

CHAPTER IX THE MUNICIPAL FUND AND OTHER FUNDS

The Municipal Fund

Constitution of Municipal Fund

82. Constitution of Municipal Fund.

Subject to the provisions of this Act and the rules and subject to the provisions of section 44 of the Bombay Primary Education Act, 1947, (Bom. LXI of 1947)

- (a) all moneys received by or on behalf of the Corporation under the provisions of this Act or of any other law for the time being in force or under any contract,
- (b) all proceeds of the disposal property by or on behalf of the Corporation,
- (c) all rents accruing from any property of the Corporation,
- (d) all moneys raised by any tax levied for the purposes of this Act,
- (e) all fees and fines payable and levied under this Act or under any rule, bye-law, regulation or standing order other than fines imposed by a Court,
- (f) all moneys received by way of compensation or for compounding offences under the provisions of this Act,
- (g) all moneys received by or on behalf of the Corporation from the Government or public bodies, private bodies or private individuals by way of grant or gift, or deposit, subject, however, to the conditions, if any, attached to such grant, gift or deposit, and
- (h) all interest and profits arising from any investment of or from any transaction in connection with, any money belonging to the Corporation. shall be credited to a fund which shall be called "the Municipal Fund" and which shall be held by the Corporation in trust for the purposes of this Act, subject to the provisions herein contained.

Commissioner to receive payments on accounts of Municipal Fund and to lodge them in a bank

83. Commissioner to receive payments on accounts of Municipal Fund and to lodge them in a bank.

All moneys payable to the credit of the Municipal Fund shall be received by the Commissioner and shall be forthwith paid into the Imperial Bank of India ¹[or any other scheduled bank] ²[or an approved co-operative bank] to the credit of an account which shall be styled "the account of the Municipal Fund of.....":

Provided that the Commissioner may, subject to any general or special directions issued by the Standing Committee, retain such balances in cash as may be necessary for current payments :

³[Provided further that the amount of money to be paid into an approved co-operative bank shall not exceed such amount as may be specified by the State Government generally or specially in respect of any approved co-operative bank.]

¹ These words were substituted for the words "or such other bank or banks as the Corporation. with the previous sanction of the State Government, may select" by Bom. 10 of 1953, s. 3.

² These words were inserted by Born. 19 of 1954. s. 4 (1).

³ This proviso was inserted by Bombay 19 of 1954 , s.4(2)

- How the Fund shall be drawn against**
- 84. How the Fund shall be drawn against.**
- (1) Subject to the provisions of section 449 no payment shall be made by any bank aforesaid out of the Municipal Fund except on a cheque signed by the Chief Accountant or the Deputy Accountant or, if there be no post of Deputy Accountant, by the officer immediately subordinate to the Chief Accountant and by the Commissioner or the Deputy Commissioner or the Assistant Commissioner.
- (2) Payment of any sum due by the Corporation in excess of one hundred rupees or such higher amount as the Standing Committee from time to time fixes generally or for any specified class of payments shall be made by means of a cheque signed as aforesaid and not in any other way.
- (3) Payments not covered by sub-section (2) may be made by the Commissioner in cash and cheques for sums not in excess of two thousand rupees each, signed as aforesaid, may be drawn from time to time to cover such payments if the amount of cash in hand is insufficient for the purpose.
- Deposit of portion of Municipal Fund may be made with bank or agency out of City when convenient**
- 85. Deposit of portion of Municipal Fund may be made with bank or agency out of City when convenient.**
- Notwithstanding anything contained in sections 83 and 84 the Commissioner may, with the previous approval of the Standing Committee, from time to time remit to and deposit with a bank or other agency at any place beyond the City any portion of the Municipal Fund, and any moneys payable to the credit of the Municipal Fund or chargeable there against which can. in the opinion of the Commissioner, be most conveniently paid into or out of the account of the Corporation at any such bank or agency, may be so paid.
- Restrictions on expenditure from Municipal Fund**
- 86. Restrictions on expenditure from Municipal Fund.**
- (1) Except as hereinafter provided, no payment of any sum shall be made by the Commissioner out of the Municipal Fund, unless the expenditure of the same is covered by a current budget-grant, and sufficient balance of such budget-grant is still available, notwithstanding any reduction or transfer thereof which may have been made under the rules.
- (2) The following items shall be excepted from the prohibition in sub-section(1), namely :-
- (a) sums of which the expenditure has been sanctioned by the Standing Committee under section 102;
 - (b) temporary payments under section 90 for works urgently required in the public service;
 - (c) refunds of taxes and other moneys which the Commissioner is by or under this Act authorised to make;
 - (d) repayments of moneys belonging to contractors or other persons held in deposit and of moneys collected or credited to the Municipal Fund by mistake;
 - (e) sums which under any provision of this Act or any other enactment are payable by way of compensation;
 - (f) sums payable in any of the circumstances mentioned in clause (h) of section 88;

- (g) expenses incurred by the Commissioner in the exercise of the powers conferred upon him by section 319;
- (h) costs incurred by the Commissioner under clause (e) of sub-section (3) of section 67.

Procedure when money must covered by budget-grant is expended under clause (e), (f), (g) or (h) of sub-section (2) of section 86

87. Procedure when money must covered by budget-grant is expended under clause (e), (f), (g) or (h) of sub-section (2) of section 86.

Whenever any sum is expended by the Commissioner under clause (e), (f), (g) or (h) of sub-section (2) of section 86 he shall forthwith communicate the circumstances to the Standing Committee, who shall take such action under the rules or recommend the Corporation to take, under section 101 or under the rules, such action as shall in the circumstances, appear possible and expedient for covering the amount of the additional expenditure.

Purpose for which Municipal Fund is to be applied

88. Purpose for which Municipal Fund is to be applied

The moneys from time to time credited to the Municipal Fund shall be applied in payment of all sums, charges, and costs necessary for carrying this Act into effect, or of which the payment shall be duly directed or sanctioned under any of the provisions of this Act or of any other law for the time being in force inclusive of-

- (a) the expenses of every ward election;
- (b) the salary, joining time allowances and other allowances of the Commissioner and of leave and pension contribution, if any, payable on his account to the ⁴[State] Government;
- (c) the salaries and other allowances of all municipal officers and servants and all contributions to provident funds, pensions, gratuities and compassionate allowance payable under the provisions of this Act or the regulations or of the statement framed under this Act for the time being in force;
- (d) all expenses and costs incurred by the Commissioner in the exercise of any power or the discharge of any duty conferred or imposed upon him by this Act, including moneys which he is required or empowered to pay by way of compensation;
- (e) the grant payable under section 44 of the Bombay Primary Education Act, 1947, (Bom. LXI of 1947.) to the Primary Education Fund maintained thereunder for the City;
- (f) the loans advanced under the rules for building purposes;
- (g) any sum chargeable under section 108;
- (h) every sum payable-
- (i) under section 422 or sub-section (1) of section 449 to the [State]⁴ Government;
- (ii) under a decree or order of civil or criminal court passed against the Corporation or against the Commissioner, Deputy Commissioner or Assistant Commissioner ex-officio;
- (iii) under a compromise of any suit or other legal proceeding or claim effected under section 481;
- (i) contributions to public institutions;
- (j) expenses incurred on the provision of traffic signs.

⁴ This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950

Municipal Fund where to be expended**89. Municipal Fund where to be expended.**

Expenditure by the Corporation out of the Municipal fund shall, save as otherwise provided by this Act, be made within the City only, but may, by a resolution of the Corporation supported by not less than half the total number of councillors, be made outside the City for any of the purposes of this Act.

Temporary payments from Municipal Fund for works urgently required for public service**90. Temporary payments from Municipal Fund for works urgently required for public service.**

(1) On the written requisition of such officers as the ⁵[State] Government may specially authorise in this behalf the Commissioner may at any time undertake the execution of any work certified by such officer to be urgently required in the public service, and for this purpose may temporarily make payments from the Municipal Fund. so far as the same can be made without unduly interfering with the regular working of the municipal administration.

(2) The cost of all work executed under sub-section (1) and of the establishment engaged in executing the same shall be paid by the ⁶[State] Government and credited to the Municipal Fund.

(3) On receipt of a requisition under sub-section (1) the Commissioner shall forthwith forward a copy thereof to the Corporation, together with a report of the action taken by him thereon.

Special Funds**Constitution of Special Funds****91. Constitution of Special Funds.**

The Corporation may constitute such special funds as are prescribed by rules and such other funds as may be necessary for the purposes of this Act. The constitution and disposal of such funds shall be effected in the manner prescribed by rules.

Disposal of Balances**Investment of surplus moneys****92. Investment of surplus moneys.**

(1) Surplus moneys at the credit of the Municipal Fund which cannot immediately or at an early date be applied to the purposes of this Act or of any loan raised thereunder may be, from time to time, deposited at interest in the Imperial Bank of India ⁷[or any other scheduled bank] ⁸[or an approved co-operative bank] or be invested in public securities ⁹[Provided that the amount of money to be deposited in an approved co-operative bank shall not exceed such amount as may be specified by the State Government generally or specially in respect of any approved co-operative bank.]

(2) All such deposits and investments shall be made by the Commissioner on behalf of the Corporation with the sanction of the Standing Committee and, with the like sanction the Commissioner may at any time withdraw any deposit so made or dispose of any securities and redeposit or reinvest the money so withdrawn, or the proceeds of the disposal of such securities.

⁵ This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950

⁶ Same as 6.

⁷ These words were substituted for the words and figures "or in any other bank selected by the Corporation with the sanction of the State Government for the purposes of section 83" by Bom. 10 of 1953, s. 4.

⁸ These words were inserted by Bom. 19 of 1954, s. 5(1).

⁹ This proviso inserted, *ibid.* s. 5(2).

(3) The loss, if any, arising from any such deposit or investment shall be debited to the Municipal. Fund.

Accounts

Accounts to be kept in forms prescribed by Standing Committee

93. Accounts to be kept in forms prescribed by Standing Committee.

Subject to the provisions of section 361 and of the Bombay Primary Education Act, 1947, (Born. LXI of 1947) and the rules made thereunder, accounts of the receipts and expenditure of the Corporation shall be kept in such manner and in such forms as the Standing Committee shall from time to time direct.

Preparation of annual administration report and statement of accounts

94. Preparation of annual administration report and statement of accounts.

(1) The Commissioner shall, as soon as may be after each first day of April, have prepared a detailed report of the municipal administration of the City, other than the administration of the Transport Undertaking during the previous official year, together with a statement showing the amounts of the receipts and disbursements credited and debited to the Municipal Fund during the said year and the balance at the credit of the Fund at the close of the said year and shall submit the same to the Standing Committee.

(2) The report shall be in such form and shall contain such information as the Standing Committee may from time to time direct.

(3) After examination and review of the report and statement by the Standing Committee a printed copy of such report and statement together with a copy of the Committee's review shall be forwarded to the usual or last known local place of abode of each councillor by such date as the Standing Committee may from time to time prescribe and copies thereof shall be placed on sale at the municipal office at such price as the Commissioner may fix.

Annual Budget Estimate

Estimates of income and expenditure to be prepared annually by commissioner

95. Estimates of income and expenditure to be prepared annually by commissioner.

The Commissioner shall each year on or before such date as the Corporation may from time to time prescribe have prepared and lay before the Standing Committee, in such form as the Committee shall from time to time approve-

(a) an estimate, classified in accordance with the rules, of the expenditure which must or should, in his opinion, be incurred by the Corporation in the next official year from the Municipal Fund including the amount of grant payable by the Corporation to the Primary Education Fund, and of the amounts, if any, which should, in his opinion be credited to, or expended from, a special fund;

(b) an estimate of all balances, if any, which will be available for reappropriation or expenditure at the commencement of the next official year;

(c) an estimate of the Corporation's receipts and income for the next official year other than from taxation and from the Transport Undertaking;

(d) a statement of proposals as to the taxation which it will, in his opinion, be necessary or expedient to impose under the provisions of

this Act in the next official year and an estimate of the receipts from taxation;

(e) an estimate of the amounts due to be transferred during the next official year from the Transport Fund.

Explanation.- The balance, if any, available in any special fund shall not be deemed to be available for reappropriation or expenditure at the commencement of the next official year under clause (b) except in relation to expenditure which may be met from such fund under the rules, and the Commissioner shall determine whether the whole or any part of such balance shall be taken into account as available for such expenditure at the commencement of the next official year.

**Budget estimates to
be prepared by
Standing Committee**

96. Budget estimates to be prepared by Standing Committee.

(1) The Standing Committee shall consider the estimates and proposals of the Commissioner and after having obtained from the Commissioner such further detailed information, if any, as it shall think fit to require, and having regard to all the requirements of this Act, shall frame therefrom subject to such modifications and additions therein or thereto as it thinks fit a Budget Estimate to be called budget estimate 'A' of the income and expenditure of the Corporation other than the income and expenditure in respect of the Transport Undertaking for the next official year.

(2) In budget estimate "A" the Standing Committee shall-

(a) propose with reference to the provisions of Chapter XI such rates and extent of municipal taxes as it thinks fit;

(b) allow for the appropriation to any special fund of the sum estimated by the Commissioner, revised as it thinks proper;

(c) provide for payment, as they fall due, of all sums and of all installments of principal and interest for which the Corporation may be liable under this Act other than sums and installments of principal and interest for which the Corporation may be liable by reason of the acquisition, extension, administration, operation and maintenance of the Transport Undertaking;

(d) provide for such expenditure, if any, as it considers necessary to defray from the balance in any special fund;

(e) allow for a cash balance at the end of the said year exclusive of the balance, if any, of any special fund of not less than one lakh of rupees or such smaller amount as the ¹⁰[State] Government may from time to time approve.

(3) The Commissioner shall cause the budget estimate framed by the Standing Committee to be printed and shall, by such date as the Corporation may from time to time prescribe, forward a printed copy thereof to the usual or last known local place of abode of each councillor.

(4) The budget estimate framed by the Standing Committee shall be laid before the Corporation and it shall proceed to consider the same within fifteen days of the date referred to in sub-section (3).

¹⁰ This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.

Estimates of expenditure and income of the Transport Undertaking to be prepared annually by Transport Manager

97. Estimates of expenditure and income of the Transport Undertaking to be prepared annually by Transport Manager.

The Transport Manager shall each year, on or before such date as the Corporation may from time to time fix, have prepared and lay before the Transport Committee, in such form as the Committee shall from time to time approve:-

- (a) an estimate, classified in accordance with the rules, of the expenditure which must or should, in his opinion, be incurred by the Corporation in the next ensuing official year on account of the Transport Undertaking and of the amounts, if any, which should in his opinion be credited to, or expended from, a special fund;
- (b) an estimate of all balances, if any, which will be available for reappropriation or expenditure at the commencement of the next ensuing official year, and an estimate of the amounts to be transferred to the Municipal Fund during the next ensuing financial year under sections 359 and 360;
- (c) an estimate of the Corporation's receipts and income from the Transport Undertaking in the next ensuing official year.

Explanation.- The balance, if any, available, in any special fund shall not be deemed to be available for reappropriation or expenditure at the commencement of the next official year under clause (b) except in relation to expenditure which may be met from such fund under the rules, and the Transport Manager shall determine whether the whole or any part of such balance shall be taken into account as available for expenditure at the commencement of the next official year.

Budget Estimate 'B' to be prepared by Transport Committee

98. Budget Estimate 'B' to be prepared by Transport Committee.

(1) The Transport Committee shall consider the estimates of the Transport Manager and, after having obtained from the Transport Manager such further detailed information, if any, as it shall think fit to require, and having regard to all the requirements of this Act, shall frame therefrom, subject to such modifications and additions therein or thereto as it shall think fit, a budget estimate, to be called, "budget estimate 'B' of the income and expenditure for the next official year to be received and incurred in respect of the Transport Undertaking.

(2) In budget estimate 'B' the said Committee shall-

- (a) provide for the payment, as they fall due, of all sums and of all installments of principal and interest for which the corporation may be liable under this Act by reason of the acquisition, extension, administration, operation and maintenance of the Transport Undertaking;
- (b) allow for the appropriation to any special fund of the sum estimated by the Transport Manager, revised as it thinks proper;
- (c) allow for the amounts to be transferred during the next ensuing official year to the Municipal Fund as provided in sections 359 & 360;
- (d) provide for such expenditure, if any, as it considers necessary to defray from the balance in any special fund;
- (e) allow for a cash balance at the end of the said year exclusive of the balance, if any, of any special fund of not less than one lakh of rupees or such smaller amount as the Corporation may from time to time fix.

(3) The Transport Manager shall lay budget estimate 'B' as framed by the Transport Committee before the Standing Committee on or before such date as the Corporation may from time to time fix in this behalf and the Standing Committee shall prepare a report to the Corporation thereon, incorporating the remarks and recommendations, if any, of the Standing Committee.

(4) The Municipal Secretary shall cause budget estimate 'B' and the report of the Standing Committee thereon to be printed and shall, not later than such date as the Corporation may from time to time fix in this behalf, forward a printed copy thereof to the usual or last known local place of abode of each councillor.

Fixing of rates of taxes

99. Fixing of rates of taxes.

The Corporation shall, on or before the twentieth day of February, after considering the Standing Committee's proposals in this behalf, determine, subject to the limitations and conditions prescribed in chapter XI, the rates at which municipal taxes referred to in subsection (1) of section 127 shall be levied in the next ensuing official year and the rates at and the extent to which any of taxes referred to in subsection (2) of the said section which the Corporation decides to impose shall be levied in the next ensuing official year.

Final adoption of budget estimates

100. Final adoption of budget estimates.

Subject to the requirements of section 99, the Corporation may refer budget estimate 'A' back to the Standing Committee and budget estimate 'B' back to the Transport Committee for further consideration, or adopt the budget estimates or any revised budget estimates submitted to it, either as they stand or subject to such alterations as it deems expedient :

Provided that the budget estimates finally adopted by the Corporation shall fully provide for each of the matters specified in clauses (c) and (e) of sub-section (2) of section 96 and for each of the matters specified in clauses (a), (c) and (e) of sub-section (2) of section 98. as the case may be :

Provided further that if the budget estimates are not finally adopted by the Corporation on or before the thirty-first day of March the estimates as recommended by the Standing Committee or the Transport Committee, as the case may be, shall be deemed to be budget estimates finally adopted by the Corporation until the estimates are so adopted.

Corporation may increase amount of budget grants and make additional grants

101. Corporation may increase amount of budget grants and make additional grants.

(1) On the recommendation of the Standing Committee in the case of expenditure from the Municipal Fund, and the Transport Committee in the case of expenditure from the Transport Fund, the Corporation may from time to time during an official year increase the amount of any budget grant, or make an additional budget grant for the purpose of meeting any special or unforeseen requirement arising during the said year, but not so that the estimated cash balance at the close of the year exclusive of the balance, if any, of any special fund shall be reduced below one lakh of rupees or such other amount as may have been fixed for the time being by the Corporation in the case of either the

Municipal Fund or the Transport Fund.

(2) Such increased or additional budget grants shall be deemed to be included in the budget estimates adopted by the Corporation for the year in which they are made.

Provision as to unexpended budget grants

102. Provision as to unexpended budget grants.

If the whole budget or any portion thereof remains unexpended at the close of the year in the budget estimates for which such grant was included, and if the amount thereof has not been taken into account in the opening balance of the Municipal Fund or the Transport Fund. as the case may be, entered in the budget estimates of any of the two following years, the Standing Committee or the Transport Committee, as the case may be, may sanction the expenditure of such budget grants or such unexpended portion thereof, as the case may be, during the next two following years for the completion, according to the original intention or sanction, of the purpose or object for which the budget grant was made, but not upon any other purpose or object.

Reductions or transfers

103. Reductions or transfers.

Reductions in and transfers from one budget head to another or within a budget head shall be made in accordance with the rules.

Readjustment of income and expenditure to be made by the Corporation during course of official year whenever necessary

104. Readjustment of income and expenditure to be made by the Corporation during course of official year whenever necessary.

(1) If it shall at any time during any official year appear to the Corporation upon the representation of the Standing Committee or the Transport Committee that, notwithstanding any reduction of budget grants that may have been made by the appropriate Committee under the rules, the income of the Municipal Fund or the Transport Fund. as the case may be, during the said year will not suffice to meet the expenditure sanctioned in the budget estimates of the said year as so reduced and to leave at the close of the year a cash balance exclusive of the balance, if any, of any special fund of not less than one lakh of rupees or such other amount as may have been fixed for the time being by the Corporation in the case of either the Municipal Fund or the Transport Fund, it shall be incumbent on the Corporation to sanction forthwith any measure which shall be necessary for proportioning the year's income to the expenditure.

(2) For this purpose the Corporation may diminish the sanctioned expenditure of the year, so far as it may be possible so to do with due regard to the provisions of this Act or to the obligations pertaining to the Transport Undertaking, or have recourse to supplementary taxation or a revision of fares and charges levied in respect of the Transport Undertaking, as the case may be.

Weekly scrutiny of accounts by Municipal Chief Auditor and scrutiny of accounts by the Standing Committee.

Scrutiny and Audit of Accounts

105. Weekly scrutiny of accounts by Municipal Chief Auditor and scrutiny of accounts by the Standing Committee.

(1) The Municipal Chief Auditor shall conduct a weekly examination and audit of the municipal accounts and shall report thereon to the Standing Committee who may also from time to time and for such period as it thinks fit conduct independently an examination and audit of the municipal accounts.

(2) For these purposes the Standing Committee and the Municipal Chief Auditor shall have access to all the municipal accounts and to all records and correspondence relating thereto, and the Commissioner shall forthwith furnish to the Standing Committee or the Municipal Chief Auditor any explanation concerning receipts and disbursements which they may call for.

Report by the Chief Auditor

106. Report by the Chief Auditor.

(1) The Municipal Chief Auditor shall- (a) report to the Standing Committee any-material impropriety or irregularity which he may at any time observe in the expenditure or in the recovery of money due to the Corporation or in the municipal accounts :-

(b) furnish to the Standing Committee such information as the said Committee shall from time to time require concerning the progress of the audit.

(2) The Standing Committee shall cause to be laid before the Corporation every report made by the Municipal Chief Auditor to the Standing Committee & every statement of the views of the Municipal Chief Auditor on any matter affecting the pursuance and exercise of the duties and powers assigned to him under this Act which the Municipal Chief Auditor may require the Standing Committee to place before the Corporation, together with a report stating what orders have been passed by the Standing Committee upon such report or statement & the Corporation may take such action in regard to the matters aforesaid as the Corporation may deem necessary.

(3) As soon as may be after the commencement of each official year the Municipal Chief Auditor shall deliver to the Standing Committee a report upon the whole of the municipal accounts for the previous official year

(4) The Commissioner shall cause the said report to be printed and forward a copy thereof to each councillor along with the printed copy of the Administration Report and Statement of Accounts referred to in section 94.

Application of sections 105 & 106 to accounts of Transport Fund

107. Application of sections 105 & 106 to accounts of Transport Fund

Sections 105 and 106 shall apply to the accounts of the Transport Fund as if-

- (i) for the words "Standing Committee" wherever they occur the words "Transport Committee" & for the word "Commissioner" wherever it occurs the words "Transport Manager" had been substituted; &
- (ii) for the figures "94" in sub-section (4) of section 106 the figures "362" had been substituted.

A special audit may be directed by 11[State] Government

108. A special audit may be directed by ¹²[State] Government.

(1) The ¹²[State] Government may at any time appoint an auditor for the purpose of making a special audit of the municipal accounts including the accounts of the Transport Undertaking and of reporting thereon to the ¹²[State] Government and the costs of any such audit as

¹¹ This word was substituted for the word "provincial" by the Adaptation of Laws Order, 1950.

¹² This word was substituted for the word "provincial" by the Adaptation of Laws Order, 1950.

determined by the ¹²[State] Government shall be chargeable to the Municipal Fund or the Transport Fund, as the case may be.

(2) An auditor so appointed may exercise any power which the Municipal Chief Auditor may exercise.