

**Government of India
National Health Agency**

Escrow Bank Account Guidelines

The Central & State Government / UT shall open two separate designated escrow accounts viz. Premium / Grant-in-Aid and Administrative Expense at NHA & SHA level with any of banks. The escrow account may be opened as per the instruction issued by Ministry of Finance vide their O.M. No. S-11012/3(1) /Bank/Ref.Case/2010 /RBD/1688-1772 dated 10.11.2016 (Copy Attached), wherein Ministry of Finance has issued instructions relating to Banking arrangement of the State/District level implementing Agencies handling Central Sector/Centrally sponsored schemes of various Ministries of Government of India.

- The States / UTs can choose any category of banks operating in India and regulated under Banking Regulation Act, 1949.
- The names of the banks are as under:
 - State Bank of India and its Associates;
 - Nationalised Banks (PSU Banks);
 - Regional Rural Banks;
 - Other Scheduled Commercial Banks (Private Sector Banks)

The SHA will need to share the details of the escrow accounts with NHA within 7 days of opening these accounts.

The process of funds release shall be as follows:

1. The State / UT shall upfront release its share, depending upon category of State/UT along with its administrative expense share into two separate designated escrow accounts of SHA opened by the States / UTs for implementation of AB-NHPM.
2. The Central Government shall then release its share of premium through the designated escrow account of NHA into the designated Escrow Accounts of the SHA of respective State / UT within 21 working days from the receipt of duly completed proposal from the State Government.
3. Thereafter, upon receipt of Central Government's Share of Premium, the State / UT shall release the aforesaid installment of premium within 7 working days from the SHA Premium Escrow Account to the Insurance Company.
4. The same process shall be carried out for each of the three instalments.

The complete Fund flow of the scheme requires regular flow of information & triggers/intimation to Central Govt./NHA/SHA for timely release/ monitoring of funds at all levels. Each installment of fund release should happen as per the stipulated

timelines only. At center level NHA & at state/UT level SHA would ensure the timely disbursement of funds to downward agency.

Since enabling of such fund monitoring mechanism would need real time data updation in AB-PM JAY portal by banks handling AB-PM JAY transactions, SHA to ensure selection of such bank which has robust technology solutions with experience of handling government transactions including providing escrow arrangement services for government schemes/projects as the banking solution shall be critical to ensure timely release and tracking of funds along with parallel information flow to various stakeholders. The solution so provided by SHA's banker would also need to facilitate:

- Multi-Level Fund monitoring through Single account system.
- Authorization based payment mechanism (in the form of Maker and Checker)
- Component head wise Payment & Tracking – received funds can be categorized in the form of expenditure heads.
- Real Time balance Report to monitor all expenditure head wise transaction summary
- View access of transactions across hierarchy
- Customized MIS /Reports to ensure smooth Reconciliations
- Capability of integration with accounting system for easy book keeping