No. 15/2/2021-IFD Section-MOWR-Part(1)
Ministry of Jal Shakti
Department of Water Resources,
River Development and Ganga Rejuvenation

Shram Shakti Bhawan,
New Delhi, Dated: 6th April, 2022

OFFICE MEMORANDUM

Subject: Procedure for release of funds to the Autonomous/Statutory Bodies etc. and under Centrally Sponsored Schemes & Central Sector Schemes.

In the recent past, a number of instructions have been issued by Department of Expenditure, Ministry of Finance delineating the procedures and conditionalities to be followed for release of funds by the Ministries/Departments. These instructions were conveyed to all the Wings/Organisations from time to time. However, for ready reference and to facilitate quick disposal of the proposals seeking IFD's concurrence, the main provisions of these instructions are summarised below:-

I. Release of funds to Autonomous/Statutory Bodies/PSU etc:-

(a) Vide OM No. 26(118)/EMC Cell/2016 dated 24.02.2022 (copy enclosed), DoE has, inter-alia, directed that Treasury Single Account (TSA) system shall be applicable to Autonomous Bodies/Implementing Agencies (IAs) including Statutory Bodies and Central Public Sector Enterprises (CPSEs). Accordingly the Monthly Expenditure Plan (MEP) of Autonomous Bodies (ABs)/Implementing Agencies (IAs), as accepted by the Programme Division (PD) and Integrated Finance Division (IFD), the pace of implementation of the schemes in the ABs/IAs and the balance grant/fund available with the AB/IA for the said scheme shall form the basis of just-in-time releases to ABs/IAs.

(b) Balances remaining unutilized at the close of the year will lapse to the Government and hence written back in Government Account. Ministries administering the AB/IA concerned will have to explain the saving in the related Appropriation Accounts.

(c) Autonomous Bodies/Implementing Agencies including subsequent level of institutions shall not open/operate/park funds in any other account for any operation pertaining to funds received from Government of India.

(d) All expenditure from the Grants-in-Aid/Funds received from Government of India by the Autonomous Body/Implementing Agency will be made through these designated accounts only. This system will be digital and fully online on PFMS with no physical flow of assignments to RBI or expenditure by AB/IA of cash on assignment basis.

(e) Notwithstanding the conditions at Para above, 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 court attachment from salaries of employees etc. ABs/IAs may utilize the services of their existing account at commercial banks. They may transfer funds to the extent required for meeting such transactions for immediate utilization/remittance. No money transferred under this provision can be parked in a Commercial Bank for more than seven days. However, such transfers will be subject to approval by the concerned Financial Advisor on case to case basis.

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(f) In addition to the above provision, ABs/IAs may draw the cash/transfer the funds required for payment of salary for the month of March from the assignment amount of current financial year and keep the amount in a commercial bank for the purpose of releasing the salary for the month of March to the employees in the month of April.

(g) The RBI will function as primary banker to all the Ministries/Departments in this regard without involvement of an agency bank. These accounts will be assignment accounts. A limit, up to which expenditure can be incurred by an AB/IA, shall be assigned to these accounts by the PAO concerned through PFMS based on the expenditure sanction issued by the PD and the bill preferred by the DDO. The e-Kuber bank account details of the AB/IA shall be incorporated in the sanction order. The limit shall be a dynamic limit. Sanction orders, a summary of all such assignments and the balance limit available can be viewed on PFMS by all stakeholders.

II. Procedure to be followed for flow of funds under Central Sector Schemes (CS):-

As per instructions of DoE conveyed vide OM No. 1(18)/PFMS/FCD/2021 dated 09.03.2022 (copy enclosed), with effect from 01.04.2022 flow of funds under Central Sector Schemes will be as per the two models specified in that OM. Brief of these are given below:-

Model-1: Implementation through Treasury Single Account (TSA)

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.

Model-2: Implementation through scheduled commercial banks

This model will be applicable to the Central Sector Schemes having (a) annual outlay of less than Rs. 500 crore 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-1.

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

(i) The procedure for release of funds through SNA for the Centrally Sponsored Schemes was issued vide OM No. 1(13)/PFMS/FCD/2020 dated 23.03.2021 which was made applicable for the releases to be made from 01.07.2021. Certain relaxation of the conditions for releases during the year 2021-22 was allowed by DoE. Vide OM No. 1(13)/PFMS/FCD/2020 dated 23.03.2022 and 28.03.2022 (copy enclosed), DoE has laid down procedures to be followed and conditionalities to be met before the release of first instalment of funds for 2022-23 to the States and UTs with legislature. These conditions, applicable for ongoing and new projects, are to be complied mandatorily before release of first instalment of funds in 2022-23.