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THE STATE ACQUISITION (BONDS) ACT, 1957

ACT NO. XXXVIII OF 1957

[23rd November, 1957]

***An Act to make certain provisions in connection with the issue and management of bonds mentioned in sub-section (2) of section 58 of the ¹[* * *] State Acquisition and Tenancy Act, 1950.**

WHEREAS sub-section (2) of section 58 of the ²[* * *] State Acquisition and Tenancy Act, 1950, provides for payment of compensation either in cash or in bonds or partly in cash and partly in bonds;

³[* * *]

AND WHEREAS it is expedient to make certain provisions in connection with the issue and management of such bonds and payment of instalments thereunder and for other matters incidental thereto;

It is hereby enacted as follows:-

1. (1) This Act may be called the ⁴[* * *] State Acquisition (Bonds) Act, 1957. Short title,
extent and
commencement

(2) It extends to the whole of ⁵[Bangladesh].

* Throughout this Act, the word "Government" was substituted for the words "Provincial Government" by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

¹ The words "East Bengal" were omitted by Article 6 of the Bangladesh (Adaptation of Existing Laws) Order, 1972 (President's Order No. 48 of 1972).

² The words "East Bengal" were omitted by Article 6 of the Bangladesh (Adaptation of Existing Laws) Order, 1972 (President's Order No. 48 of 1972).

³ Second paragraph to the preamble was omitted by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

⁴ The words "East Pakistan" were omitted by Article 6 of the Bangladesh (Adaptation of Existing Laws) Order, 1972 (President's Order No. 48 of 1972).

⁵ The word "Bangladesh" was substituted for the words "East Pakistan" by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

(3) It shall come into force at once.

Definitions

2. In this Act, unless there is anything repugnant in the subject or context,-

(a) “the Act” means the ¹[* * *] State Acquisition and Tenancy Act, 1950;

²(b) “Bank” means the Bangladesh Bank established under the Bangladesh Bank Order, 1972 (P. O. No. 127 of 1972);]

(c) “Bond” means a Bond referred to in sub-section (2) of section 58 of the Act;

(d) “management” of bonds includes subdivision, consolidation and renewal of bonds and issue of duplicate bonds;

(e) “prescribed” means prescribed by rules made by the Government under this Act; and

(f) “Public Debt Office” means the Public Debt Office of the ³[Bangladesh Bank].

Form and denominations of Bonds and issue and management thereof

3. The work of issue and management of Bonds and payment of instalments thereunder shall be done by the Bank in accordance with such rules, and the form and denominations of the Bonds shall be such, as may be prescribed.

Discharge of Government from liabilities

4. The Government shall be discharged from all liabilities in respect of a Bond when all the instalments due thereon have been paid or when a duplicate, new or renewed Bond has been issued in its place.

¹ The words “East Bengal” were omitted by Article 6 of the Bangladesh (Adaptation of Existing Laws) Order, 1972 (President’s Order No. 48 of 1972).

² Clause (b) was substituted by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

³ The words “Bangladesh Bank” were substituted for the words “State Bank of Pakistan at Dacca” by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

5. (1) In the case of any public office to which the Government may, by notification in the *official Gazette*, declare this sub-section to apply, a Bond may be held in the name of the office.

Holding of Bonds in name of public office

(2) When a Bond is so held, it shall be deemed to be transferred without any or further transfer deed from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

6. (1) No notice of any trust in respect of any Bond shall be receivable by the Government, nor shall the Government be bound by any such notice even though expressly given, nor shall the Government be regarded as trustee in respect of any Bond.

Holding of Bonds as trustee or by an office other than public office

(2) Without prejudice to the provisions of sub-section (1), the Bank may, as an act of grace and without any liability to the Bank or to the Government, record in its books such directions by the holder of a Bond for the payment of instalments due on a Bond or such other matters relating to a Bond, as the Bank thinks fit.

(3) Bonds may be held by a holder of an office, other than a public office,-

(a) in his personal name, described in the books of the Public Debt Office and in the Bond as a trustee, whether as a trustee of the trust specified in his application or as a trustee without any such qualification, or

(b) by the name of his office.

(4) On an application made in writing to the Public Debt Office, in the form required by that Office, by the person in whose name a Bond stands, and on surrender of the Bond, the Public Debt Office may-

(a) make an entry in their books describing him as a trustee of a specified trust or as a trustee without specification

of any trust and issue a Bond in his name described as trustee with or without the specification of the trust, as the case may be, or

- (b) issue a Bond to him by the name of his office and make entry in its books describing him as the holder of the Bond by the name of his office, according to the applicant's request:

Provided that-

- (i) the request is in conformity with the provisions of sub-section (3); and
- (ii) the necessary evidence required by the Public Debt Office in terms of sub-section (9) has been furnished.

(5) The Bond under sub-section (3) may be held by the holder of the office either alone or jointly with a person or persons holding an office, other than a public office, or another person or an official authorised to hold the Bond by the name of his office.

(6) When a Bond is held by a person in the name of his office, any document relating to the Bond may be executed by the person for the time being holding the office by the name in which the Bond is held as if his personal name were so stated.

(7) Where any transfer deed, power of attorney or other document purporting to be executed by a Bond-holder described in the books of the Public Debt Office as trustee or as a holder of an office is produced to the Public Debt Office, the Public Debt Office shall not be concerned to inquire whether the executant is entitled under the terms of any trust or document to give any such power or to execute such deed or other document and may act on the transfer deed, power of attorney or document in the same manner as though the executant is a Bond-holder and whether the Bond-holder is or is not described in the transfer deed, power of attorney or document as a trustee or as a holder of an office and whether he does or does not purport to execute the transfer deed, power of attorney or document in his capacity as a trustee or as a holder of the office.

(8) Nothing in this Act shall, as between any trustees and office-holders, or as between any trustees or office-holders and the beneficiaries, under a trust or any document, be deemed to authorise the trustees or office-holders to act otherwise than in accordance with the provisions of law applicable to trust, the terms of the instrument constituting the trust, or the rules governing the association, of which the Bond-holder is a holder of an office; and neither the Government nor any person holding or acquiring any interest in any Bond shall, by reason only of any entry in any register maintained by or on behalf of the Government or the Bank in relation to any Bond or of anything in any document relating to Bond, be affected with notice of any trust or of the fiduciary character of any holder of any Bond or of any fiduciary obligation attaching to the holding of any Bond.

(9) Before acting on any application made, or on any document purporting to be executed in pursuance of this section by a person as being the holder of any office, the Public Debt Office may require the production of evidence that such person is the holder for the time being of that Office.

7. The executors or administrators of a deceased sole holder of a Bond and the holder of a succession certificate issued under Part X of the Succession Act, 1925, shall be the only persons who may be recognised by the Bank as having any title to the Bond:

Recognition of
title to Bonds

Provided that nothing in this section shall bar the recognition by the Bank of the manager or the sole surviving male member of a Hindu undivided family governed by the *Mitakshara* Law as having a title to a Bond, when the Bond appears to the Bank to stand in the name of a deceased member of the family and an application is made by such manager or sole surviving member for recognition of his title and is supported by a certificate issued by the District Magistrate after such inquiry as may in his opinion be necessary to the effect that the deceased belonged to a Hindu undivided family governed by the *Mitakshara* Law, that the Bond formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Rights of survivors of joint holders and summary procedure in certain cases

8. (1) Notwithstanding anything contained in section 45 of the Contract Act, 1872,-

- (a) when a Bond is held by two or more persons jointly and either or any of them dies, the title to the Bond shall vest in the survivor or survivors of those persons; and
- (b) when a Bond is payable to two or more persons severally and either or any of them dies, the Bond shall be payable to the survivor or survivors of those persons or to the representatives of the deceased or to any of them:

Provided that nothing contained in this section shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any Bond to which this section applies.

- (2) (i) Notwithstanding anything contained in section 7, if, within six months of the death of a person who was the holder of a Bond or Bonds the face-value of which does not in the aggregate exceed five thousand rupees, probate of his Will or letters of administration of his estate or a succession certificate issued under Part X of the Succession Act, 1925, is not produced to the Bank, or proof to the satisfaction of the Bank that proceedings have been instituted to obtain one of these is not furnished, the Bank may determine who is the person entitled to the Bond or Bonds or to administer the estate of the deceased and may make an order vesting the Bond or Bonds in the person so determined.
- (ii) When a Bond or Bonds belong to a minor or a person who is insane and incapable of managing his affairs and the face-value of the Bond or Bonds does not in the aggregate exceed five thousand rupees, the Bank may make such order as it thinks fit for the vesting of such Bond or Bonds in such person as it considers represents the minor or insane person.

9. (1) If the Bank is of opinion that a doubt exists as to the title to a Bond or in cases of the Bonds to which clauses (i) or (ii) of sub-section (2) of section 8 apply, the Bank may determine the person in the manner hereunder as being entitled in its opinion to the Bond and payment of all accrued and accruing instalments and may by its order vest title in such person accordingly.

Determination
of person
entitled to a
Bond

(2) The person claiming to be entitled to a Bond or to payment of accrued and accruing instalments due thereon shall apply to the Bank and adduce documentary evidence in support of his claim.

(3) On receipt of the application by the Bank, the Bank, if it contemplates making a vesting order, may, if it considers proper, request a District Magistrate to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce or direct one of its officers to record such evidence or may receive evidence upon affidavit. Nothing herein shall preclude the Bank from determining title without enquiry in the manner laid down in this sub-section.

(4) The Bank shall thereafter give notice in writing to each claimant of whom it has knowledge stating the names of all other claimants and the time when and the officer of the Bank by whom the determination of title will be made.

(5) On the date and at the time fixed in the notice, the officer shall-

- (i) examine the evidence adduced by the parties;
- (ii) hear the parties affected and record such evidence as they adduce:

Provided that no further evidence shall be recorded or entertained in cases where the District Magistrate has been requested to record or to have evidence recorded, or the Bank has directed one of its officers to record the evidence; and

- (iii) determine the issue as to who is entitled to the Bond.

(6) After determination of the issue by the officer, the Bank shall give to each claimant notice in writing of the determination so made.

(7) The notices under sub-sections (4) and (6) shall be published in three successive issues of the ¹[* * *] *official Gazette* as soon as possible after the date on which they are respectively issued.

(8) The Bank may require the person considered by the Bank as being entitled to the Bond or to instalments due thereon to execute a security bond in the prescribed form with one or more sureties or to furnish security not exceeding twice the value of the subject-matter of the order, to be held at the disposal of the Bank, to pay to the Bank or to any person, to whom the Bank may assign the security bond or the security in furtherance of sub-section (2) of section 13 of this Act, the amount thereof.

(9) On the expiry of six months from the publication under sub-section (7) of the notice issued under sub-section (6), the Bank may make an order vesting the Bond and any instalments due thereon in the person found by the Bank to be entitled thereto.

(10) Notwithstanding anything contained in this section, the Bank may vest-

- (a) title limited to drawal of instalments in guardian of a minor or a manager of the property of an insane person, and
- (b) full title in the minor or the insane person to take effect on the minor attaining the age of majority or on the insane person becoming sane.

Determination
of rights

10. The rights of all persons in relation to the Bonds shall be determined in connection with all such questions as are dealt with by this Act by the law and in the Courts of ²[Bangladesh].

¹ The words "Gazette of Pakistan and the local" were omitted by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

² The word "Bangladesh" was substituted for the word "Pakistan" by section 3 and the Second Schedule of the Bangladesh Laws (Revision and Declaration) Act, 1973 (Act No. VIII of 1973).

11. (1) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a District Magistrate to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce. The District Magistrate so requested may himself record or may direct any Magistrate subordinate to him to record the evidence and shall forward a copy thereof to the Bank.

Recording of evidence

(2) For the purpose of making a vesting order under this Act, the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the Bank acting in pursuance of this Act may administer an oath to any witness examined by him.

12. Where the Bank contemplates making an order under this Act to vest a Bond in any person, the Bank may suspend payment of instalments due on the Bond or postpone the renewal of the Bond or the issue of any duplicate Bond or of any new Bond or Bonds in lieu thereof or the registration of any transfer of the Bond, until the vesting order has been made.

Suspension of payment and postponement of order and registration

13. (1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute a security bond with one or more sureties in the prescribed form or to furnish security not exceeding twice the value of the subject-matter of the order, to be held at the disposal of the Bank, to pay to the Bank or any person, to whom the Bank may assign the security bond or the security in furtherance of sub-section (2), the amount thereof.

Bank may require security

(2) A Court before which a claim in respect of the subject-matter of any such order is established may order the security bond or the security to be assigned to the successful claimant who shall thereupon be entitled to enforce the security bond or realise the security to the extent of such claim.

14. No recognition by the Bank of a person as the holder of a Bond and no order made by the Bank under this Act shall be called in question by any Court so far as such recognition or order affect the relation of the Government or the Bank with the person recognised by the Bank as the holder of a Bond or with any person

Effect of recognition by the Bank of a person as the holder of a Bond

claiming an interest in such bond; and any such recognition by the Bank of any person or any order by the Bank vesting a Bond in any person shall operate to confer on that person a title to the bond subject only to a personal liability to the rightful owner of the Bond for money had and received on his account.

Cancellation of proceedings

15. Where the Bank contemplates making an order under this Act vesting a Bond in any person, the Bank may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

Bar to claiming of interest on instalment

16. No person shall be entitled to claim interest on the instalment due on a Bond in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the instalment.

Penalty for false statement

17. (1) If any person, for the purpose of obtaining for himself or for any other person any title to a Bond, makes to any authority under this Act, in any application or in the course of any enquiry, any statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

(2) No Court shall take cognizance of any offence under sub-section (1) except on the complaint of the Bank.

Power to make rules

18. (1) The Government may make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

- (a) the authority which can make requisition for issue of Bonds and the procedure and form for making such requisition;
- (b) the form and denomination of Bonds and payment of instalments thereunder;
- (c) the manner of issue, enfacement and delivery of Bonds;

- (d) the issue of duplicate Bonds and subdivision, consolidation and renewal thereof;
 - (e) the form of security bond under sub-section (8) of section 9 and sub-section (1) of section 13;
 - (f) the circumstances requiring renewal of Bonds;
 - (g) the manner of application for information or inspection and the circumstances under which information may be supplied or inspection may be allowed;
 - (h) the fees for renewal, consolidation or subdivision of Bonds and issue of duplicate Bonds and for information and inspection and in other matters;
 - (i) the powers of the Bank in procedural matters; and
 - (j) the manner of service of notices.
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