

No. J-11012/2/2015-MGNREGA-V
GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT
(Mahatma Gandhi NREGA Division)

Krishi Bhavan, New Delhi
Dated: 15.09.2016

To

The Addl. Chief Secretary/Pr. Secretary /Secretary,
Department of Rural Development,
(Incharge MGNREGA)
All States/UTs

**Subject: Fund release - submission of complete proposal including modified Checklists
(Annexure – A, Annexure – B and Annexure – C) under Mahatma Gandhi
NREGA-reg.**

Sir,

MGNREGA is a wage employment programme and Central share of programme funds is released, based on the agreed to anticipated labour demand and the performance of the State during the year. Release of funds also depends upon satisfactory compliance of pre-requisite conditions and furnishing of reply by the State on the clarifications sought by the Ministry from time to time.

To facilitate the States in submission of proper and complete proposal and for smooth flow of funds from Ministry to the States/UTs, it has been decided to request States to submit proposal for release of funds along with information as per modified Annexure-A, Annexure-B and Annexure-C (copies enclosed). For first tranche release, proposal will be submitted with Annexure 'A' & 'B' and for second tranche, the proposal will be submitted with Annexure-'A', 'B' & 'C'.

Proposals and UCs, there in, will be duly signed by Pr. Secretary/Secretary/Commissioner (incharge MGNREGS) with official seal. No signature of any other official will be accepted.

Yours faithfully,



(Aparajita Sarangi)

Joint Secretary to the Government of India

Encl: As above.

15/9/16

Status of receipt and expenditure of funds by the State – Annexure – A

(For release of first and second tranche)

Sl. No.	Particulars	Amount (Rs. in lakh)	Supporting documents (with page number)
1	Closing balance as on 31 st of March of the year before last financial year 1. as per UC (consolidated from all districts) 2. as per MIS 3. as per bank statement		
2.	Opening Balance as on 1 st of April of the previous financial year 1. as per UC (consolidated from all districts) 2. as per MIS 4. as per bank statement		
3.	Closing balance of the previous financial year 1. as per UC (consolidated from all districts) 2. as per MIS 3. as per bank statement		
4.	Opening balance of current FY as on 1 st April 1. as per UC (consolidated from all districts) 2. as per MIS 3. as per bank statement		
5.	Expenditure incurred by State during previous FY for funding components like CFT, BFT, IPPE II, MMS, Social Audit, etc. (Give breakup component-wise separately) if included in UC.		
6.	Expenditure incurred by State during current FY for funding components like CFT, BFT, IPPE II, MMS, Social Audit, etc. (Give breakup component-wise separately) if included in UC.		
7.	Unspent balance with NeFMS States as on the date of submission of proposal for release of funds: (i) Unskilled wage component (ii) Material cost and Administrative cost component		
8.	Total State share released during 1. Previous FY: 2. Current FY:		
9.	No. of person days achieved during the financial year 2015-16 as per UC (attach district wise performance)		
10.	No. of person days achieved during the financial year 2015-16 as per MIS data (attach district wise performance)		

NB: Attach Physical and Financial statement from MIS as on date of UC with the proposal.

Permissible Activities under Administrative Expenditure

S. No.	Items	2015-16	2016-17 (Till the date for which UC furnished)
1	Training		
2	Information Education Communication (IEC) activities		
3	MIS		
4	Quality Management		
5	Setting up of grievance redressal system		
6	Professional/ Technical services		
7	Operational expenses		
8	ICT facilities in GPs		
9	Additional staff deployment		
10	Social Audits		
11	Worksite facilities		
12	Evaluation and Research		
13	Contingency Expenditure a) Ex-gratia Payment b) Medical Treatment c) Hospitalization		

Signature: _____

Name: _____

Designation: _____

Office Stamp: _____

ANNEXURE – B

**CHECK LIST ON PREREQUISITES/DOCUMENTS FOR RELEASE OF
1st/2nd TRANCHE
(For Release of Funds to State with State Employment Guarantee Fund)**

Sl. No.	Indicator		Remarks
1.	How many audit paras/observations (CAG/Internal Audit/CA Audit) pending for action by the districts? 1. Number: 2. Amount:		
2.	Was there any diversion of funds from the MGNREGA account during the previous FY or during earlier years? If yes, amount diverted: Amount Recouped	Yes/No Rs. _____ Rs. _____	
3.	Was there any embezzlement/misappropriation of MGNREGA funds reported through any source (VIP Complaints, complaints referred by MoRD etc.) during the previous FY or in earlier years? 1. Number of cases: 2. Amount involved:	Yes/No Rs. _____	
4.	Is there any complaints/VIP references pending against the District for resolution? 1. Number of complaints:	Yes/No _____	Status note be submitted separately
5.	Were there any specific conditions mentioned in the Sanction order while releasing the last installment of central share? If yes, Number of conditions:	Yes/No _____	Status note be submitted separately
6.	Implementation of State specific strategy in reducing the delay in wage payment	Yes	Status note has been submitted separately

It is certified that the relevant documents have been signed by Principal Secretary/ Secretary/ Commissioner (incharge MGNREGA) or equivalent officers indicating clearly the name and designation of the signing authority with office stamp.

Signature: _____
Name: _____
Designation: _____
Office Stamp: _____

ANNEXURE – C

**CHECK LIST ON PREREQUISITES/DOCUMENTS FOR RELEASE OF
2nd TRANCHE
(For Release of Funds to State with State Employment Guarantee Fund)**

It is certified that

Sl. No.	Indicator		Remarks
1	The expenditure in the current Financial Year (FY) is more than 60 % of Total Available Fund	Yes	
2	The updated physical progress incorporating employment generated (person days) and number of House Hold covered is provided with the proposal	Yes	
3	The consolidated Utilization Certificate (UC) for the current FY (provisional updated) been furnished in the prescribed format (Annex. 25)	Yes	
4	The State Govt. examined the UCs and Audit Reports (ARs) received from all the districts before sending the proposal to the Ministry seeking release of funds	Yes	
5	A certificate to the effect that 'UCs/ARs for the year(previous FY) from all the districts have been received, examined and found to be in order' submitted with this proposal	Yes	
6	AR indicates balances if any, available with the Districts and other Implementing Agencies and the same have been included in the Closing Balance in the UC Closing balance:	Yes Rs. _____	
7	The AR for the SEGF for the previous year been submitted with the proposal for release of 2nd installment	Yes	
8	Number of job card verified/updated- with photographs	____(No.)	
9	Number of completed works out of the list of incomplete works as on the last days of the previous financial year	____(No.)	
10	Number of Aadhar seeding into data base and conversion of bank account into Aadhar Based Payment account	____(No.)	
11	Number of assets Geo-tagged in line with Geo MGNREGA framework	____(No.)	
12	Number of Farm ponds/Aanganwadi Centres/IHHL/Vermi Compost/NADEP tanks/ Roadside Plantation (Km.) done against the target taken by State during the current Financial Year		
13	Implementation of State specific strategy in reducing the delay in wage payment	Yes	Status note has been submitted separately

14	The cost per person-day employment generation is equal or less than the upper cap cost	Yes	
15	Wage and material ratio maintained within the prescribed ratio of 60:40 at the District level	Yes	
16	Number of household been provided employment more than 100 days/entitled number of days	____(No.)	
17	The excess expenditure (i.e. excess wage payments, material and administrative expenses) estimated and has been recouped to the MGNREGA account by the State Amount:	Yes Rs. ____	
18	The wages paid in excess of the notified wage rate and the excess expenditure estimated and recouped to MGNREGA account.	Yes	
19	The wage payment consistent with the work output as per SoR under MGNREGA	Yes	
20	The State Share in the current FY has been released in full Amount:	Yes Rs. ____	
21	Proof (certificate from bank where MGNREGA a/c is maintained) of such transfer of State share is submitted with the proposal	Yes	
22	The social audits are held regularly	Yes	
23	The findings of such social audits uploaded on to the MIS	Yes	
24	Ombudsmen have been appointed in all the districts	Yes	

It is also certified that the relevant documents have been signed by Principal Secretary/Secretary/Commissioner (incharge MGNREGA) or equivalent officers indicating clearly the name and designation of the signing authority with office stamp.

Signature: _____
Name: _____
Designation: _____
Office Stamp: _____

Extract from Annual Master Circular (FY 2016-17)

7. Financing Mahatma Gandhi NREGA

7.1. Release of Funds

Section 22 of the Mahatma Gandhi NREGA provides the framework for the funding pattern under Mahatma Gandhi NREGA.

7.1.1. Funds are released to the States/UTs normally in two tranches on the basis of agreed to Labour Budget and performance of the States/UTs during the year. Each tranche may consist of more than one instalment

7.1.2. First tranche is released to States/districts in the month of April. The quantum of 1st tranche is based on the number of persondays projected by the States/UTs for the first six months of the year (up to September) in the Labour Budget. The first tranche is released after adjusting unspent balance available with the districts/States and considering the pending liabilities, if any. First instalment of the first tranche would be based on the provisions of the Vote on Account.

7.1.2(a) If the States require additional funds for implementation of MGNREGA, the same would be considered based on performance during the period from April to the date of submission of the proposal.

7.1.3. 1st Tranche

7.1.3.1. Once Labour Budget of a State is examined and agreed to by the Ministry and State Government, the State Government shall prepare district-wise and month-wise projections of the labour demand. NREGA Soft will estimate the requirement of funds under Mahatma Gandhi NREGA based on this information.

7.1.3.2. The 1st tranche is estimated on the basis of funds required for initial six months of a financial year (FY) minus the opening balance of the State/UT as per MIS. Pending liability shall be also considered.

7.1.3.3. As MIS reports form the basis of fund release, it is necessary that all expenditure is entered in the NREGASoft. Expenditure not entered in the NREGASoft will result in larger opening balance than what is available and the 1st tranche would be lower by an equivalent amount.

7.1.3.4. Details of works proposed in the Labour Budget need to be entered into the software and should be from amongst the approved shelf of projects.

7.1.3.5.1st tranche is released to the State Fund subject to submission of the following certificate/documents:

- a. A certificate to the effect that accounts for all the districts of the State for the FY before 2014 have been examined and settled.
- b. A certificate on settlement of all audit paras under Mahatma Gandhi NREGA.
- c. Detailed Action Taken Report on the complaints forwarded to the State.
- d. A certificate indicating satisfactory compliance of Ministry's clarifications/suggestions/ advice/ observations issued from time to time on the implementation of Mahatma Gandhi NREGA in the State/Districts.
- e. No mis-utilisation / misappropriation of funds has been noticed, during the year.
- f. A detailed checklist on pre-requisites/ documents for release of 1st tranche of Central share to SEGF (Annexure -23 of the Operational Guidelines, 2013).

7.1.3.6. After receipt of Central share and the matching State share in the State fund, based on an assessment of requirement and availability of funds with districts, funds would be transferred to districts/ Panchayats by the State from the State Fund. However, if the State is using one centralized e-FMS fund for payments, this would not be required as all implementing agencies would draw from the centralized fund.

7.1.3.7. If the State Government is required to transfer funds to Districts/ Panchayats, due care has to be taken while doing so. If funds in excess of the requirements are released to these entities, the unspent balances with the State Government would remain high, which would adversely affect the release of 2nd tranche, as 60% of the available funds within a State are required to be spent before the proposal for 2nd tranche is processed.

7.1.4. Release of second tranche: The 2nd Tranche is released on submission of proposal in the prescribed format by the State and subject to fulfilment of all the prescribed conditions. The proposal can be submitted after a district/ state has utilized 60 percent of the total available funds. If the proposal for 2nd Tranche is submitted after 1st October, then the Audit Report for the last year is also required. Quantum of funds to be released as part of second tranche depends upon the performance of the State/UT.

7.1.5. 2nd Tranche

7.1.5.1. The State will submit a consolidated proposal for 2nd tranche, to the Ministry, only after utilizing 60 per cent of total fund available with the State as a

whole and compliance of the prerequisites as laid down under Mahatma Gandhi NREGA.

7.1.5.2. A certificate stating that no programme fund has been diverted during the FY is required to be given. It should also be certified that there has been no embezzlement or misappropriation of funds under Mahatma Gandhi NREGA and in cases where this has happened, adequate steps have been taken to punish the guilty and recover the embezzled or misappropriated amount.

7.1.5.3. In case State becomes eligible for release of 2nd tranche after 30th September in a FY, the State will submit a certificate stating that Audit Reports (AR) and Utilisation Certificates (UCs) from all the districts in the State have been received and found to be in order in all respects. A consolidated Audit Report will also be submitted with the proposal.

7.1.5.4. If there are pending liabilities at the end of the previous financial year, the same should be reflected as liability in the balance sheet of the Audit Report of the previous financial year.

7.1.5.5. Advance State share or loans taken by the State may also be reflected as pending liability in the Utilisation Certificate attached to the proposal.

7.1.5.6. A certificate stating that all pending audit observations by the auditor have been complied with should be provided along with the fund release proposal.

7.1.5.7. The Check list on prerequisites/documents for release of 2nd Tranche of Central share (Annexure -27 of the Operational Guidelines, 2013).

7.1.6. Up to 6% of the total expenditure under Mahatma Gandhi NREGA in a financial year can be utilized for administrative expenses.