

The Madhya Bharat Local Authorities Loans Rules, 1951

MADHYA BHARAT

India

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Rule

THE-MADHYA-BHARAT-LOCAL-AUTHORITIES-LOANS-RULES-1951 of 1951

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The Madhya Bharat Local Authorities Loans Rules, 1951Published vide Notification Madhya Bharat Gazette, dated 23-6-1951In exercise of the powers conferred by Section 4 of the Madhya Bharat Local Authorities Loans Act, Samvat 2007 (Act No. 64 of 1950), the Government are pleased to make the following rules under the said Act :

1. Short title.

(1)These rules may be called the Madhya Bharat Local Authorities Loan Rules, 1951.(2)Commencement. - They shall come into force from the date of their publication in the Government Gazette.

2. Interpretation.

- In these rules-(1)"The Act" means Madhya Bharat Local Authorities Loans Act, Samvat 2007;(2)"Government Loan" means a loan taken from Government funds;(3)"Loan" means a loan made, taken or raised under the Act;(4)"Non-Government Loan" means a loan raised with the sanction of Government otherwise than from Government funds; and(5)"Term of Loan" means the period elapsing between the date on which the loan is completely made, taken or raised and the date on which it is completely repaid.

3. Limitation of Borrowing Power.

- A local authority shall not borrow money for any other purposes specified in clause (i), (ii), (iii) or

(iv) of sub-section (1) of Section 3 of the Act unless the work to be carried out is-(a)within the local limits of the area subject to the control of the local authority; or(b)for the benefit of the inhabitants within those limits.

4. Application.

- When a local authority desires to obtain a loan it shall submit an application to the Government showing-(1)the purpose for which the loan is required, and where the loan is required for any of the purposes specified in clause (i), (ii), (iii) or (iv) of sub-section (1) of Section 3, an estimate of the cost of the entire work or such part of it as it is proposed to carry out from loan funds;(2)the amount which it proposes to borrow;(3)the fund on the security of which it is proposed to borrow;(4)the law under which the said fund is levied, received or held;(5)the dates within which the money is to be borrowed and when it is proposed to raise a loan in instalments the amount of each instalment, the date within which the first instalment is to be taken or raised, and the years in which it is intended to take or raise the other instalments;(6)the rate of interest at which it is proposed to borrow;(7)the term of years for which the money is to be borrowed; and the method by which it is to be repaid. If it is proposed to repay the loan by means of a sinking fund, the rate of interest at which the improvement of such sinking fund is to be calculated shall also be stated;(8)an account of the financial position of the local authority, including a statement of all existing prior charges on its funds.

5. Enquiry by Government.

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

6. Rejection of application.

- If it appears to the Government that the money ought not to be borrowed, it shall reject the application.

7. Publication of application, etc.

- If it appears to the Government that the money ought to be borrowed, it shall cause to be published in the Government Gazette, and in such other manner as it may deem fit within the local limits of the area subject to the control of the local authority, a copy of the application and such particulars in regard to any enquiry made under Rule 5 as it may think necessary.

8. Disposal of application after publication.

- After the expiry of one month from such publication, and after calling for any further information which it may require and considering any objections which may be preferred, the Government may,-(1)reject the application; or(2)grant the loan, or sanction the raising of the loan, as the case

may be.

9. Disposal of urgent application.

- Where a local authority in its application desired the immediate grant, or sanction to the raising of a loan on the ground that funds are urgently needed for any of the purposes mentioned in clause (ii), (iii) or (iv) of sub-section (1) of Section 3 of the Act, the Government, if it is satisfied that the loan is urgently needed for any such purpose, may, notwithstanding anything contained in Rules 5, 7 and 8 after such enquiry, if any, as it thinks fit to make, grant or sanction the raising of such loan at any time after the receipt of the application.

10. Government Loan.

- When a local authority submits an application for a Government loan, the Government may grant the loan, provided that the following conditions are fulfilled, namely :-(a)the term of the loan does not exceed thirty years;(b)funds are available from the grant placed at the Government's disposal for the purposes; and(c)the rate of interest payable on the loan is not less than 4 per cent per annum.

11. Non-Government Loans.

- When a local authority submits an application for a non-Government loan, the Government may sanction the application, provided that the following conditions are fulfilled, namely :-(a)the term of the loan does not exceed thirty years; and(b)the amount of the loan does not exceed twenty-five lakhs of rupees.

12. Prescribing of conditions.

(1)In granting or sanctioning a loan, the Government may prescribe any further conditions not inconsistent with the Act, and with these rules, as it may think fit.(2)In particular and without prejudice to the generality of sub-rule (1) the following conditions shall be prescribed, namely :-(i)In the case of every loan that the Government shall determine and the local authority shall pay the cost-(a)of any enquiry made under Rule 5;(b)of advertisements published under Rule 7;(c)of inspections made, and other measures of control taken under Rule 13; and(d)of any other proceedings taken by order of the Government under these rules.(ii)In the case of every loan that the local authority shall furnish to the Accounts Officer of the Government, any information which they may require regarding its funds and regarding the expenditure of the loan.(iii)In the case of a Government loan that the Government if it considers that the local authority has failed to comply with any of the conditions prescribed in respect of the loan or with any of the requirements of these rules, may, at any time, order that no further payments shall be made on account of such loan and that any amount advanced with interest thereon shall be repaid immediately.(iv)In the case of a non-Government loan that the local authority shall not, without the previous approval of the authority, which sanctioned the loan, vary the dates within which the raising of the loan, or of the first instalment of it, has been sanctioned; and that if the loan is raised by instalments, the local

authority shall report for the previous approval of the sanctioning authority, the dates within which each further instalment is to be raised.

13. Control and inspection of work and accounts.

- The Government shall make such provision as it may deem necessary-(a)for ascertaining and securing that the money borrowed 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;(b)where the loan is taken for any of the purposes specified in clause (i), (ii), (iii) or (iv) of sub-section (1) of Section 3 for the proper inspection of the work to be carried out; provided that every such work and the accounts connected therewith shall be open at all times to the inspection of-(1)the Superintending or Executive Engineer in which division the work is situated; and(2)of any person who may be authorised to inspect the accounts of the local authority; and(3)of any other person specially authorised by the Government in this behalf.

14. Procedure on attachment.

- When the Government decides to attach any funds under Section 5 of the Act, the following procedure shall be observed, namely :-(a)The Government shall issue a notice to the local authority prohibiting the collection or management of such funds by the local authority and vesting the administration thereof in such officer as the Government may appoint. The Government shall cause notice to be published in the Government Gazette, and in such other manner as it may deem fit within the local limits of the area subject to the control of the local authority.(b)The officer appointed by the Government under Section 5 shall pay the moneys collected or received under such attachment to the lender or, in the case of Government loan, in the Government Treasury.(c)The said officer shall prepare the accounts of money so collected and of the cost of collection in such form as the Government may, from time to time, direct. He shall deliver a copy of the accounts to the local authority and shall cause a copy to be published in the Government Gazette.

15. Unexpended Balance.

- If, on the completion of the closing of the account of the transaction for which a local authority has borrowed money the Government is satisfied that the whole of the money has not been spent on the purpose for which it was borrowed it shall proceed as follows, namely :-(a)In the case of Government loan, the Government shall direct that the unexpended balance shall be forthwith repaid to Government, and the principal of the debt reduced by an equivalent amount. The Government may direct such variation as it may consider necessary on this account in the instalments fixed for the liquidation of the loan.(b)In the case of a non-Government loan-(i)If the Government itself sanctioned the raising of the loan or if the unexpended balance of the loan does not exceed the amount which the Government is competent to sanction as an original loan it may direct that the unexpended balance shall be utilized either in the reduction in any way of the debt of the local authority, or in carrying out any works which that authority is legally authorised to carry out.(ii)In cases not falling under clause (i) the Government may direct that the unexpended balance shall be utilized in the reduction in any way of the debt of the local authority, or that the unexpended

balance shall be utilized in the carrying out of any works which the local authority is legally authorised to carry out.

16. Interest on Government Loan.

- The following provisions shall apply to interest on Government loan, namely :-(1)Interest shall be charged, at the rate agreed upon, yearly or half-yearly, as the Government may determine, and shall be reckoned and paid on each instalment from the date on which such instalment is received by the local authority.(2)The Government may, if it thinks fit and in so far as the law allows, direct that interest at a rate not less than 7 per cent per annum shall be paid upon all overdue instalments of interest, or of principal and interest.

17. Repayment of Government Loans.

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

18. Accounts of Government Loans.

- The accounts of every Government loan shall be kept by the Accountant General, Madhya Bharat.

19. Sinking fund to non-Government Loans.

- If a loan is not repayable by annuities or annual drawings, the local authority shall establish a sinking fund in the following manner, namely,-(1)it shall pay out of its income, yearly or half-yearly into such fund, a sum which, accumulating at such rate of compound interest as the authority sanctioning the loan may fix will be sufficient to secure the liquidation of the loan within the term fixed for its repayment;(2)it shall make the first of such payments within one year from the date of taking or raising the loan unless the sanctioning authority otherwise directs; and(3)it shall submit the accounts of its sinking fund annually to the Accountant General and shall at once make good from its income any amount by which he may certify that the fund is deficient unless the Government sanction a gradual re-adjustment.

20. Registers of Loans.

- A register of loans shall be maintained by the local bodies as per form which may be prescribed by the Government for the purpose. In exercise of the powers conferred by Rule 20 of the Madhya Bharat Local Authorities Loans Rules, 1951 the Government is pleased to prescribe the following form for the register of loans to be maintained under said rule. [Form I] [Published in Madhya Bharat Gazette, Part IB, dated 8-3-1952 at p 1358.] Register of loans of the.....Municipality

Date of receipt of	Number and date of order	Purpose for which loan	Amount of loan	Rate of interest	Number of instalments in which repayable,	Amount of each
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loan	sanctioning it	was taken			andwhether yearly or half-yearly	instalment
1	2	3	4	5	6	7
Initials of the Executive Officer or Secretary		Payment	Balance (Principal) after each payment		Initials of the Executive Officer or Secretary	Remarks
Date		Principal	Interest		Total	
8		9	10		11	12

21.

Whenever it is proposed to carry out any work of which the cost in whole or in part is debitable to loan funds, - (1) an estimate of the cost of the entire scheme should be prepared, and submitted for such sanction as is required by law; (2) a programme of construction shall be drawn up, showing the sums which will probably be required year by year until the work has been carried to completion; (3) the application for the loan should cover the entire cost of project (or so much of the cost as it is proposed to meet from borrowed funds), and it should show the year in which each instalment is to be raised; (4) no expenditure should be incurred on the work until the loan for the entire project has been duly sanctioned, and the approval of the authority competent to sanction the plans and estimates has been obtained.

22. Cancellation of rules.

- All rules and other similar orders having the force of rules relating to the Local Authorities Loans in force in any part of Madhya Bharat are hereby cancelled provided that the money borrowed under those rules shall be governed by them. Provided further that in advancing any loan sanctioned by any competent authority to any local authority before the commencement of the Act, the Government may prescribe any further conditions not inconsistent with the Act and these rules and with the terms of agreement in respect of such loan.