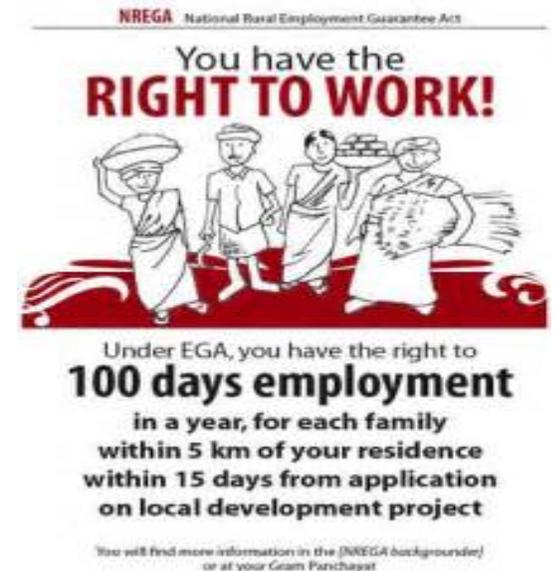


# Examining the Role of ICT on Financial Inclusion in World's Biggest Public Employment Programme in Uttarakhand, India

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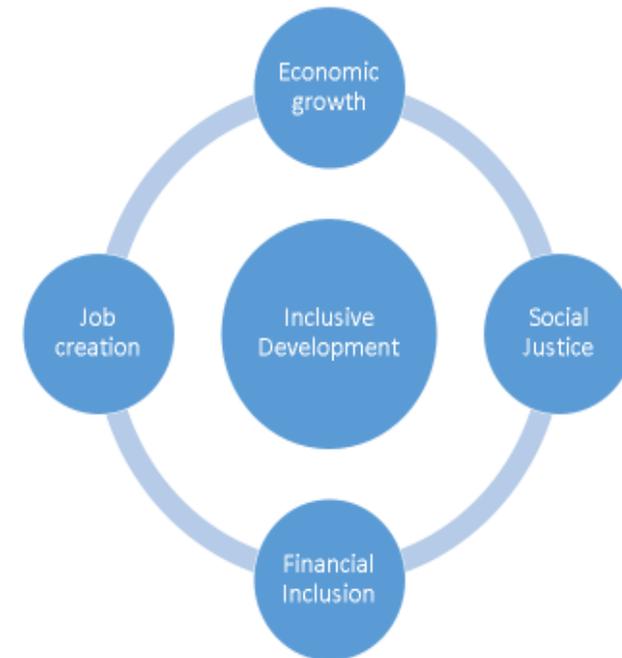


# Policy Relevance and Research Questions

Reached out to 251.9 million beneficiaries or 15 per cent of India's population (Beneficiaries 50% women, SC 37%). 100 million new bank/PO office accounts opened.

**Problems:** Only 48 million households could manage to secure 100 days of work in 2015-16. High levels of corruption.

Figure 1: Virtuous Cycle of Job Creation and Financial Inclusion

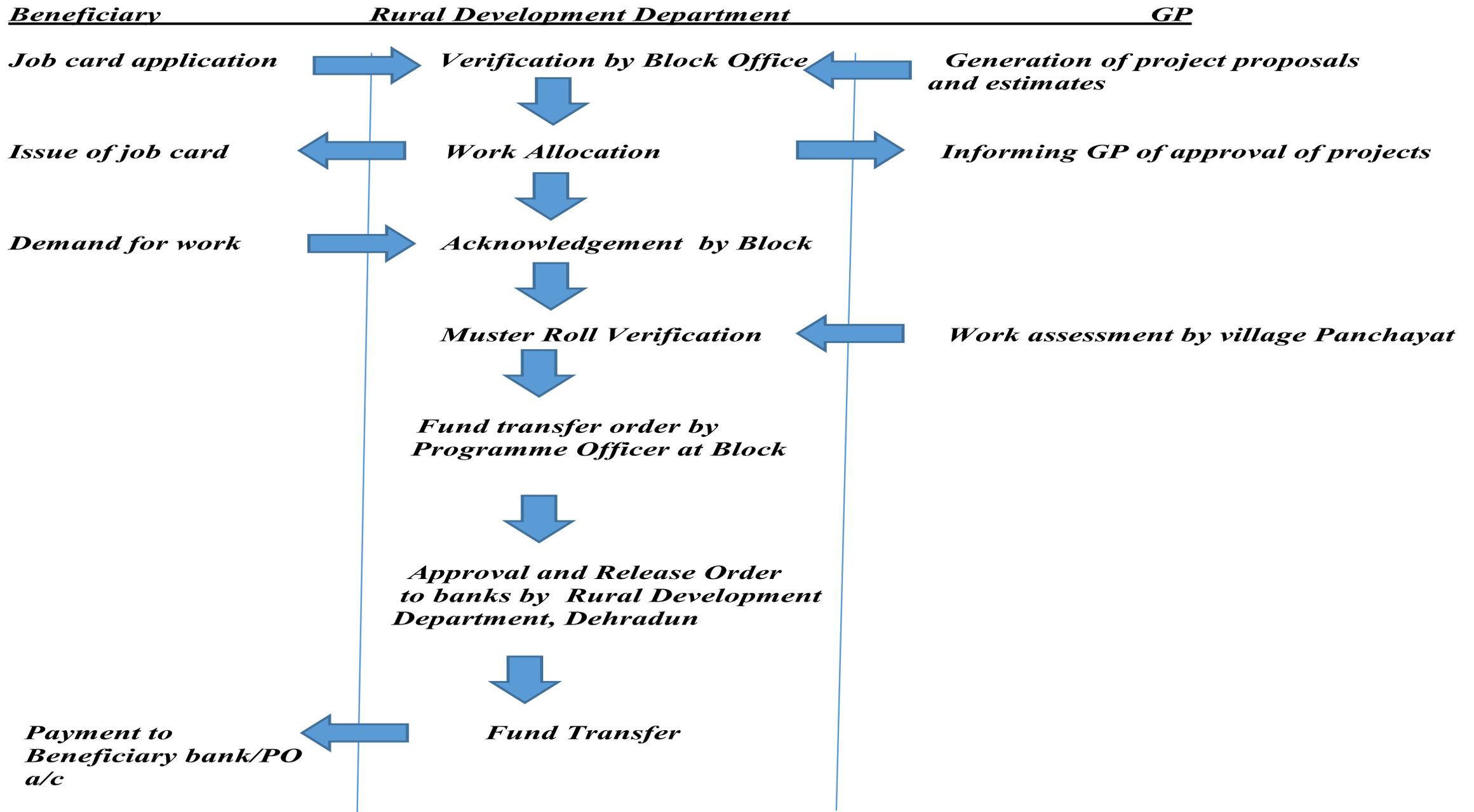


# Research Questions and Design

- How well banking services are being used by NREGS beneficiaries?
- How are mobile phones being used by NREGS beneficiaries to avail various banking services and products?
- Based on the Chamoli experience, what are the pre-requisite for financial inclusion and deepening in mountain areas?

## Methods and Data Sources

- Mixed Method
- Secondary literature, Interviews, Focus Group Discussions (5), Household Survey (118)



***Figure 2: NREGS Workflow Process***

# Findings

- In 2016-17, 8324 households were provided 131,832 person days of work – average 15 days work per household!
- Fund released by the Central Government is not released to beneficiaries on time (delay 1 year or more).
- In 2015-16, Rs. 299 million and Rs. 139 million was disbursed to 59,625 bank and 27,820 post office accounts to NREGS beneficiaries. However, in the last two years, the trend is to abandon post office accounts in favor of banks.
- ICT has helped in removing bogus, ghost beneficiaries.
- **Only 9 nine households have ever borrowed or taken a loan in the last 3 years.**
- **78 NREGS beneficiaries (67%) are linked to a mobile phone number, but none of the beneficiaries use mobile phones to conduct financial transactions. 51 beneficiaries (43%) use debit card for vendor payment and cash withdrawal.**
- **On the whole, 32 beneficiaries (27%) mentioned using mobile phone to access bank account, receive message of transaction by SMS.**

# Self Perception of Beneficiaries

Compared to start of my involvement in MGNREGA, today	# respondents	% of total (n=118)
<ul style="list-style-type: none"><li>I have more money to spend to meet household needs viz. food, health, clothes</li></ul>	41	35%
<ul style="list-style-type: none"><li>Because of MGNREGA wages, I am able to send my children to school</li></ul>	78	66%
<ul style="list-style-type: none"><li>I can access loans from banks</li></ul>	36	31%
<ul style="list-style-type: none"><li>Compared to pre-MGNREGA days, my savings is more</li></ul>	55	47%
<ul style="list-style-type: none"><li>My borrowing from moneylenders and others is less today</li></ul>	60	54%
<ul style="list-style-type: none"><li>My ability to cope with crisis in family (e.g. loss of main earner, business loss) today is more</li></ul>	64	51%

# Policy Suggestions

- **Ensure 100 days work.**
- **Eliminate bogus beneficiaries** by linking job card, Aadhaar card, and bank details.
- **GPS-tagged photo of assets** created along with expenditure incurred by NREGA may be posted on the NREGA website to improve transparency, and allow voluntary inspection by citizens.
- **Pay wages on time.** The Government must pay punitive interest charge of 18% per annum on any wage bill remaining unpaid beyond the stipulated time of 14 days.
- **Make fund transfer process more direct.** Since Central Government pays 100% of labour component, it is suggested that Programme Officer of NREGA in the Block Office of the District issues a fund transfer order (FTO) for payment to the beneficiaries. The Ministry of Rural Development, GOI can arrange for direct transfer to beneficiary accounts.

# Future Research

The prerequisite to successful implementation of employment guarantee schemes require robust end to end computer enabled MIS, backed by streamline administrative procedures, and popular participation. Without good administrative practices, ICT in isolation cannot ensure delivery of citizen friendly services.

- How to make administrative practices in sync with state of the art ICT?
- What man-made and natural assets should NREGA focus on in the Himalayas so that it is win-win for ecology, government and people?

