



Dated Lahore the 16<sup>th</sup> March, 2017

To,

1. The Mayor, Metropolitan Corporations, Lahore.
2. All the Mayors of Municipal Corporations, in Punjab.
3. All the Chairmen, District Councils, in Punjab.
4. All the Chairmen, Municipal Committees, in Punjab.

Subject: - **PAYMENT OF PENSION AND SALARIES TO THE EMPLOYEES OF  
LOCAL GOVERNMENTS**

The undersigned is directed to refer to the subject cited above and to state that on the basis of Interim Punjab Finance Commission Award, 2017, the Finance Department released PFC Share on account of Non-Development, Development and Transition Grants for the months of January and February, 2017 to all the Local Governments to meet their current expenditure and payment of pension & salaries.

2. Furthermore, the LG&CD Department has approached the Finance Department to de-freeze all Bank Accounts of erstwhile TMAs and distribute funds amongst the successor local governments to meet their actual needs and provision of pension to their retired employees, pay off salaries and ensure continuity of development schemes, in the larger public interest. It is pertinent to mention that UIP Tax share is also being released, shortly, by the Finance Department to the Local Governments to meet their financial liabilities and day to day expenditure.

3. It has come to the notice of this department that salaries of staff especially pensions of retired employees are not being paid regularly. Therefore, in order to avoid any ambiguity, it is advised, under Section 155 of PLGA, 2013, to ensure hundred percent payments of salaries to employees from **General Purpose Accounts** (General Purpose Grant & Transition Grant) without any break. Moreover, in order to mitigate the hardship and concerns of pensioners, the pension to the retired employees may be paid out of General Purpose Accounts only up to March 2017, where Pension Funds Accounts have not been opened or operationalized, as a special dispensation to pensioners without waiting for additional funding from the Government.

4. However, where the Pension Funds Accounts have been opened and become operational, the required amount of pension shall be calculated and transferred from **General Purpose Accounts** (General Purpose Grant & Transition Grant) in to the "Pension Fund Account" of respective local government, and pension shall be paid out of this account, regularly, after fulfilling all codal formalities as envisaged in the Punjab Local Governments (Accounts), Rules, 2017.

  
(Mirza Salman Usman)  
SECTION OFFICER (MC-Dev)

**CC:**

1. Secretary to Government of the Punjab, Finance Department.
2. PSO to Secretary, LG&CD Department.