



GOVERNMENT OF KERALA

Abstract

Local Self Government Department - Establishment of e-payment, other remote mode collection and electronic disbursement facilities for local Governments in Kerala - sanctioned - orders issued.

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LOCAL SELF GOVERNMENT (IB) DEPARTMENT

G.O. (MS) No.98/2011/LSGD. Dated, Thiruvananthapuram, 28.05.2011

Read:- D.O. Lr. No. IKM/ECD/11/2011 dtd. 21.03.2011 from the Executive Chairman & Director, Information Kerala Mission.

ORDER

The Executive Chairman & Director, Information Kerala Mission (IKM) has informed to Government that an e-payment system has been introduced in the Thiruvananthapuram Corporation and suggested that this can be extended to other Local Governments in Kerala also. The system involves a front end application for e-payment, which has been developed by IKM, and an e-payment gateway arranged through a service provider.

2. Government after having examined the matter in detail are pleased to accord permissive sanction for the establishment of e-payment, other remote mode collection and electronic disbursement facilities in the interested Local Governments in the state to be implemented by the Local Governments in collaboration with IKM as detailed in the document appended, subject to the following:-

- a) E-payment will be routed to the Local Governments through IKM, so that different Local Governments are not forced to have separate individual agreements with service providers.
- b) All receipts remitted in favor of the local bodies concerned, which would be routed through IKM, would be credited to the concerned Local Government Account within one day or by the succeeding working day if there is an intervening holiday. No payment would be made to IKM for this service except an annual payment of Rs. 40,000/- which will be shared by all the participating Local Governments that avail of the technical support from IKM for e-payment transactions. This in turn is meant only to cover the annual safety certification fee to be paid by IKM to Verisign.

- c) The Director of Urban Affairs and the Director of Panchayats will be provided authorised access to the system to monitor payments and ensure that these are being promptly credited in favor of the Local Governments concerned.
- d) All Local Governments in Kerala would be encouraged to adopt this system (in collaboration with IKM) especially those who have already developed property tax data bases.

By Order of the Governor,  
S.M. Vijayanand  
Additional Chief Secretary to Government

To

✓ The Executive Chairman & Director, Information Kerala Mission  
The Director of Panchayats  
The Director of Urban Affairs  
The Commissioner for Rural Development  
The Accountant General (A&E/Audit) Kerala, Thiruvananthapuram  
S/F, O/c

Forwarded/By Order,



Section Officer





## ePayment, other remote mode collections and electronic disbursement

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DOCUMENT FOR EPYMENT, OTHER REMOTE MODE COLLECTIONS AND ELECTRONIC DISBURSEMENT FOR LOCAL GOVERNMENTS IN KERALA.

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Document Code: IKM/SWD/IMP/ePayment/PD/ 2011/01

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### Information Kerala Mission

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Process document	Process for ePayment, other remote mode collections and electronic disbursement for local governments in Kerala		

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## Process for ePayment, other remote mode collections and electronic disbursements for Local Governments in Kerala

### 1. Introduction

Information Kerala Mission (IKM) has developed and deployed accounting application software, *Saankhya*, for Local Governments based on the KERALA MUNICIPAL ACCOUNTS MANUAL (accrual based double entry accounting system). The application is being used by the urban local bodies in Kerala. The piloting of accrual based double entry accounting application software in the three tier Panchayats are in progress and deployment will be completed in year 2011-12. Online, Internet-based or 'electronic payment' facility is provided through the Local Government web portal and is integrated with the accounting software. All local governments across the State, can make use of this facility, subject to the creation of revenue and accounting databases at the local government level using *Sanchaya* and *Saankhya* respectively. The accounting process of the money received through the ePayment facility is to be streamlined and a unified process for this is required across the State. This document outlines the process for accounting the money received through e-payment facility.


The local governments can also think of initiating electronic payment release to its service providers such as contractors and suppliers using the Net Banking features of the bank accounts. A brief outline for this is also given here.

The process related to accounting from other modes of collection such as using handheld devices, collection at FRIENDS (using FREES) and Akshaya centres, etc. is also outlined here.

### 2. Technology

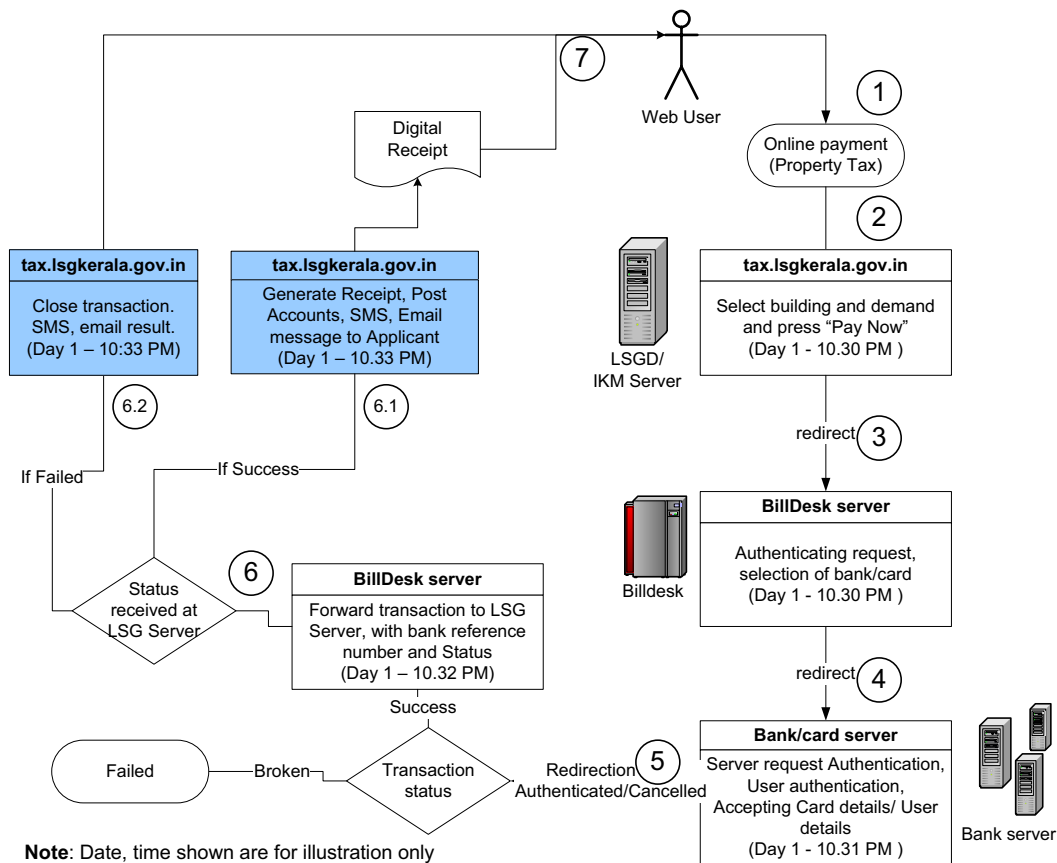
The ePayment technology is developed and integrated by IKM with its *Saankhya* double entry accounting application software. The ePayment facility

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is available through the website URL [www.tax.lsgkerala.gov.in](http://www.tax.lsgkerala.gov.in) or by accessing the website of the respective local government directly. The front end application for the ePayment is developed by IKM and an ePayment gateway is arranged through an ePayment Gateway Service Provider (EGSP). IKM will provide technology support for ePayment transactions to all local governments in the state.


Online payment flow – <http://tax.lsgkerala.gov.in>



**Fig 1**

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### 3. Bank Accounts

The local governments will be required to open a separate, exclusive current account with the State Bank of Travancore (SBT) for offering ePayment facility to the citizens. The same account can be used for accounting the receipt from other electronic modes of payment such as Akshaya, India Post, FRIENDS and for Credit/ Debit Card payments through Electronic Data Capturing (EDC) devices at the office of the local governments.


IKM, at its head office, shall operate an account exclusively for handling the ePayment transactions with the ePayment Gateway Service Provider and the local governments. The amount credited to this account would be distributed to the local governments as per the ePayment transactions after scrutiny by the Authorised Officer of IKM.

### 4. Transactions

The amount remitted by the citizen through the ePayment gateway will reach the respective SBT account of the local government through a three-day process as follows:

- Day 0 - Day of electronic payment transaction by a user. Amount of transaction would be blocked from the user's account.
- Day 1 - Statement of successful transactions given by IKM to the EGSP
  - EGSP will submit details to the respective banks for settlement
- Day 2 - In the case of successful transactions, the EGSP will collect the remittance made by the user from the respective banks
  - In the case of failed or broken transactions, the amounts will be unblocked and credited back to account
- Day 3 - The EGSP will remit the amount received to the SBT

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account of IKM.

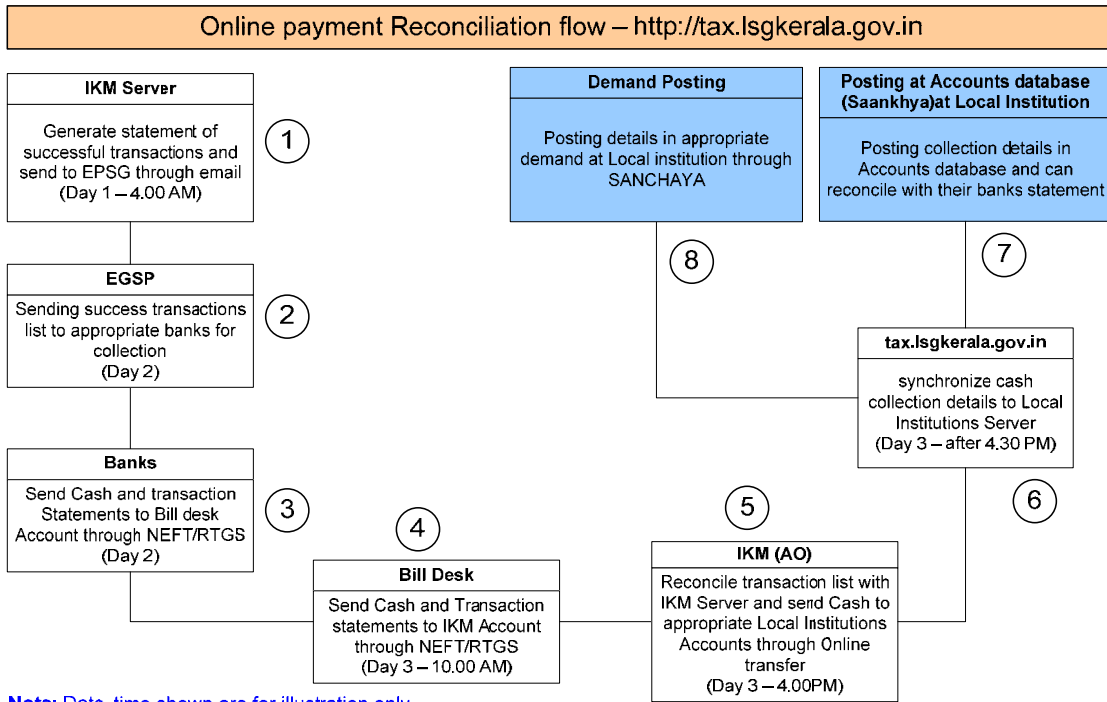
- On receipt of this, IKM will make online transfers of the amount to the ePayment SBT accounts of the respective local government on the same day or the next working day in case it is a holiday.
- The local government will have the amount credited to their exclusive ePayment SBT Account the same day.

#### **4.1 Reconciliation**

The reconciliation with the EGSP shall be carried out by IKM. In turn the local governments shall reconcile their accounts with IKM. The authorised officer of IKM will be responsible for monitoring these transactions and for performing the reconciliation with the EGSP. The local government can reconcile their accounts utilising the statement provided by IKM on the web portal.

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**Fig 2**

## 4.2 Transaction charges


A nominal transaction charge for availing the ePayment facility has to be paid by the user in addition to the dues to the local government. The details of the transaction charges would be listed on the website. The transaction charge will be calculated and added to the dues, and displayed once the payment mode is selected.

## 4.3 Unsuccessful transaction

For successful transactions, daily settlement bill will be sent to EGSP at 4.00 am automatically by the system. Only amounts pertaining to these transactions will be deducted from the user account.

Unsuccessful transactions may arise due to the failure of connectivity between State Data Centre (Local Government server) and the Payment

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Gateway system after a successful transaction at the payer's end. In this scenario the payment details will not be updated in the local government server. In this case (the unsuccessful transaction), the blocked amount would be credited back to the payer's account without imposing any transaction charge within two to four working days depending on their bank.

#### 4.4 Transaction under dispute


If there are reasonable grounds to suspect that a transaction conducted has been fraudulent, the EGSP shall be entitled to suspend/ withhold the payments, pending enquiries by the Partner Bank and/or EGSP and resolution of such issues. Provided that:

- (i) The EGSP shall be entitled to withhold payment in respect thereof for a period not exceeding 6 months from the date of transaction;
- (ii) On or before the expiry of 6 (six) months, if the EGSP determines, after due enquiry and investigation, that the charge is valid, they shall release such withheld payment with interest thereon calculated at 12% (twelve per cent) per annum from the date of transaction till the date of actual payment;
- (iii) Within the said period of 6 (six) months, if the EGSP determines, after due enquiry and investigation, that any suspect charge is not valid, the amount shall be credited to the original user account. The related transactions would have to be reversed as detailed below.

#### 4.5 Reversal of transactions

The EGSP may be required to make chargebacks under in circumstances such as in 4.4(iii) above, by crediting the amount debited, back to the original

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account holder. This may also be due to technical problems encountered during the transaction.

The chargeback amount would normally be deducted from the amounts due from the EGSP. In such cases, the local governments would have to reverse the original transactions and adjust those amounts against the valid transactions occurring later. This will be done within a period of 6 months. This will be automated through *Saankhya* and *Sanchaya* software to the extent possible. Notice may have to be issued by the local government to the entity to whom the suspect charge was credited. Criminal proceedings may have to be initiated by local government against the fraudulent user.

## 5. Internet Banking for disbursements

The local governments can make disbursements to the vendors / contractors through bank to bank fund transfer by using the Internet payment option offered by the bank. As per the existing process stipulated by the banks, the local governments shall have an administrator user who can authorise two levels of users for making disbursements through the Net banking options.

A bank account with Corporate Net Banking facility should be used for these disbursements. The Net Banking facility could be added to an existing account, if the bank has such facility.


The following are the suggested personnel for authorising the disbursement through Internet banking:

### 5.1 Signing/ Authorising Authority

The delegation of powers can be as under:

No.	Local Body Type	Authorised officials	Remarks
1.	District Panchayat	Secretary & Finance Officer	Both are to sign for effecting the
2.	Block Panchayat	Secretary & Head Clerk	

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No.	Local Body Type	Authorised officials	Remarks
3.	Grama Panchayat	Secretary & Accountant	payment
4.	Municipality	Secretary & Accounts Superintendent	
5.	Corporation	Secretary & Accounts Officer	

## 6. Imposing Penal Interest

Penal interest will be charged at the rate prescribed in the Acts for ePayment transactions made after the due date.

## 7. Availability of ePayment facility

The ePayment website will be available from 00.10 hours to 23.30 hours on all days irrespective of holidays. Between 23.30 and 00.10 hours the daily account closing will be performed by the ePayment server and, therefore, the citizen will not be able to access the site for transactions. The ePayment transaction will be resumed from 00.10 hours. The time format referred here is as per the Indian Standard Time (IST) followed by the server.


## 8. Closing of Accounts

### 8.1 Closing of daily accounts

The normal operational hours of accounting activities are up to 15.00 hrs on working days for the majority of local governments. The printouts of daily reports relating to Books of Accounts are taken after closing the cash counter operations at 15.00 hrs. Under the computerised environment, the time of operation can be extended to 16.45 hours at the local government level and only a few minutes are required for printing the daily reports relating to accounts. These reports are signed by the authorised officers daily around 17.00 hours and filed. Also, in some local governments the cash counters work in 2 shifts up to 19.00 hours or later. Similarly, the ePayment transaction on

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every day, including holidays, will be continued up to 23.30 hours. Consequently, the sanctity of the statements printed as mentioned above, during normal working hours, will be lost. Therefore all local governments shall take printouts of the relevant Books of Accounts relating to the previous day/days. This may include the ePayment transactions occurring up to 23:30 hours on the previous day(s) at the commencement of the following working day, before starting the accounting operations. This should be signed with date by the authorised officers. But counter-wise reports should continue to be generated along with the closing of counters in *Saankhya*.

The head-wise consolidated receipt(s) for the transactions made through the ePayment facility is to be verified and printed by using *Saankhya* software at the local government before starting the daily operations. Posting in the respective sub ledgers shall be done by *Sanchaya* software in tandem with *Saankhya* software. A report of the list of transactions made through the ePayment facility can be generated from *Sanchaya* at any time.

IKM shall also reconcile the transactions on the ePayment module on LSGD website and the bank account maintained by IKM for ePayment on a daily basis.


## 8.2 Closing of monthly accounts

The accounts for a month shall include the ePayment transactions made till 23.30 hours on the last day of the relevant month.

The bank reconciliation shall be carried out by local government between the *Saankhya* bank book and the bank statement of the current account for ePayment.

If there is any un-reconciled amount, beyond a period of 3 months, the same shall be reported to IKM for clarification. Based on the clarification from the IKM, appropriate action shall be taken on the matter.

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### 8.3 Closing of annual accounts

The annual accounts shall include the ePayment transactions made up to 23.30 hrs on 31<sup>st</sup> of March through e-payment.

### 9. Receipt for ePayment

The receipt for the payment made through ePayment facility can be downloaded from the website for each successful transaction. This receipt does not have any signature; but will have an encrypted 2D bar code embedded in the receipt. Third party verification for the authenticity of receipt is possible by keying the serial number of the receipt in the respective verification screen.

### 10. Remote collection through handheld devices

The staff authorised for field level collection shall be provided with a handheld computer for collecting demands due to the local governments and issuing a receipt. The receipt will be in the nature of thermal printout. Since the printout is liable to fade within a few days, payer can download a record for the receipt from the website for the payment made to the field level collecting officer, or obtain a certificate from the local government, as required.


### 11. Nodal Agency

IKM will act as the nodal agency for the ePayment and the related eGovernance activities for local governments in Kerala.

### 12. Subscription

Subscription at the rate specified by the government shall be paid to IKM by the local governments annually in advance for using the Payment Gateway service. This amount would be utilised by IKM to maintain these services at the central level including that to the service provider if any, meeting insurance costs, meeting expenses related to transfer of received amounts to

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the respective local governments and its electronic reconciliation, maintaining the hardware and other infrastructure including security, digital certificates, etc.

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