

## Plan Scheme Monitoring Project of the Govt. of India

### DEVELOPMENT OF A MANAGEMENT INFORMATION & DECISION SUPPORT SYSTEM FOR PLAN SCHEMES

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This article, presents an initiative in financial management of Central Sector and Centrally Sponsored Plan Schemes of the Government of India initiated recently by the Planning Commission and the Office of the Controller General of Accounts and how the e-Lekha –Central Plan Scheme Monitoring system (CPSMS) was structured using the chart of accounts and other subsidiary codes (*through the Sanction ID*) as the basis of the financial system. It also shows how the chart of accounts encompasses the budget classification and the methodology that enables the management of financial resources of over 1200 Central Plan Schemes of the Government of India.

This approach proposed to be used by the e-Lekha CPSMS system guarantees that the budget and accounting information are permanently matched; the financial statement is automatically generated, with the capability that all financial transactions pertaining to Central Plan Schemes be accessed by the Executive, legislature, internal audit, external audit, and the citizen.

#### 1. Development of an IT based platform Central Plan Schemes

Planning Commission has observed that for want of a good data base and a single window Management Information System (MIS) on various schemes, meaningful monitoring and an informed decision making becomes difficult. Besides, Government faces problems in addressing queries relating to performance of Central Sector Schemes especially Social Sector Schemes.

It is proposed to utilize a web enabled application developed in the office of the Controller General of Accounts for facilitating an online financial information system for Central Sector and Centrally Sponsored Schemes which are required to be monitored. e-Lekha, which is the CGA's accounting hub, would provide an IT enabled platform, which will permit tracking, processing, consolidating and reporting of financial transactions relating to such Central Plan Schemes. e-Lekha already had the capability and could be easily utilized as a monitoring platform for capturing release data for Plan Schemes. As regards capturing of expenditure data for actual utilization and segmented reporting, strategies were needed to enable creation of MIS/DSS covering State level and other legal entities outside the government whether at Central, State or other district level.

#### 2. Current Issues in the management of Central Plan Schemes

Let us take a look into the issues which are faced by fund managers of various central plan schemes of the Government of India.

- There exists a hierarchical chain of implementing agencies through which GoI funds flows to the grassroot level.
- Disbursement in excess of Rs 200000 crores under plan support is made to several agencies through different mechanisms in a fiscal period.
- Bulk of the actual expenditure is carried out at the block/panchayat level in most schemes. The current system does not facilitate tracking of fund flow from the point of release in GOI to final expenditure at spending unit level.

- The current system in place, lack of a reliable reporting for utilization of plan scheme funds.
- Huge funds are lying unutilized in the banking system parked in different accounts of different implementing agencies across several schemes.
- Time lag between release and expenditure builds a float in the system, which has a “carrying cost”. By guesstimate this “carrying cost” could be in excess of Rs 10000 crores.

### 3. Problems faced in building an MIS

Several problems exist in the building up of an MIS with the currently available data elements. Listing some of the problems would be as below.

- The elements of Chart of Accounts segregate the information related to a transaction among information blocks.
- Current information blocks serve the purpose for capturing information required for preparing accounts.
- However, information requirement of stakeholders regarding fund flow:
  - ✚ Agency wise
  - ✚ Geographical location wise
  - ✚ Scheme wise is not captured
- No central repository of implementing/spending agencies is currently available.
- The chart of account limits releases to be treated as expenditure.
- No available central database to monitor or track fund flow to grassroots level for all Plan schemes exists. There have however been various independent efforts by Program Managers in some schemes to monitor and track fund flow.

#### 3.1 Issues with respect to existing Chart of Accounts

The Chart of Accounts followed by the Civil Ministries, State Governments, NGOs and other agencies is not uniform and each agency adopts their own Chart of Accounts for maintaining accounts pertaining to plan schemes. A common Chart of Accounts (COA) needs to be adopted so as to ensure a seamless flow of information from all stakeholders. This of course will be an onerous task and may require a substantial amount of time to evolve and to be standardized.

The Current Chart of Accounts adopted by the Civil Accounts Organisation of Central Government captures the Under the Demand for Grants for Central Government Ministries, a 15 digit coding structure as detailed below:

- 13 Digit Functional Description comprising of (Major Head<sub>4</sub> + Sub Major<sub>2</sub> + Minor Head<sub>3</sub> + Sub Head<sub>2</sub> + Detail<sub>2</sub>)
- 2 Digit Object Head viz. Salaries, Office Expenses, TA, Grants-in-Aid etc

Example: Coding Structure

Major head “2235” : *Social security and welfare*

Sub major head “02” : *Social welfare*

Minor head “101” : *Welfare of handicapped*

- Sub-head "01" : *Expansion and improvement of National Institutes for Blind, deaf, Mentally retarded and orthopaedically handicapped*
- Detailed head "01" : *National Institute for the Visually Handicapped, Dehradun*
- Object head "31" : *Grants-in-aid*

As is evident, the existing system of expenditure classification is one dimensional as it flows only in the direction namely from the fund to the sector/sub-sector rather than that would permit an amalgamation of functions, programs and economic categories in a single hierarchy. Budget classification focuses on compliance rather than on government policies, priorities and the two main dimensions (Function/ Programme and Object) are clubbed together with a 15 digit accounting code, which has limited flexibility and scope for segregating and correlating various budget dimensions.

### 3.1.1 Missing blocks

The Classification system does not permit information to be captured along:

- Ø Schemes as defined by Planning Commission (*Schemes defined in Chart of Accounts are often not same as defined by Planning Commission*)
- Ø Recipient agency identification
- Ø Geographical location identification
- Ø Classification system uniform between State and Union Government only till the programme level
- Ø At scheme level no uniformity of classification system and no unified directory as well, which makes the system intractable

It is strongly felt that an IT based solution should primarily address the following concerns

- Identifying the entities involved in fund devolution,
- Identifying schemes under which funds are devolved to the agencies/spending units,
- Identifying geographical location of the entities receiving funds, and to
- Use the extensive banking network for reducing float in the system.

However, considering the number of entities involved and variants of scheme implementation involved, a solution can work only in phases. A phase wise development strategy with a five year horizon is being adopted. The situation can be likened to crossing one ring of concentric rings in a single phase and gradually move towards outer peripheries. In every phase, it is necessary to consolidate the gains made and assess capabilities of players involved in the next phase. Subsequently move on to next phase.

## 4. How the first Hurdle was crossed?

### 4.1 Monitoring of Central Financial Releases of 27 Flagship Schemes on e-Lekha

The mapping of all 27 Central Plan Schemes identified as Flagship Schemes identified by the Planning Commission was taken up by different Principal Accounts Offices of Different Ministries and Departments on the e-Lekha database which already had all necessary accounting capabilities. This mapping of schemes vis-à-vis Chart of Accounts (COA) and Budget allocation as per DDG (*Detailed Demand of Grants*) was carried out and subsequently vetted by individual ministries, departments and the Planning Commission and then frozen. Pay and accounts offices of Central Government, are

responsible for releasing funds under these schemes to different implementing agencies against available budgetary allocations. Customised COMPACT software developed in the office of CGA, and running in all these Pay and Accounts Offices of Central Govt. Ministries performs payment functions and uploads all transactions at the end of each day to e-Lekha. e-Lekha facilitates collation of up-to-date release/expenditure figures pertaining to all these 27 flagship schemes. Budget information as per Detailed Demand for Grants is also available on e-Lekha for Budget Vs Release comparisons.

#### 4.2 Steps Adopted:

1. Nomenclature of Flagship Plan Schemes and their codification in Scheme Master.
2. Mapping of each Scheme by participating Grant Controllers with respect to Identification of Schemes and their Mapping with Grant No(3) + Accounting Head(15) to the defined level. Subsequent vetting of mapped schemes by respective controllers and submission to CGA.
3. Upload of Detailed Demand for Grants of each ministry to e-Lekha.
4. Consolidating accounting heads under each of the 27 Flagship schemes identified.
5. Daily Accounts abstract upload from Pay and Accounts Offices on COMPACT containing central release information.
6. Facility for Flagship scheme-wise reporting of central releases made for the current financial year as shown in the snapshot below.



Sr. No.	Description	Account Head	Plan Budget Estimates	Actual Exp. for the period	* All Figures in Crores of Rupees. (%)age of Exp. over BE.
<b>A ACA linked Schemes under the administrative control of States</b>					
1	Accelerated Irrigation Benefits Programme (AIBP)		3,580.00	3,461.54	96.69
2	Jawaharlal Nehru National Urban Renewal Mission (JNNURM)		5,031.50	3,676.46	73.07
3	Accelerated Power Development and Reform Programme (APDRP)		801.00	394.26	49.22
4	Backward Regions Grant Fund (BRGF)		5,800.00	4,329.98	74.55
5	National e-Governance Action Plan (NEGP)		1,381.00	573.75	41.55
6	National Social Assistance Programme (NSAP)		2,391.91	2,156.41	90.15
<b>II Center Sector Schemes</b>					
<b>B Education Sector</b>					
7	Sarva Shiksha Abhiyan (SSA)		10,671.00	11,295.57	105.85
8	Mid Day Meal (MDM)		7,313.50	5,632.24	77.01
9	Scheme for Universal Access and Quality at Secondary Stage (SUCCESS)		1,305.00	0.00	0.00
10	Oversight Committee (OSC) Report for Higher Education - National Skill Development Mission		3,831.25	1,385.10	36.15
<b>C Health Related Sector</b>					
11	National Rural Health Mission (NRHM)		11,105.50	8,965.99	80.73
12	Integrated Child Development Services (ICDS)		5,204.00	3,895.88	74.86
13	Total Sanitation Campaign (TSC)		954.00	829.42	86.94
<b>D Agriculture Related Sector</b>					
14	National Horticulture Mission		1,150.00	900.00	78.26
15	Macro Management of Agriculture		1,100.00	964.40	87.57
16	National Agricultural Insurance Scheme (NAIS)		500.00	500.00	100.00
17	National Rainfed Area		100.00	0.00	0.00
18	Dry Land Farming System		200.00	0.00	0.00
19	Agriculture Extension		230.00	146.33	63.62

#### 5. Proposed Interim Solution

## 5.1 Segmented Reporting of over 1200 Plan Schemes - Agency and Geographical Location wise

Reporting expenditure against budgetary estimates for 27 flagship schemes did not fulfil the expectations of stakeholders completely. Of the three missing blocks only schemes as defined by Planning Commission were mapped to accounting classification system. Information related to recipient agency and geographical location was still missing. This necessitated development of subsidiary codes to supplement MIS available from Chart of Accounts.

## 5.2 Tracking of Plan Releases through Introduction of the Sanction ID

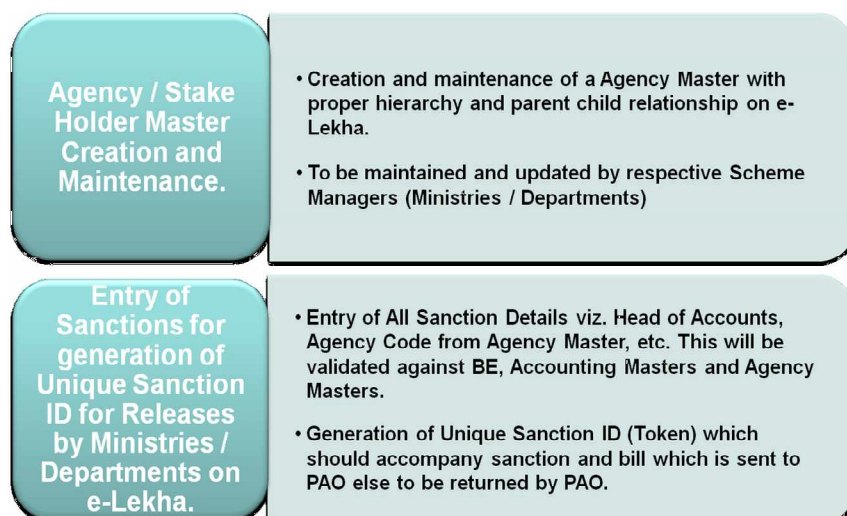
The Current system of classification of accounts captures information related to a transaction along:

1. Grant Number
2. State of function( Major head/sub –major head)
3. Programme of State( Minor head)
4. Scheme under the programme ( Sub-head)
5. Sub-schemes (Detailed head)
6. Item of expenditure ( Object head)

The above elements of Chart of Accounts segregate the information related to a transaction among information blocks The Current information blocks serve the purpose for capturing information required for preparing accounts. However, information requirement of stakeholders regarding fund flow with respect to parameters below are not captured:

- Scheme Name as defined by Planning Commission.
- Recipient Agency to whom fund disbursed
- Geographical location of State / District / Block

Sanction ID proposes to tackle the problem by introducing elements of *recipient agency*, *scheme* and *geographical location* at the time of the primary data (Sanction) initiation by the Sanction issuing authority.



The objective is to build a comprehensive centralised database from the source for enhanced financial reporting for monitoring plan schemes implementation by including Sanction ID with the current system of classification of accounts.

This will facilitate complete information base for Plan Schemes about:

- § Funds released under a scheme of Planning Commission.
- § Funds received by an agency.
- § Funds received geographical location wise.
- § Sanction pending release of funds under plan schemes can be monitored more effectively.
- § Recipient agencies/States can use the sanction ID for referencing purposes.
- § For flow of funds to lower levels the sanction IDs can be sub referenced for forward and backward flow of information.
- § System opens up exciting opportunities in financial reporting for plan schemes.
- § Based on success of 1st phase, system is scalable to monitor the fund flow transfer to the spending unit level of implementation.

#### 5.2.1 Definition / Meaning of Sanction ID

In order to circumvent the problems listed above vis-à-vis Schemes monitoring on e-Lekha as a single windows interface for all schemes of the Government of India, a sanction ID to capture all the required subsidiary information along with the COA was introduced as below:

The proposed Scheme Monitoring on e-Lekha would include:

- Scheme Definition and Multi Hierarchy structure with Parent child relationship so as to enable reporting against different levels.
- Geographical Entity definition (*Adoption of Census Codes*)
- Multi level Agency Stake Holder Definition again with hierarchical relationships.
- Definition of Sanction as *Expenditure* or *Transfer*.

Once the information regarding the Sanction is fed into the Central Plan Scheme Application, it would generate a Unique 19 digit Sanction ID. This sanction ID (*details as below*) would be printed from the application and would accompany the sanction and bill which is sent to the Pay and Accounts Office by the Department DDO.

#### 5.2.2 Sanction ID Structure (19 Char)

1. Scheme Code: 4 Char viz. 0234
2. (T)ransfer / (E)xpenditure
3. Implementing Agency Code: 4 Char viz. HFRI
4. Grant No: 3 Char viz. 035
5. Financial Year: 4 Char viz. 0708
6. Running Sl.No.: 3 Char

A typical Sanction ID generated would look like 0234/T/HFRI/035/0708/928

### 5.3 The Building Blocks

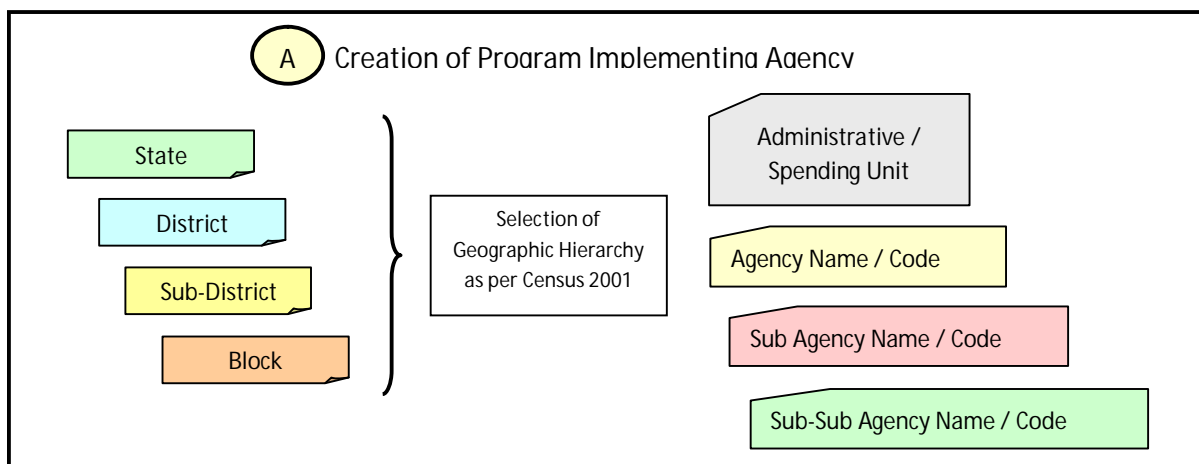
#### 5.3.1 Agency / Stake Holder Master Creation and Maintenance.

The IT application created on e-Lekha facilitated the creation and maintenance of an Agency Master with proper hierarchical relationship of Parent Agencies and Child Agencies on e-Lekha by respective Program Divisions and down the line sub agencies. It also facilitated the creation and maintenance of Userids and defined access rights to agencies / sub agencies.

The screenshot shows the 'Parent Agency Master' form in the e-Lekha application. The header includes the text 'An e-Governance initiative of the Controller General of Accounts' and 'Value Added integrated services from COMPACT'. The main header features the 'e Lekha e-लेखा' logo and the slogan 'A STRIDE TOWARDS A CORE ACCOUNTING SOLUTION'. Below the header, there is a 'Financial Year' field and a '[Logout]' button. The form itself is titled 'Parent Agency Master' and contains several input fields and dropdown menus. The 'Grant No.' field is set to '056 - Department of School Education'. The 'Agency Code' is 'SSAHP'. The 'Agency Description' is 'Department of School Education and Liter'. The 'Agency Type' is 'NGO'. The 'LOCATION' section includes 'State' (HIMACHAL PRADESH), 'District' (<Select District>), and 'Block' (<Select Block>). The 'User Name' is 'Sarva Shiksha Abhiyan Himachal Pradesh', 'Login ID' is 'ssahp', and 'Password' and 'Confirm Password' are masked with dots.

#### 5.3.2 Maintenance of Geographical Location codes as per Census directory.

e-Lekha also facilitated the mapping of each agency in the agency masters with appropriate geographical location at the time of Sanction ID generation thus linking each sanction to a geographical region as per prevailing census codes.



### 5.3.3 Creation and Maintenance of Scheme Codes and their definition and multilevel hierarchies.

The Scheme definition of all Schemes and their associated hierarchies up to the Scheme Name was created and maintained by the Office of the CGA and any further sub classification of schemes below the scheme by Program managers and Controllers in different ministries was facilitated on e-Lekha.

An e-Governance initiative of the Controller General of Accounts Value Added integrated services from COMPACT

**MENU** *e Lekha e-लेखा* A STRIDE TOWARDS A CORE ACCOUNTING SOLUTION

Financial Year : 2007-2008 [Logout]

**SCHEME MASTER**

Scheme Short Code :

Description :

Gross Budget Estimate :

The schemes / sub schemes was then mapped with their respective accounting codes as per the Detailed Demand for Grants by respective Controllers.

An e-Governance initiative of the Controller General of Accounts Value Added integrated services from COMPACT

**MENU** *e Lekha e-लेखा* A STRIDE TOWARDS A CORE ACCOUNTING SOLUTION

Financial Year : 2007-2008 [Logout]

**Mapping Of Scheme**

Controller :

Scheme Definition :

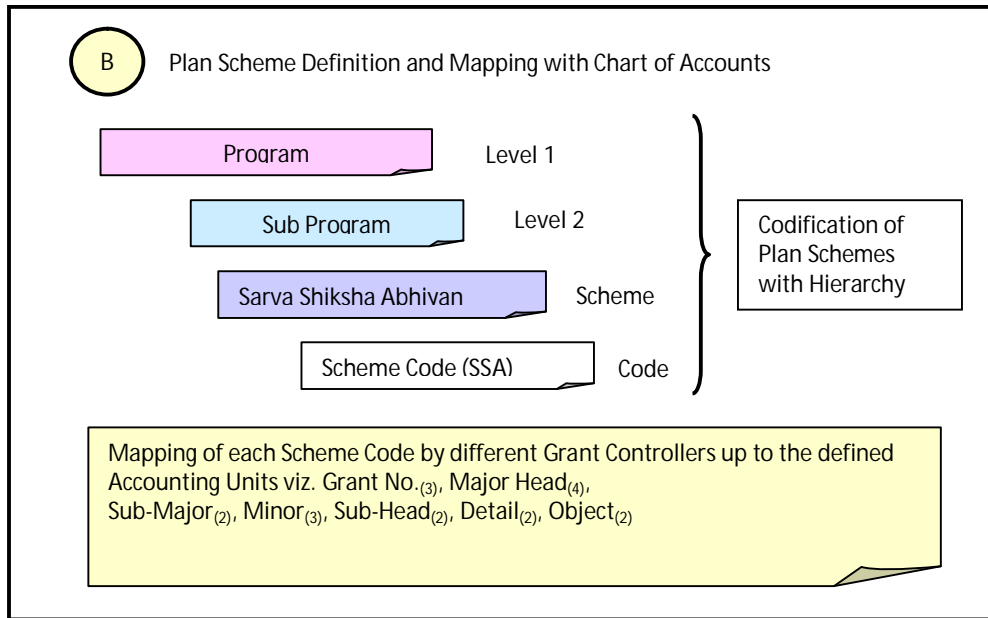
Add Row

Sr. No.	Sub Scheme	Details
1	(003) - (505) - (NATIONAL PROJECT ON CATTLE BREEDING)	<a href="#">Detail</a>

**Record For the Sr. No.1**

Scheme	Major	Sub Major	Minor	Sub Head	Detail Head	Object Head
NATIONAL PROJECT ON CATTLE BREEDING	2403	00	102	10	01	12
	2403	00	102	10	01	20
	2403	00	102	10	01	31
	2552	00	260	02	00	31





### 5.3.4 Entry of Sanctions for and generation of Unique Sanction ID for Plan Releases by Ministries / Departments on e-Lekha.

The above three masters as mentioned in 5.3.1, 5.3.2, and 5.3.3 above then became a mandatory requirement for Program Divisions for generation of Sanctions on e-Lekha. With effect from 1<sup>st</sup> April, 2008, respective Program Divisions started feeding in the Sanctions pertaining to Schemes on e-Lekha where they would have to select the Scheme Code (*as per Scheme definition master*), Agency Code (*as per Agency Master which is already mapped with location codes*), its associated detailed expenditure head of accounts as per COA in the detailed demand for grants (*which would be validated against the head of accounts already mapped in the Scheme Definition*). The type of Sanction whether (*Expenditure / Transfer*) was also needed to be flagged at the time of Sanction ID generation.

An e-Governance initiative of the Controller General of Accounts Value Added integrated services from COMPACT

*e Lekha e-लेखा*

A STRIDE TOWARDS  
A CORE ACCOUNTING SOLUTION

Financial Year : 2007-2008 [Logout]

**SANCTION GENERATION**

Controller: 001 ( AGRICULTURE )

Plan Scheme: NPCBB - National Project for Cattle and Buffalo Breeding

PAO: ( 000001 ) - PAO(Sect)-I

DDO: ( 000001 ) - PAO SECT. 1, NEW DELHI

Sanction Type:  
 Transfer  
 Expenditure  
 Both

Agency: ( DAC ) - Department of Agriculture and Cooperation

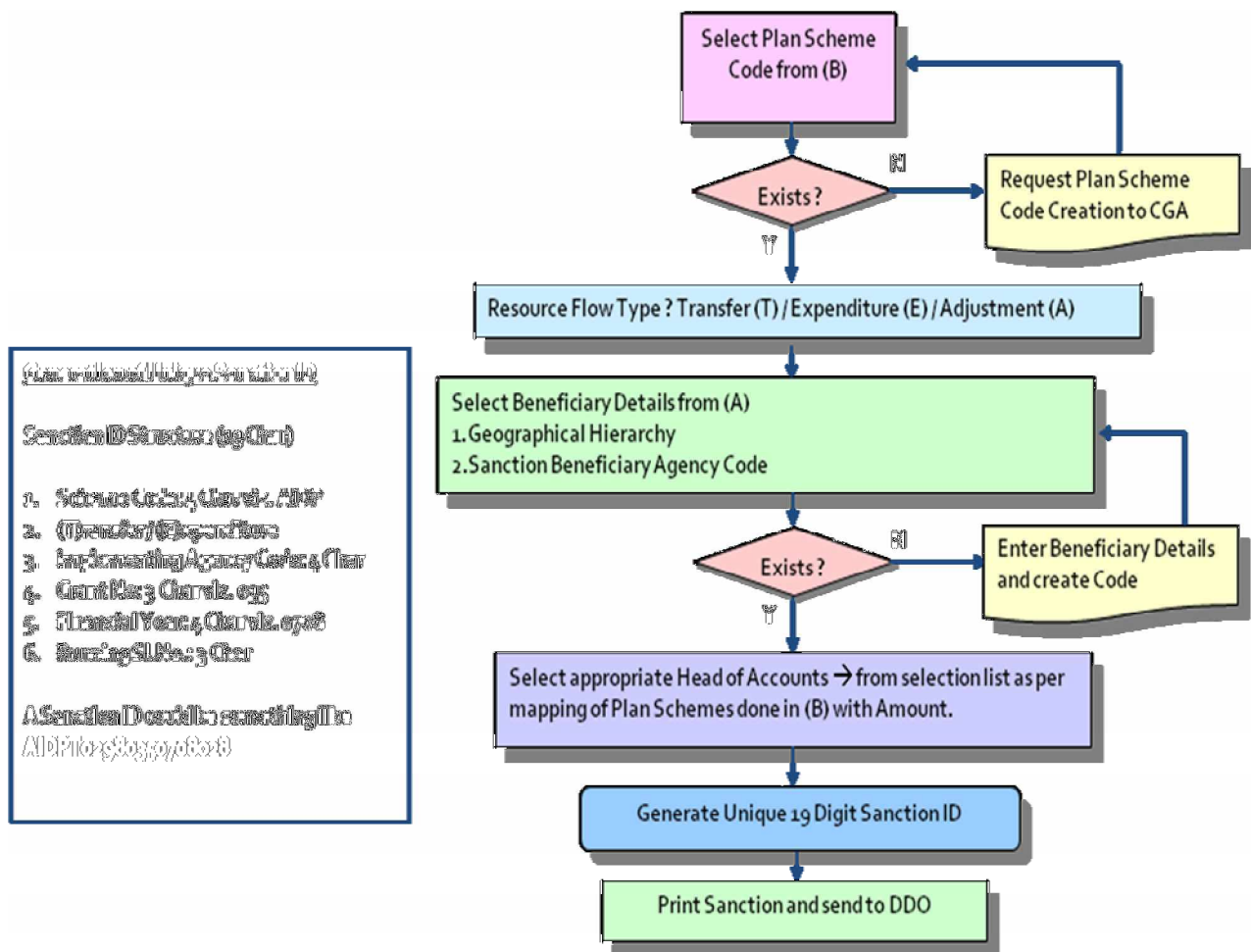
Location Block:  
 State: HIMACHAL PRADESH  
 District: Chamba  
 Block: Chamba

Accounting Details

Grant	Function Head	Object Head	Category	Amount
001 - Department	2403001021001	31	EXPENDITURE (F)	5000000

Once all the above information is fed and validated the e-Lekha application generated a Unique 19 digit Sanction ID (Token). This sanction ID would then have to be accompany the sanction and bill which is sent to PAO for payment by the Department DDO. The PAO was empowered to return all such sanctions back to the DDO which do not have the accompanying 19-digit Sanction ID generated on e-Lekha. The schematic of the Sanction ID creation process is as shown below.

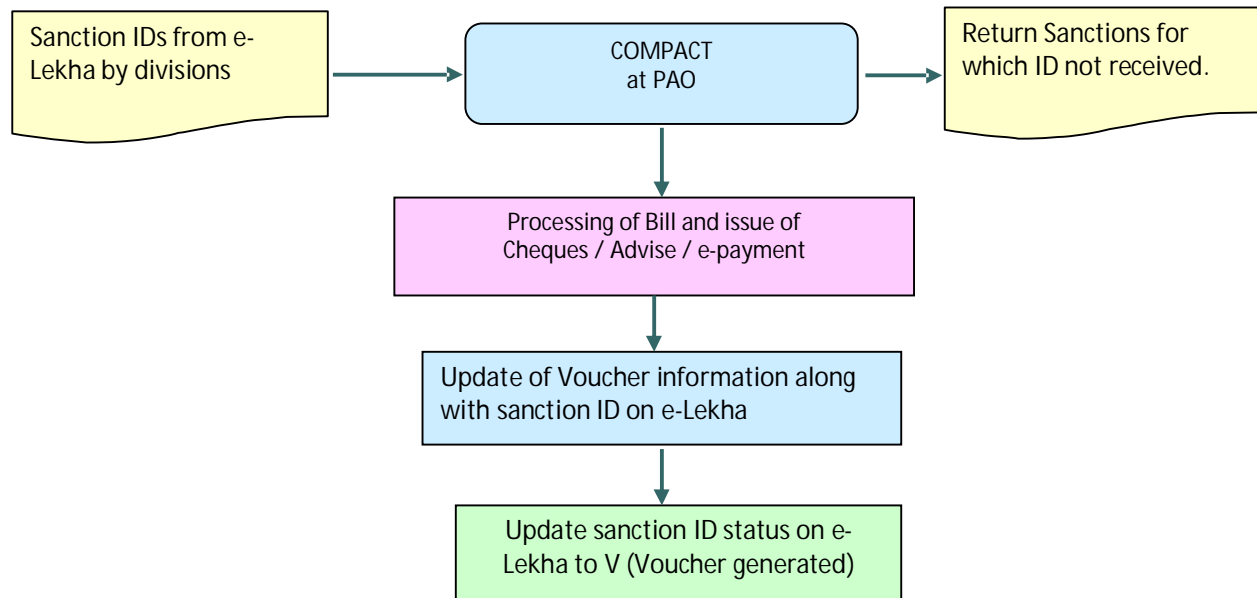
## Capture of Sanctions and Generation of Unique Sanction ID



### 5.3.5 Process of Bill by Pay and Accounts Office (PAO) and release of Sanction Amount.

The PAO would then download a worksheet with all valid Sanction IDs generated on e-Lekha pertaining to the respective PAO through a suitable interface. The PAO while feeding the bill details pertaining to the sanction would validate against the sanction IDs downloaded from e-Lekha and would return all sanctions which fails the validation. After pre-check of the bill the PAO would issue cheque / Advise / e-payment authorization (as the case may be) and the voucher details along with sanction ID would be

updated and subsequently uploaded to e-Lekha at the end of each day. The status of the Sanction ID on e-Lekha would be updated as 'V' (*indicating payment effected*). Report of Sanctions pending settlement at PAO was made available to program divisions.

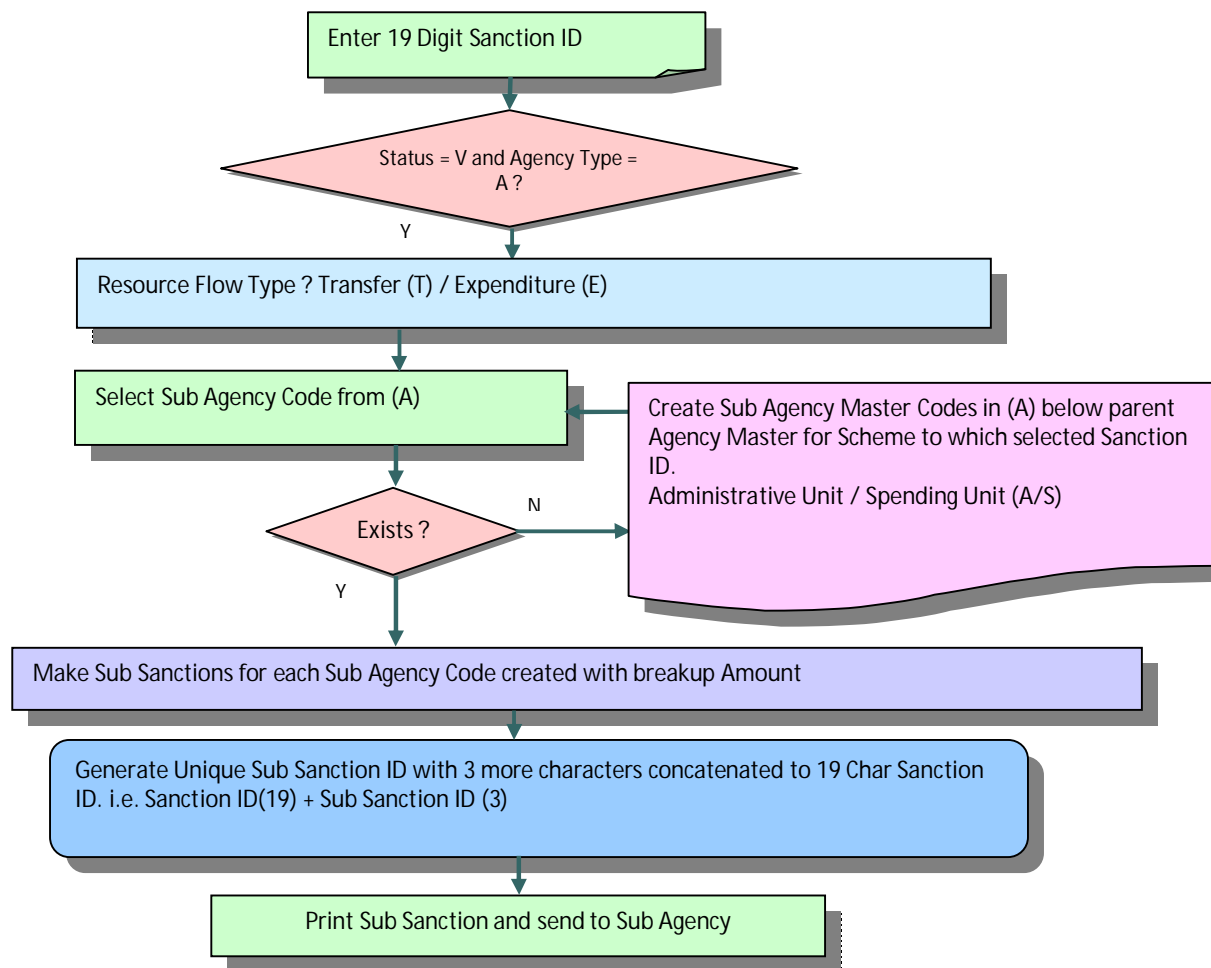


### 5.3.6 Creation of sub-Sanctions by down the line Agencies / Sub-Agencies

Similarly, it is also proposed that implementing agencies when they log into e-Lekha would see their sanctions for which payment has been released by PAO and depending on the flag (*Expenditure / Transfer*) would either have the facility to create sub-sanctions or submit utilization/ expenditure statement back on to e-Lekha.

For agencies creating sub-sanctions on e-Lekha against a sanction for further distribution would then have to create sub-sanctions to down the line sub-agencies and for each such sub-sanction would have to generate a 3 digit sub-sanction ID which would be linked (*referenced*) to the original sanction ID and distribute sub-sanctions to sub-agencies. This process of creating sub-sanctions for all sanctions classified as '*Transfer*' would continue until the last sanction in the hierarchy is classified as an expenditure Sanction.

In this way all, it is proposed that sub-sanctions of the parent sanction would be mapped to the original sanction and reporting of the distribution of funds in the entire chain to sub agencies against the parent Sanction ID would be available to Program divisions. The schematic of the sub-sanction creation process is as shown below.



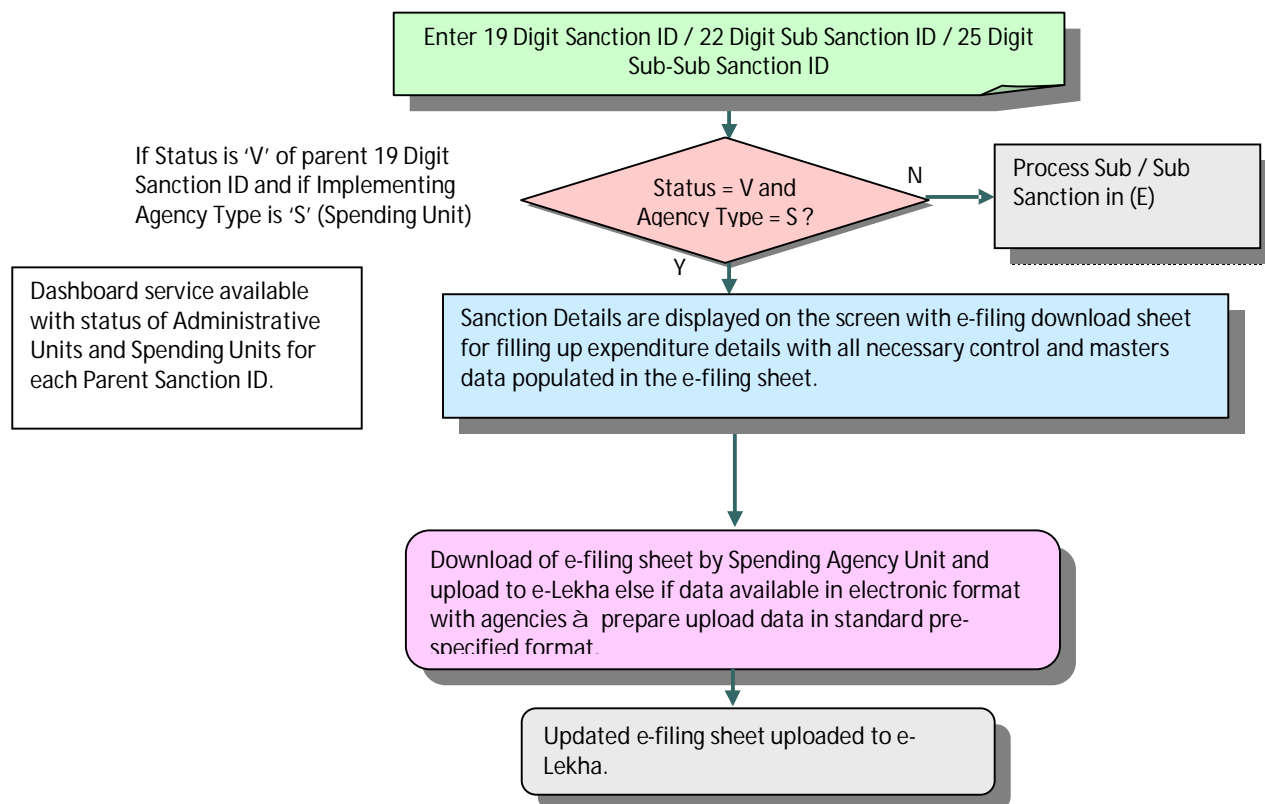
### 5.3.7 e-filing of Expenditure by Spending Units on e-Lekha

The expenditure / Utilization statement by the Implementing Agency is proposed to be facilitated on e-Lekha. The Spending Agency after logging into e-Lekha would have to enter the Sanction ID / Sub Sanction ID. The Sanction / Sub Sanction Details would be displayed on the screen and an e-filing work sheet for filling up expenditure details with all necessary control and masters data populated in it would be available for download as shown below.

Sub-Sub Sanction ID and associated details.	Sl. No.	From Date	To Date	Type of Activity viz. Wages / Salaries / Administrative Expenses / etc.	Amount Spent	Other Details Viz. Cheque No., Activity Details
<i>Populated from Masters and Controls</i>						

This work sheet could then be downloaded by the spending unit and filled up off-line using a PDA / or any ordinary desktop PC. The filled up data would be validated against the control data and masters in

the sheet and an XML data file containing all transaction data would be generated from the excel sheet by clicking on a generate XML button on the excel sheet.



This XML data file could then be uploaded on to the e-Lekha application by the agency using an internet interface. If data is available in electronic format with agencies they could also prepare upload data in standard pre-specified format and upload to e-Lekha through the internet enabled interface.

### 5.3.8 Segmented MIS on e-Lekha for Central Plan Schemes Monitoring

Once steps 5.3.1 through 5.3.7 is adopted uniformly by all implementing agencies on e-Lekha, e-Lekha could facilitate segmented reporting of schemes across implementing agencies and flow of funds from central ministries as well as and utilisation / expenditure can be made available through various implementing agencies and geographical locations down the line.

## 6. Eliminating Float in the pipeline

### 6.1 Exploring a possible solution to eliminate float

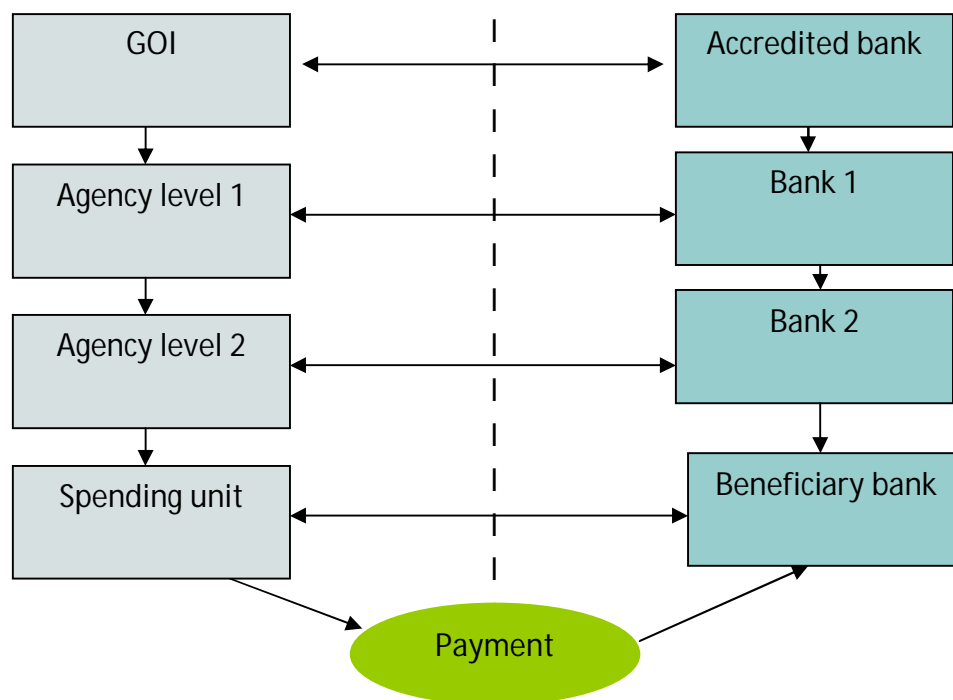
Currently, money released from GOI is treated as spent in accounts. However, fund transferred normally lies unutilised in innumerable bank accounts across the system. Therefore, a system in which only "authorisation to spend" and not "funds to spend" flow can tackle this problem of float. Vast banking network can be used to transfer these "authorisations" instead of real funds. A system of authorisations implies that all these entities become a part of the preparation process of national accounts. The key

areas would be on how to incentivize the banking system to transfer authorizations instead of funds? Another area of concern would be the lack of capacity at the grassroots level in accounting and IT and in overcoming the challenge of change management involved in the project.

## 6.2 Current System of Fund Disbursement

### 6.2.1 Funds Flow Constraints

The primary focus of Gol has been to streamline the flow of funds to implementing units, almost in detriment to the other financial management issues. The factors that impact the flow of funds in CSS are: the approval process in Gol; a large number of implementing units including PRIs; various intermediate levels that the funds have to flow through; and the physical mode of transfer. While the creation of state and district societies in many projects has addressed the issue of fiscal stress and the consequent delay in release of funds by the states, it is still constrained by; approval process in Gol with lack of clear guidelines for release of funds; lack of adequate financial delegation, especially to state societies to process transfers to districts; and the failure to take advantage of rapid advances in banking, information and communication technology to make on time availability of funds so as to eliminate float in the system.



The current system of fund flow happens in a hierarchical fashion and mimics the disbursement of the sanction and approval process through different hierarchies as shown above. The fund flows through different banking channels, through every tier of the hierarchical structure even though no actual expenditure happens at these intermediary levels thus building up a huge float and a substantial cost of carry.

### 6.3 Proposed Process – Conceptual Framework

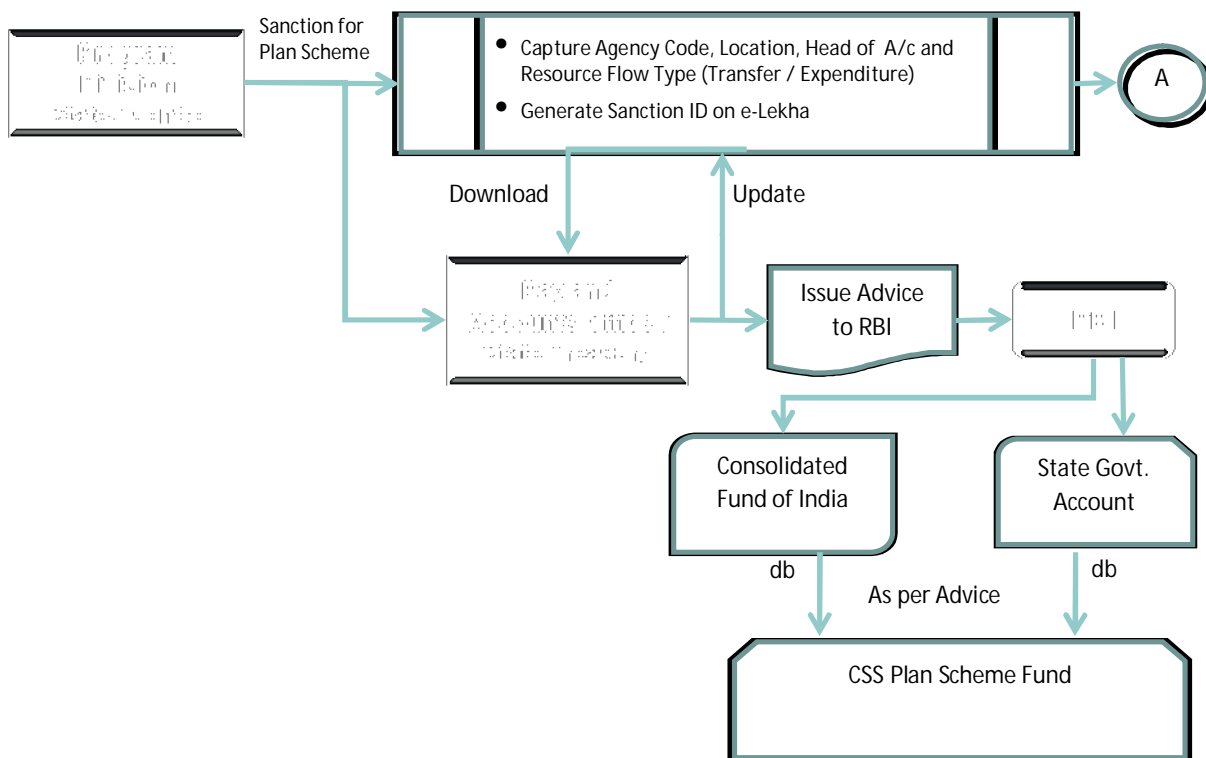
A conceptual model of eliminating float in the system of current fund flows is proposed in the following manner.

1. Sanction ID and Creation of a CSS Plan Scheme Fund Account with RBI
2. Sub Sanction ID to the Lower Level and Resource Flow Type ( T / E )
3. Credit Authorisation to Agency Bank and Branch for Spending Agency
4. e-Filing of Expenditure Statement and Making Payment to Beneficiary
5. Reimbursement to Agency Banks, Reconciliation and Accounting

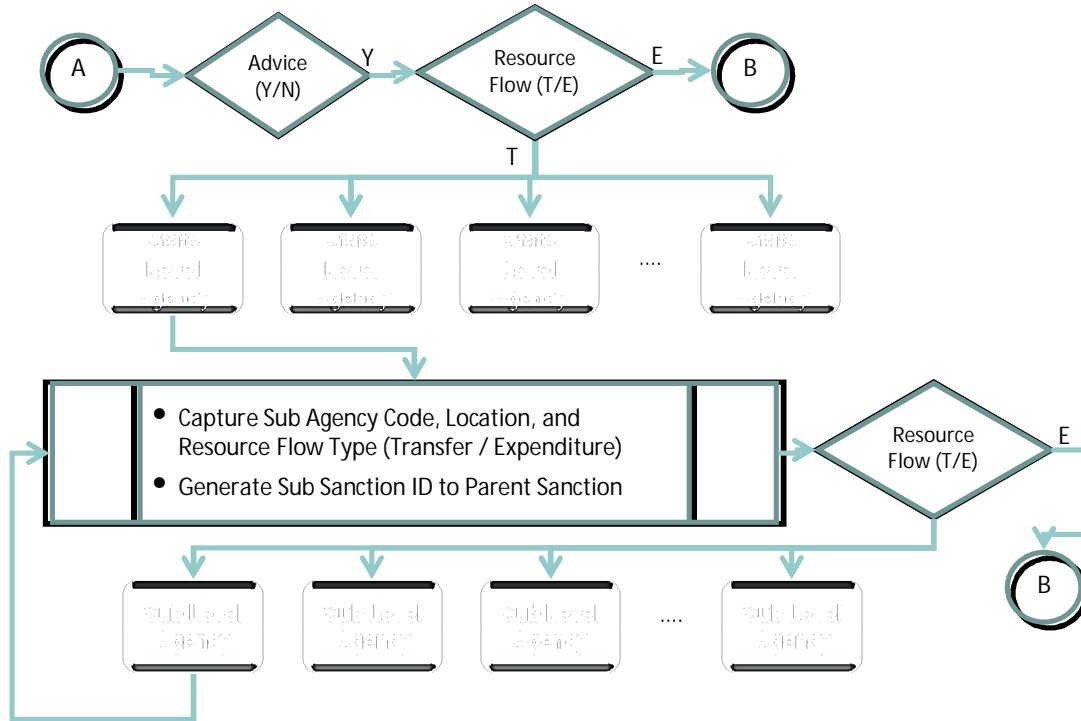
This is just a sketchy model and the aim of presenting this model in this article is for readers to initiate discussion and debate so that refinements and tuning can be made to make it an acceptable and sustainable model for all stake holders. We could also experiment this model by running a few pilots for a few schemes in a few locations, so that the model can be adequately tested, refinements made and fine tuned to meet the requirements and expectations of all stake holders.

The schematics of each process (*which is self explanatory*) from 6.3.1 through 6.3.5 is presented as below.

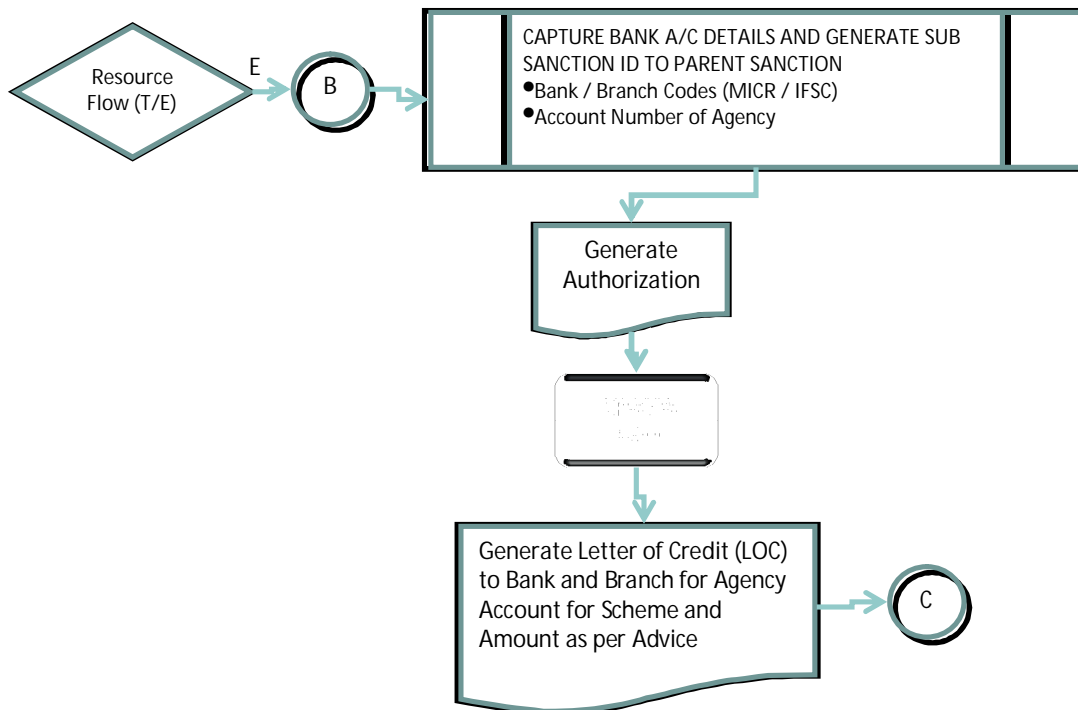
#### 6.3.1 Sanction ID Generation and Creation of a CSS Plan Account with RBI



### 6.3.2 Sub Sanction ID Generation to the Lowest Level and Classification of Resource Flow

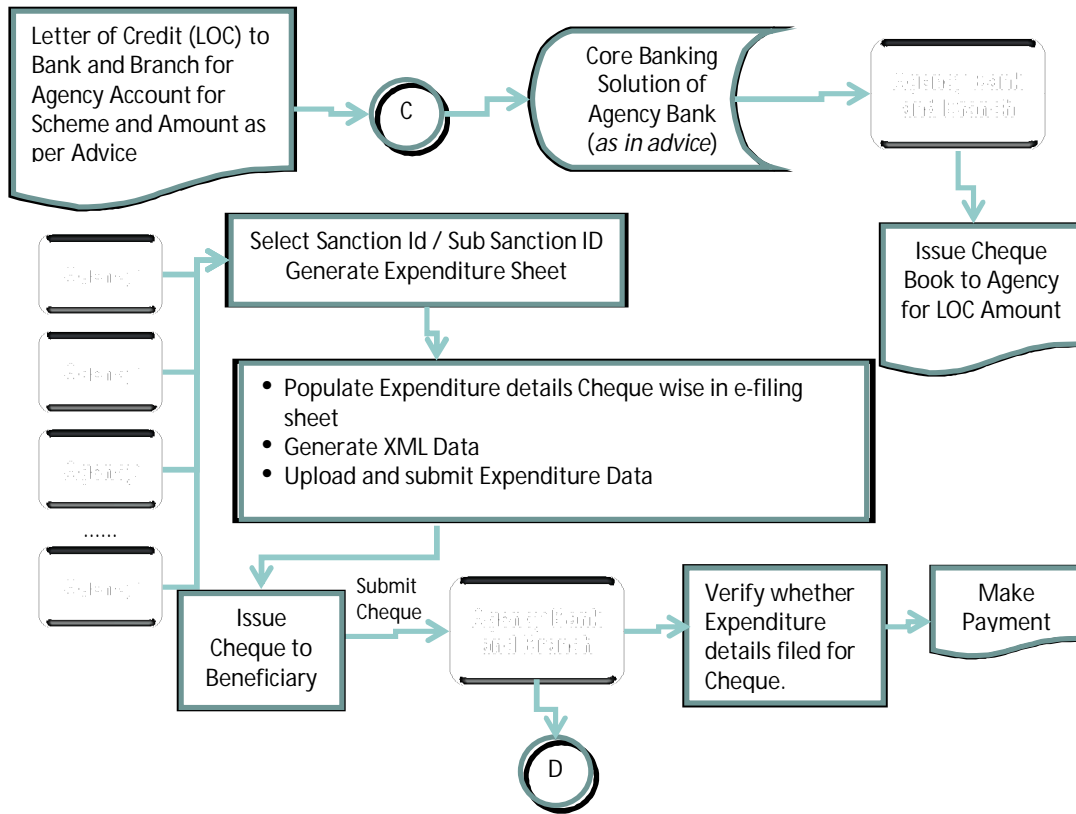


### 6.3.3 Letter of Credit to Agency Bank and Branch for Spending Agency

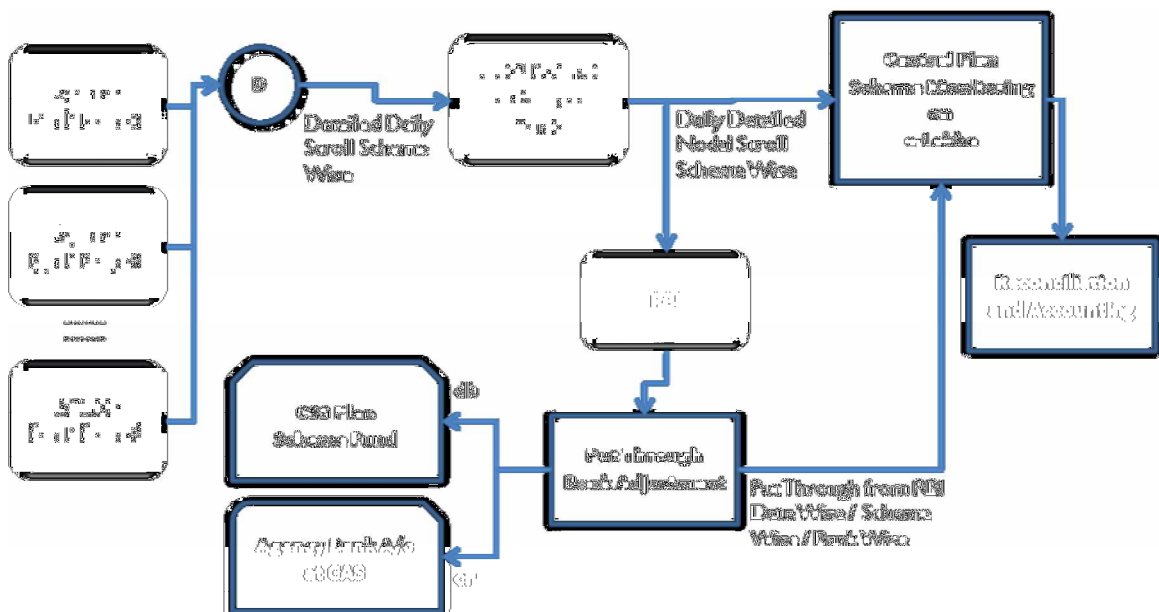




### 6.3.4 e-Filing of Expenditure Statement and Making Payment to Beneficiary



### 6.3.5 Reimbursement to Agency Bank, Reconciliation and Accounting



The model envisaged above could help funds reach the destination (State/District/Block) fast and at the time of expenditure rather than parking it in different banking channels thereby if not completely eliminating, reducing float to a large extent. The model would also facilitate on-line status of fund utilization under each activity at all levels leading to better utilization and enabling fund managers to take mid-term corrective steps.

Envisaged gains from such a model could be:

- Disbursal of funds at all the levels will be electronic (*in most cases*) and instant.
- Funds will reach each account segregated activity-wise. There will be no confusion about the purpose of the allocated fund.
- The system will not allow expenditure in excess of the disbursed amount under any activity. This will help budgetary control.
- With different levels of selective authorisation various entities such as Union, State or District will be able to know the financial position on on-line real time basis.
- Accounts are compiled as the expenditure authorisations take place – no subsequent Data feeding required.
- The States will be able to know the level of Fund utilisation:
  - Under each activity against each District / Agency
  - Against each District / Agency as a whole
  - For the State as the sector as a whole

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