



AADHAAR SEEDING AND MGNREGA - GS II AND III MAINS

Q. Aadhaar-based pay is a bad idea for MGNREGS. Critically analyse the issues surrounding AEPS in MGNREGS. (15 marks, 250 words)

News: *Aadhaar-based pay a bad idea for MGNREGS*

What's in the news?

- The Rural Development Ministry mandated Aadhaar-Based Payment Systems (ABPS) in the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), despite protests from workers and questionable government claims.

MGNREGA Aadhaar-based payment system (ABPS):

- It is a method of disbursing payments to MGNREGA workers using their unique **12-digit Aadhaar number as their financial address**.
- Under this system, workers' Aadhaar numbers are linked with their job cards as well as their bank accounts, this account must be **connected to the National Payments Corporation of India (NPCI) mapper**.
- Under Mahatma Gandhi NREGS, APBS is in use since 2017.
- The system was initially made mandatory from February 1, 2023. However, through several extensions, the Centre allowed this requirement to persist until December 31, 2023. As no further extensions were granted to states beyond December 31, the **ABPS became mandatory from January 1, 2024**.
- The government grants **exemptions on a "case-by-case basis"** if any gram panchayat experiences "technical issues" or Aadhaar-related problems until the resolution of the underlying issue.

Aim of ABPS in MGNREGA:

- To streamline wage payments and ensure transparency, reducing the chances of fraud.

Significance of ABPS:

- Ensuring that payments are made to the **rightful beneficiaries**, reducing the chances of fraud and corruption and eliminating intermediaries.
- **Reduces paperwork**, minimizes delays and ensures a faster and more streamlined disbursement of wages.
- Encourages **financial inclusion** by promoting the use of bank accounts.
- Digital records make it easier to track and audit payments.



Concerns of ABPS in MGNREGA:

1. Technical Challenges:

- Implementation of ABPS requires accurate Aadhaar seeding with job cards and bank accounts, which has proved problematic due to data mismatches, causing delays and errors in wage payments.

2. Data Mismatches:

- Common spelling mismatches and demographic detail errors can complicate the seeding process, resulting in the deletion of job cards.
- In the last two years alone, job cards of over seven crore workers got deleted.

3. Deletion of Job Cards:

- Reports suggest an alarming increase in job card deletions by 247 % in FY 2022-23, compared to previous years, fuelled by pressures to meet Aadhaar seeding targets by 100%.

4. Questionable Efficiency Gains:

- Research findings indicate that the claimed advantages of the ABPS over traditional bank account payments, such as faster wage disbursement and lower rejection rates, are not statistically significant.
- The Rural Development Ministry's claims of 'gains' are based on Libtech's study of a sample of 3.2 crore transactions.
- It is observed that ABPS is quicker than an account-based payment system by only 3%.

5. Accessibility Issues and Exclusion Concerns:

- The mandatory nature of the ABPS may exclude a significant number of workers who cannot link their Aadhaar correctly for various reasons, leading to a loss of livelihood.
- Out of 25.6 crore registered workers, only 16.9 crore workers are eligible for ABPS, while all workers are eligible for account-based payments.

WAY FORWARD:

1. Independent Audits:

- Conducting independent audits and reviews of the Aadhaar seeding process and payment efficiency claims can ensure transparency and accountability.

2. Corrective Measures:

- Implement immediate corrective measures for those affected by job card deletions and ensure no worker is deprived of their right to work or wages.

3. Policy Evaluation:

- The government should consider the impact assessments and seek further evidence on the efficiency and reliability of ABPS.

4. Hybrid Payment Models:

- The government could facilitate ABPS and traditional bank account-based payments, thus accommodating discrepancies and preventing exclusion.

5. Grievance Redressal:

- A robust grievance redressal mechanism is essential to address the issues workers face due to the transition to ABPS and efficiently resolve disputes related to wage payments.



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6. Capacity Building:

- Training on ABPS for workers and local officials to reduce errors and enhance system understanding would be beneficial.

7. Empirical Assessment:

- An independent and thorough assessment of the ABPS, including its impact on wage disbursement times and the deletion of job cards, is necessary to validate the system's effectiveness and fairness.

8. Improvement in Data Accuracy:

- Steps should be taken to improve the accuracy of data entry at various administrative levels, minimizing discrepancies in demographic details.

9. Awareness and Support:

- Increasing awareness among workers about the Aadhaar linkage process and providing support to complete these formalities can reduce exclusion errors.

