File No: K-11033/03/2020-Rurban
Government of India
Ministry of Rural Development
(Rurban Division)

Room No. 361A, 3rd Floor
Krishi Bhawan, New Delhi
Dated: 12th May 2021

To,

Additional Chief Secretaries/ Principal Secretaries

All States/UTs

Respected Sir/Madam,

Sub: Implementation of procedure for release of funds under CSS as laid down by Department of Expenditure

This has reference to procedure of release of funds under CSS shared by Department of Expenditure vide OM No. F.No. 1(13)PFMS/FCD/2020 dated 23.03.2021 regarding better monitoring of availability and utilization of funds released to the States under the Centrally Sponsored Schemes and to reduce the float of funds (enclosed). In continuation of same, it is informed that;

1. The States/UTs may demand the release of additional Central Share upon utilization of75 percent of the funds released (both Central and State Share). The other conditions stated in circulars on fund pooling mechanism shared with the States/UTs vide letter J-11020/02.2018-Rurban dated 12th January 2021 and 19th January 2021 will be applicable as mentioned.

2. The States/UTs may request their respective bank (where there is State Nodal Account and Cluster Level account) to develop a dashboard wherein the real time bank balance of State Nodal Account and delay analysis (delay in execution of the FTOs on the basis of number of days and credit banks-wise report) can be reflected. The Bank Branches may be directed to seek the help of their head offices and technical team in developing such dashboard.

3. If the State/UT has any suggestions/comments on improving probity and efficiency in utilization of fund in addition or w.r.t. above guidelines, the same may be communicated to the Ministry at the earliest

Encl. as above

nprasad

(Nivedita Prasad)
Deputy Secretary (Rurban)

Copy to: State Nodal Officer (SPMRM), All States/UTs

Copy for information to:

1. Sr.PPS to Secretary RD
2. PPS to ASRD

J-11020/02/2018-Rurban
Government of India
Ministry of Rural Development
Department of Rural Development
(Rurban Division)

Room No, 278, 2nd Floor
Krishi Bhawan, New Delhi
Dated: 18th January 2021

To

The Additional Chief Secretary/Principal Secretary/Secretary, Rural Development
(All States and Union Territories)

Subject: Circular on Fund Pooling Mechanism- Clarification

This is in continuation to the circular of even number dated 12th January 2021 sent to all States/UTs on Fund Pooling mechanism. Following are further clarifications regarding submitting the funds proposal from the States/UTs to the Ministry:

1. Accounts for the State as well as Clusters must have been opened as per RurbanSoft - PFMS integration SOP circulated to the States/UTs vide letter no.K-10033/10/2018-Rurban dated 24th May 2019
2. The funds from the old cluster level accounts (old State level account if applicable) and implementing agencies must have been deposited in the State Nodal Account opened as per SOP.
3. All earlier central releases along with corresponding State Share must have been released from State treasury to State Nodal Account opened as per SOP, and the release of State Share must be updated in Treasury-02 report of PFMS.
4. All clusters must have onboarded RurbanSoft-PFMS integration.
5. Audit report of the State Nodal Account needs to be sent along with the proposal for demand for grants.
6. The States/UTs must submit the undertaking that the Central share along with corresponding State share must be transferred to State Nodal Account within 15 days from the date of receiving Central Share in State Treasury.

Encl. as above

Roop A. Kaur
19.1.21

(Roop Avtar Kaur)
Director (Rurban, SAGY & IT)

Copy to: State Nodal Officers, SPMRM, All States and Union Territories
(All States and Union Territories)

J-11020/02/2018-Rurban
Government of India
Ministry of Rural Development
Department of Rural Development
(Rurban Division)

Room No, 278, 2nd Floor
Krishi Bhawan, New Delhi
Dated: 12th January 2021

To

The Additional Chief Secretary/Principal Secretary/Secretary, Rural Development
(All States and Union Territories)

Subject: Circular on Fund Pooling Mechanism

This is with reference to the efforts being made for strengthening the financial management system under Shyama Prasad Mukherji Rurban Mission (SPMRM). The Ministry has decided to implement the fund pooling mechanism under the Mission which will be effective from 15th January 2021.

2. Till date, the States/UTs have been sending cluster-wise fund release proposals to the Ministry. However, it has been observed that lot of unspent funds are lying in the State Nodal Account which can be used by the States/UTs for allocation to progressive clusters without seeking immediate releases from the Ministry.

3. Thus, the States/UTs are allowed to use the funds lying in the State Nodal Account to any of the clusters allocated to them subject to the fulfillment of earlier circulated release conditions for the clusters which are enclosed.

4. In future, the States/UTs will demand funds from the Ministry viewing the prospective expenditure for six months in the State/UTs wherein the total demand of the funds will be furnished along with segregated allocation to the clusters. Total release (Central+State) and expenditure on the date of submission of release proposal also need to be sent to the Ministry.

5. Such funds proposal will only be accepted by the Ministry if States/UTs have released State Share against total central share released to the States, and the same is updated in Treasury-02 report in PFMS.

Encl. as above

Roop A. Kaur
12.1.21

(Roop Avtar kaur)
Director (Rurban, SAGY & IT)

Copy to: State Nodal Officers, SPMRM, All States and Union Territories
(All States and Union Territories)

1. Checklist for release of Funds by Ministry to State/UT

Sr. No.	Conditions for release of funds by Ministry to State/UT	Compliance provided by State/UT
1	Compliance to conditions & submission of all applicable documents as mentioned in checklist of relasing funds from States/UTs to clusters and Section 14 of Framework of Implementation	
2	Utilization of 60% or more funds available in SNA account	
3	Release of corresponding State Share (if applicable) against all previous releases by Ministry	
4	Expenditure projection for next 6 months	
5	Setting up of the State Project Management Unit-SPMU with adequate number of professionals as per qualification criteria mentioned in Framework of Implementation	

2. Checklist for release of funds from States/UTs to clusters:

Further State will release the funds to cluster as mentioned in the SOP on fulfilling the fund released conditions stipulated in the approved checklist circulated to States/UT on 14.08.2020 and revised condition checklist of 07th October 2020. States/UTs shall also submit all such Cluster-wise releases approved annexure for compliance as part of the Fund Release Proposals to Govt. of India as per the below mentioned checklist:

(a) Checklist for State/ UT **to release first installment of 30% of CGF to Cluster's**

S.No.	Checklist conditions	Compliance
1	Approval of Integrated cluster action plan (ICAP) by Ministry	

(b) Checklist for State/UT to release second installment of 30% of CGF to Cluster's

S. No.	Checklist for State/UT to increase Cluster's fund utilisable limit from 30% to 60%:	Compliance provided by Cluster
1	Approval of DPR by SLEC.	

2	i. Progress report of work on ground as identified under CGF and Convergence. The work expenditure under CGF to be to the extent of 60% of the CGF released. ii. Expenditure plan with timeline	
3	Setting up of the State Project Management Unit-SPMU with adequate number of professionals as per qualification criteria mentioned in Framework of Implementation	
4	Corresponding State Share of 1st Instalment of CGF released in SNA account	
5	Furnishing of Utilization Certificate for 60% of the amount released. The UC must be supplemented by Bank Statement, Bank Reconciliation certificate and audited Expenditure Statement	
6	Initiation of RurbanSoft-PFMS implementation integration	
7	Compliance of EC minutes	

(c) Checklist for State/UT to release Third installment of 35% of CGF to Cluster's

S. No.	**Checklist for State/UT to increase Cluster's fund utilisable limit from 60% to 95%:**	**Compliance provided by Cluster**
1	Progress report of work on ground as identified under CGF and Convergence (after approval of DPR by SLEC and DPR template by MoRD). The works progress under CGF to be to the extent of 60% of the CGF released ii. Expenditure plan with timeline	
2	Fully functional State Project Management Unit-SPMU or as per Framework of Implementation	
3	Furnishing of Utilization Certificate for minimum 60% of the amount released. The UC must be supplemented by Bank Statement, Bank Reconciliation Statement and audited Expenditure Statement	
4	The corresponding State Share of the 2nd instalment of CGF has been released in the SNA account. Further, undertaking of release of corresponding State Share for 3rd instalment within 1 month of release of Central Share	
5	A certificate that Geo tagging has been initiated, and at least 5% of the works already executed have been indicated for verification by NIC-Rurban. Further, this certificate should be furnished along with a work verification report at the State level along with a timeline by when the Geo tagging of all the works shall be completed	
6	Full completion of RurbanSoft-PFMS integration	

(d) Checklist for State/UT to release 5 % of Third installment of CGF to Cluster's

S. No.	Checklist for State/UT to increase Cluster's fund utilisable limit from 95% to 100%	Compliance provided by Cluster
1	Utilization Certificate of 90% expenditure	
2	Completion of Planning Notification for the Cluster	
3	Completion and publication of Spatial Plan of the Cluster by the State/UTs indicating enforcement authority and mechanism.	
4	Submission of Audited Statement of expenditure	
5	Setting up of the State Project Management Unit(SPMU), District Project Management Unit (DPMU) and Cluster Development Management Unit (CDMU) with adequate number of professionals as per qualification criteria mentioned in Framework of Implementation	
6	Verification by State Nodal Agency(SNA) on completion of project by site visit and uploading all Critical Gap Fund(CGF) works on RurbanSoft through GeoRurban App.	

File No. K-11033/10/2018-Rurban
Government of India
Ministry of Rural Development
Department of Rural Development
(Rurban Division)

Krishi Bhawan
New Delhi
Dated: 24.05.2019

Subject: Final SOP on payment to vendors from RURBANSOFT through PFMS using REAT module

Please find enclosed final Standard Operating Procedure (SOP) after incorporating the comments received from various States/UTs for Payments to Vendors from Rurbansoft through PFMS using REAT module under MoRD, GOI.

As per the revised process mentioned in the SOP, following activities are needed to be done by States/UTs so that payments through PFMS may be initiated:

<table>
<tr><th>No.</th><th>Particulars to be done for every cluster using cluster portal</th><th>Timeline</th></tr>
<tr><td>1</td><td>Providing PFMS code assigned to SPMRM scheme at the State level</td><td>7th June 2019</td></tr>
<tr><td>2</td><td>Providing list of taxes/duties/charges that State deducts before paying to vendor</td><td>7th June 2019</td></tr>
<tr><td>3</td><td>Opening of zero balance link account for every cluster (in the same bank as the State Nodal Agency (SNA) account). Signature authority to be same as checker assigned for cluster-login in RurbanSoft. The zero balance account will be linked with the State Nodal Agency's account. Further, the bank shall be apprised on the limit that the respective zero balance link account can withdraw from the State Nodal Agency account based on respective type of cluster and funds approved for it.

MoU between the State & the bank will be signed for this purpose</td><td>14th June 2019</td></tr>
<tr><td>4</td><td>DSC enrolment of checker and maker in cluster-login in RurbanSoft. It is advised to enrol the following persons (or equivalent) as checker and maker:
<table>
<tr><th>DSC Authority type</th><th>Advised authority</th></tr>
<tr><td>Maker</td><td>District/ZP accounts officer</td></tr>
<tr><td>Checker</td><td>CEO ZP or equivalent</td></tr>
</table></td><td>20th June 2019</td></tr>
<tr><td>5</td><td>DSC enrolment of approver in PFMS. Signature authority to be same as checker assigned for cluster-login in RurbanSoft</td><td>24th June 2019</td></tr>
<tr><td>6</td><td>Registration of vendors on RurbanSoft</td><td>27th June 2019</td></tr>
<tr><td>7</td><td>Bringing back all CGF related funds balance in various agency accounts to the SNA A/C</td><td>5th July 2019</td></tr>
</table>

3. States/UTs are hereby requested to complete the following activities within the mentioned time frame. All queries/issues may be sent to the NIC Rurban helpdesk on the email id – mis.rurban@nic.in

Encl: (i) Final SOP
(ii) MoU format

(Kailash Kumar)
Under Secretary to the Government of India
Tel: 011 23381709

To

Principal Secretary/State Nodal Officer (SPMRM)
All States/UTs

Copy to

Shri Samsher Ali
Deputy CGA, PFMS
Shivaji Stadium, BKS Marg, New Delhi

STANDARD OPERATING PROCEDURE

FOR

PAYMENTS to VENDORS

From RURBANSOFT through PFMS using REAT module

under

MoRD, GOI

Ministry of Rural Development, Govt. of India

I. INTRODUCTION

This document presents the system and protocol to be followed for integration of PFMS and RurbanSoft MIS (http://rurban.gov.in/rurbansoft) only for payments to the vendors/agencies. It aims for efficient, effective, timely, transparent and accountable transfer of payments to the vendors through electronic mode. Further developments such as receipt, advance, transfer etc. will be incorporated in later phases. For the purpose of simplification, process for release of funds to States have been dealt. State of Sikkim has a slightly different process and UTs too have a procedure which is based on letter of authorizations.

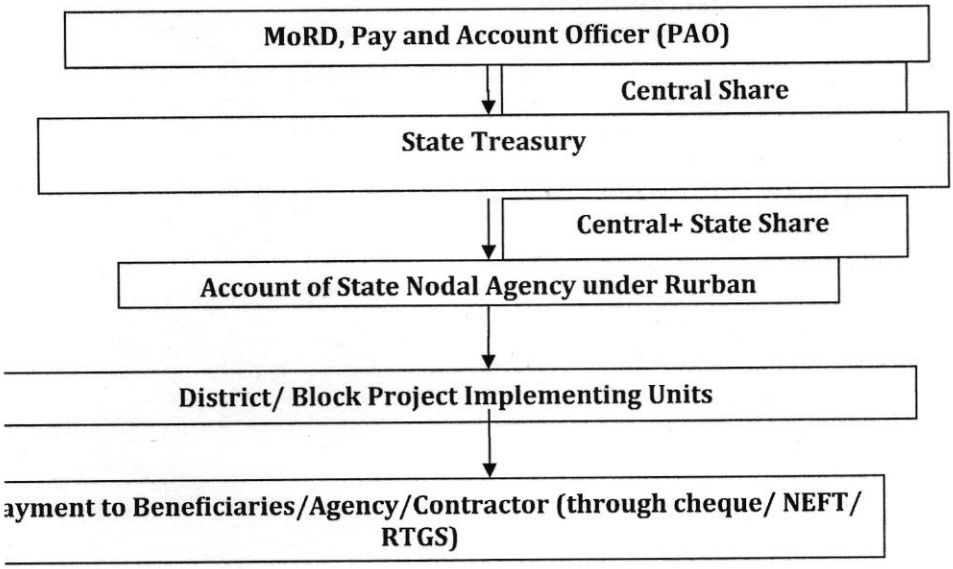
II. BACKGROUND

The Ministry of Rural Development, GoI is implementing the Shyama Prasad Mukherji Rurban Mission (SPMRM) across 29 States and 6 Union Territories. Works are executed by the States/Union Territories through Convergence or Critical Gap Funding (CGF).

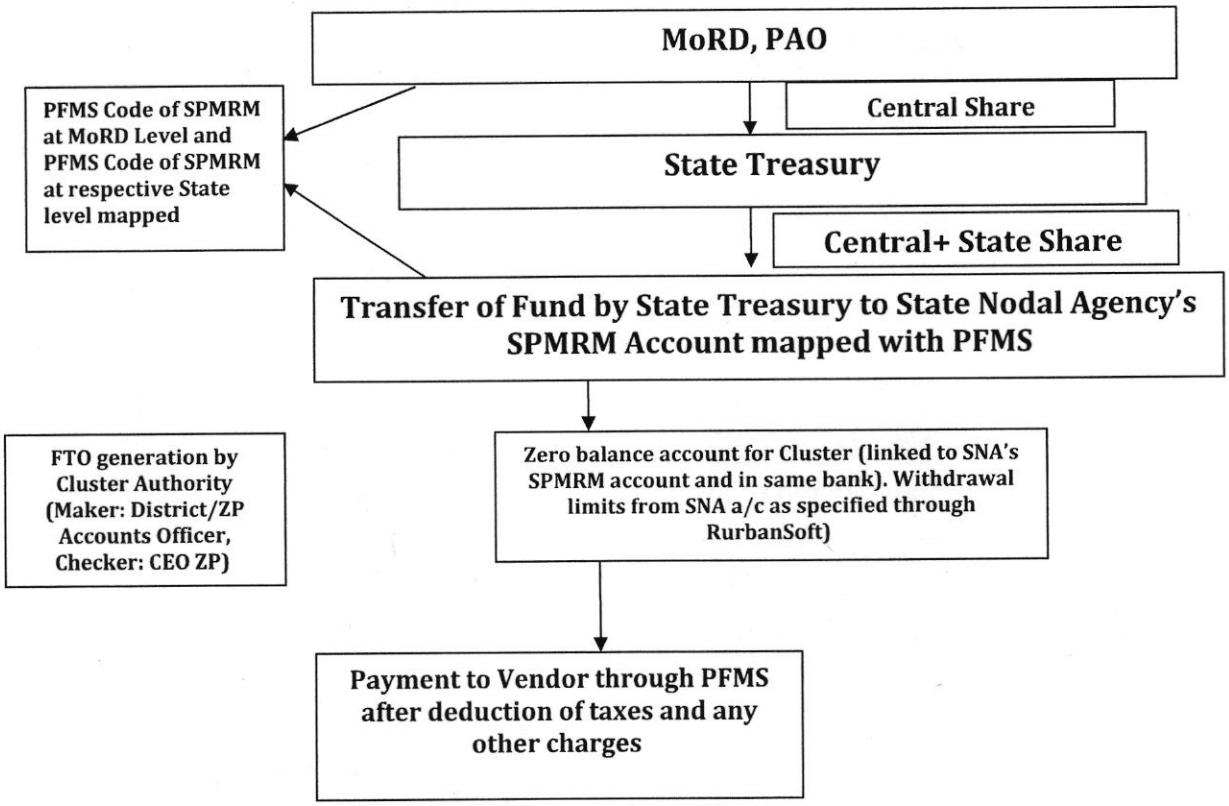
As per the SPMRM Framework of Implementation, at the State/UT level, the department nominated by the respective State/UT government is designated as the State Nodal Agency (SNA) and is further supported by a State Project Management Unit (SPMU) which has been setup. Further, at the district level, a District Project Management Unit (DPMU) and at the cluster level, a Cluster Development & Management Unit (CDMU) has been setup.

A web-based MIS named RurbanSoft has been developed to enable entry, monitoring and tracking of the mission's progress. This document is for the integration for vendor payments using expenditure module protocol through PFMS and does not include other sub modules of REAT like Advancesand it will be decided later on.

III. EXISTING FUND FLOW:



IV. PROPOSED FUND FLOW



V. KEY STEPS

a) Transfer of funds to SNA SPMRM A/C

i. MoRD approves release of fund for different Clusters of the States/UTs after requisite financial concurrence.

ii. Sanction is issued for release of funds to the State/UT using Scheme code of Center. Office of CCA issues fund transfer advice to RBI or other approved instrument as the case may be. State treasury / UT receives the funds in its treasury.

iii. State transfers central + state share from treasury to the State Nodal Agency's SPMRM bank account (SBA).

iv. State Nodal Agency is required to register with above bank details of SBA in PFMS in the State linked Scheme

v. SPMRM has been assigned a central scheme code in PFMS. All States would get code generated in PFMS for the scheme and mapped to the central scheme code. Mapping of the scheme code assigned for SPMRM and the code assigned for the scheme by respective State's PFMS SPMU, is done to ensure link and tracking.

b) Creation of Zero balance linked account for each cluster

i. SBA will be opened in any scheduled commercial bank and it should be integrated with PFMS for DSC payment processing, preferably having presence in clusters. Only SPMRM transactions would be handled through this bank account.

ii. Zero balance account linked to SNA's SPMRM account is created for each cluster. It is ensured that the zero balance link account is in the same bank.

iii. No other bank account shall be opened at State or cluster level for SPMRM.

iv. Withdrawal limits from SBA is as specified through RurbanSoft. RurbanSoft will allow the generation of FTOs at cluster levels within these limits only. Verification of FTOs payment amount w.r.t withdrawal limit of cluster will be managed by RurbanSoft.

v. Authorized Limit – The overdraft limit allocated to the respective Zero Balance Link Account will be specified by the State Nodal Agency to the Bank in the form of a Letter of Comfort / Letter as specified in the MoU signed between the SNA and the Bank. This specified limit shall get reduced after each withdrawal. Further, it shall be ensured that all the Zero Balance Link Accounts opened are having the same Customer Information File number (CIF) as the SBA. Complete details of the cluster authority authorized to make payments shall be included in the MoU.

c) Assigning DSC authority for each cluster's zero balance link a/c

i. For each cluster level zero balance link account, enrollment of Digital signatures for the authorities (checker – CEO ZP) to be done. Further, the signature of the checker will be incorporated in the payment file that will be pushed to PFMS.

ii. RurbanSoft will send the DSC files for DSC enrollment to PFMS only for checker user. State has to ensure that the shared DSC actually belong to the authorized representative of the cluster. This representative shall be the authorized person to operate the bank account of the cluster.

iii. PFMS shall not be responsible for verification of this authority. PFMS will provide the Ack/Nack for DSC enrollment request which will be referred to in the RurbanSoft.

iv. State will be responsible to ensure that Digital signatures of only valid signatories of Debit Bank account are uploaded for enrolment on RurbanSoft. Approving authorities to approve upload for these accounts would be decided by the State after due approval of State Nodal Agency.

d) Registration of vendors on RurbanSoft& PFMS

i. Identification and collection of vendor details is done by the Cluster Authority (District/ZP Accountant – Maker, CEO ZP - Checker)

ii. The file of all applicable vendors to be registered on RurbanSoft and will be pushed through SFTP server to PFMS. SFTP server will be provided by the Ministry and PFMS will be given appropriate access on the required folders. Management of this SFTP and it's protocol will be the responsibility of Program Division, SPMRM, MoRD.

iii. To register vendor , vendor details (GST no /Aadhaar no. / bank A/C no. etc) are entered in RurbanSoft. Bank details of vendors would be verified through PFMS.

iv. FTO for releasing the payment to vendor can be processed only after the vendor is successfully verified on PFMS.

e) Processing of vendor file in PFMS.

i. PFMS picks up vendor payment file from SFTP server and applies basic validation/checks of bank and scheme related flags. The vendor records rejected will be sent back to RurbanSoft with remarks for reprocessing after correction. The records would be corrected by the State and sent to PFMS for reprocessing.

ii. PFMS will assign vendor code to the valid vendors and it will be shared for mapping with the vendor codes in Rurbansoft. PFMS will also send invalid vendor records to Rurbansoft mentioning the reason of rejection for corrective measures.

f) Payment Process.

i. Preparation of Payment file – FTO by the maker assigned for each Cluster using RurbanSoft portal.

ii. Checker of Cluster as authorized user will digitally sign the payment file on RurbanSoft and place on SFTP server.

iii. RurbanSoft needs to prepare the FTO in the State linked Scheme and using the component codes of the respective State linked Scheme as specified in PFMS. The file will be picked up by PFMS from SFTP Server.

iv. PFMS will apply basic / internal validation on all the payment records in the payment file including validation of Digital signature with the already enrolled Digital Signatures. State through Rurbansoft will be responsible to ensure that only authorized signatory of debit bank account signs the payment files before pushing to PFMS for payment. Checker will be the authorized signatory for the Cluster's zero balance bank account.

v. Payment file will be accepted or rejected in totality i.e. partial payment file will not be accepted and processed. File will be accepted only if all the records in the file get validated through PFMS. Rejected files will be shown in the respective logins of checker in RurbanSoft to view the status of FTO. Checker will forward to Maker to resubmit FTO after correction.

vi. If the payment file gets accepted at PFMS end, PFMS will push the same to bank for execution of transaction. It may be ensured that no duplicate FTO is sent for payment. Further, if any such incident of receipt of duplicate FTO is noticed, PFMS shall send a notification to RurbanSoft

vii. PFMS will send the Ack/Nack of payment file including receipt of file, acknowledgement of further movement to Rurbansoft through SFTP with indicator for status of file i.e. Accepted or Rejected or Hold.

viii. Concerned cluster's zero balance account linked with the SBA will execute the transaction provided there is adequate limit available. This is to be managed through RurbanSoft. Further, States are to authorize bank for the limit of the concerned cluster zero balance account.

ix. Thereafter PFMS will share the success / failure response received from bank with Rurbansoft through Ack/Nack.

x. All failed cases would be reported to PFMS by the State Nodal Bank in one business day. Funds returned to the zero balance account would get transferred back to SBA at the end of every day so that zero balance account maintains zero balance on each day. This pertains to banking arrangement between the State and the concerned Bank.

xi. In the case of any funds transferred when there is a failure response from the bank, the bank shall be fully responsible and liable for the same.

xii. Further, if failure is the reason for rejection, then reconciliation will be done at the bank. ~~Post reconciliation, if there still is a mis-match, then the failure will be confirmed to RurbanSoft through PFMS'~~

xiii. ~~In case of any duplicate FTO of payment already made/under process of being made is received by the bank, then the bank will not initiate such payments. Further, a notification will be sent to RurbanSoft through PFMS.~~ Bank to ensure that no FTO is honored twice or duplicate FTO even though sent to the Bank is not processed for payment. Any receipt of duplicate FTO shall be notified by the bank to RurbanSoft through PFMS.

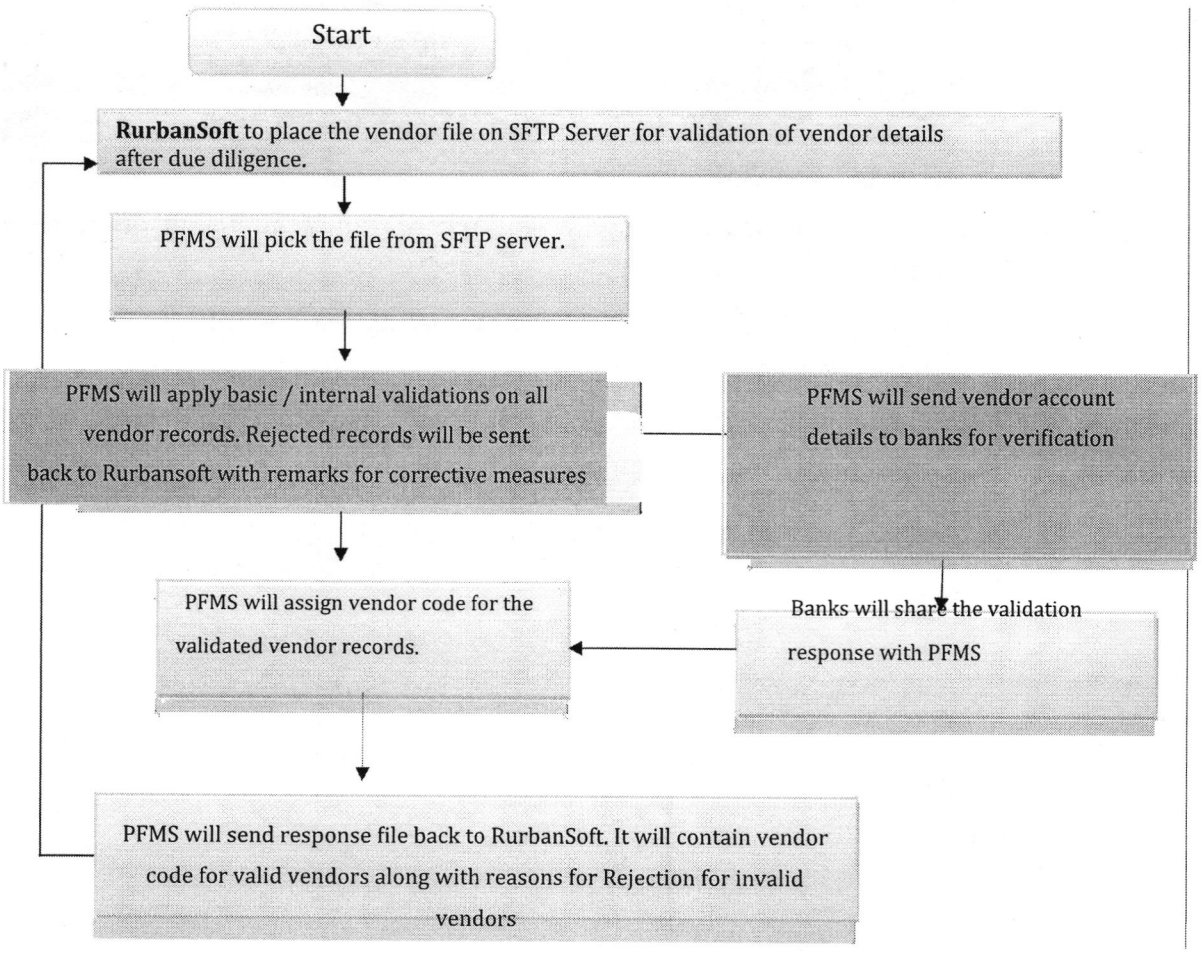
xiv. The Bank will maintain all payment records for a minimum duration of 3 months.

xv. Cluster users will be able to check their transaction status at Rurbansoft through response received from PFMS.

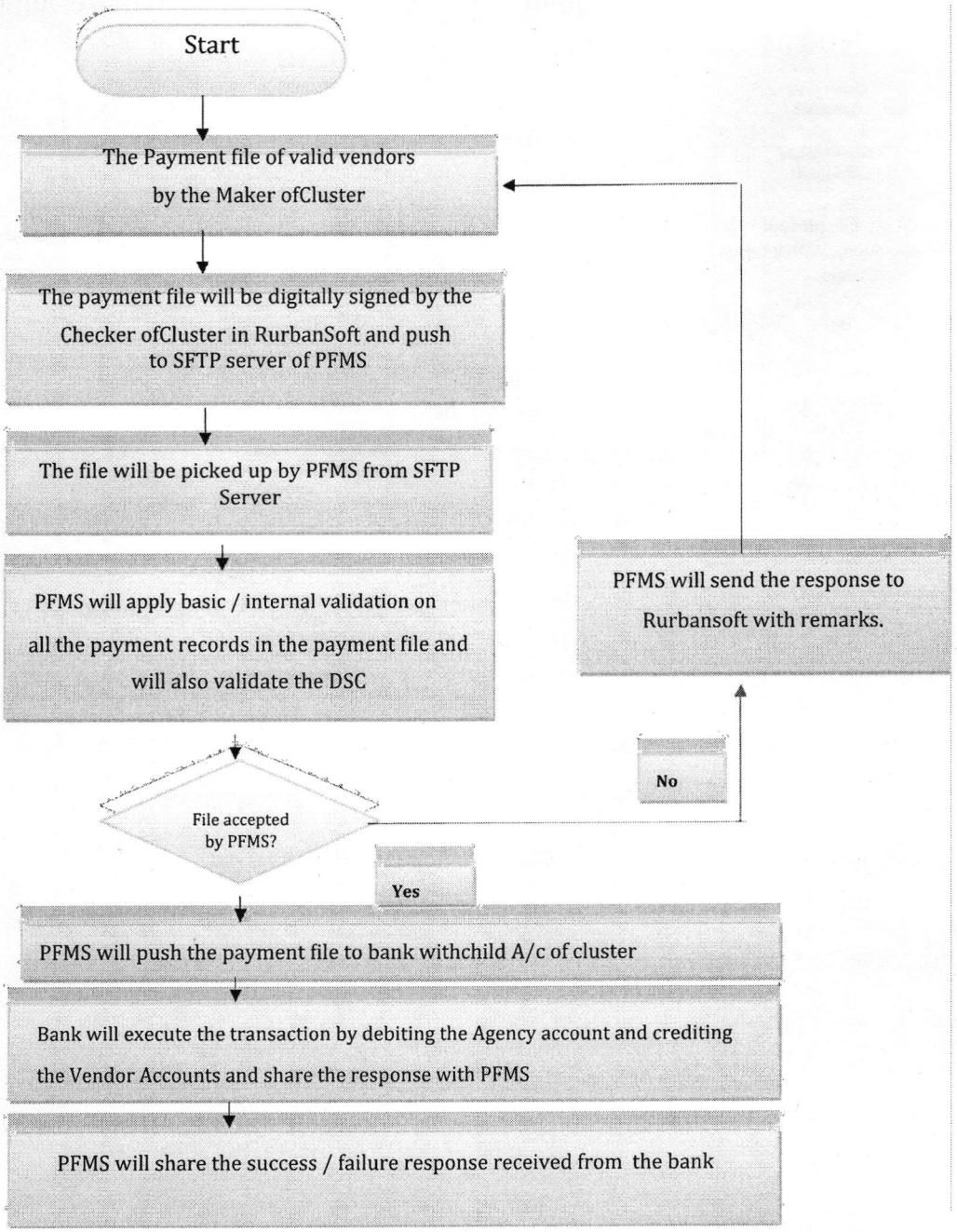
xvi. Rurbansoft will develop different types of MIS. One of such MIS would be about the utilization of fund as required under GFR.

xvii.

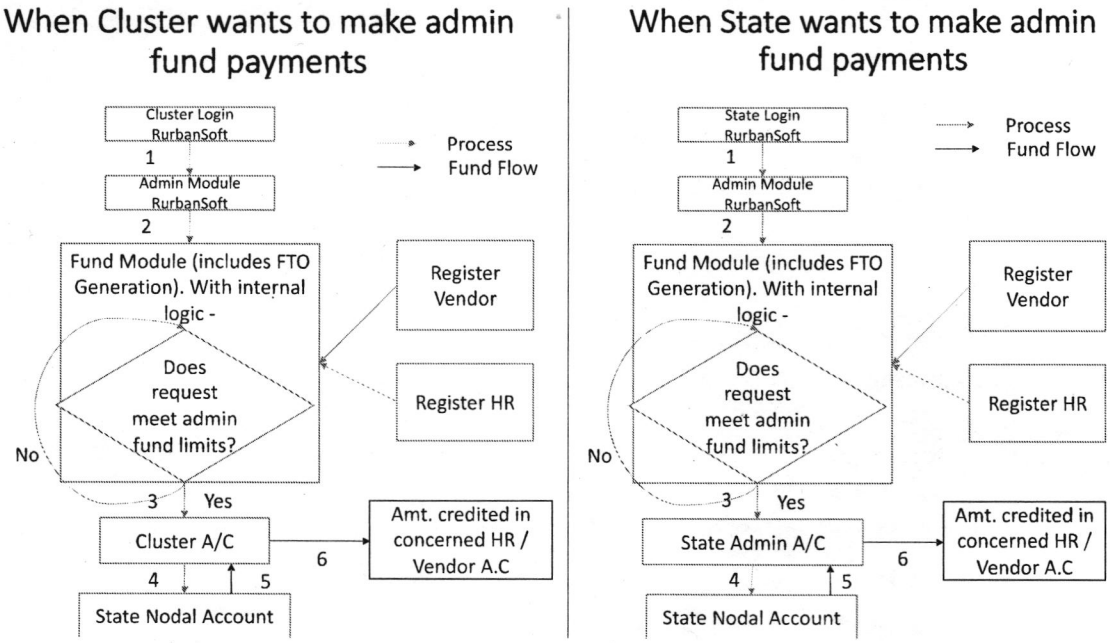
1. Vendor validation process- Rurbansoft



2. Payment process Rurbansoft for CGF fund



g) Payment process for admin fund



XML Templates:

0001VENREGREQ12022019001 (2).xml

0001EATPAYREQ13022019001 (1).xml

0001DSCENRREQ02032019001.xml

Model MoU between State & Bank reg. Parent – Child account creation & operation

THIS Memorandum of understanding made at _____ on _____ day of _____ between:

Name of Department, Name of State Government, Registered Office at _____, hereinafter referred to as Name of State Government, which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its subsidiary, successors and assigns, of the First PART;

AND

Name of Bank executing the agreement through its Branch Name, Branch Address, hereinafter referred to as the "Nodal Branch" which shall include all its successors and permitted assigns of the second PART.

The Parties shall hereinafter collectively referred to as the "Parties" and individually as "Party".

1. For the purpose of this Agreement, the following words and phrases shall have the meaning assigned to them under this Article.

   - **Nodal Branch** – The Name of Branch, Address of Branch which shall exclusively maintain the entire relationship and accounts.
   - **Local Branches:** The branches of SBI which handles the relationship for the respective Subsidiary Accounts.
   - **Main Account** – An Account opened by Name of State Government with the Nodal Branch wherein all the funds are parked.
   - **Subsidiary Accounts**– "Zero" balance Current Accounts with Limit Facility. These will be opened under the main CIF of the Main Account.Each account shall have a name corresponding to the Rurban Cluster.
   - **Interest Account** – An Account opened by Name of State Government with the Nodal Branch wherein interest from all the Term Deposits created under the scheme is parked. This may or may not be the same as the Main Account.
   - **Limit Facility:** A facility by which limits are assigned into the Subsidiary Accounts by the Nodal Branch as instructed by Name of State Government for 'End of Day' pull from the main account for the amounts withdrawn from Subsidiary Accounts during a business day.

- **End of Day** – A backend processing activity of the bank which marks the termination of the business day for the bank.
- **Authorized Limit** – An overdraft limit allocated into the Subsidiary Account which gets reduced after each withdrawal from the account.
- **Threshold Limit** – The limit of balance in the Main Account beyond which the amounts will be converted to Term Deposits
- **Term Deposits** –Interest bearing accounts created from the amounts beyond a threshold limit in the Main Account for a pre-defined tenure.
- **Drawing Power (DP)-** The limit up to which amount can be withdrawn. The DP can be less than or equal to Overdraft limit.

WHEREAS:

A. Name of State Government is responsible for the development, maintenance and management of Rurban Clusters and for matters connected or incidental thereto.

B. Name of Bank is in the business of providing banking services through its vast network of branches and also providing digital services like Payment Gateway, Internet Banking, Mobile banking, etc to its customers.

C. Name of State Government and Name of Bank are desirous of entering into an arrangement whereby the Name of Bank shall provide Name of State Government with a facility of making their payments to vendors through the respective Cluster's subsidiary accountsas per the detailed process laid down in this agreement. The facility will be called 'Centralised Fund Management System'.

D. It is decided to implement a Centralized Fund Management System through Name of Bank whereby Name of State Government is able to:

   a) Maintain the funds in the Main Account till the same are required for the respective cluster's subsidiary account
   b) Provide a facility of withdrawal of these funds by the cluster's subsidiary accountas per allocated limits

E. The Parties hereto have agreed that their respective rights and obligations with regard to their business relationship between them *inter se* will be interpreted, acted upon and governed solely in accordance with the terms and conditions of this Agreement.

IT IS NOW AGREED by and between the parties hereto as under: -

1. The Facility(Centralised Fund Management System):
    - Bank will open a Name of State Government centralised account in Name of Branch (Main Account). The branch in which the said account is opened shall be called the 'Nodal Branch'.
    - Thereafter, the Bank will open Current Accounts with zero balance and Limit Facility (Subsidiary Accounts) through their local branches as convenient. The accounts will be opened cluster-wise. If same district officer is appointed as Competent Authority for more than one different cluster, separate accounts will have to be opened for the each cluster.
    - Limits will be assigned to these Subsidiary Accounts as approved by Competent Authority in Name of State Government and Name of State Government will advise to the 'Nodal Branch' about the same and the Drawing power for these accounts would keep on reducing for each payment made from the Subsidiary Accounts . Authorized officers in Name of State Government shall be able to view the limits assigned and the balance available as on date in the concerned subsidiary account.
    - In case any new fund sanction is given for a particular cluster, the increased limit will be advised by Name of State Government to the Nodal Branch for increasing the limits with the addition of the newly approved amounts for the concerned cluster's Subsidiary account.
    - Authorized officer for Subsidiary Account will either issue physical cheques for payment of taxesor transfer the money to vendors through PFMS electronic mode up to limits assigned in the Subsidiary Accounts
    - Balance of all these subsidiary accounts would be made NIL by debiting the 'Main Account' at 'End of Day' operations of the Bank. The process is to be automatically controlled by the Bank by feeding Standing Instructions in the system.
    - Statement of accounts/ reconciliation statements / MIS for all the subsidiary accounts will be provided by the Nodal Branch to Name of State Government and the Cluster Account authorised authorities as per their requirements.
    - A Login ID & Password will be issued to the Name of State Government authorities under Internet Banking Platform and all Subsidiary Accounts linked with the Centralized account. Security of the system and software for operationalizing the Centralized account system shall be the responsibility of the Bank.

- Name of State Government shall keep sufficient money in the Main Account, under lien, which shall at all times at least equal to the limits allocated in the Subsidiary Accounts. Name of State Government shall keep Name of Bank indemnified if any loss occurs to the bank on account of non- availability of funds and vice versa.
- Any disputes relating to payment towards vendors will be dealt with, by and between Name of State Government and the vendors directly and Name of Bank shall not be a party to such dispute.
- Name of State Government hereby undertakes and agrees not to describe itself as agent or representative of Name of Bank, or to give commitments which may require Name of Bank to undertake to or be liable for, directly or indirectly, any obligation and/or responsibility to the beneficiary or any third party.
- Name of State Government to ensure that all transactions happening through this scheme are in accordance with and permitted by the legal practices and governing laws of the country and Name of State Government will take complete responsibility for the transactions.
- Name of State Government further agrees that Bank's liability for the transaction between the Cluster's subsidiary account and the vendors is restricted to the settlement of payment only and confirms that the transactions put through the system are in conformity with the laws as stated above.
- Both the Parties hereby undertakes and agrees to both the parties harmless and keep at all times fully indemnified and held harmless from and against all actions, proceedings, claims, liabilities, penalties, demands and costs, awards, damages, losses and/or expenses howsoever arising directly or indirectly as a result of any breach or non-performance by both the parties of any of their undertaking or obligation under this Agreement or any claim or proceedings brought by the vendor against Name of Bank and/ or Name of State Government in respect of any transaction made under the facility.
- This Agreement shall be in force for a period of one year from the date herein above mentioned and may be extended for similar period upon such terms and conditions agreed by both the parties.
- The transaction charges may be reviewed every year or any time to comply with any directive or mandate from the government or regulatory authorities. In the event of breach of obligation under the agreement by any Party, the Other Party may terminate the Agreement by serving a

notice of one month. As on date, no charges will be laid by the bank for the entire facility.

- A detailed guideline on the operation of the scheme is placed as Annexure '1' to this agreement which shall, for all purposes, be treated as part of the arrangement under this agreement, unless otherwise amended by mutual consent of the parties or required by any governmental or regulatory intervention.

2. Confidentiality:

The Parties agree and acknowledge that in connection with this Agreement, each Party may have access to certain non-public confidential information of the other during and in connection with its performance of Services hereunder (Confidential and Proprietary Information"), and hereby agrees not to disclose any Confidential Information to any third party and not to use any such Confidential Information for any purpose other than those as strictly required for performance under this Agreement. All such Confidential Information is and shall remain the exclusive property of the disclosing Party and no license shall be granted or implied with respect to such Confidential Information by reason of other Party's access to such Confidential Information. Each Party agrees to protect the proprietary information of the other with the same standard of care and precaution used by each to protect its own proprietary information of similar importance.

"Confidential and Proprietary Information" is not meant to include any information which

a) Is publicly available prior to this Agreement or is made publicly available by the Parties without restriction.

b) Is rightfully received by the personnel of both the Parties from Third party without accompanying secrecy obligations.

c) Is already in the possession of both the Parties personnel and was lawfully received from sources other than the Parties themselves.

d) Is independently developed by the personnel of both the Parties without use or reference to Confidential and Proprietary Information.

The secrecy of the Confidential and Proprietary Information disclosed pursuant to this Agreement shall be maintained until the expiry of this Agreement and one year thereafter.

3. General Provisions:

(i) Amendment and Waiver

This Agreement shall only be amended in writing, signed by Parties. The failure of either Party at any time or times to demand strict performance by the other of any of the terms of this Agreement shall not of itself be construed as a continuing waiver or relinquishment thereof and each may at any time demand strict and complete performance by the other of such terms.

(ii) Force Majeure

Neither Party shall be held responsible for any consequences or liabilities under this Agreement if it is prevented in performing its obligations under the terms of this Agreement by reason of laws or regulations, action by anybody or authority, local or otherwise, riots, insurrection, war, terrorist action, acts of God and unforeseen circumstances beyond its control.

(iii) Entire Agreement

This Agreement constitutes the entire agreement between the Parties concerning the Services and all other matters covered herein, and supersede all prior and contemporaneous agreements, written or oral, other than any written, fully-executed contemporaneous agreement which specifically acknowledges the existence of this Agreement.

(iv) Severability

In the event that any provision of, or restriction contained in, this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, and is not reformed by such court, the remaining provisions and restrictions contained in this Agreement shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable provisions or restrictions of this Agreement had not been included.

(v) Arbitration

Any dispute or difference between the parties hereto shall be settled by arbitration which will be subject to / governed by The Arbitration & Conciliation Act, 1996 and that the Arbitration proceedings will take place in Name of State Government.

Each Party shall pay its own expenses for the arbitrator selected by each Party or shall share equally the expenses of a jointly selected arbitrator.

(vi) Governing Law and Jurisdiction

This Agreement shall be governed by the laws of India and the courts located at Name of State Government shall have exclusive jurisdiction in the event of any dispute.

(vii) Counterparts

This Agreement may be executed in two counterparts, each of which shall be deemed to be an original and both taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF the parties hereto have executed this Agreement (in duplicate) on the day, month and year first hereinabove mentioned.

Name of State Government **Name of Bank**

Annexure '1'

Detailed Guidelines for Implementation of the Centralised Fund Management System

The Main Account:

1) The Bank shall identify its Nodal Branch for the Main Account as Name of Branch, Address of Branch. The Account Opening and maintenance activity for the 'Main Account will be done exclusively by the 'Nodal Branch'.

2) Name of State Government shall have one unique Customer Information File (CIF) Number under which various bank accounts shall be opened for Name of State Government as well as each Cluster Subsidiary Account and Name of State Government shall authorize each Cluster Subsidiary Account to draw cheques or make PFMS linked digital payments in their respective accounts only.All the accounts under the common CIF number will be controlled from the Nodal Branch to facilitate centralized control, monitoring and ease of operations.

3) A centralized account (main account) shall be opened in Nodal Branch by Name of State Government. The 'Nodal Branch' will open the Account in the name of Name of State Government after completing all formalities and following KYC norms.

4) The Nodal Branch will issue directions to the Local Branches to open zero balance subsidiary accounts in the name cluster as per the advice of the concerned authority supported by a copy of relevant notification. The said cluster subsidiary account would be linked to the Centralized account (Main account).

5) Name of State Government, as and when required, will issue a direction to the Nodal Branch to allow payment by the Local Branch where Cluster Subsidiary account is being maintained, up to the total limit of the said approved amount. The details of the relevant Bank-branch holding the Cluster Subsidiary account through which the aforesaid payment to vendors is to be made shall be intimated automatically by bank-branch to the Main Bank at the time of releasing the approved amount.

6) Name of State Government shall, at any point in time, maintain a balance in the Main Account which is more than the limits assigned in the Subsidiary Accounts of the

Clusters. The bank shall, for the purpose, mark lien on the accounts maintained at the Nodal Branch to ensure that there is no shortfall.

7) The Nodal Branch in which the Centralized account is being maintained shall credit the interest accruing to the funds on a regular basis. Thereafter, the said interest shall be debited from the centralized account and credited to a designated 'Interest Account' of Name of State Government. The Bank shall also submit to Name of State Government account statement every month. All TDS related to interest accruing to the centralized account, will be made in the name of Name of State Government and related statement issued as and when required.

8) Name of State Government will inform the 'Nodal Branch' well in advance about opening of any new Subsidiary Account for any Cluster as also allocation of any limits into such accounts for better management of the facility. The Name of State Government shall issue authorization orders to the Nodal Branch for allocating Limit/Drawing Power into the Subsidiary Accounts opened by the Clusters.

9) Name of State Government shall specify the designation of officers empowered to open such accounts to the Nodal Branch in advance. Name of State Government/ Cluster shall inform the Nodal Branch/Local Branch about any changes & modifications in the change of signatories in advance.

10) Name of State Government will be the single point of contact for any change in the banking related requirements and all the communications from the Nodal Branch will be addressed to Name of State Government only.

11) Name of Bank will provide a Nodal Officer at the Nodal Branch for co-ordinating all the activities under the project.

12) At par facility shall be accorded by the bank in which the centralized account is opened for all payments through its Bank-branches in India.

13) The Nodal Branch of Name of Bank will put in place a mechanism to share the information relating to usage of funds by each state on daily and progressive basis under the 'Main Account' as well as the 'Subsidiary Accounts' of different Clusters.

Subsidiary Accounts:

1) Separate cluster-wise accounts should be maintained by respective cluster authorities while the centralized account is maintained by Name of State Government.

2) These will be Zero balance Current Accounts with Overdraft facility and will be called Cluster Subsidiary accounts. Each Account shall have a name corresponding to the Cluster.

3) These will be under the same Customer Identification (CIF) as that of Main Account at the Nodal Branch in the name of Name of State Government

4) Overdraft Limits will be allocated in these Subsidiary Accounts by the Nodal Branch as instructed by Name of State Government. The Clusters will be able to see these limits. Drawings up to outstanding limit will be allowed in the Subsidiary Accounts.

5) Clusters will submit a pay order under his sole signature for payment to vendors, for payment of TDS to Income Tax Authorities and such pay order shall be submitted at the Local Branch of the Bank either directly or digitally through PFMS interface. The Local Branch shall honour such pay orders of Clusters through debit/debits to the Subsidiary Account up to the limit allocated in these accounts.

6) Debit balance in the Subsidiary Accounts shall be adjusted from the Main Account, leaving the Subsidiary Accounts with zero balance and the total payments of the said Subsidiary Accounts will show in the Main Account as one entry for the day.

7) Any query/issues from the vendors regarding payment, shall be handled directly by Name of State Government / Cluster Authorities, who in turn can seek the information from Name of Bank.

8) All subsidiary accounts will have day-end balance sweep-in facility to Main Account, thus rendering the subsidiary account with zero day – end balance. The Drawing Power in the account will be reduced by the amounts withdrawn from the accounts.

9) The drawings from the Subsidiary Accounts will be allowed from any branch of the Bank (Non-Home Transactions).

10) No Charges will be levied on non-home transactions.

11) The Account Opening and maintenance activity for the Subsidiary Account will be done by the Nodal Branch in co-ordination with the Local Branches of Name of Bank as convenient to the respective Clusters

    i. Name of State Government shall inform promptly to the Nodal Branch in case of any change in the authorized signatories of any of the accounts, Main or Subsidiary.

12) All outstanding in the Subsidiary Accounts as well as the Overdraft Limits will be

reconciled by Name of Bank on a daily basis to ensure that there are no discrepancies.

13) Multi City cheque books with cheques payable at par at any branch of Name of Bank will be issued in "Subsidiary Accounts". The ceilings regarding maximum amount for cash and transfer transactions through these cheques, as prescribed by the bank from time to time, shall be applicable for these cheques. {Presently, these cheques can be issued for a maximum amount of Rs. 50,00,000/ (Rs.Fifty lacs only) for transfer.No cash withdrawal will be allowed from the Subsidiary/Main Accounts . Name of State Government may, however, use the NEFT/RTGS facility for transfers beyond this point in case the account of the vendor is in banks other than Name of Bank or use the Bank Transfer facility in case the account of vendor is in Name of Bank. Though, it is understood that most transactions, excepting maybe tax payments, shall be done electronically through PFMS interface.

14) The Branch Head of the Local Branch of Name of Bank would be the Nodal Bank Officer for resolution of local issues encountered in banking operations under the scheme.

15) The Name of State Government shall lay down the system of attestation of signatures of cheque- drawing officers. A hard copy of the attested signatures and other details (KYC Documents) of authorized cheque drawing persons for opening the subsidiary bank account and operating it shall be provided to the Nodal Branch of the Bank by Name of State Government.

16) Name of State Government/ Cluster Authorities shall ensure that KYC details and specimen signatures of authorized signatories of Cluster subsidiary account are provided to the Local Branches to enable smooth functioning of the scheme.

17) Further, Name of State Government shall advise any change in signatories of Subsidiary Accounts with new KYC and specimen signatures of authorized signatories as and when required.

18) Within seven days of receipt of the pay order / cheque / transaction through electronic PFMS or physical mode from the Cluster for disbursement of payments to vendors or payment of taxes, a certificate to the effect should be given by the Branch Manager of the Bank-branch to Cluster Authorities that the amount has been paid to the vendor.

MIS Requirements:

- The Bank shall be providing the data regarding current and progressive usage of funds by the states to Name of State Government on a mutually agreed format.
- In addition, the Bank shall provide Name of State Government reports in electronic form at the intervals and formats desired by Name of State Government and/or when called for by Name of State Government.