

CHAPTER XII

LOANS TO LOCAL BODIES AND PRIVATE INDIVIDUALS

148. (1) A competent authority may sanction loans to local bodies and private individuals for the purpose and subject to the conditions that may be prescribed by Government from time to time. An order for payment of a loan should clearly specify whether it is a sanction for payment or merely an order approving a proposal for loan.

(2) In cases in which conditions are attached to the utilisation of loan, either in the shape of the specification of the particular objects on which or the time within which the money must be spent, or otherwise, the authority competent to sanction the loan shall be primarily responsible for certifying to the Accountant General, where necessary, the fulfillment of the conditions attaching to the loan, unless there is any special rule or order to the contrary.

149. (1) In all cases of loans which the Government may decide to grant, the terms under which such loans are granted should be covered by a deed to be executed by the loanee and the deed shall ordinarily include -

- (i) a fixed rate of interest to be paid not less often than yearly;
- (ii) a fixed or proportionate scale of repayment in installment not less often than yearly;
- (iii) the date from which repayment shall commence and the head of account to which the repayments shall be credited;
- (iv) hypothecation to the Government of security of such value as the Government may consider adequate; and
- (v) provision for penalties in the event of delay or default in fulfilling the terms of the loan, one of the penalties invariably being recovery through disposal of the hypothecated security.

(2) With the previous consent of the Finance Department Government may remit or write off any loan owing to their recovery or otherwise.

(3) Subject to such general or specific directions as may be given by the Comptroller & Auditor General in this behalf, detailed accounts of loans to institutions and organisations' etc. shall be maintained by the Accountant General

who shall watch their recovery and see that the conditions attached to each loan are fulfilled. This shall not however, absolve the departmental authorities of their responsibility to see that recoveries of installments are made regularly and that the conditions of loans are fulfilled.

(4) In the case of loans to private individuals, the detailed accounts shall be maintained by the departmental authorities concerned who shall also watch their recovery and see that the conditions attached to each loans are fulfilled.