

Financial (1899) Department.

ORDINARY PRINTED.

G.O., No. 1092

DATED 5-10-99

INDEXED.

13/13

[Despatch Abstract.]

Famine & Plague Expenditure

Recording letter from the G of S
deciding, with remarks, to comply with the requests of
his Govt. to reconsider the position the G of S has
taken up as regards — and to recoup to the Provin-
cial Revenues of Madras the expenditure incurred on
these objects and charge the expenditure on them to their
legitimate heads under Imperial.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Government (1899) of Madras. FINANCIAL.

Recd.

Regd.

} 1899.

Enclosures

Spare copies

G.O., No. 1092, 5th October 1899.

OCTOBER.

Famine and Plague Expenditure.

Recording letter from the Government of India declining, with remarks, to comply with the requests of this Government to reconsider the position the Government of India has taken up as regards —, and to recoup to the Provincial Revenues of Madras the expenditure incurred on these objects and charge the expenditure on them to their legitimate heads under Imperial.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers:—

G.O., Nos. 731, 732, Financial, dated 28th June 1899.

ABSTRACT.—Directing that the Government of India be addressed in reply to its letters on the question of the amount of famine expenditure in 1897-98 to be charged to Local funds in this Presidency and in regard to the financial position of this Government; and stating that further action will be taken in the Local and Municipal Department as regards the letter from the Government of India inviting the views of this Government on certain question relating to the obligation of Local Boards in the matter of famine relief.

G.O., No. 939, Financial, dated 29th August 1899.

ABSTRACT.—Communicating to the Accountant-General letter from the Government of India on the subject of the classification of plague expenditure and issuing certain instructions on the subject.

READ—also the following paper:—

From J. F. FINLAY, Esq., Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Simla, 12th August 1899, No. 3686-A.

I am directed to acknowledge receipt of your letter No. 732 of June 28, 1899, in which His Excellency the Governor in Council urges the Government of India to reconsider the position they have taken up as regards famine and plague expenditure and expresses the hope that the Governor-General in Council will recoup to the Provincial Revenues of Madras the expenditure incurred on these objects and charge the expenditure on them to their legitimate heads under Imperial.

2. The Government of India have given very careful consideration to the arguments contained in your letter with every desire to meet, if possible, the wishes of His Excellency the Governor in Council. But having reviewed the matter in all its bearings they have come to the conclusion that it would be inexpedient to comply with the requests made. And I am directed to express their regret that they are unable to depart further than they have already done from the terms of the Provincial settlements in the direction of relieving the Madras Provincial Revenues of famine and plague expenditure.

3. The heads of expenditure which are Provincial under the settlements in force during the period in which the expenditure in dispute was incurred are specified in the schedules appended to the resolutions in this department, No. 1149 of March 17, 1892, and No. 3531 of August 11, 1897. Both of those resolutions make the classification in the accounts in accordance with the recognised principles of classification the sole test for deciding whether any item of expenditure is Provincial. Both in the schedule of 1892 and in that of 1897, the heads under which famine and plague expenditure is recorded are shown as Provincial. There can therefore be no doubt that under both settlements the expenditure to which your letter relates must, in the absence of special orders modifying the terms of the settlements, be treated as wholly Provincial and none of it as Imperial.

4. The Government of India, however, have always recognised that they are ultimately responsible for the solvency of the Provincial Governments, and that it may sometimes be necessary to authorise a departure from the strict terms of the Provincial settlements. It was this duty to which the Secretary of State for India referred in his references to the solvency of Provincial Governments, to famine, and to sudden emergencies, in the extract from his speech quoted in paragraph 8 of your letter.

5. The recent famine threw such heavy expenditure on Provincial Governments that the Government of India at once and ungrudgingly accepted the necessity for a departure from the terms of the settlements and agreed to treat the great bulk of the famine expenditure as Imperial. And when, immediately after the famine, the need for a considerable expenditure on preventive measures against plague arose, it was decided that there was sufficient justification for special treatment of that expenditure also.

6. The amount of relief to be given to the Provinces had to be determined with reference to the special circumstances of each, the amount of the expenditure on famine and plague and their general financial position. A careful examination was made of all those circumstances, and renewed yearly in connection with the budget programmes of 1898-99 and 1899-1900. In accordance with the results of those examinations, the Government of India decided the extent to which each Provincial Government should be specially relieved of its liability to meet famine and plague expenditure, and the extent to which special grants in aid of general Provincial Revenue should be made. The final results as regards Madras are stated in paragraphs 61, 63 and 66 of the Financial Statement for 1899-1900.

7. The Governor-General in Council has again examined the circumstances of Madras with reference to the remarks conveyed in your letter and without entering into a further discussion of the arguments which are contained therein, to which I am to assure you that careful consideration has been paid, I am to say that the Government of India are of opinion that they would not be justified in increasing the relief which has already been given to the Madras Government in consideration of plague and famine expenditure and of its general financial position.

NOTES CONNECTED WITH G.O., No. 1092, FINANCIAL,
DATED 5TH OCTOBER 1899.

From the Government of India, Finance and Commerce Department, dated
12th August 1899, No. 3686-A.

For the C.S.—

This current is India's reply to letter, No. 732, Financial, dated the 28th of June 1899, which dealt with—

(1) the question of the five lakhs contribution which the Government of India directed should be recovered from District Boards in this Presidency on account of famine expenditure in 1897-98 ;

(2) three important pronouncements made by the Government of India as regards the general question of the incidence of famine expenditure and the application to plague expenditure of principles laid down by the Famine Commission 20 years ago, when plague was unknown in India ; and

(3) the direct responsibility of the Government of India in connection with famine and plague expenditure.

2. It will be seen that India passing over the first two questions, gives a general assurance that the arguments of this Government have been afforded the most careful consideration and that it confines itself to the third question.

Paragraph 7 of current.

3. The discussion of this third question is also prefaced by an assurance that the arguments of the Madras Government have received very careful consideration ; the arguments of the Government of India are contained in four brief paragraphs which are, more or less, paraphrases of one another. Briefly and clearly stated these arguments appear to amount to this :

Under the contract system the incidence of expenditure as between Imperial and Provincial is settled solely by the heads to which expenditure is debitable under the account rules. Famine and Plague are both debitable to heads which in the accounts are wholly Provincial, *ergo* Provincial must cheerfully meet all famine and plague expenditure. It is doubtless true that it has been proved by actual facts to be utterly impracticable, and that it will always be impracticable, for Provincial to meet such expenditure. The Madras Government must therefore, in the very likely event of being unable to bear this extraordinary expenditure, rely on coming well out of the general scrimmage which will take place when it and other Local Governments, as they are bound to do if the calamities have been at all widespread, scramble for the special grants which the Government of India may be disposed to make.

4. It is respectfully submitted that no greater condemnation of the present contract system has ever been pronounced than in the principles—if they may be so called—now enunciated by the Government of India. The anomaly of the existing position is all the more apparent when

* No. 3694 A, dated 14th August 1899.

the present letter is read with the recent reply* of the Government of India on the question of the classification of plague expenditure. In this Government's letter, No. 724, Financial, of the 23rd June 1899, the anomalous and unsatisfactory system under which plague expenditure is classified was clearly set out and weighty reasons were advanced for a change in the existing system. It was also suggested that the simplest way out of the difficulty would be the introduction, as in the case of famine, of a separate major head for plague expenditure. This question was raised solely on

administrative and account grounds, and, as will be seen from the enclosure to the Government of India's reply, * on very much the same account grounds as had already been advanced by the Government of Bombay. The Government of India, however, has refused to recognise the necessity for any change in this direction. In the present letter it contents itself with stating that the heads under which famine and plague expenditure is recorded are shown as Provincial and that there can, therefore, be no doubt that under the contract settlements of 1892 and 1897 the expenditure on these calamities must, in the absence of special orders modifying the terms of the settlement, be treated as wholly Provincial and none of it as Imperial. As already pointed out above, there is every reason why the present head under which the bulk of plague expenditure is recorded should be changed from 24. MEDICAL, and this not on account of the incidence of that expenditure as between Provincial and Imperial, but from the necessity for some distinct understanding as regards this expenditure. The practical result of the two letters as read together is to place in the hands of the Accountant General and of the Comptroller-General (who may as Account experts be best able to decide the classification of expenditure, as distinct from its distribution between Imperial, Provincial and Local) the entire settlement of the important question of whether Provincial or Imperial should bear plague expenditure. For example, the Comptroller-General holds that direct plague expenditure should be debited under MEDICAL—a purely Provincial head. He also holds that the pay of schoolmasters employed exclusively on plague duties should be debited to EDUCATIONAL—another Provincial head. So long, therefore, as it is the will of these two officers that Provincial heads should be debited with the expenditure on these calamities, the Local Government can, under the position now taken up by the Government of India, only look to the benevolences of the Government of India, to relieve it from the threatenings of bankruptcy. The Government of India, whilst laying down that famine is a Provincial head and that the Provincial Government must cheerfully accept all famine charges subject to such benevolences as it is able to obtain from the Supreme Government, has apparently overlooked the fact that when the Madras Government in 1896, and prior to the settlement of the present contract, requested a small assignment under this head—the request was a very moderate one, the amount being one lakh (*vide* paragraph 53 of the appendix to letter, No. 905, Financial, dated 29th December 1896)—the reply † was that no amount could be entered in the settlement under 33. FAMINE RELIEF. India further appears to overlook the fact that the contract figures are, to use its own ‡ words, "as far as possible based on known facts".

Plague in the Madras Presidency was not a known fact in the beginning of 1897, and the equitable course for the Government of India is obviously, instead of making this Government dependent entirely on chance, to come to a business-like understanding on this question. This it will not do.

5. To return to the first two questions, which the Government of India has not discussed, it is only necessary to point out that all the facts and figures brought

* No. 2691 A, dated 14th August 1899.

It is quite absurd no doubt, but see below.

(Intld.) A.T.A.

† Paragraph 5 of the appendix to the Government of India, Finance and Commerce Department, letter, No. 1245-A, dated 16th March 1897, on page 8 of G.O., No. 824, Financial, dated 5th of October 1897.

‡ Paragraph 11 of same letter on page 5 of G.O., No. 824, dated 5th of October 1897.

forward by the Madras Government in order to prove that it was an absolute impossibility for Local Boards to have contributed the sum which the Government of India calculated to be due from them on account of Famine Relief and all the arguments on this point have received no notice from the Government of India, except, as already stated, an assurance that careful consideration has been bestowed on them. The very obvious replies to India's application of the principles laid down by the Famine Commission to plague, which first appeared in India 20 years later, have also been passed over with the same assurance. The paraphrase in paragraph 4 of the Government of India letter of that part of Lord George Hamilton's speech in which he laid down the comparative responsibility of Imperial and Provincial Governments has been elicited after this extract has been quoted at least thrice to the Government of India. The paraphrase is, it is respectfully submitted, not by any means warranted by the Secretary of State's language.

Not warranted in the least, but it is quite possible that the Secretary of State might modify the language he originally used.
(Intld.) A.T.A.
(") A.E.H.

6. Orders are solicited as to the further course of this correspondence. It appears to be hopeless to expect that the Government of India will reconsider this matter of its own motion.

(Intld.) C.M.S.
31-8-99.

H.M. and circulate.

I would ask attention to my former note on this subject printed on yellow paper stitched with G.O., Nos. 731, 732, dated 28th June 1899. I there expressed the opinion that the matter should be taken to the Secretary of State. I think so still. The questions raised in the correspondence lie at the very root of the financial existence of the Local Government and India's soft assurances are no answer whatever to our representations. Even if we are beaten I do not think we should accept India's soft peltings. If we do, the Local Government will be quickly reduced to a cipher.

(Intld.) G.S.
2-9-99.

I think the view taken by the Government of India is illogical, if not absurd, but I do not think it would be wise to appeal to the Secretary of State. The power of appeal ought to be very sparingly exercised. It is probable the Secretary of State would say that his pronouncement as to plague and famine being Imperial charges must be taken with the limitations rendered necessary by the inter-financial arrangements between the Supreme and the Provincial Governments, and the rest is a question of account with which the Secretary of State would certainly refuse to interfere. Sir James Westland—the new Member of the Council—would throw all the weight of his authority in favour of the Government of India. For the present I think that like Brer Rabbit it will be better to "lie low and say nuffin," but keep an account of plague charges which may be debited to such incongruous heads as Education, etc., as well as all other heads, and point out the result to India when a favourable opportunity occurs. We must have an account showing the total charges on account of plague.

This has already been arranged for.

(Intld.) G.S.
8-9-99.

(Intld.) A.T.A.
7-9-99.

(") H.M.W.
15-9-99.

(") A.E.H.
29-9-99.

No. 1092, FINANCIAL, 5TH OCTOBER 1899.

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ORDER—No. 1092, Financial, dated 5th October 1899.

Recorded.

(True Extract.)

G. STOKES,
Chief Secretary.

To the Local and Municipal Department.

Exd. C. M. Thumbarwamy.

Financial (1899) Department.

CURRENT No. 2905

From The Govt of India
Fin & Com: Dep^t

Order /

No. 3686.a

Dated 12 Aug: '99

Received } 18 "
Registered

Enclosures -

Spare copies.

SUBJECT.

Stating in reply to letter No 732 of 28 June '99 that the Govt of India are of opinion that they would not be justified in increasing the relief which has already been given to the Madras Govt in consideration of plague & famine expenditure and of its general financial position.

G.O.	No.	Department.	Date.
B.	777.2	Final	28.6.29
-	579-80	-	8.5.29
-	275.76	-	20.2.29
-	262.64	-	18.2.29
-	262.62	-	18.2.29
-	200 A D	-	9.2.29

G.O.	No.	Department.	Date.

C4-9-99 C8-9-99 C16-9-98
R2-9-99 R16-9-99 R4-10-98 Financial DEPARTMENT.

C. No. 2905 From the Govt. of India, Fin. & Com. Dept, No 3686 a, dated 12.8.1899.

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FOR *the CS* ORDERS

(3) three important pronouncements made by the Govt. of India ~~and~~ as regards the general question of the incidence of famine expenditure and the application to plague expenditure of principles laid down by the Famine Commission 20 years ago when plague was unknown in India; and

2.

passing over the first two questions, ^{gives} ~~an~~ general assurance that the arguments of this Govt. have been afforded the most careful consideration ~~on the subject~~

para. 6 of current.

that ~~the~~ and it confines itself to the third question.

3. The discussion of this question is also prefaced by an assurance that that the arguments of the Madras Govt. have received very careful consideration:

The arguments of the Govt. of India are contained in ^{four} ~~2~~ brief paragraphs which are, more or less, paraphrases of one another. Briefly and clearly stated these arguments appear to amount to this.

Under the Contract system the incidence of expenditure as between Imperial and Provl. is settled solely by the heads to which ~~the~~ expenditure is debitable under the account rules. Famine and Plague are both debitable to heads which in ^{the} accounts are wholly Provl, ergo Provl. must cheerfully meet all famine and plague expenditure. It is doubtless true that it has been proved by actual facts to be utterly impracticable, and that ~~the~~ it will always be impracticable, for Provl. to meet such expenditure. ~~on~~ The Madras Govt. must therefore, in the very likely event of being unable to bear this extraordinary expenditure, rely on coming well out of

the general scrimmage which will take place ^{it} when other local Govts., as they are bound to do if the calamities have been at all widespread ~~for the~~ ^{scramble}

3.

special grants which ~~the~~ Govt. of India may be disposed to make.

4 It is respectfully submitted that no greater condemnation of the present contract system has ever been pronounced than in the principles if they may be so called now enunciated by the Govt. of India. The ^{anomaly} ~~anomaly~~ of the ^{existing position} ~~existing position~~ is all the more apparent when the present letter is read with the recent reply of the Govt. of India on the question of the classification of plague expenditure. In this Govt's letter No. 724 Finl., of the 23rd June 1899, the ~~present~~ anomalous and unsatisfactory system under which plague expenditure is classified was clearly set out and weighty reasons were advanced for a change in the existing system. It was also suggested that the simplest way out of the difficulty would be the introduction, ⁱⁿ as the case of Famine, of a separate major head for plague expenditure. This question was raised solely on administrative and account grounds, and as will be seen from the enclosure to the Govt. of India's reply, ^{on} very much the same ^{account grounds} ~~difficulties~~ as have ~~been~~ ^{already been} ~~advanced~~ ^{advanced} by the Govt. of India of Bombay. The Govt. however has refused to recognize the necessity for any change in this direction. In the present letter it contents itself ^{with} stating that the heads under which famine and plague expenditure is recorded are shown as Provl. and that there ~~can~~ ^{can} therefore be no doubt that under the

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No 3694 A 7 14. 8. 99

No 3694 A, 8 14-8-99

XVII

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the contract settlements of 1892 and 1897 the expenditure on these calamities must, in the absence of special orders modifying the terms of the settlement, be treated as wholly Provincial and none of it as Imperial. As already pointed out above, there is every reason why the present head under which the bulk of plague expenditure is recorded should be changed from 24 Medical, and this not on account of the incidence of that expenditure as between Provincial and Imperial but from the necessity for some distinct understanding as regards this expenditure. The practical result of the two letters as read together is to place in the hands of the Acct. Genl. and ^{of the} Comptroller Genl. (who may as Account experts be best able to decide the classification of expenditure ^{as distinct} from its distribution between Imperial, Provl. and Local) the entire settlement of the important question of whether Provl. or Imperial should bear plague expenditure. For example the Comptroller-General holds that ^{Plague} direct expenditure should be debited under MEDICAL—a purely Provl. head. He also holds that the pay of schoolmasters employed exclusively on plague duties should be debited to EDUCATIONAL. So long as therefore as it is the will of these two officers that Provl. heads should be debited with the expenditure on the calamities, the local Govt. can, under the position now taken up by the Govt. of India, only look to the

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below.
MA.

— another Provl. head

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Para. 5 of the appendix to the
Govt. of India Fin. & Com. Dept.
letter No. 1245 A, d/16-3-97,
on page 3 of G.O. No. 824 Finl.,
d/5th of Octr. 1897. A²

Para. 5 of same letter on page
5 of G.O. No. 824, d/5th of Octr.
1897. A²

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laying down that famine is a Provl.
head and that the Provl. Govt. must
cheerfully accept all famine charges
subject to such benevolences as it
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Govt. has apparently overlooked the
fact that when the ^{Madras} Govt. in 1896,
and prior to the settlement of the
present contract, requested a small
assignment under this head - the re-
quest was a very moderate one the
amount being one lakh - vide para 53
of the appendix to letter No. 905
Finl., d/ 29th Decr. 1896 - the reply
was that no amount ~~could~~ be entered in
the settlement under 33 Famine Relief.
^{India} further appears to overlook the
fact that the contract figures are,
to use its own words, "as far as possi-
ble based on known facts." Plague in
the Madras Presy. was not a known
fact in the beginning of 1897 and ~~is~~
^{the} ~~equitable~~ ^{consequence for} the Govt.
of India ~~should~~ ^{is obviously} instead of making
this Govt. dependent entirely on
~~chance~~ ^{to} come to a business-
like understanding on this question.
This it will not do.

To return to the first two
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has not discussed, it is only neces-
sary to point out that all the facts
and figures brought forward ^{by the Madras Govt. in 1897} to
prove that it was an absolute & im-
possibility for Local Boards to have

contributed the sum which the Govt. of India calculated ~~should be due~~ to be due from them on account of Famine Relief and all the arguments on this point have received no notice from the Govt. of India, except, as has already stated, an assurance that careful consideration has been bestowed ^{on} ~~paid to~~ them. The very obvious replies to India's application of the principles laid down by the Famine Commission to plague, which first appeared in India 20 years later, have also been passed over with the same ~~same~~ assurance.

6. Orders are solicited as to the further course of these ~~papers~~ *Compendiums*. It appears to be hopeless to expect that the Govt. of India will reconsider this matter of its own motion.

Ans.
31. Dec 51 H M + Cwe 5
I wish attention to my
former note on this subject -
printed on yellow paper

Thrup.

maybe debited to such incongruities
heads as Education &c. ^{as well as} ~~and~~ all
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We must have an account
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MS. 7.9.99.
 This has already been answered for.
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Read again G.O. No 731. 2 Feb 77 25.6.59 (9). Y
" " " " 939 Feb 77 29.0.81 (5).

C. No. 2905 - From the Feb 9., No. 3686A, dated 12-5 189

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Order no. 1092 of 5-10-99.
T.S.

Recorded

Am 8.
4. 7. 99

1874.

Lon. Dept. *Dep't*
20. X. 99.

B.C. ~~Don't~~ ~~10/10/1999~~
 Print up white yellow +
 add 2.c. to Prot. Contract.
 file ~~from~~ 1897 -

Carl.

