

**TOP PRIORITY**  
**MOST URGENT**

**GOVERNMENT OF PUDUCHERRY**  
**DIRECTORATE OF ACCOUNTS & TREASURIES**

No.DAT/B&A/CSS/PFMS/2021-22/26

Puducherry, dated: 09/06/2021.

**CIRCULAR**

Sub: DAT – Revised procedure for release of funds under CSS and monitoring utilisation of funds released – Reg.

Ref: O.M.No.F.No.1(13)PFMS/FCD/2020, dated 23.03.2021 of the Ministry of Finance, Department of Expenditure (PFMS Division), New Delhi.

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Copy of the O.M. cited under reference, issued by the Ministry of Finance, Department of Expenditure (PFMS Division), New Delhi, is enclosed herewith for perusal. It is stated that the release of funds under CSS henceforth, will be as per the revised procedure (PFMS Module) with effect from 01.07.2021 as communicated therein.

2. For the effective implementation of the revised procedure, the Ministry has requested to complete the preparatory steps viz., Designation of Single Nodal Agency for each CSS, Opening of Single Nodal Account for each CSS, Opening of Subsidiary accounts for Implementing Agencies, Registration of Single Nodal Agency in the PFMS, Mapping of Single Nodal Account and Subsidiary Account in the PFMS etc. and to submit a report in the prescribed format urgently.
3. Therefore, all the Head of Departments dealing with CSS are requested to take necessary action for the designation of Single Nodal Agency (SNA) for the CSS Schemes (including Sub Schemes) and for the opening of Single Nodal Account for each CSS (including Sub Schemes) in a nationalised bank.
4. In case, if already separate savings account is opened and the specific scheme fund is seeded in the PFMS, such particulars may be provided in the statement enclosed for compilation and mapping.
5. In case, if a separate savings account specific for the scheme is not opened and the specific scheme fund is not seeded, a separate savings account may be opened immediately and the amount seeded may be provided in the enclosed statement without delay.

....2/-



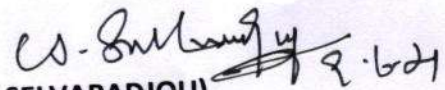
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6. It is also requested to register the Single Nodal Agency and the Implementing Agency in the PFMS and also to map the Single Nodal Account and Subsidiary Account in the PFMS in consultation with the PFMS State Directorate, Puducherry under intimation to this Directorate.

7. Statement of CSS schemes implemented by each dept. is enclosed for verification. The unspent amount, if any, under the schemes in operation and also in respect of the schemes which are not in operation has to be credited in the Single Nodal Account.

8. All Head of Departments dealing with CSS are therefore requested to bestow their personal attention in this matter and to furnish the information, in the prescribed format (as in the OM dated 21.05.21 which is enclosed), to this Directorate on or before **16.06.2021** without fail.

9. Since the procedure is to be rolled out with effect from 01.07.2021, this may please be accorded **TOP PRIORITY** and the statement be forwarded duly signed by the SNA and the DDO.

  
(A. SELVARADJOU)

DIRECTOR OF ACCOUNTS & TREASURIES

Encl: As above.

5/40

To

All Heads of Department dealing with Centrally Sponsored Schemes,  
Puducherry.

Copy to

1. The Under Secretary Finance),  
Chief Secretariat, Puducherry.

For kind information.

2. The Pay & Accounts Officer,  
PFMS State Directorate,  
Revenue Complex, Old Collectorate, Saram, Puducherry.

With a request to give necessary Clarification/  
Guidance for the effective implementation of  
the procedure.

✓ 3. The Programmer, EDP Section, DAT, Puducherry ...

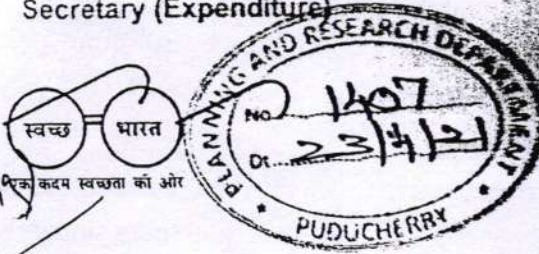
With a request to upload this in the  
DAT Website.

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DAT Complex, DAT Main Road, Rainbow Nagar, Puducherry – 605 001.  
Phone: 0413-2213313, 2214651, 2210652, 2210155 Fax – 2211200  
E mail: [dat.pon@nic.in](mailto:dat.pon@nic.in)



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

Dear Chief Secretary,

As you are aware, on 23<sup>rd</sup> March, 2021, the Department of Expenditure had communicated a revised procedure for release of funds by the Central Ministries/Departments 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 1<sup>st</sup> 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:

- Secy (Fin) (i) A Single Nodal Agency (SNA) is designated for each CSS by the 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) 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.
- (vii) 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.
- (viii) Separate budget lines for Central and State shares are opened by the 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.



CHIEF SECRETARY  
No. 1887 Secy/Fin/PA/21  
22 APR 2021  
RECEIVED  
23 APR 2021  
DESPATCHED

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

12<sup>th</sup> April, 2021

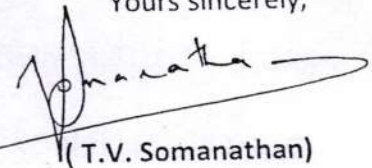


- (ix) If a CSS is being implemented through a separate Central or State IT system, the same is integrated with PFMS.
- (x) State GIFMIS is enabled to capture scheme component-wise expenditure alongwith PFMS scheme codes and Unique Code of the agencies incurring the expenditure.

3. I, therefore, request you to kindly review completion of all the preparatory activities regularly with the officers of the Departments concerned to ensure that they are completed by 30<sup>th</sup> June 2021 and the new procedure is smoothly implemented w.e.f. 1<sup>st</sup> July, 2021.

*With regards,*

Yours sincerely,



(T.V. Somanathan)

Chief Secretaries of all State Governments (as per list enclosed)

Encl: as above.



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

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

To

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

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

Sir/Madam,

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.

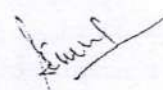
With a view to have more effective cash management and bring more efficiency in the public expenditure management, it has been decided that the following procedure will be followed by all the State Governments and Ministries/Departments of the Government of India regarding release and monitoring utilization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

*h. m. f.*



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.





SNAs 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

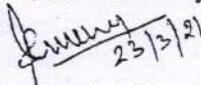


Panchayats/Implementing agencies, the requirement of notifying a single Nodal Agency and opening of a Single Nodal Account at the State level may be waived by the Secretary of the Central Ministry/Department concerned in consultation with the Financial Adviser.

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.

Yours faithfully

  
(Subhash Chandra Meena)  
Director (FCD)  
011-24368543

E-mail: [subhash.meena@nic.in](mailto:subhash.meena@nic.in)

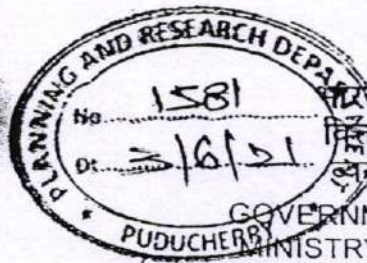
Copy for information to:

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)



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

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



सरकार  
मंत्रालय  
वित्त विभाग

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
नई दिल्ली / New Delhi - 110001

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

OFFICE OF SECRETARY  
(FINANCE, PWD/EXCISE, ELECTION  
PLANNING & RESEARCH)

File No. 794/Secy/Fin/2021

Received on 02/06/2021

Watched on 02/06/21

Dated 21<sup>st</sup> May, 2021

Dear Shurbir,

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 your State and send the information in the attached format at the earliest.

With regards,

Encl: As above.

Yours sincerely,

(Dr. Sajjan S. Yadav)

Shri Shurbir Singh,  
Commissioner -cum-Secretary (Finance),  
Main Building  
Chief Secretariat  
Puducherry

Re process it immediately.

24/06

Dr. (P. S.)  
G. S. S.  
24.06



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

Name of the State \_\_\_\_\_

Date of Report \_\_\_\_\_

Sr. no.	Name of CSS	Name of the SNA designated for the scheme	Whether the Single Nodal Account of SNA opened and mapped in PFMS	Whether the zero based accounts of the IAs down the ladder opened	Whether all IAs have deposited 100% of the amount balance in their account to the account of SNA	Number of IAs registered in of CSS PFMS for the CSS	Whether separate budget line for central and State share of CSS opened
1							
2							
3							
4							
5							
6							



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

**Name of the State :**

**Date of Report :**

[illegible]

### SINGLE NODAL AGENCY (SNA)

DDO