



GOVERNMENT OF KERALA

No:-LSGD-FM3/206/2021-LSGD

Local Self Government(FM)Department
Thiruvananthapuram,
Dated:06/11/2021

CIRCULAR

Sub: LSGD - Guidelines for the utilization of interest accrued on the bank balances of Local Bodies(both Urban and Rural) Grants - Reg.

Ref: Letter No. I5(2)FC-XV/FCD/ 2020-25 dated 07.10.2021 from Finance Commission Division Department of Expenditure, Ministry of Finance, Government of India.

The grants recommended by the successive Central Finance Commission have been increasing over the years. Due to various reasons, some of the local bodies may not be able to utilize the Central Finance Commission grants within the stipulated time frame. Consequently, the funds remain parked in their bank accounts on which periodical interest gets accrued.

In this backdrop it is hereby directed that the interest accrued on the Finance Commission recommended local body grants in the bank account of the local body concerned shall be utilized only for carrying out various activities for which the grant have been provided or for carrying out various activities on the subjects transferred to local body under relevant State legislations as the case may be. The accrued interest shall not be transferred to any other tier/ Block/District Panchayats or returned to the State Government/Central Government except as a share towards implementation of a Scheme/Programme/project being implemented in convergence with activities falling within the functional jurisdiction of the panchayat as per extant orders.

Sarada Muraleedharan I A S
Additional Chief Secretary

The Director of Panchayats, Thiruvananthapuram.

The Director of Urban Affairs, Thiruvananthapuram.

The Commissioner for Rural Development, Thiruvananthapuram.

✓ The Executive Director, Information Kerala Mission.

The Accountant General (Audit/LBA&A) Kerala, Thiruvananthapuram.

Stock File/ Office copy.

Forwarded / By order,

Section Officer.

Copy to: Finance Department