GOVERNMENT OF GUJARAT

LEGISLATIVE AND PARLIAMENTARY AFFAIRS DEPARTMENT

Gujarat Act No. 12 of 1979

The Gujarat Municipal Finance Board Act, 1979

(As modified up to the 31st October, 2012)

1 of 12

THE GUJARAT MUNICIPAL FINANCE BOARD ACT, 1979.

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SCHEDULE.

GUJARAT ACT NO. 12 OF 1979. [1]

[THE GUJARATMUNICIPALFINANCEBOARDACT, 1979].

Amended by Guj 1 of 1999.

Amended by Guj 8 of 2008.

An Act to make provision for better management by the Municipal Corporations and Municipalities in the State, of their financial resources and for regulation of giving of certain grants and loans by the State Government to those bodies and for that purpose to establish a Municipal Finance Board and for matters connected therewith.

Itis hereby enacted in the thirtieth Year of the Republic of India as follows :—

CHAPTER I.

PRELIMINARY.

Short title and commenceme

1. *(1)* This Act may be called the Gujarat Municipal Finance Board Act, 1979.

(2) This section shall come into force at once and the remaining provisions shall come into force on such date as the State Government may, by notification in the *Official Gazette,* appoint.

2. In this Act, unless the context otherwise requires,— Definitions.

(a) "Board" means the Gujarat Municipal Finance Board established under section 3;

(b)"Chairman" means the Chairman of the Board;

(c)"Fund" means the fund of the Board;

Bom. LIX of 1949.
Guj. 34 of 1964.

(d)"local authority" means a municipal corporation constituted under the Bombay Provincial Municipal Corporations Act, 1949 or a Municipality constituted or deemed to be constituted under the Gujarat Municipalities Act,

(e) "member" means a member of the Board;

(f) "prescribed" means prescribed by rules made under this Act;

(g) "regulations" means regulations made under this Act;

(h) "rules" means rules made under this Act.

CHAPTER II.

ESTABLISHMENTANDCONSTITUTIONOFTHEBOARD.

Establishment Board.

3. *(1)* As soon as may be after the commencement of this Act, the State Government shall, by notification in the *Official Gazette,* with effect from a date to be specified therein, established for the purpose of this Act, a Board to be called the "Gujarat Municipal Finance Board".

(2) The Board shall be a body corporate, having perpetual succession and a common seal, with powers subject to the provisions of this Act, to acquire, hold or dispose of property both, movable and immovable and to contract and to do all things necessary for the purpose of this Act, and may sue or be sued by its corporate name.

(3) The head office of the Board shall be at such place, as the State Government may, by notification in the *Official Gazette,* direct.

Constitutior Board.

4. *(1)* The Board shall consist of the following members, namely:—

(i) a Chairman to be appointed by the State Government;

(ii) three members to be appointed by the State Government who, in the opinion of the State Government, have knowledge of the municipal finances or municipal administration [1a][out of whom at least one shall be a woman];

(iii) three members to be appointed by the State Government by virtue of their office from amongst the officers of the State Government [1b][out of whom at least one shall be a woman];

(iv) one member to be appointed by the State Government by virtue of his office or otherwise from amongst the officers of the State Government who in the opinion of the State Government, has experience in the financial matters and administration of the Government and the local authorities.

(2) The member appointed under clause *(iv)* of sub-section *(2)* shall be the Chief Executive Officer of the Board.

Disqualifications for membership.

5. A person shall be disqualified for being appointed as, or for being a member, if he—-

(a) has been removed or dismissed from the service of Government, or, of a local authority or, a corporation owned or controlled by Government; or

(b) has been convicted of an offence which in the opinion of the State Government involves moral turpitude; or

(c) is of unsound mind and stands so declared by a competent court; or

(d) is an undischarged insolvent; or

(e) has such financial or other interest as is likely to affect prejudicially his functions as a member of the Board.

Term of office and conditions of service of members.

6. [2][*(1)* The Chairman and the members other than those appointed by virtue of their office shall hold office during the pleasure of the State Government.]

(2) A member who is appointed by virtue of his office shall, unless dismissed earlier, cease to be such member on his ceasing to hold that office.

(3) fees *(a)* The Chairman shall be entitled to draw such honorarium, sitting and allowances as may be prescribed.

(b) The members other than those appointed by virtue of their office, shall be entitled to draw such sitting fees and allowances as may be prescribed.

(c) The members who are appointed by virtue of their office may be paid such compensatory allowance for the purpose of meeting the personal expenditure in attending the meetings of the Board or any committee thereof or for being appointed in connection with the work undertaken by or for the Board as may be prescribed.

(4) The honorarium, sitting fees and allowances of the Chairman and sitting fees and allowances including compensatory allowance of the members shall be paid from the Fund.

Cessation of membership.

7. *(1)* If a member-

(a) becomes subject to any of the disqualifications mentioned in section 5, or

(b) tenders his resignation in writing to, and such resignation is accepted by, the State Government, or

(c) is absent without the permission of the Board from three consecutive meetings of the Board or from all meetings of the Board for three consecutive months,

he shall cease to be a member of the Board.

(2) The State Government may, by order, suspend from office for such period as it thinks fit, or remove from office, any member of the Board who in its opinion,-

(a) has refused to act, or

(b) has become incapable of acting, or

(c) has so abused his position as member as to render his continuance on the Board detrimental to the interest thereof or of the general public, or

(d) is otherwise unfit to continue as a member.

8. Any vacancy of a member of the Board shall be filled [3][as early as practicable]: Vacancies how to be ailed.

Provided that, during any such vacancy the continuing members may act as if no vacancy had occurred.

Absence of Chairman.

9. If the Chairman is by infirmity or otherwise rendered incapable of carrying at his duties or is absent on leave or otherwise, in circumstances not involving the vacation of his appointment, such person, as the State Government may appoint, shall act as the Chairman.

Acts not to be invalidated by vacancy, in for-malitv, etc.

10. No act or proceeding of the Board or a Committee appointed by the Board shall be invalid merely on the ground of—

(a) any vacancy of a Chairman or a member or any defect in the constitution or reconstitution of the Board or a committee thereof; or

(b) any defect or irregularity in the appointment of a person as a Chairman or member of the Board or of a committee thereof; or

(c) any defect or irregularity in such act or proceeding, not affecting the substance.

Meetings of Board.

11. *(1)* The Board shall hold meetings at such times and places, and shall subject to the provisions of sub-sections *(2), (3)* and *(4)* follow such procedure in regard to the transaction of business at its meetings as may be provided in the regulations.

(2) The Chairman, and in his absence any person chosen by the members present from amongst themselves, shall preside at meetings of the Board.

(3) All questions at a meeting of the Board shall be decided by a majority of the votes of the members present and voting and, in the case of an equality of votes, the person presiding shall have a second or casting vote.

(4) The number of members necessary to constitute a quorum at a meeting shall be such as may be provided in the regulations and no business shall be transacted at any meeting unless the members constituting the quorum are present throughout such meeting.

Committees of the Board.

12. *(1)* The Board may, from time to time, constitute from amongst its members one or more committees each consisting of such number as the Board may consider necessary, for the purpose of discharging such of its duties and functions as may be delegated to such committee or committees by the Board.

(2) A committee constituted under sub-section *(1)* shall meet at such time and at such place and shall follow such procedure in regard to the transaction of business at its meetings (including the quorum) as may be provided in the regulations.

Officers a of the Boa

13. *(1)* The State Government shall appoint an officer to be the secretary to the Board who shall be subordinate to the Chief Executive Officer.

(2) The Board may appoint such other officers and servants subordinate to the Chief Executive Officer as it considers necessary for the efficient performance of its duties and functions.

(3) The recruitment and conditions of service of-

(a) the secretary shall be such as may be proscribed, and

(b) the other officers and servants shall be such asmay be determined by regulations.

CHAPTER III.

POWERS,DUTIESANDFUNCTIONSOFTHEBOARD.

Duties and functions the Board

14. The duties and functions of the Board shall be as follows, namely :—

Act No. IX Sau. Act N of 1951.

(a) subject to the Local Authorities Loans Act, 1914 or the Saurashtra Local Authorities Loans Act, 1951 and to any general or special order made by the State Government made in this behalf,—

(i) to grant loans to the local authorities, out of the Fund,

(ii) to distribute on behalf of the State Government grant-in-aid of the revenues of the local authorities, out of the amounts provided to the Board by the Government for that purpose.

for the performance by such authorities of their duties and functions under the Bombay Provincial Municipal Corporations Act, 1949 or, as the case may be, the Gujarat Municipalities Act, 1963; Bom. LIX Guj. 34 of

(b) *(i)* to assess income of a local authority received during any financial year, from each of the sources mentioned in section 82 of the Bombay Provincial Municipal Corporations Act, 1949 or, as the case may be, section 82 of the Gujarat Municipalities Act, 1963; and the expenditure incurred by a local authority in such financial year in carrying out the obligatory and discretionary duties or functions imposed on it under the provisions of the Bombay Provincial Municipal Corporations Act, 1949 or, as the case may be of the Gujarat Municipalities Act, 1963; and Bom. LIX Guj. 34 of Bom. LIX Guj. 34 of

(ii) having regard to such assessment, to tender advice to the local authorities as to the ways and means to be adopted by them for increasing the income from any of those sources and the pattern to be followed in incurring expenditure in carrying out the obligatory and discretionary duties;

(c) to recommend to the local authorities generally or to any local authority in particular, measures for-

(i) improvement of assessment and collection of taxes and fees levied by the local authority;

(ii) effecting economy in the expenditure incurred by a local authority, such as reduction in the number of officers and servants employed by it, reduction of wasteful expenditure, improvement of administrative procedure and practice;

(d) to recommend to the State Government principles which should govern the grant-in-aid of the revenues of the local authorities out of the consolidated Fund of the State

(e) *(i)* to tender advice to the local authorities in respect of preparation of their budget estimates; and

(ii) to make report to the State Government of its observations in relation

to the budget estimates of local authorities generally or in relation to budget estimates of any local authority in particular;

(f) to make recommendations to the State Government or, as the case may be, any local authority, as to any other matter referred to the Board in the interests of sound municipal finance.

15. *(1)* The Board shall have power to call for any return, statement of accounts, report, statistics or other information from any local authority, other body or individual, which is required by it for the discharge and performance of its duties and functions under this Act, and such authority, body or individual shall be bound to furnish such information. Powers of the Board.

(2) The Board shall have the power to enter on and inspect or cause to be entered on and inspected any work carried on by a local authority.

CHAPTER IV.

CONTRACT,FINANCE,ACCOUNTSANDAUDIT.

16. Every contract or assurance of property on behalf of the Board shall be in writing and executed by such authority or officer and in such manner as may be provided by regulations. Execution of contract by Board.

17. *(1)* The Board shall have and maintain its own Fund to which shall be credited all moneys received by or on behalf of the Board, including grants, subventions and loans made by the State Government. Boards Fund.

(2) The Fund shall be applied subject to the provisions and for the purposes of this Act.

forming part of the fund shall be deposited with the State Bank of India or any bank included in the Second Schedule to the Reserve Bank of India Act, 1934, or invested in such securities as may be approved by the State Government.

Grants and subventions of the Board.

18. The State Government may, after appropriation duly made in this behalf, from time to time, make grants and subventions to the Board for the purposes of this Act, on such terms and conditions as the State Government may determine.

Loans to the Board.

19. The State Government may, from time to time, advance loans to the Board on such terms and conditions as the State Government may determine.

Power to borrow.

20. The Board may, from time to time, with the previous sanction of the State Government and subject to the provisions of this Act and to such conditions as the State Government may, by general or special order, impose, borrow any moneys required for the purposes of this Act by making arrangements with the banks or other bodies or institutions approved by the State Government for this purpose.

Accounts and audit.

21. *(1)* The Board shall cause to be maintained proper books of accounts and such other books as may be prescribed and shall prepare an annual statement of the accounts at such time and in such manner as *may be* prescribed.

(2) The Board shall cause its accounts to be audited annually by such person as the State Government may direct.

(3) As soon as the accounts of the Board have been audited, the Board shall send a copy thereof together with a copy of the report of the auditor thereon to the State Government.

(4) The Board shall comply with such directions of the State Government as the State Government may after perusal of the report of the auditor think fit to give.

(5) The annual audited statement of accounts together with the report of the auditor received by the State Government under sub-section (3) shall be laid before the State Legislature as soon as possible.

CHAPTER V.

MISCELLANEOUS.

Reports.

22. *(1)* The Board shall, as soon as may be after the end of each financial year, prepare and submit to the State Government before such date and in such form as the State Government may direct, a report giving as account of its activities during the previous financial year.

(2) Every report submitted to the State Government under sub-section (1) shall be laid before the State Legislature.

Government to give directions to the Board.

23. The State Government may, by order in writing, give to the Board such directions as in its opinion are necessary or expedient for carrying out the purposes of this Act and the Board shall comply with such directions.

Duty of local authorities to assist.

24. *(1)* All local authorities shall render such help and assistance and furnish such information to the Board and shall make available for the inspection and examination of (and if necessary, preparation of copies from) such records, and other documents as the Board may require to discharge and perform its duties and functions under this Act.

(2) Without prejudice to the provisions of sub-section *(1),* every local authority shall on demand make available to the Board, certified copies of or extracts from assessment lists and other relevant documents in connection with assessment of annual letting value of premises and levy of taxes, fees and charges.

(3) Without prejudice to other provisions of this Act and notwithstanding anything contained in any other law for the time being in force under which any local authority is constituted, the State Government may give to any local authority such directions as in its opinion are necessary or expedient for enabling the Board to discharge its duties and perform its functions under this Act and thereupon it shall be the duty of the local authority to comply with such directions.

Dissolution or supersession of the Board in certain circumstances.

25. *(1)* If, in the opinion of the State Government, the Board is not competent to perform, or is not properly performing, or deliberately makes default in performing the duties imposed on it by or under this Act or the rules made thereunder or otherwise by law or exceeds or abuses its powers, or is acting or has acted contrary to the provisions of this Act or the regulations made thereunder, or fails to obey any direction given to it under section 23, the State Government may, after giving the Board an opportunity to render an explanation, by an order published, with the reasons there for, in the *Official Gazette,* dissolve the Board or supersede it for such period not exceeding one year as may be specified in the order; and such period may extend beyond the term for which the members of the Board would have held office if the Board had not been superseded under this Section.

(2) When the Board is dissolved or superseded, the following consequences shall ensue :—

(a) all members of the Board shall, in the case of supersession, as from the date of the order of supersession, and in the case of dissolution as from the date specified in the order of dissolution vacate their office as such members;

(b) all powers, duties and functions of the Board shall, during the period of dissolution or supersession be exercised and performed by such person or persons as the State Government may, from time to time, appoint in that behalf;

(c) all property vested in the Board shall during the period of dissolution or supersession vest in the State Government.

(3) After the dissolution of the Board, the Board shall be re-established and reconstituted in the manner provided in this Act.

(4) Where the Board is superseded, it shall be re-established and reconstituted in the manner provided in this Act on the expiration of the period of supersession.

Protection taken und Act.

26. No suit, prosecution or other legal proceedings shall lie against the State Government, the Board or the members or any officers or servants of the State Government or of the Board for anything which is in good faith done or purported or intended to be done in pursuance of this Act, rules or regulations.

Members, servants a to be publi servants.

XLV of 1960.

27. All members, officers and servants of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal €ode.

Power to m rules

28. *(1)* The State Government may, by notification in the *Official Gazette,* and subject to the condition of previous publication, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may be made for all or any of the following purposes, namely:—

4[*(a)* the honorarium, sitting fees and allowances of the Chairman and sitting fees and allowances including compensatory allowance of the members under sub-section (3) of section 6.]

(b) the recruitment and conditions of service of the secretary to the Board, under clause *(a)* of sub-section *(3)* of section 13.

(c) the other books to be maintained and the time at and the manner in which the annual statement of accounts, shall be prepared by the Board under sub-section (1) of section 21;

(d) any other matter which is to be or may be prescribed under this Act.

(3) All rules made under this section shall be laid for not less than thirty days before the State Legislature as soon as may be after they are made and shall be subject to rescission by the State Legislature or to such modifications as the State Legislature may make during the session in which they are so laid or the session immediately following.

(4) Any rescission or modification so made by the State Legislature shall be published in the *Official Gazette,* and shall thereupon take effect.

Regulation

29. *(1)* The Board may, with the previous approval of the State Government, make regulations consistent with this Act and the rules for the administration of its affairs.

(2) Without prejudice to the generality of the foregoing powers such regulations may provide for all or any of the following matters, namely:—

(a) the time and place at which meetings of the Board are to be held, the procedure in regard to the transaction of business thereat, and the number of members necessary to constitute a quorum thereat, under sub-sections (1) and *(4)* of section 11;

(b) the time and place at which meetings of a committee are to be held, and the procedure in regard to the transaction of business (including quorum) thereat, under sub-section (2) of section 12;

(c) the recruitment and conditions of service of other officers and servants, under clause (b) of sub-section (3) of section 13;

(d) the authority by which or the officer by whom and the manner in * which contract or assurance of property on behalf of the Board is to be executed under section 16;

(e) any other matter for which provision is to be or may be made by regulations.

(3) Until any regulations are made by the Board under sub-section (1), any regulations which may be made by it may be made by the State Government and any regulations so made may be altered or rescinded by the Board in exercise of its power under sub-section (1).

Amendment enactments relating to local authorities.

30. Each of the enactments mentioned in column 1 of the Schedule shall be amended in the manner, and to the extent, specified against it in column 2 thereof.

SCHEDULE

(See section 30)

Enactments	Amendments
1	**2**
1.The Bombay Provincial Municipal Corporations Act, 1949 (Bom. LIX of 1949).	In section 126-A, for sub-sections (1) and *(2),* the following sub-sections shall be substituted, namely :- "*(1)* The State Government may, after considering recommendations of the Gujarat Municipal Finance Board, determine whether for augmenting the finances of the Corporation for any of the purposes of this Act it is necessary to make any grant to the Corporation and if so, the amount thereof. *(2)* The grant so determined shall be made to the Corporation every year but it may be revised after a period of every five years having regard to the recommendations of the Gujarat Municipal Finance Board in respect of the revision of grants to Corporations.".
2. The Gujarat Municipalities Act. 1963 (Guj. 34 of 1964).	In section 144, for sub-sections (1) and (2) substituted the following sub-sections shall be namely:- "*(1)* The State Government may, after considering the recommendations of the Gujarat Municipal Finance Board, determine whether for augmenting the finances of a municipality for any of the purposes of this Act it is necessary to make any grant to the municipality and if so, the amount thereof. *(2)* The grant so determined shall be made to the municipality every year but it may be revised after a period of every five years having regard to the recommendations of the Gujarat Municipal Finance Board in respect of the revision of grants to municipalities.'.

1For Statement of Objects and Reasons, See Gujarat Government Gazette, Extraordinary, Part V, Pages Dated the 21st February, 1979 Pages 165 and 166.

 This Act was assented to by the Governor on the 31st March, 1979.

1a These words were added by Guj. 8 of 2008, s. 2(1).

1b These words were added, *ibid.,* s. 2(2).

2 This sub-section (1) was and was deemed always to have substituted for original, by Guj, 1 of 1999. S.3. Sch., Sr. No. 12(1)

3 The words have been substituted for the words "as early as practicable, and member so appointed shall hold office so long only as the member in whose place he has been appointed would have held office if the vacancy had not occured;" by Guj. 1 of 1999. s. 3. sch., Sr. No. 12 (2).

4 This clause (a), was substituted, for the original, by Guj. 1 of 1999. s. 3, Sch., Sr. No. 12 (3).