

THE LOCAL AUTHORITIES LOANS ACT, 1914

CONTENTS

PREAMBLE

SECTIONS

1. Short title and extent
2. Definitions
3. Borrowing powers of local authority
4. Power to Government to make rules
5. Remedy by attachment if loan not repaid
Attachment not to defeat prior charges legally made
6. Issue of short term bills
7. Loans not to be effected except under this Act
8. [*Omitted*]
9. [*Repealed*]

SCHEDULE – I

SCHEDULE – II [*Repealed*]

THE LOCAL AUTHORITIES LOANS ACT, 1914

ACT NO. IX OF 1914

[28th February, 1914]

An Act to consolidate and amend the law relating to the grant of loans to Local Authorities.*

WHEREAS it is expedient to consolidate and amend the law relating to the borrowing powers of local authorities;

Preamble

It is hereby enacted as follows:-

1. (1) This Act may be called the Local Authorities Loans Act, 1914.

Short title and extent

(2) It extends to the whole of ¹[Bangladesh].

2. In this Act, "local authority" means any person legally entitled to the control or management of any local or municipal fund, or legally entitled to impose any cess, rate, duty or tax within any local area;

Definitions

"funds", used with reference to any local authority, includes any local or municipal fund to the control or management of which such authority is legally entitled, and any cess, rate, duty or tax which such authority is legally entitled to impose, and any property vested in such authority;

"prescribed" means prescribed by rules made under this Act; and

"work" includes a survey, whether incidental to any other work or not;

* Throughout this Act, except otherwise provided, the word "Government" was substituted, for the words "appropriate Government" by section 3 and 2nd Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

¹ The word "Bangladesh" was substituted, for the word "Pakistan" by section 3 and 2nd Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

¹[* * *]

Borrowing
powers of local
authority

3. (1) A local authority may, subject to the prescribed conditions, borrow on the security of its funds or any portion thereof for any of the following purposes, namely:-

- (i) the carrying out of any works which it is legally authorized to carry out,
- (ii) the giving of relief and the establishment and maintenance of relief works in times of famine or scarcity,
- (iii) the prevention of the outbreak or spread of any dangerous epidemic disease,
- (iv) any measures which may be connected with or ancillary to any purposes specified in clauses (ii) and (iii),
- (v) the repayment of money previously borrowed in accordance with law:

Provided that nothing in clause (v) shall be deemed to empower a local authority to fix a period for the repayment of any money borrowed thereunder which, when the period fixed for the repayment of the money previously borrowed is taken into account, will exceed maximum period fixed for the repayment of a loan by or under any enactment for the time being in force:

Provided further that, in the case of loans other than loans made by the Government, no amount exceeding twenty-five lakhs of ²[Taka] shall be borrowed unless the terms, including the date of flotation, of such loan have been approved by the Government.

(2) Nothing in this section shall be deemed to authorize any local authority-

¹ The definitions "the Government" or "the appropriate Government" were omitted by section 3 and 2nd Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

² The word "Taka" was substituted, for the word "rupees" by section 3 and 2nd Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

- (a) to borrow or spend money for any purpose for which, under the law for the time being in force, it is not authorized to apply its funds, or
- (b) to borrow money by means of the issue of bills or promissory notes payable within any period not exceeding twelve months.

4. (1) The Government, may make rules consistent with this Act as to-

Power to
Government to
make rules

- (i) the nature of the funds on the security or which money may be borrowed;
- (ii) the works for which money may be borrowed;
- (iii) the manner of making applications for permission to borrow money;
- (iv) the inquiries to be made in relation to such loans, and the manner of conducting such inquiries;
- (v) the cases and the forms in which particulars of applications and proceedings, and orders thereon, shall be published;
- (vi) the cases in which the Government may make loans;
- (vii) the cases in which local authorities may take loans from persons other than the Government;
- (viii) the manner of recording and enforcing the conditions on which money is to be borrowed;
- (ix) the manner and time of making or raising loans;
- (x) the inspection of any works carried out by means of loans;
- (xi) the instalments, if any, by which loans shall be repaid, the interest to be charged on loans, and the manner and time of repaying loans and of paying the interest thereon;
- (xii) the sum to be charged against the funds which are to form the security for the loan, as costs in effecting the loan;
- (xiii) the attachment of such funds, and the manner of disposing of or collecting them;
- (xiv) the accounts to be kept in respect of loans;
- (xv) the utilization of unexpended balances of loans either in the reduction in any way of the debt of the local authority, or in carrying out any works which that authority is legally authorized to carry out; and the sanction necessary to such utilization;

and as to all other matters incidental to carrying this Act into effect.

(2) [*Repealed by the Devolution Act, 1920 (Act No. XXXVIII of 1920), section 2 and Schedule I.*]

(3) All rules made under this Act shall be published in the official Gazette, and on such publication, shall have effect as if enacted in this Act.

Remedy by attachment if loan not repaid

5. If any money borrowed in accordance with the provisions of this Act or any interest or costs due in respect thereof, is or are not repaid according to the conditions of the loan, the Government, if itself the lender, may, and, if the Government is not the lender, shall, on the application of the lender, attach the funds on the security of which the loan was made. After such attachment, no person, except an officer appointed in his behalf by the Government, shall in any way deal with the attached funds; but such officer may do all acts in respect thereof which the borrowers might have done if such attachment had not taken place, and may apply the proceeds in satisfaction of the loan and of all interests and costs due in respect thereof and of all expenses caused by the attachment and subsequent proceedings:

Attachment not to defeat prior charges legally made

Provided that no such attachment shall defeat or prejudice any debt for which the funds attached were previously pledged in accordance with law; but all such prior charges shall be paid out of the proceeds of the funds before any part of the proceeds is applied to the satisfaction of the liability in respect of which such attachment is made.

Issue of short term bills

6.(1) Subject to the provisions of ¹[Article 16 of Bangladesh Bank Order, 1972 (P. O. No. 127 of 1972),] the local authorities mentioned in Schedule I and any other local authority to which the Government may, by notification in the official Gazette, extend the provisions of this section, may, with the previous sanction of the Government borrow money by means of the issue of bills or promissory notes

¹ The words, commas and figures "Article 16 of Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972)," were substituted, for the words, comma and figures "section 26 of the Indian Paper Currency Act, 1910," by section 3 and 2nd Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

payable within any period, not exceeding twelve months, for any purpose for which such local authority may lawfully borrow money under any law for the time being in force:

Provided that the amount of the bills or promissory notes which may be so issued, shall not exceed, when the amount of the other moneys for the time being borrowed by such local authority is taken into account, the total amount which such local authority is empowered by law to borrow.

(2) The Government may, by general or special order, regulate the conditions on which money may be borrowed or repaid under this section.

7. Except as provided by or under this Act, no local authority shall, for any purpose, borrow money upon, or otherwise charge its funds; and any contract otherwise made for that purpose after the passing of this Act shall be void:

Loans not to be effected except under this Act

Provided that nothing herein contained shall be deemed-

- (a) to preclude any local authority from exercising the borrowing powers conferred on it by any special enactment now or hereafter in force; or
- (b) to affect the power conferred on any local authority by any such enactment to charge its funds, by guaranteeing the payment of interest on money to be applied to any purpose to which the funds of the local authority can legally be applied.

8. *[Omitted by the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973), section 3 and 2nd Schedule.]*

9. *[Repealed by the Repealing Act, 1927 (Act No. XII of 1927), section 2 and Schedule.]*

SCHEDULE I

(See Section 6)

[The Local Authorities of Corporation and Port of Calcutta].—Omitted by the Adaptation of Central Acts and Ordinances Order, 1949, Schedule.

The Trustees of the Port of Chittagong.

[The Local Authorities of Corporation and Ports of Bombay and Madras].—Omitted by the Adaptation of Central Acts and Ordinances Order, 1949, Schedule.

[The Municipal Committee of Rangoon and the Commissioners for the Port of Rangoon].—Repealed by the Government of India (Adaptation of Indian Laws) Order, 1937.

[The Karachi Municipal Corporation].— Omitted by the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973), section 3 and 2nd Schedule.

[The Trustees of the Port of Karachi].— Omitted by the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973), section 3 and 2nd Schedule.

[The Trustees for the Improvement of the Cities of Bombay and Calcutta].—Omitted by the Adaptation of Central Acts and Ordinances Order, 1949, Schedule.

SCHEDULE II.— *[Repealed by the Repealing Act, 1927 (XII of 1927), section 2 and Schedule.]*
