

The M.P. Municipalities Borrowing of Money Rules, 1974

MADHYA PRADESH

India

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Rule

THE-M-P-MUNICIPALITIES-BORROWING-OF-MONEY-RULES-1974 of 1974

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The M.P. Municipalities Borrowing of Money Rules, 1974 Published vide Notification No. 186-18-1-74, dated 16-4-1974, M.P. Rajpatra, Part 2, dated 17-5-1974 at pp. 323-324 In exercise of the powers conferred by sub-section (1) and clause (xv) of sub-section (2) of Section 355 of the Madhya Pradesh Municipalities Act, 1961 (No. 37 of 1961), the State Government hereby makes the following rules, the same having been previously published as required by sub-section (3) of Section 356 of the said Act, namely :-

1. Short title.

- These rules may be called the Madhya Pradesh Municipalities Borrowing of Money Rules, 1974.

2. Definitions.

- In these rules, unless the context otherwise requires :- (a) "Act" means the Madhya Pradesh Municipalities Act, 1961 (37 of 1961); (b) "Loan" means a loan raised under Section 115 of the Act; (c) "Government Loans" means a loan taken from Government fund; (d) "Non-Government Loan" means a loan raised with the sanction of Government, otherwise than from Government funds; (e) "Term of Loan" means the period elapsing between the Date on which the loan is completely repaid.

3. Borrowing Power.

- The Municipal Council may borrow from the State Government or with the sanction of the State

Government from other sources for any of the purposes enumerated in Sections 123 and 124 of the Act.

4. Application.

- When a Council desires to raise a loan, it shall pass a resolution to that effect under Section 115 of the Act. The Chief Municipal Officer, shall then submit the application to the State Government through the Collector of the District and the Director Local Bodies. Madhya Pradesh showing :- (a) the source from which the loan is to be raised; (b) the purpose for which the loan is required and an estimate of the cost of the entire work or such part of it as it is proposed to carry out from loan; (c) the amount of the loan which it proposes to raise; (d) The dates within which, the money is to be raised and when it is proposed to raise the loan in instalments, the dates within which the first instalment is to be raised and the years in which it is intended to raise the other instalments; (e) The rate of interest at which it is proposed to raise the loan; (f) The term of years for which it is proposed to raise the loan and the method by which it is to be repaid; (g) an account of the financial position of the Municipal Council including a statement of all existing prior charges on its funds and a statement of its income and expenditure for the last three financial years.

5. Enquiry by the State Government.

- The State Government may cause such enquiry as it thinks fit to be made into the statements contained in the application and into the utility of the purpose for which the loan is proposed to be raised.

6. Period for application of Government Loan.

- In case, it is proposed to raise a loan from State Government, the resolution asking for it with the necessary details shall be submitted through the channel as prescribed under rule, so as to reach the State Government not later than the 15th day of September preceding the financial year in which the loan is required.

7. Rejection of application.

- If it appears to the State Government that loan ought not to be raised, it may reject the application on this subject.

8. Sanction of Loan.

- If it appears to the State Government that the loan ought to be raised it may sanction the raising of the loan subject to such substantial charge in the proposals received from the Municipal Council shall be made unless the Municipal Council has been consulted.

9. Sanction of Urgent Loans.

- Where a Municipal Council in its application desires the immediate sanction to the raising of a loan on the ground that it is satisfied that the loan is urgently needed, may sanction the raising of such loan at any time after the receipt of the application.

10. Prescribed conditions.

- Any Government loan shall be subject to the following conditions, namely :-(a)The term of the loan does not exceed twenty years unless the State Government fixes a longer period as a special case;(b)Funds are available from the grant voted by Legislative Assembly for the purpose of such loans;(c)The rate of interest payable on the loan is such as the State Government may determine;(d)Interest shall be charged yearly or half yearly as the State Government may determine, and shall be reckoned and paid on such instalment from the date on which such instalment was proposed to be taken;(e)The State Government may lay a penal of interest at such rate as may be prescribed from time to time by the State Government not exceeding 2-1/2 per cent above the normal rate. It shall be payable on all overdue instalments of the principal and interest;(f)Repayment made will first be appropriated towards interest and balances, if any, towards principal.

11. Non-Government Loans.

- In the case of applications for loans to be raised from a source other than the State Government, the procedure laid down in Rules 4, 5, 6, 7 and 8 will be followed. No such loan shall be obtained unless the following conditions are fulfilled, namely :-(a)the term of loan does not exceed fifteen years unless the State Government agrees for a longer period as a special case;(b)the rate of interest is not more than that approved by the State Government;(c)the Municipal Council concerned submits its annual estimates of income and expenditure during the period of its indebtedness for confirmation by the State Government.

12. Special power.

- In sanctioning a loan, the State Government may prescribe, any further conditions not inconsistent with the Act and with these rules, as it may think fit.

13. Control and inspection of Work and Account.

(1)The State Government may make such provision as it may deem necessary for ascertaining and securing that the loan raised is duly applied to the purpose for which it has been borrowed and that the unexpended balance of the loan is not employed otherwise than in accordance with these rules.(2)Every work carried out wholly or partly through the loan and the accounts connected therewith shall be open at all time to the inspection of-(a)the Superintending Engineer or Executive Engineer in whose circle or division, the work is situated;(b)person who may be authorised to inspect the accounts of the Municipal Council; and(c)any other person specially authorised by the

State Government in this behalf.

14. Unexpended balances of loans.

- The accounts of expenditure on the work for which the Municipal Council has raised loan, shall be kept separate and if on the completion of the work, the State Government is satisfied that the whole of money has not been spent for the purpose for which it was raised it shall proceed as follows, namely :-(a)In the case of the Government loan, the State Government will direct that the unexpended balance shall be forthwith repaid to State Government with interest and the principal of the debt reduced by an amount equivalent amount to be repaid the State Government may direct such variation, as it may consider necessary, on this accounts in the instalments fixed for the liquidation of the loan.(b)In the case of a non-Government loan, the State Government may direct that the unexpended balance shall be utilized, in the reduction in any way of the debt of the Municipal Council.(c)If in the opinion of the State Government, the Municipal Council has failed to comply with any of the conditions prescribed in the Act and in these rules with respect to any loan, it may at any time determine such loan and may further direct that any amount advanced with interest thereon shall be repaid immediately.

15. Repayment of Loans.

- With the previous consent of the State Government the Municipal Council may at any time repay the whole or any part of a loan in advance of the period fixed by the conditions of the loan.

16. Repeal and Saving.

- All rules corresponding to these rules in force in any region of the State immediately before the commencement of these rules are hereby repealed :Provided that any order made or action taken under the rules so repealed shall be deemed to have been made or taken under the corresponding provisions of the rules.

17. Rules shall be general.

- These rules shall be general for all Municipal Councils.