

# **Memorandum of Understanding (Model)**

**THIS MEMORANDUM OF UNDERSTANDING** (hereinafter referred to as MOU) made and executed at \_\_\_\_\_ this day \_\_\_ of 2008

## **BETWEEN**

Department of Rural Development, Government of ..... (Name of State) through Principal Secretary / Secretary, Rural Development, Government of ....., (which expression shall include his representatives, agents, etc. unless repugnant to the context) **THE PARTY OF THE FIRST PART**, hereinafter referred to as **Party 1**.

## **AND**

.....Postal Circle, Department of Posts, Ministry of Communications and IT, New Delhi through Principal Chief Postmaster General/ Chief Postmaster General, \_\_\_\_\_ Circle, (which expression shall include his representatives, agents, etc. unless repugnant to the context) **THE PARTY OF THE SECOND PART**, hereinafter referred to as **Party 2**.

**(Organizational Structure of the Parties is given at Annexure - I of this MOU)**

**WHEREAS** the parties above named intend to operationalise the savings accounts of the workers under National Rural Employment Guarantee Scheme (hereinafter referred to as NREGS) to enable timely and proper payment of due wages earned by NREGS workers through the Post Offices;

**AND WHEREAS** the parties hereto decide to reduce into writing the terms and conditions as are mutually agreed by them;

**NOW THIS MOU WITNESSES, and it is hereby mutually agreed by and between the parties as follows:**

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Ministry of Rural Development, Krishi Bhawan, New Delhi and  
Department of Posts, Ministry of Communications & IT, Dak Bhawan, New Delhi.

## **1. OBJECTIVE OF MOU**

The central objective of this MOU is to ensure financial inclusion of the NREGA workers by operation of their accounts in Post Offices for timely and proper payment of due wages earned by the workers, and delivery of other financial services to them. The payment of wages to the workers must be done within the statutory time limit of 15 days of the work done by the worker in a fair and transparent manner.

Party 1 by virtue of this Memorandum of Understanding (MOU) desires to entrust Party 2 the responsibility of disbursement of wages to workers under NREGS through Post Offices by opening their Savings Account. Party 1 will provide funds and necessary documents to enable the Post Offices to commence the activity. Both the parties have agreed upon the specific modalities for wage payment under the NREGS through Post Office Savings Bank. These include clear understanding on how the wage bill and amounts are received at the Post Office and credited into the individual Savings Bank Accounts of the workers and their withdrawal by them.

## **2. BACKGROUND:**

The Government of India passed the National Rural Employment Guarantee Act (NREG Act) in September 2005. This Act commenced with effect from 2.2.06 with the objective of guaranteeing employment for at least 100 days to all adult members of the rural households who volunteer to do unskilled manual labour.

A large number of projects have been taken up under NREG Act in the country that provide employment on a huge scale. Mostly Scheduled Castes,

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Scheduled Tribes and women workers are volunteering to work under the programme. The Government in Ministry of Finance has also launched a drive for financial inclusion by opening of accounts of households in unbanked and under-banked areas. In order to achieve the twin objectives of financial inclusion and timely and proper payment of wages to the NREGS workers this MOU is being entered into.

### **3. OBLIGATIONS OF PARTIES INVOLVED IN MOU:**

#### **3.1 OBLIGATIONS OF PARTY 1:**

- 3.1.1. Party 1 hereby agrees to arrange for lists of NREGS workers in each village and habitation and arrange them Branch Post Office-wise and Sub Post Office-wise in consultation with local Postal Authorities for getting the individual/joint SB accounts opened in the Post Office. These documents preferably be given to Post Office by 11:00 AM on specified working days for ensuring timely action.
- 3.1.2. Party 1 hereby agrees to arrange for advance payment of initial deposit of Rs.50/- per account for opening of individual SB accounts. Similarly, it also agrees to provide fund for disbursal in advance.
- 3.1.3. Party 1 hereby agrees to assist the Postal Divisional Nodal Officers in assessing the demand for withdrawal by workers in each Post Office in advance so that cash flow arrangements may be made by Postal Department without delay.
- 3.1.4 Party 1 agrees to do the identification of workers for opening of Savings Account.

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### **3.2. OBLIGATIONS OF PARTY 2:**

- 3.2.1. Party 2 hereby agrees upon to arrange for training of the staff at all levels for acquainting themselves with the operational procedure, time-lines and the need for dedicated approach to deliver the services under this MOU.
- 3.2.2. Party 2 hereby agrees to provide manpower and cash-flow arrangements for implementation of this Scheme and to adhere to the time-line as agreed upon and as per norms for opening of SB accounts, crediting of wage amounts, allowing of withdrawals, etc.
- 3.2.3. Party 2 also hereby agrees upon to provide effective mechanism at all levels for redressal of grievances and disposal of complaints relating to wage payments through Post Office Savings Bank.
- 3.2.4. Party 2 also hereby agrees upon to participate in the periodical coordination meetings to be arranged at Block, District and State levels for discussing various issues relating to smooth functioning of the System.

**(Actions to be taken by the parties to enable fulfillment of obligations attached as Annexure - II)**

### **4. Coordination:**

- 4.1 At State Level, Principal Secretary / Secretary, Rural Development will convene coordination meetings with the officers of Postal Department on monthly basis or as and when required. Pr./Chief

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Post Master General/ Director Postal Services will attend the meetings.

4.2 The District Programme Coordinators (DPCs) of the districts, Programme Officers/Additional Programme Officers (POs/APOs) of the Blocks and the Nodal Officers identified in the Postal Divisions are the key persons in the implementation of the MOU pertaining to wage-payments through Post Office Savings Bank. They are also responsible for coordination among officers at lower level and higher level on both sides to ensure smooth functioning of the system. DPC will convene a monthly meeting at district level for reviewing the implementation, identifying the problems and finding out the solutions. Sr./Superintendent of Post Offices will attend the meeting as representative of Party 2.

4.3 PO/APO will convene similar coordination meetings fortnightly at Block level. Assistant Superintendent of Post Offices/Inspector (Posts) along with concerned Sub Postmasters/Branch Postmasters will attend the meeting as representatives of Party 2.

## **5. BREACH OF COVENANT AND ITS CONSEQUENCES:**

Party 2 shall be liable for failing to discharge its obligations fixed in this MOU provided that the failure is caused entirely by any of its own act or omission or that of its staff. Party 1 shall be responsible for discharging its obligations fixed in this MOU. Party 2 shall not be responsible if Party 1 does not meet the obligations under this MOU.

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**6. ADDITIONAL BENEFITS FOR NREGA WORKERS:**

**Accidental Insurance Cover to workers:**

Accidental insurance cover will be provided to the individual workers duly linking it to the PO Savings Bank Account through M/s Oriental Insurance Company. After mutual consultations, detailed guidelines in this regard will be issued separately by the parties.

**7. TERM AND TERMINATION OF MOU:**

7.1 The duration of the MOU will ordinarily be co-terminus with that of NREGS.

7.2 This MOU may be terminated by either Party upon providing a written notice of three months to the other Party of its intention to do so.

**8. DISPUTES RESOLUTION SYSTEM:**

In case of any dispute arising out of this MOU, both parties shall resolve the issue amicably following government procedures. Payment of wages should not be adversely affected, expressly or implicitly, on account of any pending disputes between the parties.

**9. FORCE MAJEURE:**

Except in the case of unforeseen and uncontrollable circumstances viz. calamities, floods, cyclones, earthquakes, or strikes, bundhs, hartals, rasta-rokos, curfews, accidents, etc., the norms and modalities agreed upon as above will be strictly adhered to. In case of any unforeseen contingencies or accidents as stated

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above, every effort will be made by both the parties to restore normalcy as quickly as possible.

#### **10. TIME LINE AND PENALTY:**

Time is of essence in this MOU. Both the parties hereby agree that the issues involved in this Scheme are time-sensitive and that the time frames agreed upon for different operations in the preceding paragraphs should be strictly adhered to. Penalty will be imposed on individuals who are found responsible for delay in payment as prescribed under the NREG Act and Rules and any other law for the time being in force.

#### **11. GENERAL:**

11.1 Payment of wages shall be made once in a week/fortnight. If required, payment would be staggered to deal with increased work-load without breach of the statutory time limit for payment of wages.

11.2 In the villages where the Post Office is located, Post Office Savings Bank Accounts shall be opened by workers in the Post Office. In a village / habitation where no post office is located, the workers will be given option to open the Savings Bank Account in the Post Office serving their village / habitation. The wages due to them will be deposited in the individual/joint Savings Bank Accounts to be withdrawn at their convenience.

11.3 No other agency may be engaged for disbursement of wages under this scheme where the disbursement is entrusted to Post Office.

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**IN WITNESS WHEREOF**, the parties hereto have executed this MOU this \_\_\_\_\_ day, \_\_\_\_\_ month and \_\_\_\_ year

(Name)

Pr. **Secretary**/Secretary, Rural Development,  
General

For and on behalf of Government of \_\_\_\_\_,  
Rural Development Department.

(Name)

Chief Postmaster

For and on behalf of  
Department of Posts,  
\_\_\_\_\_ Circle.

**WITNESS:**

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

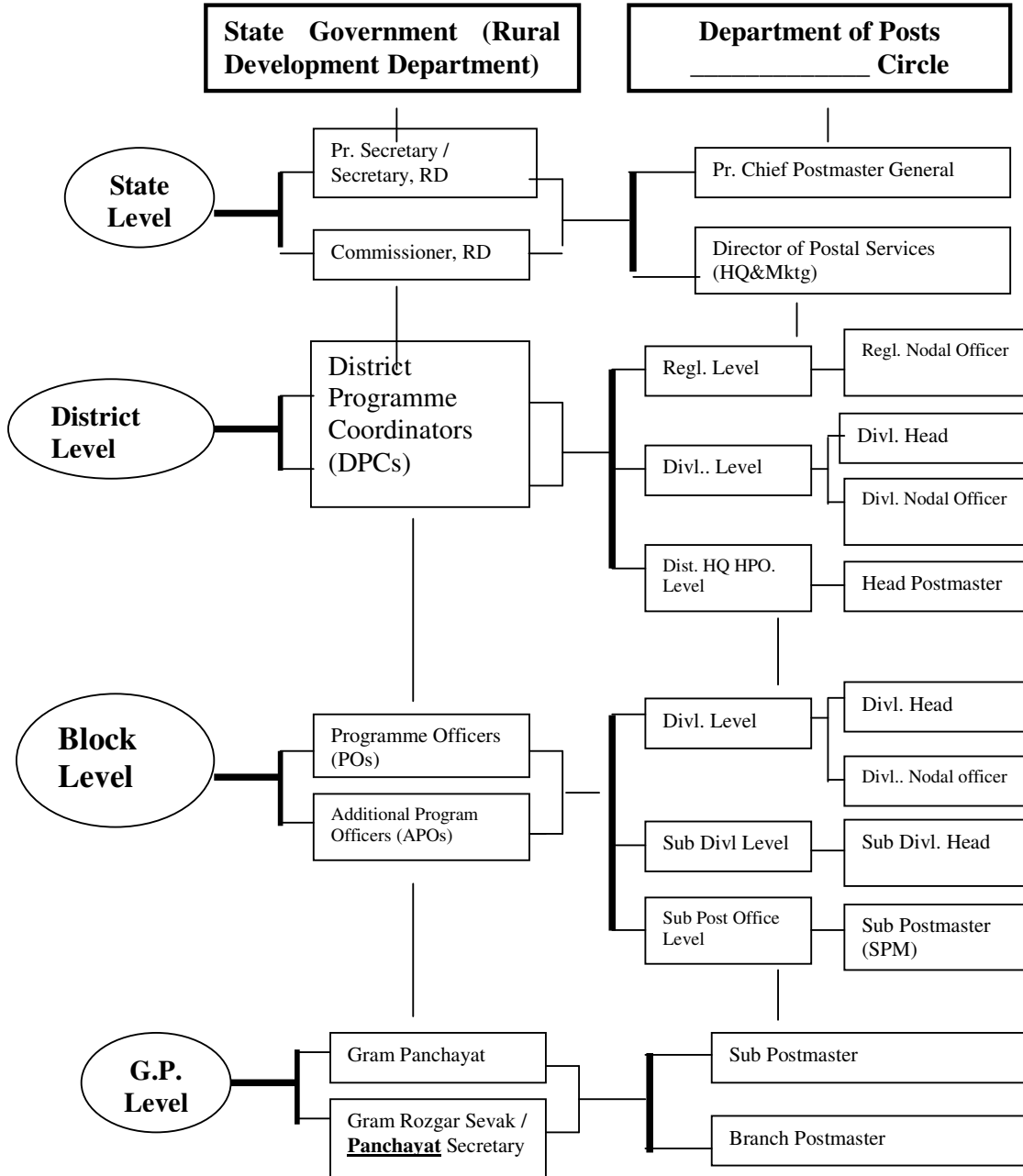
1. \_\_\_\_\_  
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**Organizational Structure of Parties**



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**ACTIONS TO BE TAKEN BY THE PARTIES TO ENABLE FULFILLMENT OF OBLIGATIONS (Process Flow)**

**PARTY 1:**

**1 Opening of individual/joint SB accounts of workers.**

- 1.1 The Programme Officers/Additional Programme Officers (POs/APOs) are the key persons at the Block Level for implementation of the Scheme.
- 1.2 PO/APO will link the villages and habitations with the Post Office network for the purpose of wage payments under NREGA. They may seek the assistance of the Postal Divisional Nodal Officer for the purpose.
- 1.3 PO/APO will prepare the lists of workers in each village and habitation and send them to concerned Sub Postmaster duly arranging them Branch Post Office-wise and Sub Post Office-wise.
- 1.4 PO/APO through Gram Panchayat Secretary and Village Organizations/Self Help Groups and other social workers will facilitate opening of Savings Bank Accounts in the Post Offices, withdrawals from the SB accounts, in filling in the required forms, attesting the Left Thumb Impressions of illiterate workers, etc.
- 1.5 Rs.50/- per account towards initial deposit for opening of Post Office Savings Bank Accounts in the names of individual workers will be

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deducted from the advance to be placed at the disposal of Head Post Office by the District Programme Coordinator (DPC).

- 1.6 PO/APO will obtain the SB account numbers of each worker and get them incorporated in the relevant NREGS records as soon as the individual/joint SB accounts are opened by the Sub Post office.

## **2 Deposit of one month's wages under NREGS as a one time deposit in the Head Post Office located in the District Headquarters:**

- 2.1 The District Programme Coordinators (DPCs) of the districts identified for implementation of the Scheme will assess the probable amount of wages to be paid as well as number of accounts to be opened involving post offices in a month for that District and place an equal amount as a Deposit with the Head Post Office located at the District Headquarters.
- 2.2 The above deposit will enable the Post Offices to open the Savings Account with initial deposit of Rs. 50/- and arrange for crediting of the individual/joint SB accounts with the amounts of wages as per the pay order along with the wage list given by the PO/APO to the Sub Post Office.
- 2.3 Provide for review of one month deposit once in three months at Head Post Office located at District Headquarters.

## **3 Preparation and sending of wage lists by the PO/APO to the Post Office:**

- 3.1 PO/APO will assess the wage payment requirement for each Branch/Sub Post Office and intimate the same to the Divisional Nodal Officers (Postal) at least three days in advance of the actual issue of

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wage lists. This will enable the Postal Department in making advance arrangement for cash flow to the Post Offices.

- 3.2 PO/APO will generate village-wise wage lists duly arranging them Branch Post Office-wise and Sub Post Office-wise. Each List will contain: (1) Name of the worker (2) POSB Account Number (3) Amount of wages to be credited to his/her account. Each List will have the name of the village, Branch Post Office and Sub Post Office with PIN Code and Head Post Office.
- 3.3 PO/APO will arrange Sub Post Office-wise wage lists and prepare a consolidated statement indicating following details (1) Sl. No. (2) Name of the Post Office (3) No. of SB Accounts (4) Amount to be credited (5) Total amount for that Sub Post Office.
- 3.4 PO/APO will make five copies of the above wage lists and send the same to the Sub Post Office along with consolidated statement **under intimation to the payee workers** for necessary action at different levels of the Post Office as per the Operational Procedure. He will obtain the acknowledgement of the Sub Post Master on one copy of the wage list.
- 3.5 DPC should ensure that sufficient funds are available in his NREGS Bank Account before handing over the cheques to the Post Office.

## **PARTY 2:**

### **4 Opening of SB accounts:**

- 4.1 The Nodal Officers of the Postal Divisions will assist the respective POs/APOs in the process of linking the villages and attached

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habitations with the Post Office Network viz. Branch Post Office (BO), Sub Post Office (SO) and Head Post Office (HO) level, for the purpose of wage payments.

- 4.2 The Divisional Nodal Officer will map the BOs under SO and provide a list of such mapping to POs/APOs for preparation of village-wise list of workers.
- 4.3 The Divisional Head/Divisional Nodal Officer and the Head Postmaster concerned will keep a close watch over remittance of all NREGS cheques into the bank account and crediting of the proceeds thereof into the Government Account held by the Head Post Office in the bank without any delay or detention.
- 4.4 The Divisional Nodal Officer/SPM will obtain the lists of registered workers under each Branch Post Office/Sub Post Office from POs/APOs and make necessary arrangements for opening of individual/joint SB accounts and intimate the SB Account Numbers to the POs/APOs for incorporation in the NREGS records at Block level.
- 4.5 The Branch Postmaster will accept the applications for opening of SB accounts, pay-in-slips, specimen signature slips, etc. from the workers without insisting on the initial deposit. He will forward the same to his Sub Post Office on the date of receipt itself.
- 4.6 As fund in advance will be made available to HPO by DPCs towards initial deposit for opening of individual SB accounts, the Sub Postmasters will open the SB accounts making entries in the Long Book, Ledgers and all connected records.

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- 4.7 In households where more than one worker are beneficiaries, joint Savings Account will be opened.
- 4.8 The SPM will send the passbooks to the Branch Postmaster concerned for delivery to the individual wage seekers under acquittance.
- 4.9 The time frame for delivery of pass books to the workers will be three days from the date of payment of initial deposit by the respective POs/APOs.
- 4.10 Post Office will allow Gram Rozgar Sevak / Gram Panchayat Secretary / members of the Village Organization / SHGs / NGOs and other social workers in facilitating filling up of the forms for opening of Savings Bank Accounts, withdrawals , attestation of LTIs etc.

## **5 One-time Deposit in District Headquarters Head Post Office:**

- 5.1 The Divisional Nodal Officer in the District Headquarters will approach the District Programme Coordinator and get an amount equal to the approximate wages payable and amount required for opening new accounts involving Post Offices in a month in the District deposited in the District Headquarters Head Post Office.
- 5.2 The Divisional Nodal Officer will review the position every quarter and will arrive at the latest average amount to be kept as one time deposit. He will ensure that the DPCs supplement the one time deposit to the extent required.

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## **6 Weekly / Fortnightly wage lists:**

- 6.1 The Divisional Nodal Officer will keep a watch over receipt of weekly/fortnightly wage lists and the cheques for the wage amount for all the Post Offices in the Division and ensure immediate crediting of wage-amounts to the SB accounts of the individual workers.
- 6.2 The Sub Postmaster will ensure crediting of wage-amounts to SB accounts of the individual workers immediately on receipt of wage lists and send intimation of credit to each of the Branch Postmasters concerned.

## **7 Withdrawals from SB accounts of individual workers:**

- 7.1 The Divisional Nodal Officer and the Divisional Heads are responsible for arranging sufficient cash to meet the requirements of the Sub Postmasters and the Branch Postmasters in the Division. They will go ahead with the assumption that 100% of the weekly / fortnightly wages will be withdrawn within two or three days of receipt of the list and make sufficient cash available for each Post Office.
- 7.2 Once the weekly / fortnightly lists are received in the Office of Payment (Sub /Branch Post Office), payment of withdrawals will be commenced and completed on the same day. In case of Post Offices where there are very heavy number of withdrawals (say about 500), the same may be staggered over a period of two or three days subject to the condition that at least 200 payments are made each day. In any case, all payments will be completed within three days from the date of receipt of the wage list. The legal time limit as prescribed in NREG Act must be adhered to.

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- 7.3 The entries relating to deposits and withdrawals will be made in the pass books by the Sub/Branch Post Masters when the workers present their pass books for transactions.
- 7.4 As per the existing PO SB Rules, the Branch Postmasters will allow withdrawals up to Rs. 2000/- per account on each occasion, **or such other amount as may be notified from time to time by the competent authority.** Withdrawals beyond the said limit will be referred to his Sub Postmaster for sanction.
- 7.5 In such cases, the Sub Postmasters will dispose of such applications for withdrawal immediately on priority basis, in any case, within two days of receipt of the application from the Branch Post Office.

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