

**GOVERNMENT OF PUDUCHERRY
CHIEF SECRETARIAT
FINANCE DEPARTMENT**

G.O.Ms. No. 03/FD(W&M)/2022

Puducherry, dated 13.04.2022

ORDER

Sub: FD (W&M)- State Expenditure Budget Management - Procedure for monitoring and utilization of funds released under Grant-in-Aid (GIA) through State PFMS setup.

With a view to having more effective cash management and to ensure transparency in the Public Expenditure Management, the Government of India has directed the State Governments/ UTs to open a Single Nodal Account (SNA) in any Scheduled Commercial Bank for the release of funds and for monitoring the utilization of funds released under Centrally Sponsored Schemes through Public Financial Management System (PFMS) platform. Further, with a view to facilitating the immediate transfer of funds by the Government and improving the expenditure by cutting out avoidable delays, the Government of India has been insisting that the State Governments adopt the PFMS platform for the release of state's share/ grant to the various organizations under their control. Hence, the need has arisen to adopt a similar platform, such as PFMS, for the release of funds from the UT Consolidated Fund, as a grant or otherwise, and which are kept in Bank Accounts by autonomous organisations, such as Local Bodies/ Societies/ Boards/ Corporations/ Educational Institutions, etc. before their final usage for the intended purpose. This will also help counter the problem of the Local Bodies / Societies / Boards / Corporations / Educational Institutions etc availing grants from the Govt. of Puducherry and not clearing the Outstanding Book Advance and furnishing the Utilization Certificate on time, thereby inviting serious Audit objections from CAG.

2. Hence, in compliance with the Government of India directives, and in deference to the CAG objections, the UT Government has decided to adopt the following procedure for releasing and monitoring the utilisation of funds with effect from 01.04.2022:

- (i) Each autonomous Organisation shall open a Single SNA in form of a Savings Bank Account in any of the Scheduled Commercial Banks (SCBs). They are barred from maintaining a bank account other than the SNA for any purpose whether for receipt of grant from the Government or for their own receipts. At present five banks namely SBI, PNB, ICICI, Canara Bank, and Axis Bank have developed a full-fledged system for implementing SNA for state-linked schemes and are integrated with the PFMS Portal, and services of any of them may be availed. The services of other SCBs, which are also developing such systems could be utilised, as and when such services get rolled out.

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- (ii) The autonomous Organisations shall transfer their entire current unspent balance available in various bank accounts maintained by them to the SNA, not later than 30th April, 2022. All the existing accounts of these organisations shall be closed thereafter. Subsequent funds will be released to the autonomous bodies only after they have complied with these guidelines.
- (iii) For the purpose of interfacing the banking system of the respective autonomous Organisations for release of funds from Consolidated Fund of Puducherry, the organisations may after opening of SNA intimate the bank account details along with the IFSC code to the Director of Accounts & Treasuries (DAT), Puducherry, since she will function as the State Scheme Manager (SSM) for the release of grants and their utilisation.
- (iv) The SSM shall create and register the names of the autonomous Organisations along with the specific components, such as Salaries, Capital Assets, General Administration, Subsidy/Loan, etc. against which the grant is released by the UTP, on the IT platform of the SCBs. The SSM shall, based on the concurrence of the Finance Department for a proposal from the concerned Administrative Department to release additional GIA (GIA General/ GIA Salary/ GIA Capital Asset/ GIA Loan, etc.), assign/ enhance the corresponding spending limit against that GIA component. It is informed that under the General Administration components there may be some sub-components such as Imprest, GST, Telephone Charges, Water tax, Electricity payment, purchase of consumables, etc. Likewise, under Salary components, there may be sub-components such as Wages, IT, PF, Insurance, etc. For the Loan component, the sub-components will be "Loan to beneficiaries" and "Repayment of loan to Nodal Corporation / Government". For assigning spending limits against each of these sub-components except Wages, the autonomous Organisations would be free to do the needful through the IT setup of their Bank. However, in the case of the sub-component "Wages", the SSM alone will be permitted to fix the sub-limits, again in accordance with the specific approval of the Finance Department. The system will however not permit the autonomous Organisations to incur expenditure beyond the limit assigned under the main component/ sub-component.
- (v) The SSM would define the level of hierarchy for each autonomous organisation as one-to-one/ one-to-many. The latter would apply to organisations, such as the PIPMATE and PONSHE, which have many sub-agencies for each of whom the SSM has to register the bank account details. However, PIPMATE and PONSHE shall be free to assign the sub-limits for each of their sub-agencies.
- (vi) Before making any payment to the payees such as employees, vendors, beneficiaries, etc, the autonomous Organisations have to pre-validate the accounts details of such payees in the banking system. For this, they have to register the bank accounts details of each of the payees in the banking system. E.g. If the Organisation's account and payee's account are in the same bank, then the agency bank will immediately validate

the same. If the Organisation's account and payee's account are in different banks, then the agency bank, with the help of the PFMS, will do the validation of the payee's account. Once the validation process is completed, a unique ID is created for each payee. Using this ID alone the Organisation would be able to make payments to the payee.

- (vii) The entire self-revenue generation by the autonomous Organisations shall also need to be deposited in the SNA. The SSM would be able to view the increase in the volume of the cash balance and be able to assign spending limits against the incremental cash balance.
- (a) For those Organisations for which the source of revenue is not a repayment of a loan, such as an education loan, term loan, etc. earlier extended by the organisation, the SSM is permitted to increase the limit under the Salary component to the extent of revenue earned at the request of the organisation, to the extent of actual revenue received.
- (b) If the Organisation deals in extending loans, the banking system will provide two options - Salary Component and the Loan component, against the utilisation of the revenues earned. The autonomous organisations borrow from the Nodal Corporations/ Government at a nominal rate of interest (say 5%) and after adding administrative costs (say 2%), it releases the loan to the beneficiaries at an enhanced rate of interest (say 7%). The nominal rate of interest and the principal amount so received from the beneficiary has to be paid back to the concerned Nodal Corporation/ Government. Hence, the SSM shall assign the revenue earned on the above item to the sub-component "Repayment of Loan" under the Loan Component. Whereas, the interest received against the administrative costs (say 2%) from the beneficiaries shall be assigned to the Salary Component by the SSM. However, if the Organisation earns the revenue against any other head, such as against building fund, donation, etc. the SSM shall need the prior approval of the Finance Department to assign the revenue, in whole or part, to any other component than the salary or loan. Again, if the organisation proposes to transfer the funds from one component to another, the SSM shall need the prior approval of FD to effect such changes. The entire process would be available through a workflow in the proposed IT system.
- (viii) The autonomous organisations shall not transfer the fund from SNA to any other bank account of the Autonomous Bodies without the approval of the Finance Department. To earn additional interest, the organisations are permitted to deposit the idle amount in the form of a Sweeping Account (with the same branch of their agency Bank alone) by fixing the threshold limit for each component. The interest so earned on the deposits shall be credited into the Salary component by the SSM.

- (ix) The Organisations shall be permitted to open a separate bank account called Holding Account, linked to the SNA, in the form of a current account (non-interest bearing account), in the same branch of their agency Bank for holding the tax/ statutory deductions, such as EPF, Income Tax, Gratuity, etc. The Holding Account would be permitted to make a payment outside of SNA through cheques or internet banking to effect the statutory payments with the challan details being captured simultaneously. The maximum time for which money can be held in a Holding account shall be fourteen days, after which the money shall be credited back to the concerned SNA.
- (x) All Security Deposits held by the organisations, which are liable to be refunded, can be maintained in their respective Holding account and the same may be linked to SNA. The funds so deposited under the account may be refunded to the depositor - contractor, student, etc., as and when requested. Further, the interest earned on such accounts has to be deposited in SNA and the same shall be utilised for Salary purposes alone. However, other accounts namely Provident Funds, and Insurance Funds that belong to the employees can be maintained separately by the Organisations. However, to create a transparent process these would also need to be linked to SNA. The interest earned on such accounts belongs to employees and may be credited to the same account. Also, payments can be made through cheques or internet banking. Further, it is advised that the amounts parked in the Pension Funds may be transferred to the Pension Fund Regulatory Body or NPS so that the interest liability on such funds is taken care of.
- (xi) The process needs to be set up on or before 30th April 2022 and hence the approval of the Governing Body, if required, to amend the Bye-laws for this process may be obtained on an ex-post-facto basis.

3. The agency Banks would provide a dashboard along with other details required by the SSM. The Nodal Officer of the concerned Bank (Annexure) would also be available to give hands-on training, if and when required, to the autonomous organisations. In case of any problems that cannot be resolved at the level of agency Banks, the organisations would be free to approach the nodal officer in the office of SSM.

4. This would apply to all autonomous organisations, which seek a GIA from the UT Government. In case of any specific requirements of an organisation, the Departments / Organisations may bring it to the immediate notice of the Finance Department.

// By order of the Hon'ble Lieutenant Governor //



(Prashant Goyal)

Development Commissioner cum Principal Secretary (Finance)

All the Secretaries to Government/ Heads of Department / Autonomous Bodies,
Puducherry.

ANNEXURE

List of Nodal Officer of the respective banks

Sl. No.	Name of the Bank	Details of the Nodal Officer		
		Name and Designation	Contact No.	Email id
1	State Bank of India	M. K. Jha Chief Manager (Sales & Business Development) Regional Branch Office, Puducherry	75982 21334	cmsbdr3.slm@sbi.com
2.	Punjab National Bank	Venkatesh Branch Head Puducherry	94860 08378	bo2928@pnb.co.in
3.	Canara Bank	Indumathi R Divisional Manager (D) Puducherry	94450 28354	mipdropdy @canarabank.com
4.	AXIS Bank	Pazhanisamy C Branch Head Pondicherry Main Branch.	80986 02091	Pondicherry.branchhead @axisbank.com
5.	ICICI Bank	Mohan A Regional Head Sales Institutional Relationship & Government Banking, Puducherry.	89398 86758	mohan.arumugam@icici bank

Nodal Officer in the Office of SSM

Sl. No.	Name and Designation	Contact No.	Email id
1	Thiru Sushilkumar Assistant B & A Section, Directorate of Accounts & Treasuries, Puducherry.	0413 - 2213313	dat.pon@nic.in
2.	Thiru Aravindhan J UDC B & A Section, Directorate of Accounts & Treasuries, Puducherry.	0413 - 2213313	datbanda.pon@nic.in