

V-13023/5/2021-PFMS-Part(3)/2771
Ministry of Finance, Department of Expenditure
Controller General of Accounts
Public Financial Management System Division
4th Floor, Shivaji Stadium Annexe, New Delhi-110001

Dated: 05/09/2022

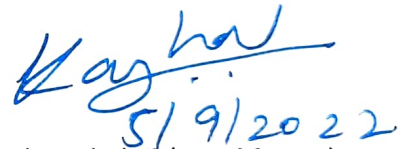
Office Memorandum

Subject: - Restriction of Payment through Cheques for payments through SNA accounts-reg.

Kindly refer to FAQ set no 1 point 22 issued by DOE, Ministry of Finance vide O.M. no F.No 1(13)/PFMS/FCD/2021 dated 7th July 2021 regarding payment modes for agencies working directly on PFMS in case of SNA model. It was clarified that the cheque payment facility was withdrawn in the new model.

However, it has been observed in Kerala and many other states that some banks have issued cheque books in SNA A/cs. All the banks are, therefore, requested to ensure that no cheque books are issued to implementing agencies in case of SNA Accounts for their boarded schemes.

This issues with the approval of the competent authority.


5/9/2022

(Kaushal Kishore Meena)
Asstt. Controller of Accounts
Tel:23343860(ext.342)

To,

All the Banks / States

All Ministries

All State Directorates

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

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 SNAs 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 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 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 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

	lowest or Block level?	
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.
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.

		<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	<p>Whether the transactions will first take place in SNA's external systems or in PFMS?</p>	<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	<p>What would be hierarchy of IAs? Whether it will be till Block Level or below?</p>	<p>To be decided by the State government/ SNA.</p>
6	<p>How the training to IAs will be imparted to use their zero-balance subsidiary account especially at</p>	<p>To be decided by Banks and SNAs. The State Directorates of PFMS shall play a supporting role in respective States.</p>

	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-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

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