

GUJARAT TALUKA PANCHAYATS (Grant of Loan to Subordinate Panchayats) RULES, 1963

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SCHEDULE 1 :- SCHEDULE

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GUJARAT TALUKA PANCHAYATS (Grant of Loan to Subordinate Panchayats) RULES, 1963

No. PRR/35-63.-In exercise of the powers conferred by section 323 of the Gujarat Panchayats Act, 1961 (Guj. VI of 1962), read with sub-section (2) of section 118 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 five or 1-2 per cent on the overdue instalments of the loan or interest or of both as the case may be:

(ii) The amount of the loan shall be used 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 estimates 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 taluka fund established under section 120;
- (d) "panchayat" means a gram panchayat or a nagar panchayat as the case may be.

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

The power of a taluka panchayat to grant loan 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 ² Development Commissioner, the amount of loan-

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

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

- (d)

1. Vide G.N.P. and G.D. No. KP/887/PRR-35(2)/67-JH, dated 27th January 1967.

2. Vide G.N.R.D.D, No. KP/190/PRR-35(1)/64-JH, dated 3rd October, 1964.

4. Manner of obtaining loan :-

(1) A panchayat desiring to obtain a loan from the fund shall submit to the taluka 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 the help of the loan and how the maintenance charge 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. Taluka Panchayat to grant loans :-

On receipt of an application under rule 4, the taluka 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 taluka 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 the loan. The instalments date shall be the 30th September for all loans given during the first half of the financial year 31st March for all loans given in the second half of the financial year.

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

(a) the taluka 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 taluka 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 of the payment of the loan or of the last instalment, thereof, as the case may be, the taluka panchayat may, on satisfactory reasons being shown, suspend the payment of any instalments of the loan on such terms and conditions it may think fit.

7. Rate of interest on loan and on overdue instalment :-

(1) Interest on a loan advanced under these rules shall be charged at five per cent or 1/2 percent above the prevailing Bank rate whichever 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 instalment (i) of interest or (ii) of principal and interest, or (iii) of 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 instalments is payable out of the principle or where such payment is suspended.

8. Undertaking by Panchayat :-

(1) If the taluka panchayat decides to grant a loan to a panchayat the Taluka 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 or, as the case may be the Vice-Chairman and two members authorised by the panchayat, at the officer of the panchayat in the presence of the Sarpanch or, as the case may be, the Chairman and the Secretary of the Panchayat; and

(ii) the Sarpanch or, as the case may be, the Chairman in the presence of the Taluka Development Officer of the concerned taluka".

(3) The taluka panchayat may in its discretion impose additional conditions 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, exersing economy or taking auxiliary measure for improving its financial position.

(iii) fixing the level of fees or charges for the services for which the works is undertaken 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 G.N.P. and HD. No. KP/887/PRR-35(2)/67-.JH, dated 27th Jan., 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 he 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 or repayment of loan :-

A panchayats which obtains loan under these rules shall make a provision ever year in its budget estimate for the payment of instalments of the loan the interest thereon till the loan is repaid with interest.

SCHEDULE

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 five or 1-2 per cent on the overdue instalments of the loan or interest or of both as the case may be:

(ii) The amount of the loan shall be used 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 estimates for the payment of the instalment of the loan and the interest thereon. (Herein specify any additional conditions imposed under rule 8).

2. . :-

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