



File No. NRRDA-Go21(17)/2/2019-FA(369483)

Date: 29.11.2022

To,  
CEO/ CE of SRRDAs/RCPLWEA Departments of all States / UTs

**Subject: Standard Operating Procedure (SOP) for opening of "Holding Account " and Security Deposit Account" in PMGSY.**

Dear Sir/Madam,

As per Ministry of Finance (MoF) Memorandum No. I(13)/PFMS/FCD/2020, dated 16<sup>th</sup> March, 2022, it has been decided to open a separate bank account (to be called as "Holding Account") for holding of tax and other statutory deductions. In addition to this, as per MoF Memorandum dated 24<sup>th</sup>, May, 2022, there is a need to open a separate MoD Account for keeping the Security Deposit amount (to be called as "Security Deposit Account"), to be deducted from the bills of contractor. A detailed SOP for opening and functioning of "Holding Account" and "Security Deposit Account" is detailed below:

**A. Steps for operation of "Holding Account":**

1. SRRDA shall open a separate bank account i.e. Holding Account preferably in the same bank, where SNA is held.
2. The Holding Account will be a non-interest bearing account, where the transferred funds can be held for a maximum period of 14 days.
3. This account should be used only for transfer of funds through PFMS and not from any other source for processing the payment of deductions.
4. The SRRDA shall register the Holding Account details for PMGSY on PFMS for account validation.
5. PIUs of SRRDA shall first generate the net payment file (the gross amount less deductions) on OMMAS using DSC. This payment file with net amount would be forwarded to PFMS for payment.
6. After the net payment to the contractor or vendor is successful, the PIU shall again apply the DSC for transferring the deductions to the Holding Account.
7. SRRDA/PIU shall use the Holding Account to make statutory payments or deductions as prescribed from time to time **outside PFMS** through Internet banking, cheque or challan.
8. These deductions will be shown as "Outstanding" in the "Deduction Settlement" form of PFMS.
9. The SRRDAs/PIUs shall use the "Deduction Settlement" feature in PFMS to enter the tax/deduction details for all vendors payments, which are reported as successful by bank. This will clear the "Outstanding" status of settlement.

10. All SRRDAs/PIUs need to make such deductions payment at the earliest and not later than 14 days from the date of transfer of such funds to Holding Account. After lapse of 14 days, the un-utilized money shall be credited back to the SNA and SRRDAs/PIUs will have to repeat steps mentioned at point A6 to A9 above, for discharging the liabilities of Statutory Deductions.

**B. Steps for operation of " Security Deposit (SD) Account ":**

1. SRRDAs will open a new bank account for keeping "Security Deposit" in any Scheduled Commercial Bank authorized to conduct Government business by the state government.
2. Entire fund lying under head of account 3.02 (Security Deposit), as on the date of execution will be first transferred to the "Holding Account". For this purpose, each of the PIU under SRRDA will physically transfer its Security Deposit balance (lying under accounting head 3.02), **through PFMS** using DSC available with them. Entry to be passed at the time of transfer of funds will be as under:-

*Holding Bank A/c (16.03) Dr.     xxx*  
*To Bank Account-SNA (16.01)         xxx*

3. From the "Holding Account" these funds should be transferred to the "Security Deposit" account. **Transfer of funds from Holding to SD account will NOT be routed through PFMS.** Entry to be passed at the time of transfer of funds is

*Security Deposit Bank A/c (16.04)Dr. xxx*  
*To Holding Bank A/c (16.03)     xxx*

4. **Instructions at 2 and 3 above are for capturing the opening balance of security deposit and thus are one-time exercise.** However, in case of all future cases, the Security Deposit adjusted from the running bill of contractor would be shown as a deduction (in the running bill) and same process as mentioned in para 2 and 3 above shall be used to transfer the Security Deposit first to "Holding Account" and finally to the "Security Deposit" account.
5. Entire amount in the new Security Deposit bank account shall be kept in the MoD/FD for which bank has to give **retail FD interest** on the outstanding balance.
6. SRRDA should undertake a bipartite or tripartite agreement with the bank for this purpose.
7. At the time of release of the Security Deposit to the contractor, bank shall liquidate the FD for the required sum on LIFO (Last In First Out) basis.



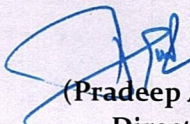
17. Advances					
17.08	Advance given by Security Deposit	Debit	17	17.08	SRRDA/DPIU
<b>Corrigendum to Explanatory Notes on Chart of Accounts</b>					
Account Code Number	Explanatory Notes				
4.03	This Account head is to be used for Advance taken from Security Deposit.				
16.03	This Account head used for payment of Statutory dues from Holding Account.				
16.04	This Account head used for payment of Security Deposit from SD Account.				
17.08	This Account head is to be used for Advance given by Security Deposit.				

12. As per the mandate of PFMS payment of system, all expenditure shall be routed through PFMS for effective monitoring of Government Funds. In the proposed system, the expenditure on account of Security Deposit has been routed through PFMS in Step- B1 to B4, mentioned above. It's a basic accounting principle that expenditure shall be reported only once to Management Information System. In the instant case, expenditure on account of security deposit is being reported to PFMS at the time to transferring it to the "Holding Account ". Hence, the remaining transactions related to Security Deposit (step- B8 onwards) i.e. e-payment transaction in and out of the SD bank account, either at the time of release of security deposit due to the contractor or drawing temporary advance from SD account (or at the time of recoupment) should not be routed through PFMS because of the fact that routing these transaction through PFMS again and again would lead to overstatement of expenditure.

13. The balance sheet of PIU and SRRDA should be prepared as usual.

In view of the above, you are requested to kindly instruct the concerned officers at SRRDA/PIUs to follow the procedure outlined above for opening of "Holding Account " and Security Deposit Account" and booking under above mentioned heads accordingly.

Your sincerely,

  
(Pradeep Agrawal)  
Director (F&A)

Copy for information to:

1. PPS to JS(RC), MoRD, Krishi Bhawan, New Delhi.
2. FCs of SRRDAs/RCPLWEA Departments of all States / UTs.
3. Director (P-I), NRIDA, New Delhi.
4. Shri Vijay Ingle, Programmer for uploading on website.