

No.J-11060/3/2009-NREGA (Part)
Government of India
Ministry of Rural Development
Department of Rural Development
(NREGA Division)

Krishi Bhavan, New Delhi 110114
27th April 2009

Principal Secretaries/Secretaries (RD)
All States/UTs Government

Subject: - Engagement of personnel through service provider for Implementation of the NREG Act

State Government of Uttar Pradesh has brought to the notice of Ministry of Rural Development that their notification regarding engagement of different personnel through service provider has been struck down by the High Court of Allahabad on the grounds that the Operational Guidelines and the NREG Act does not permit engagement of contractor in any manner in the execution of works.

2. In the light of judgement of High Court of Allahabad the matter was examined in the Ministry and it was considered expedient to clarify the issues concerned distinguish between the project which the NREGA worker executes and the administrative support system for NREGA that needs to engage personnel. Para 11, Schedule I does not permit engagement of contractors for implementation of the projects under the scheme. Section 2, para (a) defines 'project' as a work taken up to provide employment to the applicants and section 2, para 'b' defines applicants as the head of a household or any of its other adult members who has applied for employment.

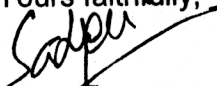
Thus the definitions under NREGA make amply clear the fact that contractors are prohibited in execution of works to be done by NREGA applicants. Para 11 Schedule I does not refer to the administrative arrangements to be made through funds determined by the Central Government under Section 22 (c) of the Act. Under Section 22 (c) the Central Government has the power to decide a percentage of the total cost of the scheme towards administrative expenses; which may include the salary and allowances of the Programme officers and his supportive staff and any such other items as may be decided by the Central Government.

The Central Government has issued instruction on the use of quantum of funds as determined by the Central Government from time to time for administrative expenses. The aim of these instructions is to ensure that State Governments deploy adequate and qualified personnel at all levels as well as have resources for carrying out important tasks like IEC, training, MIS, supervision social audits and grievance redressal. Deploying dedicated personnel is critical to ensure these statutory processes. To facilitate and expedite personnel deployment the Ministry has through its instructions permitted outsourcing through service providers. Such personnel is part of the administrative support system and its hiring through service providers on a contract basis is clearly distinct from the use of contractor in the execution of NREGA works as governed by para 10, Schedule 1 and para 6, schedule 11 and defined under Section 2 of NREGA.

Both Central and State Governments may take recourse to engagement of required personnel as per procedures prescribed by them or on contractual basis through service provider/outsourcing.

3. The above clarification is issued for guidance and information of all States/UTs Governments to ensure efficient implementation of the provisions of NREG Act.

Yours faithfully,



(Satyendra Kumar SINGH)
Director (NREGA)