Dear Principal Secretary,

The Department of Expenditure (DoE), Ministry of Finance, Government of India had issued a revised procedure on March 23, 2021 (copy enclosed) for release of funds to States/UTs under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released, to be effective from July 1, 2021. These guidelines have already been forwarded to all States/UTs by this Ministry vide letter dated May 13, 2021. Following the DoE’s revised procedure, a DO letter from Secretary (Expenditure) was issued on April 12, 2021 (copy enclosed), which listed out the preparatory activities, that need be completed by the respective State/UT governments and Implementing Agencies (IAs) for ensuring smooth implementation of revised procedure from the stipulated date. These, inter-alia, include:

i. A Single Nodal Agency (SNA) is designated for each CSS by each State/UT government.
ii. Each SNA is registered in the Public Financial Management System (PFMS) and the bank account of each SNA is opened and mapped in PFMS.
iii. Funds available in the bank account of all the IAs below the SNA are transferred to the bank account of the SNA concerned with clear bifurcation of the Central and the State shares.
iv. Zero balance bank accounts of the IAs down the ladder are opened.
v. All the IAs are registered in PFMS and their zero balance bank accounts are mapped in PFMS.
vi. Separate budget lines for Central and State shares are opened by every State/UT government in their respective budget, for every CSS having a State share and necessary provision of funds is made in the budget.
vii. If a CSS is being implemented through a separate Central or State IT system, the same is integrated with PFMS.
viii. State GIFMIS is enabled to capture scheme component-wise expenditure along with PFMS scheme codes and Unique Code of the agencies incurring the expenditure.

2. Further, SNAs and IAs have to mandatorily use the EAT module of PFMS or integrate their systems with PFMS for making onward payment under the scheme. In this regard, a letter had already been issued on June 09, 2021 advising all States/UTs to ensure that all the ULBs Agencies implementing DAY-NULM are compliant with the EAT module of PFMS by June 30, 2021.

3. Subsequently, vide OM dated June 30, 2021 (copy enclosed) it has been clarified that the 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 Share and the
State Share) in the preceding F.Y in the 1st week of April each year. The interest earned will be apportioned by the SNA between the Central and the State Govt. as per the approved funding pattern of the CSS and shall be deposited in the respective Consolidated Funds. In the Current FY(2021-22) such calculation may be done as on October 15, 2021 and the undertaking to this effect has to be furnished by October 31, 2021 as stipulated in the format enclosed with the OM dated June 30, 2021.

4. Vide O.M dated July 07, 2021, the DoE has forwarded ‘Frequently Asked Questions’ on the revised procedure to the Chief Secretaries/Principal Secretaries (Finance) of all States/UTs to facilitate its quick implementation. A copy of the same, also forwarded to all the Secretaries to the Govt. of India, is attached herewith for further facilitation.

5. It is pertinent to mention that Utilization Certificates (UCs) pertaining to the releases made till March 31, 2020 have become due w.e.f. April 1, 2021. As you are aware, while making further releases, the UC position is invariably considered. To ensure that funds are released to the States/UTs under the scheme, it is important that due and pending UCs are submitted at the earliest. Even if 100% funds have not been utilized, provisional/ partial UC may be furnished, so that the outstanding UC position under the Scheme is brought to the barest minimum for the respective State/ UT.

6. Further, it is seen that unspent balances (including releases made on or after April 1, 2020) are also substantial, which are supposed to be refunded to the SNAs account in terms of revised procedure dated March 23, 2021, referred to above. It had also been advised earlier vide my DO letter dated June 09, 2021 that the available funds may be utilized in clearing the past liabilities by September 30, 2021 before returning unspent balance to SNA’s account.

7. In view of the above, I request you to direct all concerned to take urgent necessary action on the points covered above, so that the release of funds to your State/ UT can continue unhindered. Further, a point-wise confirmation of action completed w.r.t. specific action points given in Para 1 above may also be sent to our Division latest by July 20 for furnishing the same to Ministry’s Finance Division and to Ministry of Finance.

With regards,

Yours Sincerely,

(Sanjay Kumar)

Principal Secretary (UD & LSG)
(All States/UTs)