

FMS No.354472  
M-12016/01/2017-RH(M&T)-Part  
Government of India  
Ministry of Rural Development  
(Rural Housing Division)

Krishi Bhawan, New Delhi  
Dated : 22<sup>nd</sup> February 2017

To

The Principal Secretary / Secretary (RD),  
All State Government and Union Territory Administration.  
Dealing with rural housing scheme (IAY & PMAY-G),

Subject : Implementation of Hon'ble Supreme Court order dated 10.01.2017 in  
WP(Crl) No.712/2011 filed by Shri Manohar Lal Sharma Vs. State of  
Maharashtra & Others – Auditing of funds released to VOs/NGOs -  
Reg.

Sir/Madam,

The undersigned is directed to refer to the Hon'ble Supreme Court order dated 10.01.2017 (**copy enclosed**) in WP(Crl) No.712/2011 filed by Shri Manohar Lal Sharma Vs. State of Maharashtra & Others inter alia directing compliance with regulatory procedure for auditing funds released by the Government as laid down in Rules 210-212 of General Financial Rules, 2005 (**copy enclosed**), exercise of audit as per GFR-2005 and submission of report to the court by 31<sup>st</sup> March, 2017.

2. The Hon'ble Court's order also conveys that the public money disbursed must be accounted for and that the grantee concerned /Voluntary Organisation/NGO should be blacklisted in the event of non-compliance/non-submission of balance-sheets/returns by the grantee/VO/NGO and civil and criminal action initiated against them for defalcation/misappropriation of funds.

3. The following provisions have been incorporated in the guidelines and Framework for Implementation of rural housing scheme (IAY & PMAY-G) relating to payment that can be made to NGOs in the implementation of the scheme:-

Contd.... 2.

**Para 5.8 of IAY guidelines updated on 31<sup>st</sup> March, 2011.**

“Suitable Non-Governmental agencies with proven good track record wherever available may be associated for assistance in construction of dwelling units under Indira Awaas Yojana. The supervision, guidance and the monitoring of construction can be entrusted to these non-governmental organisations. In particular, non-governmental organisations should be made use of to popularize the use of sanitary latrine and smokeless chulhas, as well as innovative technologies, materials designs, etc for cost effective construction. If necessary, funds can be utilised for this purpose from the earmarked funds for training or by dovetailing with the total sanitation campaign”

**Para 3.6 of IAY guidelines which came into effect from 1<sup>st</sup> April, 2014.**

“Eligible items of expenditure under administrative expenses are the following :-

- (x) Training of Community Resource Persons (CRPs) and NGOs;
- (xi) Payment of honorarium to CRPs and service charges to NGOs;”

**Para 4.9 of IAY guidelines which came into effect from 1<sup>st</sup> April, 2014.**

“Also services of reputed NGOs / Charitable Organisations, Youth Clubs of standing, Nation Service Scheme (NSS) Units of Schools and Colleges may be utilised to provide necessary support services to the beneficiaries especially for adopting suitable materials and building technologies, managing construction and in monitoring. States may accredit such agencies based on transparent criteria and fix reasonable service charges to be paid to them from the provisions for administrative expenses”

4. Under the re-structured rural housing scheme Pradhan Mantri Awaas Yojana – Gramin (PMAY-G), the following provisions relating to NGOs have been incorporated :-