



S Ramadorai

Chief Executive Officer and
Managing Director

September 6, 2005

Mr. Jairam Ramesh
Member of Parliament
E-79 Masjid Modh
New Delhi

Dear Mr. Jairam Ramesh,

As promised, I am sharing with you some details about our study on how IT can make the National Rural Employment Guarantee Scheme more effective.

We felt that one of the key considerations of the Government in the implementation of this scheme is the size of the outlay and the vast geographical spread of the target areas. There is a need for vigorous and foolproof systems and procedures with the ability to deal with large volumes of data across rural India as well as to ensure that maximum benefits flow to the beneficiaries.

The benefits of Information Technology which are readily available today can be used to bring transparency to the administrative system for reducing leakages and plugging loopholes making the system more effective.

Keeping this in view, the Union Finance Minister's office requested TCS to present a conceptual framework. TCS Consultants studied the draft bill on NREGS and also analyzed a similar scheme that was implemented in Maharashtra since 1977. Based on this review, fresh systems and procedures have been drawn up and use of cost effective, fail safe technologies recommended where appropriate. These findings and recommendation were reviewed by select experts, which comprised former government officials, senior officials from National Securities Depository Limited (NSDL), Department of Post (DoP) at the General Post office (GPO), Mumbai and TCS.

A review of the Maharashtra experiment revealed that in the absence of any extensive use of information technology it was difficult to reconcile progress of work with wages. Analysis of workflow in Maharashtra along with the provisions of the draft bill on NREGS has revealed certain lacunae, which could be exploited by vested interests. These are listed below:

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- 1) Inflated schemes: This could include inflated quantities of work; depressed person day productivity and or inflated person day estimates.
- 2) Bogus registration: This includes registration of non-living persons, minors and medically unfit person; duplicate and/or proxy registration as well as completely fictitious registration.
- 3) Inflated muster: This includes ghost workmen and bogus attendance.
- 4) Fraudulent requisition of funds: This would arise due to false measurement of work, inflated progress of works and omitting an operation or work item.
- 5) Fraudulent wage payment: This would include underpayment of daily wages, as well as fraudulent wage payment based on issues described above.

Based on this analysis, consultants have proposed fresh systems and procedures. Wherever appropriate, low cost and fail-safe technologies have also been suggested. The guiding principles for these have been:

- Minimizing administrative costs;
- Expediting payments and measurement cycle; and
- Minimizing leakages.

The current draft bill on NREGS has also suggested several checks and balances including:

- Constant review by implementing agencies;
- Transparency through display of all data at gram-panchayat offices;
- Issue of photo ids; and
- Surprise checks by third party at work site.

The consultants recommend the use of electronic media and technology by creating websites on all the schemes at state level. This will provide greater transparency on schemes approved, expenditures and progress achieved to NGOs as well as the fourth estate.

Further, computerised data stores at District level will allow for pre approval audits through benchmarking with similar schemes elsewhere in India and CPWD guidelines.

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There will also be registration of all job seekers at the district level and unique registration number will be generated along with the photo ID. This will also facilitate implementing various welfare schemes for medical insurance, pension funds, etc. following the pattern of US Social Security Scheme.

This number would also be bar-coded thus facilitating capture of weekly attendance records with the help of scanners at District Computer Centres. Thus 100% accurate data will be captured at work sites and downloaded at the district computer centers.

Progress of work of all schemes would be reconciled with manpower and cost estimates as well as state level productivity norms. Attendance records would also be reconciled with database of registered workers at the village level. Major deviations from original estimates or productivity norms would invite more frequent verifications by third party teams.

To ensure that the full wages reach the bonafides workers, payments will be made directly to the workers. Every registered worker would be encouraged to open a postal savings account. Weekly payments would be generated at the district computer center and sent directly to the address of job seeker through postal money orders or would be transmitted directly to the postal savings scheme account. Payments would be made only after reconfirming bonafides of the worker as well as ensuring that the household has not received more than 100 days of work in a year.

The benefits of technology would include:

- 1) Greater transparency of schemes approved and as well as progress achieved
- 2) 100% reconciliation of work and wages
- 3) Alerts on possible leakages
- 4) Reduced data capture efforts and administrative cost
- 5) Reduced cycle times between measurement and payment
- 6) A data warehouse of 100 million Indians representing amongst the 'poorest of the poor' in rural India.

I will be quite happy to meet and discuss this proposal with you at your convenience.

Warm regards,



S Ramadorai