



No.L-12053/46/2011-MGNREGA-I (FTS 16363)
Government of India
Ministry of Rural Development
Department of Rural Development
(Mahatma Gandhi NREGA-I Division)

Krishi Bhavan, New Delhi,
Dated 18th November, 2011

To,

All State Principal Secretaries / Secretaries of Rural Development having IAP Districts (Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Uttar Pradesh and West Bengal)

Subject: Relaxation for making wage payments through cash to MGNREGA workers in IAP Districts.

Dear Sir/Madam

As you are aware, Mahatma Gandhi NREGA Act has made it a statutory requirement to make wage disbursement to Mahatma Gandhi NREGA workers through institutional accounts in Banks or Post Offices with a view to infusing transparency and enhancing the integrity of wage payment under Mahatma Gandhi NREGA. Recently, State Rural Development Departments have been advised to roll out the Business Correspondent Model on competitive bid from Banks to strengthen the institutional outreach for Mahatma Gandhi NREGA.

Recently, a National Workshop on Empowering Lives through MGNREGA: Strengthening the Reform Agenda" at IIC, New Delhi was held on 14th November, 2011 under the Chairmanship of Hon'ble Union Minister for Rural Development. During the workshop, the difficulties in making of wage payments through Bank/Post Office accounts in IAP districts were extensively discussed. It was emphasised that banking facilities are either not available or sparsely available in these areas, which puts workers to considerable inconvenience as they have to spend a significant portion of their time in commuting to banks or post offices which are situated at distant places for collecting wages. Even the 'Banking Correspondent Model' has not shown much appreciable progress so far and is yet to evolve as a workable solution.

In this background and keeping in view the limited institutional outreach of Banks & Post offices as well as special circumstances prevailing in the IAP Districts, it has been decided to allow the State Governments to make MGNREGA wage payments through cash in IAP districts subject to the following conditions:

1. Relaxation regarding MGNREGA wage payments through cash shall be done only in those Block/Gram Panchayats where the outreach of the Banks/Post Offices is highly inadequate. The District Collectors of the IAP districts should map the availability of infrastructure and decide on the areas where cash payment should be resorted to.
2. Cash payment should be made on a fixed day and time of week and as a predetermined place. Adequate publicity should be given so that MGNREGA workers and general public are aware of the place and time when cash payment will be made.
3. The payment has to be made in the presence of a Payment Committee. The Payment Committee should comprise of the following :
 - i) Gram Panchayat President,
 - ii) Gram Panchayat member from the ward where the works have been executed.
 - iii) 2 women SHG members, wherever available
 - iv) Traditional tribal Head (Mukhya).
 - v) At least 3 MGNREGA workers from the Gram Panchayat, out of which at least one should be a women and at least one should be from SC/ST.
 - vi) School Headmaster/Teacher.

The Payment Committee should be constituted by the DPC by getting the nominees from the Gram Panchayat / PO. No cash payment should be made till the Payment Committee is constituted and notified for the Gram Panchayat.

4. The cash payment proceedings should be videographed.
5. Arrangements for cash payment will be an interim arrangement for one year till proper banking & postal arrangements are established.

All the State Governments are advised to bring these details to the notice of all concerned immediately for information and necessary action.

Yours faithfully,

(P. N. Shukla)

Under Secretary to the Government of India