

## **ITEM NO. 08 (D-7)**

1. **Name of the Subject/Project:**  
**The New Delhi Municipal Council (Borrowing) Regulation, 2008.**

2. **Name of the Department:**  
Finance Department

3. **Brief History of the Subject/Project:**

The matter was placed on 25.02.2008 before the Committee constituted under Section 9 for advising the Council on regulations and bye-laws under the NDMC Act, 1994. A copy of the preamble placed before the Committee is at **Annexure-I (See pages 38 - 39)**.

In para 5 of the said preamble it had been recommended "that at present no regulations should be made" and that "regulations may be prepared none the less on the subject after consulting some of the major local bodies in the country". The Committee had passed necessary resolution to this effect.

4. **Detailed proposal on the Subject/Project:**

Letter had been written to the Greater Hyderabad Municipal Corporation, Surat Municipal Corporation and Hyderabad Municipal Corporation requesting them to send us a copy of the regulations/terms of borrowings so that their valuable comments could be taken into account while drafting our regulations. Unfortunately there has been no response in this behalf.

The matter was discussed in a departmental meeting taken by the Chairperson on 07.11.2008 when it was concluded that in view of the present sound financial position of the Council, there does not appear any necessity of framing any regulations at present and that whenever any need arises, necessary regulations may be drafted.

5. **Recommendations:**

In the light of para 4 above, the matter is placed before the Council for information.

### **COUNCIL'S DECISION**

Resolved by the Council that at present, framing of the NDMC (Borrowing) Regulations was not required and framing up of such regulations may be taken up, whenever any need arises.

## **ANNEXURE**

**1. Name of the subject / project :**

The New Delhi Municipal Council (Borrowing) Regulations, 2008.

**2. Name of the Department :**

Finance Department.

**3. Brief History of the subject / project :**

- (1) Chapter IX (sections 126 to 136) of the NDMC Act, 1994 deals with "Borrowing". Under section 126 of the said Act, the Council may borrow by way of debentures or otherwise, on the security of all or any of the taxes, rates, cesses, fees and charges under the Act, any sums of money which may be required for acquiring any land, for erecting any building; for the execution of any permanent work, etc.; to pay off any debt due to Central Government or the Government of NCT of Delhi; to repay a loan; or for any other purpose for which the Council is authorized to borrow. However, previous sanction of the Central Government is required for raising any loan. There are provisions relating to time for repayment of borrowed money; form and effect of debenture; payment to survivors of joint payees; receipt of joint holders for interest or dividend, maintenance, investment and application of sinking funds; and attachment of New Delhi Municipal Fund for recovery of money borrowed, etc.
- (2) Section 136 of the Act, however, provides that the Council may make regulations to carryout the purposes of the said Chapter IX including, in particular, the issue of duplicates in case of loss of debentures by theft, destruction or otherwise, and renewal of debentures on payment of fees prescribed in this behalf by such regulations.
- (3) Delhi Municipal Corporation Act 1957, contains more or less similar provisions and the Delhi Municipal Corporation have made the DMC (Borrowing) Regulations, 1959.

**4. Detailed proposal on the subject/project:**

A departmental meeting had recently been held to consider the question whether, taking into account the present financial position of the Council, any regulations under the said section 136 should at all be made. It was felt that since in the near future there is no likelihood for the NDMC to borrow money from outside, at present no regulation should be made. However, the Finance Department should consult some other major urban local bodies in the country so that the contents of the regulations as and when made may reflect the present environment, instead of following the precedent of 1959 of the Delhi Municipal Corporation and that the Committee/Council informed in this behalf. It was, however, felt that regulations should be in place in near future so that they can be utilized whenever any contingency arises.

**5. Recommendations:**

It is recommended that at present no regulations should be made. It is also recommended that the draft regulations may be prepared none the less on the subject after consulting some of the major urban local bodies in the country.

**6. Draft Resolution:**

Resolved by the Committee that at present the New Delhi Municipal Council (Borrowing) Regulations may not be necessary. Also resolved that the regulations may however be drafted after consulting some of the major urban local bodies in the country and the Council be apprised of the position suitably within a period of six months.