



सत्यमेव जयते

T.M. Vijay Bhaskar, I.A.S.
Joint Secretary

टी.एम. विजय भास्कर, आई.ए.एस.
संयुक्त सचिव



जय हिन्द

भारत सरकार
पेयजल एवं स्वच्छता विभाग
ग्रामीण विकास मंत्रालय
राजीव गांधी राष्ट्रीय पेयजल मिशन
Government of India
Ministry of Rural Development
Department of Drinking Water and Sanitation
Rajiv Gandhi National Drinking Water Mission
D.O. No. G-11011/03/2010-Water (Part)
Dated: September 10, 2010

Dear

As you are aware, all funds under National Rural Drinking Water Programme (NRDWP) are released to the State Water and Sanitation Mission (SWSM). As per Para 16.1 of NRDWP guidelines, the SWSM shall select a Bank Branch of any Public Sector Bank with internet connectivity at the State Headquarters for maintaining the two accounts namely Programme Accounts and Support Activity Accounts.

2. As per Para 16.7 of the guidelines, a Tripartite Memorandum of Undertaking (MoU) will be entered into between the Bank, SWSM and the DDWS wherein the parties would agree to abide by the provisions of guidelines. In particular, the Bank will agree to abide by the instructions issued from time to time by the DDWS regarding the operation of the Accounts.
3. However, it has been observed that your State has not furnished the requisite Tripartite MoU.
4. You are, therefore, requested to furnish the requisite Tripartite MoU by 30/9/2010.
5. A draft template of the MoU is enclosed for ready reference.

With regards,

Yours sincerely,


10/9/10
(T.M. Vijay Bhaskar)

To State Secretaries incharge of RWS who have not submitted the Draft MoU
Andhra Pradesh, Assam, Bihar, Goa, J&K, Jharkhand, Karnataka, Kerala, Maharashtra,
Manipur, Meghalaya, Nagaland, Rajasthan, Tripura and Uttar Pradesh (15 States)

Encl: As Above

MEMORANDUM OF UNDERSTANDING ON BANKING ARRANGEMENTS OF FUNDS OF THE NATIONAL RURAL DRINKING WATER PROGRAMME (NRDWP) AND TOTAL SANITATION CAMPAIGN (TSC)

01 This Memorandum of Understanding is among the following three parties:

1. The Department of Drinking Water and Sanitation (DDWS) a Department of the Ministry of Rural Development, Government of India acting through its Representative.
2. State Water and Sanitation Mission, (State name) _____ (herein called the State Agency), with registered office at _____, acting through its Member Secretary.
3. (Name of the bank) _____ with registered office at _____ acting through its (Designation of the bank official) _____.

02 The purpose of this Memorandum of Understanding is to define the responsibilities, obligations, rights and duties of the three parties in respect of the banking arrangements for the funds (herein call the funds) released by the DDWS for the construction or up gradation of rural water supply system under the Scheme and Guidelines of National Rural Drinking Water Programme (NRDWP/ Total Sanitation Campaign (TSC)), a scheme of the DDWS, Ministry of Rural Development.

03 The State Agency undertakes that:

- I. It will keep the funds for the NRDWP/TSC Works and interest earned thereon in their entirety in one Account with the Bank. It will keep any other incidental income of NRDWP/TSC also with the Bank.
- II. It will not withdraw or apply or utilize any fund from the Account except in a manner permitted under NRDWP/TSC as per Guidelines, Orders and instructions issued from time to time by the DDWS.
- III. It will render a complete, faithful, true and fair account of the fund to the DDWS at monthly intervals.
- IV. It will designate an Empowered Officer and intimate his name, designation and such other details, as the Bank may require, to the Bank.
- V. It will communicate, through the Empowered Officer, the names, designation and other details of Authorized Signatories and Authorized Payees to the Bank.
- VI. It will have online arrangements for internet connectivity for all payments made by its Authorized Signatories and will forthwith enter all transactional

data relating to payments into the IMIS software developed for management of the NRDWP/TSC Programme. In particular, the identity of the Authorized Signatories, the cheque number and the name of the Authorized Payee, the purpose of the payment and the work order (if applicable) will be entered in electronic data bases accessible to the Bank for purposes of record, verification and further processing.

VII. It will not seek any overdraft facility from the Bank.

04 The Bank undertakes that notwithstanding any general agreement or any non-statutory provisions in this regard:

- I. It will keep the funds for the NRDWP/TSC Programme only in three accounts hereinafter called the Programme Fund, Support Fund and TSC funds.
- II. It will follow the Guidelines of Government of India for payments from the NRDWP/TSC funds.
- III. All payments to the contractors from the Programme fund would only be by way of Account Payee Cheques as per standing instructions or any communications issued by the Empowered Officer from time to time. Any wrong payment made in violation of the Standing instructions and communication will be borne by the Bank without demur.
- IV. The selected branch of the Bank will maintain Internet connectivity and enter all transaction data into the relevant module of the NRDWP/TSC Programme's Online Integrated Management Information System (IMIS).
- V. The Bank will issue free of charge separate Cheque Books to each of the Authorized Signatories under intimation to the Empowered Officer and will keep their signatures on record.
- VI. On presentation of the cheques issued by Authorized Signatories, before making payment, the Bank would satisfy itself that the payment details have been entered in the Payment Module of the Integrated Management informatic System (IMIS), and that the cheque meets with all other requirements, among others, like signatures agreeing with specimen signatures, the cheque amount being within the balance authorized limit, and the payee being the authorized payee, payee account details being fully and correctly specified etc.
- VII. The Bank and its nominated branches in the State shall not take more than 24 hours to make the necessary inquiries and honour as per the cheques issued against the account by the Authorized Signatory subject to the instructions issued by the Empowered Officer.
- VIII. It will automatically invest the funds in excess of Rs. 500 lakh in the Programme Fund in its Fixed Deposits of maturity of one year in units of Rs. 25 lakh.

- IX. It will automatically encash the security last invested if the funds fall below Rs. 500 lakh and pay interest payable from the date of investment to the date of encashment, without deducting any charges for early encashment.
- X. The rate of interest on fixed deposits will be the rate of interest last notified by the HQ of the Bank. It will pay interest on the balances in the SB account of NRDWP/TSC fund at the prevailing Saving Bank Interest Rate.
- XI. It accepts its responsibility to pay interest for any omission to make investment, and will submit an Audit Certificate each year that the investments were made as per the Memorandum of Understanding.
- XII. It will issue without any charge demand drafts, Banker's Cheque etc. when asked for by the State Agency or its Authorized Signatory.
- XIII. It will send to the State Agency and each Authorized Signatory a weekly and monthly statement of receipts and payments and the balance of authorized limit.
- XIV. It will forthwith inform the Empowered Officer of any unusual transaction involving any Authorized Signatory.
- XV. It will send to the DDWS, Ministry of Rural Development a Certificate of Balance at such intervals as the DDWS may direct.
- XVI. It will promptly carry out the corrections in the account of the State Agency as and when noticed or brought to its notice by the State Agency or any Authorized Signatory.
- XVII. It will promptly bring to the notice of the DDWS any discrepancies that come to light in Audit Report etc.
- XVIII. It will promptly, and without demur, stop payment on the directions of the Empowered Officers, State Agency or the DDWS.
- XIX. It will maintain confidentiality of the accounts and the transactions as per the law.
- XX. It will abide by the NRDWP/TSC guidelines and orders issued by the DDWS regarding the implementation of the transactions of the NRDWP/TSC.

05 The DDWS undertake that:-

- i. It will promptly issue necessary clarification to the Bank and the State Agency regarding any doubts that may arise in implementing this system.
- ii. It will inform the State Agency the purposes and the manner of using the fund as decided by DDWS, Ministry of Rural Development, Govt. of India.
- iii. It will advise the State Agency and/or the Bank to suspend payments in order to investigate frauds and serious irregularities if any, in the use of the funds.

06 Each party understands the rights of one another and their obligations and responsibilities. Each party solemnly undertakes to fulfill its obligations under this Memorandum of Understanding.

07 The Memorandum of Understanding comes into force from the date of signing. All parties may jointly agree to change any of its clauses, and such changes will take effect from such date as is specified in the agreement.

08 Notwithstanding anything contained in this Memorandum of Understanding the SWSM may terminate this MOU, with the concurrence of the Department of Drinking Water and Sanitation, Ministry of Rural Development after giving one month's notice. However, no notice would be given without giving the Bank opportunity to place their views before the SWSM in respect of the proposed termination.

09 The decision of the concerned Joint Secretary, DDWS, Ministry of Rural Development will be final in case of any dispute among the parties.

Signed this _____ day of _____ 2010

1. Name _____
Under Secretary, Deptt. Of Drinking Water and Sanitation
2. Name & Designation
State Water and Sanitation Mission, _____)
3. Name & Designation of the Bank officer

Witness:-

- 1.
- 2.
- 3.