

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 29132 /F.,
FIN-TRY-MISC-0005-2022

Dt. 18/10/2023

OFFICE MEMORANDUM

Sub: Just-in-Time Funding System - real time drawal of funds from the Consolidated Fund of the State for end-to-end Smart Payment

In a welfare state, Government plans and executes a number of socio-economic developmental programmes for the benefit of people. For successful implementation of schemes, budgetary allocations are made in favour of the designated Drawing and Disbursement Officer (DDO) for drawal and subsequent disbursement of the scheme fund among the intended beneficiaries. But, in view of a large number developmental schemes operated by the Government as well as the volume and geographically dispersed beneficiaries associated with the schemes, it is not feasible on part of the Scheme Manager as well as Departmental DDO to manage the scheme and its huge number of beneficiaries.

Hence, the State Government provides grant-in-Aid to a number of grantee institutions to support and manage implementation of certain schemes in addition to the Scheme Manager and DDO of the Scheme Implementing Department (SID). Since, these grantees are not DDO and not associated with/linked to any DDO, there is operational difficulty in drawal of scheme funds directly by the Grantee Institutions for disbursement to the eligible beneficiaries either directly or through the Implementing Agencies engaged by these Grantees down the line.

As a result, fund is drawn upfront by the Departmental DDO for transfer credit into the designated Bank Account of the Grantees/IAs for subsequent disbursement among the beneficiaries. However, last mile utilization of such fund happens much later when the Implementing Agencies identify and transfer the fund to the ultimate

beneficiaries. It leads to unnecessary parking of fund and has a negative impact on the Cash Management System of the State Government

In the extant fund flow mechanism involved in the process adopted for allocation of fund in favour of the Grantee Institutions/Implementing Agencies for implementation of various welfare schemes, the following deficiencies are noticed:

- I. Generally, in implementation of such schemes; after sanction is made, money is drawn in advance from the Consolidated Fund of State and parked in a designated Bank Account though actual expenditure happens at later stage.
- II. Expenditure is booked based on the drawl from the Consolidated Fund of State without ensuring last mile utilization of the fund in favour of the intended beneficiary/payee.
- III. It results in transfer of balances into the bank accounts of Grantee Institutions/Implementing Agencies outside the Consolidated Fund of the State.
- IV. The bulk release by the Government (usually, funds are released on half-yearly or annual basis) often results in issue of cash mismatch as well as timely submission of Utilization Certificate.
- V. The fund released from the Consolidated Fund of State remains idle in the bank accounts of Grantees till their final utilization.

In order to overcome such deficiencies, an alternative fund flow mechanism under Just-in Time Funding System (JIT-FS) has been developed and deployed in IFMS for direct drawal of scheme fund by the Grantee Institutions /Implementing Agencies from the Consolidated Fund of State and State Treasuries. Fund is drawn just in time through an automated process to avoid any float or parking. This new functionality in IFMS will certainly eliminate the existing practice of idle cash balance pertaining to scheme fund being accumulated in the commercial bank accounts without earning any market-relevant returns.

Henceforth, the Grantee Institutions as well as the Scheme Implementing Agencies can prepare and submit the e-Payment Request for real-time processing of fund requests for disbursement through an automated platform of system to system

exchange of Payment Requests. The operational procedure for such an automated process of JiT-FS ensuring last mile utilization of fund is outlined and attached at "Annexure-A".



Principal Secretary to Government

Memo No. 29133 /F, dated 18/10/2023

Copy forwarded to the Private Secretaries to Chief Secretary/D.C.-cum-Additional Chief Secretary/Principal Secretary, Finance Department for kind information of Chief Secretary/D.C.-cum-Additional Chief Secretary/Principal Secretary, Finance Department.

Sprabha
18.10.23
Deputy Secretary to Government

Memo No. 29134 /F, dated 18/10/2023

Copy forwarded to all Departments/Heads of Department/Principal Accountant General (A&E), Odisha/Principal Accountant General (Audit), Odisha, Bhubaneswar for information.

Sprabha
18.10.23
Deputy Secretary to Government

Memo No. 29135 /F, dated 18/10/2023

Copy forwarded to All Revenue Divisional Commissioners/All Collectors for information.

Sprabha
18.10.23
Deputy Secretary to Government

Memo No. 29136 /F, dated 18/10/2023

Copy forwarded to the Principal Resident Commissioner, Odisha, New Delhi/Registrar, Orissa High Court/Special Secretary, Odisha Public Service Commission/Secretary, Odisha State Election Commission/Secretary, Staff Selection Commission/ Secretary, Subordinate Staff Selection Commission, Registrar, Odisha Administrative Tribunal /Secretary, State Human Rights Commission/ Secretary, Odisha Electricity Regulatory Commission for favour of information & necessary action.

Sprabha
18.10.23
Deputy Secretary to Government

Memo No. 29137 /F, dated 18/10/2023

Copy forwarded to Director of Treasuries & Inspection, Odisha/Controller of Accounts for information.

Sprabha
18.10.23
Deputy Secretary to Government

Memo No. 29138 /F, dated 18/10/2023

Copy forwarded to all Officers / all Branches of Finance Department for information & necessary action.

Srinathan
18.10.23

Deputy Secretary to Government

Memo No. 29139 /F, dated 18/10/2023

Copy forwarded to all Treasury Officers /Sub-Treasury Officers/ Special Treasury Officers for information & necessary action.

Srinathan
18.10.23.

Deputy Secretary to Government

Memo No. 29140 /F, dated 18/10/2023

Copy forwarded to Sri Tapan Pattnaik, FID for information and necessary action. It is requested to upload this notification in the Treasury section in the Finance Department portal.

Srinathan
18.10.23.

Deputy Secretary to Government

ANNEXURE- A

OPERATING PROCESS FOR JUST-IN-TIME FUNDING SYSTEM FOR REAL-TIME DRAWAL OF FUND DIRECTLY FROM THE CONSOLIDATED FUND OF THE STATE TO ENSURE END TO END SMART PAYMENT BY USING ONLINE FACILITY OF IFMS:

In order to set up a mechanism for ensuring greater visibility of scheme fund balance, real-time availability of fund and to avoid the problem of parking of fund, IFMS has been enabled to receive, process and pass for payment of the scheme claims raised by the non-DDO Grantee for direct disbursement to the intended beneficiaries of different welfare schemes of the Government. The new system will not only provide a payment platform to the non-government Grantee to generate Payment Request using their respective User Credential created in IFMS, but can also integrate with the Departmental IT system, if any, for seamless fetching and population of payment details in the User Login of respective Grantee User for authentication and final submission of the e-Payment file for subsequent processing. In this new system, the major stakeholders are:

- a. **Sanctioning Authority** at the Department level who sanctions JIT-FS funds (Grant-in-Aid) by generating a JIT-FS Sanction Order in IFMS. This Sanction Order is generated in IFMS for sanction of fund in favour of the Grantee Institutions. The Sanctioning Authority will use Sanction Order Module of IFMS and choose JIT-FS in the radio button to generate a JIT-FS sanction order.
- b. **DDOs** marked/mentioned as Payable DDO in the JIT-FS Sanction Order map the Scheme Implementing Agencies (IA) to respective Grantees in whose favour fund is sanctioned. After mapping is done, the drawing DDO sets financial ceiling/spending limit in IFMS for each of the IAs. After fixing the ceiling, the DDO will forward such Virtual Allotment Order online to the linked, drawing Treasury for necessary approval of the ceiling. DDO can alter/re-allocate the

ceiling amongst the IAs at any point of time and for any instance with the approval of concerned drawing Treasury.

- c. **Grantee Institutions** are being sanctioned with funds through generation of a JIT-FS Sanction Order for implementation of different socio-welfare schemes of the government. The fund sanctioned in favour of the Grantee is distributed virtually among the IAs down the line before generation of Payment Request. **In this system, the Grantee itself is first on-boarded as an IA for initiating a Payment Request, if any.**
- d. **Implementing Agency (IA)** is generally a Special Spending Unit (SSU) who implements the scheme at field level and initiates Payment Request in IFMS for disbursement of scheme fund to the eligible beneficiaries for last mile utilization of the fund. IAs are mapped to respective Grantees from whom they receive fund in this new system.
- e. **Treasuries** are involved in approval of Virtual Allotment Order/Virtual Spending limit fixed for each of the IAs and sent by the DDO. Treasury also prepares the accounts with respect to the drawal made under the new system of JIT-FS.
- f. **E-Kuber platform of Reserve Bank of India** is used for making payment/crediting into the accounts of each of the rightful beneficiaries advised by the Central Electronic Payment Processing Cell (CePC) of DTI
- g. **Directorate of Treasuries and Inspection** is responsible for smooth functioning of the new system.
- h. **Accountant General, Odisha** prepares the final account of the transactions made in the JIT-FS platform. A Payment Request generated and duly authenticated digitally by the IA in IFMS and accompanied by the sanction order and virtual sanction order signed and countersigned using DSC/e-Sign by the payable DDO and drawing Treasury respectively is treated as an **e-Voucher for JIT-FS payment.**

In this Just-in-Time Funding System, process re-engineering has been done to ensure effective aggregate control over Government cash balances and real-time visibility of cash balances of the State.

I. Creation of User Hierarchy:

Creation of user hierarchy is an important functionality under JIT-FS Module. There will be five different types of users who will be registered as Users in IFMS under the new functionality of JIT-FS as per the process mentioned below:

- Super Admin User at the level of Finance Department/DTI to create Admin User for a Scheme Implementing Department in IFMS:
 - Finance Department/DTI will be registered under JIT-Fs as the Nodal Department/Super Admin User
 - Nodal Department will create Admin User for individual Department for operating in the new system
 - It can de-activate/activate the User Role of Departmental Admin as and when required
- Admin User for a Scheme Implementing department to on-board IAs/SSUs:
 - For creation of User Role in JIT-FS, the Scheme Implementing Department (SID) will approach Nodal Department/Agency through an official request letter along with the information required for User creation. On the basis of such information,
 - Admin User for the SID will be created
 - Each of the scheme implementing Department will have an Admin Login within the new system.
 - The Departmental Admin User will be able to create other IA Users under the Grantee mapped to respective drawing DDOs who will fix the spending limit
 - The Admin User of the SID can create as many numbers of IA/SSU Users under the Grantee down the line in IFMS
- JIT-FS Access to the existing DDO for fixing financial ceiling in favour of the IAs and sending such virtual sanction copy/order to concerned drawing Treasury for

necessary approval. The DDO can also alter the financial ceiling at any point of time with the approval of the Treasury.

II. Creation of JIT-FS Sanction Order in IFMS:

The Sanctioning Authority of the SID will prepare a **JIT-FS** Sanction Order using the sanction order module of IFMS. After login to the system, the User will have to first select/choose JIT-FS in the radio button populated at the top of the Main Page of the Sanction Order. Once JIT-FS is selected from the radio button, the system will automatically flag the sanction order under GIA category. The Sanctioning Authority (Both Approver & Operator) will prepare the JIT-FS Sanction Order in IFMS by following the same navigation menu that is being currently used for generation of a GIA sanction order.

Further, the Sanctioning Authority will have the provision/facility for generating JIT-FS sanction order in IFMS and he/she can sanction fund to be drawn at the level of one or more than one Payable DDOs and Drawing Treasuries. However, the Sanctioning Authority should be very careful and diligent in entering the Head of Account correctly at the time of generating the sanction order. After generation of the Sanction Order with digital authentication, the SID should take steps for distribution of allotment to respective drawing DDOs marked in the Sanction Order.

III. Fixing up financial ceiling/spending limit in favour of the IAs/SSUs by DDO:

The SID usually designates a number of Grantee Institutions (At District/Block/below the Block level) mapped to respective drawing DDOs for disbursement of scheme funds to eligible beneficiaries/vendors to ensure smooth implementation of schemes through last mile utilization of fund.

In this new system of JIT-FS, Payment Request for disbursement of scheme funds can be initiated by the IAs/SSUs created under the respective Grantee and mapped to a drawing DDO. All the IAs/SSUs will be registered under the Grantee in IFMS to initiate online Payment Request for necessary processing and advice for payment to the beneficiary/vendor.

Further, it is the responsibility of the drawing DDO to fix the spending limit for each of the IAs/SSUs for making expenditure under the scheme. Once the JIT-FS Sanction Order is issued at the level of the SID, the DDO concerned will use his/her User credential in JIT-FS functionality in IFMS to fix the spending limit in favour of its IAs/SSUs out of the total sanction made in favour of the DDO or out of the total sanction made in favour of respective Grantees to whom IAs are mapped. The IAs can view the amount of financial ceiling allocated in its favour using his/her User Credential in IFMS. Systemic validation in IFMS will not allow the IAs to initiate Payment Request above and over the ceiling fixed by the DDO. Similarly, the financial ceiling fixed for the IAs under a Grantee should not exceed the total sanction made in favour of the said Grantee.

The drawing DDO will have the discretion to freeze or re-allocate the un-utilized ceiling among the IAs under a Grantee or under his/her direct control with the approval of drawing treasury. Any action of freezing or re-distribution of ceiling will be made available to the concerned IAs.

IV. Generation of e-Payment File:

Generally, the IAs/SSUs using their respective User Credential in IFMS can generate electronic payment files containing the beneficiary details as per the requirement with reference to the corresponding Sanction Order as well as the Virtual Allotment Order. For generating an e-Payment Advice against a sanction in IFMS, the concerned IA will have to select/choose the original Sanction Order along with corresponding Virtual Allotment Order against which the payment is to be processed

from the Task-list Menu. Then the IA will enter the beneficiary details along with the amount intended to be paid in favour of the beneficiary for generating an e-Payment file.

However, Some SIDs are having their own IT system to identify, authenticate and record the information with respect to the beneficiaries of scheme. Further, the IT systems are used for preparation and authentication of scheme-based payment files. In order to facilitate Just-in-Time Smart Payment System, the IT system of the SID is integrated with the JIT-FS functionality of IFMS. Hence, there can be two ways of generation and authentication of e-Payment file at the level of the IAs under JIT-FS functionality:

- A. Generation of e-Payment file through integration with Department Application
- B. Generation of e-Payment file without Integration

A. Generation of e-Payment file through integration with Department Application:

In case the SID has an IT system which is enabled to generate e-Payment file in reference to a Sanction Order as well as corresponding Virtual Allotment Order, the Departmental system will prepare and push the e-Payment file to IFMS using the integration protocol. IFMS will fetch the said file and populate it at the level of the IA to verify and validate the file using his/her User credential in IFMS. Once the IA verifies and generates advice using DSC/e-Sign, system will make it available at the level of concerned DDO in form of a system generated Bill. This Bill will contain Beneficiary list, Sanction Order and virtual allotment order. The bill will be auto-approved at the level of DDO for submission to the drawing Treasury. It will be further auto-approved and advised at the level of Treasury to reach Central Electronic Payment Processing Cell (CePC) of DTI. Any e-Payment file generated by the IA will have the reference to corresponding Sanction and Virtual Allotment. System will check and validate the payment amount with the available balance against the referral sanction/virtual allotment for successful generation of e-Payment file. Similarly, after payment is made, system will auto-update the balance amount available against the sanction/virtual

allotment for processing of subsequent e-Payment files. CePC will approve and sends the e-Payment file to e-Kuber of RBI for final payment.

B. Generation of e-Payment file without Integration:

The IAs/SSUs using their respective User Credential in IFMS can generate electronic payment files containing the beneficiary details as per the requirement and the IA will have to tag the Sanction Order in which spending limit/ceiling has been assigned/ fixed in its favour at the time of generating an e-Payment file. The e-Payment file will contain Sanction Order, Virtual Allotment Order, Implementing Agency Code, Scheme Code, Beneficiary Name, Bank Details, Amount etc. and after generation of advice by the IA concerned, system will make it available at the level of concerned DDO in form of a system generated Bill. Further, the system generated bill will be submitted to the treasury and will be auto-approved by the treasury to reach CePC. CePC will push the e-Payment file to e-Kuber platform of RBI for final payment.

V. Processing at e-Kuber of RBI:

On the basis of e-payment file received from IFMS, RBI e-Kuber will debit the State Government Account (CFO) by the total amount of the e-Payment file for crediting the same into bank account of beneficiaries. The Debit Notification (DN) will be shared with the IFMS. Payments returned by beneficiary's banks will be credited by e-Kuber to the State Government and will be kept under Treasury Suspense. In this regard, RBI will send Return Notification to the IFMS. Settlement of failed transactions is to be addressed as per the provisions enumerated in **Finance Department O.M. No. 27444 of 2012.**

VI. Accounting for the CSS-JIT Transactions:

Since any payment under the JIT-FS will be made electronically after drawal of the fund through system generated online bill, the electronic voucher level data will be

seamlessly transmitted from IFMS to the Office of the Accountant General, Odisha as per the existing practice. Since, the AG (O) has already vetted the new accounting procedure of the JIT-FS, the voucher copy containing digital signature of IA along with Virtual Allotment Order signed and countersigned by DDO and Treasury respectively will be accepted by AG (O) without asking for voucher copy digitally signed by concerned DDO and Treasury.

First level accounting of the JIT-FS expenditure will be made by the drawing Treasury. The accounts w.r.t. JIT-FS expenditure will be submitted to the O/o the AG(O) along with the monthly regular Treasury accounts sent to AG(O) in form of two lists i.e., 1st List & 2nd list of accounts submitted by 15th of the accounting month & 8th of the succeeding month respectively as per the extant codal provision.

VII. Implementation Plan

The procedure contained in the aforesaid office memorandum will be applicable with immediate effect. However, it will be first piloted in H&UD Department for the scheme Mukhyamantri Utkarsha Karma Tatparata Abhiyan (MUKTA). However, all the SIDs will mandatorily adopt the procedure envisaged in this memorandum to ensure smart payment w.r.t. various welfare schemes of the State Government.

VIII. Training

Necessary training for all the stakeholders will be provided by the Directorate of Treasuries and Inspection, Odisha, Bhubaneswar (DTI). DTI will set up dedicated helpdesk to provide support and extend handholding support to the users under this new system and monitor overall implementation process.
