To All Spl Chief Secretaries/ Principal Secretaries/ Secretaries, Rural Development of State Governments (in charge of MGNREGS)

Dated: 15th January, 2014

No. J-11017/26/2008-MGNREGA (UN)
Government of India
Department of Rural development (MGNREGS)

Sub: Guidelines for field trials for Production of Building Materials only for MGNREGA works.

Madam/ Sir,

Several states have represented that in a number of new works that are now allowed to be taken up under MGNREGA, building materials are used. While producing building materials provides employment to unskilled labour, the entire cost of producing such building materials including the cost of unskilled labour, is counted towards material cost for the purpose of computing the labour-material ratio. This creates an anomaly in terms of labour-material ratio. The Ministry has also received few proposals from States to allow field trials on production of building materials under MGNREGA.

2. Therefore, taking into account, the factors stated above, representations of the States and implementation issues, it was decided to allow field trials, production of building materials required for execution of MGNREGA works, as one of the activities under MGNREGA work. Pursuant to this decision, the draft Guidelines for production of building materials only for MGNREGA works prepared by the Ministry was circulated to all the States for comments. After going through the comments received from the States, final guidelines for field trials for production of building material for MGNREGA works are issued herewith.

3. The States may take up field trials in selected blocks and send a report after 4 months, for a further decision on the next steps.

Yours faithfully,

(R. Subrahmanyan)
Joint Secretary (MGNREGA)

Enclosure: Guidelines (6 pag)

Copy for information to: The PS to MRD/ SRD/ AS (MD/ RE-II) all Director (MGNREGA)
GUIDELINES FOR FIELD TRIALS FOR PRODUCTION OF BUILDING MATERIALS FOR MGNREGA WORKS

1. CONTEXT

1.1 Vide Notification dated 4th May 2012, Ministry of Rural Development, Government of India has expanded the scope of works listed in Schedule 1, Para 1B of MGNREG Act and included a number of works that promote livelihoods such as construction of goat shelter, poultry shelter, cattle shed, fish drying yards, structures for NADEP, Vermi-composting and liquid bio-manure etc. In addition, taking into account the felt needs at GP level, construction of anganwadi centres, toilets, BNRGSK etc. have also been added to the list from time to time.

1.2 As per Para 9 of Schedule I, of MGNREG Act, the 60:40 ratio for wage and material costs is required to be maintained at GP level for all works to be taken up by GP and for works to be taken by all other agencies it has to be maintained at the Block/Intermediate Panchayat level. Further it has been mandated that no contractors and no labour-displacing machinery shall be used in execution of works.

1.3 Several states have represented that in a number of new works that are now allowed to be taken up under MGNREGA, clay bricks; hollow bricks, tiles, metal (grit) etc. are used. While production of such building material provides employment to unskilled labour, the entire cost of such building material including the cost of unskilled labour, is counted towards material cost for the purpose of computing the labour-material ratio. This creates an anomaly in terms of the labour-material ratio. Given that a labour material ratio of 60:40 is required to be maintained at GP/Block level, this also hampers taking up works that are likely to be more durable and needed for livelihood support.

1.4 Taking into account, the factors listed in Para 1.3 above, representations of States and implementation issues, it has been decided to allow field trials, for production of building material required in execution of MGNREGA works, as one of the activities under MGNREGA. Pursuant to this decision, the following guidelines are issued in this regard for the field trials which may be taken up in selected Blocks by the State.

1.5 Building Materials which can be taken up for field trials are mud blocks, reinforced mud blocks, clay bricks, hollow bricks, cement inter locking tiles, metal (grit), pipes, etc., in production of which sufficient number of unskilled labour is required and can be produced locally with locally available material.
2. PRODUCTION OF BUILDING MATERIAL AS AN ACTIVITY IN WORK EXECUTION:

Implementing Agency (as defined in Section 2 (g) of the Act) that is entrusted with the task of executing MGNREGA works, may take up, production of building material as a part of construction of the work in a labour intensive manner, following these guidelines. **But such production shall not be a stand alone activity.**

3. PLANNING & EXECUTION:

3.1 From the annual development plan of the GP, works for field trials should be tried and the total requirement of building materials for MGNREGA works to be used should be ascertained. The production of building materials should be spread in such a manner that building materials are not allowed to be stored for long period and this would affect the quality and lead to breakage/wastage.

3.2 The location where building material will be manufactured shall be selected based on the availability of water and the required quality of material/soil etc.

3.3 For unskilled labour required in production of building material, workers that hold job cards only will be engaged. The un-skilled tasks under different activities in production of building material to be carried out by an un-skilled labour should be worked out by the State, quickly.

3.4 Self Help Groups of MGNREGA workers, interested in building material production will be formed in the Block. The DPC will arrange required training on building material production to these Self Help Groups, through the concerned agencies, before the building material production is taken up and such SHGs will be employed, whenever building material production is taken up in the Block.

3.5 Some existing willing building material manufacturers may be identified as non-commercial ‘resource persons’ who can work as ‘mates’ for the programme. These identified mates may select the places and train the wage seekers in basic processes before starting the production of building material.

3.6 All processes and non-negotiables required under MGNREGA will be followed in engaging MGNREGA workers for building material production under these guidelines, such as:

3.6.1 Only job cardholders will be employed for the unskilled part of work.
3.6.2 Muster Rolls will be maintained on the worksite by the implementing agency concerned with copies to the Gram Panchayat. All data will also be in public domain and will be entered on www.nrega.nic.in

3.6.3 Wage payments will be done only through banks/post office accounts unless exempted by MoRD.

3.6.4 No contractor and labour displacement machine will be deployed for building material production.

3.6.5 Record of employment generated in building material production will be maintained separately

3.6.6 Every field trial will be treated as a MGNREGA activity for the purpose of:
   a) Social Audit by Gram Sabha
   b) Evaluation by Vigilance and Monitoring Committee

4. Quality Aspects:
It is necessary to ensure that prescribed quality standards are adhered to. If the building material production is not of the quality required, not only should the field trial be discontinued, such building material should not be used for construction at all. Sizes, strength required and tests to be performed as per Indian Standard Specifications.
- States must deploy all required inspection/monitoring processes so as to ensure that building material produced are of acceptable quality.

5. COSTING:
In building material production cost, un-skilled labour component (shall not be less than 33%) and skilled/ semi-skilled/ material component, will be worked out by the State, based on actual costs of inputs, wage rates and work outturn.

6. CAPITAL INVESTMENT
Procurement of capital items should be avoided. If it is absolutely necessary to procure small items, then the same can be procured following procurement procedures laid down by the State Government. However, it is advised that a decision for procuring capital items shall not be a level below that of DPC.
7. ACCOUNTABILITY ARRANGEMENT:

On every building material production site all accountability arrangements as prescribed under MGNREGA will be followed. Material at site (MAS) register with details of raw material and produced material will be maintained in the format annexed at Annexure-1 & Annexure-2 respectively.

8. COMPLIANCE WITH RULES/ REGULATIONS AND ENVIRONMENTAL LAWS

All other conditions such as compliance with Rules / Regulations including those relating to Environmental aspects should be strictly adhered to. All building material shall follow ‘green’ (environmental friendly) technology and processes.

9. MISCELLANEOUS :

It needs to be re-iterated here that building material production is not permitted as a “stand alone” activity meaning thereby that building material production cannot be made under MGNREGA and used for works other than the works taken up under MGNREGA or for sale in the open market.

10. DOCUMENTATION AND MONITORING:

The regular and systematic documentation of field trials on building material production at District level will be made by the implementing agency under the guidance of DPC. The State will monitor the field trials taken up for building material production and will ensure that the regular and systematic documentation is made on field trials and will give regular feed back to the Ministry. After 4 months of starting field trial, reports may be sent to MoRD, wherever possible teams from the Ministry will visit the building material production sites to study and assess the possibility of up scaling the activity. A final decision on up scaling would be taken after assessment of performance.

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MATERIAL AT SITE (MAS) REGISTER FOR RAW MATERIAL PROCURED FOR PRODUCTION OF BUILDING MATERIAL FOR MGNREGA WORKS

Name of Site/ GP/ Block/ District:
Name of building material to be produced:
Name of the implementing agency producing building material:

<table>
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<tr>
<th>S.NO.</th>
<th>RAW MATERIAL</th>
<th>UNIT</th>
<th>QUANTITY</th>
<th>SOURCE</th>
<th>DATE OF RECEIPT</th>
<th>AMOUNT SPENT (RS.)</th>
<th>DATED SIGNATURE OF THE VERIFYING AUTHORITY</th>
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(P.T.O.)
MATERIAL AT SITE (MAS) REGISTER FOR BUILDING MATERIAL PRODUCED

Name of Site/ GP/ Block/ District:
Name of building material to be produced:
Name of the implementing agency producing building material:

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<tr>
<th>S.NO.</th>
<th>NAME OF MATERIAL PRODUCED</th>
<th>UNIT</th>
<th>QUANTITY</th>
<th>UNSKILLED MAN DAYS USED</th>
<th>RAW MATERIAL USED</th>
<th>PRODUCTION COST PER UNIT</th>
<th>TOTAL PRODUCTION COST</th>
<th>FINISHED MATERIAL USED FOR</th>
<th>DATED SIGNATURE OF THE VERIFYING AUTHORITY</th>
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