

HYDERABAD MUNICIPAL CORPORATION (CONSTITUTION AND REGULATION OF SPECIAL FUNDS) RULES, 1973

CONTENTS

1. Short title and commencement
2. Definitions
3. Constitutions of the special funds
4. Sinking Funds
5. Risk Insurance Fund
6. Depreciation Fund
7. Staff Welfare Fund
8. Hyderabad and Secunderabad Cities Survey fund
9. Endowment Fund
10. Investment of Special Fund
11. Annual Examination of Sinking and other Special Funds
12. Division of Special Funds

HYDERABAD MUNICIPAL CORPORATION (CONSTITUTION AND REGULATION OF SPECIAL FUNDS) RULES, 1973

5th APRIL, 1974

1. Short title and commencement :-

These rules may be called the Hyderabad Municipal Corporation and Regulation of Special Funds Rules, 1973

2. Definitions :-

(a) In these rules, unless there is anything repugnant to the subject or context-

(i) 'Act ' means the Hyderabad Municipal Corporation Act, 1955(Act II of 1956);

(ii) 'Council' means the General Body of the Municipal Corporation of Hyderabad;

(iii) 'Government' means the State Government;

(iv) 'Section' means section of the Act.

(b) Words defined in the Act and used but not defined in these rules shall have the same meaning as is assigned to them in the Act.

3. Constitutions of the special funds :-

(1) The Corporation may on the advice of the Commissioner constitute all or any of the following special funds under each of the four main accounts of the Municipal Fund (viz., the General Account, the Lighting Account, the Water supply and Drainage Account and the Town Planning Account namely

- (i) Sinking Fund;
- (ii) Risk Insurance Fund;
- (iii) Depreciation Fund; and
- (iv) Staff Welfare Fund:

(2) The Corporation may, on the advice of the Commissioner also constitute the following additional special funds under the General Account, namely

- (i) Hyderabad and Secunderabad Cities Survey Fund: and
- (ii) Endowment Fund.

4. Sinking Funds :-

(1) The Corporation shall maintain sinking funds for the payment of money borrowed by way of debentures or otherwise and shall pay by quarterly instalments into such sinking funds such sum as will be sufficient for the repayment of the loan of all moneys borrowed within the period fixed.

(2) The sinking fund or any part thereof shall be applied towards the discharge of loan or part of a loan for which such fund was created, and until such loan is partly or wholly discharged, the fund shall not be applied for any other purpose.

5. Risk Insurance Fund :-

The risk insurance fund shall be applied for meeting all losses to property of the Corporation arising out of fire accident, riot and the like. Moneys to be credited to the fund annually shall be based on such proportion of the value of the assets covered by this insurance as may be determined by the Commissioner in the annual budget estimates:

6. Depreciation Fund :-

(1) At the end of each year, the Commissioner shall credit to the

depreciation fund in respect of the wasting assets of the Corporation, all such sums as if paid in each year of the estimated life of the assets and calculated at the rate of interest or at such other rate as may be determined by the Standing Committee in consultation with the Commissioner from time to time, will yield at the close of their respective life, an amount equal to the original value of the assets less the estimated scrap value of such assets:

Provided that the Corporation may by general or special order, exempt any asset or class of assets acquired out of the borrowed funds from the operation of this rule.

(2) Contribution under this rule towards an asset shall cease as soon as the estimated life of the asset is over or when the asset ceases to be used, whichever is earlier.

Explanation For the purposes of this rule

(i) the life of an asset shall run from the beginning of the year of account next following that in which the asset was brought into use;

(ii) depreciation shall be calculated in respect of a new asset or an addition to an existing asset;

(iii) no depreciation shall be charged for an asset for the year in which it is scrapped or disposed of;

(iv) original value of an asset means the cost of the asset including charges for delivery, erection and other incidental expenses for bringing the asset into use.

7. Staff Welfare Fund :-

The Corporation shall from year to year, credit to this Fund such sums as it may think fit in the annual budget estimates, having regard to the requirements of the expenditure to be incurred out of this fund. The proceeds of this fund shall be expended in promoting the well being of the municipal officers and other municipal employees and their families, such as the payment of compassionate allowance to the widows of such other relatives of the officers and employees as the commissioner may, from time to time determine and for providing such other benefits and amenities to municipal officers and other municipal employees as the Council may from time to time determine.

8. Hyderabad and Secunderabad Cities Survey fund :-

At the end of each year the Commissioner shall credit to the Hyderabad and Secunderabad Cities Survey Fund such sum as may have been provided for in the annual budget estimates sanctioned by the Corporation. The amount standing to the credit of this Fund shall be utilised for carrying out such periodical survey of the cities of Hyderabad and Secunderabad as the Commissioner may decide from time to time with the approval of the Council

9. Endowment Fund :-

The Corporation may credit to the Endowment Fund such moneys or portion of what are received under Section 169(1)(g) as it thinks proper by way of grant, gift or deposit together with the conditions if any attached to such grant, gift or deposit as many subheads as are necessary may be maintained and the interests and dividends derived on them shall be utilised as per the condition of the grant, gift or deposit.

10. Investment of Special Fund :-

Subject to the provisions of Section 153 of the Act, moneys standing to the credit of all Special Funds constituted under these rules shall be invested in public securities and expenditure shall be incurred therefrom by transferring securities from time to time or to the surplus funds, as the case may be:

Provided that the Corporation may utilise the said funds towards its capital outlay, if necessary, and the interest on the amount so utilised shall be credited to these funds by charge to the revenues.

11. Annual Examination of Sinking and other Special Funds :-

(1) All special funds constituted under the provisions of these rules shall be subject to annual examination by the Accountant-General, Andhra Pradesh, Hyderabad who shall ascertain whether the case and the value of the securities belonging thereto are actually equal to the amount which should be at the credit of such funds, had investments been regularly made and had the rate of interest as originally estimated been obtained therefrom.

(2) The amount which should be at the credit of any special fund shall be calculated on the basis of the present value of all future payments required to be made to such funds under the provisions of the Act, or the rules made thereunder on the assumption that all investments are regularly made and the rate of interest as originally estimated is obtained therefrom.

(3) The securities belonging to a sinking fund or any other special fund shall be valued for the purposes of this rule at their current market value, except in the case of debentures issued under the Act, which shall always be valued at par:

Provided that the Corporation shall make good immediately any loss which may accrue on the actual sale of such debentures at the time of the repayment of loan.

(4) The Corporation shall forthwith pay into any sinking fund any amount which the Accountant-General may certify to be deficient, unless Government specifically sanctions gradual re-adjustment.

(5) If the cash and the value of the securities at the credit of any sinking fund or any other special fund are in excess of the amount which should be at its credit, the Accountant-General shall certify the amount of such excess sum and the Commissioner may with the approval of the Corporation transfer the excess sum to the Municipal Fund.

(6) If any dispute arises as to the accuracy of any certificate made by the Accountant-General under the Rules 11(4) and (5), the Corporation may after making the payment or transfer, as the case may be, refer the matter to the Government, whose decision thereon shall be final.

12. Division of Special Funds :-

Any special fund constituted under the provisions of the Act and under these rules shall not be diverted permanently or temporarily to any purposes other than that for which the same has been constituted or earmarked, as the case may be, without the previous sanction of the Government.