

F. No. 1(18)/PFMS/FCD/2021
Government of India
Ministry of Finance
Department of Expenditure

North Block, New Delhi
Dated : 9th March, 2022

OFFICE MEMORANDUM

Subject: Revised procedure for flow of funds under Central Sector Schemes

In supersession of all previous orders issued by the Department of Expenditure, Ministry of Finance regarding release of funds under the Central Sector Schemes, the following procedure shall be followed w.e.f 1st April, 2022 by the Ministries/ Departments of Government of India for flow of funds under the Central Sector Schemes and monitoring utilization of funds released.

Model – 1 : Implementation through Treasury Single Account (TSA)

2. In case of Central Sector Schemes having annual outlay of more than Rs 500 crores and implemented without involvement of State agencies, it shall be mandatory to implement such schemes through the Treasury Single Account (TSA) model. This will ensure that the funds of these schemes are released "Just-In-Time" from the Consolidated Fund of India (CFI) to the beneficiaries/vendors. The Ministries/Departments may opt for Model-1 for other Central Sector Schemes too in consultation with RBI. For the schemes implemented through this model, the following procedure shall be followed by the Ministries/Departments:

- i. For each Central Sector Scheme, the concerned Ministry/Department will designate an Autonomous Body as the Central Nodal Agency (CNA) to implement the scheme.

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- ii. If there are other agencies involved in implementation of the scheme down the ladder, which get funds from the CNA, these Implementing Agencies (IAs) will be notified as Sub-Agencies (SAs) of the CNA.
- iii. Each CNA will open an account with the Reserve Bank of India (RBI) in e-Kuber. Even in cases where CNA is already registered in the TSA module and has a bank account in e-Kuber for some other grant, it will open separate account in e-Kuber for funds to be provided under each Central Sector Scheme.
- iv. The SAs of every CNA will also open scheme-wise bank accounts with RBI in e-Kuber in line with the requirements of para (iii) above.
- v. The relevant details of all the accounts of the CNA and SAs opened with RBI shall be mapped in the TSA module of PFMS as per the extant guidelines on TSA.
- vi. In respect of funds of Central Sector Schemes, the CNA and SAs shall not open/operate/ park funds in any other bank account except under the provisions made in these guidelines.
- vii. RBI will function as the primary banker to the Ministries/ Departments in this regard without involvement of an agency bank.
- viii. All these accounts in RBI will be "Assignment Accounts". A limit up to which expenditure can be incurred by the CNA/ sub-agencies shall be assigned to these accounts from time to time by the Pay and Accounts Office (PAO) concerned through PFMS.
- ix. Assignment will be based on an expenditure sanction issued by the Programme Division (PD) and the bill preferred by the Drawing and Disbursing Officer (DDO). The e-format of the assignments and Sub-assignments shall have requisite details required for accounting and reconciliation of transactions. The e-Kuber bank account details of the CNA/SAs shall be incorporated in the sanction order.
- x. Consequent upon receipt of the sanction order for release of funds to the CNA alongwith bills from the Drawing and Disbursing Officer (DDO), the concerned

- Pay and Accounts Officers (PAOs) shall, through assignments, advise RBI, after exercising all necessary checks, to honour the payment instructions issued by the concerned CNA/SA up to the, "assigned limit" in the advice.
- xi. The PAO shall debit the concerned Head of Account for appropriation but not transfer the cash directly to the CNA. It shall be retained in an interim account in respect of the CNA listed under the parent Ministry/ Department in the public account.
- xii. The assignments shall be uploaded on the TSA module and received electronically by the CNAs as per the existing protocols of TSA module. The CNA may issue e-Sub-assignments in PFMS against this assignment setting limits of expenditure for the SAs.
- xiii. CNAs & SAs shall adhere to all due process while incurring expenditure from the assignment limit sanctioned through PFMS. CNAs shall also ensure that sufficient limit is available in the relevant account before issue of assignment to SAs.
- xiv. The system will be digital and fully online on PFMS with no physical flow of assignments to RBI or expenditure by CNAs/SAs on assignment basis. The electronic file containing a unique sanction ID and necessary details of the sanction order will travel directly from PAO to RBI and concerned CNAs. RBI will maintain individual ledgers in respect of the accounts of the CNAs for watching the availability of assignment.
- xv. PFMS Division in CGA will design requisite reports to enable all Program Division (PDs), Pay & Accounts Officers (PAOs), and other stakeholders to view details of sanction orders, summary and budget balance of assignments/sub-assignments, and expenditure details.
- xvi. Ministries/ Departments administering the schemes concerned should strive to make realistic estimation of Budget under the Central Sector schemes and issue sanction orders according to actual requirements. The savings in the assignments should be anticipated well in advance particularly in the third quarter of

- Financial Year and Ministries/Departments shall ensure suitable savings/surrenders are informed to Budget Division during the pre-budget meetings.
- xvii. Control of limits shall be at the Standard Object Head level.
- xviii. Unutilized assignments will lapse to the Government at the close of the Financial Year as per the extant norms of Budget execution and will not be available to the CNAs /SAs for expenditure in the next financial year. In PFMS too, all e-assignments/e-sub assignments shall cease to exist after the close of financial years and shall be flushed out from the system as per the current practice in TSA module.
- xix. In respect of some transactions like payment of TDS, Income Tax and GST, Opening of Letter of Credit in favour of foreign suppliers, scholarships to foreign students not having account in India, and payment of salaries of the month of March to be paid in 1st week of April, CNAs/SAs may utilize the services of their existing account at commercial banks. They may transfer funds "just in time" to the extent required for meeting such transactions. However, in no case the money transferred under this provision will be parked in a Commercial Bank beyond a period of two weeks.
- xx. Unutilized amount of past releases under the scheme available in the bank account of CNA & SAs shall be deposited in the Consolidated Fund of India.

Model – 2: Implementation through scheduled commercial banks

3. In case of Central Sector Schemes having (a) annual outlay of less than Rs 500 crores or (b) the schemes are being implemented by agencies of the State Governments exclusively or in addition to the central agencies or (c) other schemes not covered in Model-I, the following procedure will be followed by the Ministries/ Departments :

- (i) Every Ministry/ Department will designate a Central Nodal Agency (CNA) for implementing each Central Sector Scheme. The CNA will open a Central Nodal Account for each Central Sector Scheme in a scheduled commercial bank authorized to conduct Government business by the Ministry/ Department concerned.
- (ii) Implementing Agencies (IAs) down the ladder will be designated as Sub-Agencies (SAs). The SAs will use the CNA's accounts with clearly defined drawing limits set for that account. However, depending upon operational requirements, zero balance subsidiary accounts for each scheme may also be opened by the SAs.
- (iii) All zero balance subsidiary accounts will have allocated drawing limits to be decided by the CNA concerned from time to time and will draw on real time basis from the Central 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.
- (iv) For seamless management of funds, the main account and all zero balance subsidiary accounts should be maintained with the same bank. However, Ministry/ Department may choose different banks for opening Central Nodal Accounts of different Central Sector Schemes.
- (v) Only banks having a robust IT system and adequate branch network should be chosen for opening Central Nodal Account and the zero balance accounts of SAs of each Central Sector Scheme. 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 necessary reports and a user-friendly dashboard to officers at various levels to monitor utilization of funds by SAs.
- (vi) The bank's software system should be able to monitor the drawing limits of the SAs who should be able to draw funds on real time basis from the CNA'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.
- (vii) Ministries/ Departments will release the scheme funds for each Central Sector Scheme to the account of CNA concerned strictly on the basis of requirement, keeping in view the balance funds of the scheme available with the CNA as per PFMS or scheme-specific portals fully integrated with PFMS in consonance with Rule 232(v) and 230(vii) of the General Financial Rules, 2017.
- (viii) The Ministries/ Departments and the CNAs shall ensure that the interest earned from the funds released is mandatorily remitted to the Consolidated Fund of India in terms of Rule 230(8) of GFR, 2017. The interest component shall be distinctly reflected in the MIS provided by the banks.
- (ix) The Ministries/ Departments shall release the funds as far as possible in 'Just-In-Time' manner keeping the float in CNAs account to the minimum possible and shall in no case release more than 25% of the amount earmarked for the scheme in a financial year at a time. Additional funds (not more than 25% at a time) will be released only upon utilization of at least 75% of the funds released earlier and in compliance with the conditions of previous sanction.
- (x) For administrative convenience and efficiency the Program Division may obtain approval of the competent authority and concurrence of the Financial Advisor for more than 25% at a time. But release of funds shall not exceed 25% in one instalment.
- (xi) After opening of Central Nodal Account of the scheme and before opening zero balance subsidiary account of SAs or assigning them drawing rights from CNA's account, the SAs at all levels shall return all unspent amounts of the scheme lying in their accounts to the Central Nodal Account of the CNA.
- (xii) It will be the responsibility of the Ministry/ Department concerned to ensure that the entire unspent amount of the scheme is returned by all the SAs to the Central Nodal Account of the CNA concerned before releasing funds to CNAs.

- (xiii) Ministries/ Departments will ensure that releases under all Central Sector Schemes are made strictly as per the actual requirement on the ground, without resulting in any material float with the implementing agencies at any level.
 - (xiv) Ministry/ Department will register the CNAs and all SAs on PFMS and use the unique PFMS ID assigned to the CNA and SAs for making all payments to them. Bank accounts of the CNAs, SAs, vendors and other organisations receiving funds will also be mapped in PFMS.
 - (xv) 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 Central Nodal Account daily through the core banking solution (CBS) on the basis of payments made during the day.
 - (xvi) CNAs and SAs 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 SA at least once every day.
 - (xvii) CNAs will keep all the funds received in the Central Nodal Account only and shall not transfer the funds to any other account or not divert the same to Fixed Deposits/ Flexi-Account/ Multi-Option Deposit Account/ Corporate Liquid Term Deposit (CLTD) account etc. The funds released to CNA shall not be parked in bank account of any other agency.
 - (xviii) Release of funds by the Ministries/ Departments towards the end of the financial year should be avoided to prevent accumulation of unspent balances with CNAs.
4. UTs without legislature work directly in PFMS and should be given Letter of Authorization (LoA). There is no need for them to open a Central Nodal Account. They will ensure that the funds are released on the basis of LoA to the vendors/ beneficiaries 'Just-In-Time'.
5. Secretaries are requested to, and Financial Advisors of Ministries/ Departments shall, undertake monthly review of strict implementation of these guidelines, opening of

accounts in RBI, issue of authorization or release of funds to the CNA, utilization of funds by CNAs and IAs and outputs/ outcomes vis-a-vis the targets of each Central Sector Scheme.

6. Gradually, schemes in Model-2 are expected to move to Model-1 depending on readiness of RBI and Ministries for which necessary orders will be issued separately by the Department of Expenditure.

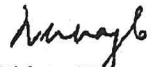
7. The following categories of Central Sector Schemes will be exempted from following these guidelines and may continue in existing mode:

- (i) Central Sector Schemes being implemented by Ministries/ Departments in Direct Benefit Transfer (DBT) mode or reimbursement mode.
- (ii) Central Sector Schemes involving payment of equity share or extension of loan by the Government to a company.
- (iii) Central Sector Schemes where 100% payments are made by the Ministry/Department directly to the vendors/beneficiaries against the bills/claims raised by the vendors/beneficiaries.
- (iv) Central Sector Schemes where funds are transferred by the Ministry/Department directly to multiple Implementing Agencies (IAs) and amount transferred to any agency does not exceed Rs. 10 lakhs per annum.
- (v) Central Sector Schemes in which funds are transferred to the Indian Missions abroad for implementation of the scheme.
- (vi) Central Sector Schemes being implemented exclusively from a corpus/revolving fund approved by the Cabinet.
- (vii) Central Sector Schemes where expenditure is based on authorization and is incurred on real time basis with no float. However, in such cases Ministry/Department shall avoid the mode of transfer of funds through Civil Deposit and the option of Letter of Authorization should be adopted.

8. In cases where there is no Central Autonomous Body in a Ministry/Department or where the Ministry/Department wishes to implement the scheme directly through State Government agencies, such State Government agency will be designated as CNA. However, there shall not be more than one CNA per State. The funds in such cases will be released by the Ministry/Department to the CNA directly and not through state treasury

9. An illustrative list of roles and responsibilities of CNAs is given in Annexure-1.

10. This issues with the approval of Finance Secretary & Secretary (Expenditure).


(Abhay Kumar)
Director
Tel. No. 24360647

To

1. Secretaries of all Ministries/Departments of Government of India
2. Chief General Manager, Reserve Bank of India, Department of Government and Bank Accounts
3. Controller General of Accounts, Department of Expenditure, INA, New Delhi
4. Financial Advisers of all Ministries/Departments of Government of India
5. Additional CGA (PFMS), O/o CGA with the request to take immediate steps for carrying out necessary change in PFMS and designing requisite reports.
6. Additional CGA (GBA), O/o CGA with the request to take necessary steps to implement model 1 of the Guidelines.
7. All Principal CCAs/CCAs of Ministries/Departments

Copy to:

1. Chief Secretaries of all States/Union Territories
2. Principal Secretary Finance of all States/Union Territories

Copy for information:

1. PSO to Secretary (Expenditure)
2. PSO to Special Secretary (Pers.)
3. Sr. PPS to AS (PFC-II)
4. Sr. PPS to AS (PF-S)



Annexure

Role and Responsibilities of CNA
Modified Fund Flow Guidelines for Central Sector Schemes

- 1. Model 1 – Treasury Single Account (TSA) Model**
 - a. Open Account with RBI in e-Kuber for each scheme under which it receives grant
 - b. Mandatorily use TSA Module of PFMS
 - c. Map the RBI Account details in TSA Module of PFMS
 - d. Receive (electronically in TSA Module) the assignment done by the PAO
 - e. Approve the account and scheme mapping of sub-Agencies at Level 1
 - f. Issue e-Sub-assignments against the assignment setting limits of expenditure for the sub-Agencies
 - g. Ensure funds are not transferred/parked in any other account except as per the guidelines
 - h. Process payments by adhering to due process
 - i. If existing accounts with commercial banks is to be used for specified purposes in the guidelines (such as payment of TDS, IT and GST, opening of LoC for foreign suppliers etc.), funds shall be transferred just-in-time and, in no case, parked beyond two weeks.
 - j. All such unutilized funds (as above) shall be deposited back to the Consolidated Fund of India.
- 2. Model 2 – through Scheduled Commercial Banks (SCBs)**
 - a. Open Account with a SCB authorized to do Government business, for each scheme under which it receives grant
 - b. Mandatorily use REAT Module of PFMS or integrate own IT system with PFMS for exchange of information (contact PFMS Rollout for details)
 - c. Approve the account and scheme mapping of sub-Agencies at Level 1
 - d. Approve the scheme mapping of all sub-Agencies using the CNA's Account

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- e. Allocate limits for Level 1 sub-Agencies and all other sub-Agencies using the Central Nodal Account
 - f. Ensure funds are not transferred/parked in any other account of any Agency
 - g. Submit UCs after utilization of the funds that were transferred in the Central Nodal Account
 - h. Ensure that interest earned from the funds released is remitted to the Consolidated Fund of India
- 3. One time activity –**
- a. Ensure refund of unspent balance of lower level Agencies to the Central Nodal Account. This is needed after opening of the Central Nodal Account and other Zero Balance Subsidiary Accounts, and prior to assigning the drawing rights to sub-Agencies.



Step By Step Procedure for opening of Assignment Account

Please find enclosed herewith the Procedure for Opening of accounts under the TSA by the Autonomous Bodies (ABs)/Sub Autonomous Body prescribed by New Delhi Regional Office, RBI. The following procedure is to be followed for opening of accounts in Regional Office, RBI.

- (i) A Nodal Officer is to be nominated for operationalisation of the TSA in ABs/Sub ABs. The Nodal Officer would collect all the applications from the Main AB and Sub ABs and forward the same to the Pay and Accounts Officer of the concerned Ministry/Department. **It is mentioned that original documents are to be sent to the Nodal Officer by the AB/Sub ABs.**
- (ii) The Principal Autonomous Body and all its Sub ABs will submit an account opening application for opening of Assignment Account signed by Head/Incharge of the AB/Sub AB addressed to General Manager, (Concerned Regional Office)*, RBI alongwith specimen signatures of the authorised signatories (format enclosed) and enclosing all the KYC/Officially Valid documents (OVD) such as for establishing the existence or identity of the person opening the account **to the Nodal Officer.**
- (iii) OVD means the passport, the driving license, PAN Card, Voters ID issued by Election Commission of India, Aadhaar Card or any other document as notified by the Central Govt. Official ID card can also be treated as OVD.
- (iv) It is also mentioned that accounts will be opened upto **two levels** only i.e. the account of the Main AB and Sub ABs under the Main AB. **No account below the level of Sub AB will be opened.**
- (v) Nodal Officer of the Autonomous Body will verify all the documents (Original documents) received from the AB/Sub ABs and ensure that all the prescribed documents are enclosed by the Main AB/Sub AB. The Nodal Officer will then sign and stamp all the documents and shall forward the original documents to the concerned PAO of the Ministry/Department with a covering letter that all the documents are in order.
- (vi) On receipt of all the documents from the Nodal Officer, the PAO of the concerned Ministry/Department, will also ensure that all the documents required by the RBI for opening of accounts are in order and also sign and stamp all the documents provided by the Nodal Officer. The PAO of the concerned Ministry/Department will enclose a covering letter addressed to General Manager, (Concerned Regional Office), Reserve Bank of India enclosing all the original documents received from the Nodal Officer and submit the same to the Concerned Regional Office of the RBI. **PAO of the concerned Ministry need to provide the name of the Ministry/Department alongwith the UDCH Code under which the TSA account is required to be opened/mapped in e-kuber.**

(*Concerned Regional office means the Regional Office of the RBI in which the Assignment account is to be opened i.e. if the Assignment Account is opened in New Delhi Regional office then letter has to be addressed to New Delhi Regional Office)

Specimen of the Application Form
(Application must be on the Letter Head of the AB/Sub AB)

(to be provided by the AB/Sub ABs to the Nodal Officer of the AB for onward submission to the concerned PAO of the Ministry/Department)

To

The General Manager
Concerned Regional Office
Reserve Bank of India,

Sub:- Opening of Assignment Account under the Treasury Single Account (TSA) System

Sir,

As per the direction of Ministry of Finance, Government of India Treasury Single Account (TSA) System. has to be implemented in _____ (Name of the AB/Sub AB) which is an Autonomous Body/Sub AB incorporated in ____ (year). You are, therefore, requested to open an assignment account in New Delhi Regional Office, RBI for this organisation.

2. The details of the AB/Sub AB are as under:-

Name of the AB/Sub AB	Name of Head/Incharge of the AB/Sub AB and Email id	Address of the AB/Sub AB	Email id of the AB/Sub AB	Contact Number

3. The purpose for opening of account in RBI is to bring the AB/Sub AB under the Treasury Single Account (TSA) System prescribed by the Ministry of Finance, Govt. of India.

4. There will be two authorised signatories who will operate this assignment account using their Digital Signatures through PFMS. The names of the authorised signatories are as under:-

Name and Designation of the First Authorised Signatory	Name and Designation of the Second Authorised Signatory

5. The specimen signatures alongwith the proof of identity, email id, mobile no. and KYC who will operate the assignment account in the RBI, duly attested by the Head of the AB/Sub AB are enclosed herewith.

Yours faithfully,

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Head/Incharge of the AB/Sub AB

Forwarded to the Nodal Officer of the AB for necessary action.

Specimen Signatures of the Authorised Signatories who will operate the Assignment Accounts

For First Authorised Signatory:-

Name and Designation of the First Authorised Signatory	Mobile No. of the First Authorised Signatory	Email id of the First Authority Signatory	Name of the KYC/OVD document attached of the first authorised signatory

Specimen Signatures of the First Authorised Signatory	Attestation by the Head/Incharge of AB/Sub AB
1.	
2.	
3.	

For Second Authorised Signatory:

Name and Designation of the Second Authorised Signatory	Mobile No. of the Second Authorised Signatory	Email id of the Second Authority Signatory	Name of the KYC/OVD document attached of the Second authorised signatory

Specimen Signatures of the Second Authorised Signatory	Attestation by the Head/Incharge of AB/Sub AB
1.	
2.	
3.	

E-mail IDs on which account statement are to be sent :
 Signature and Stamp of Nodal Officer of the AB:-
 Signature and Stamp of concerned PAO:-