertaken resulting in lesser (read no) mistakes, time being saved with no duplicate data entries.

d. The payment to the beneficiaries is quicker. They need not go to the bank to have their transactions done.

e. Savings habit of individuals is generated. As the no-frill accounts are savings accounts, the beneficiaries are liable to get interest earning.

Odisha as a state has not yet utilised the said model. The benefits both societal and financial are discussed at length later during the course of the paper.

IV COST-BENEFIT ANALYSIS

1. Cost factor for the said improved process

The various costs involved are

- a. The cost of the card: typically INR 50 per card (one time expenditure)
- b. Cost of the machine: INR 30000 (one time expenditure)

- c. Cost of hiring a security agency for accompanying the officials: INR 1,200 for each delivery of maximum upto INR 1,000,000.00 (as per the prevalent rates of security service providers in Odisha). *The often used agencies prevalent in Odisha are CMS Securitas Ltd., Securitrans, Max Security Operations Systems, GISS Security Services Ltd. etc. The amount of INR 1,000,000 is enough for a one time disbursement in a village handling a couple of projects. The rates mentioned can be scaled down further if the tie-up is made for many blocks and districts.*

2. Societal benefit(s)

As per the proposed system, the ultimate beneficiaries i.e. the unskilled labourers would be benefited the most. It will go a long way in revolutionizing the entire system of rural banking.

The summarized benefits are as follows

- a. The beneficiaries would be receiving their payments at the point of the work and that too within a reasonable time span of completion. This would definitely encourage them to work with a more positive spirit. The very sense of pride in completing or being part of a local project is immense. When the word spreads about the comfort in getting the payment, more and more people would be enthused to do work. The delay in payments is also a cause for so many people not using their job cards. Lets dissect this problem a bit further. By the time the payment is ready for receipt, the beneficiaries are busy in their fields because of the cultivation season (either as a land owner or as a labourer). A person who had a problem the previous time, may not be interested the next time they come to know of a newer project under the scheme.

- b. A small corollary to the enthusiasm generated as mentioned above: Government stands to benefit by having lesser number of days required for completion of the work; lesser work hours means lesser payments to be made.
- c. There is a lack of savings habit of villagers due to the distance factor from the nearest bank's branch. This method provides an opportunity to save comfortably. All the villagers need to do is to ask the banking correspondent handling their village not to withdraw the full wages and also hand him the extra cash for deposit if they have to. This second aspect is particularly important from rural women point of view. We have typical cases where relatives and their own spouse take their earning away forcibly. This can be curbed to certain extent. Needless to say the extra earnings that can be generated through interest earned in a savings accounts.
- d. This is one of the many schemes, which is handled by the government. This model can be extrapolated for all the other schemes. Infact this would bring in a macro-economic benefit to the agency hired by the bank / government. The various schemes that could be handled are social security plans like scholarships for students, old age pension, BPL pension, SC & ST scholarships and many more.
- e. Any falsification of data is ruled out. No false claims can be made within this system. Only genuine workers will get paid and that too for the exact man days for which they have worked. This pertains not only to the point / time of payment but also to fake attendance. A person who does the project may need to punch in his/her data regarding presence on any day of a project.

f. Hooliganism of Sarpanch and other government officials will be stopped once and for all. When a bank handles the entire process, the officials would definitely use their expertise in checking KYC norms; eliminating the chances of fake people making it to digging government coffers in the process.

g. The people who would be involved in the actual fieldwork would be the people from the same area. This is a unique opportunity for not only reducing some bit of physical movement of people from the rural areas to urban cities / towns (which is as such a perennial problem) but also improving the employment scenario (read non-agriculture employment opportunities) of the rural areas.

3. Financial benefit to government

At present, government is placing the funds in advance for every project under the scheme, which has the nod of the local Block Development Officer and the Collector. Under the present process, government will be in a position to know the exact requirement at any point of time. Nowadays with core-technology, it is possible to transfer funds from New Delhi to anywhere in India within 1 day. We understand that the government does not use its funds for call money borrowing but having seen calibrated increase in repo rates, it becomes crucial to calculate the opportunity loss in creating allocation when the utilization would be atleast 4 months (on a pessimistic note; allocation for all projects are done one year in advance). Lets take the case of Chhatrapur block

Cost of project executed in this FY till September 09, 2010 in the FY 2010-11: INR 92.34 lac

Assuming the deposit is in savings account (interest of 3.50%p.a.) and the call money rate to be 5.05 % (it has been range bound between 4.90% to 5.15% for the past two weeks), the differential interest comes to 1.55%. As per data available in website of Govt. of Odisha,

- a. The opportunity loss for the government comes out to be INR 0.47 lac for Chhatrapur block (based on the above assumption)
- b. For an expenditure of INR 5500 lac for Ganjam (Chhatrapur block is under Ganjam district) block the opportunity loss is INR 28.41 lac.
- c. The corresponding figure for the state (with an expenditure of INR 867.66 lac), the amount should stand at INR 448.29 lac.

This state's loss in interest of INR 448.24 lac will be the net gain to the project if we adopt the proposed method of disbursement

4. Financial viability for an entity to take up the job of a Banking Correspondent

Lets take the case of Chhatrapur block under Ganjam district of Odisha. The statistics till September 09, 2010 are as follows

People with job cards: 22,589

People who demanded employment: 5,489

Amount spent on wages: INR 66.56 lac (Total expenditure being INR 92.34 lac)

Cost of cards @ INR 50 = 91,483.33 (apportioning the expenditure for 3 years; this can be apportioned for a longer period also).

Assuming 4 disbursements in a month, 24 trips for delivery of cash may be taken for calculation purpose. The cost for the same @ INR 1200 per trip is INR 28,800.

The total cost comes as INR 120,283.33 (1.8% of INR 66.56 Lac)

For any agency to be backed by the government a 2.00% (of the disbursement amount) consideration may be provided (includes the above mentioned figures and the salaries of the people to be employed).

V SUMMARY AND CONCLUSION

This is an approach which applied at the grass root level will bring in transparency in the system, develop an integrity angle to the entire set of processes and ultimately bring in the sense of satisfaction to the actual workers. As we have mentioned in the course of the discussion, this satisfaction will cause the successfully strengthening the very motive of the project. The state government should rise to the necessity and accordingly chart out the selection of banks to carry forward the agenda in a time bound manner.

Odisha is now treated a backward state amongst its peers. As a whole, the state consists of 30 districts and 314 blocks. Imagine the amount of silent change which this process can bring in to 47529 villages in the state of Odisha and the image it will be able to create amongst its peers.



Beneficiaries

- a. Banking shifts to our own place of action; unique place for "couldn't have been better"
- b. Not just receiving but saving option also allowed



Banks / FIs

- a. They have a logistically favourable scenario
- b. Money handling simply got easier and fool-proof; reconciliation is almost real-time



Statutory Authorities

- a. All the data is validated technically with little / no ground to fudge
- b. Information to centralised database is faster, smoother and without work duplicacy

WIN-WIN scenario for all

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GLOSSARY

Five year plan

It is developed, executed and monitored by the Planning Commission of India. The Prime Minister is the ex-officio Chairman of the same and the Deputy Chairman is nominated. At present we are under the Eleventh Five Year Plan

Block

This is the unit of administration comprising of a few areas (say about 50-100 villages). It is headed by one Block Development Officer and a few blocks comprise a district

Right to Information Act

This Act set up in 2005 mandates timely response to Indian citizen's requests for government information. The Act applies to all state and union territories of the country (excepting for the state of Jammu and Kashmir). Any citizen may request information from a public authority which is required to reply expeditiously or within thirty days. The Act requires every public authority to computerize their records for wide dissemination and to proactively publish certain categories of information so that the citizens need the minimum recourse to request for information formally. Any government department corporation has a RTI officer who will be responsible for replying to any query raised on his / her department / corporation.

KYC

This stands for Know Your Customer. This is the procedure / norms for various entities to open a bank account as well as do banking transactions.

Financial Inclusion

This is the outreach program of RBI (Reserve Bank of India; the Central bank of India) where it intends to reach out to each and every person in the country. This has the origins from the fact that despite various initiatives by the banks and RBI for the past many decades, banking is still out of reach to many rural and urban masses. The detachment is due to the distance of the branches and at times because of the minimum requirements for opening an account which at times is cumbersome.

No-frill accounts

This is a zero balance account which allows for few transactions to be done. This is offered to people in the lower strata of income. This is part of Financial Inclusion initiatives by RBI.

A huge segment of India's population exists on the margins of financial systems (lower income group). While the individual per-capita income may not be high, but as a group (given the huge numbers), they command a sizable amount and their bankable money is huge (of the gross population). Given this scenario, all banks in India have to abide by the dictum of RBI to source a minimum number of No Frills accounts every year.

It may be noted out here that there is a relaxed requirement of KYC for these accounts. The typical procedural hassles involved in account opening if applied to these masses would defeat the very purpose of its offering.

BPL

This stands for Below Poverty Line. The benchmark stands at INR 21.60 in urban area and INR 14.30 in rural area per day. As of April 2010, 37% of India's population was in this category. This was accepted by the government as per figures submitted by the Tendulkar Committee Report.

SC & ST

This stands for Scheduled Castes and Scheduled Tribe category of people. These categories of people were economically below the common masses. Previously they were called "depressed class" by the British in the colonial days. This prompted the initial framers of constitution and rules to allow special status for them as well as allow reservation for this section of people in government jobs and in educational institutions.

Banking Correspondent(s)

RBI vide its communication on emphasizing the penetration of banking services to the rural masses has proposed a method wherein doorstep services would be provided by persons / group of persons authorized by the bank to conduct banking / related activities on behalf of it at distant place. The groups are typically Non-governmental organisations, trusts, micro finance institutions etc.

FINO & ALW

These names are synonymous with smart cards in India. FINO stands for Financial Inclusion Network and Operations Ltd. And ALW stands for A Little World. These are two of the

important smart card manufacturers in India. In India smart cards are primarily used in corporate offices of IT, Insurance and Banking companies. Off late there has been active usage of the same in the area of Financial Inclusion.

Table-1: Plan wise major rural development programs undertaken by Govt. of India

<i>Plan name</i>	<i>Period</i>	<i>Names of the major schemes / programs</i>	<i>Major objectives</i>
First	1951-56	Community Development program and National Extension Scheme	Investments in community projects and funds were allotted block wise
Second	1956-61	Extension of National Extension scheme	Specific focus on village industries and tribal development
Fifth	1974-79	Food for work program	Minimum stipulated wages
Sixth	1979-85	Integrated Rural Development Program (IRDP)	Targeting rural youth and financing through banks
Seventh	1985-89	Accelerated Rural Growth Program	Promotion of NGOs
Ninth	1997-02	Sampoorna Grameen Rojgar Yojna (SGRY)	Top-down approach
Tenth	2002-07	National rural Employment Guarantee Scheme (NREGS)	Topic of discussion

Source: Govt. of India notification from time to time

Table - 2: Works under NREGA during financial year 2009-2010 in Odisha (completed)

Sl. No.	Name of work	No. of works	Expenditure on the work (in Lac)
1	Rural Connectivity	4192	1279.01
2	Flood Control	21	27.19
3	Water Conservation and Water Harvesting	1541	359.14
4	Drought Proofing	67	12.55
5	Micro Irrigation	70	40.05

6	Provision of Irrigation Facility to land development	435	57.17
7	Renovation of Traditional Water bodies	3247	866.22
8	Land development	15	5.15
9	Any other Activity Approved by MRD	325	63.92
	TOTAL	9913	2710.40

Source: www.orissapanchayat.gov.in

Table - 3: Works under NREGA during financial year 2009-2010 in Odisha ongoing /suspended

Sl. No.	Name of work	No. of works	Expenditure on the work (in Lac)
1	Rural Connectivity	65027	33672.21
2	Flood Control	890	323.95
3	Water Conservation and Water Harvesting	35362	5789.62
4	Drought Proofing	7436	1263.36
5	Micro Irrigation	1797	1031.60
6	Provision of Irrigation Facility to land development	23173	1169.48
7	Renovation of Traditional Water bodies	44166	9287.67
8	Land development	1322	287.19
9	Any other Activity Approved by MRD	7191	1221.55
	TOTAL	186364	54046.63

Source: www.orissapanchayat.gov.in

Table -4: Employment Generation under NREGs during the Financial Year – 2010-11 (up to Aug, 2010) for the state of Odisha

Name of Work	
Cumulative no of House hold registered since inception	5,863,066
Cumulative no of House hold issued job card since inception	5,796,724
Cumulative No. of House hold demanded employment	1,196,946
Cumulative No. of House hold provided employment	1,164,419
Cumulative person days generated in NREGA works	422.90 Lac
Cumulative No. of House hold completed 100 days	31,585

No. of Projects:	Completed	13,353
	Under Progress	268,896
	Total	282249

Source: www.orissapanchayat.gov.in

Fig1: Hierarchy of the Indian administrative structure with regards implementation of NREGS

