

NO. VFD. 1965 (133)/52086-E.
Rural Development Department,
Sachivalaya, Bombay -32.
Dated 17th Nov. 1965.

To

The Commissioner Bombay Division,
Bombay.

Subject:- District Village Development Fund
Repayment of loan.

Reference your endorsement No. VFD. 6077. dated the 14th
June 1965, on the above subject.

2. The District Village Panchayat ~~of~~ Mandals were abolished on coming ~~in~~ into force of the Maharashtra Zilla Parishad and Panchayat Samiti Act 1961 from 1st May 1962. As a result of this the District Village Panchayat Development Fund remained inoperative till the fund was vested in the Standing Committee by amending the District Village Development Fund Rules, 1960, on 30th August 1963. Thus from 1st May 1962 to 30th August 1963 the Village Panchayats could not credit the instalment of principal with during the said period on the loans which were sanctioned to them by the former District Village Panchayat ~~of~~ Mandals. A point has been raised whether the recovery of penal interest, as per rule 13 of the Bombay District Village Panchayat Rule 1960, should be made or whether the recovery of penal interest can be waived on the overdue instalment during the period from 1st May 1962 to 1st September 1963 till the Standing Committee took over the operation of the fund and whether it is obligatory on the Standing Committee to pass orders of waiving of recovery in individual cases. The point is clarified below.

3. Under section 133 of the Bombay Village Panchayats Act, 1958, ~~the District Village Development Act, 1958~~, the District Village Development Fund vests in such officer or authority as may be prescribed. The fund was originally vested in the District Village Panchayat Mandal. constituted under repealed section 134 of the Act, That body has now ceased to exist. In place of the said body. Government authorised the Standing Committee of the Zilla Parishad in whom the fund shall vest. But amendments to the Bombay District Village Development Fund Rules, 1960 for this purpose were made as late as on 30th August 1963. Hence during the period from 1st May 1962 (on which date the Zilla Parishads and Panchayat Samitis Act came into force and the District Village Panchayat Mandals were abolished) to 30th August 1963 when Government directed that the fund should vest in the Standing Committee, there was no authority to which the Village Panchayats which had been granted the loans, could pay the instalments. In the circumstances, it cannot be said that the Village Panchayats, which had been granted the loans, committed ~~any~~ default in payment of the instalments of the loans; and hence the provisions of Rule 13 of the Bombay District Village Development Fund Rules, 1960 are not attracted. No question of charging penal interest or of suspending payment of instalments with retrospective effect can, therefore, be said to have arisen. Further, the Standing Committee, which had been appointed as the authority under section 133 of the Village Panchayats Act, can have no power to order suspension of payment of instalments due in respect of the period during which the fund had not been vested in it.

Sd/-
Under Secretary to the Government of Maharashtra,
Rural Development Department.