

KARNATAKA HOUSING BOARD (BORROWING SUMS BY ISSUE OF DEBENTURES) RULES, 1967

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KARNATAKA HOUSING BOARD (BORROWING SUMS BY ISSUE OF DEBENTURES) RULES, 1967

In exercise of the powers conferred by Section 74 of the Karnataka Housing Board Act, 1962 (Karnataka Act 10 of 1963), the Government of Karnataka hereby makes the following rules, the draft of the same having been published is required by sub-section (i) of the said Section in Notification No. GSR 270, dated 15th June, 1967 in Part IV, Section 2-C(i) of the Karnataka Gazette, dated the 22nd June, 1967, namely.

1. Title and commencement :-

- (1) These rules may be called the Karnataka Housing Board (Borrowing sums by issue of Debentures) Rules, 1967.
- (2) They shall come into force at once.

2. Definitions :-

In these rules unless the context otherwise requires.

- (a) "Act" means the Karnataka Housing Board Act, 1962;
- (b) "Debenture" means a security document issued by the Board for the borrowed money.

3. Borrowing of sums by the Board :-

- (1) The Board may with the previous sanction of the State Government borrow moneys by issuing debenture, for the purpose

of the Act.

(2) The total amount of debenture to be issued, issue price, form of debenture and the date of maturity shall be determined by the Board from time to time with the prior approval of Government.

(3) The rate of interest shall be such as may be fixed from time to time by the State Government.

(4) Debentures issued shall be guaranteed by the State Government as to the repayment of principal and payment of interest.

(5) A sinking fund shall be constituted for redemption of the debentures.

(6) These Debentures are negotiable by endorsement and delivery.

4. Reservation of Debentures :-

(1) The Board may, with the sanction of the State Government, reserve the debenture bonds for issuing to any particular Bank or Banker.

(2) Brokerage at such rate as may be fixed by the Board from time to time, shall be paid to Banks, Brokers and authorised Agents on their application and also on applications received through them, bearing their seal, provided the total subscription received from them is not less than such sum as may be determined by the Board.

(3) Underwriting Commission at such rates as may be determined by the Board shall be paid to Bankers and Brokers who invest a sum of not less than the minimum amount that may be fixed by the Board.

5. Application :-

Applications for the issue of debentures shall be made to the Board in the form appended to these rules.

6. Subscriptions :-

(1) Subscriptions to the debentures may be made by cheques or demand drafts drawn in favour of the Chairman of the Board. In respect of cheques drawn on banks other than those at Bangalore City, commission and collection charges as may be fixed by the Board shall be paid. The debentures shall be issued only after the

subscriptions are fully realised.

(2) If the subscriptions exceed the total amount of the debentures to be issued, partial allotment may be made and the balance of the sum paid at the time of application shall be refunded as soon as possible. No interest shall be paid on the amounts so refunded. The Board may, reserve the right to retain the subscriptions received upto ten per cent in excess of the sum floated.

7. Value of Debentures :-

The debentures shall be issued in denominations of Rs. 100, Rs. 500, Rs. 1,000, Rs. 5,000, Rs. 10,000, Rs. 25,000, Rs. 50,000 and Rs. 1,00,000.

8. Conditions subject to which debentures may be issued :-

(1) The interest in the debentures shall be paid half yearly. The interest is subject to the payment of income tax.

(2) The debentures shall be redeemable at par on the dates noted therein and the holder shall have no claim upon the Board for the interest accruing after the expiry of term.

(3) Debentures which by reason of damage sustained have become unfit for circulation shall be replaced at the request of the holder on surrendering the damaged or defaced debenture, provided that the essential marks for genuineness and identity such as the number, the amount, the rate of interest, the date and signature of the Chairman and the member of the Board are still recognisable. Fresh debentures shall also be issued to replace lost or destroyed debentures when in the opinion of the Board, the fact of destruction is proved beyond doubt. When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognisable, or when the debenture has been lost or has been mislaid, a new debenture may be issued only after the debenture which is alleged to be missing or unrecognisable, has been advertised by the claim and in the manner specified by the Board and is not claimed by any other person.

(4) The re-issue of a debenture shall be made for the same amount under the same number with the addition of the word "Renewed". A fee of rupee one shall be charged for every renewed debenture thus issued.

