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अपर सचिव

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**N-19011(16)/8/2016-e-Panchayat-Part (1)**

**Dated: 09<sup>th</sup> September 2021**

*Respected Sir,*

This is in reference to your DO. No. F1(13)/PFMS/FCD/2020 dated 12 April 2021 regarding updated Standard Operating Procedure for Government bodies on PFMS

2. The Ministry of Panchayati Raj is constantly striving to enhance transparency and accountability at the grassroots level, to be able to track the fund flow and monitor the public expenditure incurred by the Panchayats under the Central Finance Commission grants. In this regard, the Ministry has put in place a robust mechanism whereby the fund flow and the expenditure incurred under the Central Finance Commission are being captured through eGramSwaraj-PFMS Interface (eGSPI). Further, the interface also allows for online payments by the Panchayats to the service providers/vendors.

3. With the advent of XV Finance Commission, funds are now provided to all the three tiers of Panchayats- Zilla, Block and Gram Panchayats as well as Traditional Local Bodies under Sixth Schedule Areas. As a result, the scope for online payments through eGSPI has expanded vastly and is also prudent to capture every transaction carried out through the system viz. vendor payments, deductions etc. Several States have evinced desire to have a provision in eGSPI for allowing Panchayats to make payments related to statutory deductions i.e. GST, TDS, labour cess etc. At present there is no provision for Panchayats to be able to carry out online transaction for this purpose.

4. It is, therefore, essential that the payments through eGSPI are captured in entirety including GST, Cess, Income Tax at source, State specific taxes etc. In this regard deliberations have been held with CBIC and PFMS officials however there has not been significant progress in this regard. However, it has been submitted that for such a provision to be introduced; it is essential to integrate the systems involved.

5. I request your intervention in this matter for allowing payments for Statutory deductions through eGramSwaraj-PFMS Interface at the earliest to meet the demands of the main stakeholders and enhance the integrity of the systems. In this regard, a meeting will be organized shortly at a mutually convenient time.

*Respect*

Yours Sincerely,

*99201*  
(Dr. Chandra Shekhar Kumar)

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