

No. VPA. 1159/33702-B.
Rural Development Deptt.
Sachivalaya,
Bombay. 32.
Date 5-12-66

To The Commissioner, Bombay Division,
Bombay.

Subject:- Bombay District Village Development
Rules, 1960-Clarification regarding...

Reference your endorsement No. VPC. 2255, dated the
28th September 1959, on the subject mentioned above.

Point A :- You have stated that the first year of payment of contribution would be financial year 1961-62 and not 1960-61. The Bombay Village Panchayat Act, 1958 came into force from 1st June 1959. sub-Section (3) of section 62 of the said Act provides that a Panchayat shall contribute every year to the District Village Development Fund constituted under section 133 such percentage of its income from all sources (including contributions from the State Government) not exceeding 10 per cent thereof as may be prescribed. Rule 7 of the Bombay Village Panchayat (Budget and Accounts) Rules, 1959 lays down that a Panchayat shall contribute every financial year to the District Village Development five per cent of its income realised during the preceding financial year from all sources. The provision has been made in rule 3 (c) of the said rules that the amount to be contributed to the District Village Development Fund should be shown in the budget estimates of Village Panchayat. The Bombay Village Panchayat (Budget and Accounts) Rules, 1959 came into force from 11th September 1959. According to rule 3 of these rules, the Village Panchayat has to submit its budget estimate on or before the 31st day of December in each year. It was therefore, necessary for Village Panchayats to submit their budget estimates for the year 1960-61 on or before 31st December 1959. Thus, the provisions made in section 62 of the Bombay Village Panchayat Act, 1958 and the Bombay Village Panchayat (Budget and Accounts) Rules, 1959 were sufficient for providing the amount in Village Panchayat budget estimates for the year 1960-61, to contribute to the District Village Development Fund. On the basis of the above mentioned position the Collectors were informed under Government letter No. VPA. 1159/61093-P, dated 1st March 1960 that it was absolutely necessary that the Panchayat should make the provision in their budget estimates for the year 1960-61 in respect of the contribution that they would be making to the District Village Development Fund during the next financial year. According to Government orders dated 1st March 1960 the Village Panchayats had to make provision in their budget estimates for the financial year 1960-61 on the basis of their income of 1959-60, on the basis of income of the preceding year 1958-59. The Chief Executive Officer, Zilla Parishad, Ratnagiri has stated in his letter that there are no specific directions about the year from which the contributions should be started. The Bombay Village Panchayat Act 1958 and the Bombay Village Panchayat (Budget and Accounts) Rules, 1959 came into force from 1st June 1959 and and 11th September 1959 respectively. It is therefore, necessary to make

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Notes/RDD-H-1325(650-2-67)

L There is no question to ask
the V.Ps for making provision in their
budget estimates for the year 1959-60

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provision for contribution in the budget estimates for the year 1960-61 which were to be submitted by Village Panchayats before 31st December 1959.

Point B : The interest to be given on the contribution is simple interest.

Point C : According to rule 7(2) of the Bombay District Village Development Fund Rules, 1960, the interest on the contribution shall be calculated at the end of the financial year and at that time the Standing Committee will take into account the revised rate of interest. It will not be necessary to give effect to revised rate of interest from the publication of Government Notification in Government Gazette, and the effect to the revised rate of interest would be given from 1.4.1965.

Point D : The Chief Executive Officer, Zilla Parishad, Ratnagiri's presumption that the action of Standing Committee in granting loans to Village Panchayats for purchase of oil engines etc. is in order, is confirmed.

Point E : The presumption made by the Chief Executive Officer that the interest at over all rate of 7 per cent is not to be calculated for the entire period is correct.

Point F : According to rule 6(2) of the Bombay District Village Development Fund Rules, 1960 the loan is granted to a Village Panchayat for the purpose of carrying out the duties in respect of any matters specified in Schedule II appended to the Bombay Village Panchayat Act 1958. Before disbursement of loan amount, the Sarpanch and two members of a Village Panchayat will have to give an undertaking in the form appended to rule 14. In that form they will mention the purpose for which the Village Panchayat is taking loan. It will be, therefore, binding on the Village Panchayat to utilise the loan amount for the purpose which has been mentioned in the undertaking form as the loan amount cannot be diverted for any other purpose. While giving undertaking, the Sarpanch and others will have to state on behalf of the Village Panchayat that if any balance remains out of the amount of 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 loan. This will also apply when the amount of loan is not used at all by the Village Panchayat. If the Village Panchayat fails to utilise the amount or to repay it, the Zilla Parishad Officials who inspect the Village Panchayat can bring that matter to the notice of the Chief Executive Officer, who can take necessary action. Where there is irregular repayment the Village Panchayat will have to pay the penal interest as per provision of rule 13. If the Village Panchayat does not repay the amount of loan at all, the auditor will point out this in audit report and as per provision of section 140(2) of the Bombay Village Panchayat Act 1958 the Village Panchayat will have to comply with the irregularities pointed out in audit report. If the Village Panchayat makes persistent default in utilising the amount of loan or in repayment it can be dissolved under section 145 of the Bombay Village Panchayat Act 1958. In view of this position, there is no need to make provision in the rules for summary recovery.

s.d -
Under Secretary to the Government of Maharashtra,
Rural Development Department.