Revenue (1898) Department.

MISCELLANEOUS SERIES.

G.O., No. 4468

DATED 15th November 1898.

[Despatch Abstract.]

Communicating to the Bd of Rev. & the Supt. of Rev. Survey. & Financial Dept: Communicating to the departments concerned the Resolution of the Govt of Ind. Finance and Commerce Dept. prescribing certain rules re: defaults in respect of loans made to local authorities and directing the re-publication of the Resolution in the Fort. St. George Gazette.

BACK PAPERS.

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

FURTHER PAPERS.

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

To be substituted for Government Order of the same number and date.

Lameas C. No. 759 [illegible]

Government {1898} of Madras.

FINANCIAL.

Recd. } 1898. *Enclosures*

Regd. } *Spare copies*

Ap 15/11/98

G.O., No. 949, 26th October 1898.

Endt. ~~Order~~ Misc. No. 4468 of 15th November 1898.

Communicated to the Bd. of Rev. & the Supt. of ~~Recorded~~ Rev. Surv.

S.F. 14/11/8

OCTOBER.

To the Bd. of Rev. (all Defts.) & Supdt., Rev. Survey. } Dep. 18.11.98

Loans.

Communicating to the departments concerned the Resolution of the Government of India, Finance and Commerce Department, prescribing certain rules regarding defaults in respect of — made to local authorities; and directing the re-publication of the Resolution in the *Fort St. George Gazette.*

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—again the following paper:—

G.O., No. 24, Financial, dated 18th January 1889.

Abstract.—Passing orders on the Resolutions of the Government of India, Finance and Commerce Department, laying down certain rules for the grant of loans to local bodies; and directing the re-publication in the *Fort St. George Gazette* of the Government of India notifications referred to.

Read—also the following paper:—

Resolution of the Government of India, Finance and Commerce Department (Accounts and Finance—Loans, &c.), dated Simla, the 4th October 1898, No. 4337-A.

Read again—

The Resolution in this department, No. 13, dated the 1st January 1889.

Read also—

Letters from the Government of Bombay, Nos. 1882 and 3482, dated the 30th April and 22nd August 1898, respectively.

Observations.—In paragraph 9 of the Resolution read in the preamble, Local Governments are directed to take immediate steps to remedy any default in the payment of interest upon a loan of public money under the Local Loan Scheme, or in the repayment of the principal of such a loan; and in paragraph 5 of the same Resolution, it is laid down that a penal rate of compound interest, not less than 6 per cent. per annum, should be enforced, as far as the law allows, upon all overdue instalments of interest or of principal and interest. No general rules, however, have been prescribed for regulating the powers of Local Governments in dealing with cases of default, and it has been ascertained that the practice observed is not uniform. The Governor-General in Council considers it desirable that the powers of Local Governments in these matters should be more clearly defined.

These rules should be taken merely as rules of procedure, with reference to defaults occasioned by stress of circumstances, or by unforeseen calamity. They must not be regarded as impairing the binding nature of the obligations entered into by local authorities, when they contract loans from the Government, or as affecting the validity of the guarantee of the Local Government under which these loans are issued.

Resolution.—The Governor-General in Council is accordingly pleased to prescribe the following rules regarding defaults in respect of loans made to Local Authorities:—

(1) A Local Government may not, without the sanction of the Government of India, remit the payment of interest falling due in ordinary course.

(2) It may however permit the postponement of an instalment in repayment of principal, subject to the condition that the amount of principal overdue at one time on one loan shall not exceed Rs. 5,000.

(3) Interest necessarily runs upon instalments postponed under rule 2; and it is in the discretion of the Local Government to decide whether such interest shall be at a penal rate, or at the rate which the loan ordinarily bears. Such discretion should be exercised with due regard to the distinction between a default occurring by want of proper arrangements or prevision and a default arising from unavoidable circumstances and reported for the previous orders of the Local Government.

(4) The powers above defined may be exercised in regard to loans falling within the Provincial Loan Account only. The grant of further concessions in regard to such loans or the grant of concessions in regard to other loans requires the previous sanction of the Government of India.

Order.—Ordered that this Resolution be communicated to the Home Department; to all Local Governments and Administrations; the Comptroller and Auditor General, and all Accountants-General and Comptrollers.

(Signed) H. H. RISLEY,
Offg. Secy. to the Govt. of India.

Order—No. 949, Financial, dated 26th October 1898.

Communicated to the departments concerned. The Resolution will be republished in the *Fort St. George Gazette.*

(True Extract.)

A Abbyngton
for *Chief Secretary.*

To the Accountant-General.
" Revenue Department.
" Local and Municipal Department.
" Political Department.
" Superintendent, Government Press.

Exd. C. M. Thumbuswamy.

Rev: Dept

Government {1898} of Madras.

FINANCIAL.

C. No. 7592.

Recd. 5/11 } 1898. Enclosures

Regd. 7/11 } 1898. Spare copies

G.O., No. 949, 26th October 1898.

SECRET 15 NOV 98 REV. DEPT.

G.O. (Press)

OCTOBER.

Recorded

Mr Ad (Setts)

RS
15-11-98

Loans.

Communicating to the departments concerned the Resolution of the Government of India, Finance and Commerce Department, prescribing certain rules regarding defaults in respect of — made to local authorities; and directing the re-publication of the Resolution in the *Fort St. George Gazette*.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following paper:—

G.O., No. 24, Financial, dated 18th January 1889.

ABSTRACT.—Passing orders on the Resolutions of the Government of India, Finance and Commerce Department, laying down certain rules for the grant of loans to local bodies; and directing the re-publication in the *Fort St. George Gazette* of the Government of India notifications referred to.

READ—also the following paper:—

Resolution of the Government of India, Finance and Commerce Department (Accounts and Finance—Loans, &c.), dated 4th October 1898, No. 4337-A.

ABSTRACT.—Powers of Local Governments in regard to the remission of interest arrears upon a loan of public money and the postponement of the re-payment of the principal.

ORDER—No. 949, Financial, dated 26th October 1898.

Communicated to the departments concerned. The Resolution will be republished in the *Fort St. George Gazette*.

(True Extract.)

A. Edgington
for *Chief Secretary*.

To the Accountant-General.
" Revenue Department.
" Local and Municipal Department.
" Political Department.
" Superintendent, Government Press.

Ed. P. Sotharam.

No. 4337-A.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Loans, etc.

RESOLUTION.

Simla, the 4th October 1898.

READ again—

The Resolution in this Department, No. 13, dated the 1st January 1889.

Read also—

Letters from the Government of Bombay, Nos. 1882 and 3482, dated the 30th April and 22nd August 1898, respectively.

OBSERVATIONS.—In paragraph 9 of the Resolution read in the preamble, Local Governments are directed to take immediate steps to remedy any default in the payment of interest upon a loan of public money under the Local Loan Scheme, or in the repayment of the principal of such a loan; and in paragraph 5 of the same Resolution, it is laid down that a penal rate of compound interest, not less than 6 per cent. per annum, should be enforced, as far as the law allows, upon all overdue instalments of interest or of principal and interest. No general rules, however, have been prescribed for regulating the powers of Local Governments in dealing with cases of default, and it has been ascertained that the practice observed is not uniform. The Governor General in Council considers it desirable that the powers of Local Governments in these matters should be more clearly defined.

These rules should be taken merely as rules of procedure, with reference to defaults occasioned by stress of circumstances, or by unforeseen calamity. They must not be regarded as impairing the binding nature of the obligations entered into by local authorities, when they contract loans from the Government, or as affecting the validity of the guarantee of the Local Government under which these loans are issued.

RESOLUTION.—The Governor General in Council is accordingly pleased to prescribe the following rules regarding defaults in respect of loans made to Local Authorities:—

(1) A Local Government may not, without the sanction of the Government of India, remit the payment of interest falling due in ordinary course.

(2) It may however permit the postponement of an instalment in repayment of principal, subject to the condition that the amount of principal overdue at one time on one loan shall not exceed Rs. 5,000.

(3) Interest necessarily runs upon instalments postponed under rule 2; and it is in the discretion of the Local Government to decide whether such interest shall be at a penal rate, or at the rate which the loan ordinarily bears. Such discretion should be exercised with due regard to the distinction between a default occurring by want of proper arrangements or prevision and a default arising from unavoidable circumstances and reported for the previous orders of the Local Government.

(4) The powers above defined may be exercised in regard to loans falling within the Provincial Loan Account only. The grant of further concessions in regard to such loans or the grant of concessions in regard to other loans requires the previous sanction of the Government of India.

ORDER.—Ordered that this Resolution be communicated to the Home Department; to all Local Governments and Administrations; the Comptroller and Auditor General, and all Accountants General and Comptrollers.

H. H. RISLEY,

Offg. Secretary to the Government of India.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Loans, etc.

Enclos. to G.O. No. ~~G.O. No.~~
949 Financial 3/26-10-98

RESOLUTION.

To the Home Department.

To All Local Governments and Administrations.

The Comptroller and Auditor General.

All Accountants General and Comptrollers.

No. 4337-A.

Dated Simla, the 4th October 1898.

Powers of Local Governments in regard to the remission of interest arrears upon a loan of public money and the postponement of the repayment of the principal.

G. C. Press, Simla.—No. 1193 C. F.—5-10-98.—430.

1898
REVENUE DEPT.

When given for copying ____
When copied ____
When examined ____
When signed ____ } 189

Read again G.O., No. 189 , dated

Current No.

Enclosures to C. No.

Order of Government	A	A	A	A	A	A	A
Letter of Government.							
Statement with ditto.							
Papers not filed up, being meant for despatch in original.							

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