

## **Gujarat Taluka Panchayats (Grant of Loan to Subordinate Panchayats) Rules, 1995**

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### **SCHEDULE 1 :- FORM**

## **Gujarat Taluka Panchayats (Grant of Loan to Subordinate Panchayats) Rules, 1995**

Whereas certain draft rules framing the Gujarat Taluka Panchayats (Grant of Loan to Subordinate Panchayats) Rules, 1995 were published as required by sub-section (5) of Section 275 read with sub-section (2) of Section 131 of the Gujarat Panchayats Act, 1993 (Guj. 18 of 1993), at pages 150-1 to 150-4 of the Gujarat Government Gazette, Part I-A dated the 29th July, 1995 under the Government Notification, Panchayats and Rural Housing Department No. KP/121 of 1995/PRN/1094/1513/J, dated the 28th July, 1995 inviting objections and suggestions from all persons likely to be affected thereby till the 27th August, 1995; And, whereas no objections and suggestions were received with respect to the said draft rules by the Government; Now, therefore, in exercise of the powers conferred by sub-section (1) of Section 274 read with sub-section (2) of Section 135 of the Gujarat Panchayat Act, 1993 (Guj. 18 of 1993), the Government of Gujarat hereby makes the following rules, namely:

### **1. Short title :-**

These rules may be called the Gujarat Taluka Panchayats (Grant of

Loan to Sub ordinate Panchayats) Rules, 1995.

## **2. Definitions :-**

In these rules unless the context otherwise requires :

- (a) "Act" means the Gujarat Panchayats Act, 1993;
- (b) "financial year" means the year commencing on the 1st day of April;
- (c) "fund" means the taluka fund established under Section 134;
- (d) "panchayat" means a village panchayat.

## **3. Limitations subject to which power to grant loans is exercisable :-**

The power of a taluka panchayat to grant loan to a panchayat subordinate to it shall be subject to the following limitation, namely :

- (a) provision for granting loan is available in the fund;
- (b) except with the previous approval of the Development Commissioner, the amount of loan shall not exceed Rs. 20,000/-.

## **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 estimates of the cost of the entire work or such part of it as is proposed to be carried out with the held 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 charges to be met;
- (v) the period within which and the number of instalment 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 required.

(2) The applications made under sub-rule (1) shall be supported by 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 deem fit, grant from the fund to the panchayat loan 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 the 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 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 instalment of the loan on such terms and conditions as 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 per cent above the prevailing Bank rate whichever is less and it shall be payable at the time of the payment on 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 of (ii) of principal and interest, or 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 percent on the overdue instalment of the loan or interest of or 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 condition of each case on merits.

(2) Interest shall be payable when no instalment is payable out of the principal or where such panchayat is suspended.

#### **8. Undertaking by panchayat :-**

(1) If the taluka panchayat decides to grant a loan to 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.

(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 and two members authorised by the panchayat, at the office of the panchayat in the presence of the Sarpanch and the Secretary of the Panchayat; and

(ii) the Sarpanch 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 recovering arrears of taxes, exercising economy of taking auxiliary measure for improving its financial position.

(iii) fixing the level of fees or charges for the services for which the work 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.

**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 in the Gujarat Taluka and District Panchayat Financial Accounts and Budget Rules, 1995.

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

A panchayat which obtain loan under these rules 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.

**11. Repeal and Saving :-**

The Gujarat Taluka Panchayats (Grant of Loan to Subordinate Panchayats) Rules, 1968 are hereby repealed. Such repeal shall not affect anything done or an action taken under the rules so repealed.

**SCHEDULE 1**

**FORM**

[See Rule 8(2)] To, The Taluka Panchayat.....  
.....Taluka We the Sarpanch/Upa-Sarpanch and the undersigned members of the Village Panchayat.....of the Taluka/Mahal/.....acknowledge the receipt of Rs.....on behalf of the Village Panchayat, sanctioned as loan by the Taluka Panchayat.....out of the Taluka Fund for the purpose of.....and undertake on behalf of the panchayat to repay the loan of Rs.....in.....instalments with interest at the rate of five per cent or 1/2% above the prevailing Bank rate whichever is less subject to the following conditions, namely: 1. (i) In case of default by the panchayat in payment on due date of instalment (a) of interest, or (b) or 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 above the prevailing Bank rate 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 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 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 and two members authorised by the panchayat at the office of the panchayat in the presence of the Sarpanch and the Secretary of the panchayat and by the Sarpanch in the presence of the Taluka Development Officer of.....Taluka and is binding on the panchayat. Date : Signature : Sarpanch Upa-Sarpanch Members of the Village Panchayat Taluka: Development Officer Taluka Panchayat Taluka District