K-11011/01/2015-RE-I (344646)
Government of India
Ministry of Rural Development
Department of Rural Development

Krishi Bhawan, New Delhi
Dated the 23rd May, 2018

To

The Principal Secretary/Secretary/Commissioner
(In- Charge MGNREGA)
Rural Development Department/Panchayati Raj,
(All Ne-FMS States)

Subject: Amendments in the National Electronic Management System (Ne-FMS) guidelines under MGNREGA –reg.

Sir/Madam,

I am directed to refer to this Ministry's letters of even number dated 25th May, 2016 & 15th February, 2018 on the subject mentioned above and to forward herewith the revised NeFMS Guidelines for information and appropriate action.

Yours faithfully,

(A. K. Sumbly)
Deputy Director (MGNREGA)
Tel. No. 23070129

Copy to:
1. The Joint CGA, PFMS, Ministry of Finance, Shivaji Stadium, New Delhi.
2. The Director (RB & Planning), DoP, Dak Bhawan, New Delhi.
3. The CMD, State Bank of India, New Delhi
4. Sr. Technical Director (NIC-RD), MoRD, New Delhi fro necessary action.
5. The GM, NPCI, Mumbai
6. PPS to Secretary (RD)
7. PS to JS(RE)
8. PS to CCA- RD/PAO
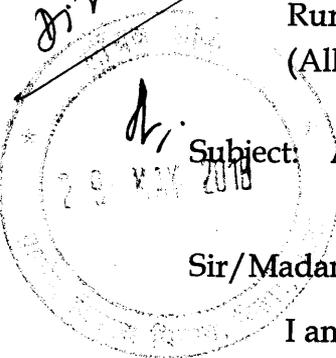
ज्ञापांक 378093 पटना/दिनांक 09-07-2018

ग्रा0वि07(विविध)-05/2016

प्रतिलिपि:- सभी जिला पदाधिकारी-सह-जिला कार्यक्रम समन्वयक / सभी उप विकास आयुक्त-सह-अपर जिला कार्यक्रम समन्वयक, बिहार को सूचनार्थ एवं आवश्यक क्रियार्थ प्रेषित ।

(संजय कुमार सिंह)

संयुक्त सचिव

ज्ञापांक 378093 पटना/दिनांक 09-07-2018

ग्रा0वि07(विविध)-05/2016

प्रतिलिपि:- सचिव के प्रधान आप्त सचिव, बिहार / श्री निरज कुमार, जिला अंकेक्षण प्रबंधक / एम0आई0एस0 टीम, बिहार रूरल डेवलपमेंट सोसायटी, रेड क्रॉस भवन, गांधी मैदान, पटना को सूचनार्थ एवं आवश्यक क्रियार्थ प्रेषित ।
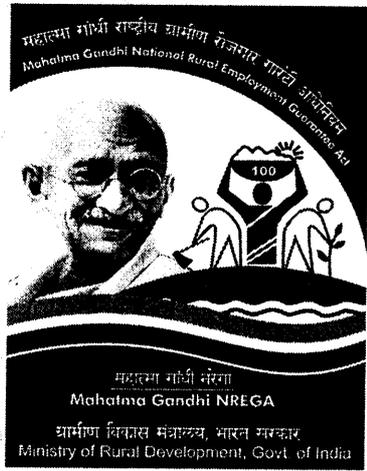
(संजय कुमार सिंह)

संयुक्त सचिव

NATIONAL ELECTRONIC FUND MANAGEMENT SYSTEM (Ne-FMS)

FRAMEWORK OF IMPLEMENTATION

महात्मा गांधी राष्ट्रीय ग्रामीण रोजगार गारंटी अधिनियम
Mahatma Gandhi National Rural Employment Guarantee Act

100

महात्मा गांधी नरेगा
Mahatma Gandhi NREGA

ग्रामीण विकास मंत्रालय, भारत सरकार
Ministry of Rural Development, Govt. of India

Mahatma Gandhi National Rural Employment Guarantee Act

Table of Contents

ABBREVIATIONS

1. APBS: Aadhaar Payment Bridge System
2. Accredited Bank: Bank where Ministry account is maintained.
3. CGA: Controller General of Accounts
4. DDO: Drawing & Disbursing officer
5. DSC: Digital Signature Certificate
6. DBT: Direct Benefit Transfer
7. e-MR: electronic Muster Roll
8. e-MB: electronic Measurement Book
9. GP: Gram Panchayat
10. GRS: Gram Rojgar Sahayak
11. FTO: Fund Transfer Officer
12. IFD: Internal Finance Division
13. LB: Labour Budget
14. MoRD: Ministry of Rural Development
15. MGNREGA: Mahatma Gandhi National Rural Employment Guarantee Act
16. MIS: Management Information System used interchangeably with NREGASoft
17. MMS: Mobile Monitoring System
18. NACH: National Automated Clearing House
19. NIC: National Informatics Centre
20. NREGASoft: MIS system of MGNREGA
21. Ne-FMS: National electronic Fund Management System
22. NPCI: National Payments Corporation of India
23. PFMS: Public Financial management System
24. PAO: Principal Accounts Office
25. PD: Programme Division
26. PO: Programme Officer
27. SEGF: State Employment Guarantee Fund
28. Sponsor Bank: Bank with states SEGF Ne-FMS account.
29. TA: Technical Assistant
30. UT: Union Territory

I. INTRODUCTION

This document presents the system and protocol to be followed under National e-FMS (Ne-FMS) for direct release of wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in accordance with the protocol finalised under the Direct Benefit Transfers (**i.e. "Notionally" travel through SEGF (State Employment Guarantee Fund) to the workers account, based on a Fund Transfer order to be generated by States' implementing agencies**) while continuing with the current system for release of the material and administrative component.

II. BACKGROUND AND OBJECTIVE OF Ne-FMS

As per the Section 22(1) of the Mahatma Gandhi National Rural Employment Guarantee Act 2005, the Central Government is mandated to meet the cost of the wages for unskilled manual work under the Scheme, and upto three-fourths of the material cost of the scheme including the payment of wages to the skilled and semi-skilled workers, and the administrative expenses as decided by the Central Government (currently at 6%). The State Governments have to meet the cost of the unemployment allowance and one-fourth of the material cost. Altogether, about 96% of the total cost of implementation is being met by the Central Government.

Streamlining fund flows

- In order to streamline the system of fund releases and to avoid multiple levels of fund release and thereby do away with the delays and corruption, an electronic Fund Management System (e-FMS), has been introduced in MGNREGA. Under this system, funds are held at one account at the State level (e-FMS Debit account) which is electronically linked to all implementing levels. The implementing agency (Gram Panchayat/ Block), after due verification of the work and the muster rolls, generates an electronic Fund Transfer Order (FTO) to transfer the wages direct into the beneficiary accounts duly debiting the State level account. This electronic advice allows transfer of wages within 2 working days (T+2) into the

accounts of the beneficiaries. Although the funds are held centrally at State level, the decision to spend is taken at the field level.

- The internal studies conducted on the reasons for the delayed payments pointed out that the delays in release of funds by the Central Government, multi-level release system, continued parking of funds at various levels and the inability of the implementation agencies to get the funds in time for payment - were the main contributory causes for the increased delays. **This calls for further steps to improve the system and to assure timely <u>availability of funds as per demand</u>.**

- In order to achieve optimization of the fund utilization and to dispense with the multiple levels of releases, it was suggested to adopt a National e-FMS e-platform which would assure transfer of wages to the workers' accounts within **<u>48 hours (T+2) of issue of the FTO</u>**. Many States have supported this proposal and wanted to eliminate the shortages in fund releases at the implementation levels. The State Governments have been emphasizing the need for timely release of funds.

Proposed Ne-FMS system

- With a view to further streamline the fund flow system and to empower the State Governments/grass-root implementation agencies to deliver entitlements as per the objectives of the Act, may be noted for action:

a) **Wage Component:**

The wage component of MGNREGA, which is entirely (100 percent) the responsibility of the Central Government, will be operated as a central sector scheme under the Major Head-2505. Funds under this component will be released, **following the DBT protocol (i.e. "Notionally" travel through SEGF (State Employment Guarantee Fund) to the workers account, based on a Fund Transfer Order to be generated by States' implementing agencies)** in accordance with the procedures to be prescribed by the Ministry of Rural Development.

b) **Material and administrative components:**

The material and administrative components will continue to be operated as centrally sponsored scheme, to be released to the State Consolidated Fund under the Major Head-3601.

1) States will have **two separate banks accounts** at the State Level. One will be to make payments against the Material and admin expenditure and second for the wage expenditure only. The new account would be known as SEGF-Ne-FMS account, for passing unskilled wage payment **"Notionally"** from central share only.

2) Since releases are through State Consolidated Fund into SEGF account, State to continue existing SEGF account for this purpose. However, for the wages State will create a separate account (SEGF-Ne-FMS) to **"Notionally"** receive the wage share of Central Government (100 percent) from where it will be directly credited into workers accounts.

3) The existing State SEGF account will continue to be used for making payments of state liability like material, unemployment allowance, number of days of employment provided over & above the number approved by MORD and other liabilities of the State Government.

4) There are also instances where payment of unskilled wages is made over and above notified MGNREGA wage rate. Under such circumstances in order to make the process of crediting the due entitlement in the account of the beneficiary simple, such unskilled wages will be directly paid from SEGF Ne-FMS account through the

SEGF window to the accounts of the beneficiaries. **A protocol is being worked out whereby the States (State Sponsor Bank) will be able to refund the amount into the SBI bank account of Ministry which has been paid upfront by the Ministry on behalf of the State Government.**

5) States will ensure timely release of the State share into SEGF account.

6) States will have to communicate the details of both the accounts to MoRD for enabling Ne-FMS.

7) As per Government Rules, interest rate along with panel interest levied for failed transactions, any unpaid amount for more than stipulated period would be liable to penal interest on Sponsor Bank/ Post Offices/ Co-operative Banks.

Objectives of Ne-FMS system

- The proposed system would benefit all the stakeholders and would improve the overall efficiency of implementation. The **workers** would be assured of payment of wages on the 2nd day of the pay order generation. The **Gram Panchayats** would be empowered to take up work as per the agreed Labour Budget without struggling for release of funds. The **State Governments** would be able to spend more time in planning and improving the process efficiency without the botheration of trying to manage funds for implementation. The **Central Government** would gain by releasing what is actually expended. There will be greater transparency in movement of funds and lesser levels of corruption. Due to the release of funds as per actual expenditure, there will be **savings** on account of the interest rate on elimination of the parked/surplus funds.

III. STAKEHOLDERS:

Under the Ne-FMS system following are the Key stakeholders:

a) State Governments

b) Ministry of Rural Development

c) Office of the CGA (PFMS- Public Financial management System)

d) NIC-DRD

e) Accredited Bank

f) Sponsor Bank

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g) Department of Post

h) National Payments Corporation of India (NPCI)

IV. WORK FLOW:

i. Under the Ne-FMS system the e-pay order (FTO) after due verification are prepared by the signatories at the GP/Block Level. The concept of **"MAKER"** **& "CHECKER"** is inbuilt in the NREGASoft where 1st signatory is responsible to generate the FTO and 2nd signatory for checking and pushing it as e-pay order to NREGASoft server.

ii. The files are pulled by PFMS server from the MGNREGA Servers, processed and reflected in the fund release module of PFMS. The designated Officer in the MoRD processes the releases using his/her digital signature (using Digital Signature Certificates) or, as the case may be, through the PFMS portal.

iii. The process of approver by POA and DDO will continue as it is happening today from sanctioning and release of funds.

iv. PFMS will send to (1) **Accredited Bank** an e-Payment file to release funds to states account in Sponsor bank and (2) beneficiaries credit details to the **Sponsor Banks**. Simultaneously PFMS will share the state-wise release as and when it is done with NREGASoft.

v. **Accredited Bank** will transfer the funds to Sponsor bank.

vi. **Sponsor Bank** will process the files **using only the NPCI** (NACH/APBS) gateway OR as per the directions of Department of Expenditure time to time and share the response with PFMS the same day.

vii. **PFMS** will pass on the response files to the NREGASoft. **NIC-RD (NREGASoft)** will consume the responses to be reflected in the public domain.

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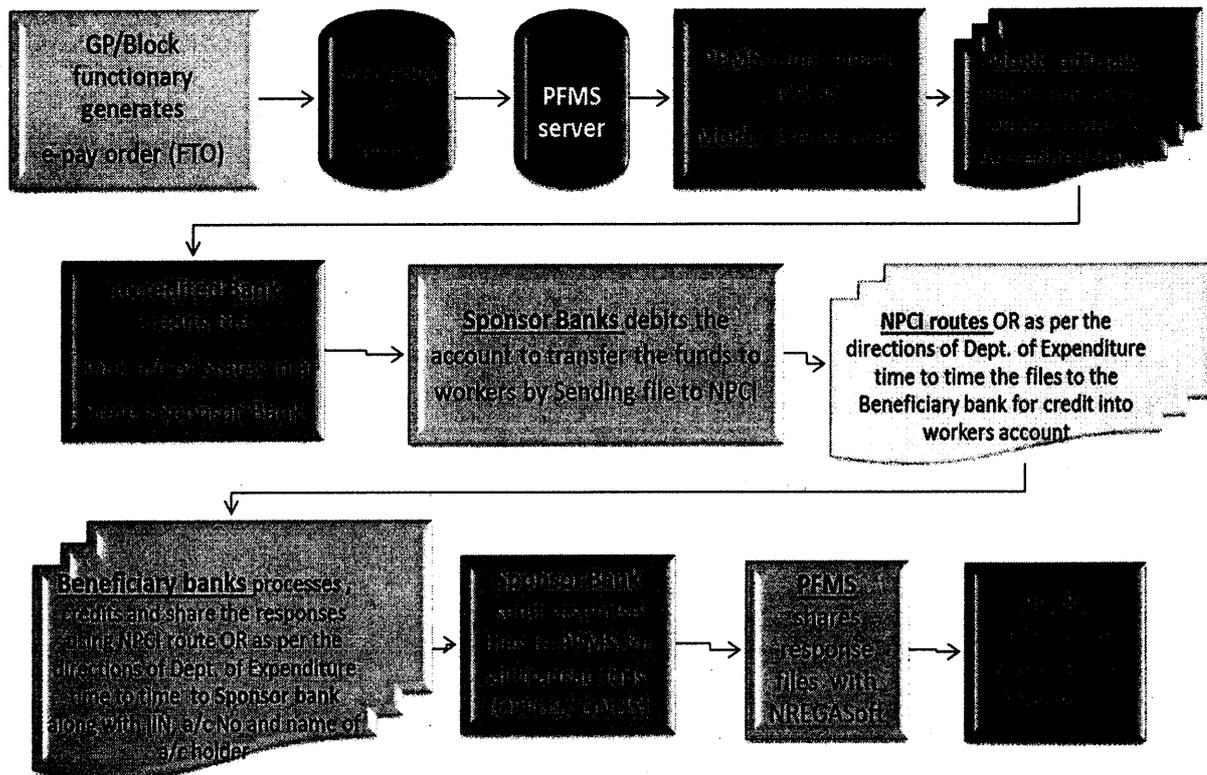
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Picture 1: The detailed work flow is illustrated in the following diagram:-

GP/Block functionary generates e-pay order (FTO) → [database] → **PFMS server** → [box] → [documents]

↓

[box] → **Sponsor Banks debits the account to transfer the funds to workers by sending file to NPCI** → **NPCI routes OR as per the directions of Dept. of Expenditure time to time the files to the Beneficiary bank for credit into workers account**

↓

Beneficiary banks processes, credits and share the responses using NPCI route OR as per the directions of Dept. of Expenditure time to time to Sponsor bank along with UTR, a/c No and name of a/c holder → [box] → **PFMS shares response files with NREGASoft** → [box]

V. PROTOCOL FOR ALL STAKEHOLDERS:

In order to meet the objective of making the timely payments (within 15 days of closure of e-Muster) to the MGNREGA beneficiaries it is essential that all stakeholders in this system adhere to the timelines advised. This is broadly categorized into the following:-

(1) Field functionaries involved up to generation of FTOs, *(2) MoRD Officials* involved in release of fund order and *(3) Agencies (PFMS/Banks/NPCI/DoP/NIC-DRD)* involved in the movement and processing of FTOs and ultimate crediting into accounts of beneficiaries.

(1) Field functionaries involved up to generation of FTOs:

Ministry has advised State Governments to ensure that all the sub activities and activities Viz. date entry of e-MR, measurement of work in e-MB, generation of wage list, generation of FTO and signing of the FTOs by 2nd Signatory are done in a time bound manner as illustrated in the table below:

Table 1: Processes, Persons, Period

c	PROCESSES	PERSON	PERIOD
	Last date of Muster roll as per e-muster	*IT System*	**T**
•	Data entry of attendance into MIS	*GRS*	In case of e-MR: **T+2**
•	Measurement of the work in Measurement Book and entering the same in NREGASoft	*TA or equivalent*	In case of e-MR: **T+5**
•	Generation of wage list.	*PO/ as identified by states*	In case of e-MR: **T+6**
•	Generation of FTOs (1st Signatory).	*Identified by states*	In case of e-MR: **T+7**
•	Approval of FTO for payment (2nd Signatory).	*Identified by states*	In case of e-MR: **T+8**

(2) MoRD Officials involved in release of fund order and
(3) Agencies involved in the movement and processing of FTOs and crediting into the accounts of beneficiaries.

C. ROLE OF CGA OFFICE

Procedure for payment directly to beneficiaries account (DBT) from Central Ministry/Department

Program division after obtaining the concurrence of IFD and sanction of the competent authority, shall digitally sign the e-Sanction as per draft format enclosed.

A.   Process to be followed by Drawing and Disbursing Officer (DDO)

On receipt of e-Sanction from Program Division.
- DDO will receive the e-sanction on PFMS.
- DDO will verify Digital Signature of the concerned Programme Division officer. PFMS will enable this provision. Till such time Programme Division will give the hard copy to CCA-RD.
- Check the budgetary provision under applicable heads.
- Check the correctness of the Head of Account.
- DDO can either accept the e-Sanction or return the same to the Programme Division with specific reasons.
- If in order, DDO will prepare e-Bill on PFMS portal and digitally sign the same. PFMS will enable this provision.

B.   Process to be followed by Pay Accounts Officer (PAO)

On receipt of e-Bill from DDO.
PAO will receive the digitally signed e-Bill along with e-Sanction and file containing eFTO's from the DDO shall process the e-Bill on PFMS Portal. The Pre-Check of the e-Bill will consist of following activities:
- Verify the digital signature of the concerned DDO
- Check the budgetary provisions under the head of Account.
- Check the correctness of the head of account.
- PAO can either accept the e-Bill or return the same to the DDO with specific reasons.

- On acceptance of e-Bill, the PAO will digitally sign the e-Payment advice in PFMS and send to the Bank for Direct Credit into the accounts of the SEGF Ne-FMS account of Sponsor Bank as per eFTO's.

C.   Process to be followed by Accredited Bank:

- Acknowledge receipt of the file of PFMS.
- Bank will process the transaction to credit SEGF Ne-FMS accounts.
- Bank will send e-scroll to PFMS at the end of the day showing each & every Sanction ID transaction (debit/ credit).
- Bank will also send a scroll at the end of day to PAO M/o RD (showing each & every CPSMS Sanction ID separately in one consolidated scroll)

D.   Accounting treatment at PAO for DBT:

On successful generation and submission of e-Payment advice to the bank, the PFMS would generate a text file for incorporation into relevant system or as applicable for posting accounting entries. The following entries should be prepared:

On issue of DBT e-Payment advice by PAO:

Dr. Functional/Accounting head of the scheme

Cr. 8670-Cheques and bills-111-xx-oo PAO e-Advice.

On receipt of e-Payment scroll by PAO:

(-) Credit 8670-Cheques and Bills -111-xx-00 PAO e-Advice.

Credit 8658-00-108-00-00 PSB Suspense (In case of PSU Banks)

Or

Credit 8658-00-108-00 ONB Suspense (in case of Private Sector Banks)

NOTE: The total amount will be debited as if all transactions are successfully credited and any returned/failed amount will separately be deposited in the designated account and reported as receipt transaction through receipt scroll.

E. <u>Accounting treatment of failed transactions:</u>

On receipt of verified scroll from Accredited Bank marked as 'Receipt Scroll against failed transactions', Accounting head 8670-Cheques and Bills and concerned functional head will be adjusted as per Accounting entries given below:

> (-)Cr. 8670-Cheques and bills -111-xx-00 PAO e-Advices.
>
> (-)Dr. Functional/Accounting head of the scheme.

- The 'failed' transactions reported by Sponsor Bank will be available on PFMS Portal clearly indicating the reasons for failure. **Ambiguous reasons like 'miscellaneous' and 'other reasons' shall not be accepted.**

NOTE: The procedure including the accounting entries are in accordance with the instructions contained in O.M. No-10(5)Misc/TA/2012-526 dtd. 19/02/2013, No.10(5)DBT/TA /2012-297 dtd. 27/05/2013 and S-11012/2/3(18)/PFMS/ 2015/RBD/232-263 dtd. 13/03/2015 issued by office of the Controller General of Accounts.

File No._____

Government of India
Ministry of Rural Development
(Department of Rural Development)
(Mahatma Gandhi NREGA Division)

Krishi Bhawan, New Delhi- 110001
Date:

To
    The Pay & Accounts Officer,
    Government of India,
    Ministry of Rural Development,
    Krishi Bhawan, New Delhi.

Subject: *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) – payment to unskilled labour by direct credit to the beneficiaries account through DBT.*

Sir,
    I am directed to convey the sanction of the President of India for release of an amount of Rs............................... (Rupees ....only) for MGNREGA payment to the beneficiaries directly to her/his bank account as per sanction I.D. No.. .... dt. ....

Amount of fresh transactions being released	Amount of failed transactions being re-released	Total
1	2	3

2. It is certified that the total fund as in column above tallies with the control totals of all FTOs generated and appended in sanction I.D. No.. ....

3. It is certified that the amount for failed transaction has not been released to the beneficiaries earlier.

4. The payments under DBT are linked to the FTOs generated based on primary records retained at GP/Block level and therefore the accounts/primary records will be audited by the Comptroller and Auditor General of India and the Internal Audit of the Principal Accounts Office of the Ministry of Rural Development in terms of Rule 211 (1) of the General Financial Rules.

5. The expenditure is debitable to the following Head of Accounts under Demand No.84 Department of Rural Development (2015-2016)
    (Detailed Head of Account)
    2505   Rural Employment
    02   Rural Employment Guarantee
    101   National Rural Employment Guarantee Scheme
                National Rural Employment Guarantee Scheme (Minor Head)
    02   Assistance to District Rural Development Agencies/District Programme
                Coordinators and others
    02.00.35 Grants for creation of Capital Assets

6. The Pay & Accounts Officer, M/o Rural Development will be the Drawing & Disbursing Officer for the purpose.

7. This issues under the powers delegated to this Ministry and in consultation with the Integrated Finance Division vide their IFD. U.O. No... dt. ....

Yours faithfully,
Director (MGNREGA)

Copy to:
    1.   The Director of Audit, E & S Ministries, IP Estate, AGCR Building , New Delhi- 110001.
    2.   EO (I) RE V Section.
    3.   The Section Officer (Fin.-I)

Director (MGNREGA)

PART-I

VIII. Standard Operating Procedure (SOP) for making Ne-FMS compatible NREGASoft

This document encapsulates Standard Operating Procedure (SOP) for NREGASoft as per the guidelines (Framework of Implementation) of NeFMS.

On 1st January 2016, Ne-FMS was implemented in Kerala as pilot State. Now it has been upscaled in 24 States and 01 UT.

The stakeholders involved in NeFMS are PFMS, NIC-DRD, Banks, NPCI, DoP, States and MoRD.

This SOP outlines the details of the checks/validations to be implemented in NREGASoft under Ne-FMS for direct release of wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in accordance with the protocol finalised under the Direct Benefit Transfers (i.e. 'Notionally' travel through SEGF (State Employment Guarantee Fund) to the workers account, based on a Fund Transfer order to be generated by States' implementing agencies) while continuing with the current system for release of the material and administrative component.

Implementation of NeFMS would benefit all the stakeholders and would improve the overall efficiency of implementation. The workers would be assured of payment of wages on the 2nd day of FTO generation. The Gram Panchayats would be empowered to take up work as per the agreed Labour Budget without struggling for release of funds. The State Governments would be able to spend more time in planning and improving the process efficiency without the botheration of trying to manage funds for implementation. The Central Government would gain by releasing what is actually expended. There will be greater transparency in movement of funds and lesser levels of corruption. Due to the release of funds as per actual expenditure, there will be savings on account of the interest rate on elimination of the parked/surplus funds.

Suggestions and feedbacks are the better part to improve the system by incorporating the well defined criteria into the system.

S.O.P. followed/suggested for making NeFMS compatible NREGASoft

1. Validations to be done during up scaling NeFMS in States:
   i. Validation of beneficiaries' account with Banks/Post office through PFMS.
   ii. Validation of IFSC-Code master with corresponding Banks through PFMS.
   iii. Identifying the job card holders/beneficiaries having same Bank/Post office account number and unfreezing all such account numbers so that they can't participate in NeFMS.
   iv. De-duplication of Aadhaar numbers at the national level.
   v. Revalidation of Aadhaar numbers again using Verhoff algorithm & invalid starting digits 0 or 1.

   *(**Note:** All the above activities would be parallel)*

2. Check in Work-Demand:
   If a household has already consumed the specified days applicable for that household, no demand could be made further. (But this may result in 100+ days of wage employment; payment system would be tackled through process described in subsequent para)

   Note: *If agreed days are 100, then demand would be 100 days+100/6 days (one holiday after 6 days). Wherever holidays, States shall be responsible for attendance on scheduled holidays, if so applicable for States.*

3. Check in Work Allocation
   i. During work allocation, total no. of MSR days is calculated by summing the no. of days present (attendance from filled MSR) and no. of days expected to work in future (from issued e-MSR)
   ii. Work allocation can be done if the number of MSR days for that household is <= (Centre + State) agreed days.

   MSR days: *No. days of present (attendance from filled MSR) + no. of days expected to work in future (from issued e-MSR)*

4. Checks to be implemented in generation of Wage list:
   i. Maximum limit per transaction in Wage/Material/Admin can be fixed. Limits are: Wage-unskilled Rs. 5,000; Semi-skilled/Skilled- Rs.10,000; Admin/ Material- Rs. 2.5 lakh per transaction.

   ii. Upper limit for Wage, Material, Skilled/Semi-skilled and Admin to be sent to a single account can be fixed by States. Interface would be available at State DBA login in NREGASoft.

   iii. Total number of days paid for the Household will be calculated from the wage list, which has been sent for the payment in any mode (Cheque/Cash/EFMS)

iv. If the number of days for a household exceeds the Centre's agreed days (100+FRA/Drought etc.), then transaction will be sent for payment through the corresponding State SEGF account.

v. If the number of days for a household is less than or equal to the Centre's agreed days, then transaction will be sent for payment through the corresponding SEGF-NeFMS account .(*Subject to process narrated below*)

More than Centre's agreed days payment made through NeFMS may be recouped through yearly settlement. In the following way, this case may be tackled.

Assume that Center liability is 100 days.

a. For 99 PD + X PD will be paid through NeFMS route i.e. from SEGF-NeFMS account.
b. For '1' day it would be accounted as Central liability
c. For 'X-1' days it would be accounted as State liability paid by Centre, which would be adjusted in next FY release/ mother sanction in the same head
d. Settlement would be done yearly.

Note: Calculation of Centre's agreed days:

(100 guarantee days) + (50 days, if head of household is a FRA beneficiary and updated in NREGASoft) + (Any additional days declared by Center)

5. Repayment to Ministry for State liabilities:

- States to refund the amount into the SBI banks account of Ministry which has been paid upfront by the Ministry on behalf of the State Government (for States paying wage rate over and above the MGNREGA notified wage rate and number of employment per Household over and above 100 days in a financial year)
- In this regard, NIC-RD will enable the provision to states by 30th April, 2016 to get such upfront payment. From State SEGF account (existing e-FMS debit account) on near time basis subject to the approval of IFD. However, till such time such payments could be made from Central Fund through SEGF Ne-FMS Account with a condition for weekly refund by the State to Central Government. PD (MGNREGA) will make efforts to build execute protocol by 30th April, 2016. PD has also to mention the details of such upfront payment separately in the sanction order itself.
-

6. Taking amount of rejected transactions back to SBI account
i. In case of return/failed transaction, the refund of amount into Accredited Bank by the Sponsor Banks, Post Offices or Co-operatives

will be T+1 for CBS and T+3 for non-CBS. "T" will be the date of receipt of Money by Sponsor Banks/ Post Offices or Co-operatives

ii. State has to vouch for the daily reconciliation of rejected transactions' amount and its credit back to MoRD's SBI account, from State Nodal Bank account.

iii. PFMS shall forward rejections only after assuring the sanction-id and receipt of amount for each transaction. MoRD to ensure that Banks strictly follow this practice (How come MoRD ensure, we were told that this is a normal practice).

iv. PFMS shall ensure accounting, reconciliation and debit instructions for the rejected transactions for all financial institutions including Post Office, Co-operative Bank. PFMS can do this activity only for those cooperative banks for which beneficiary accounts are directly credited through PFMS

v. In case of Co-operative banks not on CBS, where at present there is no mechanism to push back the responses in all such cases, as an interim measure, the Co-operative banks should update the fate of the responses within T+3 days using their respective logins. It will be the responsibility of the PO/DPC to ensure/facilitate the Cooperative banks in updating the responses latest by T+3 days. POs should shoulder the responsibility of monitoring on daily basis.

(Note: T will be the day on which the consolidated amount credited into the co-operative for processing and crediting the accounts of beneficiaries held with them, as per the list provided by State).

7. Re-Generation of rejected transactions

i. In accordance with the point #5, the detailed rejected transactions along with sanction-id would also be flowing to PFMS, PD, PAO and Sponsor Banks along with associated amount. Earlier no amount was being credited back to MoRD's SBI account from State Nodal Bank accounts.

8. Checks in FTO

A. FTO XML Format

For all the Wage component, FTOs generated through NREGASoft from 01/04/2016 would have the following new format as suggested by PFMS. (The same format is being used for Kerala NeFMS)

Sample XML file of (Fresh) FTO:

Sample File Name: "JH3410003_190615FTO_101717.xml"

```
<FTO>
 <account>
  <account_debit>490210110012881</account_debit>
  <ifsc_code_debit>BKID0004902</ifsc_code_debit>
  <tran_date>19/06/2015</tran_date>
  <reference_no>3410003008NRG180620150028841</reference_no>
  <bank_name>India Post</bank_name>
```

```
<branch_code>149686</branch_code>
<wg_branch_name>Ghatsila</wg_branch_name>
<ifsc_code_credit>POST0149686</ifsc_code_credit>
<account_credit>906415759</account_credit>
<name>Sunaram Murmu</name>
<job_card_no>JH-10-003-008-002/102</job_card_no>
<Aadhaar_No />
<address>House No </address>
<currency>INR</currency>
<d_c>NEW</d_c>
<narration>Wage</narration>
<amount>486</amount>
<email />
<bo_agency_code />
<csp_code />
<card_ref_no />
<applicant_no>1</applicant_no>
<old_fto_no />
<old_reference_no />
<Rejected />
<Nefms >Y</Nefms>
<Liability />
</account>
</FTO>
```

Note: The value of reference_no in the tag <reference_no> is always UNIQUE and never be regenerated in any other FTOs.

Sample XML file of (Rejected and Liability case) FTO:

Sample – Name - "JH3410001_190615FTO_102039.xml"

```
<FTO>
<account>
<account_debit>490210110012881</account_debit>
<ifsc_code_debit>BKID0004902</ifsc_code_debit>
<tran_date>19/06/2015</tran_date>
<reference_no>3410001000NRG211120140209552</reference_no>
<bank_name>India Post</bank_name>
<branch_code>149493</branch_code>
<wg_branch_name>Patamda</wg_branch_name>
<ifsc_code_credit>POST0149493</ifsc_code_credit>
<account_credit>914414247</account_credit>
<name>Lakshmi Gope</name>
<job_card_no>JH-10-001-013-003/35</job_card_no>
<Aadhaar_No />
<address>House No </address>
<currency>INR</currency>
<d_c />
<narration>Wage</narration>
<amount>948</amount>
<email />
<bo_agency_code />
<csp_code />
```

After the testing from 1.4.2016 it would be live for all APB TRANSACTIONS.

XVII. Unique Reference Number (URN) generated by NREGASoft to travel across the system up to Sponsor Banks.

XVIII. PFMS and NIC to enable the dashboard to monitor the movement of transactions including Programme Division (MGNREGA), DDO, CCA.

XIX. All the FTOs to be hyperlinked upto the transaction level at all levels including at the time of processing the releases to states.

XX. SMS to be sent by SBI bank to all the Sponsor Banks intimating the initiation of the release of funds into SEGF Ne-FMS account.

ANNEXURE- A
List of MGNREGA Web Services:
Service URL : pfmsservice.asmx

Sr. No.	Web Method	Description
1	getState	This service will give you State code, State Name and State short Name.
2	getFTOList	This will take state code and date as input and return List of FTO name, FTO file type and no. of payment record exists in FTO file which are sent on the date.
3	markFTOForDownload	Mark FTO for download which are missing or having error CMNE018
4	getMissingDsc	This Method will take locations and return the list of DSC data.
5	sendFTOResponseFile	This method will take the list of response file sent by PFMS upto now. It will reconcile and return the list of response file which are not received at our end.
6	getMissingResponse	This will give the list of response file which are missing in NREGASoft as per list send by PFMS by above method.

*****

PART-II

IX. Standard Operating Procedure (SOP) Transactions Lifecycle – Process Details Between PFMS and Banks

[A] Applicability of Current Payment System Guidelines between PFMS and Banks

1. All current instructions and guidelines are applicable to files and transactions to Ne-FMS. There are specific areas relating to identification of such files and related contents and settlement of returned transactions. However others are included to re-iterate their importance for effectiveness and efficiency management.

[B] Identity of Ne-FMS Payment Files and FTOs

2. The sponsor banks will have two separate accounts for Ne-FMS (SEGF Ne-FMS Account) and e-FMS (e-FMS debit account) for each state. Two accounts will have transactions for separate streams of Ne-FMS and e-FMS. The transactions will be DBT and non-DBT and banks should accordingly arrange.

3. State-wise and date-wise Group of FTOs (files) relating to Ne-FMS will be authorised by PAO through prescribed process. The payment files with group ID will flow continuously to sponsor bank. Each Ne-FMS payment file can be identified by Group ID and will have designated debit account.

4. The sponsor bank will populate PFMS Transaction ID and FTO no. in narrations of debited account so that transactions are linked to FTOs.

5. File naming convention will continue to be same and file contents will have CorporateId Tag for Ne-FMS as NREGA+Two character State Code(in upper case)+Date (YYYYDDMM)+ Group ID (01 now but may incrementally be used in future).

[C] Transactions Identification during Lifecycle in Sponsor Bank and Destination Banks

6. The transactions in payment files will contain PFMS Transaction ID and also FTO No. and URN for appropriate use by sponsor and destination banks. While APBS transactions passed to NPCI will have limited to PFMS transaction ID but other mode transactions can have FTO No. and other details as allowed by Intra-bank/Intragroup/Inter-bank (NACH/NEFT/RTGS) transactions data format rules.

7. The option to have separate folder for delivery of files will be finalised with banks individually and PFMS.

8. It is expected to use R-14 status code for "files on hold for insufficient balance in debit account" and related credit transactions will have "H" as rejection code with same description to keep them out of monitoring for return of credit and debit transactions status. However, these instances will be less as control of availability of funds lies at MoRD. The bank will keep Ne-FMS group of processed files on hold till related amount is released through accredited bank (SBI) and reaches the sponsor bank where group Id and no. of files will be available in RTGS credit

transactions in the bank for reference to release for credits. Group Id will be key for group of credits to be released.

9. The sponsor bank will receive SMS from SBI on registered mobile containing Group ID and No. of files for which funds remitted by accredited bank (SBI).

10. India Post credit accounts will be enabled by related banks open to receive credits through intra-bank, Intra-group, NEFT, RTGS, NACH.

[D] File and Transaction Information Controls.

11. Sponsor banks will resolve their file gaps using information channel provided by 10 AM.

12. Bank will consolidate Group-wise files for payments using channels NACH, Intra-bank/intragroup and RTGS/NEFT (India Post and Coop Banks) as applicable for DBT schemes.

13. All the group files will be processed same day of receiving the funds. After debiting the amount of each file separately, the payment initiation file(s) will be sent to PFMS as payment initiation details. Exceptions may be dealt as and when gap is resolved.

14. Credit transactions status will be sent to PFMS as and when received by end-of-day as per schedule so that PFMS return status to NREGASoft by day-end. Exceptions of extended time given by NPCI to destination bank will be covered on next day and will be monitored.

15. Banks will report all rejected and returned transactions directly to SEGF Ne-FMS account of the state w.e.f. 1.4.2016. The banks will not substitute or assign any other status than returned by destination banks. The UTR and Transaction Id will always be present in returned transactions so that these are correctly and timely reflected for action.

16. The banks will reconcile their position on any gap of transactions status on daily basis.

17. The gaps of account number and name in APBS transactions will be required to be filled in by NPCI through Dispute Resolution System to achieve 100% success. NPCI will provide bank IIN in all cases of APBS payments along with associated information.

18. The banks will provide the timestamp in all transaction response cycle information so that lifecycle is correctly assessed.

[E] Mode of Payment – Intra-bank, Intra-group, APBS, NACH, NEFT, RTGS

19. Banks may have distinct mode for success and failed Id and for assumed status by clearing system reference.

20. PFMS will suitably provide mode of payment so as to ensure that NEFT/RTGS applicable to India Post (Post Office), Coop transactions and other banks not on board with NPCI are completed as quickly as possible and remain at par with other banks in its lifecycle of credits. However, this

```
<card_ref_no />
<applicant_no>2</applicant_no>
<old_fto_no>JH3410001_140414FTO_3305</old_fto_no>

<old_reference_no>3410001000NRG140420140003379</old_reference_
no>
    <Rejected>Y</Rejected>
    <Nefms >Y</Nefms>
    <Liability>2014-2015</Liability>
  </account>
</FTO>
```

Difference between Fresh & Rejected FTO:

In case of Rejected FTO, the following tags would have the value:
<old_fto_no>
<old_reference_no>
< Rejected> will have 'Y'

Liabilty case FTO:

If FTO generated for Liability case, the tag <Liability> will have the value of financial year, say, 2014-2015, irrespective of Fresh or Rejected FTO.

I. The same format would be used for Commercial bank, Aadhaar Based Payment (ABP); Postal and Cooperative bank FTOs for Wage component.

II. Older FTOs which were generated before 01/04/2016 would be routed through the existing SeGF account. FTOs which are generated before 01/04/2016 and deleted/rejected after 01/04/2016 from their respective login or from State DBA would be treated as new FTO as point "7.A". However States would vouch for closing of FTOs generation by 20.3.2016 through older account as a transition measure. In this connection, appropriate instruction has been issued by the letter no. M-11011/01/2015-RE.1(237201) dated 29th February 2016 may be referred to. These instructions may be adhered to.

III. Signing of FTOs would not be available from 11:00 PM to 01:00 AM for the purpose of reconciliation of FTOs/Transactions by PFMS.

IV. Maximum number for transactions per FTO would be 800 nos.

V. "Rejected" tag contains "Y" in case of rejection of NeFMS transactions for wage FTO and for other transactions this tag would be left blank. Only transactions which are rejected through NeFMS would go through SeGF-NeFMS account. Older rejected transactions prior to NeFMS would go through older SeGF account.

VI. In case of FTO for rejected transaction, NREGAsoft would send the old FTO No. and old reference no. to PFMS to check and reconcile before sending file to Banks/Financial institutions to avoid double payment. This is applicable to for all types of expenditure (Wage, Material & Admin etc.). PFMS can apply this validation provided reinitiaion is done within one month of return.(It may spill over, PFMS may be requested to check it perennially though we would force field agencies to abide by these time lines)

VII. Transactions permissible as per Central liability will only be debited through SeGF-NeFMS account barring boundary cases (99+X days). The musters over and above would be debited through State old-SEGF account.

VIII. "NeFMS" tag contains "Y" in case of NeFMS transactions for wage FTO and for other transactions this tag would be left blank.

IX. "Liability" tag contains "financial year, say 2014-2015" to recognize the liabilities transaction for wage FTO and for other transactions this tag would be left blank. For fresh transaction also, it would be left blank.

X. PFMS has agreed to keep such FTOs on hold, and response would be shared with 'H' flag, where there is insufficient balance. Such FTOs would not be accounted while showing pendency separately.

XI. An interface would be provided at State DBA login to update the SeGF-NeFMS account details.

XII. Postal FTO would be routed through PFMS.

XIII. After fund released to State, PFMS would share the response of amount released to State with NREGASoft, which needs to be updated in "Release Monitoring System" of MoRD. *(Corresponding 'XML' structure is waited from PFMS)*

XIV. NREGASoft has extended web services, details put as "Annexure-A", PFMS has been using these web services for reconciliation of FTOs/ Responses. PFMS may come up further requirements, if any.

XV. NREGASoft has been consuming the response file twice a day (9 AM and 5PM), any issues while consumption either file level or transaction level are communicated to PFMS in the SFTP folder "error_response". PFMS shall resend the response files to settle such issues.

XVI. In case of Aadhaar Based Payments (APB) , for successful APB transactions, the credit account details of beneficiaries need to be shared by PFMS in the reverse MIS through the following tags in the response files:
APB_IIN
IIN_BANK_NAME
APB_CR_ACCOUNT
AC_HOLDER_NAME

will require execution in very controlled manner so that government guidelines and rules are met.

21. India Post accounts in accredited banks should receive consolidated credits in their designated accounts through intra-bank and interbank (NEFT/RTGS) and intragroup transactions.

[F] Returned Transactions Handling For Credit to Accredited Bank –

22. Accredited bank will enable new account opened for government credits of failed transactions through intra-bank, interbank (NEFT/RTGS)/intragroup transactions. SBI will advise the account details for credits to all sponsor banks in states.

23. Sponsor banks will credit designated bank account of accredited bank of MoRD (SBI) using intra-bank, intragroup, NEFT, RTGS mode next day as same day returns may not leave time for interbank credits. The format for (Rejected Payments) credits will have necessary information for preparation of eScroll by accredited bank (SBI).

24. Generally, SEGF Ne-FMS account will have no balance except for returned transactions which should be settled by credit to accredited bank's designated account necessarily by next working day, as per the directions of CCA, non-compliance would lead to penal interest recovery.

25. The consolidated transactions credit to accredited bank will be through Intra-bank/intragroup and NEFT/RTGS route where following details will be provided to accredited bank as under

(i) PAO Account Name in accredited Bank (SBI)

(ii) PAO's Account Number in Accredited bank for credit in accredited bank (SBI)

(iii) Account Type – As applicable to related account

(iv) Amount of remittance

(v) Sender to receiver information narrations will have MIS file name and group ID for details of transactions.

(vi) PFMS Transaction Id and Group Id for which transactions are returned in MIS/NEFT details for incorporating in eScroll for accounting each transaction individually. Separate remittance will be made based on group ID so that delays are tracked and traced.

(vii) UTR No./Journal/reference No. will automatically available in transaction in accredited bank and other details will be used from remittance reference/MIS.

(viii) All above details will become part of transaction detail in accredited bank which can be linked to MIS file to be sent to accredited bank in eScroll format as applicable for aggregator banks in NTRP(Bharat Kosh) solution..

(ix) Accredited bank will credit these transactions based on credit received on consolidated basis but report the transactions in scroll individually using MIS received from the crediting source.

(x) All the transactions will have audit trail and can be traced back to source and destination.

(xi) PFMS has issued separate detailed guidelines for operational clarity to Banks and any further clarification/ change will be intimated by PFMS

[G] Reports and Web-service – Reconciliation of Information Gaps

The banks will develop web-service/API in line with data structure compatible with Biztalk applications for suitably exchange files and data between PFMS and banks for

(i) Banks should use PFMS portal to access reports and performance details to act upon areas of concern. No more than two days data gap should exist.

(ii) Banks and PFMS should work on close coordination to bridge data gaps created due to application errors and fix bugs on top priority beyond SLA of T+2 and should not exceed T+4 working days.

(iii) Down time be communicated among banks and PFMS

(iv) Reconciliation of file, errors and data exchanged through summary details

(v) Banks will share again if status of transactions file and record level is changed on subsequent date

(vi) Avoid duplicate files except where specifically warranted and repaired file should have changed file name

(vii) Query on change data capture on change status of transactions

(viii) File and data gap management so that SLA is regularly achieved

(ix) Manage application errors and data quality at banks, PFMS and NIC RD

[H] Data and File Exchange Protocols – PFMS and NIC RD

(i) PFMS and NIC RD will maintain their protocol of sharing files and information with minimum possible time gap by suitable solution architecture and enhanced web-service.

(ii) The query with banks and PFMS from agencies can be minimised by effective data exchange controls between banks (daily summary controls) and PFMS and same data reaching from PFMS to NIC RD.

(iii) To update the status of files and transactions, the present system of web-service will be upgraded so as to have effective control on gaps

(iv) The report to support information flow among PFMS,PD,DDO, PAO, NIC RD and Banks (Accredited, Sponsor) on overall position and approval status will be published to improve information availability for action among the group.

NOTE: PFMS has issued separate detailed guidelines for operational clarity to Banks and any further clarification/ change will be intimated by PFMS.

END OF DOCUMENT