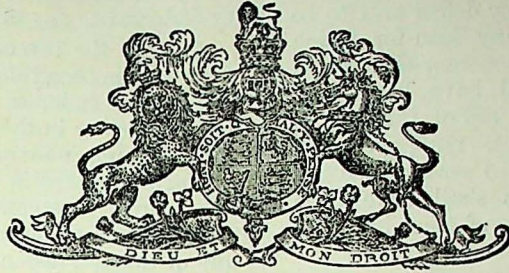


THE



Bombay Government Gazette.

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Separate paging is given to this Part, in order that it may be filed as a separate compilation.

PART V.

PROCEEDINGS OF THE LEGISLATIVE DEPARTMENT, BOMBAY.

(To be translated into Maráthi, Gujaráti and Kánarese, and the translations to be published in the "Bombay Government Gazette." The dates of publication to be reported.)

The following Bill, together with the Statement of Objects and Reasons accompanying it, is published in accordance with Rule 22 of the Rules for the conduct of business at Meetings of the Council of His Excellency the Governor of Bombay for making Laws and Regulations:—

Bill No. II of 1898.

A Bill to supplement the Provisions of the City of Bombay Municipal Act, 1888, with respect to the Investment of Sinking Funds and Surplus Moneys, and to validate certain Debentures.

WHEREAS it is expedient to supplement the provisions of the City of Bombay Municipal Act, 1888, with respect to the investment in public securities of sinking funds and surplus moneys of the Municipal Corporation of the City of Bombay; and whereas it is also expedient to remove doubts which have arisen with respect to the validity of certain debentures of the Corporation, in which portions of their sinking funds and surplus moneys purport to have been heretofore invested, and to obviate the extinction of such debentures of the Corporation as have been,

or may hereafter be, issued in or transferred to the name of the Corporation or to the name of the Municipal Commissioner for the City of Bombay on behalf of the Corporation in respect of any such investment.

It is hereby enacted as follows:—

1. This Act may be cited as "The City of Bombay Municipal Investments Act, 1893."

2. (1) In respect of any Sinking Funds which, by the City of Bombay Municipal Act, 1888, the Corporation are directed or empowered to invest in public securities, and in respect of any surplus moneys which, by the same Act (as amended by the City of Bombay Municipal Act Amendment Act, 1893), the Municipal Commissioner on behalf of the Corporation is empowered to invest in like securities, it shall be lawful for the Corporation to

reserve and set apart for the purposes of any such investment any debentures to be issued on account of any loan for which the sanction of the Governor-General of India in Council shall have been duly obtained under Section 106 of the City of Bombay Municipal Act, 1888, provided that the intention to so reserve and set apart such debentures shall have been notified as a condition of the issue of the loan.

(2) The issue of any such debentures direct to and in the name of "The Municipal Commissioner for the City of Bombay" on behalf of the Corporation shall not operate to extinguish or cancel such debentures, but every debenture so issued shall be valid in all respects as if issued to and in the name of any other person.

3. The purchase by, or the transfer, assignment or endorsement to, the Corporation or to the Municipal Commissioner on behalf of the Corporation of any debenture issued by the Corporation shall not operate to extinguish or cancel any such debenture, but the same shall be valid and negotiable in the same manner and to the same ex-

tent as if held by, or transferred, assigned or endorsed to any other person.

4. All the several debentures of the Corporation heretofore issued, transferred, assigned or endorsed in the name of the Corporation or in the name of the Municipal Commissioner on behalf of the Corporation as specified in Schedule A, and all debentures heretofore issued by way of renewal, consolidation or sub-division of any of the said debentures shall be deemed to be and to have always been valid and negotiable in all respects and in the same manner as if the same had been issued against moneys borrowed from the Secretary of State or any other person.

5. The signature of the person for the time being holding the office of the Municipal Commissioner for the City of Bombay to a transfer of any debenture standing in the name of the Corporation or of the Municipal Commissioner on behalf of the Corporation shall be valid and sufficient, notwithstanding that such person may not have held the said office at the time when such debenture was issued, transferred, assigned or endorsed to the name of the Corporation or the Municipal Commissioner as aforesaid.

SCHEDULE A.

Particulars of Loans and Numbers of Debentures.	Number.	Amount.	Total.	Grand Total.
<i>5 per cent. Bombay Municipal Loan</i> (Rs. 10,08,500) for Drainage and Water Works, Markets and Roads.		Rs.	Rs.	Rs.
Nos. 445 to 729	285	500	1,42,500	1,48,500
„ 730 to 741	12	500	6,000	
<i>5 per cent. Agripada House Sullage Water Connections Loan (Rs. 2,48,000).</i>				1,00,000
Nos. 1 to 170	170	500	85,000	
„ 171 to 182	12	500	6,000	
„ 183 to 188	6	500	3,000	
„ 485 to 492	8	500	4,000	
„ 493 to 496	4	500	2,000	
<i>The (5 per cent.) 35 Lakhs various Sanitary Works Loan.</i>				1,00,000
Nos. 6801 to 6825... ..	25	500	12,500	
„ 6826 to 6876... ..	51	500	25,500	
„ 6877 to 6888... ..	12	500	6,000	
„ 6889 to 6894... ..	6	500	3,000	
„ 6895 to 6902... ..	8	500	4,000	
„ 6903 to 6967... ..	65	500	32,500	
„ 6968 to 6992... ..	25	500	12,500	
„ 6993 to 7000... ..	8	500	4,000	

Particulars of Loans and Numbers of Debentures.	Number.	Amount.	Total.	Grand Total.
		Rs.	Rs.	Rs.
<i>5 per cent. Tansa Water Works Loan</i> (Rs. 147 Lakhs).				
Nos. 24401/24450 to 25351/25400 ...	20	25,000	5,00,000	
„ 25401/25440 to 26201/26240 ...	21	20,000	4,20,000	
„ 26241/26270 to 27261/27290 ...	35	15,000	5,25,000	
„ 27291/27310 to 28271/28290 ...	50	10,000	5,00,000	
„ 28291/28300 to 28481/28490 ...	20	5,000	1,00,000	
„ 28491/28494 to 28887/28890 ...	100	2,000	2,00,000	
„ 28891/28892 to 29229/29230 ...	170	1,000	1,70,000	
„ 29231/29270 to 29351/29390 ...	4	20,000	80,000	
„ 29391/29392 and 29393/29394 ...	2	1,000	2,000	
„ 29395/29396 to 29397/29400 ...	3	1,000	3,000	
				25,00,000
<i>The (5 per cent.) Municipal Building Loan (Rs. 80,000).</i>				
Nos. 1/50 to 151/200 ...	4	25,000	1,00,000	
„ 201/240 to 361/400 ...	5	20,000	1,00,000	
„ 401/430 to 551/580 ...	6	15,000	90,000	
„ 581/600 to 961/980 ...	20	10,000	2,00,000	
„ 981/990 to 1171/1180 ...	20	5,000	1,00,000	
„ 1181/1184 to 1377/1380 ...	50	2,000	1,00,000	
„ 1381/1382 to 1599/1600 ...	110	1,000	1,10,000	
				8,00,000
Total 5 per cent. Loan Debentures ...	...	...	...	36,48,500
<i>The (4 per cent.) Loan of 4½ Lakhs for Fire Brigade Quarters and Stations.</i>				
Nos. 1/20 to 181/200 ...	10	10,000	1,00,000	
„ 201/210 to 291/300 ...	10	5,000	50,000	
„ 301/304 to 417/420 ...	30	2,000	60,000	
„ 421/422 to 479/480 ...	30	1,000	30,000	
„ 481 to 500 ...	20	500	10,000	
Total 4 per cent. Loan Debentures ...	...	...	...	2,50,000
Grand Total ..	...	...	...	38,98,500

STATEMENT OF OBJECTS AND REASONS.

The objects of this Bill are, to remove certain legal difficulties in regard to the exercise, by the Municipal Corporation of the City of Bombay, of the powers of investing in their own securities already conferred on them by Section 109 (d) and Section 122 (1) of the City of Bombay Municipal Act, 1888, as amended by Bombay Act I of 1894; to obviate the extinction of, and to keep in force their debentures when taken up or acquired for investment by the Corporation themselves; and to remove all doubts as to the validity of, and so far as may be necessary to validate all Municipal debentures in which such investments purport already to have been made.

2. The power to invest in their own securities (1) for sinking funds (2) for surplus moneys' investments, and (3) for special funds, such as the Municipal Buildings Fire Insurance Fund, has been extensively availed of by the Corporation, and financially with the best results.

3. The practice of the Corporation when making such investments for sinking fund or special funds has been to reserve such portions as were from time to time required out of any Municipal loan which might for the time being

be available for issue, as having been sanctioned for the purposes of some permanent work; instead of issuing to the public the debentures representing the portions of loans so required, and then buying such debentures back at the heavy premium which they invariably commanded, the Corporation took them over themselves, at par, on account of sinking fund or special fund as the case might be, and thus effected a saving of the commission and heavy increased premium charges which they would otherwise have had to bear.

4. Again, as regards surplus moneys' investments, the Corporation have from time to time been using their surplus moneys, when available, for the purposes of permanent works, in anticipation of the actual raising of loans sanctioned for the purposes of such works, and it has thus often happened that, when the time came for the issue of such loans, it was found unnecessary to raise portions of them in the public market; instead of doing so, the sums previously applied for such works from surplus moneys were replaced in the shape of corresponding debentures of the respective loans, issued at par, on account of surplus moneys' investments, and these debentures were held in view to being negotiated from time to time as favourable opportunity might offer, and as the surplus moneys which they represented might be required for use.

5. It has, however, been doubted whether, technically, the practice thus followed constituted a borrowing within the meaning of Section 108 of the Municipal Act, and even if it did, whether, in the absence of express legislative enactment to the contrary, the legal effect of the Corporation acquiring their own debentures might not be simply to discharge *pro tanto* their debt, and extinguish the debentures.

6. It is obviously of the utmost importance that the validity of the securities representing sinking funds created for the repayment of Municipal loans should be placed beyond any doubt, and scarcely less important is it that the financial arrangements of the Municipality should not be liable to be dislocated by their finding that the securities representing their surplus moneys' investments are not valid or available for negotiation whenever the exigencies of the demands on such surplus moneys may require.

7. There seems no good reason why, when an authorized investment in their own securities is sought to be made and such securities happen at the time to be available for issue, the Municipality should be forced to adopt the circuitous and costly procedure of first issuing to the public and afterwards purchasing back, rather than the more simple method which has been resorted to, and it certainly was never contemplated that the power to invest in their own securities might, in whatever way effected, have the legal effect of extinguishing the securities themselves.

It is evident therefore that special legislation is necessary, and the Bill, as drafted, will, it is believed, remove the doubts and difficulties which have arisen.

8. The schedule specifies all the Municipal debentures which the Corporation hold in respect of sinking funds and surplus moneys' investments.

Provision has been made for the investments being in the name of "the Municipal Commissioner for the City of Bombay" to obviate the awkward anomaly of debentures being granted *by* the Corporation *to* the Corporation themselves.

4th February 1898.

(Signed) J. NUGENT.

By order of His Excellency the Right Honourable the Governor,

S. L. BATCHELOR,

Secretary to the Council of the Governor of Bombay
for making Laws and Regulations.

Bombay, 4th February 1898.