No.1/18/2015-SBM
Govt. of India
Ministry of Housing and Urban Affairs

Nirman Bhawan, New Delhi
Dated 31.08.2021

To

All State/UT Mission Directors,
Swachh Bharat Mission-Urban,

Subject: Recovery of Interest/ Other earning on unspent balances lying with the Implementing Agencies - Reg.

Sir,

Kindly find enclosed herewith Pay and Accounts Office (Secretariat), Ministry of Housing and Urban Affairs' O.M. No. PAO(Sectt) HUA/UCs/2020-21/442-445 dated 28.07.2021 and its enclosures regarding the above mentioned subject.

2. All State Governments/ UT Administrations are requested to strictly comply with the instructions given in the OM dated 28.07.2021, **especially Para (3), (4) and (5)**, and its enclosures.

Encls. As above.

Yours faithfully,

(R.S. Jayal)
Deputy Secretary to the Govt. of India
Tel: 011-23061187
(Email: rajjhuni@gmail.com)

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US/SBM-I

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PAO (Sectt) HUA/UCs/2020-21/442-45

Pay & Accounts Office (Sectt)
Ministry of Housing & Urban Affairs
507-C, Nirman Bhawan, New Delhi-110011

Dated-28.07.2021

Office Memorandum

Sub:-Recovery of Interest/Other Earnings on Unspent Balances lying with the Implementing Agencies (IA).

Kind reference is invited to DEA, M/o Finance OM dated 24.06.2021(copy enclosed) on the subject "Recovery of Interest /Other Earnings on Unspent Balances lying with the Implementing Agencies." The said OM reiterates to review the unspent balances lying with Implementing Agencies and recovery of interest/accrued income and that of unspent balances of discontinued /completed schemes and projects ensured in a time bound manner as per rule 230(8) of GFR. The DEA (Budget Division) has also directed to submit action taken report in this regard.

2. As per rule 230(8) of GFR "All interest and other earnings against Grant in aid released to any grantee institutions should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of accounts. Such advance should not be allowed to be adjusted against future releases." Hence, this condition must invariably be incorporated in the Sanction Order while issuing sanction. Imp.

3. As you are also aware, Para 10 of the revised procedure for release of funds under Centrally Sponsored Schemes issued vide D/o Expenditure OM No.F.1 (13) PFMS/FCD/2020 dated 23.03.2021 (copy enclosed) provides that "*The SNA 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 integrated with PFMS and in MIS provided by banks.*"

4. Subsequently, D/o Expenditure vide OM dated 30.06.2021 (copy enclosed) has clarified that the Single Nodal Agency (SNA) of each CSS in the state shall compute the total interest earned out of the funds received in its account (both from the Central Government and the State Government) in the preceding financial year in the 1st week of April each year ; apportioned by the SNA between the Central and the State Government as per the approved funding pattern of the CSS and shall be deposited in the respective Consolidated Funds. In the current Financial Year (2021-22) such calculation may be done as on 15th October,2021

5. Further, an undertaking needs to be furnished to this effect to MoHUA by the Secretary of the State Government in the format provided ,every year along with the proposal for release of the 1st installment of funds under the CSS. The certificate for the current FY (2021-2022) shall be furnished by 31st October 2021.

6. In view of above, all Program Divisions are requested to ensure the compliance of aforementioned OMs dated 23.03.2021, 24.06.2021 & 30.06.2021, insert the rule 230 (8) of GFR while issuing Sanction order to Implementing Agencies, and submit the ATR so that consolidated ATR may be submitted to Ministry of Finance.

(Kapil Dev Meena)
Controller of Accounts

To,

JS (SBM/PMAY/SCM/AMRUT/NULM)/OSD(UT)

Copy to:

1. PPS to Secretary (H&UA)
2. PPS to JS&FA (H&UA)
3. PS to CCA

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

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

OFFICE MEMORANDUM

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

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 1st 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.

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.

23/3/21

(Subhash Chandra Meena)
Director (FCD)
011-24368543
E-mail: subhash.meena@nic.in

To,

1. All Secretaries to the Government of India
2. All Financial Advisors to the Government of India
3. All Pr. CCAs/CCAs of all Ministries/Departments

Copy 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)

F. No. 17(1)-B(PD)/2021-NTR
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)
*****

Room No. 237, North Block,
New Delhi, the 24th June, 2021

OFFICE MEMORANDUM

Subject: Recovery of Interest/Other Earnings on unspent balances lying with the Implementing Agencies (IA)

Reference is invited for various guidelines issued by Ministry of Finance have issued guidelines from time to time regarding efficient cash management system in Central Government to avoid cash flow mismatch and reduce float in the system. Accordingly, releases to various Implementing Agencies (IA) have to be restricted/ rationalized keeping in view the unspent balances and interest lying with the Implementing Agencies without adversely affecting the smooth implementation of schemes/projects and the principle of "just in time" release should be applied for releases in all respect to the extent possible.

2. Non-Tax Revenue forms an important source of revenue for Government of India, and the interest on unspent balance being an indelible part of NTR receipts, such interest receipts need to be deposited in Consolidated Fund of India on timely basis and cannot be adjusted against future receipts. This is as per Rule 230(8) of GFR, "***All interest and other earnings against Grants-in-aid released to any grantee institutions should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of accounts. Such advance should not be allowed to be adjusted against future releases.***"

3. It is therefore requested that the unspent balances lying with the implementing agencies with the help of PrCCAs/CCAs/CAs are reviewed and recovery of interest/accrued income and that of unspent balances of discontinued/completed schemes and projects ensured in a time bound manner. The action taken may kindly be intimated to this office at the earliest.

4. This issues with the approval of Joint Secretary (Budget).

24/6/21
(Parveen Singh)
Under Secretary (Budget)

To,
The FAs of Ministries and Departments(As per the list attached).

/8486/2021/HQ/UC SECY

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 30th June, 2021

OFFICE MEMORANDUM

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

The undersigned is directed to refer to para 10 of this Department's Office Memorandum of even number dated 23rd March, 2021 wherein it is stated that :

"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 banks."

2. In this regard, it is clarified that the Single Nodal Agency (SNA) of each CSS in the State shall compute the total interest earned out of the funds received in its account (both from the Central Government and the State Government) in the preceding financial year in the 1st week of April each year. The interest earned will be apportioned by the SNA between the Central and the State Government as per the approved funding pattern of the CSS and shall be deposited in the respective Consolidated Funds. In the current financial year (2021-22) such calculation may be done as on 15th October, 2021.

3. For Central Government, the amount shall be deposited in the Major Head 0049, Sub-major Head – 01, Minor Head (i.e.0049-01-800) by the States and in the Major Head 0049, Sub-major Head-02, Minor Head 800 (i.e. 0049-02-800) by the UTs with Legislature.

4. An undertaking shall be furnished to this effect to the Ministry concerned of the Central Government by the Secretary of the State Government in the enclosed format every year along with the proposal for release of the 1st instalment of funds under the CSS. For the current financial year (2021-22) such undertaking shall be furnished by 31st October, 2021.

5. This issues with the approval of the competent authority.

(Abhay Kumar)
Director
Tele No. 24360647

To

1. All Secretaries to the Govt. of India,
2. All Financial Advisers to the Govt. of India
3. All Pr. CCAs/ CCAs of all Ministries/ Departments

Government of __________________________(State/ UT)

Department of ______________________________

No.___________ Dated :

UNDERTAKING

It is hereby certified that an amount of Rs.______ was earned as interest from the funds received in the Single Nodal Account of the Centrally Sponsored Scheme ________________________ (name of scheme) during the financial year ________. The funds under this CSS are shared between the Centre and the State/UT in the ratio __:___. Therefore, out of the interest earned during the financial year, an amount of Rs.______ has been deposited in the Consolidated Fund of India vide No. ______ dated ______ and an amount of Rs.______ has been deposited in the Consolidated Fund of the State/ UT.

Name :

Designation :