

L. & M. [1,000-24-6-98.]
Local & Munl. (189) Department.

PRINTED.

G.O., No. 594 M

DATED 1-5-99

INDEXED.

[Despatch Abstract.]

To
02/2
10/5/99
Loan Communicating to all Local Boards and Municipal Councils & to the Municipal Commissioners of Madras, Letter from the Government of India Home Department, Communicating with reference to the Secretary of State's decision that the precedent laid down in Section 80 of the City of Bombay Improvement Act-1898, of giving a Government Guarantee in any shape or form to what is of the nature of a Municipal —, is not one which may be followed in cases that may occur hereafter and giving certain instructions to be followed in submitting schemes which involve a momentous departure from established rule.

BACK PAPERS.

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

FURTHER PAPERS.

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

Government {1899} of Madras. LOCAL AND MUNICIPAL.

Recd.

Regd.

} 1899.

Enclosures

Spare copies

G.O., No. 594 M., 1st May 1899.

MAY.

Loan.

Communicating to all Local Boards and Municipal Councils and to the Municipal Commissioners of Madras letter from the Government of India, Home Department, communicating, with remarks, the Secretary of State's decision that the precedent laid down in section 80 of the City of Bombay Improvement Act, 1898, of giving a Government guarantee in any shape or form to what is of the nature of a Municipal —, is not one which may be followed in cases that may occur hereafter and giving certain instructions to be followed in submitting schemes which involve a momentous departure from established rules.

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—the following paper:—

From A. H. L. FRASER, Esq., c.s.i., Officiating Secretary to the Government of India, Home Department (Municipalities), to the Secretary to the Government of Madras, Local and Municipal Department, dated Calcutta, 27th March 1899, No. 42.

In section 80 of the City of Bombay Improvement Act, 1898, it is provided that, in the event of default being made by the Board of Trustees in certain payments, the Accountant-General of Bombay shall make such payments, and the Commissioner shall forthwith pay from the Municipal Fund to the Accountant-General the amount of such payments. While recognising the objections to giving a Government guarantee in any shape or form to what is of the nature of a Municipal loan, the Governor-General in Council assented to the above provision in consideration of the wholly exceptional circumstances of the City of Bombay at the present time. For the same reason the Secretary of State refrained from withholding his sanction to this part of the measure. But His Lordship has laid it down that the precedent is not one which may be followed in cases that may hereafter occur.

2. A Municipality or City Trust should be required to bear, without the aid of a Government guarantee, the burdens which it is obliged to undertake for sanitary or other reasons; and the fact that the loans it raises can, if the guarantee be granted, be obtained at a lower rate of interest does not justify a departure from the general principle. And, even if the resources of the Municipality in question are such that there is no likelihood of a charge falling on the Government, it cannot be admitted that this circumstance affords any sufficient reason for allowing the Imperial credit to be pledged in support of a work which, however important, is primarily one of local interest. A Government guarantee is not the less a Government guarantee, because, as in the Bombay case, the Government is at liberty, if it can, to make recovery from a third party. The tendency of any extension of the liabilities for which the Imperial guarantee is pledged must be to enhance the rate of interest upon loans necessarily raised as part of the Public Debt of India, and the Government of India attach great importance to the restriction of such loans as far as is possible consistently with their unavoidable obligations.

3. The Governor-General in Council has thought it desirable to acquaint the Governor in Council with this decision of the Secretary of State as it is possible that schemes involving a Government guarantee might otherwise be elaborated and submitted to the Government of India which it would be necessary to reject on this ground after much time and labour had been spent on their preparation. In this connection I am to observe that when any scheme is contemplated which involves a momentous departure from established rules, the attention of the Government of India should be specially called to it in good time, and the intention to authorize exceptional measures, together with the reasons by which that intention is supported, should be expressly stated for the information and approval of the Governor-General in Council.

4. With reference to the remarks made in the last paragraph, I am to enclose, for the information of the Governor in Council, a copy of paragraph 6 of the Secretary of State's Despatch No. 6, dated 5th January 1899.

ENCLOSURE.

PARAGRAPH 6 of the Secretary of State's Despatch No. 6, dated 5th January 1899.

6. In conclusion, I request that, when, as on this occasion, a momentous departure from established rules is contemplated, my attention may be specially called to it in good time. For this purpose, I do not consider that it is sufficient for the Local Government to transmit to me, without comment, a Bill so drafted as to effect, incidentally, an important change of policy. The intention to authorize exceptional measures, together with the reasons by which that intention is supported, should be expressly stated for my information and approval.

ORDER—No. 594 M., dated 1st May 1899.

Communicated to all Local Boards and Municipal Councils and the Municipal Commissioners of Madras.

(True Extract.)

M. HAMMICK,
Ag. Secretary to Government.

To all Presidents of District Boards.
" Chairmen of Municipal Councils.
" Collectors.
To the President, Municipal Commission, Madras.

Recd.
4/5/99

Proog
3/5/99

Government (1899) of Madras.
LOCAL AND MUNICIPAL.

Proog for approval.

Strike off as revised.
V.R.
5/5/99

Recd.
Regd.

} 1899.

Enclosures
Spare copies

G.O., No. 594 M., 1st May 1899.

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To
10/5/99

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

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(True Extract.)

for Ag. Secretary to Government.

To all Presidents of District Boards.
 „ Chairmen of Municipal Councils.
 „ Collectors.
 To the President, Municipal Commission, Madras.

Local & Munl. (1899) Department.

CURRENT No. 1027m

P.S.

Order

From

The Government of India
Home Department

Communicated to all Local Boards
and Municipal Councils and the Municipal
Commissioners of Madras.

No. 42

V.R.
22/3/99

26.4.99

Dated 27-3-99

Received 13-4-99

Registered 15-4-99

Enclosures 1

Spare copies nil

SUBJECT.

Communicating with remarks the
Secretary of State's decision that
the precedent laid down in Section
80 of the City of Bombay Improvement
Act, 1898, of giving a Government
guarantee in any shape or form to
what is of the nature of a municipal
loan, is not one which may be followed
in cases that may occur, and giving
certain instructions to be followed in
submitting schemes which involve a
momentous departure from established rules.

To
10/5/99
All Presidents of Local Boards
Chairmen of Municipal Councils
Collectors
The President, Municipal Comm., Madras 10/5/99

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

sent to Press. 1-5-99

ed for signature. 8-5-99

atched in print. 9-5-99
10-5-99

READ AGAIN G.O., No.
139

DATUM

CURRENT No.

1027n A

ENCLOSURES TO G. No.

ORDER OF GOVERNMENT

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

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