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Ministry of Law, Justice, and Parliamentary Affairs
Nepal Rajapatra, Vol. 41, No. 72, Chaitra 26, 2048
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~~Development~~ Committee Act, 1992

Preamble:

Whereas it is desirable to form Village Development Committees (VDC) for developing leadership at the local level itself so as to institutionalize multi-party democracy and the development process from the lower level thereby maximizing the participation of the local people in self-government and village development programs through the medium of decentralization, now therefore, the Parliament has enacted this law in the 21st year of the reign of His Majesty King Birendra Bir Bikram Shah Dev.

Chapter 1
Preliminary

1. Short Title and Commencement

- (1) This law may be called the Village Development Committee Act, 1992.
- (2) It shall come into force at once.

2. Definitions

Unless otherwise meant with reference to the subject or context, in this act:

- (a) Village Development Committee (VDC) means a Village Development Committee formed under Section 5.
- (b) Chairman means the Chairman of the VDC.
- (c) Vice-Chairman means the Vice-Chairman of the VDC.
- (d) Member means a member of a VDC; the term includes the Chairman and the Vice-Chairman.
- (e) Secretary means an employee appointed by HMG under Section 40 to function as Secretary of the VDC.

- (f) Prescribed or as prescribed means prescribed or in the manner prescribed in the rules or bye rules framed under this act.

Chapter 2

Area of VDC, and Division and Formation of Wards

3. VDC Area to be Prescribed

- (1) HMG may prescribe any rural area in the Kingdom of Nepal as a village development area by mentioning the boundaries on four sides.
- (2) In case it considers it necessary to make alterations in the boundaries of any village development area or ward, HMG may do so on the recommendation of a Commission or Committee formed for this purpose with the concerned experts also as members.

4. Division Into Wards

HMG may divide the village development area prescribed under Section 3 into nine wards with equal population as far as possible.

5. Formation of VDCs

- (1) VDCs shall be formed in the village development areas prescribed under Section (3).
- (2) A VDC shall consist of the following Chairman, Vice-Chairman, and members:-
 - (a) One Chairman and one Vice-Chairman elected by Nepali citizens of the village development area who have reached the age of 18 years and have resided in such area for at least one year, and
 - (b) nine members elected at the rate of one member from each ward by Nepali citizens of the village development area who have reached the age of 18 years and have resided in such ward for at least one year.

6. Village Development Committee to be a Corporate Body

- (1) Each VDC shall be an autonomous corporate body with perpetual succession.
- (2) It shall have a separate seal for all of its functions.
- (3) A VDC may acquire, use, or dispose of movable or immovable property like an individual.
- (4) A VDC may sue or be sued in its own name like an individual.

7. Tenure of Members

- (1) The tenure of members of the VDC shall be of five years.
- (2) The tenure of members of the VDC shall be calculated from Baishakh 1 (April 13) of the year it starts, and shall be deemed to have expired on the last day of the month of Chaitra (April 12) in the fifth year.
- (3) In case elections of members of a VDC cannot be held according to schedule for any reason, and are held at other time, the tenure of members elected shall be calculated as if the elections had been held according to schedule.
- (4) In case the post of member of any VDC falls vacant for any reason, the vacancy shall be filled up through a bye-election as provided for in current law only for the remaining term.

Provided that no bye-election shall be held for a period of less than six months.

8. Qualifications for Membership

The following qualifications are necessary for being elected as a member of a VDC:

- (a) He must be a citizen of Nepal.
- (b) He must have reached the age of 25 years.
- (c) He must have no personal interest in transactions relating to any movable or immovable property or any contract with the VDC.
- (d) He must have resided in the VDC area for at least one year.
- (e) There is no disqualification under other current law, and
- (f) He is not proved to have misappropriated public property:

Provided that this clause shall not be applicable in case evidence of recovery is furnished.

9. Membership of VDC Not to Continue

Membership of the VDC shall not continue in the following circumstances:

- (a) In case the member does not possess the qualifications mentioned in Section 8.
- (b) In case the member is elected as Chairman, Vice-Chairman, or member of a District Development Committee, or as Chairman or Vice-Chairman of a VDC,
- (c) In case he resigns.

- (d) In case he dies.
- (e) In case the VDC area from where he is elected is amalgamated with another VDC.
- (f) In case he becomes a candidate in elections to the House of Representatives OR the National Assembly or is nominated as a member of the National Assembly, or
- (g) In case he remains absent from three consecutive meetings of the VDC without any satisfactory reason.

10. Oath

The Chairman shall take oath of office in the presence of the District Judge. The Vice-Chairman and members shall do so in the presence of the Chairman. In the absence of the Chairman, members shall take oath in the presence of the Vice-Chairman. In case both are absent, they shall do so in the presence of the District Judge.

11. Post May Be Relinquished

The Chairman may relinquish his post by submitting his resignation in writing to the VDC through the Vice-Chairman. The Vice-Chairman and members may do so by submitting their resignations in writing to the Chairman.

Chapter 3

Meetings and Working Procedures of the VDC

12. Meetings of the VDC

- (1) Meetings of the VDC shall be held at least once every month.
- (2) Meetings of the VDC shall be convened by the Secretary on the direction of the Chairman.
- (3) Meetings of the VDC shall be presided over by the Chairman. In his absence, the Vice-Chairman shall do so. In case both the Chairman and the Vice-Chairman are absent, a member chosen by the members present at the meeting from among themselves shall preside over it.
- (4) In case 50 percent of the members of the VDC are present, the quorum shall be regarded as having been fulfilled for meetings of the VDC.
- (5) The decisions of meetings of the VDC shall be authenticated by the Secretary.
- (6) Other procedures relating to meetings of the VDC shall be as prescribed.

13. Decisions of VDC Meetings

- (1) Decisions of the meetings of the VDC shall be taken on the basis of a majority of the members present at the meeting.
- (2) In the event of a tie at meetings of the VDC, the presiding person may use his casting vote.

Chapter 4
Functions, Duties and Powers

14. Functions, Duties and Powers of the VDC

The functions, duties, and powers of the VDC shall be as follows in the following areas :

(a) Education and Culture

To undertake programs relating to literacy, to maintain records of objects and places of intellectual, cultural, religious, and archaeological importance, as well as of gymnasia, play grounds, roadside shelters and rest houses, gumbas, mosques, and other religious sites, and look after, maintain, construct and repair them; to protect and promote different communities, religions, languages and cultures.

(b) Health and Population

To undertake environmental and sanitation programs, and preventive health education programs in order to avoid communicable diseases, maintain records of population, register births, deaths and other personal events, make arrangements for crematoria, places for the disposal of carcasses of cattle, etc., check epidemic diseases, and make arrangements for the control of rabies.

(c) Agriculture and Irrigation

To make arrangements for improved cultivation, improved animal husbandry, improved horticulture, fish-farming, bee-keeping, and other income-generating occupations; to undertake programs relating to agriculture and pasturage, operate hats and markets, fairs, abattoirs, etc.; construct, repair and maintain dams, irrigation channels, wells, tanks, etc., and check animal diseases.

(d) Forests, Environment, and Energy

To undertake afforestation programs for the protection of the environment; to protect public trees in areas under the jurisdiction of the VDC, make arrangements

for the regular supply of firewood, timber, branches, roots, etc. needed by the rural people from Forest Offices, check erosion by streams and rivers, take necessary action to prevent damage in the village due to fire accidents, plant bamboo and nigalo in the village in order to check land-slides, and make these materials available for the construction of low-cost houses, and make arrangements for the establishment of gobar gas plant.

(e) Drinking Water

To make arrangements for pure drinking water in the village, as well as water for cattle, and construct, repair and protect tanks, wells, water spouts, reservoirs, etc.

(f) Transport and Construction

To construct, repair, maintain, and protect mule-tracks, trails, dirt motor-roads, small bridges, culverts, parks, gardens, etc., as well as buildings of the VDC, primary school buildings, and community buildings.

(g) Industry and Tourism

To function as motivator in the promotion of cottage and small industries, make recommendations for necessary facilities, and undertake such programs.

(h) Social Welfare

To make arrangements for cremating unclaimed dead bodies, and for orphanages for helpless orphans; to undertake programs for the welfare of women and children to operate relief camps with the cooperation of the District Development Committee and HMG in the event of natural disasters, check or make arrangements for checking the use of narcotics, gambling, and other social vices and offenses, establish Kanji house, and make necessary arrangements for the control of stray cattle and for the observation of national and local festivals, fairs, etc.

(i) Miscellaneous

To protect, or make arrangements for protecting, the movable and immovable property owned by or under the custody of the VDC, renew television and video sets according to current law, operate, or make arrangements for operating, health, education, and entertainment programs which do not have an adverse impact on the character of the common people, demolish dangerous structures and fill up ditches and make them safe, name roads, buildings, and structures constructed by the VDC, look after unclaimed movable and immovable property, and use public tanks in the village for increasing income, mobilise public participation in development and construction projects, extend cooperation in checking the smuggling of

forest products, approve development plans, budgets, programs, proposals regarding fees and charges, and contracts of the VDC, forward the monthly statement of accounts of the VDC to the District Development Committee, protect government-owned uncultivated lands within its area, maintain accurate accounts of the cash and property received by the VDC and have such accounts audited, encourage the formation of non-governmental organizations, users' groups, etc., and provide necessary cooperation to them.

15. Formation of Advisory Committee and Ward Committee

- (1) The Chairman may form an Advisory Committee consisting of not more than 11 members in consultation with the Vice-Chairman of the VDC for enlisting cooperation in the activities of the VDC with the participation as far as possible of representatives of user's committees, non-governmental organizations, and women, intellectuals, social workers, and backward classes which have failed to get representation in the VDC.
- (2) The VDC shall form Ward Committee headed by the VDC member of the ward and consisting of five persons, including the Chairman, on his recommendation, in such a manner as to ensure the representation of different areas of the ward from among voters of that ward.
- (3) A joint meeting comprising members of the Advisory Committee and the Ward Committees formed under Sub-Section (1) and Sub-Section (2) shall function as the Advisory Council of the VDC.
- (4) The Chairman shall call two meetings of the Advisory Council formed under Sub-Section (3) before the last date of the month of Paush (ending January 13) every year. Such meetings shall be presided over by the Chairman, and in his absence, by the Vice-Chairman.
- (5) The meeting called under Sub-Section (4) shall discuss the budget and the program and give its opinion and advice. The VDC shall give the final form to such budget and program.

16. Functions, Duties, and Powers of the Chairman

The functions, duties, and powers of the Chairman shall be as follows:

- (a) To convene meetings of the VDC.
- (b) To present necessary resolutions and documents, or make arrangements to do so.
- (c) To keep the accounts of the income and expenditure of the VDC and other documents safely, or make arrangements to do so.

- (d) To have the decisions of the VDC implemented.
- (e) To supervise the employees of the VDC, or make arrangements to do so.
- (f) To make necessary recommendations.
- (g) To look after the movable and immovable property of the VDC, or make arrangements to do so.
- (h) To send the Vice-Chairman, any member or Secretary on deputation.
- (i) To hand over charge of his functions to the Vice-Chairman during his absence, and if the Vice-Chairman is also absent, to any member.
- (j) To perform other prescribed functions.

17. Functions, Duties and Powers of the Vice-Chairman

The functions, duties, and powers of the Vice-Chairman shall be as follows:

- (a) To function as acting Chairman in the absence of the Chairman.
- (b) To perform other prescribed functions.

18. Functions, Duties, and Powers of Members

- (1) The functions, duties and powers of members shall be as follows :
 - (a) To encourage the formation of non-governmental organizations for development and construction works within his area.
 - (b) To extend cooperation to users' groups and non-governmental organizations in the selection and formulation of projects.
 - (c) To discuss development and construction activities, and make arrangements for the presentation of feasible projects by non-governmental organizations to the VDC.
 - (d) To submit particulars relating to wards, if so requested, to the VDC.
 - (e) To perform other prescribed functions.
- (2) Members of Ward Committees shall extend cooperation in the performance of the functions of members of the VDC.

19. Functions, Duties, and Powers of the Secretary

The functions, duties, and powers of the Secretary shall be as follows :

- (a) To implement the approved village development programs under the guidance of the Chairman of the VDC.
- (b) To maintain accounts of expenditure incurred in the construction works in a simple form, and clear off accounts.
- (c) To maintain updated records of projects completed by non governmental organisations and other completed projects.
- (d) To maintain accounts of income and expenditure.
- (e) To incur expenditure on implementing the decision of the VDC within the limits of the budget approved by it.
- (f) To have the accounts audited, clear off irregularities, and in case any amount involved in such irregularities must be realized, forward them to the Chief District Officer through the Local Development Officer.
- (g) To maintain records of movable and immovable property, and keep such property safely.
- (h) To comply with the orders issued by the Local Development Officer.
- (i) To conduct investigations subject to current law into complaints filed with the VDC, and submit a report thereon to the VDC.
- (j) To register births, deaths, and other personal events, and maintain updated records of the population of the VDC area.
- (k) To perform other prescribed functions.

Chapter 5

Formulation of Plans and Procedure of Implementation

20. Formulation of Village Development Plan

- (1) Every VDC must formulate a Village Development Plan for the development of its village.
- (2) While formulating plans, the following programs shall be assigned priority in such a way as to benefit the maximum number of people.

- (a) Programs which yield direct benefits promote employment, generate income, and improve the living standard of the rural people.
 - (b) Programs which increase agricultural production.
 - (c) Programs which can be operated through the mobilization of local resources and skills.
 - (d) Programs which yield direct benefits to backward classes, women, and children in the area.
- (3) Plans to be launched during the next year must be formulated during the current year in the following manner :
- (a) Estimates of means and resources available at the village level must be made before Bhadra 31 (September 16).
 - (b) Projects must be procured and compiled from non-governmental organizations in the area.
- (4) Separate periodic and annual plans must be formulated.

21. Feasibility of Projects to be Studied

While implementing the Village Development Plan, the VDC shall have the feasibility of projects studied, explaining the following matters also :

- (a) Target of the project ;
- (b) Number of people benefitting from the project, and nature of such benefit ;
- (c) Whether or not the project which is being selected had been started previously in the village and left unfinished ;
- (d) Whether or not the problem can be solved through any other means instead of operating the project ;
- (e) Estimates of the expenses as well as of cost of materials required for completing the project.
- (f) Cash, commodity, labor, or other contributions which can be obtained from the users;
- (g) Fees or repair and maintenance expenses which can be raised from the users later ;
- (h) Other particulars which need to be clarified, if any.

22. Selection of Projects

- (1) Projects shall be selected on the basis of the report of the feasibility study conducted according to Section 21.
- (2) Projects shall be selected in such a manner that the environment is protected and conserved.
- (3) Projects shall be selected in such a manner that the labor and participation of the maximum number of local people is needed.
- (4) Projects shall be selected on the basis of priority after the estimates of grants which can be received from the District Development Committee (DDC) are received.
- (5) Information regarding the selected projects must be furnished to the people of the village.

23. Operation of Village-Level Plans

- (1) Village level plans shall be operated in the following manner :
 - (a) Through the resources of the VDC itself.
 - (b) Through grants obtained from the DDC.
 - (c) by non-governmental organizations.
- (2) After projects are selected by the VDC, it shall prepare a table of operations and implement them accordingly, or make arrangements for doing so.
- (3) Programs to be operated by non-governmental organizations must be operated through agreements with the VDC.
- (4) Projects to be included in the district development plan must be approved by the VDC and sent to the DDC.
- (5) Projects operated through a grant from the DDC shall be started after its budget is passed.
- (6) In circumstances where investments are made by non-governmental organizations also in programs to be operated by the VDC, such organizations may themselves operate the programs.

24. Classification of Projects

Projects must be classified into the following categories :

- (a) Projects to be operated through local resources.
- (b) Projects in which grants and resources of the DDC are also used.
- (c) Projects to be operated by non-governmental organizations.
- (d) Projects selected for inclusion in the district-level plan.

25. Directives to be Complied With

The VDC must comply with the directives issued by the National Planning Commission and the DDC from time to time regarding the formulation and operation of the Village Development Plan.

26. Non-Governmental Organizations to be Encouraged

- (1) The VDC must encourage non-governmental organizations to identify, formulate, operate, supervise, evaluate, repair and maintain village development programs in each VDC area.
- (2) Projects to be operated by non-governmental organizations shall be operated through their own resources, as well as through the resources obtained from the VDC and the DDC.
- (3) The concerned organization must submit full particulars, relating to the project to the VDC.
- (4) While operating any project, a non-governmental organization must maintain coordination with the VDC.
- (5) The VDC may implement and operate projects through a non-governmental organization.

Chapter 6Inspection and Approval of Projects, And Clearance27. Inspection and Approval, and Clearance

- (1) After a project is completed, it must be inspected and approved, and (the accounts) cleared off.
- (2) After the agency operating the project informs the VDC that the project has been completed, the VDC shall inspect and approve such project, and grant clearance, on the basis of the report and evaluation of the completed work by technicians.
- (3) For the purpose of Sub-Section (2), the DDC must make available necessary technical cooperation.
- (4) The VDC must inform the DDC about the projects completed by it. The DDC shall conduct technical inspection and evaluation of such projects, and inspect, approve and clear off such projects on the basis of such reports.

28. Repair, Maintenance and Management of Projects which are Inspected and Approved

- (1) After any project is completed, the VDC may collect service charges from those who use its services for the repair and maintenance thereof.
- (2) The proceeds of the service charge mentioned in Sub-Section (1) must be used to repair, maintain, and manage the project.
- (3) Particulars of income and expenditure under Sub-Section (1) and Sub-Section (2) shall be maintained by the VDC on an updated basis.

Chapter 7
Financial Arrangements

29. Fund of the VDC

- (1) The VDC shall have a fund of its own.
- (2) The fund mentioned in Sub-Section (1) shall comprise the following amounts:
 - (a) Grants in cash or in kind received in the prescribed manner from HMG or the DDC.
 - (b) Proceeds from the sale of the assets of the VDC, or income from their rents.
 - (c) Amounts raised from the sale of the soil of government-owned waste lands in the VDC area.
 - (d) Amounts raised from the waters of public streams except when used for public purposes.
 - (e) Amounts raised from the sale of the produce of public tanks or orchards and gardens.
 - (f) Amounts raised from service-charges for the use of public tubewells, wells, and water-spouts.
 - (g) Amounts raised from public telephone fees.
 - (h) Amounts raised from renewal fees of radio and television sets, and other equipment.
 - (i) Amounts obtained from contributions, gifts, assistance, or presents.
 - (j) Amounts raised from the sale of branches, stems, roots, etc. by the Forest Division from among the forest products of the VDC area.

- (k) Amounts received in consideration of cooperation in the task of checking the poaching of forest products in the VDC area.
 - (l) Income from income-generating programs operated by the VDC.
 - (m) Loans obtained from any organization or institution with the movable and immovable property of the VDC as collateral with the approval of the DDC.
 - (n) Amounts raised from hats and fairs.
 - (o) Amounts raised from fees, fines, and penalties, the Baksauni fee, etc.
 - (p) Interest on the principal amounts of the VDC, and bonus.
 - (q) Roof-tax.
 - (r) Amounts raised from the sale of Khar, fodder, etc.
 - (s) Amounts received from any right prescribed by HMG or obtained under other current law.
- (3) The amounts credited to the VDC fund shall be deposited at the nearest bank.

30. Procedure of Making Disbursements From the VDC Fund

- (1) The VDC fund shall be operated under the joint signatures of the Chairman and the Secretary.
- (2) The Chairman may make disbursements of the prescribed amount in the form of financial assistance within the limits of the approved budget.
- (3) Subject to the budget approved by the VDC, the Secretary may make disbursements in order to implement the decisions of the VDC.
- (4) Disbursements must be made from the VDC fund subject to the budget approved by the VDC and according to current law.
- (5) Statements of disbursements made from the VDC fund shall be presented at the meetings of the VDC. The VDC must make information regarding its income and expenditure available to the public in each ward.

31. Taxes and Fees which the VDC May Collect

- (1) The VDC may impose the following taxes, fees, charges, etc. in its area:
 - (a) On stalls opened at cattle and regular hats, fairs, festivals, etc.
 - (b) On registration and renewal of rickshaws, panyas, push-carts, etc.
 - (c) On rents, bitauri, etc.
- (2) The VDC into whose area any prescribed vehicle first enters into the Kingdom of Nepal from abroad may impose a tax in the prescribed manner on such vehicles on a daily basis. Once the tax is paid in one VDC area, it shall not be collected elsewhere again.

32. Arrangements for Approval of Construction and Other Contracts

- (1) The VDC shall undertake construction projects in the following manner :
 - (a) All contracts and other transactions shall be conducted according to current law.
 - (b) The appropriate agencies must maintain accounts and records of village-level plans.
- (2) The VDC may have development and construction projects implemented in the prescribed manner through users' groups, or through contracts or on wage basis, directly or through a non-governmental organization.
- (3) Documents relating to contracts to be granted by the VDC shall be signed by the Chairman and the Secretary jointly.

33. Transfer of Funds

Not more than 10 percent from each head of the annual budget approved by the VDC may be transferred to another head by the Chairman.

Provided that no fund shall be transferred to the contingency and financial assistance heads.

34. Approval for Sale by Auction

- (1) Permission must be obtained in the following manner while selling by auction the goods or property of the VDC.
 - (a) From the Chairman of the VDC for the auction sale of goods costing not more than Rs. 5,000 and,
 - (b) From the VDC in case the cost of the goods is higher.
- (2) The procedure of auction sale shall be according to current law.

35. Unspent Budget Balances

Unspent budget balances of any fiscal year shall be carried forward to the budget of the next fiscal year for completing unfinished projects and programs of the current year.

36. Accounts and Records

- (1) The VDC shall maintain particulars of its income and expenditure according to the heads prescribed for government expenditures, indicating each source of income.
- (2) The VDC must maintain records according to current law.

37. Meeting Allowance

The VDC may pay meeting allowance in the prescribed manner to its members for having attended its meetings from income earned through its own resources.

38. Property of the VDC

- (1) The VDC shall have full title to property of the following categories within the VDC area, and it must look after and manage such property :
 - (a) Property constructed or purchased through the fund of the VDC or granted by HMG or any individual.
 - (b) Public sewerages, channels, bridges, tanks, temples, roadside shelters, wells, water-spouts, pasture-grounds, ghats, outlets and paths which are neither under the control of HMG or the DDC, nor owned by any individual.
 - (c) Unclaimed waste lands not exceeding 52 ropanis or 4 bighas.
 - (d) Forests granted according to current forest legislation, or by HMG:

Provided that only rights granted by current forest legislation shall be available in respect to such forests.

- (2) The VDC shall not sell or otherwise transfer the property mentioned in Sub-Section (1) without the approval of HMG. In case it does so, such transaction shall be ipso facto invalid in all circumstances.

39. Audit

A person designated by the VDC shall conduct the internal audit of the accounts of income and expenditure of the VDC. Final audit shall be conducted by a registered auditor appointed by the DDC.

Chapter 8
Arrangements Regarding Administration and Staff

40. Appointment of Secretary

The Secretary of the VDC shall be appointed by HMG.

41. Administrative Control

- (1) The Secretary and other employees deputed to the VDC shall remain under its control.
- (2) The VDC may recommend to the concerned agency that any employee who has been deputed to the VDC be rewarded if he does good work, and that action be taken against him if his performance is not good.

42. Allocation of Staff and Appointment

- (1) The VDC may appoint employees in the light of its work load with remunerations to be paid from its internal resources.
- (2) The VDC shall establish a permanent fund and credit a prescribed percentage from its annual income from internal resources for providing prescribed facilities to employees whose salaries are paid from its internal resources.
- (3) HMG shall make available to the DDC the amount required for the payment of salaries and allowances of employees appointed by HMG in the VDC.

43. Service, Facilities, and Control of VDC Employees

The VDC shall control and take action in the prescribed manner through the Secretary against employees appointed by it.

Chapter 9
Judicial Powers Relating to Complaints and Compromise

44. Power to Hear Complaints

Complaints in respect to the following matters within the VDC area may be filed with the VDC :

- (a) Encroachment on paths or outlets.
- (b) Walls of terraces or boundaries.
- (c) Wages and rents.
- (d) Use of ghats and protection of public property.
- (e) Dams and irrigation channels, or apportionment of water.
- (f) Disputes regarding minor monetary transactions.
- (g) Pastures, fodder, firewood, etc.

45. Compromise

- (1) In case a complaint is filed under Section 44 with the VDC, the VDC shall summon both sides, discuss the matter, and persuade them to effect a compromise. In case a compromise cannot be effected, the VDC shall indicate the matter accordingly, and inform the concerned side to file a complaint in the court within three months from the date when the complaint was filed with the VDC.
- (2) While effecting a compromise, the VDC may collect the haksauri fee in the manner prescribed in current law.
- (3) Other procedures relating to compromise shall be as prescribed.

46. Files and Documents to Remain Under the Custody of the Secretary.

Files and documents relating to complaints filed with the VDC shall remain under the custody of the Secretary.

47. Devolution of Cases

Cases or complaints pending with the VDCs formed under the 1990 VDC Act shall devolve on the VDCs formed under this act.

Chapter 10Powers of HMG and the District Development Committee48. Power to Issue Directives

- (1) HMG may direct the VDC to take action as follows :
 - (a) To abolish, reduce, or break contracts, taxes, fees, charges, etc. in the public interests.
 - (b) To have the work of the VDC and its store records inspected.
- (2) The DDC may issue necessary directives to the VDC.
- (3) It shall be the duty of the appropriate VDC to comply with the directives of HMG to and the DDC.

49. Investigations

- (1) In case HMG considers it necessary to conduct investigations into any abuse, misappropriation or corruption of the funds of the VDC, or any matter of public interests, it may depute an investigation team through the DDC.

- (2) HMG shall take necessary action on the basis of the report submitted by the investigation team under Sub-Section (1).
- (3) Nothing contained in Sub-Section (1) and Sub-Section (2) shall prejudice any action to be taken under current law.

50. Power to Suspend and Dissolve

- (1) In case HMG feels that any VDC has taken any of the following actions, it may suspend such VDC by notification in the Nepal Rajapatra by mentioning the matter:
 - (a) Any action in contravention of the Constitution of the Kingdom of Nepal, 1990.
 - (b) Any action that is likely to undermine the sovereignty, integrity, nationalism, and communal goodwill of the Kingdom of Nepal.
 - (c) Abuse of authority.
 - (d) In case it is proved that corruption has been committed through misappropriation of the property or income of the VDC.
- (2) Before suspending any VDC under Sub-Section (1), it shall not be deprived of an opportunity to present reasons, if any, why it should not be suspended, except in special and grave circumstances.
- (3) In case any VDC has been suspended according to Sub-Section (1), HMG may designate an authority to discharge its functions.
- (4) Investigations shall be conducted in the prescribed manner, and the matter disposed of within three months, in connection with a VDC which has been suspended under Sub-Section (1). If this is not done within such time-limit, the suspension shall be ipso facto inoperative.
- (5) In case investigations conducted according to Sub-Section (4) reveal adequate reasons, HMG may dissolve such VDC by notification in the Nepal Rajapatra.
- (6) In case a VDC is dissolved according to Sub-Section (5), a statement indicating the reasons must be presented in both Houses of the Parliament.
- (7) Election of members of a VDC which is dissolved according to Sub-Section (5) must be held within one year after such dissolution. Until the elections are held, HMG shall make arrangements for having the functions of the VDC performed.

51. Extension of Time-Limit

In case elections of members of a VDC cannot be held in time because of special circumstances, HMG may make arrangements for having the functions performed by extending the time-limit for not more than one year, or otherwise.

52. Remunerations

HMG may prescribe the remunerations of the Chairman and the Vice-Chairman of the VDC.

Chapter 11
Penalties

53. VDC May Impose Penalties

- (1) In case any person does anything in contravention of this act, or the rules or bye-rules framed, or orders issued hereunder, the VDC may impose penalties as mentioned elsewhere in this act, or else impose a fine of not more than Rs. 500. In case the offense is repeated, the amount of the fine shall be doubled for each successive offense.
- (2) In case any person alters, removes, or damages any public property lying within the area of the VDC, he shall be punished as provided for in current law, or else fined as provided for in Sub-Section (1). The VDC may recover the amount of such loss or damage from such person, or have him restore the property to its original condition.

Chapter 12
Miscellaneous

54. Powers May Be Handed Over

- (1) HMG may hand over any or all of the powers vested in it under this act to any committee, institution, or authority by notification in the Nepal Rajapatra.
- (2) HMG may resume the powers handed over according to Sub-Section (1) at any time.

55. Collection As Arrears Due to the Government

In case any person defaults in the payment of fees and charges prescribed or imposed by the VDC, or to pay off arrears, the District Administration Office shall recover the amount in the same manner as arrears due to the government.

56. VDC May Make Recommendations

The VDC may make recommendations to HMG or the DDC in any matter concerning the welfare of the local inhabitants.

57. Collection of Payments

In case the VDC collects payments on behalf of anyone it may collect a service charge on such amount in the prescribed manner.

58. VDC May Collect Payments

The VDC shall receive the proceeds from the sale of forest products which were being smuggled in consideration of having extended cooperation in checking poaching and smuggling of forest products.

59. Power to Frame Rules and Bye-Rules

- (1) HMG may frame necessary rules for implementing the objectives of this act.
- (2) Subject to this act and the rules framed hereunder, the VDC may frame bye-rules for discharging its functions and duties. Such bye-rules shall be enforced after they are approved by the DDC.

60. Devolution of Assets and Liabilities

After the commencement of this act, the assets and liabilities of VDCs formed under the 1990 VDC Act shall devolve on VDCs formed under this act.

61. Action Not to be Regarded As Invalid

Notwithstanding anything contained in this act, in case there has been any defect in the formation of the VDC, or in case any action has been taken while the post of any member was vacant, the actions of the VDC shall not be invalid simply by reason thereof.

62. Repeal

The 1990 VDC Act has been repealed.

63. Conversion

The terms Village Assembly or Village Panchayat, occurring in current law have been replaced by Village Development Committee.

Royal Seal affixed on:
Chaitra 26, 2048 (April 8, 1992).