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Commissionerate of
Municipal Administration,
Chennai, Chennai 5.

Dated: 21.10.99

Proc. No. 44476/99/LA2

C I R C U L A R

Sub: Deposits - Municipalities and Corporations -
Diversion for revenue expenditure - Avoidance
of instructions - issued.

Ref: This office Circular No. 44476/99/LA2, Dt. 22.7.99
28 OCT 1999 dt.

The attention of all Commissioners of Corporations and Municipalities is invited to the instructions issued in the circular cited regarding the maintenance of Deposits A/C. in Municipalities and Corporations.

2) During the review of the financial position of certain Municipalities and Corporations, it has been found that in all the municipalities, and Corporations in which the review was taken up, there is large scale diversion of deposits received from contractors, lessees, water supply and sewerage house service connection holders. In some of the municipalities/Corporations, it has crossed Rs. 2 crores. These deposits remain only in the books and cash is not available. Without any financial discipline, deposit amounts have been freely used/diverted for all purposes.

3) Hence, in continuation of the instructions issued in this office circular cited, all Commissioner of Corporations and municipalities are informed that

i) the deposits received from applicants of Water supply and sewerage house service connections should be ^{taken} separately to water supply/sewerage capital account and this should not be used for any purpose other than debit sanctioning and major repairs under the water supply/sewerage head.

ii) the deposits collected from lessees, contractors etc. and also other non-refundable deposits must be kept as a separate A/C. and must not be used for either revenue or capital expenditure. A forecast of receipts and expenditure for three months should be made once in a quarter and the amount not required for the next three months may be invested in interest bearing short term deposits in any nationalised Bank.

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iii) the deposit a/cs should be reconciled every month with cash balance in Bank a/cs and investments in short term deposits and certified by the Accounts branch to avoid future diversion of deposits; and

iv) the Commissioner should draw up a programme to recoup the deposits already diverted, to deposit a/c. in a phased manner in monthly instalments.

4. An 'action taken report' together with Bank A/C. No. etc., should be sent to this office within a months' time.

5. The Regional Directors of Municipal Administration are requested to verify 'Deposti a/c.' during their visits and ensure that these instructions are strictly followed.

6. The receipt of this Circular should be acknowledged.

SD/- K. GANESAN,
COMMISSIONER OF MUNICIPAL
ADMINISTRATION.

To

- I All Commissioners of Corporations-Thro' Mayors.
- II Commissioner of Municipalities-Thro' Chairpersons.
- III Regional Director of Municipal Administration,

Copy to All Officers in Head Office.

Copy to 'L' Section for taking follow-up action in File No.

(47708/99/L5)

//Forwarded by order//

P. J. S. Ramani
211088
Superintendent.

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