

Education and Public Health

(194 9) Department.

Ms. SERIES.

G.O. NO. 1879 Edn.,

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Dated 8-6-1949.

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[Despatch Abstract.]

Schools-Secondary-Aided-George High School, Vishnupuram-Floating of debenture loan-note objected to.

Back Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Further Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

The Vidyabhivardhini Sabha, Vishnupuram.

Debenture No.:

(1) The Vidyabhivardhini Sabha, Vishnupuram, a Society registered under Act XVI of 1860 and having its registered office at Vishnupuram (hereinafter called the Sabha) in consideration of the sum of Rs.25/- (Rupees Twentyfive only) paid to the Sabha by or other hereby bind itself to pay to the said registered holder for the time being of this Indenture at the time and in the events provided by the condition endorsed hereon, the sum of Rs.25/- to pay interest thereon at the rate of 2½ percent per annum, on the first day of May in each year commencing from the first day of May 1951.

(2) The Sabha as beneficial owner hereby charges for such payments all the present immovable properties whatsoever and where-soever of the George High School, Vishnupuram, on account of which no Government grants have been paid.

(3) The debenture is secured by an "Indenture of Mortgage" dated and made between the Sabha on the one Part and Messrs. Trustees for the holders of debentures issued under this series the other part, and all the debenture holders of this series are entitled paripassu to the benefit of and are subject to the conditions contained in the said deed.

(4) The debenture is issued subject to the conditions endorsed hereon.

Given by the Vidyabhivardhini Sabha, Vishnupuram, this
day the

for the Vidyabhivardhini Sabha.



This debenture is one of a series of like debentures 1 to 400 issued or about to be issued by the Vidyabhivardhini Sabha, Vishnupuram. All the debentures of this series are payable paripassu and will rank equally as a first charge upon the immoveable properties of the George High School, Vishnupuram, more particularly set forth in the Indenture executed by the Sabha in favour of a Trustee for the holders of the debentures of this series, the day duly registered in the Office of the Sub Registrar, Peralam, as document No. under the law relating to the registration of assurance without any preference or priority one over another

(2) The said charge shall constitute a security only not hindering any dealings in the ordinary working of the school with the property comprised in the said charge.

(3) The principal monies hereby secured shall become payable in any of the following events:-

(a) If the Sabha makes default for three months in the payment of interest hereby secured and the holder before such interest is paid by notice in writing to the Sabha calls in the principal monies.

(b) If the Sabha neglects in any year to provide a sinking fund to redeem the debentures for three months after the same become due in accordance with the terms of the Indenture above mentioned

(c) If an order is made or a special or an extraordinary resolution passed for the closing down of the School

(4) ^{any or all of} The Sabha is entitled at any time after the first day of May 1958 to redeem the debentures on giving 15 days notice to the Debenture holders of its intention to do so.

(5) Notwithstanding anything contained in clause 4 supra, this debenture is redeemable at the option of the Sabha by annual drawings to commence after the first May 1951 and to be held in the Office of the Sabha in the presence of the Trustees for the debenture holders or one of them and of the President and the Secretary of the Sabha. Due notice will be sent to the holders of the drawn debenture of the fact of its having been drawn for redemption and at the expiration of two weeks from the date of such notice, the debenture holder notified will, on payment to him by the Sabha of its principal money and interest surrender the debenture to the Sabha.

(6) The Sabha will keep at its registered office a register of debenture wherein will be entered the names, addresses and description of the holders and particulars of the debentures held by them respectively and such register will be open at all reasonable times, on payment of a fee of eight annas to the inspection of the registered holder or his legal personal representative.

(7) The Registered holder will be regarded as exclusively entitled to the benefit of this debenture and all persons may act accordingly. No notice of any trust will be entered on the register or recognised.

(8) If several persons are registered as joint holders of any debentures any one of such persons may give effectual receipts for any interest payable in respect of such debentures.

All notices required to be given shall be given to whichever of such persons is named first in the register.

(9) Any person who has become entitled to a debenture in consequence of the death, bankruptcy or insolvency of any debenture holder may instead of being registered himself, elect to have some person named by him, registered as a transferee of such debenture.

(10) Every transfer of this debenture must be in writing under the hand of the registered holder or holders. In case of the death of a joint registered holder, the transfer must be under the hand of the survivor. The document of transfer must be delivered at the registered office of the Sabha with a fee of eight annas and such evidence of identity or title.

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the production of the debentures as the Sabha may require. The register of debenture will be closed from 14 days next before the day by the debenture fixed for payment of interest and no transfers will, during that period, be registered.

(11) This debenture is transferable free from any equities between the Sabha and the original or intermediate holder and the receipt of the registered holder shall be an effectual discharge for the principal monies or interest payable thereunder.

(12) When the principal monies secured by the debenture become payable as aforesaid, they will be paid at the office of the Sabha or at the Sabha's bankers for the time being on presentation of this debenture which must be surrendered on payment.

(13) A notice sent through the post prepaid addressed to the debenture holder at his Registered address shall be deemed due service of such notice on the debenture holder at the expiration of two days from the date of posting.

T. S. Sathyanarayana
CORRESPONDENT.

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Copy of opinion dated 8.10.1948 of the Government Solicitor.

Opinion:-

I have not got a copy of the Grant-in-aid Code before me, as I write but I agree it would be improper to utilise any of the teaching grant of an aided school to establish a sinking fund for the eventual redemption of the debenture loan. If the school's property is not mortgaged to Government, however, it does not appear objectionable to raise debentures on suitable conditions to finance the building or improving of a school. It is usually the proposed debenture-holders who lay down the conditions which usually include a power of sale in their favour on default, interest, and a first charge over the property. But debentures may be interest-free, or irredeemable except when the school be closed or turned to other uses, or irredeemable for a long period of years. Their terms may be such as to make the loan virtually a gift. Incidentally it is the trustees and not the society who will be the mortgagors.

/True copy/.

II.

Copy of opinion dated 29.4.1949 of the Government Solicitor.

Opinion:-

If the school property is not mortgaged to Government then no permission of Government is needed to float a debenture loan. What is objectionable is the proposal to use any part of the educational grant for other than educational purposes especially as Government will not have a first mortgage because the debenture holders will presumably have that. If the Sabha can afford to set aside any part of its educational grant as a sinking fund it is obvious they should not be paid the grant and have indeed no valid reason to obtain one.

/True copy/.

Thiruvananthapuram

For Director of Public Instruction.

Education Department.

From

The Director of Public Instruction,
M a d r a s

To

The Secretary to the Government of Madras,
Education and Public Health Department,
Fort St. George, M a d r a s.

R.C.No. 358-D2/48 dated 8th May, 1949.



School--Construction of building--Sinking fund--Floating
Debenture Bonds--Permission.

The accommodation in George High School, Vishnupuram is defective. As the management do not have enough funds to meet the entire cost of putting up adequate accommodation, it has decided to float a debenture loan to an aggregate value of Rs.10,000/- comprising of 400 bonds of Rs.25/- each, redeemable by the management from the second year of the issue of the loan.

2. The Correspondent, George High School, Vishnupuram has reported as follows:-

(a) The Sabha is the Association or the Society which runs the Institution. The Trustees, if necessary, come into existence only when and as the Debenture Bonds are floated, to safeguard the interest of the Debenture Bond holders, and their jurisdiction does not extend over the management and administration of the school. This does not rule out the chance of the executive of the Sabha itself being made the Trustees.

(b) Any loss sustained is borne by the Sabha which manages the school. The Sabha as the de jure and de facto owner of the Institution has the right to mortgage the properties and the application for the issue of the debenture bonds is made by the Secretary of the Sabha representing the Sabha.

3. A draft copy of "Debenture Bond" and the condition of issue together with the opinion of the Government Solicitor are herewith submitted. The present school building was constructed without Government grant.

4. The Correspondent requests for permission to float "Debenture Bonds". As this is the first of its kind, I am submitting the case with the opinion of the Government Solicitor, for favour of orders.

Yours faithfully,

[Signature]

For Director of Public Instruction.

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10.5.49



The Secretary to the Government of Madras,
Public Instruction Department,
Fort St. George, Madras 5.

No. 358 D2/48 dated 21st May, 1949.

The Department of Public Instruction, Government of Madras, is pleased to inform the management of the George High School, Vishnupuram, that the Government has no objection to the proposal of the management to raise a debenture loan to an aggregate value of Rs. 10,000/- for the provision of adequate accommodation for the school, provided that no part of the teaching grant is utilised for the creation of a sinking fund towards the eventual

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(b)

E & P. H. (B.)

Schools - Secondary - Aided - George High School,
Vishnupuram - Floating of debenture loan - Not objected to

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From the D.P.G. Re. No. 358 D2/48 d/ 8.5.49

Order. No 1879 Edn. dated. 8.6.49
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In the circumstances stated, the Govt. have no objection to the proposal of the management of the George High School, Vishnupuram to raise a debenture loan to an aggregate value of Rs. 10,000/- for the provision of adequate accommodation for the school, provided that no part of the teaching grant is utilised for the creation of a sinking fund towards the eventual

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eventual redemption of the debenture loan.

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R.C. 358 D2/48.

Office of the Director of Public
Instruction, Madras, dated 13-8-49.

From

The Director of Public Instruction,
Madras.

To

The Secretary to Government,
Education and Public Health Department.

Sir,

Sub: Schools - Secondary - George High School, Vishnupuram -
Floating of debenture loan - Higher amount - permission
requested.

Ref: G.O. Ms. No. 1879 Edn., dated 8-6-49.

p 2 info

I submit herewith a copy of letter from the correspondent George
High School, Vishnupuram requesting for permission to raise the
Debenture Loan to the value of Rs.20,000/- as against the original
request for Rs.10,000/- for favourable consideration.

Yours faithfully,

M. S. S. S.

For Director of Public Instruction.

MN. 19/8.

19/8/49

Office of the Director of Public
Instruction, Madras, dated 28-8-48.

R.C. 358 D2/48



Ref: G.O. Ms. No. 1879 Edn., dated 8-6-48.
Sub: Floating of debenture loan - Higher amount - permission
requested.
Sir, Schools - Secondary - George High School, Vishnupuram -

I submit herewith a copy of letter from the correspondent George
High School, Vishnupuram requesting for permission to raise the
debenture loan to the value of Rs.20,000/- as against the original
request for Rs.10,000/- for favourable consideration.

Yours faithfully,

For Director of Public Instruction.

MN. 19/8.

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No. 69/49-50.

13/8

(7)

George High School,
Vishnupuram,
27-7-1949.

From The Correspondent,
George High School,
Vishnupuram.

To The Director of Public
Instruction,
Madras.

Through The District Educational Officer, Tanjore.

Sir,
Ref: R.C. 358-D2/48 dated 27-6-1949 of the Director of Public
Instruction, Madras.
Sub: Floating Debenture Loan.

Since making the application for permission to float the debenture
loan, I find that there has been a considerable rise in the cost of
materials, labour, etc., and hence it is felt that the sum of Rs.10,000/-
would not suffice towards the provision of accommodation and the other
needs calling for the necessary wherewithal.

Under the circumstances, it is deemed necessary to increase the
amount of the loan from Rs.10,000/- to Rs.20,000/- and it is requested
that permission may kindly be granted to raise the amount to Rs.20,000/-
towards the objects of this application.

Sd.
CORRESPONDENT.

(True Copy)

Thiruvananthapuram

MN. 19/8.

1/2 For Director of Public Instruction.

No. 69/49-50.

To

From

The Correspondent,
George High School,
Vishnupuram,
Madras.
The Director of Public
Instruction,
Madras.
Through
The District Educational Officer,
Tanjore.

Sir,

Ref: R.C. 388-D/48 dated 27-6-1949 of the Director of Public
Instruction, Madras. No. 358 D. 2/48 d/13-8-49.
Sub: Floating Debenture Loan.

Since making the application for permission to float the debenture
loan, I find that there has been a considerable rise in the cost of
materials, labour, etc., and hence it is felt that the sum of Rs. 10,000/-
would not suffice towards the provision of accommodation and the other
needs calling for the necessary expenditure.

Under the circumstances, it is deemed necessary to increase the
amount of the loan from Rs. 10,000/- to Rs. 20,000/- and it is requested
that permission may kindly be granted to raise the amount to Rs. 20,000/-
towards the objects of this application.

Debiture loan, proposed to be floated from
the amount to Rs. 20,000/- and it is requested
(This copy of the application is being
forwarded to the Director of Public Instruction,
Madras.)

MN. 19/8.

For Director of Public Instruction,

C. No. 64051 B, /49.

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25/8/49

E & P. H. (B).

Schools. Secondary. George High school, Vishnupuram.
Floating of debenture loan - Value of loan - Raised.

Read: G.O. Ms. No 1879 Edn d/8-6-49.
From the D.P.G. Re. No. 358 D. 2/48 d/13-8-49.

Memo No 64051 B, /49-1 Edn. d/25-8-49.

The Govt. have no objection to the
proposal of the management of the George High School,
Vishnupuram to increase the aggregate value of the
debenture loan, proposed to be floated, from ~~Rs. 10,000/-~~
Ten thousand to ~~Rs. 10,000/-~~ Twenty thousand provided
that no part of the teaching grant paid to the school
is

C.No. 36306 B, /49.

Schools - Secondary - Aided - George High School,
Vishnupuram - Permission to float debenture bonds.

From the D.P.G. Rc.No. 358 S2/48 d/8.5.49.

The management of the George High School,
Vishnupuram have applied to the D.P.G. for permission
to float a debenture loan to an aggregate value of
Rs 10,000 comprising of 400 bonds of Rs 25 each.
The amount thus raised is proposed to be utilised for
the provision of adequate accommodation for the school.

2. The Govt. Solicitor to whom the matter was referred
by the D.P.G, is of the opinion that if the school property
is not mortgaged to Govt. no permission of Govt is
needed to float a debenture loan. He has also remarked
that if the management were to utilise any part of the
grant paid to it as a sinking fund for the redemption
of the loan, no grant should be sanctioned. The D.P.G
has reported that the existing school building was
constructed without Govt. aid. It seems therefore that
the school property is not mortgaged to Govt. However
as the management is in receipt of teaching grant

it may perhaps be informed that Govt have no objection
to the proposal to raise a debenture loan provided
that no part of the teaching grant is utilised for
the creation of a sinking fund towards the eventual
redemption of the debenture loan. For purposes of
assessing the teaching grant only the income from
8 instalments of school fees at standard rates
is taken into account. The income from school
fees over the amount taken into account for
grant purposes can be utilised by the management
for providing a sinking fund if there are no
other sources of income.
Legal may see for remarks if any.



E & P. H. U. D. No.
36306 B, /49-18
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is utilised for the creation of a sinking fund towards
the eventual redemption of the debenture loan.

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Note. After issue the papers may be filed with
G.O. No. 1879 Edn d/8.6.49.

24/8/49
24-8-49

To
The D.P.G.
25/8/49
E/149-10 of

Legal Department

It is not clear why the permission of Government is asked for which in this case seems to be unnecessary. There is, however, no objection to the proposal at A on page 1 ante.

30.5.49

E & P.H. S & P.H.

E & P.H. (B.I.)

The notes from p1 ante may be perused.

2) Legal Deptt. have ^{no objection to} ~~not objected~~ this Deptt's proposal at 'A' on page 1 ante. The D.P.G. may be informed that Govt have no objection to the proposal to raise a debenture loan provided that no part of the teaching grant is utilised for the creation of a sinking fund towards the eventual redemption of the debenture loan.

A draft order is submitted below for approval & forwarding.

as to cover.

31/6/49
31/6/49

Id. 7 (Edin)

31/6/49
31/6/49

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Legal No. 6324/49-1

31/5/49



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