

Andhra Pradesh Panchayat Raj Institutions Borrowing Loans Rules, 2003

ANDHRA PRADESH

India

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Rule

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Andhra Pradesh Panchayat Raj Institutions Borrowing Loans Rules, 2003Published vide Notification No. G.O. Ms. No. 136, Panchayat Raj and Rural Development (Rules), dated 24th April, 2003Last Updated 13th August, 2019R.S. to Part VII (Extraordinary) A.P. Gazette,dated 20-5-2003.G.O. Ms. No. 136. - In exercise of the powers conferred by Sections 45,46,161,162, 192 and 268 of the Andhra Pradesh Panchayat Raj Act, 1994, (Act 13 of 1994) the Governor of Andhra Pradesh hereby makes the following rules relating to Borrowing by Panchayat Raj Institutions, namely.

1.

These Rules may be called the Andhra Pradesh Panchayat Raj Institutions Borrowing Loans Rules, 2003.

2.

Panchayat Raj institutions namely Gram Panchayats, Mandal Parishads and Zilla Parishads constituted under the A. P. Panchayat Raj Act, 1994, are eligible to borrow loans from nationalised banks, scheduled banks and financial institutions affiliated to the Bank of India and Life Insurance Corporation of India and such other agencies permitted by the Government of Andhra Pradesh.

3.

The borrowings by Panchayat Raj Institutions will be governed by the provisions of Local Authorities loans Act, 1914 and the provisions of Local Authorities Loans Act 1352 Fasli, in Andhra Area and Telangana areas respectively.

4.

The Panchayat Raj Institutions can borrow loans for any of the following purposes falling within the scope of functions assigned to them under Sections 45, 46, 161, 162 and 192 of the Andhra Pradesh Panchayat Raj Act, 1994.(a)For construction of commercial complexes, in identified areas, which will earn attractive annual returns of 20% or more on the investments annually,(b)For agricultural based projects like raising of usufruct yielding trees, coconuts, or other orchards coupled with raising of fisheries, silvi-culture plants, raising of pastures and grasses and such other composite schemes where proper irrigation facilities are available:(c)For location and establishment of new markets within the scope of the provisions of A.P. Panchayat Raj Act, 1994;and(d)For any other suitable schemes by which the income of a local body can be augmented by making a one time investment.

5.

Sufficient safeguards have to be provided by the Panchayat Raj Institutions to satisfy the banks about its capacity and willingness.

6.

The Panchayat Raj Institutions should not seek any other loan for the same purpose from any other financial institution or other local bodies or from Government.

7.

A small committee shall be constituted consisting of the executive authority and technical experts for implementation of the scheme from its starting and during its functioning to ensure repayment of loans to Banks from the incremental incomes from out of the scheme. This committee shall be exclusively responsible for utilisation of the bank loans and, to perform the functions assigned to them as follows:(a)The Committee will co-ordinate with the Bank for the timely flow of credit to enable the Panchayat Raj Institutions to satisfactorily complete the project as scheduled so that funds are released at appropriate time and no time funds are not locked up.(b)The method of entrustment of the work and the time required for fulfilling the formalities like calling for tenders, finalization of tenders entering into agreements, issue of works order etc., will be undertaken by the Committee.(c)Any anticipated delays in commissioning the project/scheme like delays in power supply, obtaining statutory permissions will be taken care of by the Committee.

8.

The Panchayat Raj Institutions intending to borrow moneys should have a satisfactory record of performance and sound management.

9.

Inspection, both by departmental officers of Panchayat Raj Department and bankers representatives should be made at frequent intervals during the execution and after its completion to monitor the outflow of its benefits.

10.

The executive authority of the Panchayat Raj Institutions concerned should prepare a detailed project report/scheme containing the inputs required, the gestation period of the scheme and the projected levels of income after the completion of the projects.

11.

The executive authority shall be the Ex-officio co-ordinator of the committee. He will place the project before the Gram Panchayats/Mandal Parishads/Zilla Parishads for necessary sanction and for onward submission to Government through proper channel for their approval, if necessary.

12.

A detailed project report shall necessarily be prepared by the Panchayat Raj Institution containing the following details:(a)Only such schemes which are economically viable and technically feasible beyond doubt, shall be recommended to the banks for sanction of loans.(b)A feasibility report from a registered technical expert, who will satisfy about the accuracy and the market trends so as to ensure smooth and timely repayment of loans and the advisability of taking up the venture in the context of its demand etc., for enabling Panchayat Raj Institutions to make repayment.(c)The project should be in a position to repay the investments made on it including interest installments within a period of 8 years from the date of last release.(d)At least 25% of the outlay should be self financed and the balance should be borrowed from either a bank or a financial Institution.(e)The Panchayat Raj Institution should prepare statement of its receipts and expenditure for the 3 preceeding years during which the application is submitted and it should generate additional resources from the project scheme to meet the loan and interest portion within the time allowed by the bank.(f)The financial statements submitted by the Panchayat Raj Institutions shall be got scrutinised by the Accounts Officer of the Zilla Parishad and countersigned by the Audit Officer of the Local Fund, Audit Department.(g)Before the project is submitted to Government for approval the same may be circulated to the Bank to seek its opinion.(h)Every proposal shall be approved by the Government who will recommend to the bank or financial institution, about the vability of the proposal, the credit worthiness of the institution, the quarter of finding required and the manner in

which it is to be released.

13.

No Government guarantee will be required for obtaining loans by Panchayat Raj Institutions as per para 3 of G.O.Ms. No. 9 Panchayat Raj and Rural Development Department, dated 6-1-1989.

14.

After the approval of the proposal by the Government the banks will issue sanction orders as per the norms and the documentation will be completed within one month from the date of receipt of proposals by them.

15.

Amounts, sanctioned and released by the banks, should be kept in a separate account and should be utilised for the purpose of carrying out the project or scheme, by such authority approved by the Government.

16.

The loan sanctioned, will be released in convenient installments. A separate register should be maintained for the releases and expenditure. Releases will be made on receipt of utilisation certificate from the executive authority in respect of the amounts released in the earlier installments.

17.

The District Collector concerned will co-ordinate the sanction of such borrowings by the Panchayat Raj Institutions and any problem that may be coming up either at the time of sanction, during releases and utilisation or after completion, will be resolved in the District Consultative Committee meetings, where the representatives of all participating banks in the district will be present.

18.

The maximum limit of borrowings by Panchayat Raj Institutions without Government guarantee on these projects is fixed at Rupees five lakhs only for each project.