

LAWS OF GUYANA

GENERAL LOCAL LOAN ACT

CHAPTER 74:04

Act  
25 of 1941

**Current Authorised Pages**

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**Note  
on  
Subsidiary Legislation**

**This Chapter contains no subsidiary legislation.**

**CHAPTER 74:04****GENERAL LOCAL LOAN ACT****ARRANGEMENT OF SECTIONS**

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SECTION

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1953 Ed.  
c. 290

24 of 1941

**An Act to declare the terms and conditions applicable to local loans authorised by any Act to be raised by the Minister; and to provide for matters connected therewith.**

[6<sup>TH</sup> DECEMBER, 1941]

Short title

1. This Act may be cited as the General Local Loan Act.

Application.

2. This Act shall be applicable only to loans raised locally in Guyana.

Loans to be raised by debentures.

3. Whenever by an Act authority shall have been given to the Minister to raise any sum of money for the purposes mentioned in such Act the Minister may from time to time as he may deem expedient raise such sum by debentures issued under the provisions of this Act.

Loans to be a charge upon general revenue.

4. The principal moneys and interest represented by such debentures are hereby charged upon, and shall be payable out of the Consolidated Fund.

Borrowing  
upon  
debentures.  
[13 of 1965]

5. (1) Such debentures shall be issued in Guyana upon the best and most favourable terms that can be obtained and shall be signed by the Minister responsible for finance (in this Act referred to as "the Minister") or by any other person or persons specially authorised by him.

(2) It shall be a sufficient compliance with subsection (1) if a debenture bears the facsimile signature of the Minister or of the person or persons specially authorised by him to sign debentures.

Amount of each  
debenture.

6. Every debenture issued under this Act shall be for a sum of not less than fifty dollars.

Debentures  
may be either  
fixed date or  
drawing  
debentures.  
[13 of 1965  
9 of 1975]

7. The debentures shall be redeemable either—

(a) at par on a fixed date to be declared on the issue of the debentures such date not being later than sixty years from the date of issue (such debentures being hereinafter referred to as "fixed-date debentures");

Provided that the Minister may reserve the option to redeem the debentures prior to such date on such conditions as may be declared at the time of issue; or

(b) by annual drawings at par to be made in the manner hereinafter provided or, at the option of the Minister, by purchase in the market (such debentures being hereinafter referred to as "drawing debentures"); or

(c) by equal half-yearly or annual instalments of principal and interest as may be provided by the terms of the loan combined so as to repay the principal with interest over a fixed repayment period to be declared on the issue of the debentures, such

period not to exceed sixty years from the date of issue (such debentures being hereinafter referred to as "equated annuity debentures") and with such moratorium as may be so provided.

Debentures to be declared to be either bearer debentures or registered debentures.

8. Debentures issued under this Act may be declared on issue to be either—

- (a) transferable by delivery (such debentures being hereinafter referred to as "bearer debentures"); or
- (b) transferable only by instruments of transfer registered in the books of the Accountant General (such debentures being hereinafter referred to as "registered debentures").

Interest coupons.  
[13 of 1965  
9 of 1975]

9. There shall be attached to every bearer debenture coupons for the payment of interest to become due in each half-year or annually, as the case may be, upon the principal represented by the bearer debenture. The coupons shall be sufficient in number to provide for the payment of the interest either during the whole period for which the bearer debenture has to run or for such limited period as the Minister may determine.

Amount of half-yearly payment on equated annuity debentures.  
[13 of 1965  
9 of 1975]

10. There shall be stated on each equated-annuity debenture, the number and the amount of the half-yearly or annual payments whereby the obligation to repay the principal with interest shall be satisfied.

Form of debenture and coupons.  
[13 of 1965]

11. The bearer debentures and the coupons thereto shall be in such form as the Minister may direct or approve.

Debentures and coupons transferable by delivery.  
[13 of 1965]

**12.** Every bearer debenture and coupon, and the right to receive the principal and interest represented thereby, shall be transferable by delivery.

Transfer of registered debentures.

**13.** Every registered debenture shall be transferable by application in writing to the Accountant General. Particulars of the holder to which each registered debenture was first issued, and of each transfer of ownership, including the name and address of each holder, shall be recorded in a register to be kept for that purpose by the Accountant General.

Register of debentures.  
[13 of 1965]

**14.** Particulars of each debenture shall, before the issue thereof, be recorded in a register to be kept for that purpose at the Treasury.

Payment of interest.  
[13 of 1965]

**15.** The interest upon the principal represented by each fixed-date or drawing debenture shall run from the date specified in that behalf in the debenture and shall be paid half-yearly, on the dates specified in that behalf in the debenture, at the Treasury.

Mode of providing for payment of interest on debentures and for contributions to sinking fund.  
[13 of 1965  
9 of 1975]

**16.** (1) So long as any of the fixed-date or drawing debentures remain outstanding, the Minister shall, in each half-year ending with the date on which the interest on the debentures falls due, appropriate out of the Consolidated Fund a sum equal to one half-year's interest on the whole of the debentures issued including any which may have been redeemed.

(2) The Minister shall also, in each such half-year commencing with that specified in the Act authorising the loan, appropriate out of the Consolidated Fund, for the formation of a sinking fund, an additional sum equal to one-half of the annual contribution to be decided upon by the Minister on the issue of the loan. Such contribution shall be in respect of the total nominal amount of all the fixed-date or

drawing debentures issued including any which may have been redeemed.

(3) The Minister shall in respect of all equated-annuity debentures appropriate in each half-year or annually, as the case may be, during the repayment period out of the Consolidated Fund a sum equal to the half-yearly or annual instalment of principal and interest payable.

(4) For the purposes of this Act fixed-date or drawing debentures shall not be deemed to be outstanding by reason only that one or more of the debentures have not been presented for payment on the date appointed for payment and have in consequence not been paid.

Creation of sinking fund for redemption of debentures payable on a fixed date.  
4 of 1977

17. (1) Subject to this section, in the case of fixed-date debentures so much of the moneys appropriated as aforesaid as shall not be required for the immediate payment of interest shall be deposited with and held by the Bank of Guyana as trustee for the formation of a sinking fund and the Bank shall invest the money in the purchase of such securities as may be approved by the Minister as a sinking fund for the final extinction of the debt and shall also invest the dividends, interest or produce of such investments in the purchase of like securities and may from time to time, with the approval of the Minister, change any such investments and shall hold such fund in trust for the repayment of the principal moneys for the time being represented by the debentures.

Conditional power to suspend payments to the sinking fund.

(2) If at any time the trustees of the sinking fund are satisfied that the value of the fund will be sufficient with further accumulation of interest, but without further payments of contributions, to enable the debentures to be redeemed out of the proceeds of the sinking fund when the same shall fall due to be redeemed the Minister may suspend further payment of the contributions to the said sinking fund:

Provided that the payment of contributions to the sinking fund shall be resumed if the trustees shall at any time inform the Governor that such payments have become necessary.

Disposal of sinking fund when debentures are redeemed by purchase or annual drawings.  
[13 of 1965]

18. In the case of drawing debentures, so much of the moneys appropriated as aforesaid as shall not be required for the immediate payment of interest, and the accumulations thereon, shall be held by the Accountant General in trust to apply them to the purchase of the debentures when they can be obtained at a price not exceeding par and secondly to the redemption of the debentures by means of annual drawings in the manner provided in the section next following.

Appointment of date for drawing of debentures.  
[13 of 1965]

19. (1) After the commencement of the contributions to the sinking fund in respect of any loan, and so long thereafter as any of the debentures remain outstanding, the Minister shall in every year, unless the whole of the money applicable in that year to the redemption of debentures has been applied in the purchase thereof, appoint a date in that year for the drawing by lot of the debentures to be redeemed.

Notice of time and place appointed for drawing.

(2) If a date is appointed for drawing, the Minister shall, by notice published in the Gazette and in at least one local newspaper, give not less than fifteen days previous notice of the date on which, and the hour and place at which, the drawing will take place.

Mode of drawing.

(3) On the date and at the hour and place so specified the Accountant General, or any other officers appointed by the Minister for the purpose, shall hold a meeting at which the holder of any debenture may, if he think fit, be present and one of the aforementioned officers shall then, in the presence of such debenture holders, if any, draw by lot, out of the whole number of debentures for the time being outstanding, debentures of the specified nominal amount.

Notice of debentures drawn for redemption.

(4) One of the officers specified in, or appointed under subsection (3) shall thereupon declare the distinguishing numbers of the debentures drawn for redemption and the Accountant General shall, as soon as may be by notice published in the Gazette and in at least one local newspaper, specify those numbers and appoint a date not being later as to each debenture than the date on which the then current half-year's interest thereon is payable on which the principal moneys represented by the debentures so distinguished will be repaid.

Payment of drawn debentures.

(5) From and after the date appointed under subsection (4) the Accountant General shall, on demand being made at the Treasury, pay to the holders of the debentures drawn for repayment the principal moneys represented by those debentures with all interest payable thereon up to the appointed date.

Interest to cease to accrue as from date appointed for payment of principal.

20. From and after the date appointed for the repayment of any debenture, whether a fixed-date or a drawing debenture, all interest on the principal moneys represented thereby shall cease and determine whether payment of the principal shall have been demanded or not.

Redeemed debentures to be cancelled. [13 of 1965]

21. (1) Upon the repayment of the principal moneys represented by any debenture, such debenture, together with all the coupons thereunto belonging, shall be delivered up to the Accountant General to be by him cancelled and retained.

(2) Any drawing debenture redeemed by purchase shall be cancelled and retained as aforesaid.

Expenses of redemption to be borne by sinking fund.

22. All expenses of, or incidental to, the redemption of the debentures and the costs and expenses of all notices required to be published by this Act may be paid out of the sinking fund.

Renewal of fixed-date

23. (1) In this section and sections 24, 25 and 26 "the

debentures and  
issue of fixed-  
date debentures  
in lieu of  
interest falling  
due on fixed-  
date debentures  
[13 of 1984]

c. 85.02

Bank" means the Bank of Guyana established by section 3 of the Bank of Guyana Act.

(2) If the Bank is directed by the Minister so to do in respect of any series of fixed-date debentures, the Bank shall, on an application made therefor to the Bank by any person holding a fixed-date debenture of that series (hereafter in this subsection and subsection (3) referred to as the original debenture), within a period of three months before the fixed date declared for its redemption or within a period of one month after that date, and the production of the original debenture to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the principal moneys represented by the original debenture.

(3) The date of issue of any fixed-date debentures issued under subsection (2) shall be the fixed date declared under section 7 (a) as the date for the redemption of the original debenture.

(4) If the Bank is directed by the Minister so to do with reference to any series of fixed-date debentures, the Bank shall, on an application made therefor to the Bank by any person holding a fixed-date debenture of that series (hereafter in this subsection referred to as the original debenture), within a period of three months before any date specified therein under section 15 as a date on which the half-yearly interest upon the principal moneys represented by the original debenture shall be paid, and the production of the original debenture to the Bank, issue to the holder of the original debenture, fixed-date debenture or fixed-date debentures for the whole or any part of the interest payable on the aforesaid date upon the principal moneys represented by the original debenture.

(5) The date of issue of any fixed-date debenture issued under subsection (4) shall be the date on which the

interest, in lieu of which it is being issued, is payable under section 15.

(6) The fixed date declared as the date for the redemption of a fixed-date debenture issued under subsection (2) or (4) shall not be later than five years from the date of issue of the debenture.

(7) Subject to the provisions of this section and section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (2) or (4).

Issue of fixed-date debentures in lieu of amounts payable on equated annuity debentures. [13 of 1984]

**24.** (1) If the Bank is directed by the Minister so to do in respect of any series of equated annuity debentures, the Bank shall, on an application made therefor to the Bank by any person holding an equated annuity debenture of that series, within a period of three months before any date fixed for making any of the half-yearly or annual payments, as the case may be, towards the redemption of that debenture or within a period of one month after the aforesaid date, and the production of the equated annuity debenture to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the amount of the half-yearly or annual payment payable on that date.

(2) The date of issue of any fixed-date debenture issued under subsection (1) for the whole or any part of the amount of any half-yearly or annual payment towards the redemption of an equated annuity debenture shall be the date fixed for making the half-yearly or annual payment.

(3) The fixed date declared as the date for the redemption of a fixed-date debenture issued under the subsection (1) shall not be later than five years from the date of issue of the debenture.

(4) Subject to the provisions of this section and

section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (1).

Issue of fixed-date debentures in lieu of Treasury Bills. [13 of 1984] c. 73:01

25. (1) If the Bank is directed by the Minister so to do in respect of any issue of Treasury Bills, the Bank shall on an application made therefor to the Bank by any person holding a Treasury Bill of that issue, within a period of fourteen days before the time or any time (if there are more times than one) determined under section 21 (3) of the Financial Administration and Audit Act for the payment thereof, and the production of the Treasury Bill to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the principal moneys represented by the Treasury Bill as have not become payable before the date on which the application is made and the interest, if any, which has accrued due thereon up to the time referred to above.

(2) The date of issue of any fixed-date debenture issued under subsection (1) for the whole or any part of the principal moneys represented by a Treasury Bill and the accrued interest, if any, shall be—

- (a) where there is only one date determined under section 21 (3) of the Financial Administration and Audit Act for the payment of the Treasury Bill, that date;
- (b) where there are more dates than one determined under that section for the payment of the Treasury Bill, the date (from among such dates coming after the date on which the application for the issue of fixed-date debenture under subsection (1) is made) which is nearest to the date on which the

application is made.

(3) The fixed date declared as the date for the redemption of a fixed-date debenture issued under subsection (1) shall not be later than five years from the date of issue of the debenture.

(4) Subject of the provisions of this section and section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (1).

(5) The provisions of this section shall have effect notwithstanding anything contained in section 21 of the Financial Administration and Audit Act.

Interest payable upon fixed-date debentures issued under sections 23, 24, 25. [13 of 1984]

**26.** (1) Interest shall be payable upon the principal moneys represented by fixed-date debentures issued under sections 23, 24 and 25 at such rate as may be fixed by the Minister from time to time, such rate being not lower than the bank rate prevailing on the date immediately preceding the date on which the Minister fixes it.

(2) The rate of interest fixed by the Minister under subsection (1) shall be notified in the *Gazette*.

(3) The interest payable upon the principal moneys represented by any fixed-date debentures issued under section 23, 24 or 25 shall be computed half-yearly (the first half-year commencing on the date of issue of that debenture) in accordance with the rate of interest fixed by the Minister under subsection (1) and relevant for the half-year and the interest so computed shall be compounded with the principal moneys represented by that debenture for the purpose of computing future interest payable to the holder of the debenture.

(4) The aggregate of the interest payable under this section upon the principal moneys represented by any fixed-date debenture issued under section 23, 24 or 25, and upon the interest compounded with such moneys under subsection (3), shall be paid to the holder of the fixed-date debenture, along with the principal moneys represented by the debenture, on the redemption of the debenture.

c. 85:02

(5) In this section "bank rate" means the rate of interest determined and announced by the Bank under section 39 of the Bank of Guyana Act as the rate of interest it will charge for granting loans or advances to banks under section 38 of that Act.

Issue of fixed-date debenture under section 23, 24 or 25 to be deemed to be repayment of principal for certain purposes.  
[13 of 1984]  
c. 73:01

**27.** For the purposes of section 20 (1), or section 21 (6) of the Financial Administration and Audit Act, and for those purposes only, the issue of any fixed-date debenture under section 23, 24 or 25 shall, to the extent of the principal moneys represented by such fixed-date debenture, be deemed to be repayment of the principal moneys represented by the debenture, or the Treasury Bill, as the case may be, in lieu of which the fixed-date debenture is issued.