Letter No: 4917/F/2016/KSHO

From
The Executive Director
Kudumbashree

To
Secretaries
Urban Local Bodies (ULB)

Sir,

Sub: Kudumbashree - Revised procedure for release of funds under Centrally Sponsored Schemes (CSS) – clarifications - reg

Ref: 1) Letter No. F. No.1 (13) PFMS/FCD/2020 dated 23.03.2021 from the Ministry of Finance, GoI
2) Circular No. 44/2021/Fin dated 24.05.2021 issued by Finance Department, GoK

Request your kind attention to the references cited which indicates a significant transformation from the existing methodology of release and monitoring the utilization of funds pertaining to Centrally Sponsored Schemes (CSS). As you are aware, Kudumbashree is the State Nodal Agency (SNA) for implementing the CSS, Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) with the ULBs being the implementing agencies.

The changes pertaining to the fund flow hierarchy of DAY-NULM as stipulated in the revised procedural guidelines are as detailed below:

1. A Single Nodal Account will be maintained at the state level. The account currently being operated at the state level viz; Canara Bank, Cosmopolitan Branch has been designated as the Single Nodal Account.

2. Unspent balance amount available in the Implementing Agency (IA) viz; ULB level NULM accounts including the interest amount should be transferred to the SNA on or before 20th June 2021. Letter from the Secretary of the ULB specifying the amount refunded to SNA should be sent to Kudumbashree Head Office by 25th June 2021.

3. The ULB level accounts will then be closed. As a supporting document, the bank statement indicating Nil balance in these accounts should be sent to Kudumbashree Head Office by 20th June 2021.

4. In PFMS, deactivation of the ULB level accounts at the ULB level and approving the same at the State level will to be done.
5. As the guidelines stipulate, **Zero balance accounts** should be opened at the ULB level in
the same bank where the SNA is being operated. Since the SNA is in **Canara bank** the
ULBs will have to open a Zero balance joint account in the name of the Secretary of the
ULB and City Project Officer in a branch of Canara bank in the respective ULB.
6. In PFMS, from the Admin login of the ULB, a new scheme will be added with details of
the Zero balance account opened at the ULB level.
7. The ULBs will have to do a **signatory configuration** with the State Nodal account.
8. Whenever there is a demand for funds for specific scheme implementation activity, the
ULB will place the request to the State Mission signed by the Secretary of the ULB.
9. State Mission will analyze the request which may either be approved or rejected.
10. If the request from the ULB is approved by the State Mission, the ULB will be intimated
of the same by a **fund sanction order**.
11. The state will then set a **drawing limit for the approved amount** in PFMS for ULB for
respective component.
12. Once the ULB receives the fund sanction order from State Mission, the ULB can book
the expenditure by generating Print Payment Advice (PPA) accessing the single nodal
account at the state level. The ULB will use the “Expenditure” component of the EAT
module to book expenditure to vendors. The DBT module will be used to transfer funds
to the beneficiary accounts. The amount from the state nodal account will be debited and
credited in the zero balance account temporarily which will instantly be transferred to the
vendors’ or beneficiaries’ account.
13. The PPA should be signed by the Secretary and CPO of the ULB and be produced at the
bank branch where the Zero Balance account is opened.
14. Deductions (if any) for the transaction initiated from the ULB level such as GST, TDS
e.tc will have to be logged in PFMS from the ULB level.
15. The transaction will be of a **just-in-time** nature and the Zero balance account will only
serve the purpose of momentarily holding the funds transferred from the single nodal
account which will instantly get transferred.
16. 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.
17. The drawing limits for each ULB will be decided by the SNA on a real time basis.
18. All ULBs will have to continue using the EAT and DBT module of PFMS.

Yours faithfully,
Sd/-
Executive Director
Kudumbashree

Approved for Issue

Director (A & F)