

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

**North Block, New Delhi**  
**Dated : 9<sup>th</sup> March, 2022**

**OFFICE MEMORANDUM**

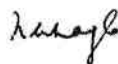
**Subject: Revised procedure for flow of funds under Central Sector Schemes**

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 1<sup>st</sup> 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.



- 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

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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 1<sup>st</sup> 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 :

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- (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

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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.

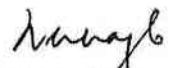
6. Gradually, schemes in Model-2 are expected to move to Model-1 depending on readiness of RBI and Ministries for which necessary orders will be issued separately by the Department of Expenditure.

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

  
(Abhay Kumar)  
Director  
Tel. No. 24360647

To

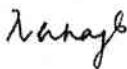
1. Secretaries of all Ministries/Departments of Government of India
2. Chief General Manager, Reserve Bank of India, Department of Government and Bank Accounts
3. Controller General of Accounts, Department of Expenditure, INA, New Delhi
4. Financial Advisers of all Ministries/Departments of Government 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)



F.No.-12002/6/office-9596/PFMS/2022  
Government of India, Ministry of Finance  
Department of Expenditure  
O/o the Controller General of Accounts  
Public Financial Management system  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Shivaji Stadium Annexe Building New Delhi,

Dated: 29-07-2022

OFFICE MEMORANDUM

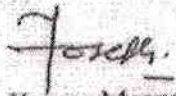
Subject: SOP for revised procedure under Model 2 for flow of funds under Central Sector Schemes.

Reference is invited to Ministry of Finance, Department of Expenditure vide OM No. 1(18)/PFMS/PCD/2021 dated 09-03-2022 prescribing new procedure to be followed for release of funds under Central Sector Schemes (CS).

A Standard Operating Procedure (SOP) for implementing the Model 2 of the above OM is attached herewith. The Ministries/Departments may adopt any of the Sub -Models as per their operational requirements.

This issues with the approval of Competent Authority.

Enclosure: SOP

  
(Yogesh Kumar Meena)  
Deputy Controller General of Accounts

To

1. Secretaries/FAs/CCA/CA of all Ministries/departments
2. All DyCGAs/ACGAs/SrAOs/AOs of State Directorates
3. SrAO (Admin/Technology) with the request to upload on PFMS website.

Copy to

1. PS to Addl.Secretary(PFS), North Block, New Delhi
2. PS to Addl.CGA,PFMS
3. Joint CGAs Rollout/Technology/DBT/Banking/CDN
4. Shri Prateek Kumar Singh, Director, M/o Finance, D/o Expenditure, North Block, New Delhi



# Standard Operating Procedure (SOP) for revised procedure for flow of funds under Central Sector Schemes

## Introduction

Office Memorandum 1(18)/PFMS/FCD/2021 dated 09/03/2022 which came into effect from 01/04/2022, supersedes all previous orders issued by Department of Expenditure regarding release of funds under Central Sector Schemes. The OM prescribes the procedure to be followed by all Ministries/ Departments of Government of India for flow of funds under the Central Sector Schemes and monitoring the utilization of funds released. The OM provides two models for implementation. Model-1 is implemented through Treasury Single Account (TSA) where the Schemes have annual outlay of more than 500 crores. This will be implemented through RBI. Model no. 2 is adopted in case of Central schemes having annual outlay of less than Rs. 500 crores. Model 2 is implemented through Scheduled Commercial Banks (SCBs). This Section covers Model 2 of the above OM.

### 1. Flow of Funds

The funds released under Central Sector Schemes will not be further transferred to down the ladder agencies or sub-agencies (SAs) if any. SAs will be allocated drawing limits on parent child relationship basis and will use Central Nodal Agency's account. CNAs, if necessary depending upon operational requirements, may open Zero Balance Subsidiary Accounts (ZBSA) for SAs.

### 2. Preliminary Activities

- Ministry/Department shall identify a Central Nodal Agency for the Central Sector Schemes. Para (7) of the OM dated 9th March, 2022 may be kept in mind while configuring the scheme in PFMS by the Ministries/ Departments. Notify a Central Nodal Agency (CNA) and other child agencies below them for implementing each Central Sector Scheme.
- CNAs to open a bank account in any Scheduled Commercial Bank as per OM dated 09.03.2022.
- The IAs down the ladder have to be designated as Sub-Agencies (SAs), if required, they may open Zero Balance Subsidiary Accounts (ZBSAs). These agencies should be mapped in PFMS as per the hierarchy.
- The existing balance lying in the bank accounts of the IAs should be transferred to CNA account before configuring the scheme on CNA mode.
- The Program Division will register/configure a CNA by selecting appropriate option available on PFMS. On successful configuration, all



existing bank accounts of implementing agencies will be set to 'not in use' in PFMS and the same cannot be used for PFMS activities.

### **3. Models available for implementation through scheduled commercial banks-**

#### **Model CS1 - Use of external system through REAT integration (MIS-Only)**

This model is applicable where there is an IT system already in place for a Scheme. This External system provides for all operations - viz. setting of drawing limits, account validation of Vendors/beneficiaries, etc. including payment and provides MIS to PFMS as per REAT Integration document of PFMS.

- a. In this scenario, CNA External System is required to develop an end to end solution for CNAs and IAs with the facility to process account validation and payments. The CNA's IT system will be integrated with PFMS as an external system for REAT to share MIS data.
- b. All the masters data like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared with CNA's IT System by PFMS. Apart from this the CNA's PFMS Unique Agency code and all its SA's Agencies code, LGD master, payment purpose master, PFMS bank/branch master and other relevant master data will also be shared to CNA's IT system by PFMS as per integration document.
- c. CNA and SAs upload/enter their beneficiary/vendor details on CNA's IT system and validates beneficiaries/vendor through the arrangements made in its own system. Alternatively, PFMS beneficiary validation service will be made available to CNA's system on request. After the successful validation of vendor/beneficiary account, the vendor/beneficiary details may be shared with PFMS for generation of vendor/beneficiary code in PFMS which will be informed back to the CNA's IT system so that the IT system can send the transaction details as MIS to PFMS having PFMS vendor code specified in MIS file. (Message Exchange format specified in REAT integration document).
- d. CNA and IAs logs into the IT system. The Payment order (FTO) is processed on the system and validated against limits for all Program Implementing Agencies making payments. The FTOs are then shared with the CNA's Bank through an IT integration with the Bank and the bank sends updated response status of all such payments to the CNA's IT system.
- e. The transaction data for all successful payments made is then required to be shared with PFMS as MIS data.
- f. All MIS/dashboard is made available on CNA's IT System (and on PFMS) viz. CNA's Bank Account Balance, limits vs Expenditure by PIAs, etc.

#### **Model CS2 - Use of external system through REAT integration (for MIS + Payments)**



In this model external system provides for all operations but payment is done in PFMS. The integration should be as per the integration protocols designed by PFMS. The process is elaborated as under:

- a. CNA's IT system will be integrated with PFMS as an external system.
- b. All the masters data like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared with CNA's IT System by PFMS. Apart from this the CNA's PFMS Unique Agency code and all its SA's Agencies code, LGD master, payment purpose master, PFMS bank/branch master and other relevant master data will also be shared to CNA's IT system by PFMS as per integration document.
- c. CNA allocates limits to all child agencies on their IT system. The limits set are exchanged with PFMS as per integration document.
- d. The vendor/beneficiary details are validated by PFMS. On receiving the Account validation response, PFMS generates beneficiary code for all those beneficiaries whose bank accounts and Aadhaar number are successfully validated.
- e. Program Implementing Agencies also have to register their digital signatures on CNA's IT system and their DSC enrolment details have to be shared to PFMS by CNA's IT system to enable PFMS to validate the digitally signed payment orders received.
- f. The Payment orders (FTO) are to be processed by CNA's IT system and validated against drawing limits for all PIAs making payments. Once an FTO is generated, the drawing limits of the concerned PIA should be reduced by debit amount in the FTO. The digitally signed FTOs are then sent to PFMS for processing by validating the signatures against the DSC enrolment details sent by CNA's system earlier and send the FTOs to CNA's bank.
- g. The Bank makes the payments and sends response files to PFMS. PFMS in turn would send the credit response to CNA's system.
- h. All MIS/dashboard such as CNA's Bank Account Balance, limits vs. Expenditure etc will be made available on CNA's system and on PFMS.

*Note: The design document for both CS1 & CS2 can be obtained from Technology Vertical of PFMS by placing request on [rajendra@nic.in](mailto:rajendra@nic.in).*

### **Model CS3 - Use of REAT Module (agencies using PFMS)**

Both CNAs and SAs will use REAT module of PFMS for transactions. Prior to any expenditure transactions drawing limits have to be set by the upper level agency. Where expenditure transactions of SAs using ZBSA are made, this will initially be debited against the ZBSA and the debit will be set off by debiting CNA Account. In both cases, the expenditure will be incurred selecting the scheme component, as being done presently. Every expenditure transaction will be validated against the limit balance. A report for monitoring the limits would be available for the CNA and other agencies in the hierarchy. The process is elaborated as under:

- a. The Central Nodal Agency logs into the PFMS portal and allocates limits to all child implementing agencies down the ladder based on budgetary requirements received from child agencies. These limits may be changed or



- reallocated by CNA depending on the additional requirement of funds or underutilization of funds by Implementing agencies.
- b. Central Nodal Agency and the IAs have to upload their beneficiary/vendor details either through data entry UI or excel upload for getting their bank account details and/or Aadhaar number validated for making payments. All those beneficiaries whose banks accounts and/or Aadhaar number are successfully validated will get beneficiary code and becomes eligible for receiving payment.
  - c. The Central Nodal Agency and implementing agencies have to configure their mode of payment (DSC, PPA/ePA) before starting payment processing. All those agencies who have opted for DSC payments have to enroll their digital signatures on PFMS portal prior to processing payments. The DSC enrollment details are pushed to the CNA's bank for validating the digitally signed payment orders received by the bank later.
  - d. For valid beneficiaries, the Payment orders (FTOs) are generated/processed on PFMS portal by CNA and IAs against their available limits only. As soon as an FTO is generated and approved/digitally signed, the limit of the respective agency will be reduced by the debit amount in the FTO. The FTOs are sent to CNA's Bank SFTP location.
  - e. The bank need not maintain any drawing limits set for Implementing agencies to validate the payment instructions against available limits. All these will be managed by PFMS. No payment orders will be generated in PFMS unless debit amount is within the available drawing limits of the agency. *(check this point with TRBR).*

### Miscellaneous

Ministry of Finance Department of Expenditure vide OM No.1(13)/PFMS/FCD/2020 dated 16/03/2022 has permitted the agencies to open a separate bank account namely "Holding account" to facilitate payment and settlement of various deductions/taxes while processing payments through PFMS. Another letter of even no. dated 08/03/2022 has been issued for processing and handling salaries, remittance of statutory dues and other deductions of Government employees engaged in implementation of Centrally sponsored schemes. The procedure prescribed vide above OMs may be adopted by the CNAs (copies enclosed).

### List of Acronyms:

|    |      |                                        |
|----|------|----------------------------------------|
| 1. | API  | : Application Programming Interface    |
| 2. | CBM  | : Central Beneficiary Master           |
| 3. | DSC  | : Digital Signature Certificate        |
| 4. | ePA  | : Electronic Payment Advice            |
| 5. | FTO  | : Fund Transfer Order                  |
| 6. | SA   | : Sub- Agency                          |
| 7. | PFMS | : Public Financial Management System   |
| 8. | PPA  | : Print Payment Advice                 |
| 9. | REAT | : Receipt Expenditure Advance Transfer |



|     |      |                                    |
|-----|------|------------------------------------|
| 10. | SFTP | : Secured File Transfer Protocol   |
| 11. | CNA  | : Central Nodal Agency             |
| 12. | UI   | : User Interface                   |
| 13. | ZBSA | : Zero Balance Subsidiary Accounts |

**Checklist – Schemes Central Sector schemes having annual outlay of less than Rs 500 and are not covered in Implementation through Treasury Single Account (TSA).**

1. Designation of a Central Nodal Agency (CNA) for implementing each Central Sector Scheme.
2. Opening of a Central Nodal Account for each Central Sector Scheme in a scheduled commercial bank authorized to conduct Government business by the Ministry/ Department concerned. (accredited bank?)
3. Marking as CNA in PFMS will be done by Programme Division user for both the models.
4. After opening of Central Nodal Account of the scheme and before opening zero balance subsidiary account of Sub-Agencies 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.
5. All Central Sector Schemes need to be marked as '**CNA**' or '**NOT-CNA**'. Reason for marking the scheme '**NOT-CNA**' will be required to be entered by the Programme Division user in PFMS. Hence Ministry/Department need to have a list of Schemes which are not covered under Para 7 of the OM dated 09<sup>th</sup> March, 2022.



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

North Block,  
New Delhi, 14<sup>th</sup> September, 2022

**OFFICE MEMORANDUM**

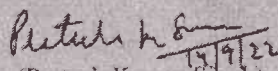
Subject: Revised procedure for flow of funds under Central Sector Schemes, – relaxation in deposit of unspent balances by Sub Agencies (SAs) – reg.

The undersigned is directed to refer to DoE's OM No. 1(18)/PFMS/FCD/2021 dated 9<sup>th</sup> March, 2022 on the above mentioned subject.

2. On the requests of Ministries/Departments, the competent authority has decided that Ministries/Departments can release funds to the CNA account and issue authorization to incur expenditure to those SAs who have returned the entire unspent balance to the CNA account without waiting for all SAs to return the unspent funds to the CNA.

3. This relaxation from the provisions of para 3(xi) and 3(xii) of DoE's OM dated 9<sup>th</sup> March, 2022 is applicable till 30<sup>th</sup> November, 2022.

4. This issues with the approval of competent authority.

  
(Prateek Kumar Singh)  
Director  
Tel. No. 23094961

To

1. Secretaries of all Departments/Ministries, Government of India
2. Financial Advisers of all Departments/Ministries of Government of India
3. Addl. CGA (PFMS), O/o CGA, INA, New Delhi

F. No. 1/ (12)/PFMS/2022  
Government of India  
Ministry of Finance  
Department of Expenditure

North Block,  
New Delhi, 16<sup>th</sup> September, 2022

**OFFICE MEMORANDUM**

**Subject:** Revised procedure for flow of funds under Central Sector Schemes – delegation of powers to grant certain relaxations to Financial Advisers (FAs).

Based on the requests of Ministries/Departments, clarifications have already been issued vide this Department's OM No. 1/ (18)/PFMS/2021 dated 14<sup>th</sup> September, 2022 and No. 1/ (12)/PFMS/2022 dated 16<sup>th</sup> September, 2022 (copies enclosed). It has been clarified that Ministries/Departments can release funds to the CNA account and issue authorization to incur expenditure to those SAs who have returned the entire unspent balance to the CNA account without waiting for all SAs to return the unspent funds to the CNA. Similarly, it has been clarified that this Department's guidelines do not mandate opening of project wise zero balance accounts.

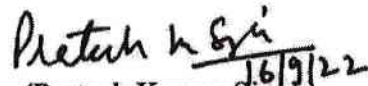
2. In addition to the above, the Financial Advisers of Ministries/Departments are hereby empowered to release funds under a Central Sector Scheme by relaxing any provision of DoE's OM No. 1(18)/PFMS/FCD/2021 dated 9<sup>th</sup> March, 2022, subject to the following condition –

- i. The Ministry has notified the Central Nodal Agency (CNA) for implementing the scheme and mapped the CNA in PFMS.
- ii. CNA has opened a Central Nodal Account for the scheme in a scheduled commercial bank and mapped it in PFMS.
- iii. Total fund release covered by such relaxation shall not exceed 15% of the budget estimate of the Central Sector Scheme under consideration.
- iv. Any release covered by such relaxation is made to the CNA account only.

3. The relaxation provided in para 2 shall be applicable till 31<sup>st</sup> Dec, 2022 and only for Model-2 of DoE's guidelines dated 9<sup>th</sup> March, 2022.

4. The Financial Adviser concerned shall record in a file a detailed justification for granting such exemption and also send a copy of the same to the Department of Expenditure.

5. This issues with the approval of the Competent Authority.

  
(Prateek Kumar Singh)  
16/9/22  
Director  
Tel. No. 23094961

To

1. Secretaries of all Departments/Ministries, Government of India
2. Financial Advisers of all Departments/Ministries of Government of India
3. Addl. CGA (PFMS), O/o CGA, INA, New Delhi



F. No. 1/(12)/PFMS/2022  
Government of India  
Ministry of Finance  
Department of Expenditure

North Block,  
New Delhi, 16<sup>th</sup> September, 2022

**OFFICE MEMORANDUM**

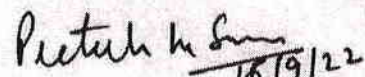
Subject: Revised procedure for flow of funds under Central Sector Schemes – Clarification regarding opening of project wise zero balance accounts.

It has been brought to the notice of this Department that some of the Ministries/Departments are insisting on opening of project wise zero balance accounts for Central Sector Schemes. The matter has been examined.

2. It is clarified that DoE's guidelines issued vide OM No 1/(18)/PFMS/FCD/2021 dated 9<sup>th</sup> March, 2022 regarding flow of funds under Central Sector Schemes do not mandate opening of project wise zero balance accounts. The Ministries/Departments may either use the facility available in PFMS to book the expenditure project wise or have their own monitoring system to monitor project wise expenditure and integrate the same with PFMS.

3. In case the Officers of the Department/CNA/SA need further training or clarifications on the new procedure, they may contact Sh C V Prasad, Jt CGA.

4. This issues with the approval of the Competent Authority.

  
(Prateek Kumar Singh)  
Director  
Tel. No. 23094961

To

1. Secretaries of all Departments/Ministries, Government of India
2. Financial Advisers of all Departments/Ministries of Government of India
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