Archives I—10,006—16-8·77.

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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Final DEPARTMENT

G.O. No. 1569 Press.
B.P. No. Mis.

Dated 27. 8. 1881. 19 .

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1569
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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

27th August 1881, No. 1569.

Municipal—Loans.

Read again—

Resolution of the Government of India, communicated by G.O., 26th June 1879, *No.* 1202, *Financial Department.*

G.O., dated 27th June 1881, *No.* 1199.

Read also the following paper:—

From H. F. CLOGSTOUN, Esq., Officiating Accountant-General, to the Officiating Chief Secretary to Government, dated Fort St. George, 27th July 1881, *No.* 2953 [*Current No.* 1990].

Book Department.

With reference to Proceedings of Government in the Financial Department, No. 1199, dated the 27th of June 1881, I have the honor to point out that as Rule IV of the rules published in the *Gazette of India* of 8th November 1879, under Section 5 of the Local Authorities Loan Act XI of 1879, expressly declares that loans under that Act should be taken only for works which may be expected to yield a direct net revenue of at least $4\frac{1}{2}$ per cent. per annum on their capital cost, it would appear that the loan which the Municipality apply for is not of a kind which can be raised under that Act. Drainage works do not appear to satisfy the condition of the rule, nor are the water works in this case proposed to be carried out with a view to securing a revenue. The proviso to Section 8 of the Local Authorities Loan Act clearly excepts the Madras Municipality from the operation of that Act, and I therefore think that the Municipality should apply for the loans now required under Section 208 of the "City of Madras Municipal Act V of 1878."

2. It is proposed to raise the loans on the security of certain taxes, and Government have called upon this office to report as to the value of the security tendered. I would, however, submit that this office is not in a position to offer any opinion on the value of such security, as the Municipal accounts are neither rendered to it nor audited by it.

3. I would suggest that the Municipality should be asked to show clearly how it proposes to provide for its ways and means in the future as compared with the past. For this purpose the Municipality might draw up a statement showing in detail its audited income and expenditure for the past three years, and the estimated income and expenditure under the new Act, which it is understood will shortly be passed. The details might be arranged under the following headings:—

1. Ordinary Revenue.
2. Extraordinary Revenue.
3. Refunds of Revenue.
4. Cost of collection of Revenue.
5. First charges, if any, under Law against the Revenue.
6. Administration.
7. Other charges.
8. Outstanding debts.

4. In conclusion, I have the honor to request that, in connection with this loan, Government will be pleased to pass orders on my letter, No. J.H.B.-71, dated 23rd May 1881, on the debt due by the Madras Municipality on account of disbursements made from the State Funds to the Drainage Engineer, Mr. Clarke.

ORDER THEREON, 27th August 1881, No. 1569.

The Government regret that the conditions imposed by the Government of India for State loans to Municipalities, to which their attention has been drawn, will preclude them from applying to the Government of India for a loan from the treasury, and that the only alternative left seems to be that the Commissioners should use the powers provided by Part V of Act V of 1878.

(True Extract.)

R. DAVIDSON,
Chief Secretary.

To the Accountant-General.
" President of the Municipal Commission, Madras,

Exd. T. O'Connor.

1569/2

Govt. of [1881] Madras.

FINANCIAL.

To

THE ACCOUNTANT-GENERAL,

&c., &c., &c.

Dated August, 27th.

Issued

Recd. *Encl.*

G.O., 27th August 1881, No. 1569.

AUGUST.

Municipal—Loans.—The President, Municipal Commission, Madras, informed that the conditions imposed by the Government of India for State loans to Municipalities preclude this Government from applying to them for a loan from the treasury for the drainage and water works, and that the Commissioners should use the powers provided by Part V of Act V of 1878.

Book Department No. 2953 CONFIDENTIAL No. 1990

Fort Saint George

Accountt. Genls Office

27th July 1881

From

H. F. Clogstoun Esqr.

Offg. Accountant General to the

Government of Madras

To

The Chief Secretary to Government

Financial Department

Sir,

1569/3

I Have the honor to recommend

With reference to Proceedings of Government in the Financial Department No. 1199 dated the 27th of June 1881, I have the honor to point out that as rule IV of the rules published in the Gazette of India of 8th November 1879 under Section 5 of the Local Authorities Loan Act XI of 1879 expressly declares that Loans under that Act should be taken only for Works which may be expected to yield a direct net revenue of at least 4½ per cent per annum on their Capital Cost, it would appear that the Loan which the Municipality apply for is not of a kind which can be raised under that Act. Drainage Works do not appear to satisfy the condition of the Rule, nor are the Water Works in this case proposed to be carried out with a view to securing a revenue.

The

The Proviso to Section 8 of the Local Authorities Loan Act clearly excepts the Madras Municipality from the operation of that Act, and I therefore think that the Municipality should apply for the loans now required under Section 208 of the "City of Madras Municipal Act V of 1878".

2. It is proposed to raise the loans on the security of certain taxes and Government have called upon this Office to report as to the value of the security tendered. I would however submit that this Office is not in a position to offer any opinion on the value of such security as the Municipal Accounts are neither rendered to it nor audited by it.

3. I would suggest that the Municipality should be asked to shew clearly how it proposes to provide for its ways and means in the future as compared with the past. For this purpose the Municipality might draw up a statement shewing in detail its audited income and expenditure for the past three years and the estimated income and expenditure under the new Act, which it is understood will shortly be passed. The details might be arranged under the following headings.

1. Ordinary Revenue
2. Extraordinary —do—
3. Refunds of —do—
4. Cost of collection of do.
5. First charges, if any under law against the Revenue
6. Administration.
7. Other charges.
8. Outstanding Debts.

1569/4

4. In conclusion, I have the honor to request that in connection with this Loan Government will be pleased to pass orders on my letter No. [illegible] dated 23rd May 1881 on the debit due by the Madras Municipality on account of disbursements made from the State Funds to the Drainage

+ R. W. 1250 of 76-5 81. not disposed as yet—In Circular Jan

Drainage Engineer Mr. Clarke.—

I have the honor to be,
Sir,
Your most obed.t Servt

H. Maytum
Offg. Accountt. General

1569
5

Fo. 1195 - 127 - 6 - 81. ref.
— 649 - 15 - 4 - 81. ref.
to 126 - 24 - 1 - 81.
475 - 17 - 3 - 79
564 - 25 - 3 - 79
126 - 24 - 1 - 79
2039 - 13 - 11 - 76
1449 - 11 - 8 - 76
467 - 7 - 2 - 76
Act XI of 1879
1202 - 26 - 6 - 79
from acc. Rules - Fort St. 25-11-79.
79 Fort 1103 -
— " — old Rules Fort St. 20 Oct. 79.
to 10141 - 5 - 7 - 77.
1396 - 1 - 5 - 77
456 - 7 - 2 - 77.

Fin. Department
(Genl - Loans)

From

The Account Genl.
Madras

To

The Chief Secretary
to Government
Financial Dept.
Poly.

No. 2953

Dated 27th July 87.
Recd 29th July 87.

CURRENT No. 1990

Points out certain objections regarding the grant of loan applied for by the Municipality for the Drainage & Water Works.

11/1569

Financial DEPARTMENT.

No. 1990.

From the Acct. General, dated 27th July 1887 No. 2953 pointing out certain objections regarding the grant of loan applied for by the Municipality of Madras for the Drainage & Water Works. (F. D. Fin. No. 1199 dated 27th June 1881.)

1569/6

FOR ORDERS.

Sub IV. S. 2 provides for loans to Municipalities & Port Committees & Rates they may be charged but does not seem to cover the case of the Madras Municipality.

Nor does Sec 8. of the Act appear to cover the Bill. provide a loan under it. Strictly

The Acct. General's objections seem valid. The oversight apparently arose from the obsolete Rules of 1873 being referred to - instead of those of 1879, under the new Act (XI of 1879.) These are much more stringent, as the points noticed by the Acct. General show.

Besides, there are further restrictions imposed by the Govt of India in the matter of Loans from the Public Treasury - Resolution

relating thereto are herewith put up, & submitted for perusal (especially the Resolⁿ of 26th May 1875 No. 747 embodied in G.O. of 26th June 1875 No. 1202) the policy appearing to be to favour private loans in the money market.

There are two instances in point (papers put up) In the case of the Tanjore Municipality, a Public Loan was refused, while in that of the Vizagapatam Local Fund Board, a Private Loan was allowed.

It is submitted that the revised orders will now have to issue to the Madras Municipality, if the suggestions of the Accountant General, which appear sound, are approved.

3/8/81.

Para 7. is very rigid.

Enlarges in its favor a presumption of the Act. Scorcer 1881

But certainly if the P.S. Esquire Accountn Esqr. for a loan from Instn. funds. We cannot do it. We have no surplus.

Note. In this case too "any ultimate financial responsibility will rest on the Local Government" (Vide Govt of India Resolⁿ of 26th May 1875 quoted before - para 4.)

11/8/81.

But there is none & can not be any. The Govt merely undertakes to attach the security funds & therefrom to realize the amount on behalf of the lenders

Submitted - if the funds were attached whether the Municy. already short of money could be carried on with the balance left them after paying off the sums borrowed. Would not Govt. after have to undertake the upkeep of Madras - or to make up the deficiency to the Municy. who would be sure to seek Govt aid - & in this way it is respectfully submitted there would be "ultimate financial responsibility" Govt would lose their Municipality & their money - Govt

2/9/81.

1569/7

As we decline to grant the loan applied for might we not intimate to the President that the Govt will be prepared to consider an application under Sec 77 Act XV of 1877 for authority to borrow in the market. It is possible that under the security which that other preceding section affords for the recovery of principal & interest the Municipality might be able to raise the necessary funds at a moderate rate

H.S.

Madras Municipality

Loans

FOR ORDERS.

Fo. (Fin.) 1569/81

Financial Department.

No. 1950

From

Madras Municipality Loans

1569/1881

Further Note

FOR ORDERS.

I think we must take it for granted that the conditions imposed by the Secy. of State to the Govt. of India on our obtaining loans from the Treasury.

The measures hitherto taken by the Municipality on the Government sanction (para 4 of G.O. 25th January 1881. No. 126 - G.O. 19th April 1881. No. 649) for obtaining a loan seem to have been taken on the supposition that it would be granted from Public Funds; but the Government. it is presumed from the present Note of Hon'ble Members - now intend to express their inability to support a loan from the Public Treasury. Orders are

+ that the alternative

therefore solicited with reference to the Honble. Mr. Sullivan's ~~proposal~~ note not yet circulated – taken with the Accountant General's suggestions – as to what fresh directions should issue to the Madras Municipality

Jos 11/8/81. KR 12/8/81

Financial Department.

GP

PROCEEDINGS of the MADRAS GOVERNMENT. 1569/09

READ ~~the following letter~~ again

G.O. dated 27th June 1881, No 1199.

Letter from the Accountant General

dated 27th July 1881, No 2953.

Resolr of the Govt of India ~~embodied in~~ communicated by G.O. 26th June 1879 No. 1202. Financial dept.

Order. 27th Augt 1881. No. 1569.

The Government regret that the conditions imposed by the Government of India for State loans to Municipalities to which their attention has been drawn, ~~by the Accountant General~~ will preclude them from applying to the Government of India for a loan from the Treasury, and that the only alternative left seems to be that the Commissioners should use

Send to the Comrs. that under the powers provided by Sect. V. of the Act V. of 1878.

K.K.

Shown with the Act 1878 ? note

2

over leaf

Sd. Stumbell 9/8

use the powers provided
by part V of the Act V
of 1878.

20/8/81

To

The Accountant General
Presdy. & C. Madras &c &c

Dept 9/9.
Dept 30/8.
Dept 9/9

Board's Proceedings

Fin. Department.

Under Disposal Docket.

Papers to be read in Proceedings:—

Go. No. 1199 of

× No. 1990 of

No. of

1569/11

Govt. of 188/1 Madras.

Jud

DISPOSED OF

27 AUG 87

BY G. O. No 1569.

12 Sts/01

(12)

	188 , No.
Nos.	

Immt Loans. The Govt. Immt Loans Measures, in formed that the conditions imposed by the G of I for State loans to Municipalities preclude this Govt from applying to them for a loan from the Treasy for the drainage and water works, and that the powers should use the powers provided by part V of Act V of 1879.