

GUJARAT DISTRICT PANCHAYATS (Grant of loan to Subordinate Panchayats) RULES, 1963

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GUJARAT DISTRICT PANCHAYATS (Grant of loan to Subordinate Panchayats) RULES, 1963

No.PRR-34/63-H.-In exercise of the powers conferred by section 323 of the Gujarat Panchayats Act, 1961 (Guj. VI of 1962), read with subsection (4) of section 138 of the said Act, the Government of Gujarat hereby makes the following rules, namely:-

1. Short title :-

(i) In case of default by the panchayat in payment, on due date of any instalment (a) of interest, or (b) of principal and interest, or (c) of any part thereof as the case may be. interest at the rate of two percent per annum shall be charged in addition to the aforesaid rate of payment on the over due instalments of the loan or interest or of both, as the case may be;

(ii) The amount of the loan shall be used for the purpose for which the loan is taken;

(iii) If any balance remains out of the amount of the loan after the completion of the work for which the loan is taken, it shall be paid

back towards the repayment of the amount of the loan;

(iv) The panchayat shall make a provision every year in the budget estimate for the payment of the instalment of the loan and the interest thereon.

(Herein specify any additional conditions imposed under rule 8).

2 \Definitions

. -In these rules unless the context otherwise requires.-

(a) "the Act" means the Gujarat Panchayats Act, 1961

(b) "financial year" means the year commencing on the 1st day of April;

(c) "fund" means the district fund established under section 140;

(d) "panchayat" means a gram panchayat or a nagar panchayat or a taluka panchayat as the case may be.

1. Vide GNP and HD No. KP/886/PRR-34 (2)67/JH, dated 27th January, 1967,

3. Limitations subject to which power to grant loan is exercisable :-

The power of a district panchayat to grant loans to a panchayat subordinate to it shall be subject to the following limitations, that is to say:-

(a) provision for granting loan is available in the fund;

¹[(b)

(c) except with the previous approval of the ¹Development Commissioner the amount of loan -

(i) in the case of a gram panchayat shall not exceed ¹ [Rs. 5,000

(ii) in the case of a nagar panchayat shall not exceed Rs. 10,000

(d) except with the previous approval of the State Government, the amount of loan in the case of a taluka panchayat shall not exceed Rs. 25,000;

(e)

1. Vide G N R D D No. KP/18/PRR-34 (1) 64-HG dated 3rd October, 1964,

4. Manner of obtaining loan :-

(1) A panchayat desiring to obtain a loan from the fund shall submit to the district panchayat an application containing the following information, namely:-

- (i) the amount of the loan required;
- (ii) the purpose for which the loan is required;
- (iii) an estimate of the cost of the entire work or such part of it as is proposed to be carried out with the help of the loan amount;
- (iv) the average annual expenditure on maintenance of work when executed with help of the loan and how the maintenance charges are to be met;
- (v) the period within which and the number of instalments in which the loan is proposed to be repaid;
- (vi) a statement showing the financial position of the panchayat at the end of the previous year;
- (vii) the budget estimates for the current year;
- (viii) a statement showing surplus amount remaining after deducting the estimated expenditure from the estimated income out of which the loan is proposed to be repaid.

(2) The application made under sub-rule (1) shall be supported by a resolution passed by a majority of the members of the panchayat.

5. District panchayat to grant loans :-

On receipt of an application under rule 4, the district panchayat may after-

- (i) scrutinising the application;
- (ii) satisfying itself, as to-
 - (a) the utility of the purpose for which the loan asked for;
 - (b) the existing financial position of the panchayat, and
 - (c) its capacity to repay the loans; and
- (iii) causing such enquiry as it deems fit. grant from the fund to the panchayat loan of an amount not exceeding 75 per cent of the estimated cost of work for which the loan is required.

6. Period of repayment of loan :-

(1) Every loan granted under these rules shall be repayable within such period not exceeding ten years from the date of the actual advance of the loan and in such suitable yearly instalments as may be determined by the district panchayat:

Provided that where the loan is advanced in instalments the period shall be calculated from the date of the actual payment of the last instalment of loan. The instalment date shall be the 30th September for all loans given during the first half of the financial year and 31st March for all loans given in the second half of the financial year.

(2) Notwithstanding anything contained in sub-rule (1),-

(a) the district panchayat in respect of any loan advanced by it may for reasons to be recorded in writing, extend the period of the repayment thereof to fifteen years;

(b) a panchayat may with the approval of the district panchayat pay all or any of the instalments of the loan earlier than the due date;

(c) for the first three years from the date the payment of the loan or of the last instalment thereof as the case may be, the district panchayat may, on satisfactory reasons being shown, suspend the payment of any instalment of the loan on such terms and conditions as it may think fit.

7. Rate of interest on loan on overdue instalments :-

(1) Interest on a loan advanced under these rules shall be charged at five per cent or $\frac{1}{2}$ per cent above the prevailing Bank rate whichever is less and it shall be payable at the time of the payment of an instalment of the loan. In the case of a default by a panchayat in payment on the due date of any instalment (i) of interest or (ii) of principal and interest, or (iii) or any part thereof, as the case may be, interest at the rate of two per cent per annum shall be charged in addition to the interest at five per cent on the overdue instalments of the loan or interest or of both as the case may be. If any further loan is granted after the default is made in repayment of a previous loan, the rate of interest may be varied to suit the conditions of each case on merits.

(2) Interest shall be payable when no instalment is payable out of

the principal or where such payment is suspended.

8. Undertaking by panchayat :-

(1) If the district panchayat decides to grant a loan to a panchayat the District Development Officer shall before the amount of loan or part thereof is paid get an undertaking executed on behalf of the panchayat.

¹ [(2) Every such undertaking shall be in the Form prescribed in the Schedule appended to these rules and shall on behalf of the Panchayat be signed by-

(i) the Upa-Sarpanch, the Vice-Chairman or, as the case may be, the Vice-President and two members authorised by the panchayat, at the office of the panchayat in the presence of the Sarpanch the Chairman or, as the case may be, the President and the Secretary of the Panchayat and;

(ii) the Sarpanch, the Chairman or, as the case may be, the President, in the presence of the District Development Officer of the concerned District.

(3) The district panchayat may in its discretion impose additional condition as regards measures to be taken by the panchayat for:-

(i) furnishing accounts and proper utilisation of the loan;

(ii) taking steps by way of augmenting income, recovering arrears of taxes, exercising economy or taking auxiliary measure for improving its financial position;

(iii) fixing the level of fees or charges for the services for which the work is under taken at a level sufficient to yield necessary income to enable the panchayat to maintain the service and pay the interest and repay the loan.

(4) Any additional condition imposed under sub-rule (3) shall be included in the undertaking to be executed under that sub-rule.

1. Vide GNP and HD KP/886/PPRR 34 (2) 67-JH, dated 27th January, 1967

9. Manner of keeping account of the loan and interest :-

The account of the loans granted to individual panchayat and of the interest accrued thereon shall be kept in the manner as prescribed by the Gujarat Taluka and District Panchayats Financial Accounts and Budget Rules, 1963.

10. Panchayat to make provision in its budget for repayment of loan :-

A panchayat which obtain loan under these rule shall make a provision every year in its budget estimate for the payment of instalments of the loan and the interest thereon till the loan is repaid with interest.

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1. . :-

(i) In case of default by the panchayat in payment, on due date of any instalment (a) of interest, or (b) of principal and interest, or (c) of any part thereof as the case may be. interest at the rate of two percent per annum shall be charged in addition to the aforesaid rate of payment on the over due instalments of the loan or interest or of both, as the case may be;

(ii) The amount of the loan shall be used for the purpose for which the loan is taken;

(iii) If any balance remains out of the amount of the loan after the completion of the work for which the loan is taken, it shall be paid back towards the repayment of the amount of the loan;

(iv) The panchayat shall make a provision every year in the budget estimate for the payment of the instalment of the loan and the interest thereon.

(Herein specify any additional conditions imposed under rule 8).

2. . :-

1 The above undertaking has been signed by the Upa-Sarpanch/ the Vice-Chairman/the Vice-President and two members authorised by the panchayat at the office of the panchayat in the presence of the Sarpanch/ Chairman/President and the Secretary of the panchayat and by the Sarpanch/ Chairman/President in the presence of the District Development Officer of District and is binding on the panchayat." Date: Signature Sarpanch/Chairman/President. Upa-Sarpanch/Vice-Chairman/Vice-President Members of the Gram/Nagar/Taluka Panchayat. District Development Officer, District Panchayat.District. (Strike off which is not relevant.)

1. Vide GNP and HD No. KP/886/PRR-34 (2)67/JH, dated 27th January, 1967,