

**GOVERNMENT OF INDIA  
RURAL DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:3795  
ANSWERED ON:25.08.2011  
CONTRIBUTION IN EMPLOYMENT SCHEMES  
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**Will the Minister of RURAL DEVELOPMENT be pleased to state:**

- (a) whether the Government has asked the State Governments to devote 2 per cent of the funds allocated to them under rural employment scheme for providing easy banking services to the rural poor;
- (b) if so, the details thereof;
- (c) the reaction of the State Governments in this regard;
- (d) whether this move will ensure timely payment to beneficiaries under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS); and
- (e) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT (SHRI PRADEEP JAIN `ADITYA`)

(a) to (e): With a view to ensuring timely payment, infusing transparency and enhancing the integrity of wage payment under Mahatma Gandhi NREGA, Schedule II of Mahatma Gandhi NREGA Act has been amended to make wage disbursement to Mahatma Gandhi NREGA workers through institutional accounts in Banks or Post Offices a statutory requirement. To strengthen the institutional outreach for Mahatma Gandhi NREGA wage disbursement, it has been decided that State Governments should roll out the Business Correspondent Model to make wage payment through Banks with Bio-metric authentication at village level on competitive bid basis from Banks by inviting Expression of Interest (EOI)/ Request for Qualification (RFQ). The fee/remittance charges to be paid to Banks/Business Correspondents, etc by way of fixed charges per account or a percentage of the transaction value should not, however, exceed Rs. 80 per annum per active account through which transaction for MGNREGA works has been made during the year. In case the amount exceeds the limit of Rs. 80/- per annum per active account, it would be met by the State Government from its own budget. The service charges to be paid may be absorbed in the 6% administrative expenses admissible in Mahatma Gandhi NREGA. All the State Governments has been advised to identify unserved areas where the BC model may be required and roll out the Business Correspondent Model as per procedure detailed above.