Public Financial Management System (PFMS)

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Background

- Public Financial Management System (PFMS) initially **started as a Plan scheme named CPSMS of the Planning Commission in 2008-09 as a pilot in four States of Madhya Pradesh, Bihar, Punjab and Mizoram** for four Flagship schemes e.g. MGNREGS, NRHM, SSA and PMGSY.
- It is a flagship project of the Indian Civil Accounts Organization
- After the initial phase of establishing a network across Ministries / Departments, it has been decided to undertake National rollout of CPSMS (PFMS) to link the financial networks of Central, State Governments and the agencies of State Governments.
- The scheme was included in the 12th Plan initiative of Planning Commission and Ministry of Finance.
- In December 2013 the Union Cabinet approved the national roll-out of PFMS for all States and schemes for a period of four years till 2017

Objective

To facilitate a sound Public Finance Management System for the Government of India by establishing an efficient fund flow system as well as a payment cum accounting network.

What does it do?

- The Government has positioned the PFMS as a key decision support system not only for tracking of flow of funds to the last beneficiary or implementation level but also to

ensure just –in –time release of funds through effective management of fund float.

- As of now the scope of PFMS covers Central Sector and Centrally Sponsored Schemes as well as other expenditures including the Finance Commission Grants
- PFMS is now being used as the core IT platform for regular activities of Controller General of Accounts (CGA), such as payments, receipts, accounting, expenditure control, management of provident fund and pensions etc.
- The feather in the cap for PFMS is the implementation of Central Sector Scheme, PM –KISAN Yojana which was announced in the Interim Budget presented in Parliament in February 2019
- It is also integrated with the core banking system/solution of the country
- PFMS also handles Fund flow monitoring, Direct Benefit Transfer module and Interface Modules