

DRAFT

National Rural Employment Guarantee Financial Rules, 2009

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Rural Development

Dated the, 2009

NOTIFICATION

S.O.....(E). Whereas, draft of certain rules namely the National Rural Employment Guarantee Financial Rules, 2009 were as required by sub-section (1) of section 31 of the National Rural Employment Guarantee Act, 2005(42 of 2005), vide notification of the Government of India in the Ministry of Rural Development, number 394(E), dated the 10th June, 2009, inviting objections from all persons likely to be affected thereby, within a period of forty-five days from the date on which the copies of the Gazette, in which said notification was published, was made available to the public;

And whereas, copies of the said Gazette were published were made available to the public on 10th June, 2009;

And whereas, all objections and suggestions received before the expiry of the period so specified were considered by the Central Government;

Now, therefore, in exercise of the powers conferred by sub-section (3) of section 20 read with clause (c) of sub-section (2) of section 31 of the National Rural Employment Guarantee Act, 2005 (42 of 2005), and in supersession of the National Rural Employment Guarantee Fund Rules, 2006, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.- (1) These Rules may be called the National Rural Employment Guarantee Financial Rules, 2009.

(2) They shall come into force on the date of their publication in the Official Gazette.
2. Definitions.- (1) In these rules, unless the context otherwise requires, -
 - (a) "Act" means the National Rural Employment Guarantee Act, 2005 (42 of 2005);
 - (b) "Central Government" means the Central Government in the Ministry of Rural Development;
 - (c) "Central fund" means the cost to be met by the Central Government as specified under sub-section (1) of section 22.

- (d) “National Fund” means the National Employment Guarantee Fund established under sub-section (1) of section 20;
- (e) “section” means a section of the Act;
- (f) “State Fund” means the State Employment Guarantee Fund established under sub-section (1) of section 21;
- (g) “State Government” shall include Union territory administrations.
- (h) “State share” means the cost to be met by the State Government as specified under sub-section (2) of section 22.

(2) Words and expressions used in these rules but not defined herein shall have the meanings respectively assigned to them under the Act.

3. National Fund.-

- (1) The National Fund shall be maintained by the Central Government in a Public Account.
- (2) The National Fund shall be utilised by the Central Government for meeting the Central Government share of expenditure as specified under sub-section (1) of section 22 of the Act, grants to the State Governments, the expenses of the Central Employment Guarantee Council, and such other expenditure incidental to the implementation of the Act.

4. State Fund.- (1) The State Government may establish a State Fund to be held in any Public Sector banks which shall be non-lapsable.

(2) The State Government shall deposit in the State Fund its due share as specified under sub-section (2) of section 22 within a fortnight from the date of receipt of amount from the Central fund.

5. Grant of advances to the State Governments in certain cases.-

(1) Notwithstanding anything contained in these rules, the Central Government may, in order to meet emergent needs and temporary shortage of funds, give advances as it may consider necessary to the State or district, pending completion of formalities specified in these rules.

(2) The Central Government may suspend release of Central fund to the State or district for improper use of funds, non-compliance of the provisions of the Act and/or the rules made thereunder:

Provided that such releases shall be restored only after remedial measures have been effected by the concerned State or district.

Provided further that suspension of release of Central fund under this sub-rule shall not absolve the State Government of its liability to pay unemployment allowance under section 7 of the Act.

(3) The State Government or any other authority shall not create any encumbrance on the grants from the Central Government either received through the State Fund or received directly by the district or any other agency.

6. The quantum of Central fund.- The quantum of Central fund to be released to the State Governments shall be determined on the basis of the labour budget for the financial year prepared under sub-section (6) of section 14 of the Act, after assessment of the labour demand and shelf of projects in accordance with the following:-

- (a) The Gram Panchayat shall estimate the labour demand likely to be raised in the next financial year and shall identify the projects that are expected to meet the estimated labour demand, as per recommendations of the Gram Sabha and the Ward Sabhas.
- (b) Gram Panchayat shall prioritise and recommend the name of executing agencies for each work.
- (c) Gram Panchayat shall submit a consolidated Gram Panchayat Development Plan for the next financial year to the Programme Officer along with a copy of its resolution and a copy of the minutes of the Gram Sabha and the Ward Sabhas' meeting by the end of September each year.
- (d) The Programme Officer shall complete the scrutiny and coordination of Gram Panchayat Development Plans into a Block Plan and shelf of projects and ensure its submission for approval to Intermediate Panchayat within fifteen days of receipt of the proposals from the Gram Panchayats.
- (e) The Intermediate Panchayat shall maintain the priority among different works as indicated by the Gram Panchayat and shall include only such works that involve more than one Gram Panchayat.
- (f) The Intermediate Panchayat shall finalise and approve the Block Plan within fifteen days of its submission by the Programme Officer.
- (g) In case Intermediate Panchayat does not approve the Block Plan within stipulated time, it shall be deemed approved by the Intermediate Panchayat.
- (h) The Programme Officer shall submit the Block Plan to the District Programme Coordinator by the end of October each year.
- (i) District Programme Coordinator shall scrutinise the Block Plans, examine the appropriateness and adequacy of works in terms of anticipated demand for unskilled manual work in the district as well as their technical and financial feasibility.
- (j) District Programme Coordinator shall maintain the priorities of the Gram Panchayat and the Intermediate Gram Panchayat works as indicated in the Block Plan.

- (k) In case of inadequacy of works, District Programme Coordinator may include those works whose jurisdiction is spread over more than one Block.
- (l) The District Programme Coordinator shall consolidate Block Plans into a consolidated District Plan and shall ensure that at least fifty percent of works in terms of cost are to be executed by Gram Panchayats:

Provided that where there are works that are not to be executed by the Gram Panchayat, the District Plan shall indicate the executing agencies for the works included in the District Plan.

- (m) District Plan shall contain the priority of works referred to in para 1 of Schedule I of the Act and in case of deviation from the priority of works stipulated in the Act, the District Programme Coordinator shall attach an explanatory note with the District Plan.
- (n) District Programme Coordinator shall formulate the labour budget based on District Plan, in the format specified by the Central Government from time to time.
- (o) If a sharp rise in the employment is estimated, proper justification for the same shall be clearly given in the labour budget.
- (p) District Programme Coordinator shall submit the District Plan, Block-wise shelf of projects and the labour budget for the next financial year to the district Panchayat not later than November each year.
- (q) The district Panchayat shall finalise and approve the District Plan, Block-wise shelf of projects and the labour budget, including technical sanction and administrative sanction of projects.
- (r) The District Programme Coordinator shall forward the labour budget to the State Government certifying that labour budget has been approved by the District Panchayat, not later than 31st December each year.
- (s) The entire exercise shall be undertaken and completed by 31st December of the year preceding the year for which the shelf of projects and the labour budget are being formulated.
- (t) The labour budget cycle shall be from April to March.
- (u) The implementing agency at all levels shall endeavour to scrupulously and strictly adhere to the time limit and if a level fails to approve the plan proposal within the specified time-limit, it shall be deemed to have been approved and the next level of approval shall take necessary action on the proposals.
- (v) The State Government shall forward the labour budget of the districts alongwith its recommendations to the Central Government by the end of January each year certifying

that all statutory provisions as envisaged in the Act and rules made thereunder have been complied with in the formulation of the labour budget.

- (w) The Central Government shall set up mechanism for consultation with the State Governments to determine the Central fund required to meet the cost of the labour budget.
- (x) Additional works shall be permissible after appraisal of the labour budget by the Central Government for a particular year, and satisfactory justification provided by the District Programme Coordinator through State Government to the Central Government with the approval of the concerned Gram and Block Panchayats and the District Panchayat.
- (y) The District Programme Coordinator shall be responsible for intimating to the Programme Officers and all Gram Panchayats the approved labour budgets and shelf of projects, along with technical and administrative sanctions.

7. Factors determining the quantum of Central fund.-

Quantum of Central funds shall be determined based on the following factors :-

- (a) Average cost per person day shall not be calculated at a cost higher than the notified wage rate and the administrative expenses and the ratio of material cost shall not exceed the specified limit.
- (b) Wage material ratio shall be 60 : 40 :

Provided that the unskilled wage cost may be more than sixty percent but the material cost shall not exceed forty percent.
- (c) Wages of unskilled workers shall be based on the actual number of workers, work done and wage payment as recorded in the muster rolls.
- (d) Administrative expenditure on permissible items as specified by the Central Government from time to time.
- (e) Administrative expenditure and expenditure on materials shall be based on details recorded in the registers specified by the Central Government.

8. Manner of release of funds.-

(1) From the National Fund to State Fund.-

- (a) As far as possible, Central funds shall be released in two tranches.

(b) The first tranche of Central funds would cover the requirement for the first six months of the financial year as per labour budget based on wage rate after adjustment of the opening balance.

(c) The first tranche of Central funds shall be released at the beginning of the financial year.

(d) First tranche of Central funds shall be released to only those States who have furnished utilisation certificate and audit report for the funds received during the financial year immediately preceding the previous one to the satisfaction of the Central Government.

(e) The State Government may apply to the Central Government for the release of second and subsequent tranches after utilising sixty percent of funds available in the State Fund along with a utilisation certificate and a statement detailing upto date district-wise opening balance, funds released (Central funds and State share separately), total available funds, funds utilised and balance funds available during the year under reference.

(f) The State Government shall not submit financial proposal without the demand for funds being first raised by the district.

(g) The quantum of second and subsequent tranches shall be decided by the Central Government based on district-wise data of actual demand and expenditure position reported by the State Government and its consistency with Monthly Progress Reports, Management Information System(MIS), and labour budget projections.

(h) The proposal for release shall be submitted to the Central Government in the format specified by it, with expenditure statement.

Explanation.- For the purpose of this clause, expenditure means expenditure on payment of wages, material cost and administrative overheads.

(2) From State Fund to districts.-

(a) Funds shall be released to districts within fifteen days of receipt of funds from the Central Government.

(b) The quantum of fund from State to the districts shall not exceed the total amount based on the labour budget of the district.

(c) The State Government may retain a portion of funds received not exceeding twenty five percent of such funds as a reserve in the State Fund to meet unforeseen exigencies.

(d) The State Government shall release funds directly to the districts or directly to the implementing agencies on submission of a proposal by the District Programme Coordinator(DPC) indicating implementing agency-wise requirement of funds based on actual

assessment of utilization of funds on shelf of projects as per agreed to labour budget with all necessary and prescribed documents in accordance with rule 9 of this rule.

(e) Districts may apply to the State Government for their next tranche once they have utilised sixty percent of available funds consisting of carry over balance, Central funds, State funds and miscellaneous receipts.

(f) Funds that have been given to Programme Implementing Agencies, Blocks, Gram Panchayats as advance shall not be shown as funds utilised.

(g) Funds utilised on actual payment of wages, material and permissible administrative overheads only shall be reported as funds utilised.

(h) The State government shall scrutinise and examine the proposals of the districts before release of funds.

(3) Transfer of funds at the district level.-

(a) Districts shall release funds as far as possible, directly to Gram Panchayats and other implementing agencies under intimation to the Programme Officer.

(b) Release of funds from districts to Programme officer, Gram Panchayats and other Implementing Agencies shall be based on the share of work approved in the District Plan of works and the corresponding financial amounts approved in the technical and administrative approvals for those works.

(c) Funds shall be released by districts to the Programme Officer, Gram Panchayats and other implementing agencies within fifteen days of receipt of funds from the State Fund.

(d) Gram Panchayats and other implementing agencies, who receive funds directly from the districts, may apply to the District Programme Coordinator for their next tranche of funds after they have utilised sixty percent of available funds under intimation to the Programme Officer.

(e) In cases where funds from districts are routed through the Programme Officer, the Gram Panchayats and other Implementing Agencies may apply to the Programme Officer for the next tranche and the Programme Officer may apply to the District Programme Coordinator for the next instalment after they have utilised sixty percent of available funds.

(f) Funds that have been given to Programme Officer, Gram Panchayats, and other Implementing Agencies as advance shall not be shown as funds utilised.

(g) The districts shall scrutinise and examine the proposals of the Implementing Agencies before release of funds.

(4) From National Fund directly to the districts.-

In the case of States, which have not set up the State Fund, the Central funds from National Fund shall be released directly to the districts, and the requirements and conditions specified in this rule and in rule 9 shall respectively apply mutatis mutandis in such cases.

9. Conditions for release of Central funds from National Fund to State Fund relating to subsequent tranches. –

The release of Central funds to the State Fund relating to subsequent tranches referred to in clause (e) of sub-rule (1) of rule 8 shall be subject to fulfillment of the following conditions:-

(1) The State Government shall deposit in the State Fund such amount for meeting the expenses as specified under sub-section (2) of section 22 of the Act and shall forward -

(i) a copy of the order sanctioning the State share;

(ii) a certified copy of the Bank statement indicating the credit of the State share, duly authenticated by the Branch Manager and the Accounts Officer in charge of the National Rural Employment Guarantee Scheme account at the district level;

(iii) utilisation certificate in respect of State Fund for the previous year; and

(iv) a statement certified by the State Government detailing district-wise opening balance, funds released (Central funds and State share separately), miscellaneous receipts, total available funds, funds utilised and balance funds available for the previous year

(2) The consolidated audit report and utilisation certificate in respect of the State Fund alongwith a certified statement detailing district-wise opening balance, funds released(Central funds and State share separately), miscellaneous receipt, total funds available, actual utilisation by the respective districts and closing balance for previous financial year shall be forwarded by the State Government by 31st October each year to the Central Government.

(3) Certificate from the State Government that the following documents have been submitted by each District Programme Coordinator:-

(a) Complete audit report which shall contain the observations of the Auditor on the accounts, balance sheet, income and expenditure statement and receipt and payment accounts along with Bank reconciliation certificate and accounts of implementing agencies for the previous financial year by 31st August each year;

(b) Action Taken Report on the observations of the audit report of each district for the previous year shall also be submitted latest by 30th September each year.

(c) Utilisation certificate for the previous year.

(d) A certificate from the Auditor that the administrative expenditure booked during the year cover only those items which are admissible as per norms fixed by the Central Government from time to time.

(e) Certificate of the District Programme Coordinator that -

(i) atleast fifty percent of funds in terms of cost of works as provided under sub-section (5) of section 16 of the Act has been transferred to the Gram Panchayats within the stipulated period;

(ii) the opening and closing balance of audit report and the opening and closing balance shown in the Utilisation Certificate for the previous year are same;

(iii) the Management Information System(MIS) is fully operational;

(iv) wage payment to workers are being made through individual post office or bank accounts;

(v) amount paid as wages are being entered in the Job Card of the households simultaneously;

(vi) all funds received have been credited only to Saving Bank Account.

10. Grants to the Central Employment Guarantee Council.-

(1) The Central Employment Guarantee Council shall be given a grant with an initial corpus of five crores of rupees from National Fund in order to meet the expenses in connection with the functions assigned to the Council.

(2) The Council shall maintain a bank account in a Public Sector Bank for the funds so given.

(3) The grants may be given to the Council after audit report for the previous year and the utilisation certificate for atleast sixty percent of the amount already released are furnished.

11. Balance budgeted grants.- The balance budgeted grant of each financial year shall be transferred to the National Fund before the close of the financial year and shall constitute the reserve in the National Fund.

12. Audit.- The grants released from the National Fund to the State Fund and directly to districts shall be open to audit by the Comptroller and Auditor-General through respective Accountant-Generals. The internal audit shall be done on behalf of the Head of the Department, Department of Rural Development, Government of India and shall be supervised and monitored by the Chief Controller of Accounts.

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