

**REGULATION MADE UNDER SECTION 92 (2) OF THE GOVERNMENT OF INDIA
ACT; AND THE RULES FRAMED THEREUNDER.**

BENGAL REGULATION NO. 1 OF 1938.

The Chittagong Hill Tracts Loans Regulation, 1938.

(Received the assent of the Governor-General on the 17th December 1938 and published in the Calcutta Gazette of the end February 1939.)

A regulation to provide for the grant of loans for the relief of distress and improvement of lands in the Ctg. Hill Tracts.

Whereas it is expedient to provide for the grant of loans for the relief of distress and improvement of lands in the Chittagong Hill Tracts;

It is hereby enacted as follows: -

1. **Short title, extent and commencement** - (1) This Regulation may be called the Chittagong Hill Tracts Loans Regulation, 1938;
 - (2) It extends to the Chittagong Hill Tracts;
 - (3) It shall come into force on such date as the Governor may, by notification in the Official Gazette, appoint;
2. **Definition** - In this Regulation, unless there is anything repugnant un the subject or context, "improvement" means any work which adds to the letting value of land and includes the following, namely: -
 - (a) the construction of dams, wells, tanks and other work or the installation of machinery for storage, supply or distribution of water for the purpose of agriculture.
 - (b) the drainage, reclamation from rivers or other waters, or protection from floods, or land used for agricultural purposes;
 - (c) such other works as the Governor may, from time to time, by notification in the official Gazette, declare to be improvement for the purposes of this Regulation.
3. **Power for Provincial Government to make rules** - The Governor may make rules as to loans to be made -
 - (a) for the purpose of the relief of distress or the purchase of seed or cattle, to permanent residents of the Chittagong Hill Tracts, or
 - (b) for the purposes of making any improvement, to any person having a right to make that improvement, or with the consent of that person, to any other person.
4. **Recovery of loans** - Every loan made in accordance with the rules made section 3, all interest (if any) chargeable thereon, and costs (if any) incurred in making or recovering the same, shall, when they become due, be recoverable from the person to whom the loan was made, or from any person who has become surety for the repayment thereof, as if they were arrears of land revenue.
5. **Liability of joint borrowers as among themselves** - When a loan is made under this Regulation to the members of a village community or to any other persons on

such terms that all of them are jointly and severally bound to the Provincial Government for the payment of whole amount payable in respect thereof, and a statement showing the portion of the amount which as among themselves each is bound to contribute is entered upon the order granting the loan and is signed, marked or sealed by each of them or his agent duly authorised in this behalf and by the officer making the order, that statement shall be conclusive evidence of the portion of that amount which as among themselves each those persons is bound to contribute.

RULES

(As published with notification No. 2977 E. A. dated the 10th March 1939, at pages 553-554, Part I of the Calcutta Gazette, dated the 16th March 1939).

AGRICULTURAL LOANS.

1. When there is distress due to drought, floods or other calamity, loans for the relief of such distress shall be sanctioned and disbursed with the least possible delay. Loans may also be given to enable the residents of the Ctg. Hill Tracts to purchase seed or cattle.
2.
 - (1) Loans shall be granted only on the joint bond system to groups of plough cultivators or jhumas and the amounts granted to each group shall not ordinarily exceed Rs. 200.
 - (2) Loans for the purchase of seed or cattle shall be given in cash. Other loans shall ordinarily be given in kind though the cash value of the loan will be entered in the bond, but the Deputy Commissioner may, if he thinks it, in special cases, sanction disbursement of such loans cash.
3. The Deputy Commissioner may empower revenue officers not below the rank of a Kanungo or Sub-Inspectors of Police to give loans under these rules up to a limit of Rs. 200 in each case, i.e., on one bond provided that the limit of funds at his disposal is not exceeded.
4.
 - (1) The Deputy Commissioner or the Sub-divisional Officers acting under his orders shall determine the principles to be followed by officers granting loans as regards the constitution of groups of borrowers, the general range of the amounts to be allotted to individuals in a group and the basis of fixing the amounts to be allotted to individuals, e.g., the extent of damage, the area of land cultivated, or the number of dependants to be supported.
 - (2) It shall be the duty of the Deputy Commissioner or of the Sub-divisional Officer, as the case may be, to exercise the closest possible supervision over the work of disbursing Officer.
5. The Deputy Commissioner or the Sub-divisional Officers acting under his orders shall issue instructions from time to time as to the method of disbursing loans and the execution of bonds which shall be in a form approved by the Commissioner and shall contain a clause that loan is recoverable as a public demand.
6.
 - (1) The Deputy Commissioner shall fix the number of instalments in which the loan shall be repaid and the date on which each installment shall fall due.
 - (2) The rate of interest on loans shall be one anna in the rupee or 6 ³/₄ percent per annum.

- (3) In calculating interest a period of half a month or less shall be disregarded and any period exceeding half a month shall be taken as one month.
 - (4) No instalment shall be allowed to remain unpaid without either a formal order granting the suspension of the instalment, or a certificate being issued for realisation of the arrear.
7. (1) The Deputy Commissioner may grant suspensions of payment of instalments of loans, either by a general order relating to a specific area on account of failure of crops, or any other exceptional calamity, or by special orders, on account of circumstances beyond the control of the borrowers which would render the payment of the instalment unduly burdensome. All such general orders shall be reported to the Commissioner at the time that they are made, and the total sums covered by such special orders shall be reported to the Commissioner at the time of the submission of the annual return.
 - (2) No interest shall be charged for the period of suspension and the payment of each remanding instalment due in respect of the loan shall be postponed to the date of the next instalment, and a new date fixed for the last instalment.
 8. Remission of loan or of a portion of a loan may be sanctioned only where the recovery of the loan in full would occasion serious hardship. Subject to this, the Deputy Commissioner may grant remission in the case of any one loan up to a limit of Rs. 25, and the Commissioner up to a limit of Rs. 200. Remission above this limit shall require the sanction of the Provincial Government.

LAND IMPROVEMENT LOANS.

9. The Deputy Commissioner may grant loans for the purpose of making any improvement to any person having a right to make that improvement, or with the consent of that person, to any other person, but for loans exceeding Rs. 1,000 and not exceeding Rs. 5,000 for any one work, the previous sanction of the Commissioner shall be obtained, and for loans exceeding Rs. 5,000 for any work the previous sanction of the Provincial Government shall be obtained.
10. (1) An application for such loan shall be made to the Sub-divisional Officer and shall contain a description of the security, which the applicant proposes to offer. On receipt of such application the Sub-divisional Officer shall make an inquiry as to the necessity for the improvement for which the loan is applied for and the general condition of the applicant and the sufficiency of the security offered by him. For the purpose of such inquiry the Sub-divisional Officer may depute an officer not below the rank of a Kanungo to make local inquiry in regard to the objections, if any, to the proposed improvement.
 - (2) If the Sub-divisional Officer is satisfied after inquiry about the necessity for the proposed improvement and the sufficiency of the security offered, the applicant shall be forwarded to the Deputy Commissioner with the result of such inquiry and thereupon the Deputy Commissioner shall, unless there is any special reason to the contrary, sanction such loan. An agreement in a form to be approved by the Commissioner shall be executed and registered by the applicant. Each application for loan under this rule shall be treated separately.

- (3) Yearly instalments for the repayment of the loan shall be fixed at the harvesting season. Not less than 10 and not more than 15 instalments shall be granted. Interest shall be calculated at 6 $\frac{3}{4}$ per cent.
- (4) When any instalment of the loan is due, either it shall be repaid or (if circumstances so demand) suspension of its payment shall be allowed or certificate for its realisation shall be filed. The provisions of rule 7 shall apply to the suspension of payment of instalments of such loans.
- (5) (i) The risk of the failure of an improvement shall ordinarily be borne by the borrower and remission of principal or of interest or of both may be granted only in cases where a work fails from causes beyond the borrower's control and where recovery of the loan in full would occasion serious hardship.

(ii) Subject to this restriction, the Deputy Commissioner may grant remission in the case of any one loan up to a limit of Rs. 50 and the Commissioner up to a limit of Rs. 500. Application for the remission of any amount exceeding Rs. 500 shall be submitted to the Provincial Government for orders.