

By Regd. Post

No. 28012/3/05-06-NREGA
Government of India
Ministry of Rural Development
NREGA Division

Krishi Bhawan, New Delhi
Dated 30th March, 2007

To

The Principal Secretary / Secretary (RD)
(In-charge – NREGA)
Government of

**Sub.: Enhancement of Management Cost for the implementation of
the National Rural Employment Guarantee Act, 2005.**

Madam/Sir

The Ministry of Rural Development has been providing financial support to administrative expenses incurred under NREGA. This Central Assistance is made available to the States under NREGA Section 22 (1(c) , that authorizes the Central Government to determine a percentage of the total cost of the Scheme as administrative expenses.

2. Accordingly, the permissible limit for administrative expenses communicated by the Ministry vide its letter dated 10.1.2006 was 2%. In view of the feedback from the States, and an assessment of the volume of work that needs to be handled at each level, the Central Government has now decided to enhance the current level of administrative expenses permissible under NREGA from 2% to 4% of the total cost of the expenditure which includes both Central and State share. The enhancement of the limit of administrative expenses has been done with a view to enable States to augment human resources and develop capacity for critical activities like IEC, training, planning MIS supervision, social audit so that the processes mandated in the Act and the outcomes envisaged are attained.

3. Administrative expenses permissible under the 4% administrative limit:

Activities permissible under administrative expenses are as follows:

- i) **Information Education Communication (IEC):** This includes awareness generation activities such as preparation and dissemination of IEC material, community mobilization, use of media and local cultural forms, house hold contact campaigns.
- ii) **Training:** Training of officials, PRIs and Village & Monitoring Committee members. This will include training needs assessment, development of training modules and materials, organization of training programmes, concurrent impact assessment of trainings. Exposure visits, use of distance education methods will also be included.
- iii) **MIS:** This includes collection of data and its electronic processing, report generation and transmission. Block level computerization must be ensured.
- iv) **Quality supervision:** This includes monitoring and verification (specially muster roll verification) evaluation, Social Audit. Quality Monitors at the State, District and Block levels may be deployed.
- v) **Setting up grievance redressal systems,** like Help lines
- vi) **Engaging professional services** for any of the activities permissible under items (i) to (v) above is permissible.
- vii) **Operational Expenses:** Office expenses related to the implementation of NREGS
- viii) Stationery related to computational processes/MIS.
- ix) **Additional Staffing dedicated to NREGS in key functional areas of the Scheme and at the Gram Panchayat/Block/District levels (as annexed)**

4. Items of Expenditure not permissible under the 4% administrative limit

- i) Salaries/ remunerations/honoraria of functionaries already engaged by the Government/ PRIs / any other implementing agency.
- ii) Personnel, other than indicated in 3(ix) above.
- iii) Purchase of new vehicles and repair of old vehicles.

iv) Civil works

5. On administrative expenses, a suggested staffing pattern was indicated in the earlier instructions dated 10.01.2006. The existing District level organization (like DRDA/ZP Secretariat) servicing the NREGS has to be provided additionality of staff funded from the NREGS under permissible administrative expenses. However, this additional staff can be paid from the NREGS funds only if they are dedicated and are working full time for the NREGS with no other responsibility. This personnel could be regular Government employees deployed for the NREGS or could be employees on contract or staff deployed on outsourcing basis. The scale of staff which is to be deployed has to be related to the volume of work in a Gram Panchayat, Block or a District.

6. Since 50% of works have to be implemented at the Gram Panchayat level, and the Gram Panchayat is also the pivotal unit for basic NREGA processes like registration, issue of job cards and maintenance of records, it is suggested that the first charge on administrative expenses shall be the Gram Rozgar Sevak. One Gram Rozgar Sevak must be deployed in each Gram Panchayat. Training of Gram Rozgar Sevak should also be fully ensured. The next charge on administrative expenses will be strengthening the Block management through additional dedicated staff for engineering, accounts and MIS.

7. Obviously, the expenses for personnel of all the above categories deployed at District, Block and Gram Panchayat levels have to be supported within the overall ceiling for administrative expenses of 4% which also covers expenses other than personnel as indicated in para 3 (items i to viii) above. Therefore, careful planning has to be done by State Governments in working out the required personnel and deploying them at different levels.

No permanent posts are to be created under this programme and Government of India will not take any liability for any permanent posts under it

8. Normally, States should endeavor to restrict expenses on personnel to not more than 2.5% so that sufficient funds are available for undertaking processes as indicated in Para 3.i to 3.viii above, to improve the quality of implementation. States should also closely monitor their administrative expenses in terms of personnel and other capacity building initiatives to ensure that these arrangements support creation of person days and delivery of legal processes and outcomes envisaged under NREGA.

9. Surplus dysfunctional staff deployed in other programmes may not be diverted to NREGS.

10. Salaries of existing staff will not be booked to NREGS

11 The 4% cap on administrative expenses will operate at the district level.

12. 4% administrative expense is a function of the total expenditure under NREGA resulting into creation of person days in a financial year. Therefore, expenses that are incurred in terms of personnel salaries and other processes indicated here must square up to not more than 4% of total expenditure in a financial year. In doing so, care should be taken to ensure that districts having a large size of programme do not spent more than the absolute minimum as the administrative expenses in these districts can be managed with a much smaller percentage and can even be managed at 1 or 2%.

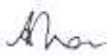
13. Work Site Facilities: Work Site Facilities are to be provided as per provisions of the Act. The expenditure on workers engaged to look after crèche on site shall be separately charged to the unskilled wage cost. This will be recorded separately and will not be included as part of the work – measurement.

Location of crèche should be planned in such a way that it is optimally utilized and normally one crèche should be opened for one worksite or group of worksites in proximity to each other. Such planning should be done for each Gram Panchayat in advance and should be reviewed from time to time on the basis of additional works opened/started and works which have been closed. Similar arrangements will apply mutandis mutandis for making arrangements for supply of drinking water. This planning should be done by Gram Rozgar Sevak at the panchayat level. While doing so, the works being implemented by all institutions whether PRIs or Line Departments should be taken into account in toto.

14. One time expenses: One time expenses on following items will be allowed. This will be separate from the 4% permissible limit.

- a) Preparation of Perspective Plan
- b) Printing of job cards, photography
- c) Augmentation of computational facilities at the Block and district level.
- d) Almirahs for record-keeping and functional furniture at GP, Block and District-levels

15. The enhanced permissible limit for administrative expenses will come into effect from April 1, 2007.


(Amita Sharma)
Joint Secretary

Key Functional Areas for deployment of additional full time dedicated personnel for NREGS

Level	Key Functional Areas	Personnel to be deployed
GP	Registration, job card issue, employment demand and provision, work implementation, payment, social audit, records	1 Gram Rozgar Sewak for each GP
Block	Overall Programme management	1 Programme Officer for each Block
	Works	Technical assistants pooled to service GPs.
	IT , MIS	Computer Assistants
	Finance	Accountant.
Distt	Works and durable assets.	Works Manager with Technical assistants
	IT, MIS	IT Manager with Computer Assistants
	Finance	Accounts Manager with Accounts assistants
	Training	Training Coordinator
	Social Audit, Grievance redressal	Coordinator