

डॉ. टी. वी. सोमनाथन, आई.ए.एस.

सचिव (व्यय)

Dr. T. V. Somanathan, I.A.S.

Secretary (Expenditure)



D.O. No. F. 1(13)PFMS/FCD/2020



भारत सरकार

वित्त मंत्रालय

व्यय विभाग

Government of India

Ministry of Finance

Department of Expenditure

नॉर्थ ब्लॉक, नई दिल्ली-110001

North Block, New Delhi-110001

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12th April, 2021

Dear Secretary,

As you are aware, on 23rd March, 2021, the Department of Expenditure had issued a revised procedure for release of funds to States for the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released. I am enclosing a copy of the same for your perusal.

2. The aim of the revised procedure is to ensure effective cash management and improve transparency in public expenditure management. The revised procedure will be effective from 1st July, 2021. A number of preparatory activities need to be completed by the State Governments and Implementing Agencies (IAs) for smooth implementation of the revised procedure from the stipulated date. These *inter-alia* include:

- (i) A Single Nodal Agency (SNA) is designated for each CSS by every State Government.
- (ii) Each SNA is registered in the Public Financial Management System (PFMS) and the bank account of each SNA is opened and mapped in PFMS.
- (iii) Funds available in the bank account of all the IAs below the SNA are transferred to the bank account of the SNA concerned with clear bifurcation of the Central and the State share.
- (iv) Zero balance bank accounts of the IAs down the ladder are opened.
- (v) All the IAs are registered in PFMS and their zero balance bank accounts are mapped in PFMS.
- (vi) Separate budget lines for Central and State shares are opened by every State Government in the State budget for every CSS having a State share and necessary provision of funds is made in the State budget for both the components.
- (vii) If a CSS is being implemented through a separate Central or State IT system, the same is integrated with PFMS.
- (viii) State GIFTMIS is enabled to capture scheme component-wise expenditure alongwith PFMS scheme codes and Unique Code of the agencies incurring the expenditure.

3. I, therefore, request you to kindly review completion of all the preparatory activities regularly with the officers of the Programme Divisions of your Department and officers of the Department concerned of the State Governments to ensure that they are completed by 30th June 2021 and the new procedure is smoothly implemented w.e.f. 1st July, 2021.

With regards,

Yours sincerely,

Somanathan
(T.V. Somanathan)

All Secretaries to the Government of India (as per list enclosed)

Encl: as above.

F. No. 1(13)PFMS/FCD/2020
Government of India
Ministry of Finance
Department of Expenditure
PFMS Division

Block No.11, 5th Floor,
CGO Complex, Lodhi Road,
New Delhi, dated 23.03.2021

OFFICE MEMORANDUM

Subject: Procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released

The General Financial Rule 232(v) prescribes the release of funds to the State Governments and monitoring utilization of funds through PFMS. For better monitoring of availability and utilization of funds released to the States under the Centrally Sponsored Schemes (CSS) and to reduce float, the Department of Expenditure vide letter of even number dated 16.12.2020 had shared a draft modified procedure for release of funds under CSS with all the State governments and Ministries/Departments of the Government of India to seek their comments. The comments received from the State governments and Ministries/Departments of the Government of India were considered and the procedure has been suitably modified.

With a view to have more effective cash management and bring more efficiency in the public expenditure management, it has been decided that the following procedure will be followed by all the State Governments and Ministries/Departments of the Government of India regarding release and monitoring utilization of funds under CSS with effect from 1st July, 2021:

1. Every State Government will designate a Single Nodal Agency (SNA) for implementing each CSS. The SNA will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorized to conduct government business by the State Government.
2. In case of Umbrella schemes which have multiple sub-schemes, if needed, the State Governments may designate separate SNAs for sub-schemes of the Umbrella Scheme with separate Single Nodal Accounts.
3. Implementing Agencies (IAs) down the ladder should use the SNA's account with clearly defined drawing limits set for that account. However, depending on operational requirements, zero-balance subsidiary accounts for each scheme may also be opened for the IAs either in the same branch of the selected bank or in different branches.
4. All zero balance subsidiary accounts will have allocated drawing limits to be decided by the SNA concerned from time to time and will draw on real time basis from the Single Nodal Account of the scheme as and when payments are to be made to beneficiaries, vendors etc. The available drawing limit will get reduced by the extent of utilization.

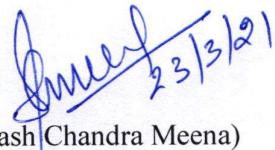
5. For seamless management of funds, the main account and all zero balance subsidiary accounts should preferably be maintained with the same bank. However, State Government may choose different banks for opening Single Nodal Accounts of different CSS.
6. Only banks having a robust IT Systems and extensive branch network should be chosen for opening the Single Nodal Account of each CSS. The bank chosen should have the facility to open the required number of subsidiary zero balance accounts and a robust MIS for handling accounting and reconciliation at each level. The bank should also provide a user friendly dashboard to officers at various levels to monitor utilization of funds by IAs.
7. The bank's software system should be able to monitor the drawing limits of the IAs who should be able to draw funds on real time basis from the SNA's account as and when payments are to be made. The selected bank should ensure proper training and capacity building of branch managers and other staff for smooth operation of these accounts.
8. The Ministries/Departments will release the central share for each CSS to the State Government's Account held in the Reserve Bank of India (RBI) for further release to the SNA's Account.
9. Funds will be released to the States strictly on the basis of balance funds of the CSS (Central and State share) available in the State treasury and bank account of the SNA as per PFMS or scheme-specific portals fully integrated with PFMS in consonance with rule 232(V) of the General Financial Rules, 2017.
10. The SNAs shall ensure that the interest earned from the funds released should be mandatorily remitted to the respective Consolidated Funds on pro-rata basis in terms of Rule 230(8) of GFR, 2017. Interest earned should be clearly and separately depicted in PFMS, scheme-specific portals integrated with PFMS and in MIS provided by the banks.
11. Except in case of schemes/sub-schemes having no State share, States will maintain separate budget lines for Central and State Share under each CSS in their Detailed Demand for Grants (DDG), and make necessary provision of the State share in the State's budget. While releasing funds to SNA, State's Integrated Financial Management Information System (IFMIS) should provide these budget heads and the same should be captured in PFMS through treasury integration.
12. In the beginning of a financial year, the Ministries/Departments will release not more than 25% of the amount earmarked for a State for a CSS for the financial year. Additional central share (not more than 25% at a time) will be released upon transfer of the stipulated State share to the Single Nodal Account and utilization of at least 75% of the funds released earlier (both Central and State share) and compliance of the conditions of previous sanction. However, this provision will not be applicable in case of schemes where a different quantum of release has been approved by the Cabinet.
13. After opening of Single Nodal Account of the scheme and before opening zero balance subsidiary account of IAs or assigning them drawing rights from SNA's account, the IAs at all levels shall return all unspent amounts lying in their accounts to the Single Nodal Account of the SNA. It will be the responsibility of the State government concerned to ensure that the entire unspent amount is returned by all the IAs to the Single Nodal Account of the SNA concerned. For this, the State Governments will work out the modalities and the timelines and will work out Central and state share in the amount so available with IAs.

SNA will keep a record of unspent balance lying in the account of IAs and the amount refunded by IAs.

14. Refund of balance amount by IAs and the amount available in the SNA's account should be taken into account by the Program Division of the Ministry/Department while releasing funds under the scheme. Concerned SNAs shall keep a record of the unspent amount lying in the account of IAs to be deposited in the Single Nodal Account while assigning drawing rights to IAs.
15. Ministries/ Departments will ensure that releases under all CSS are made strictly as per the actual requirement on the ground, without resulting in any material float with the implementing agencies at any level.
16. The State Government will transfer the Central share received in its account in the RBI to the concerned SNA's account within a period of 21 days of its receipt. The Central share shall not be diverted to the Personal Deposit (PD) account or any other account by the State Government. Corresponding State share should be released as early as possible and not later than 40 days of release of the Central share. The funds will be maintained by the SNA in the Single Nodal Account of each CSS. State Governments/SNAs/IAs shall not transfer scheme-related funds to any other bank account, except for actual payments under the Scheme.
17. State Governments will register the SNAs and all IAs on PFMS and use the unique PFMS ID assigned to the SNA and IAs for all payments to them. Bank accounts of the SNAs, IAs, vendors and other organizations receiving funds will also be mapped in PFMS.
18. Payments will be made from the zero balance subsidiary accounts up to the drawing limit assigned to such accounts from time to time. Transactions in each Subsidiary Account will be settled with the Single Nodal Account daily through the core banking solution (CBS) on the basis of payments made during the day.
19. SNAs and IAs will mandatorily use the EAT module of PFMS or integrate their systems with the PFMS to ensure that information on PFMS is updated by each IA at least once every day.
20. SNAs will keep all the funds received in the Single Nodal Account only and shall not divert the same to Fixed Deposits/Flexi-Account/Multi-Option Deposit Account/Corporate Liquid Term Deposit (CLTD) Account etc.
21. The State IFMIS should be able to capture scheme component-wise expenditure along with PFMS Scheme Code and Unique Code of the Agencies incurring the expenditure. State Governments will ensure daily uploading/sharing of data by the State IFMIS/Treasury applications on PFMS. PFMS will act as a facilitator for payment, tracking and monitoring of fund flow.
22. Release of funds by the Ministries/Departments to States towards the end of the financial year should be avoided to prevent accumulation of unspent balances with States. Ministries/Departments will arrange to complete the release well in time so that States have ample time to seek supplementary appropriations from their respective legislatures, if required, and account for all the releases in the same financial year.

23. In case of CSS having no State share and where as per the scheme guidelines, funds are released by the Central Ministry/Department directly to the districts/blocks/Gram Panchayats/Implementing agencies, the requirement of notifying a single Nodal Agency and opening of a Single Nodal Account at the State level may be waived by the Secretary of the Central Ministry/Department concerned in consultation with the Financial Adviser.
24. UTs without legislature work directly in PFMS. Therefore, there is no need for them to open a Single Nodal Account. They will ensure that the funds are released to the vendors/beneficiaries 'just in time'. In case funds are to be released to any agency as per scheme guidelines, provision of Rule 230 (vii) of GRF 2017 will be strictly followed to avoid parking of funds, with agencies.
25. Ministries/Departments shall undertake monthly review of the release of funds (both the Central and State Share) from the State treasury to the SNA, utilization of funds by SNAs and IAs and outputs/outcomes vis-à-vis the targets for each CSS.

This issues with the approval of Secretary (Expenditure) and shall supersede all earlier guidelines on this subject.



Subhash Chandra Meena
Director (FCD)
011-24368543

E-mail: subhash.meena@nic.in

To,

1. All Secretaries to the Government of India
2. All Financial Advisors to the Government of India
3. All Pr. CCAs/CCAs of all Ministries/Departments

Copy to:

1. PSO to Secretary (Expenditure)
2. PPS to CGA
3. Sr.PPS to Addl. Secretary (Expenditure)
4. PSO to Addl. Secretary (Pers)
5. Sr. PPS to JS (PFC-II)
6. Sr. PPS to JS(PF-S)

MOST URGENT

No. J-18001/2/2017-Fy (E-4688)

Government of India

Ministry of Fisheries, Animal Husbandry and Dairying

Department of Fisheries

Krishi Bhawan, New Delhi

Dated the 8th April, 2021

To

Addl. Chief Secretaries/ Principal Secretaries,
 Secretaries, Department of Fisheries of all the States/UTs

Subject: Procedure for release of funds under the Centrally Sponsored Schemes and monitoring utilization of funds released-Regarding.

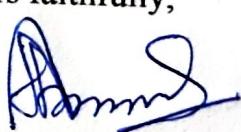
Madam/Sir,

I am directed to refer to the captioned subject and forward herewith the OM received from Department of Expenditure (DoE), Ministry of Finance dated 23rd March, 2021 with regard to modified procedure for release of funds under the Centrally Sponsored Schemes and monitoring utilization of funds released (Copy Enclosed). For effective cash management and bringing more efficiency in the public expenditure management, DoE issued the procedure which has 25 points as mentioned in the said OM. The modified procedure shall supersede all earlier guidelines on the subject and shall be implemented w.e.f. 1st July, 2021.

2. It is therefore, requested that the release of funds in respect of Central Sponsored Schemes may be reviewed and the procedures mentioned may kindly be followed strictly.

Yours faithfully,

Encl: As above



(Saju K. Surendran)
Director (FE)

Copy for information & necessary action:

1. Director/Commissioner (Fisheries), Department of Fisheries of all the States/UTs
2. Chief Executive, National Fisheries Development Board, Hyderabad

F. No. 1(13)PFMS/FCD/2020
Government of India
Ministry of Finance
Department of Expenditure
PFMS Division

Block No.11, 5th Floor,
CGO Complex, Lodhi Road.
New Delhi, dated 23.03.2021

OFFICE MEMORANDUM

Subject: Procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released

The General Financial Rule 232(v) prescribes the release of funds to the State Governments and monitoring utilization of funds through PFMS. For better monitoring of availability and utilization of funds released to the States under the Centrally Sponsored Schemes (CSS) and to reduce float, the Department of Expenditure vide letter of even number dated 16.12.2020 had shared a draft modified procedure for release of funds under CSS with all the State governments and Ministries/Departments of the Government of India to seek their comments. The comments received from the State governments and Ministries/Departments of the Government of India were considered and the procedure has been suitably modified.

With a view to have more effective cash management and bring more efficiency in the public expenditure management, it has been decided that the following procedure will be followed by all the State Governments and Ministries/Departments of the Government of India regarding release and monitoring utilization of funds under CSS with effect from 1st July, 2021:

1. Every State Government will designate a Single Nodal Agency (SNA) for implementing each CSS. The SNA will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorized to conduct government business by the State Government.
2. In case of Umbrella schemes which have multiple sub-schemes, if needed, the State Governments may designate separate SNAs for sub-schemes of the Umbrella Scheme with separate Single Nodal Accounts.
3. Implementing Agencies (IAs) down the ladder should use the SNA's account with clearly defined drawing limits set for that account. However, depending on operational requirements, zero-balance subsidiary accounts for each scheme may also be opened for the IAs either in the same branch of the selected bank or in different branches.
4. All zero balance subsidiary accounts will have allocated drawing limits to be decided by the SNA concerned from time to time and will draw on real time basis from the Single Nodal Account of the scheme as and when payments are to be made to beneficiaries, vendors etc. The available drawing limit will get reduced by the extent of utilization.

5. For seamless management of funds, the main account and all zero balance subsidiary accounts should preferably be maintained with the same bank. However, State Government may choose different banks for opening Single Nodal Accounts of different CSS.
6. Only banks having a robust IT Systems and extensive branch network should be chosen for opening the Single Nodal Account of each CSS. The bank chosen should have the facility to open the required number of subsidiary zero balance accounts and a robust MIS for handling accounting and reconciliation at each level. The bank should also provide a user friendly dashboard to officers at various levels to monitor utilization of funds by IAs.
7. The bank's software system should be able to monitor the drawing limits of the IAs who should be able to draw funds on real time basis from the SNA's account as and when payments are to be made. The selected bank should ensure proper training and capacity building of branch managers and other staff for smooth operation of these accounts.
8. The Ministries/Departments will release the central share for each CSS to the State Government's Account held in the Reserve Bank of India (RBI) for further release to the SNA's Account.
9. Funds will be released to the States strictly on the basis of balance funds of the CSS (Central and State share) available in the State treasury and bank account of the SNA as per PFMS or scheme-specific portals fully integrated with PFMS in consonance with rule 232(V) of the General Financial Rules, 2017.
10. The SNAs shall ensure that the interest earned from the funds released should be mandatorily remitted to the respective Consolidated Funds on pro-rata basis in terms of Rule 230(8) of GFR, 2017. Interest earned should be clearly and separately depicted in PFMS, scheme-specific portals integrated with PFMS and in MIS provided by the banks.
11. Except in case of schemes/sub-schemes having no State share, States will maintain separate budget lines for Central and State Share under each CSS in their Detailed Demand for Grants (DDG), and make necessary provision of the State share in the State's budget. While releasing funds to SNA, State's Integrated Financial Management Information System (IFMIS) should provide these budget heads and the same should be captured in PFMS through treasury integration.
12. In the beginning of a financial year, the Ministries/Departments will release not more than 25% of the amount earmarked for a State for a CSS for the financial year. Additional central share (not more than 25% at a time) will be released upon transfer of the stipulated State share to the Single Nodal Account and utilization of at least 75% of the funds released earlier (both Central and State share) and compliance of the conditions of previous sanction. However, this provision will not be applicable in case of schemes where a different quantum of release has been approved by the Cabinet.
13. After opening of Single Nodal Account of the scheme and before opening zero balance subsidiary account of IAs or assigning them drawing rights from SNA's account, the IAs at all levels shall return all unspent amounts lying in their accounts to the Single Nodal Account of the SNA. It will be the responsibility of the State government concerned to ensure that the entire unspent amount is returned by all the IAs to the Single Nodal Account of the SNA concerned. For this, the State Governments will work out the modalities and the timelines and will work out Central and state share in the amount so available with IAs.

23. In case of CSS having no State share and where as per the scheme guidelines, funds are released by the Central Ministry/Department directly to the districts/blocks/Gram Panchayats/Implementing agencies, the requirement of notifying a single Nodal Agency and opening of a Single Nodal Account at the State level may be waived by the Secretary of the Central Ministry/Department concerned in consultation with the Financial Adviser.
24. UTs without legislature work directly in PFMS. Therefore, there is no need for them to open a Single Nodal Account. They will ensure that the funds are released to the vendors/beneficiaries 'just in time'. In case funds are to be released to any agency as per scheme guidelines, provision of Rule 230 (vii) of GRF 2017 will be strictly followed to avoid parking of funds, with agencies.
25. Ministries/Departments shall undertake monthly review of the release of funds (both the Central and State Share) from the State treasury to the SNA, utilization of funds by SNAs and IAs and outputs/outcomes vis-à-vis the targets for each CSS.

This issues with the approval of Secretary (Expenditure) and shall supersede all earlier guidelines on this subject.



(Subhash Chandra Meena)
Director (FCD)
011-24368543
E-mail: subhash.meena@nic.in

To,

1. All Secretaries to the Government of India
2. All Financial Advisors to the Government of India
3. All Pr. CCAs/CCAs of all Ministries/Departments

Copy to:

1. PSO to Secretary (Expenditure)
2. PPS to CGA
3. Sr.PPS to Addl. Secretary (Expenditure)
4. PSO to Addl. Secretary (Pers)
5. Sr. PPS to JS (PFC-II)
6. Sr. PPS to JS(PF-S)

100554/2021/Fisheries-DOF

सागर मेहरा
SAGAR MEHRA



संयुक्त सचिव
मत्स्यपालन विभाग
मत्स्यपालन, पशुपालन, एवं डेयरी मंत्रालय
भारत सरकार
कृषि भवन, नई दिल्ली-110001
Joint Secretary
Department of Fisheries
Ministry of Fisheries, Animal Husbandry & Dairying
Government of India
Krishi Bhawan, New Delhi-110001

D.O. No. J-18001/2/2017-Fy

Dated the 4th June, 2021

Dear Colleagues,

As you may be aware that vide OM No. dated 23rd March, 2021 the Department of Expenditure, Ministry of Finance, Government of India had issued the revised procedure for release of funds to States for the Centrally Sponsored Schemes (CSS) and Monitoring utilization of the funds released (copy enclosed). A Copy of the same has been forwarded to you vide this Departments letter of even number dated 08.04.2021 and Email dated 27.05.2021.

2. In the above context, I would like to draw your kind attention towards the objectives of the revised procedure. To ensure effective Cash Management and improve transparency in public expenditure Management, the procedure for release of funds to States for CSS has been revised. The revised procedure will be effective from 1st July, 2021. A Number of preparatory activities need to be completed by the State Governments and Implementing agencies (IAs) for smooth implementation of the revised procedure from the stipulated date. The preparatory activities *inter-alia* include:

- i. A Single Nodal Agency (SNA) is designated for each CSS by every State Government.
- ii. Each SNA is registered in the Public Finance Management System (PFMS) and the bank account of each SNA is opened and mapped in PFMS.
- iii. Funds available in the bank account of all the IAs below the SNA are transferred to the bank account of the SNA concerned with clear bifurcation of the central and state share.
- iv. Zero balance bank accounts of the IAs down the ladder are opened
- v. All the IAs are registered in PFMS and their zero balance bank accounts are mapped in PFMS.
- vi. Separate budget lines for Central and state shares are opened by every state government in the state budget for every CSS having a State share and necessary provision of funds is made in the State budget for both the components.
- vii. If a CSS is being implemented through a separate Central or State IT system, the same is integrated with PFMS.
- viii. State GIFTMIS is enabled to capture scheme component wise expenditure alongwith PFMS scheme codes and unique code of the agencies incurring the expenditure.

3. In this background, I would request for your personal intervention to review completion of all the preparatory activities and completion thereof by 30th June, 2021 so that new procedure is smoothly implemented w.e.f. 1st July, 2021. It would also request for sharing the progress of the preparatory activities to the Department latest by 8th June, 2021.

This matter may please be accorded high priority.

With regards,

Yours sincerely,

Sagar Mehra
(Sagar Mehra)

To,

Principal Secretaries/Commissioners/Directors,
Department of Fisheries
All the States/UTs

सागर मेहरा
SAGAR MEHRA



संयुक्त सचिव
मत्स्यपालन विभाग
मत्स्यपालन, पशुपालन, एवं डेयरी मंत्रालय
भारत सरकार
कृषि भवन, नई दिल्ली-110001
Joint Secretary
Department of Fisheries
Ministry of Fisheries, Animal Husbandry & Dairying
Government of India
Krishi Bhawan, New Delhi-110001
Dated the 14th July, 2021

D. O. No. J-18001/2/2017

Dear colleagues,

Please refer to the Department of Fisheries' letter of even number dated 08.04.2021, 27.05.2021, and 04.06.2021 forwarding the revised procedure for release of funds to States for the Centrally Sponsored Schemes (CSS) and Monitoring utilization of the funds released issued by Ministry of Finance.

2. In the above context, I would like to draw your kind attention towards the aim of the revised procedure. The procedure for release of funds to States for CSS has been revised to ensure effective Cash Management and improve transparency in public expenditure Management. The revised procedure is operational w.e.f. 1st July, 2021. The updated status of implementation of Single Nodal Agencies is still awaited from many of the States/UTs. Pay and Account Office (PAO) has informed that without implementation of SNA, central funds will not be released and one checklist need to be issued along with the sanction to PAO for further processing for release of funds.

3. Further, Ministry of Finance vide OM dated 30th June, 2021 (enclosed) has conveyed that the conveyed 'Single Nodal Agency (SNA) shall ensure that the interest earned from the funds released should be mandatorily remitted to the respective consolidated funds on pro rate basis in terms of Rule 230(8) of GFR 2017. Interest earned should be clearly and separately depicted in PFMS, scheme-specific portals integrated with PFMS and in MIS provided by banks.' The head of accounts has been mentioned for Central Government. In this context an undertaking need to be shared to DoF by the Secretary of State Government in the enclosed format every year along with the proposal for release of 1st installment of funds under the CSS and the undertaking shall be furnished latest by 31st October, 2021 every year.

4. In order to facilitate on implementation of Single Nodal Agency, Ministry of Finance has issued FAQs on procedures for release of funds under the CSS and monitoring of utilisation of the funds released.

5. I request you to kindly review completion of all the preparatory activities and ensure strict compliance of revised procedure in your State/UTs for CSS. It would be appreciated if you kindly share the progress report of the implementation of Single Nodal Agency with the Department.

This may be accorded high priority.

Encl: As above

With warm regards,

Yours sincerely,

Sagar Mehra
(Sagar Mehra)

Principal Secretaries/Commissioners/Directors,
Department of Fisheries
All the States/UTs

डा. सज्जन सिंह यादव
संयुक्त सचिव (लोक वित्त-राज्य)

Dr. SAJJAN SINGH YADAV
Joint Secretary (Public Finance-State)



भारत सरकार
वित्त मंत्रालय
व्यय विभाग
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
नई दिल्ली / New Delhi - 110001

DO No.F.1(13)PFMS/FCD/2020

Dated 21st May, 2021

Dear Sir,

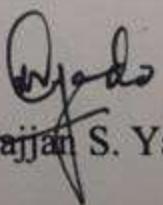
May I draw your attention to the revised procedure for release of funds to States for the Centrally Sponsored Schemes (CSS) issued by the Department on 23.02.2021 and the subsequent DO letter dated 12.04.2021 of the Secretary (Expenditure) for undertaking preparatory activities on priority to implement the new procedure from the stipulated date. A format was also circulated vide OM dated 03.05.2021 (copy enclosed) to furnish the updated status of the preparatory activities in respect of each CSS. However, the status report on preparatory activities is still awaited.

2. Since, the new procedure is to be implemented w.e.f. 01.07.2021, may I request you to get the preparatory activities completed on priority in respect of your Department(s) under your administrative control and send the information in the attached format at the earliest.

With regards,

Yours sincerely,

Encl: As above.


(Dr. Sajjan S. Yadav)

Shri Gudey Srinivas,
AS & FA
M/o Consumer Affairs &
M/o Agriculture
Krishi Bhawan (Room No.264)
New Delhi

F.No.1(13)PFMS/FCD/2020
Government of India
Ministry of Finance
Department of Expenditure
PFMS Division

CGO Complex , New Delhi
Dated the 03rd May, 2021

Office Memorandum

Subject: Preparatory activities to implement the revised procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released

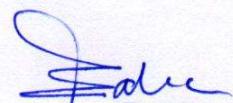
This is with reference to the OM of even no. dated 23.03.2021 vide which the Department of Expenditure had issued a revised procedure for release of funds to States for the Centrally Sponsored Schemes (CSS) and subsequent DO letter dated 12.04.2021 from the Secretary (Expenditure) to Secretaries of all Ministries/Departments of the Government of India requesting for undertaking preparatory activities on priority to implement the new procedure from the stipulated date.

2. The aim of the revised procedure is to ensure effective cash management and improve transparency in public expenditure management. The revised procedure will be effective from 1st July, 2021.

3. The Financial Advisors of all Ministries/Departments are requested to ensure that the required preparatory activities are initiated in the Ministries/Departments and the State Governments concerned. Further, they are requested that the updated status of the preparatory activities in respect of each CSS is shared with the Department of Expenditure in the attached format on 1st and 16th day of every month till 1st July, 2021. A soft copy of the information may also be emailed on subhash.meena@nic.in

4. This issues with the approval of the competent authority.

Encl: As above



(Mahesh Kumar)
Dy. Director (FCD)

To,

All Financial Advisors to the Government of India

**Status of completion of preparatory activities to implement the new procedure for release of funds for CSS to the States w.e.f.
1st July, 2021**

Name of Ministry /Department _____

Date of report _____

Sr. no.	Name of CSS	How many States have designated SNA for the scheme	How many States have opened Single Nodal Account of SNA and mapped it in PFMS	How many States have opened zero balance subsidiary accounts of the IAs down the ladder	How many States have deposited 100% of the amount balance in the account of IAs in the Single Nodal Account of SNA	How many IAs have been registered on PFMS	How many States have opened separate budget lines for central and State share of the CSS
1							
2							
3							
4							
5							

F.No.1(13)/PFMS/FCD/2021
Government of India
Ministry of Finance
Department of Expenditure

5th Floor, Block 11, CGO Complex,
New Delhi, the 07th July, 2021

To

Chief Secretaries/ Principal Secretaries (Finance): All States/ UTs

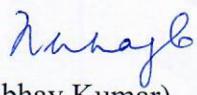
Subject : FAQs on the Procedure for Release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

Madam/ Sir,

The undersigned is directed to refer to this Department's letter of even number dated 23rd March, 2021 notifying a new procedure for release of funds under the Centrally Sponsored Schemes (CSS). In this regard, please find attached Frequently Asked Questions on the new procedure to facilitate the quick implementation.

2. The new procedure has come into effect w.e.f. 1st July 2021. It is requested that strict compliance of new procedure be ensured.

3. This issues with the approval of the competent authority.


(Abhay Kumar)
Director
Tele No. 24360647

Frequently Asked Questions
(Set-1)
On

New Procedure for Releases of Funds Under Centrally Sponsored Schemes Issued on 23rd March, 2021

Sl.No.	Question	Proposed Reply
1	What type of account is for SNA's and IAs i.e. Saving Bank Account or Current Account?	As per provisions contained in Para No. 10 of the new procedure dated 23.03.2021, an interest bearing accounts i.e. Savings Bank Account is to be opened for SNA's. In case of IAs, zero-balance subsidiary accounts linked to SNA's account are to be opened with clearly defined drawing limits.
2	Whether all the transactions of SNA Account and the zero balance accounts will be mapped first in PFMS?	The State wise, scheme wise bank accounts of SNA's will be mapped in PFMS for fetching/sharing the information on subsidiary transactions and balances available therein. As per Para no. 17 of the new procedure, for payments through PFMS, bank accounts of IAs, vendors and other organizations receiving funds have to be mapped on PFMS.
3	Do banks need to develop a new system for seamless management of funds, limits, MIS etc. for SNA's?	To enable smooth operation of zero balance subsidiary accounts of Implementing Agencies (IAs) and provide real time information on utilization of funds, banks need to develop suitable systems for managing just in time release of funds to down the line agencies, and report the information on balances/interests available to States/Centre (PFMS). SNA's have the following options for the implementation of the guidelines: <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State

		<p>must designate SNAs, Open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted</p> <p>For options 1 & 2 above, banks shall have to provide assistance, if required by the State governments, for the development/modification of the required systems.</p>
4	Whether the transactions will first take place in SNA's external systems or in PFMS?	<p>It depends on the system used by SNA as explained earlier in Ques No-3. SNA's have the following options for the implementation of the guidelines:</p> <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State must designate SNAs, Open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted <p>For options 1, 2 and 4, transactions will originate from the external system. In option 3 all transactions will be on PFMS.</p>
5	What would be hierarchy of IAs? Whether it will be till Block Level or below?	To be decided by the State government/ SNA.
6	How the training to IAs will be imparted to use their zero-balance subsidiary account especially at	To be decided by Banks and SNAs. The State Directorates of PFMS shall play a supporting role in respective States.

	lowest or Block level?	
7	How the existing account balance of IAs which are in different banks will be moved to the SNA's Bank?	This will be a one-time action for transfer of funds through electronic transfer or cheque or any other suitable instrument to be done as per the directions issued by State Government/ SNAs.
8	How the cash drawl will take place in case subsidiary account branch of the IAs is at a distant place?	Cash drawl can be done through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect
9	Whether the accounts of IAs, can be opened in Banks other than that of the SNA?	No.
10	To implement the new scheme from July 1, 2021 onwards, is it required to pull up all the current funds at IA account level to SNA account to make it zero-balance accounts?	Yes.
11	Some IA's are wanting to withdraw cash, write local payments etc. on the basis of their existing operating model, how should that be addressed?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for withdrawing cash can be made in such external system. This can be done through cheques or banking correspondents. No issues are envisaged in these modes as the transaction will happen on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for such payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, where the provision of cheque payment is not there, the option of Print Payment Advice (PPA) in PFMS can be used.

12	Can the lower IAs use the subsidiary account for other schemes and other purposes?	No.
13	Some IAs also have receipts, such as taxes and fees. Can the Single Nodal Account be used for depositing such receipts?	No, except for receipts permitted by the Scheme Guidelines.
14	How the IAs limits will be re-assigned in case of refund of money in their zero balance subsidiary account?	The refund of money should go to the SNA. SNA will allocate the limit to respective IA as per fund availability and requirement.
15	How the banks will be communicated and what will be the procedure if there is a change in IAs limits?	Limits of each IA will be decided by SNA or an IA authorized to do so by SNA. For payments through PFMS, limits can be managed on PFMS. For integrated systems, SNA and banks have to decide the modalities.
16	Whether the drawing limits of all zero balance accounts of IAs will be captured in PFMS for reconciliation?	Yes.
17	Would all zero balance subsidiary accounts will have allocated drawing limits to be decided by the SNA concerned from time to time?	Yes, depending on the action plan for implementation of the CSS concerned
18	Will the drawing limit of IAs be reduced to the extent of utilization in PFMS also?	Yes.
19	What will be Expiry date of drawl of allocated limits for the IAs?	To be decided by SNA.
20	Setting drawing limit is the responsibility of SNA, whereas it is easy to set limits for districts, how would a single nodal	It is understood that this will be ensured by banks on the basis of information/orders provided by SNA. Limit allocation will be done by SNA or an IA authorized by SNA. Such protocols are available in PFMS. Similar

	agency set and keep updating limits for 79000 odd IAs which include schools etc.? Is there any provision for devolution of powers for setting limits?	protocols should also be developed if an external system is used by SNA. In case of PFMS, Excel upload facility for limits will be available in PFMS. Pre-provision for population of Agencies list will also be made available for excel upload.
21	What will be the structure of MIS to be provided by banks for different agencies including SNAs, PFMS, IAs etc.?	For SNA and IAs: To be decided by the SNA/State Government. For PFMS: As per PFMS requirements.
22	Whether Cheque drawing facility will be provided to IAs against the zero balance accounts?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for payments through cheques can be made in such external system. In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, the provision of cheque payment is not there. But, the option of Print Payment Advice (PPA) in PFMS can be used.
23	Who will develop the dashboard?	Dashboard is to be developed by Bank (Para. no. 6 of OM.) as per the requirement of SNA. If SNA is using an external system, dashboard may be developed by the external system
24	How to handle the transactions, if banks are not located at the place of IAs?	The IA can operate the account through a banking correspondent or cheque or online banking in such cases. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account.
25	Whether banks are	Banks need not maintain separate details of

	required to maintain the record about the Central share and the state share separately?	State and Central share.
26	How the inter-bank integration and settlement of transactions will be made, if SNA account and Zero balance subsidiary accounts of IAs are in different banks?	The SNA & subsidiary accounts are required to be with the same bank.
27	Whether Bank's CBS /dedicated module will be required to integrate with PFMS also?	Banks are already integrated with PFMS. Necessary changes in exchange of information between banks and PFMS may be made to meet the requirements of the guidelines.
28	What will be the modalities in absence of IT infrastructure at the Block and lower levels, which may hinder the work for IAs?	Accounts can be operated through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect
29	For implementation of revised CSS scheme, whether any changes in the payment process for agencies are being made in PFMS?	No. Existing payment modes to continue.
30	In case of vendor payments, the agencies deduct TDS (entry is made in PFMS) accordingly	In case of PFMS, facility of deduction of TDS is available. However, facility for depositing the tax deducted is not available. Necessary reports are available in PFMS to know the amount of tax deducted for depositing the In case of Debit from Higher Account model, how is the TDS entry going to get managed?
31	Whenever agencies originate a transaction at PFMS, whether real time limit availability is checked at PFMS end?	Yes, Only for payments routed through PFMS.

32	Whether details of all transactions of implementing agencies are captured at PFMS end?	Yes. Only for payments routed through from PFMS.
33	Whether beneficiary/vendor data are maintained at PFMS end?	Yes. Only for payments routed through from PFMS
34	For MIS purpose, is following data maintained at PFMS end? a. Budget heads e.g. various components, b. Expenditure heads c. Sub scheme data, etc.	Yes
35	PFMS registration by IA's IA's being opened wherever applicable. In case sub IA account is required, how will the PFMS make the registrations?	For every scheme a separate single nodal needs a Bank Account for account needs to be opened by SNA and zero registration (as of now), balance accounts are to be opened, if the OM of DoE mentions required, by the implementing agencies down zero balance account of the ladder.
36	Whether the zero balance accounts be CBS based accounts or virtual a/c's?	To be decided between SNA/ Banks.
37	When the SOP will be made available to banks defining the actual need of MIS for all stakeholders and maintenance of accounts?	This is to be done by the respective SNA/ State Government.
38	What will be the criteria for selection of a Bank for a particular scheme?	The decision for selection of the banks for the SNA lies with the State Government. The OM in Para. 6 provides guidelines that only banks having robust IT systems, extensive branch network and capability to provide accounting/reconciliation services etc. at each level would be considered for the State Nodal Accounts.
39	Whether the entire	SNAs and the Banks have a major role in

	mechanism as per OM dt. 23/03/2021 can be delivered to states through PFMS itself?	implementing the guidelines. PFMS shall be supporting the MIS requirements of Program Divisions of Central Government Ministries and departments to ensure just in time releases. State has the option to use PFMS or integrate their own system with PFMS.
40	Whether more time beyond 1/7/2021 will be given to banks for implementation of new CSS Scheme?	No, except in accordance with the relaxations given on para 11 and 13 where implementation date has been extended to 30.9.2021.
41	Whether separate scheme specific guidelines for required changes/updation will be issued by the respective Ministries/Departments for implementation of the new CSS Scheme?	The new procedure for release and utilization of funds of CSS issued by the Department of Expenditure on 23rd March, 2021 shall be strictly followed. Any change can be done only with the approval of the Department of Expenditure, Ministry of Finance.
42	For states where CSS are implemented through State treasury, how the new CSS guidelines model will be implemented?	Even where CSS are implemented through State Treasury, the provisions regarding notification of a Single Nodal Agency and flow of both central and State share to the Single Nodal Account in a scheduled commercial bank shall be strictly adhered to. Else, the State has to change the implementation model to make it strictly as per the new procedure for release of funds
43	How the Interest accrual in SNA account on Central Govt. share will be remitted through PFMS or whether the interest accrued will be adjusted in next disbursement?	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021
44	Please advise on modus operandi for Interest accrual in SNA of central govt. share? Banks may have a challenge in bifurcating central and state share in absence of a specially designed module on the same.	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021
45	Some banks are ready with the solutions for	To be decided by SNA/State Govt.

	implementation of scheme. Will DoE/PFMS issue instructions to State/Ministries/Departments on engaging such banks on exploring SNA implementation?	
46	Can there be an addendum to the OM dt. 23/03/2021 saying that zero balance bank accounts can be opened in different branches of different banks?	No
47	As far as fund operation through offline mode - If the cheques are not presented on the same day, fund will be returned back to the parent account and after 2-3 days when the cheque is presented, it will be dishonoured, as there is no fund in the zero balance account. How to deal with such cases?	In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments
48	In PMAY (U), one state has urban local bodies adding their component after the Central and State share in their account. How such schemes will be implemented in those states?	Scheme specific clarifications can be obtained through respective Ministries.
49	In the Smart city scheme, there are separate legal entity with no sub accounts and get money from Centre and State in their account through which payments are made. In SNA model in present form, would they also need to be creating a single nodal account at state,	Scheme specific clarifications may be obtained through respective Ministries.

	where all funds of each smart city will remain?	
50	Most of the departments are having their own DBT portal, beneficiary data is huge. How to push the large data to PFMS?	Beneficiaries receiving payments through PFMS are pre-registered and their accounts are validated prior to payment. However, automation of data exchange can be done and external systems (State portals) can be integrated with PFMS within the framework of OM.

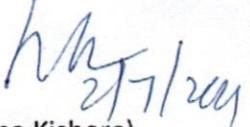
101789/2021/Fisheries-DOF

MOST IMMEDIATE**No.40-04/2021-22-Budget (AHD)****Government of India****Ministry of Fisheries, Animal Husbandry & Dairying
Department of Animal Husbandry & Dairying****Krishi Bhawan, New Delhi****Dated :- 2nd Julyst, 2021****OFFICE MEMORANDUM**

Subject:- Preparatory activities to complement the revised procedure for release of fund to states for the CSSS and monitoring utilization of the funds released.

The undersigned is directed to forward a copy of OM even no. dated 30.06.2021, (Copy enclosed) from Ministry of Finance, Department of Expenditure (Budget Division) on the above cited subject. It is therefore requested to all programme divisions are requested for strict compliance in respect of Grant No.41 and Grant No.42 to take necessary steps for earning interest shall be deposited in the respective Consolidated Funds as mentioned in Para-3 of the

OM
8/SP/21
DIR/FE


(G. Krishna Kishore)
Director (Budget)

Distribution:-

- 1.JS (LH)
- 2.JS (NLM)
- 3.JS (C&DD)
- 4.JS (NADCP)
- 5.JS (Fy)
- 6.JS(Admin)
- 7. Adviser(Stats)

**Copy to:- PPS to Secretary (DAHD) and PPS to Secretary (Fy)
PPS to SS&FA**

101789/2021/Fisheries-DOF

F.No.1(13)/PFMS/FCD/2021
Government of India
Ministry of Finance
Department of Expenditure

5th Floor, Block 11, CGO Complex,
New Delhi , the 30th June, 2021

OFFICE MEMORANDUM

Subject : Procedure for Release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released

The undersigned is directed to refer to para 10 of this Department's Office Memorandum of even number dated 23rd March, 2021 wherein it is stated that :

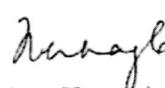
"The SNAs shall ensure that the interest earned from the funds released should be mandatorily remitted to the respective Consolidated Funds on pro-rata basis in terms of Rule 230(8) of GFR, 2017. Interest earned should be clearly and separately depicted in PFMS, scheme-specific portals integrated with PFMS and in MIS provided by banks."

2. In this regard, it is clarified that the Single Nodal Agency (SNA) of each CSS in the State shall compute the total interest earned out of the funds received in its account (both from the Central Government and the State Government) in the preceding financial year in the 1st week of April each year. The interest earned will be apportioned by the SNA between the Central and the State Government as per the approved funding pattern of the CSS and shall be deposited in the respective Consolidated Funds. In the current financial year (2021-22) such calculation may be done as on 15th October, 2021.

3. For Central Government, the amount shall be deposited in the Major Head 0049, Sub-major Head – 01, Minor Head (i.e.0049-01-800) by the States and in the Major Head 0049, Sub-major Head-02, Minor Head 800 (i.e. 0049-02-800) by the UTs with Legislature.

4. An undertaking shall be furnished to this effect to the Ministry concerned of the Central Government by the Secretary of the State Government in the enclosed format every year along with the proposal for release of the 1st instalment of funds under the CSS. For the current financial year (2021-22) such undertaking shall be furnished by 31st October, 2021.

5. This issues with the approval of the competent authority.



(Abhay Kumar)
Director
Tele No. 24360647

To

1. All Secretaries to the Govt. of India,
2. All Financial Advisers to the Govt. of India
3. All Pr. CCAs/ CCAs of all Ministries/ Departments

101789/2021/Fisheries-DOF

Government of _____ (State/ UT)

Department of _____

No. _____

Dated :

UNDERTAKING

It is hereby certified that an amount of Rs. _____ was earned as interest from the funds received in the Single Nodal Account of the Centrally Sponsored Scheme _____ (name of scheme) during the financial year _____. The funds under this CSS are shared between the Centre and the State/UT in the ratio _____. Therefore, out of the interest earned during the financial year, an amount of Rs. _____ has been deposited in the Consolidated Fund of India vide No. _____ dated _____ and an amount of Rs. _____ has been deposited in the Consolidated Fund of the State/ UT.

Name :

Designation :

Sent by Mail

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
MINISTRY OF FISHERIES, ANIMAL HUSBANDRY & DAIRYING
O/o CHIEF CONTROLLER OF ACCOUNTS
PRINCIPAL ACCOUNTS OFFICE
1st FLOOR, JEEVAN TARA BUILDING, PATEL CHOWK
NEW DELHI-110001

F. No. Pr.AO/Agri/L&G/PFMS/CSS/2021-22//41

Dated: - 09.07.2021

OFFICE MEMORANDUM

Subject: - Procedure for Release of Funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

The undersigned is directed to refer to Ministry of Finance, Department of Expenditure, PFMS Division O.M. No. 1(13)PFMS/FCD/2020 dt. 23.03.2021 & subsequent OM and instructions issued by Ministry of Finance on above mentioned subject.

2. Based on above OM and instructions issued by Ministry of Finance, Department of Expenditure, Checklist has been prepared by this office seeking information on the various parameters and preparatory activities to enable Principal Accounts Office/Pay & Accounts Office to examine, scrutinize and process the sanctions for payment. A copy of check-list is placed at Annexure 'A' of this OM.

3. In view of above, concerned Programme Divisions are requested to provide the requisite information as per check-list with every sanction order for release of funds to States/UTs under Centrally Sponsored Scheme. In absence of these information, it would be extremely difficult for this office to process the sanctions for payment, therefore, cooperation from Programme Division is solicited in this regard.

4. This issues with the approval of Chief Controller of Accounts.

Encl.: As above


9/7/2021
(Urmila Rawat)
Accounts Officer

Encl. As above

1. JS (Marine Fisheries)/JS (Inland Fisheries)

Copy for information to-

1. PPS to Secretary (DoF)
2. PPS to AS&FA (DoF)

Annexure 'A'

Checklist to be provided by Programme Division for CSS release under new procedure
wef. 01.07.2021.

1. (a)	Whether state government has designated a single nodal agency (SNA) for the Scheme and single nodal account has been opened for SNA as per M/o Finance, Deptt. of Expenditure O. M. No. 1(13)PFMS/FCD/2020 dt. 23.03.2021.	Yes/No
(b)	Name of the Single Nodal Agency along with Name of Bank may be indicated.	
2. (a)	Is there any implementing agency down the ladder below SNA for the Scheme.	Yes/No
(b)	If yes, have the down below implementing agencies has opened zero balance subsidiary account in same bank as per M/o Finance, Deptt. of Expenditure O. M. No. 1(13)PFMS/FCD/2020 dt. 23.03.2021	Yes/No/NA
3.	Whether condition for release limit as per Para No. (12) of MOF, DOE OM dt. 23.03.2021 has been complied with by the division.	Yes/No
4.	Whether Programme Division has taken into account all the balances available with SNA including Implementing Agencies (IA) balances and whether the current release is based on actual requirement.	Yes/No
5.	Has the interest earned from the funds released earlier been remitted to Consolidated funds and undertaking from State Govt. has been received. <u>(to be checked from November 2021 releases)</u> as per M/o Finance, D/o Expenditure OM No. 1(13)/ PFMS/FCD/2021 dated 30 th June.	-
6.	Separate heads have been opened for CSS in DDG of states <u>(relaxed till 30th September 2021)</u> vide Ministry of Finance, D/o Expenditure OM No 1(13)/ PFMS/FCD/2020 dated 02 nd July.	-
7.	All unspent balances available with Implementing agencies have been refunded to SNA account <u>(relaxed till 30th September 2021)</u> vide Ministry of Finance, D/o Expenditure O.M No 1(13)/ PFMS/FCD/2020 dated 02 nd July.	-

(To be signed by the sanction issuing authority)
Director/Dy. Secretary/Under Secretary/AD

डॉ. टी. वी. सोमनाथन, आई.ए.एस.
वित्त सचिव एवं सचिव (व्यय)
Dr. T. V. Somanathan, I.A.S.
Finance Secretary & Secretary (Expenditure)



एक कदम स्वतंत्रता की ओर



भारत सरकार
वित्त मंत्रालय
व्यय विभाग
Government of India
Ministry of Finance
Department of Expenditure
नॉर्थ ब्लॉक, नई दिल्ली-110001
North Block, New Delhi-110001
Tel. : 23092929, 23092663
Fax : 23092546
E-mail : secyexp@nic.in
Website : www.finmin.nic.in

D.O. No.1(13)PFMS/FCD/2020

E-Office Dy. No. 659017

12/08/21

10th August, 2021

Dear Secretary,

Kindly refer to my earlier D.O. letter dated 12th April, 2021 regarding implementation of the revised procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released communicated by the Department of Expenditure (DoE) vide OM of even number dated 23rd March, 2021. The revised procedure has come into effect from 1st July, 2021.

2. After considering the requests received from some of the State Governments and Departments of the Government of India, the Department of Expenditure (DoE) has vide OM of even number dated 2nd July, 2021 granted relaxation of 3 months in two provisions contained in Para 11 & Para 13 of the new procedure. Moreover, the procedure for calculation and remission of interest has also been simplified and conveyed vide OM of even number dated 30th June, 2021.

3. The PFMS Division of the Controller General of Accounts has issued a Standard Operating Procedure (SOP) for implementation of the new procedure vide OM dated 30th July, 2021 (copy enclosed). A comprehensive set of Frequently Asked Questions (FAQs) has also been circulated by DoE vide OM of even number dated 7th July, 2021 to clarify doubts and aid in implementation of the new procedure (copy enclosed). In case of any further clarification, the officers concerned may get in touch with Shri C.V. Prasad, Jt. Controller General of Accounts (cv.prasad@gov.in) or Shri Manish Raut, Asstt. Controller General of Accounts (manish.raut@gov.in). Unresolved issues may be escalated to Ms. Dharitri Panda, Addl. Controller General of Accounts, PFMS (dharitri.panda@gov.in).

4. As the implementation of the revised procedure dated 23rd March, 2021 is extremely important for reducing float, bringing transparency in release and expenditure of CSS funds and saving precious resources, may I request you to ensure strict compliance of the new procedure as contained in the OM of even number dated 23rd March, 2021. I would also request you to periodically review the progress of implementation of the new procedure in your Department with the officers of your Department and with the officers of the Departments concerned of State Governments.

With regards,

Yours sincerely,

(T. V. Somanathan)

Secretaries of Govt. of India

Copy to: Financial Advisers to the Govt. of India

Encl: as above.

F.No.1(13)/PFMS/FCD/2021
Government of India
Ministry of Finance
Department of Expenditure

5th Floor, Block 11, CGO Complex,
New Delhi, the 7th July 2021

OFFICE MEMORANDUM

Subject : FAQs on the Procedure for Release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

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2. The new procedure has come into effect w.e.f. 1st July 2021. It is requested that strict compliance of new procedure be ensured.

3. This issues with the approval of the competent authority.

Abhay Kumar
(Abhay Kumar)
Director
Tele No. 24360647

To

1. All Secretaries to the Govt. of India,
2. All Financial Advisers to the Govt. of India
3. All Pr. CCAs/ CCAs of all Ministries/ Departments

**Department of Expenditure, Ministry of Finance
Government of India**

**New Procedure for Release of Funds Under Centrally Sponsored Schemes Issued by DoE
on 23rd March, 2021**

Frequently Asked Questions (Set-1)

Sl.No.	Question	Answer
1	What type of account is for SNAs and IAs i.e. Saving Bank Account or Current Account?	As per Para no. 10 of the OM dated 23.03.2021, an interest bearing account i.e. Savings Bank Account is to be opened for SNAs. In case of IAs, zero-balance subsidiary accounts linked to SNA's account are to be opened with clearly defined drawing limits.
2	Whether all the transactions of SNA Account and the zero balance subsidiary accounts will be mapped first in PFMS?	The State wise, scheme wise bank accounts of SNAs will be mapped in PFMS for fetching/ sharing the information on transactions and balances available therein. As per Para no. 17 of the OM, for payments through PFMS, bank accounts of IAs, vendors and other organizations receiving funds have to be mapped on PFMS.
3	Do banks need to develop a new system for seamless management of funds, limits, MIS etc. for SNAs?	To enable smooth operation of zero balance subsidiary accounts of Implementing Agencies (IAs) and provide real time information on utilization of funds, banks need to develop suitable systems for managing just in time release of funds to down the line agencies, and report the information on balances/interests available to States/Centre (PFMS). SNA's have the following options for the implementation of the guidelines: <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State must designate SNAs, open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted For options 1 & 2 above, banks shall have to provide assistance, if required by the State governments, for the development/modification of the required systems.

Sl.No.	Question	Answer
4	Whether the transactions will first take place in SNA's external systems or in PFMS?	<p>It depends on the system used by SNA as explained earlier in Ques No-3. SNA's have the following options for the implementation of the guidelines:</p> <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State must designate SNAs, open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted <p>For options 1, 2 and 4, transactions will originate from the external system. In option 3, all transactions will be on PFMS.</p>
5	What would be hierarchy of IAs? Whether it will be till Block Level or below?	To be decided by the State government/ SNA.
6	How the training to IAs will be imparted to use their zero-balance subsidiary account especially at lowest or Block level?	To be decided by Banks and SNAs. The State Directorates of PFMS shall play a supporting role in respective States.
7	How the existing account balance of IAs which are in different banks will be moved to the SNAs Bank?	This will be a one-time action for transfer of funds through electronic transfer or cheque or any other suitable instrument to be done as per the directions issued by State Government/ SNAs.
8	How the cash drawl will take place in case subsidiary account branch of the IAs is at a distant place?	Cash drawl can be done through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect.
9	Whether the accounts of IAs, can be opened in Banks other than that of the SNA?	No.

Sl.No.	Question	Answer
10	To implement the new scheme from July 1, 2021 onwards, is it required to pull up all the current funds at IA account level to SNA account to make it zero-balance accounts?	Yes.
11	Some IA's are wanting to withdraw cash, write local payments etc. on the basis of their existing operating model, how should that be addressed?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for withdrawing cash can be made in such external system. This can be done through cheques or banking correspondents. No issues are envisaged in these modes as the transaction will happen on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for such payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, where the provision of cheque payment is not there, the option of Print Payment Advice (PPA) in PFMS can be used.
12	Can the lower IAs use the subsidiary account for other schemes and other purposes?	No.
13	Some IAs also have receipts, such as taxes and fees. Can the Single Nodal Account be used for depositing such receipts?	No, except for receipts permitted by the Scheme Guidelines.
14	How the IAs limits will be reassigned in case of refund of money in their zero balance subsidiary account?	The refund of money should go to the SNA. SNA will allocate the limit to respective IA as per fund availability and requirement.
15	How the banks will be communicated and what will be the procedure if there is a change in IAs limits?	Limits of each IA will be decided by SNA or an IA authorized to do so by SNA. For payments through PFMS, limits can be managed on PFMS. For integrated systems, SNA and banks have to decide the modalities.
16	Whether the drawing limits of all zero balance accounts of IAs will be captured in PFMS for reconciliation?	Yes.

Sl.No.	Question	Answer
17	Would all zero balance subsidiary accounts will have allocated drawing limits to be decided by the SNA concerned from time to time?	Yes, depending on the action plan for implementation of the CSS concerned.
18	Will the drawing limit of IAs be reduced to the extent of utilization in PFMS also?	Yes.
19	What will be Expiry date of drawl of allocated limits for the IAs?	To be decided by SNA.
20	Setting drawing limit is the responsibility of SNA, whereas it is easy to set limits for districts, how would a single nodal agency set and keep updating limits for 79000 odd IAs which include schools etc.? Is there any provision for devolution of powers for setting limits?	<p>It is understood that this will be ensured by banks on the basis of information/orders provided by SNA. Limit allocation will be done by SNA or an IA authorized by SNA. Such protocols are available in PFMS. Similar protocols should also be developed if an external system is used by SNA.</p> <p>In case of PFMS, Excel upload facility for limits will be available in PFMS. Pre-population of Agencies list will also be made available for excel upload.</p>
21	What will be the structure of MIS to be provided by banks for different agencies including SNAs, PFMS, IAs etc.?	<p>For SNA and IAs: To be decided by the SNA/ State Government.</p> <p>For PFMS: As per PFMS requirements.</p>
22	Whether Cheque drawing facility will be provided to IAs against the zero balance accounts?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for payments through cheques can be made in such external system. In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, the provision of cheque payment is not there. But, the option of Print Payment Advice (PPA) in PFMS can be used.
23	Who will develop the dashboard?	Dashboard is to be developed by Bank (Para. no. 6 of OM.) as per the requirement of SNA. If SNA is using an external system, dashboard may be developed by the external system

Sl.No.	Question	Answer
24	How to handle the transactions, if banks are not located at the place of IAs?	The IA can operate the account through a banking correspondent or cheque or online banking in such cases. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account.
25	Whether banks are required to maintain the record about the Central share and the state share separately?	Banks need not maintain separate details of State and Central share.
26	How the inter-bank integration and settlement of transactions will be made, if SNA account and Zero balance subsidiary accounts of IAs are in different banks?	The SNA & subsidiary accounts are required to be with the same bank.
27	Whether Bank's CBS /dedicated module will be required to integrate with PFMS also?	Banks are already integrated with PFMS. Necessary changes in exchange of information between banks and PFMS may be made to meet the requirements of the guidelines.
28	What will be the modalities in absence of IT infrastructure at the Block and lower levels, which may hinder the work for IAs?	Accounts can be operated through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect.
29	For implementation of revised CSS scheme, whether any changes in the payment process for agencies are being made in PFMS?	No. Existing payment modes to continue.
30	In case of vendor payments, the agencies deduct TDS (entry is made in PFMS) accordingly payment file is generated. In case of Debit from Higher Account model, how is the TDS entry going to get managed?	In case of PFMS, facility of deduction of TDS is available. However, facility for depositing the tax deducted is not available. Necessary reports are available in PFMS to know the amount of tax deducted for depositing the same with the authority concerned. If SNA prefers to use an external system, facility for tax deduction and deposit should be made available in such external system.
31	Whenever Implementing agencies originate a transaction at PFMS, whether real time limit availability is checked at PFMS end?	Yes, Only for payments routed through PFMS.

Sl.No.	Question	Answer
32	Whether details of all transactions of implementing agencies are captured at PFMS end?	Yes. Only for payments routed through from PFMS.
33	Whether all beneficiary/vendor data are maintained at PFMS end?	Yes. Only for payments routed through from PFMS
34	For MIS purpose, is following data maintained at PFMS end? a. Budget heads e.g. various components, b. Expenditure heads c. Sub scheme data, etc.	Yes
35	PFMS registration by IA's needs a Bank Account for registration (as of now), the OM of DoE mentions of zero balance account of IA's being opened wherever applicable. In case sub IA account is required, how will the PFMS make the registrations?	For every scheme a separate single nodal account needs to be opened by SNA and zero balance accounts are to be opened, if required, by the implementing agencies down the ladder.
36	Whether the zero balance accounts be CBS based accounts or virtual a/c's?	To be decided between SNA/ Banks.
37	When the SOP will be made available to banks defining the actual need of MIS for all stakeholders and maintenance of accounts?	This is to be done by the respective SNA/ State Government.
38	What will be the criteria for selection of a Bank for a particular scheme?	The decision for selection of the banks for the SNA lies with the State Government. The OM in Para. 6 provides guidelines that only banks having robust IT systems, extensive branch network and capability to provide accounting/ reconciliation services etc. at each level would be considered for the State Nodal Accounts.
39	Whether the entire mechanism as per OM dt. 23/03/2021 can be delivered to states through PFMS itself?	SNAs and the Banks have a major role in implementing the guidelines. PFMS shall be supporting the MIS requirements of Program Divisions of Central Government Ministries and departments to ensure just in time releases. State has the option to use PFMS or integrate their own system with PFMS.

Sl.No.	Question	Answer
40	Whether more time beyond 1/7/2021 will be given to banks for implementation of new CSS Scheme?	No, except in accordance with the relaxations given on para 11 and 13 where implementation date has been extended to 30.9.2021.
41	Whether separate scheme specific guidelines for required changes/updation will be issued by the respective Ministries/Departments for implementation of the new CSS Scheme?	The new procedure for release and utilization of funds of CSS issued by the Department of Expenditure on 23rd March, 2021 shall be strictly followed. Any change can be done only with the approval of the Department of Expenditure, Ministry of Finance.
42	For states where CSS are implemented through State treasury, how the new CSS guidelines model will be implemented?	Even where CSS are implemented through State Treasury, the provisions regarding notification of a Single Nodal Agency and flow of both central and State share to the Single Nodal Account in a scheduled commercial bank shall be strictly adhered to. Else, the State has to change the implementation model to make it strictly as per the new procedure for release of funds
43	How the Interest accrual in SNA account on Central Govt. share will be remitted through PFMS or whether the interest accrued will be adjusted in the next disbursement?	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021.
44	Please advise on modus operandi for Interest accrual in SNA of central govt. share? Banks may have a challenge in bifurcating central and state share in absence of a specially designed module on the same.	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021
45	Some banks are ready with the solutions for implementation of scheme. Will DoE/PFMS issue instructions to State/Ministries/Departments on engaging such banks on exploring SNA implementation?	To be decided by SNA/State Govt.

Sl.No.	Question	Answer
46	Can there be an addendum to the OM dt. 23/03/2021 saying that zero balance bank accounts can be opened in different branches of different banks?	No
47	As far as fund operation through offline mode - If the cheques are not presented on the same day, fund will be returned back to the parent account and after 2-3 days when the cheque is presented, it will be dishonoured, as there is no fund in the zero balance account. How to deal with such cases?	In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments
48	In PMAY (U), one state has urban local bodies adding their component after the Central and State share in their account. How such schemes will be implemented in those states?	Scheme specific clarifications can be obtained through respective Ministries.
49	In the Smart city scheme, there are separate legal entity with no sub accounts and get money from Centre and State in their account through which payments are made. In SNA model in present form, would they also need to be creating a single nodal account at state, where all funds of each smart city will remain?	Scheme specific clarifications may be obtained through respective Ministries.
50	Most of the departments are having their own DBT portal, beneficiary data is huge. How to push the large data to PFMS?	Beneficiaries receiving payments through PFMS are pre-registered and their accounts are validated prior to payment. However, automation of data exchange can be done and external systems (State portals) can be integrated with PFMS within the framework of OM.

C-13015(520-PtII/MFCGA/PFMS/CSS(EAT)/2021-22) /1610

Public Financial Management System
O/o Controller General of Accounts
M/o Finance, D/o Expenditure
Shivaji Stadium, New Delhi

Dated: 30th July, 2021

OFFICE MEMORANDUM

Subject: SOP on implementation of new procedure of release of funds under Centrally Sponsored Schemes (CSS) of Government of India.

In accordance with the new procedure for release of funds under Centrally Sponsored Schemes (CSS) as issued by Ministry of Finance, Deptt. Of Expenditure vide OM No. 1(13)PFMS/FCD/2020 dated 23.03.2021, Standard Operating Procedure (SOP) has been finalised for facilitation of State Departments, State Directorates of PFMS and other stakeholders.

SOP has been prepared for different models of adoption to implement the new procedure of payment under CSS is enclosed herewith. State Departments may refer to Standard Operating Procedure depending upon the model selected by them.

State Departments having any issues may send the same to-
a) Shri C V Prasad, Jt. Controller General of Accounts (c.v.prasad@gov.in)

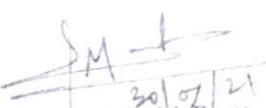
b) Shri Manish Raut, Asstt. Controller General of Accounts (manish.raut@gov.in)

A list of State Nodal Officers is also enclosed who may be contacted by the States for

any issues in implementation of the new procedure.

This issues with the approval of Competent Authority.

Encls: As above.


30/07/21
(Manish Raut)

Asstt. Controller General of Accounts,
PFMS, O/o CGA.

To:

- 1) All State Finance Departments.
- 2) All Dy.CGAs/ACGAs of State Directorates.
- 3) Sr.AOs/AOs All State Directorates.
- 4) Sr.AO (Admin./ Technology) with request to upload on PFMS Website.

Copy for information to:

- 1) PS to Addl Controller General of Accounts, PFMS, New Delhi.
- 2) Jt. CGA Rollout/Technical/GIFMIS/Report/CDN/DBT/Banking Verticals.
- 3) Sh Abhay Kumar, Director, Min of Finance, Deptt. Of Expenditure, 5th floor, Block 11, CGO Complex, New Delhi.

Standard Operating Procedure (SOP) for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

Introduction

The General Financial Rules (GFR-2017) 232(V) prescribes the principle for release of Funds under CSS to State Governments and monitoring the utilization of funds through PFMS. With a view to have more effective cash management and to bring more efficiency in the Public Expenditure Management, Ministry of Finance, Government of India issued Office Memorandum F.No.1(13)PFMS/FCD/2020 dated 23-03-2021 detailing the procedure to be adopted for release of funds under CSS. This procedure is required to be followed by all State Governments and Union Territories and Ministries/ Departments of Government of India with effect from 01-07-2021.

1. Flow of Funds

Ministries/Departments of Government of India advise Reserve Bank of India (RBI) to credit the State Government and UTs (with legislature) Accounts held in RBI (except Sikkim) debiting Gol's account. On receipt of intimation from RBI, State Govts. shall transfer the funds along with State's own share into the bank account of Single Nodal Agency (SNA) as per the time limit prescribed in Para 16 of the OM. The fund stays in the SNA Account and does not percolate down to the agencies down below. SNAs, if necessary, are permitted to open Zero Balance Subsidiary Accounts (ZBSA) for down the ladder agencies (IA). GFR 232(v) further prescribes that funds will be released to States strictly on the basis of balance funds of the CSS (both Central and State's share) available in the State treasury and bank account of the SNA as per PFMS or scheme specific portals fully integrated with PFMS.

2. Preliminary Activities

1. The existing set up of various users viz. SPMU Controller, SPCU, State Finance Department user, State Scheme Manager (SSM), Agency Approver Level 2 shall continue. These users will be responsible for approving SNAs, configuring/on boardingState Linked Scheme (SLS) and create environment for IAs to use PFMS.
2. State Governments/ Union Territories shall notify a Single Nodal Agency (SNA) for implementing each State Linked Scheme (SLS) corresponding to Centrally Sponsored Scheme (CSS). If SLS is not available, same has to be created.
3. The SNA has to open a Bank Account (savings bank account) for each SLS corresponding to Centrally Sponsored Scheme. This is considering the fact that a single CSS could be

implemented by more than one department in a state. Thus, there can be multiple SLS (*similar for umbrella scheme*).

4. The bank account for SNA and IAs should be opened in a scheduled commercial bank having a robust IT system.
5. The existing bank accounts of IAs should be closed and the funds lying in these account must be transferred to SNA account before configuring the scheme on SNA mode.
6. The SSM while registering/configuring an SNA for an SLS will flag the agency as SNA by selecting appropriate option available on PFMS. All existing bank accounts of IAs will be made 'not in use' by the system.
7. IAs can either operate upon SNA Account directly or ZBSA as per operational requirements. If the SNA opts for having ZBSA for the IAs, fresh ZBSAs should be opened. The new ZBSA should be in the same branch or different branches of the SNA's bank.
8. In the case of schemes implemented using PD Accounts or accounts of similar style, the balances need to be transferred to SNA account.
9. States to open separate budget lines for Centre's and State's share of funds, if it is already not there, and share the existing/newly opened budget lines through PFMS-State treasury interface clearly indicating whether a particular head of accounts pertains to centre's share or otherwise. Once the exercise is over, states need to share the data afresh from the beginning of the financial year, after making necessary accounting entries.

3. Mapping of Agencies

SSM need to approach, State Directorate of PFMS stationed in the State Hqrs., with all relevant details such as SLS codes, Bank Account numbers of SNA and ZBSAs, hierarchy of implementation of the SLS etc. for configuring the same in the PFMS portal.

1. The SNA and all IAs need to be registered on PFMS for the respective SLS. It will be the responsibility of the SSM to register and map the first level agency i.e. SNA in the hierarchy, for the Scheme (s) administered by him.
2. Further registration of IAs and mapping the IAs in the hierarchy can be carried out by the upper level agencies.

4. Mapping of Schemes

1. Gol Funds and the corresponding State's share would be transferred to the SN account from the treasuries. State treasury system (IFMS of State) should have the information of SLS, unique code, bank accounts of SNA. These details will be shared by PFMS with State treasuries through web service or any other mode.

2. On release of funds to SNAs by the State treasury system, the payment and other details as per point 1 above should be shared with PFMS through the Treasury Integration route.
3. The Finance Department in the State shall ensure that the SLS and corresponding heads of accounts (both Centre and State share) are mapped correctly in the PFMS-State Treasury interface. The details can be accessed from TRSY03 report.
4. Finance Department in the State shall ensure interchange of data with PFMS through Treasury interface module on daily basis. This will facilitate provision of accurate information to various MIS users of GoI and States to monitor the utilisation of funds.

5. Models for integration – Various Modules.

Keeping in view that some States already have dedicated systems for schemes, states may choose **one** of the following methods (for each scheme) available in PFMS:

Model – 1 Use of external system through REAT integration (MIS-Only)

External system provides for all operations – viz. setting of drawing limits, account validation of beneficiaries, etc. **including payment** and provides MIS to PFMS as per REAT Integration document of PFMS.

- a. In this scenario, SNA External System is required to develop an end to end solution for SNAs and IAs with the facility to process account validation and payments. The SNA's IT system will be integrated with PFMS as an external system for **REAT integration** through SFTP mode to share MIS data.
- b. All the masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared to SNA's IT System by PFMS through an API.
- c. The State Nodal Agency code and all its Program Implementing Agencies code, LGD master, payment purpose master, DBT mission code, PFMS bank/branch master and other relevant master data will also be shared to SNA's IT system by PFMS through an API.
- d. SNA logs into the IT system and allocates limits to all child agencies based on budgetary requirements received from child agencies. The limits set on SNA's IT system are exchanged with PFMS through an API. These limits may change or be reallocated by SNA depending on the additional requirement of funds or underutilization of funds by implementing agencies. Any modifications in the limits are to be shared with PFMS through SFTP integration.

- e. SNA and IAs upload/enter their beneficiary/vendor details on SNA's IT system and validates beneficiaries/vendor through the arrangements made in its own system. After the successful validation of vendor/beneficiary account, the vendor/beneficiary details may be shared with PFMS through SFTP mode for generation of vendor/beneficiary code in PFMS which will be informed back to the SNA's IT system so that the IT system can send the transaction details as MIS to PFMS having PFMS vendor code specified at credit level in MIS file. (*Message Exchange format specified in REAT integration document*).
- f. SNA and IAs logs into the IT system. The Payment order (FTO) is processed on the system and validated against limits for all Program Implementing Agencies making payments. The FTOs are then shared with the SNA's Bank through an IT integration with the Bank.
- g. The Bank makes the payments through NACH (NPCL) and sends updated response status of all such payments to the SNA's IT system.
- h. The transaction data for all successful payments made is then required to be shared with PFMS as MIS data (*Message Exchange format of MIS data is specified in REAT integration document*) through SFTP integration.
- i. All MIS/dashboard is made available on SNA's IT System (and on PFMS) viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs, etc.

Model – 2 Use of external system through REAT integration (MIS + Payments)

External system provides for all operations but payment is done in PFMS. The integration should be as per the integration protocols designed by PFMS. The process is elaborated as under:

- a. State Nodal Agency's (SNA) IT system will be integrated with PFMS as an external system through SFTP mode.
- b. All the masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared to External SNA's IT System by PFMS through an API.
- c. The State Nodal Agency code and all its Program Implementing Agencies code, LGD master, payment purpose master, DBT mission code, PFMS bank/branch master and other relevant master data will also be shared to External SIS by PFMS through an API.
- d. SNA allocates limits to all child agencies based on budgetary requirements received from child agencies on their IT system (SIS). The limits set on SIS are exchanged with PFMS through SFTP based REAT Integration. These limits may change or be reallocated by SNA depending on the additional requirement of funds or underutilization of funds by Implementing agencies. Any modifications in the limits are to be shared with PFMS through SFTP as mentioned earlier.

- e. State Nodal Agency as well as child implementing agencies have to first validate their beneficiaries through Beneficiary validation service of PFMS. The beneficiary details will be uploaded on SNA's IT system by SNA and IAs which will then be pushed to PFMS in XML format through SFTP mode for validation or the SNA system may use Centralized Beneficiary validation service on the fly to validate banks details/Aadhaar details while capturing the Vendor/Beneficiary data in SNA's IT system. In case of SFTP mode, PFMS will pick up the beneficiary details from SNA's SFTP, segregate the bank account details of beneficiaries, bank wise and push them to banks' SFTP for validation by banks. Aadhaar number details are pushed to NPCI for validation. On receiving the Account validation response from banks and Aadhaar number validation response from NPCI, PFMS generates beneficiary code for all those beneficiaries whose bank accounts and Aadhaar number are successfully validated. The beneficiary validation status is shared back to SNA's IT system through SFTP / CBM service. The SNA's IT system are advised to generate payment for only validated beneficiaries for whom the beneficiary code is shared otherwise payment orders get rejected at PFMS end.
- f. Program Implementing Agencies also have to register their digital signatures on SNA's IT system and their DSC enrollment details have to be shared to PFMS by SNA's IT system in XML format through SFTP mode. This will enable PFMS to validate the digitally signed payment orders received from SIS.
- g. The Payment orders (FTO) are to be processed by Program Implementing Agencies on the SIS and validated against drawing limits for all PIAs making payments. Once an FTO is generated, the drawing limits of the concerned PIA should be reduced by debit amount in the FTO. For all DBT payments processed by PIAs, the DBT mission code is to be mandatorily specified in the payment order to be sent to PFMS. The digitally signed FTOs are sent to PFMS SFTP. PFMS in turn would process the payment files by validating the signatures against the DSC enrollment details sent by SIS earlier and send the FTOs to SFTP location of State Nodal Agency's bank.
- h. The Bank makes the payments through NACH (NPCI) and sends response files to PFMS. PFMS in turn would send the credit response to SNA's SFTP.
- i. SNA's SIS picks up response from SFTP and updates transaction status of all payments initiated.
- j. All MIS/dashboard is made available on SIS (*and on PFMS*) viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs.

Model – 3 Use of REAT Module (agencies using PFMS)

Both SNAs and IAs will use REAT module of PFMS for transactions. Prior to any transactions (expenditure/receipts) drawing limits have to be set by the upper level agency. Payments

would be made by the SNAs/IAs directly debiting the SN Account. Where expenditure transactions of IAs using ZBSA are made, this will initially be debited against the ZBSA and the debit will be set off by debiting SN Account. In both cases, the expenditure will be incurred selecting the scheme component, as being done presently. Every expenditure transaction will be validated against the limit balance. A report for monitoring the limits would be available for the SNA and other agencies in the hierarchy. The process is elaborated as under:

- a. The Single Nodal Agency logs into the PFMS portal and allocates limits to all child implementing agencies down the ladder based on budgetary requirements received from child agencies. These limits may be changed or reallocated by SNA depending on the additional requirement of funds or underutilization of funds by Implementing agencies.
- b. State Nodal Agency and the IAs have to upload their beneficiary/vendor details either through data entry UI or excel upload for getting their bank account details and/or Aadhaar number validated for making payments. All those beneficiaries whose banks accounts and/or Aadhaar number are successfully validated will get beneficiary code and becomes eligible for receiving payment.
- c. The State Nodal Agency and implementing agencies have to configure their mode of payment (DSC, PPA/ePA) before starting payment processing. All those agencies who have opted for DSC payments have to enroll their digital signatures on PFMS portal prior to processing payments. The DSC enrollment details are pushed to the SNA's bank for validating the digitally signed payment orders received by the bank later.
- d. For valid beneficiaries, the Payment orders (FTOs) are generated/processed on PFMS portal by SNA and IAs against their available limits only. As soon as an FTO is generated and approved/digitally signed, the limit of the respective agency will be reduced by the debit amount in the FTO. The FTOs are sent to SNA's Bank SFTP location.
- e. The bank need not maintain any drawing limits set for Implementing agencies to validate the payment instructions against available limits. All these will be managed by PFMS. No payment orders will be generated in PFMS unless debit amount is within the available drawing limits of the agency. On receiving the payment instruction, bank has to simply check the availability of funds in the single nodal account. If the funds are not available, bank has to give debit failure with the reason "Insufficient Funds" in the DEBIT RESPONSE.
- f. All the DSC / ePA payments generated by State Nodal Agency and Implementing Agencies are to be processed centrally by the bank where as all PPA payments generated by Implementing agencies will be processed by the local branches of their

subsidiary accounts and those generated by State Nodal Agency are to be processed by local branch of SNA account.

- g. Bank has to ensure that null values in ZBSA by sweeping the debit balances in the main account (Single Nodal Account)
- h. The Bank makes the payments through NACH (NPCI) and sends response files to SFTP.
- i. PFMS picks up response from SFTP and updates transaction status of all payments initiated.
- j. All MIS/dashboard is made available on PFMS viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs, etc.
- k. Some MIS reports are being finalized & generated. The currently available EAT / Treasury reports for MIS are given in Annexure - II

The Banks do not need to make any changes in the existing interface with PFMS and follow same protocol as is currently in place.

Model – 4 Using State IFMIS

The SNA and all IAs work on Integrated Financial Management Information System (IFMIS) of the State integrated with PFMS. In this system SNA account cannot be operated from the State or keeping funds in the Consolidated Fund of the state shall **not be permitted**. In other words, the payments pertaining to the scheme is routed through the SNA account. State IFMIS will be integrated with PFMS as an external for **REAT integration** through SFTP mode to share validated vendor/beneficiary data and transaction MIS data. Masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components etc. will be shared to State IFMIS by PFMS through an API. All MIS/ dashboard is made available on State IFMIS (and on PFMS) viz. SNA's bank account balance, limits vs expenditure by SNAs and IAs, etc.

New Reports

Apart from various existing Expenditure, Advance& Transfer (EAT) reports, the following reports will be made available to various stake holders such as SNAs, State Finance Department, Programme Division in the Ministries/ Department of GoI etc.:

- (a) ***Releases and expenditure:*** This report will give the details of GoI releases State-wise, release date, Clearance memo number and date, release of State Share and date, expenditure incurred and advances made by SNA.(will be available for State Finance Department, SSM, SNA, SPMU and Programme Division in the Ministry).
- (b) ***Statement on drawing limits and expenditure:*** This report will give the details of allocation made by the parent agency to child agencies, level-wise and expenditure incurred by the agency and advances made by the agency.(will be available for SNAs/IAs, SSM, SPMU).
- (c) ***Agencies using REAT/DBT for SNA:*** This MIS report will give details of number of agencies registered as SNAs, number of child agencies registered and mapped, number of agencies using EAT / DBT etc.(will be available for State Finance Department, SSM, SPMU and Programme Division in the Ministry).
- (d) ***Statement of Interest accrued in the SNA account:*** Banks share the transaction-wise details of all agencies registered on PFMS, including interest credited by the banks against the balances lying in the account. This report will give the details of interest credited in the account of SNA to facilitate monitoring and subsequent remittance of the same to GoI account and State's account on pro-rata basis.(will be available for State Finance Department, SNA, SPMU and Programme Division in the Ministry).

Existing Reports

EAT reports:

These reports provide information about EAT transactions scheme wise, Agency wise and component wise etc. The sub reports under this heading are:

- a. EAT02: Scheme wise EAT aggregation – It shows complete EAT data for releases, Expenditure for EAT and DBT, Advances, Transfer by the agencies, scheme wise and hierarchy wise.
- b. EAT03: Component wise Summary – It shows the component wise expenditure and advance made by the agencies.
- c. EAT05: CSS Scheme State Wise unspent balances –This report shows complete EAT data for all the linked schemes for one CSS scheme.
- d. EAT06: Agency EAT DBT usage summary
- e. EAT07: Agency Specific EAT unspent summary.
- f. EAT09: Agency Fund Reversal/Failure EAT Summary – It provides information about failed/expired PPAs and DSC.
- g. EAT10: EAT parent agency account usage summary.
- h. EAT11: Agency Fund deduction EAT report – It shows the deductions made by the agencies while booking vouchers.

PFMS-State Treasury Interface reports:

- a) TRSY-01 : Displays amount released by GoI to States, Budget earmarked by the State – Scheme wise, releases/expenditure and funds released GoI to agencies located in the State.
- b) TRSY-03 : Displays the mapping of State expenditure heads against GoI Scheme releases.
- c) TRSY-04 : Displays the status of data exchange between treasury and PFMS.

List of Acronyms:

1. API : Application Programming Interface
2. CBM : Central Beneficiary Master
3. CSS : Centrally Sponsored Scheme
4. DSC : Digital Signature Certificate
5. ePA : Electronic Payment Advice
6. FTO : Fund Transfer Order
7. IA/PIA : Implementing Agency/Programme Implementing Agency
8. NPCI : National Payment Corporation of India
9. PFMS : Public Financial Management System
10. PPA : Print Payment Advice
11. REAT : Receipt Expenditure Advance Transfer
12. SFTP : Secured File Transfer Protocol
13. SIS : Single Nodal Agency's IT System
14. SLS : State Linked Scheme
15. SNA : Single Nodal Agency
16. SPCU : State Project Cell user
17. SPMU : State Project Management user
18. SSM : State Scheme Manager
19. UI : User Interface
20. ZBSA : Zero Balance Subsidiary Accounts