[L. & M.]

Local & Munl. (1899) Department

MISCELLANEOUS.

G.O., No. 498 Pub.

DATED 31/3/99

[Despatch Abstract.]

Plague Expenditure Records G.O. 9th Oct. 98

Comt. le the from the Govt. of India forwarding Copy of Correspondence with the Govt. of Bombay on the principles on which ——— should be regulated and addressing the Govt. of India on the procedure adopted in this Presidency in the matter, and on the necessity of a special assignment being made to Prov. funds of Local Bds on account of ———.

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.

L & M. C. No.

Recd. 10 · 3 · 99 } 1899. *Enclosures*

Regd. *Spare copies*

G.O., No. 261, 18th February 1899.

N.

Addl No 498 Mis dt 31/3/99

Mis

FEBRUARY. Recorded

1.R 27/3/99 Ade 31/3/99

Copy to the Plague Commissioner

Secy to Govt Mis Dept 9.4.99

Plague Expenditure.

Communicating to the Local and Municipal Department letter from the Government of India forwarding copy of correspondence with the Government of Bombay *re* the principles on which — should be regulated; and addressing the Government of India on the procedure adopted in this Presidency in the matter and on the necessity of a special assignment being made to Provincial Funds and Local Boards on account of —.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—again the following papers:—

G.O., No. 720, Financial, dated 4th September 1897.

Abstract.—Requesting the Accountant-General to maintain separate accounts of all the charges incurred in connection with the bubonic plague, whether direct or indirect, Provincial or Local, and to include them in the quarterly statements to be submitted by him.

G.O., No. 547, Financial, dated 18th June 1898.

Abstract.—Directing, with remarks, that the plague expenditure incurred in frontier districts shall, with effect from the 1st April 1898, be distributed in certain proportion among all the districts of the Presidency.

G.O., No. 698, Financial, dated 15th August 1898.

Abstract.—Explaining the distinction between *direct* and *indirect* plague charges, and issuing a revised appendix to G.O., No. 547, Financial, dated 18th June 1898, showing the distribution of plague charges.

G.O., No. 1245 P., dated 5th October 1898.

Abstract.—Fixing the contribution to private plague hospitals in regard to their construction and maintenance and stating that these grants will be met from Provincial funds.

G.O., No. 1246 P., dated 7th October 1898.

Abstract.—Approving, with remarks, the scheme for the defence of Madras from plague.

G.O., No. 138, Financial, dated 25th January 1899.

Abstract.—Recording proceedings of the Plague Commissioner communicating to the Collector of Trichinopoly Government order stating that Government will contribute towards the construction of private segregation and health camps in the same way as towards private plague hospitals.

Read—also the following papers:—

From H. WHEELER, Esq., Officiating Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Calcutta, 13th December 1898, No. 5407-A.

I am directed to acknowledge the receipt of your communications noted on the margin, in which it is reported that nearly $7\frac{1}{2}$ lakhs of rupees, out of the $8\frac{1}{2}$ lakhs, provided in the budget estimate of 1898–99 under "33. Famine Relief," which will not be required for famine relief purposes, have been resumed and will probably be utilised for expenditure on plague.

Letter No. 725, Financial, dated 23rd August 1898.
Telegram No. 541, dated 12th September 1898.
Letter No. 857, Financial, dated 8th October 1898.

2. I am to say that the Government of India approve of the above proceedings of the Government of Madras. But in view of the possible extension of plague expenditure in the province as indicated in the last two communications referred to above, it is considered desirable to make the Government of Madras acquainted with the principles laid down by the Government of India on which plague expenditure has been regulated in Bombay. I am, accordingly, directed to forward a copy of the correspondence with the Government of Bombay and the Accountant-General, Bombay, which contain discussions and decisions as to the apportionment of plague expenditure between the State and the Municipal and Local Bodies.

3. The Government of India desire it to be borne in mind that there is no occasion at present to consider the question of Imperial assistance in the case of Madras, as was necessary in the case of Bombay, where the expenditure on plague measures speedily reached a scale which necessitated such assistance. The Government of Madras were provided in the current year with funds for famine relief expenditure and they have been able to divert to plague measures the greater part of this amount. The Government of India reserve to themselves the decision of the question whether Imperial aid may eventually have to be given, and, if so, to what extent. I am however to say that in any case Imperial aid can be given only when the Government of India are satisfied that the Local and Municipal Bodies have borne their proper share of the expenditure.

4. I am specially to draw the attention of the Government of Madras to the difficulties arising in Bombay through the sudden access of expenditure before it was found possible to place on a systematic basis the method of providing funds and of keeping accounts. I am to say that His Excellency the Governor-General in Council accordingly requests that this subject may receive the timely attention of the Government of Madras, and that systematic regulations may be laid down for the proper keeping of accounts.

5. Experience elsewhere has shown that municipalities which have obtained assistance from Government in the way of advances to meet plague expenditure, have not been sufficiently particular in applying the money to the precise purposes for which the advances were granted, but have utilized it to relieve their ordinary funds of expenditure on sanitary, medical and other objects. Expenditure of this nature though at present connected with the prevention and suppression of plague, would nevertheless have been met, in a very large measure at any rate, out of Municipal funds in ordinary times. I am to request that the Government of Madras will take steps to guard against the possibility of such a diversion of loan funds if, on the development of plague in the Presidency, any of the municipalities are stricken to such a degree as to be practically unable to carry on their functions without such assistance.

Enclosures.

From the Hon'ble Mr. J. MONTEATH, C.S.I., I.C.S., Chief Secretary to the Government of Bombay, to the Secretary to the Government of India, Finance and Commerce Department, Calcutta, dated Bombay Castle, 18th November 1897, No. 4870.

With reference to the correspondence ending with Mr. Gamble's letter No. 2394-A., dated 28th May last, I am directed to report for the information of the Government of India the expenditure so far as it can be at present ascertained which has been incurred for the suppression and prevention of plague and the method in which it is proposed to apportion it between Government and Local Bodies and to request that provision be made for the further heavy expenditure which is rendered necessary by the serious recrudescence of the pestilence in Poona and the spread of it to numerous towns and villages in various parts of the Presidency, including the inland portion of the Southern Division.

2. As the Government of India presume, such expenditure on account of plague operations as ought to fall upon Local Bodies is as far as possible undertaken at their

direct charge. Moreover many municipalities which had exhausted their available balances by such expenditure have applied for loans, which on the whole amount to Rs. 4,72,200. The Karáchi Municipality, however, purposes raising a loan of one lakh in the open market to repay a loan of that amount already advanced by Government and when that transaction is completed, there will remain for other loans from Government a balance of Rs. 1,27,800 out of the allotment of 5 lakhs to which sanction was conveyed in the Resolution of the Government of India in the Finance and Commerce Department No. 1233-A., dated 16th March 1897.

3. But the Government of India are aware that the greater part of the expenditure has been incurred without the intervention of Local Bodies and often in carrying out measures to which the Local Bodies would probably have been averse. In Bombay, Poona and Karáchi committees were appointed to direct the operations, and in other places they have been and are carried out by district officers or others specially appointed by Government. Except in Bombay it was absolutely necessary for Government to provide in the first instance all the funds required for such measures.

4. Now up to 31st August last the plague expenditure actually charged to Government in the current year under the head "24. Medical" amounted to Rupees 4,64,042. But in addition advances aggregating Rs. 2,12,992 had been made but not debited to the proper head pending submission of detailed bills, so that the total plague expenditure to be charged to Government in the first instance up to 31st August under the head 24. Medical may be taken as Rs. 6,77,034, and it may be estimated that the total up to date is about Rs. 8,50,000. It is probable, however, that the excess over 5 lakhs will be recoverable from Local Bodies under the application of the principles proposed below. There has also been much additional expenditure due to plague debited under other heads, the principal item being the cost of additional police, but it is improbable that any part of it can be legitimately charged to Local Bodies and it is unnecessary for the present purpose to take it into account.

5. It seems to His Excellency the Governor in Council to be beyond question that all measures undertaken to prevent the spread of the disease from an infected area should be held to be for the protection of the public generally and that the cost of them should be met from the public exchequer. In certain cases such measures have been adopted primarily for the protection of a particular area, but they had also for their object the check of the general dissemination of the disease, and it is scarcely practicable to determine how much of such expenditure was for the benefit of the whole population and how much for the residents in a specified area. In the opinion of the Governor in Council the whole cost of inspection and observation of travellers by sea and by land and of segregation and medical treatment of such as are affected or suspected to be affected by the plague should be borne by the State. Under this view it is possible that the Bombay Municipality may be entitled to a refund of some expenditure incurred by it.

6. His Excellency in Council also thinks that Local Bodies should not be charged with any part of the emoluments of officers who have not been exclusively employed within their several jurisdictions, but have been engaged in advising the measures to be adopted in various places or in general superintendence, nor of officers who although they devoted their attention for lengthened periods to particular towns were not relieved of their ordinary duties. In the case of Deputy Sanitary Commissioners and Civil Surgeons the question can scarcely arise, for it falls within the sphere of their proper functions to deal with outbreaks of disease in any place within their jurisdiction. Two of the Medical officers sent out from England were appointed Plague Commissioners for the whole Presidency, and there is no reason for charging Local Bodies with any part of their salaries which would not as fully apply to the Surgeon-General and Sanitary Commissioner or even to the District Executive Officers. On the same principle the whole cost of the Plague Research Committee should be borne by Government although when the disease was confined to Bombay it was intended to ask the Bombay Municipality to contribute. But of course the pay and allowances of medical or other officers who have been specially deputed to particular towns or for whom it has been necessary to create temporary appointments for duty in them will be a legitimate charge against the funds of the Local Bodies.

7. It will not however in the opinion of the Governor in Council be reasonable to require the Municipal corporations of any of the towns in which plague committees have been appointed to pay the salaries of any of the members who are not municipal servants. These committees have so far as the administration of plague measures is concerned superseded the unpaid corporations, and as this step was taken mainly to prevent the spread of the disease, the residents of the towns should not bear the cost of the members of committees appointed to carry out this special measure. In the City of Bombay the Government servants who have been presidents and members of the plague committees have not been relieved of their ordinary duties and with the exception of Surgeon-Major Dimmock, who was held entitled to the allowance of Rs. 300 per mensem admissible under article 101, Civil Service Regulations, have not received any special remuneration for this work. The other members are municipal servants and their emoluments, including an additional allowance to two of them, will be borne by the municipality. In Karachi also the Government servants who were members of the committee were not relieved of their ordinary duties and were not paid any special allowance although in the letter of this Government No. P.—1747-P., dated the 7th ultimo, to the address of the Government of India in the Home Department it was proposed that Surgeon-Captain Arnim, who was a member of the committee, should be allowed to draw the plague allowances admissible under article 101, Civil Service Regulations—a request refused by the Government of India in Home Department letter No. 2435, dated the 4th instant. In Poona, however, the President has had for the greater part of the time to be relieved of other duties and has held a special temporary appointment and an additional allowance was paid to a member who is a Military officer. The third member was for some time a Medical officer sent out from England and has since his departure been a Member of the Indian Medical Service.

8. As the Government of India are aware from the correspondence ending with this Government letter in the General Department No. 5509-A.—3547-A.P., dated the 11th ultimo, to the address of the Home Department, Military officers and troops were employed in Bombay, Karáchi, Sukkur, Hyderabad and Poona and are now again employed in Poona in searching for cases of concealed plague, conveying to hospitals those affected, segregating those who had been subject to infection and disinfecting houses, and they have received special allowances for this duty. There seems to the Governor in Council to be no valid reason for relieving the State of any part of the ordinary pay of the officers and men thus engaged as their employment on this work did not involve the loss of any service to Government. In Bombay the special allowances may fairly be charged wholly to the Municipality, as the garrison is comparatively small and Colába, where the European troops are located, is isolated. The same rule may be applied to Sukkur and Hyderabad. But in Poona and Karáchi the protection of the troops, which is a very important Imperil interest, was one of the objects of the strenuous measures undertaken, and a contribution from the State on that account seems to be fairly due. It seems to His Excellency in Council that it will be an equitable arrangement to charge the Local Bodies two-thirds of the special allowances and to meet one-third from the public funds. The local share for Poona will be apportioned between the City and the Suburban Municipalities and the Contonment either on the basis of population or of income. With the exception of the five places mentioned above troops were not employed to any material extent in connexion with the plague operations, though a detachment from Baroda was for a short time stationed at Ránder in Surat for police duty, and a party of seven non-commissioned officers and men is now working at Karád. Whatever additional allowances are granted in these cases may be dealt with on the principle proposed for Bombay and Sukkur.

9. Other expenditure for the suppression of plague and for the medical treatment of persons suffering from it may legitimately be charged to Local Bodies, and if the views which have been expressed are accepted by the Government of India, the Commissioners and Collectors will be required to report the amount debitable to each. It will in almost all cases be necessary to treat the amount to be recovered as a loan which under the Local Authorities (Emergency) Loans Act will require the sanction of the Government of India. In order to relieve as far as possible the strain on the

Treasury balances the larger Municipalities will be pressed to apply for sanction to obtain loans in the open market for the purpose of repaying Government, but few may be able to do so on favourable terms, and others may demur, thus deferring the time of adjustment. I am to request that in order to meet all cases in which the money cannot be raised in the local market within a reasonable time a further allotment of 5 lakhs may be made for the purpose of plague loans, against which will be put all the sums recoverable in such cases.

10. I am however to state for the information of the Government of India that it may not be found possible or at any rate expedient to recover from all local bodies the whole of the sums calculated to be legitimately due from them. Most of these bodies, if not all, are Municipalities; expenditure has been in some cases incurred in villages and towns other than Municipal, but most of it has been incurred by the District Staff and little will be recoverable on the principles above stated. At any rate it is understood that Local Boards will be able to pay from their current balances such sums as are due from them. The population of many of the Municipal towns is generally poor and has suffered severely from famine and plague which have paralyzed all industries. While large additional expenditure has been incurred by the Municipalities to combat the pestilence, the income has fallen and indeed some towns have lost a large proportion of the tax-paying population. The imposition or increase of house-tax is always a matter of great difficulty and delay, exciting strong opposition. The enhancement or extension of octroi is always liable to become a burden on the trade of the country, on which general prosperity depends. There are at present no other means of raising a substantial Municipal income. It will not be good policy to lay on the Municipalities such a burden as will entirely crush them or make it impossible for them to carry on necessary sanitary measures. I am also to point out that if the term for repayment is made very short, the difficulty of recovery will be greatly increased. The Governor in Council does not dissent from the view that the expenditure is of a class which ordinarily should not be thrown on future generations. But a population afflicted and impoverished simultaneously by two most grave calamities of which one is unparalleled and unprecedented cannot be expected to meet the consequent liabilities within comparatively few years. If the maximum period of repayment is extended to 20 years much will be recoverable which otherwise will have to be foregone. Each case will of course have to be considered on its merits, but I am to make these observations in order to prepare the Government of India for recommendations which may accompany the applications for loans.

11. In conclusion I am to point out that the amount finally debitable to Government has probably in any case already exhausted the grant of 5 lakhs to which sanction was conveyed in Mr. Gamble's letter No. 2394-A., dated 28th May last, while it is now necessary to carry on even more extensive measures than before. The pestilence is now more severe in Poona than it was in the hot weather, and it has appeared in several towns far apart and threatens to pervade every district of the Presidency. It is of course impossible to forecast the amount of expenditure which will be needed, but I am to request that for the present a further grant of five lakhs may be placed at the disposal of this Government, this sum being in addition to and independent of the sum of five lakhs referred to in paragraph 9.

From W. S. MEYER, Esq., Officiating Deputy Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Estimates and Accounts), to the Chief Secretary to the Government of Bombay, Financial Department, dated Calcutta, 29th December 1897, No. 5551-A.

I am directed to acknowledge the receipt of your letter, No. 4870, dated the 18th November 1897, on the subject of plague expenditure in the Bombay Presidency during the current financial year, and in reply to communicate the following observations and orders of the Government of India in continuation of the telegram from this Department of the 13th instant quoted in the margin.

"Your letter No. 4870 of 18th November. The additional loan allotment of five lakhs, paragraph 9, and the additional grant of five lakhs, paragraph 11, are sanctioned. Orders on rest will follow by letter."

2. In view of the circumstances represented in your letter, the Government of India are pleased to sanction the incurring of expenditure on the suppression and prevention of plague in the Bombay Presidency during the current financial year up to a limit of ten lakhs of rupees, in modification of the orders contained in this Department letter No. 2394-A., dated the 28th May 1897, sanctioning expenditure up to a limit of five lakhs only.

3. With reference to the question of the principles on which expenditure incurred on the suppression and prevention of plague should be distributed between Local Bodies and the State, I am to say that His Excellency the Governor-General in Council regrets that he is unable accept the views expressed by the Government of Bombay in paragraph 5 of your letter. The cost of measures taken with reference to a municipal area for the medical treatment of plague patients, or for the prevention of the spread of the disease, or for the purposes of sanitation, cleansing, or disinfection, cannot be thrown upon the State, on the ground that extra municipal areas and residents have directly or indirectly received benefit from such measures by being saved from infection. A municipal body owes it to its neighbours to prevent the spread of infection from itself to them, and cannot expect them to meet the cost of carrying out this duty, merely because they benefit by its not being neglected.

4. The Government of India agree, however, that the cost of inspection and observation of travellers by sea and by land, and of segregation and medical treatment of such as are affected or suspected to be affected by the plague, so far as it can be separated from expenditure on the sanitary measures above described, may be accepted as part of the general measures undertaken on the part of the State. They also accept the general principles laid down in paragraphs 6, 7, and 8 of your letter, provided that they are strictly applied with due regard to the interest of the general tax-payer on the one hand and of the municipal tax-payer on the other.

5. With reference to paragraph 9 of your letter, the Government of India sanction an additional allotment of five lakhs of rupees for loans to Local Bodies under the Local Authorities (Emergency) Loans Act, XII of 1897. But with reference to the anticipations of the Government of Bombay that Municipalities may not be able to raise money on favourable terms in the open market, I am to say that the Government of India cannot accept the principle that they are under any obligation to lend money to Municipalities, merely because the latter are in want of funds; and His Excellency the Governor-General in Council is unwilling that this assistance should be given to any Municipality which is not making an honest effort to carry out its primary duty of meeting its financial obligations. In this connection I am to remark that the Local Government is invested with full powers of dealing with a Municipality which demurs to meeting expenditure which it is bound to incur, and to borrowing funds for the purpose where it has no funds; and these powers should, when necessary, be used to their fullest extent.

6. The Government of India are thus unable to agree to relieve Municipalities generally at the cost of the State, nor are they prepared to sanction any general and considerable extension of the period of repayment of such loans as may be granted in accordance with the foregoing remarks. His Excellency the Governor-General in Council recognizes, however, the financial difficulties into which many of the Municipalities of the Bombay Presidency have been brought by the disasters of this and the past year, and accepts the view of the Government of Bombay that some time must be given for recovery before a true estimate of the possibilities of repayment in each case can be made. He considers therefore that for the present the loans should be made on the stipulation that the principal will be repaid during the five years from the 1st April 1900 to the 31st March 1905. Before this period begins it may be hoped that the Municipalities concerned may have to a large extent recovered their normal position, and it will then be possible to judge, by the examination of each case, whether sufficient cause may exist for the extension of the period of repayment. His Excellency in Council trusts that in this way it may be possible for the Government of Bombay to give such assistance as may be necessary and deserved, without any infraction of the principles expressed in this letter.

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Accountant-General, Bombay, dated 20th May 1898, No. 2310-A.

The Government of India observe that numerous advances, some of them for considerable amounts, have been, and are being, made to local bodies in Bombay for emergent plague requirements The orders of the Government of Bombay sanctioning these advances are, it is observed, in each case to pay out amounts in lump and not merely to incur any necessary expenditure and meet it by bills. The Government of India apprehend that unless they have been provided for in the estimates, these advances may seriously affect the ways and means estimates of the year.

2. The Government of India have made enquiries from the Government of Bombay on this matter. Of the correspondence ending with this Department letter, No. 1256, dated 14th March 1898, you have already received a copy. I am also to forward, for your information, copies of the marginally-noted letters dealing with the same subject. I am, however, to observe that the correspondence referred to does not show with sufficient clearness either the progress of disbursements or the provision from which the advances are made or the steps which have been taken to ensure that they are duly brought to account. The Government of India attach importance to the matter and desire that they may in future be kept fully informed regarding it.

This Department letter, No. 968, dated 24th February 1898.

Letter from Government of Bombay, No. 2687, dated 15th April 1898.

3. I am accordingly to request that you will furnish the Government of India with a full report on the whole question, dealing specially with the points referred to in the last paragraph. Your report should show the figures of audited expenditure on account of plague prevention, compared with the budget provision as well as the loans formally granted under the Act of 1897, and the informal advances, and should be accompanied by statements showing the advances and loans made (*a*) in 1897–98 and (*b*) for each month of 1898–99 up to the date of your reply. You should also explain the progress which has been made in the final apportionment of charges between Local Funds and General Revenues under the orders contained in paragraph 3 of this department letter, No. 1256, dated 14th March 1898, and whether any steps have been taken as directed in paragraph 4 of that letter to ensure that where possible the authority which will be finally responsible for the charges shall bear them from their inception.

4. I am also to ask that monthly statements may in future be submitted to the Government of India in regard to the disbursements on account of plague expenditure and loans and advances, giving all necessary particulars as to the disbursements with reference to budget provision and the progress of adjustment or recovery of lump advances.

5. An early reply is requested.

From the Hon'ble Mr. J. MONTEATH, C.S.I., I.C.S., Chief Secretary to the Government of Bombay, to the Officiating Secretary to the Government of India, Finance and Commerce Department, dated 23rd May 1898, No. 2303.

In paragraph 6 of my letter, No. 4870, dated 18th November 1897, on the subject of the apportionment between the State and the local bodies concerned of the expenditure incurred in this Presidency in connection with the plague, it was stated that the pay and allowances of medical and other officers who had been specially deputed on plague duty to particular towns or for whom it had been necessary to create temporary appointments for duty in them, would be a legitimate charge against

Note.—The unspent balances of grants sanctioned in 1897-98 having lapsed are not available for expenditure in 1898-99.

the funds of the local bodies concerned. This principle was accepted by the Government of India in Mr. Officiating Deputy Secretary Meyer's letter, No. 5551-A., dated 29th December 1897. The Governor in Council, however, now considers that the emoluments of officers whether belonging to the Indian Civil Service, the Indian Staff Corps, the Indian Medical Service, or the Army Medical Service, and of superior officers of the Forest, Survey, Customs, Salt and other departments deputed wholly or in addition to their own duties to perform plague duty, as well as the emoluments of nurses and medical men sent out from England, should be borne entirely by Government with effect from the date of the commencement of the plague duty in the mofussil and from a like date subsequent to the end of June 1897 in the Presidency Town.

2. I am to observe that plague in this Presidency has assumed such proportions of gravity that it has become a matter of Imperial concern, and that already much difficulty is being experienced in inducing district officers and local bodies to accept help which they admit and declare to be necessary but which they cannot afford to have without stopping other more necessary measures of sanitation, &c. In order to conduct efficiently the campaign against the plague it is essential that a full complement of officers should be employed wherever the plague makes its appearance, and unless the conclusion now arrived at by the Governor in Council is adopted and announced as soon as possible to the local bodies, which are already crippled, serious difficulty is anticipated in dealing with future outbreaks of plague. I am therefore to express the earnest hope of His Excellency the Governor in Council, that the Government of India will accord their sanction to the proposal mentioned in the preceding paragraph. I am to add that the Municipality of Bombay has represented that the large expenditure on plague operations in the City of Bombay already incurred and estimated to be incurred till the end of the current calendar year, aggregating Rs. 30 lakhs, may be borne by Government, the Bombay Port Trust and the Municipality in the proportions of 3, 2 and 5, and the concession now proposed to be made will, if sanctioned, be taken into account in considering that representation.

3. I am at the same time directed to forward extract paragraph 3 of a letter from the Collector of Hyderabad, No. 154-P., dated 20th February 1898, and copy of a Memorandum from the Commissioner in Sind, No. 787, dated 2nd March 1898, in which they ask for a reconsideration of the recommendation made by this Government in paragraph 8 of my letter, No. 4870, dated 18th November 1897, and accepted by the Government of India as regards liability of the Municipality of Hyderabad for the charges incurred in connection with the employment of troops on plague duty. I am to request that in the circumstances stated the Municipality of Hyderabad may be debited with two-thirds of the charges referred to, the rest being borne by Government.

Extract paragraph 3 *of a letter from the Collector of Hyderabad, No.* 154-*P., dated* 20*th February* 1898.

"3. Hyderabad I would respectfully submit cannot in fairness be placed in the same category as Sukkur; and I would venture to trust that a representation is only needed to secure for the Municipality the same consideration as has been extended in this matter to Poona and Karachi. In support of the need for the point being reconsidered I would mention that at the time the plague was raging and when the population of the town had dwindled to something like 10,000 (6,000 according to reports from the municipality) the strength of the garrison and the population of the cantonment amounted to a little over 2,800. That the cantonments were protected by the measures carried out by the Plague Committee cannot be gainsaid: the very fact that it was only found necessary to expend Rs. 1,114 from Cantonment funds on the operations undertaken within camp limits proves it; and I would trust, therefore, that if the municipality is to be debited at all with the cost of the special allowances, they may be charged in the same manner as proposed in the case of Poona and Karachi, *i.e.*, with not more than two-thirds of the expenditure so incurred."

Copy of a Memorandum from the Commissioner in Sind, No. 787, dated 2nd March 1898.

"Copy submitted to Government for favourable consideration. The Acting Commissioner in Sind ventures to think that the Collector's contention is very just. In Sukkur there is no cantonment. Hyderabad cannot be fairly placed in the same category as Sukkur in regard to the pay of allowances to officers employed on plague duty.

"The Cantonment of Hyderabad is situated close to the city, closer to the city than is the Karachi Cantonment, and owing to the measures adopted not a case occurred in cantonment limits, or if a comparison is made on the basis of population, Hyderabad will be found to be in nearly the same position as Karachi. In 1891 the cantonment population in Karachi was 7,004 out of a total of 105,199 or 6·6 per cent., and in Hyderabad 3,479 out of a total of 58,048 or 5·9 per cent. The Acting Commissioner therefore hopes that Government will be pleased to reconsider the apportionment of the special allowances in Hyderabad as between the State and the Municipality."

From W. L. HARVEY, Esq., Accountant-General, Bombay, to the Secretary to the Government of India, Financial Department, dated 15th June 1898, No. 8361-T.A.M.

With reference to your letter, No. 2310-A., dated the 20th May 1898, I have the honour to submit the following report on the payments made in this Presidency on account of the plague, together with statements showing—

(*a*) Payments made in 1896–97, 1897–98 and April 1898, compared with the grants sanctioned by the Government of India.

(*b*) Expenditure charged to "Medical" distributed according to districts and the progress of audit.

(*c*) Details of advances and loans made to local bodies up to the end of May 1898.

(*d*) Details of the charges debited to Medical in April 1898.

(*e*) Advances and loans to local bodies in April 1898 and the balances due to Government at the beginning and closing of the month.

As the accounts of 1897–98 have not yet been finally closed, the figures for that year should be taken as subject to further adjustments which may have to be made hereafter. I have, however, taken into account, as far as possible, the adjustments which will be made in the final accounts of March 1898, except certain items relating to supplies of stores from England aggregating about Rs. 99,591–8–3, regarding which I am in communication with the Public Works Department.

2. The payments in connection with the plague, so far as they affect Government, may be divided into three classes:—

(*a*) Expenditure incurred by Government officers and debited to the grant for 24. Medical though partly recoverable from local bodies.

(*b*) Lump advances to local bodies to meet pressing demands pending the settlement of the preliminaries for formal loans.

(*c*) Loans.

The payments of the second class have been, for the present, taken to the service head "Medical" in the accounts of 1897–98, pending the settlement of the accounts of the local bodies—*vide* Government of India, Financial Department, No. 1256-A., dated the 14th March 1898. In the accounts of 1898–99 such payments have been taken to a special head under "Advances" in accordance with paragraph 10, Government of India, Financial Department, No. 1181-A., dated the 10th March 1898.

3. The grants and expenditure in 1896–97 and 1897–98 under these three classes were as shown below:—

—	24. Medical.	Advances.	Loans.
1896–97.	Rs.	Rs.	Rs.
Grants	..	..	..
Expenditure	1,13,899	..	51,000
Excess ..	1,13,899	..	51,000
1897–98.			
Grants	10,07,000	..	10,00,000
Expenditure	21,05,436	37,249	3,76,200
Saving ..	..	..	6,23,800
Excess ..	10,98,436	37,249	..

4. No provision was made in the estimates of 1896–97, either on account of expenditure by Government or on account of loans to local bodies, as, when the estimates were framed, plague had not broken out. A provision of Rs. 1,10,000 for expenditure was made in the revised estimates of that year. It was not, however, anticipated at the time that plague would spread over the greater part of the Presidency as it subsequently did. The budget estimates of 1897–98 for this reason provided only for Rs. 7,000 for direct expenditure and Rs. 5,00,000 for loans. Extra grants were sanctioned to the extent of Rs. 10,00,000 for expenditure and Rupees 5,00,000 for loans. No separate provision was made for lump advances, as it was intended that they would be either converted into loans or met out of the grants for medical expenditure. The actuals as shown above show an excess of Rs. 10,98,436 in direct expenditure, and a saving of Rs. 6,23,800 under loans, and an unprovided expenditure of Rs. 37,249 under advances. In order to effect a proper comparison with the estimates, it is necessary to take the grants and expenditure of the three classes together, as the greater portion of the sum of Rs. 4,52,288–15–1 paid—*vide* statement B. — in lump advances to local bodies will probably be transferred from 24. Medical either to "Advances" or to "Loans" calculated in this way, the net excess is Rs. 5,11,885 as shown in the margin. In connection with this excess, it may be remarked that the payments in the last four months of the year were very heavy, as will be seen from the figures below:—

	Rs.
Grants—	
24. Medical	10,07,000
Advances	..
Loans	10,00,000
	20,07,000
Expenditure—	
24. Medical	21,05,436
Advances	37,249
Loans	3,76,200
	25,18,885
Net excess	5,11,885

	Rs.
December 1897	2,56,476
January 1898	2,32,679
February „	3,63,779
March „	4,49,397
	13,02,331

It was also anticipated that a considerable sum (Rs. 5 lakhs) would be recovered from local bodies. This anticipation was, however, not realized, as it was not found possible to settle the amounts due by local bodies before the close of the financial year.

From statement B. it will be observed that the total amount charged to 24. Medical in 1896–97 and 1897–98 was Rs. 22,19,335–1–3, out of this sum Rs. 4,52,288–15–1 represent lump advances to local bodies which so far as they are

finally chargeable to them do not require further audit of this office. The local bodies have acknowledged the receipt of the sums, and all that is necessary before final action for their recovery is taken is the settlement of their claims against Government for sums spent by them on objects which have been recognised by Government as chargeable to Provincial Revenues. The proposals in this connection were submitted for the approval of the Local Government in letter, No. 35321-T.A.M., dated the 19th March 1898, the Local Government orders were received on the 6th May 1898. The Collectors of the districts in which the advances were paid were asked to submit statements of claims of local bodies in my general letter, No. 4527-T.A.M., dated the 16th May 1898, copy attached. Since then reminders have been sent to all the Collectors, and it is hoped that all these claims will be settled before the final accounts of March 1898 are closed. The net balance then ascertained to be due will be reported to the Local Government and transferred to the debt head "Advances". As the local bodies to whom these advances were paid have had to bear heavy expenditure on account of the plague, it seems improbable that any large portion of the sum will be recovered in cash, unless they are compelled to borrow in the open market. If the advances are regularised as loans, a book adjustment of the claim of Government only will be necessary. Out of the balance of Rs. 17,67,046-2-2 (statement B.), an expenditure of Rs. 16,42,022-12-4 has been audited, and expenditure of Rupees 1,25,023-5-10 awaits audit. The chief reason why so large an amount is outstanding is the delay in the submission of detailed bills. Some of the districts which were affected by the plague were also affected by the famine, and in some, notably in Poona, the arrangements for the accounting of plague expenditure were defective. The greater portion of the sum awaiting audit was paid in Poona, Ahmadnagar, Khandesh, Satara and Karachi. Special measures are being taken to secure the early submission of the bills wanting, and it is hoped that by the close of the month all the expenditure up to the end of March 1898 will have been audited.

5. The apportionment of the cost of the measures adopted for the suppression of the plague has been a more difficult matter than was at first anticipated. As the orders defining the incidence of the cost were communicated by the Local Government to the local officers only at the end of January 1898, no attempt was made in the preparation of the bills to separate the expenditure chargeable to Government from that payable by local bodies, and the information available was quite insufficient to enable this office to supply the omission. It was, therefore, found necessary to refer to local officers. The delay on the part of local officers in the submission of detailed bills and in furnishing information when called for has also retarded the apportionment. I represented this difficulty to the Local Government, and strict orders have been issued by them for early attention to all references from this office in connection with the plague. Further, the large number of bills and petty items to be dealt with, and the elimination of debits under other heads than Medical, *e.g.*, Land Revenue, Police, Forest, &c. (according to the system of Government accounts), have occasioned considerable difficulty in working out the figures.

For the purpose of distribution of the expenditure up to the end of 1897-98, the figures have been worked out for two periods—

(1) Up to the end of January 1898.
(2) For February and March 1898.

Statements showing the details of the expenditure of each district have been worked out up to January 1898 (with the exception of four). Statements for Poona, Karachi, Broach and Surat, up to the end of January 1898, representing an expenditure of Rs. 6,23,330-4-11, and also up to March 1898 have been submitted to Government and the charges at Bombay are almost wholly payable by Government. The statements for the districts noted in the margin, are nearly ready for submission but await replies to the last references made to the local officers. The necessary references have been or are being made in connection with the other districts, and I hope to submit to Government all the statements before the final accounts of March 1898 are closed.

Ahmadnagar.	Belgaum.
Kaira.	Dharwar.
Thana.	Kanara.

6. With regard to the transactions of the current year, the Local Government have directed (Financial Department No. 1625, dated the 9th April 1898), in accordance with paragraph 12 of the Government of India order No. 1181-A., dated the 10th March 1898, that the expenditure payable by local bodies should be charged to them in the first instance. They have also, at the representation of my predecessor, directed (Financial Department No. 1834, dated the 28th April 1898) that when local bodies have no funds, and it is necessary to provide funds for immediate expenditure, lump advances should be given to them with Government sanction, and that the charges should be paid by them direct. I also append a copy of my general letter No. 4500-T. A.M., dated the 11th May 1898, showing the instructions issued to local officers. Owing to the lateness of the issue of the orders, some charges payable by local bodies have been paid in the current year from the treasury, and I am issuing instructions for their immediate recovery. The present arrangements for watching the progress of expenditure and the recovery of the amounts due include—

(1) the maintenance of two registers of grants in my office: (*a*) for watching the amounts sanctioned by the Local Government for each district and the expenditure against them, and (*b*) for amounts sanctioned by the Local Government out of the grants sanctioned by the Government of India;
(2) the report to Government in monthly statements in forms D and E appended to this letter of the expenditure chargeable to Government and the advances and loans made to local bodies;
(3) the issue monthly of orders demanding immediate recovery of expenditure incurred on account of local bodies, if any;
(4) and the report to my office of expenditure at treasuries in advance of the monthly accounts.

7. No separate grant has been sanctioned by the Government of India for "Advances" made to local bodies pending their regularisation as formal loans, and it is necessary that the payments on that account should be met out of the grants for "24. Medical" or for "Loans." Considering the large demands which will probably be made against the grants for loans, and in view of the necessity for the settlement of all formalities before the loans are granted, I do not think it advisable to take the "Advances" referred to above against the grant for loans until they are formally sanctioned. I, therefore, propose to take them against the grant for "24. Medical," for the purpose of working out the balance at the disposal of the Local Government.

8. The expenditure in the month of April 1898 is shown in statements D and E and the statements for future months will be sent in the same form unless orders are received to the contrary. I have already brought to the notice of the Local Government that expenditure has been incurred in some districts either without any grant having been made or against an inadequate grant.

9. In the figures referred to in preceding paragraphs, no account is taken of the sums paid by local bodies on account of the inspection of travellers by sea and land, &c. (the liability for which has been accepted by Government), and for which the local bodies have, apparently, claims against Provincial Revenues. The Municipality of Bombay have put in a claim of Rs. 2,15,000 for charges incurred up to the end of December 1897, in reduction of which a sum of Rs. 1,13,918, as shown below, has to be taken into account:—

	Rs.
(*a*) Advanced in cash to the Plague Committee under the orders of the Local Government.	50,000
(*b*) Adjusted to the credit of Provincial Revenues on account of the municipal share of the cost of the City Police.	59,438
(*c*) Due to Government for the supply of disinfectants	4,480
Total ..	1,13,918

I have made special arrangements for auditing the municipal claim up to the end of March 1898 in the Municipal office. The net balance found to be due will have to be met from the grant of the current year. There will also be other claims, of which no particulars are available at present, but the amounts are not expected to be large.

Copy of a Memorandum from the Commissioner in Sind, No. 787, dated 2nd March 1898.

"Copy submitted to Government for favourable consideration. The Acting Commissioner in Sind ventures to think that the Collector's contention is very just. In Sukkur there is no cantonment. Hyderabad cannot be fairly placed in the same category as Sukkur in regard to the pay of allowances to officers employed on plague duty.

"The Cantonment of Hyderabad is situated close to the city, closer to the city than is the Karachi Cantonment, and owing to the measures adopted not a case occurred in cantonment limits, or if a comparison is made on the basis of population, Hyderabad will be found to be in nearly the same position as Karachi. In 1891 the cantonment population in Karachi was 7,004 out of a total of 105,199 or 6·6 per cent., and in Hyderabad 3,479 out of a total of 58,048 or 5·9 per cent. The Acting Commissioner therefore hopes that Government will be pleased to reconsider the apportionment of the special allowances in Hyderabad as between the State and the Municipality."

From W. L. HARVEY, Esq., Accountant-General, Bombay, to the Secretary to the Government of India, Financial Department, dated 15th June 1898, No. 8361-T.A.M.

With reference to your letter, No. 2310-A., dated the 20th May 1898, I have the honour to submit the following report on the payments made in this Presidency on account of the plague, together with statements showing—

(*a*) Payments made in 1896–97, 1897–98 and April 1898, compared with the grants sanctioned by the Government of India.

(*b*) Expenditure charged to "Medical" distributed according to districts and the progress of audit.

(*c*) Details of advances and loans made to local bodies up to the end of May 1898.

(*d*) Details of the charges debited to Medical in April 1898.

(*e*) Advances and loans to local bodies in April 1898 and the balances due to Government at the beginning and closing of the month.

As the accounts of 1897–98 have not yet been finally closed, the figures for that year should be taken as subject to further adjustments which may have to be made hereafter. I have, however, taken into account, as far as possible, the adjustments which will be made in the final accounts of March 1898, except certain items relating to supplies of stores from England aggregating about Rs. 99,591–8–3, regarding which I am in communication with the Public Works Department.

2. The payments in connection with the plague, so far as they affect Government, may be divided into three classes:—

(*a*) Expenditure incurred by Government officers and debited to the grant for 24. Medical though partly recoverable from local bodies.

(*b*) Lump advances to local bodies to meet pressing demands pending the settlement of the preliminaries for formal loans.

(*c*) Loans.

The payments of the second class have been, for the present, taken to the service head "Medical" in the accounts of 1897–98, pending the settlement of the accounts of the local bodies—*vide* Government of India, Financial Department, No. 1256-A., dated the 14th March 1898. In the accounts of 1898–99 such payments have been taken to a special head under "Advances" in accordance with paragraph 10, Government of India, Financial Department, No. 1181-A., dated the 10th March 1898.

3. The grants and expenditure in 1896–97 and 1897–98 under these three classes were as shown below:—

—	24. Medical.	Advances.	Loans.
1896–97.	Rs.	Rs.	Rs.
Grants	..	..	..
Expenditure	1,13,899	..	51,000
Excess	1,13,899	..	51,000
1897–98.			
Grants	10,07,000	..	10,00,000
Expenditure	21,05,436	37,249	3,76,200
Saving	..	..	6,23,800
Excess	10,98,436	37,249	..

4. No provision was made in the estimates of 1896–97, either on account of expenditure by Government or on account of loans to local bodies, as, when the estimates were framed, plague had not broken out. A provision of Rs. 1,10,000 for expenditure was made in the revised estimates of that year. It was not, however, anticipated at the time that plague would spread over the greater part of the Presidency as it subsequently did. The budget estimates of 1897–98 for this reason provided only for Rs. 7,000 for direct expenditure and Rs. 5,00,000 for loans. Extra grants were sanctioned to the extent of Rs. 10,00,000 for expenditure and Rupees 5,00,000 for loans. No separate provision was made for lump advances, as it was intended that they would be either converted into loans or met out of the grants for medical expenditure. The actuals as shown above show an excess of Rs. 10,98,436 in direct expenditure, and a saving of Rs. 6,23,800 under loans, and an unprovided expenditure of Rs. 37,249 under advances.

	Rs.
Grants—	
24. Medical	10,07,000
Advances	..
Loans	10,00,000
	20,07,000
Expenditure—	
24. Medical	21,05,436
Advances	37,249
Loans	3,76,200
	25,18,885
Net excess	5,11,885

In order to effect a proper comparison with the estimates, it is necessary to take the grants and expenditure of the three classes together, as the greater portion of the sum of Rs. 4,52,288–15–1 paid—*vide* statement B. — in lump advances to local bodies will probably be transferred from 24. Medical either to "Advances" or to "Loans" calculated in this way, the net excess is Rs. 5,11,885 as shown in the margin. In connection with this excess, it may be remarked that the payments in the last four months of the year were very heavy, as will be seen from the figures below:—

	Rs.
December 1897	2,56,476
January 1898	2,32,679
February „	3,63,779
March „	4,49,397
	13,02,331

It was also anticipated that a considerable sum (Rs. 5 lakhs) would be recovered from local bodies. This anticipation was, however, not realized, as it was not found possible to settle the amounts due by local bodies before the close of the financial year.

From statement B. it will be observed that the total amount charged to 24. Medical in 1896–97 and 1897–98 was Rs. 22,19,335–1–3, out of this sum Rs. 4,52,288–15–1 represent lump advances to local bodies which so far as they are

10. The necessary steps have been or are being taken to repay to Government the sums advanced. The Surat Municipality has been authorised to raise a loan in the local market, and will repay the advance of Rs. 1,50,000 made to it. The advance to the Hubli Municipality has been regularised by a loan—*vide* Government of India, Financial Department, No. 2245-A., dated the 16th May 1898. The Karachi Municipality proposes to raise a loan in the open market and the Hyderabad Municipality has been asked to make a formal application to convert the advance grant into a loan. I understand also that there are applications for loans before Government from the Satara, Nasik, Sinnar and Sholapur Municipalities.

11. I trust that the above arrangements will be considered sufficient to ensure an efficient check over the expenditure.

Sub-Enclosures.

I.

From W. L. HARVEY, Esq., Officiating Accountant General, Bombay, to all Collectors and Treasury Officers, dated 11th May 1898, No. 4500-T.A.M.

In order to facilitate the audit and division of expenditure on account of the plague, and to clear up misunderstanding which has been found to exist in several districts, I have the honour to request that the following procedure may be observed in future in drawing money from the Government treasury on account of such expenditure :—

(1) Plague expenditure finally chargeable to Government and plague expenditure which is chargeable to local bodies should always be kept distinct, and expenditure of the latter kind when incurred by Government officers should be met from sums placed at their disposal by local bodies as explained in paragraph 3 below and not drawn from the treasury direct.

(2) For expenditure on Government account the specific sanction of Government to a definite grant is necessary before money is drawn from the treasury. The grant applied for should be large enough to cover, in addition to ordinary plague expenditure, charges on account of the pay of gazetted and personal salaried officers employed on plague duty, of extra allowances paid to Military officers and men deputed for plague work, and the cost of medicines and disinfectants supplied by the Military and Public Works Departments. When a grant is near exhaustion steps should be taken to obtain an additional grant in time to prevent objection being raised by this office.

(3) The grants placed at the disposal of Collectors and plague committees, as such, for Government expenditure should not be treated as available for meeting charges on account of local bodies, which should always be paid in the first instance direct from funds at credit of the latter. Should, however, any local body be short of funds and an advance from Government be unavoidable, the sum required should be obtained without delay, under Government orders, as a lump advance to the body, a duly-stamped receipt being obtained from the officer authorised by the rules to grant a receipt and furnished as a voucher with the treasury accounts. The Collector or plague committee, if they are incurring expenditure on behalf of the local body, can then draw against the advance so obtained such sums as are required from time to time, the expenditure being treated as expenditure of the body concerned and accounted for as such.

(4) If Government orders are received placing a stated lump sum at the disposal of a Collector, such sanction should be regarded in the light of a letter of credit to be drawn against as required, and the money should not be drawn out of the treasury in a lump sum before the expenditure is actually incurred.

(5) When sums required for contingent expenditure on plague operations to be incurred by the Government officers out of grants placed at their disposal by Government are drawn on abstract bills, those abstract bills should in all cases contain such general details or description of the expenditure as will permit of the classification of the same, *e.g.*, "purchase of disinfectants," "construction of huts," "carriage of tents", &c., and the pay of temporary and other establishments, their travelling allowances, &c , should never be drawn on abstract contingent bills but should be drawn on establishment and travelling allowance bills, in proper form. If proper arrangements are made it should never be necessary to mix up establishment and travelling allowance charges with contingent expenditure as has often been done in the past.

(6) The abstract contingent bills on account of plague expenditure should never contain items of expenditure not due to the plague and should be cleared by the submission of detailed bills, which should ordinarily reach my office not later than 21 days after the month in which the expenditure is incurred.

(7) The pay of hospital assistants not directly employed under local bodies, and of gazetted officers should be drawn in the usual salary bill forms, the period for which an officer is on plague duty being clearly stated in his bill.

(8) Contingent and establishment bills for plague expenditure should show the *locality* for which the expenditure is incurred. When the expenditure is on account of a plague camp, the name of the camp, and the purpose for which it is maintained, should be stated.

(9) Additional establishment entertained for plague duty requires in all cases the separate sanction of Government, which should be applied for with the usual proposition statement. It must be clearly understood that the sanction of Government to a grant for plague expenditure does not imply sanction to the entertainment of an establishment. If any case such an establishment has to be entertained in anticipation of such sanction, immediate steps should be taken to obtain the sanction required.

(10) Separate subsidiary registers for all receipts and charges on account of the plague should be opened in the treasury, and separate schedules for such receipts and charges submitted to this office with the cash accounts and bi-monthly lists of payment accompanied by the vouchers. A list of medicines and disinfectants, if any, supplied by the Military and Public Works Departments should also be forwarded at the same time.

II.

From W. L. HARVEY, Esq., Officiating Accountant-General, Bombay, to the Collector of , dated 16th May 1898, No. 4527-T.A.M.

To enable my office to give effect to recent orders on the subject of the early adjustment of advances made in lump sums to municipalities for expenditure in connection with the plague, and with reference to the advances amounting to Rupees paid to the municipalit noted in the margin on the orders quoted, I have the honour, with the approval of Government, to request that you will call upon the municipalit concerned to submit, without delay, through you to this office a detailed statement showing the charges, if any, which the municipalit may have incurred up to date in connection with plague measures out of the advances mentioned, which under the orders of the Government of India quoted in Bombay Government Resolution, Financial Department, No. 402, dated 27th January 1898, can be considered as properly chargeable to Government.

2. The statement will probably be subjected to a detailed audit by my office at a later date, but in the meantime it should contain full particulars of each charge so as to clearly indicate *primâ facie* its nature. If any portion of the amount spent by the municipalit is considered to be recoverable from the district local board, that should be dealt with separately and should not be included in the statement now called for.

3. You will see on referring to the Government orders quoted in paragraph 1 that the only expenditure chargeable to Government other than the emoluments of superior advising and supervising Government officers who have not been specially deputed to a particular town is the cost of inspection and observation of travellers by sea and by land, and of segregation and medical treatment of such travellers as are affected or suspected to be affected by the plague, as far as it can be separated from that on general sanitary measures.

4. If any charges an account of police have been incurred, a separate statement should be submitted for them, distinguishing between those employed on guard duty and those employed on sanitary duty.

5. I request that this matter may receive your earliest attention.

From W. S. MEYER, Esq., Deputy Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, dated 21st June 1898, No. 2764-A.

I am directed to acknowledge the receipt of your letter, No. 2303, dated the 23rd May 1898, in which the Government of India are requested to rule, in modification of the orders contained in the letter from this Department, No. 5551-A., dated the 29th December 1897, that the emoluments of officers of Government in various departments who have been deputed wholly, or in addition to their own duties, in connection with plague may be borne entirely by Government instead of by the local bodies in the particular towns to which they have been deputed. A similar ruling is suggested in regard to nurses and medical men sent out from England for plague duty.

2. In their letter of the 29th December 1897, the Government of India accepted the view expressed by the Government of Bombay in paragraph 6 of your letter, No. 4870, dated the 18th November 1897, that charges of the above nature should "of course" be borne by the local bodies concerned. To this view they feel compelled to adhere. The question as to the incidence of the cost of doing any particular work is not affected by the consideration whether the person appointed to do it was obtained from one source or another; and the cost of the Government agency which a Local Body employs in combating the plague is as proper a charge against its revenues as the wages of its private *employés*, or its expenditure on material. The Government of Bombay, in fact, do not state any reason for a change of views on the question of division of charge, but they apparently consider, that in view of the poverty of the Local Bodies concerned, and their reluctance to employ the necessary Government agency at their own cost, it would be administratively convenient if the Government were to agree forthwith to meet these charges itself instead of deferring the financial assistance, which must perhaps ultimately be given.

3. I am to draw attention to the great delays that have already occurred in allocating the plague expenditure in Bombay and in making a systematic division of it between the Local Bodies on the one side and the Government on the other. The principles on which this division should be based were laid down in paragraphs 3 and 4 of the letter from this department, No. 5551-A of December last; and the Government of Bombay in their Financial Resolution No. 40, dated the 27th January 1898, requested the Accountant-General to settle, as soon as possible, what amounts should, in accordance with those principles, be charged to Local Bodies and General Revenues, respectively, and to submit a report to the Government on the subject. But no details have yet been received by the Government of India.

4. I am to explain that until a proper allocation as above is made, it is not possible for the Government of India to consider any question of the assistance that may be given by the Government to the Hyderabad Municipality or to any other

similar body. It appears to the Government of India that any discussion of, or alterations in, the general principles already agreed to will only further postpone the settlement of the question of Government aid in specific instances. If the Government should decide to take over any portion of the expenditure which is considered to be of a purely local or municipal character, the matter should be dealt with as a case of a special grant from Government, on a consideration of the whole financial position and expenditure of the Local or Municipal body concerned, and not indirectly by laying down that Government will bear certain selected portion of the expenditure that has been incurred on what are regarded as local or municipal objects.

5. In paragraph 2 of your letter under reply you refer to the difficulty in inducing district officers and Local Boards to accept help which they admit and declare to be necessary, but which they cannot afford to have without stopping other more necessary measures of sanitation, etc. I am to say that, as pointed out in paragraph 5 of the letter of the 29th December last, the Government of Bombay possess ample power, both executive and legal to enforce any measures they deem requisite. The Government of India have not hesitated to afford financial assistance in the way of advances to Local Bodies whenever the necessity for such assistance has been fully demonstrated; but they expect that when a local body wants this assistance from the Government, it should primarily make every endeavour to perform the duty devolving upon it with the resources at its own disposal.

6. The Government of India observe that, in this way, considerable sums of money have been, and are being, placed in lump at the disposal of local officers for plague expenditure, and it is not known what orders have been laid down for due accounting for these sums. I am to impress upon the Government of Bombay the importance of some regular financial organisation on the basis of the orders of the 29th December last, by which all expenditure should be duly sanctioned, paid for, and charged to the appropriate sources—Provincial, Local or Municipal—according to the nature of the expenditure. As already stated, it is only when the accounts are made up and stated on definite principles in the first place, that it becomes possible to take up the question whether any and what assistance should be given to Local Bodies out of General Revenues.

Telegram from the Government of Bombay, to the Secretary, Finance and Commerce Department, Simla, No. 1150, dated the 5th July 1898.

Your letter 2764-A., dated 21st June. Bombay Municipal Commissioner already informed officially that Government intends appointing 12 doctors and 12 Staff Corps and other officers and pay salaries subject to India's confirmation. Municipal Commissioner requests that Government will pay direct salaries of these doctors and other officers already employed and to be employed in anticipation of Government of India sanction. Government strongly urge compliance with this request essential to prevent recrudescence of plague and to show that every reasonable precaution is being taken to prevent it. Precautions adopted benefit not only Bombay but India generally and satisfy susceptibilities of other nations. Government considers it inequitable to compel Bombay Municipality to pay these officers.

From J. W. P. MUIR-MACKENZIE, Esq., I.C.S., Acting Chief Secretary to the Government of Bombay, Financial Department, to the Secretary to the Government of India, Finance and Commerce Department, dated Bombay, the 13th July 1898, No. 3134.

I am directed to request that you will be so good as to move the Government of India to reconsider the orders conveyed in paragraph 4 of Mr. Deputy Secretary Meyer's letter No. 2764-A., dated the 21st ultimo, with reference to paragraph 3 of the letter from this Government, No. 2303, dated 23rd May 1898, in which it was proposed that the Municipality of Hyderabad might be debited with two-thirds of the charges incurred in connection with the employing of troops on plague duty, and that one-third might be borne by Government. I am to observe that the proposal of this

Government did not involve any departure from the general principles accepted by the Government of India in their letter, No. 5551-A., dated 29th December 1897. It has been already pointed out that upon those principles the case of Hyderabad was found to be analogous to those of Poona and Karachi, and not to those of Bombay and Sukkur as was originally represented by this Government. The proposal was, so far as Hyderabad is concerned, for an alteration, not of the accepted principles but of the mode in which they should be applied to a particular case, owing to a different and more accurate appreciation of the facts of that case. In these circumstances His Excellency the Governor in Council trusts that the proposal in question will be accepted by the Government of India.

From S. JACOB, Esq., Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, dated the 20th July 1898, No. 3183-A.

I am directed to acknowledge the receipt of your telegram of the 5th July, replying to this deparment letter No. 2761-A., dated 21st June 1898, in which the Government of India expressed themselves unable to agree to meet the cost of officers specially deputed for plague duty to particular towns. The Government of Bombay now report that before the receipt of the letter of the 21st June they had already informed the Bombay Municipality of their intention to appoint 12 doctors and 12 Staff Corps officers for plague duty and to pay their salaries, subject to the approval of the Government of India. It is represented that this measure is essential to the prevention of a recrudescence of the plague and as a means of satisfying the susceptibilities of other nations and that as the expenditure will benefit India generally it should not be charged against Local funds.

2. The Government of India appreciate the difficulties experienced by the Local Government and by the Municipality of Bombay in connection with the heavy expenditure which the plague has necessitated in that city; and they desire to help them in meeting these difficulties. But it is a condition of the grant of such assistance that the actual position should first be defined and acknowledged.

3. There is little doubt that according to the principles of distribution laid down in the letter from this department, No. 5551-A., dated the 29th December 1897, the Municipality has incurred and charged against its funds some expenditure, at least, of the kind which the Government of India have agreed should be met from General Revenues. But as no accounts of the expenditure to be distributed on these principles have yet been submitted, the Government of India are not aware of the amount which have been thus met by the Municipality. The Government of India have been pressing for a settlement of accounts and of a system of expenditure upon this basis, but apparently difficulties have been found by the Government of Bombay, in carrying it out; and recognizing that the Municipality has incurred some expenditure which will ultimately be defrayed from General Revenues, the Government of Bombay propose in their turn to meet from General Revenues a considerable amount of expenditure which is properly chargeable to the Municipality.

4. To this course—though it is not the course they would prefer—the Government of India will not object if there is a clear recognition of the conditions under which such a course is permissible. They consider that there are strong objections to their permitting the provision of expenditure from Government money in the way above-mentioned if by so doing they are to be taken as withdrawing their opinion as to its ultimate chargeability. But if it is merely intended to provide the money from Government treasuries pending an ultimate settlement of accounts on the principles already laid down, the Government of India are prepared to consult the convenience of affairs by allowing the charge to be made pending such a settlement. In the latter case, however, it should be clearly understood that the expenditure so incurred out of the Government treasuries, partly on General and partly on Municipal objects is for the purpose of settlement of accounts to be lumped with the expenditure met out of Municipal funds, of which part is chargeable, in all probability, as General expenditure.

5. In paragraph 2 of your letter No. 2303, dated the 23rd May 1898, it has been stated that the Government of Bombay are considering a representation of the Municipality for what is practically a grant-in-aid to that body. I am to take this opportunity of saying that the Government of India are in no way pledged to making this grant-in-aid, nor are the requisite facts and accounts before them on the basis of which such a grant could be considered at present. But whatever consideration may in future be given to this matter, the payments which the Local Government now propose to make from Government funds on account of what are really Municipal purposes will be taken as a grant-in-aid already given and reckoned as such in the settlement of accounts between the Government and the Municipality.

6. I am accordingly to say that while the Government of India cannot agree that the charges in question are finally debitable to General Revenues, they are prepared to receive the proposals of the Government of Bombay for the employment of the officers referred to in your telegram under reply, subject to settlement of accounts in the manner indicated above. But they desire to guard themselves against a possible misunderstanding to which their acceptance of these proposals might lead. The responsibility which lies on Government in view of the General or Imperial interest or concern in the measures taken for the suppression of plague in the city and port of Bombay, cannot be taken into account twice over; namely, first as a reason for their making a grant-in-aid to the Municipality or accepting some proportionate share of its expenditure; and secondly, as a reason for their providing out of General Revenues, in the first place, for the very kind of expenditure in respect of which a contribution or grant is sought.

I am again to urge upon the Government of Bombay the advisability of their setting out the *whole* case between Municipalities on one side and Government on the other with a view to a definite understanding or decision on the subject. Such arrangements as the present can be treated only as provisional expedients for meeting the practical difficulties with which the Government of Bombay are confronted; and the Government of India while willingly sanctioning them from this point of view are anxious to have the means of ascertaining and settling in a more complete manner their financial liabilities, and those of the Government of Bombay in respect of plague expenditure.

From STEPHEN JACOB, Esq., Officiating Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Classification, &c.), to the Chief Secretary to the Government of Bombay, Financial Department, dated Simla, the 22nd August 1898, No. 3684-A.

I am directed to forward a copy of a letter from the Accountant-General, Bombay, No. 8361-T.A.M., dated the 15th June 1898, and of its enclosures, regarding the distribution, audit and control of plague expenditure in the Bombay Presidency. The subjects referred to by the Accountant-General are no doubt already engaging the attention of the Government of Bombay; but I am directed to communicate the following observations in continuation of my previous letter, No. 2764-A., dated 21st June last, with a view of indicating the lines on which, in the opinion of the Government of India, it will be best to proceed to a settlement of pending questions.

2. The Accountant-General's report is a full and careful review of the course of expenditure on the suppression and prevention of plague from the outbreak of the epidemic in 1896 to the present date; and the Governor-General in Council cordially recognizes the measures which the Bombay Government is taking to ensure the strict regulation and control of this expenditure, and to keep itself thoroughly and promptly informed of its progress and of the financial requirements of the local officers and bodies who are directly engaged in combating the plague. His Excellency in Council is also pleased to find that the Local Government is receiving all necessary assistance in this matter from the Accountant-General, Bombay. With the materials which have now been collected, the Government of India believe that it should not take long to arrive at a final settlement of accounts between the Government on the one side, and the local bodies to whom the Government has been supplying funds on the other

side. The principles on which this settlement will be based have already been the subject of correspondence between the Local Government and the Government of India; but further instructions seem required in regard to the practical method of their application. The Governor-General in Council attaches much importance to the early distribution of the expenditure incurred up to the end of the last financial year and, if possible, up to a later date; and is anxious, with that object, to relieve the Bombay Government and its officers of unnecessary labour in the examination of details.

3. The first question which arises is that of determining how much of the expenditure is to be classed as local and how much as general with reference to the principles of distribution already laid down in the letter in this department, No. 5551-A., dated the 29th December 1897. This question should be discussed and settled by the Government of Bombay quite independently of any considerations as to the extent to which grants-in-aid may be given to local bodies, on general grounds, towards meeting the local portion of the charges. The consideration of the question of grants-in-aid to local bodies as distinguished from advances for immediate requirements should be deferred till after the receipt and examination of the necessary information as to the actual nature—general or local—of the charges which have been incurred.

4. The Government of India do not desire that the details of expenditure should be enquired into with any degree of minuteness. They have little doubt that the executive officers and departments of the Government of Bombay will be able, with the aid of a classified statement of the expenditure, such as is prepared by the Accountant-General in the ordinary course of audit, to make an approximately fair distribution of the expenditure incurred in each case into the two categories—general and local—according to the principles already laid down. By "each case" is here meant the expenditure connected with each municipal fund or each district fund, by which, or on behalf of which, expenditure has been incurred, and to which any expenditure is debitable. So far as regards municipalities and local bodies, it is presumed that, even apart from the fact that the Epidemic Diseases Act gives the Local Government legal power to enforce its decision, if requisite, they will not object to the arbitration or summary settlement now proposed and to the proceedings which are described below as to follow upon it; and the Government of India on their part are quite content to leave the general interests in the hands of the Local Government. They propose therefore that it should rest with His Excellency the Governor in Council to finally declare, on receiving such information and reports from his local officers as he may consider sufficient, how much of the expenditure in each municipality or Local fund concerned is to be classed as local and how much should be classed as general on the principles laid down in the letter from this department of 29th December last.

5. This question being thus decided, it will remain to be settled how much of the local class of expenditure should be borne by the local bodies, by whom or on whose behalf it was incurred. The Government of India are ready to admit that, in some cases at any rate, the finances of local bodies have been affected by the plague to an extent beyond that which they can properly bear, and that to require them to accept the whole of the local class of expenditure incurred within their respective areas would impair their usefulness for their proper purposes. In the case of a municipality or a district, which has been called upon only to take the ordinary sanitary precautions in respect of disease existing elsewhere, and has not itself been obliged to take any active part in combating actual plague, the Government of India do not think that any assistance should reasonably be expected from the Government. But in other cases they are prepared to consider the claims of the local bodies for a contribution from the Government towards the expenditure which may, in strictness, be charged against them. I am to suggest therefore that the Government of Bombay should proceed to examine such cases on general grounds with reference especially to the following points:—

(1) the actual cash balance of the local body concerned;
(2) the extent to which it has made efforts, by economies in other directions, to meet the expenditure forced on it by the plague;
(3) its general capacity for meeting the burden by taxation; and
(4) the extent to which it has been stricken.

I am to add that the Government of India do not wish that a local body which has done its best to meet heavy expenditure incurred on account of plague by raising loans from the public should be placed thereby in any worse position than if it had taken advances from the Government. Such local bodies should therefore be duly taken into consideration and their expenditure from such loans be included in any proposals regarding the general apportionment of the plague charges which the Government of Bombay may submit in accordance with the instructions contained in this paragraph.

6. The Government of India believe that a settlement on these lines will meet the wishes of His Excellency the Governor in Council, and they will give the most careful consideration to such recommendations as His Excellency in Council may finally see fit to make and especially to his views as to the comparative ability of the local bodies to bear certain shares of the expenditure. But they cannot of course at this stage give any exact indication of the extent to which it may be possible, with due regard to the interests of the general tax-payer, to take over a portion of what is here called the local class of expenditure. They must therefore reserve for themselves the final decision as to how much of the total burden of the local expenditure should ultimately out of general consideration for the finances of the local bodies be accepted as a charge to general revenues and as a grant-in-aid to those bodies.

7. The Government of India desire that the settlement should be brought up to some specific date for the whole province, if it is possible to do so, and especially that the fact that plague unfortunately still exists in some parts of the Presidency and that plague expenditure, both general and local, may still continue, may not delay the settlement of accounts in respect of past operations.

8. The giving of grants-in-aid will probably in some cases necessitate the revision, in favour of local bodies, of the conditions of repayment on which some of them have borrowed money from the Government under formal loans.

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, Financial Department, dated 24th August 1898, No. 3734-A.

I am directed to acknowledge the receipt of your letter. No. 3134, dated the 13th July 1898, asking for a reconsideration of the orders contained in paragraph 4 of the letter from this Department, No. 2764-A., dated the 21st June 1898, on the proposal of the Government of Bombay that the Municipality of Hyderabad should be debited with two-thirds of the charges incurred in connection with the employment of troops on plague duty, the remaining one-third being borne by Government.

2. In reply I am to refer you to my letter, No. 3684-A., dated 22nd August 1898, and to say that if His Excellency the Governor in Council sees no objection, the Government of India would prefer to consider the case of this Municipality along with the cases of other local bodies regarding whom proposals will be submitted under the orders contained in the letter above referred to.

From the Hon'ble Mr. H. H. RISLEY, C.I.E., Officiating Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Loans, &c.), to the Chief Secretary to the Government of Bombay, Financial Department, dated Simla, the 14th October 1898, No. 4501-A.

I am directed to acknowledge the receipt of your letter No. 3881, dated the 29th August 1898, requesting sanction to the grant by Government to the Municipality of Karachi of a consolidated loan of five lakhs of rupees at 4 per cent. to be repaid in ten years for the purpose of meeting plague expenditure. It is also requested that if this proposal is sanctioned, the allotment at the disposal of the Local Government for loans to local bodies may be increased by an additional grant of four lakhs of rupees. In reply I am to communicate the following observations and orders of the Government of India.

2. In the first place I am to explain that the claims upon the funds at the disposal of the Government of India are at the present moment and in the immediate future such as to cause some anxiety to the Government and to compel them to husband their resources so as to provide for the demands which will fall upon them during the coming cold weather. They are therefore most unwilling to initiate now a new policy of lending money to Municipal Corporations which have hitherto been able to finance themselves by loans in the open market.

3. If the Government of Bombay will refer to the papers communicated to them in connexion with the Provincial Loans Scheme (Resolution No. 2169, dated 26th April 1888, and Nos. 13, &c., dated January 1, 1889), they will see that the main object of that scheme was to place money at the disposal of mufassal municipalities to which the loan market is practically closed, and which, if they can borrow at all, can do so only at excessive rates of interest. The task of financing the larger municipalities by loans is one that is beyond the power of the Government of India, and the larger municipalities have continued to have recourse to the money market, and have not depended upon Government for loans. The returns show that in the Bombay Presidency, for March 31, 1897 (the last day to which complete statistics have been made up), the municipalities (excluding the Bombay Corporation) owed to the Government Rx. 1,06,000 and to the public Rx. 2,98,000 (Finance and Revenue Accounts, pages 319-20).

4. At the present moment, apart from the general claims upon the Government balances already referred to, the Government have been making, and must be prepared to continue to make, loans for plague expenditure to those municipalities which have no other means of raising money for that class of requirements; and any attempt to finance the larger municipalities will absorb at once the whole of the funds which the Government can make available for this kind of assistance. It is on this ground that the Government have been obliged to refuse to lend money to the Corporation of Bombay, and they are for the same reasons unwilling to lend money to the Municipality of Karachi. It is only by making the larger municipalities, which have a credit of their own, borrow money in the open market, in addition to what is available for lending at the low rates which Government offers, that the Government sees its way to financing the combined requirements of plague expenditure of municipalities and of Government.

5. The Government of India communicated to the Government of Bombay some time ago their intention to aid municipalities by grants-in-aid towards their plague expenditure, and in the case of the larger municipalities this must be regarded as the only form of assistance the Government can give them. The Government, that is to say, must expect these municipalities, with the grants-in-aid thus made to them, to be in other respects independent of Government assistance. The Government are still awaiting the information as to plague expenditure which is necessary before they can settle their grants-in-aid. They have, as you are aware, already directed the provisional payment of a grant on this account of ten lakhs to the Bombay Corporation, and they are prepared to treat Karachi in the same way as soon as they have information of the amount or approximate amount of plague expenditure by that municipality. But as regards lending money, they must, for the reasons explained, express their inability to meet the wishes of the municipality in that respect. The Government of India fully appreciate the exertions of the municipality of Karachi to meet the difficulties which the plague has brought upon them, and, so far as a temporary advance for meeting immediate difficulties is concerned, are willing to come to their aid; but their policy in the matter must be such as will confine their assistance (except that in the form of grant-in-aid) to mere temporary advances, and will not induce bodies like the Municipality of Karachi to seek assistance by loans from Government in preference to raising money on their own credit.

6. I am therefore to say that the case of the larger municipalities must be regarded as outside the Provincial Loans Scheme, and the Government of India are unable to place money at the disposal of the Government of Bombay for loans to such municipalities. But for the purpose of meeting immediate difficulties at Karachi the Government of India are willing to make a temporary advance on Imperial account to

the municipality. This advance must bear 6 per cent. interest until repaid, but if the municipality can, by raising money themselves, or in any other way, arrange to repay it within three months interest will be charged at $4\frac{1}{2}$ per cent. only.

7. I am further to say that the Government of India will consider the question of a grant-in-aid in partial substitution for the said advance as soon as the Government of Bombay can give them information (which has been already asked for) as to the past and probable future expenditure in Karachi incurred in direct consequence of plague.

From the Hon'ble Mr. H. H. RISLEY, C.I.E., Officiating Secretary to the Government of India, Finance and Commerce Department, to the Secretary to the Government of Bombay, Financial Department, dated 15th October 1898, No. 4547-A.

In continuation of the telegram from this department, dated the 26th September 1898, sanctioning a grant of rupees ten lakhs to the Municipality of Bombay, I am directed to say that the Accountant-General, Bombay, will be authorized to place at the disposal of the Municipal Commissioner of Bombay for expenditure independently of the municipality on plague camps in and near the city, such further sums of money not exceeding in all one lakh of rupees, as the Government of Bombay may from time to time direct. The Accountant-General will also be authorized to pass expenditure against this grant on receipt of a weekly statement countersigned by the Plague Commissioner showing the total expenditure incurred. The expenditure will be adjusted in the Government books as expenditure on plague camps by the Municipal Commissioner for which a sub-head will be opened under the head "24. Medical."

2. I am also to sanction a further grant for the whole of the Presidency of three lakhs of rupees for expenditure on "discretional relief" to be incurred in the form of grants placed at the disposal of selected officers under the authority of the Government of Bombay. These grants will be accounted for by the spending officers in statements countersigned by the Plague Commissioner and submitted to the Accountant-General. It is understood that the Government of Bomby intend shortly to issue a resolution laying down the definition of the expenditure and the procedure, and I am to request that a copy of this resolution may be furnished to the Government of India as early as possible to enable them to communicate further instructions to the Accountant-General.

3. An additional grant of four lakhs of rupees during 1898–99 is sanctioned for the purposes indicated in paragraphs 1 and 2. I am to request that in order to bring the expenditure incurred on the accounts according to the time when it is actually incurred, the sums issued may not take the form of large lump grants, but may be restricted to the amounts likely to be required for expenditure during short periods.

4. I am further to add that in modification of the orders contained in the letters from this department, No. 2764-A, dated the 21st June 1898, and No. 3183-A, dated the 20th July 1898, the Government of India have been pleased to decide that expenditure on account of the salaries, &c., of officers of Government in various departments, including doctors and nurses procured from England, who have been specially deputed wholly or in addition to their own duties, to plague duty should be met after September entirely out of the Government funds, and should not be charged directly upon the funds of municipalities or local bodies. The Accountant-General will be instructed to adjust the expenditure in the Government books under appropriate heads.

5. Lastly, I am to explain that the orders issued in this letter are meant to be independent of the consideration of the ultimate distribution of the expenditure between General and Local and Municipal funds. The sum now sanctioned in paragraph 3 and the expenditure incurred under paragraph 4 will be taken into consideration in determining the proportion of plague expenditure to be borne by Government and the amount of aid to be given to local bodies when the accounts referred to in the Government of India's letter of 22nd August are finally made up.

Order—No. 261, Financial, dated 18th February 1899.

The foregoing letter from the Government of India with its enclosures will be communicated to the Local and Municipal Department and that Government will be informed of the procedure adopted in this Presidency as regards the debit and control of plague expenditure.

[Here enter letter, No. 262, Financial, dated 18th February 1899.]

(True Extract.)

G. STOKES,
Chief Secretary.

To the Local and Municipal Department.
Copy to the Accountant-General.

* Exd. S. J. Pereira.

Government {1899} of Madras.

FINANCIAL.

L&M 5359

Recd. 10-3- *Regd.* } 1899.

Enclosures

Spare copies 5 of Cur.

G.O., No. 261, 18th February 1899.

FEBRUARY.

Plague Expenditure.

Communicating to the Local and Municipal Department letter from the Government of India forwarding copy of correspondence with the Government of Bombay *re* the principles on which — should be regulated; and addressing the Government of India on the procedure adopted in this Presidency in the matter and on the necessity of a special assignment being made to Provincial Funds and Local Boards on account of —.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—again the following papers:—

G.O., No. 720, Financial, dated 4th September 1897.

Abstract.—Requesting the Accountant-General to maintain separate accounts of all the charges incurred in connection with the bubonic plague, whether direct or indirect, Provincial or Local, and to include them in the quarterly statements to be submitted by him.

G.O., No. 547, Financial, dated 18th June 1898.

Abstract.—Directing, with remarks, that the plague expenditure incurred in frontier districts shall, with effect from the 1st April 1898, be distributed in certain proportion among all the districts of the Presidency.

G.O., No. 698, Financial, dated 15th August 1898.

Abstract.—Explaining the distinction between *direct* and *indirect* plague charges, and issuing a revised appendix to G.O., No. 547, Financial, dated 18th June 1898, showing the distribution of plague charges.

G.O., No. 1245 P., dated 5th October 1898.

Abstract.—Fixing the contribution to private plague hospitals in regard to their construction and maintenance and stating that these grants will be met from Provincial funds.

G.O., No. 1246 P., dated 7th October 1898.

Abstract.—Approving, with remarks, the scheme for the defence of Madras from plague.

G.O., No. 138, Financial, dated 25th January 1899.

Abstract.—Recording proceedings of the Plague Commissioner communicating to the Collector of Trichinopoly Government order stating that Government will contribute towards the construction of private segregation and health camps in the same way as towards private plague hospitals.

Read—also the following papers:—

From H. WHEELER, Esq., Officiating Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Calcutta, 13th December 1898, No. 5407-A.

I am directed to acknowledge the receipt of your communications noted on the margin, in which it is reported that nearly 7½ lakhs of rupees, out of the 8½ lakhs, provided in the budget estimate of 1898–99 under "33. Famine Relief," which will not be required for famine relief purposes, have been resumed and will probably be utilised for expenditure on plague.

Letter No. 725, Financial, dated 23rd August 1898.
Telegram No. 541, dated 12th September 1898.
Letter No. 857, Financial, dated 8th October 1898.

2. I am to say that the Government of India approve of the above proceedings of the Government of Madras. But in view of the possible extension of plague expenditure in the province as indicated in the last two communications referred to above, it is considered desirable to make the Government of Madras acquainted with the principles laid down by the Government of India on which plague expenditure has been regulated in Bombay. I am, accordingly, directed to forward a copy of the correspondence with the Government of Bombay and the Accountant-General, Bombay, which contain discussions and decisions as to the apportionment of plague expenditure between the State and the Municipal and Local Bodies.

3. The Government of India desire it to be borne in mind that there is no occasion at present to consider the question of Imperial assistance in the case of Madras, as was necessary in the case of Bombay, where the expenditure on plague measures speedily reached a scale which necessitated such assistance. The Government of Madras were provided in the current year with funds for famine relief expenditure and they have been able to divert to plague measures the greater part of this amount. The Government of India reserve to themselves the decision of the question whether Imperial aid may eventually have to be given, and, if so, to what extent. I am however to say that in any case Imperial aid can be given only when the Government of India are satisfied that the Local and Municipal Bodies have borne their proper share of the expenditure.

4. I am specially to draw the attention of the Government of Madras to the difficulties arising in Bombay through the sudden access of expenditure before it was found possible to place on a systematic basis the method of providing funds and of keeping accounts. I am to say that His Excellency the Governor-General in Council accordingly requests that this subject may receive the timely attention of the Government of Madras, and that systematic regulations may be laid down for the proper keeping of accounts.

5. Experience elsewhere has shown that municipalities which have obtained assistance from Government in the way of advances to meet plague expenditure, have not been sufficiently particular in applying the money to the precise purposes for which the advances were granted, but have utilized it to relieve their ordinary funds of expenditure on sanitary, medical and other objects. Expenditure of this nature though at present connected with the prevention and suppression of plague, would nevertheless have been met, in a very large measure at any rate, out of Municipal funds in ordinary times. I am to request that the Government of Madras will take steps to guard against the possibility of such a diversion of loan funds if, on the development of plague in the Presidency, any of the municipalities are stricken to such a degree as to be practically unable to carry on their functions without such assistance.

Enclosures.

From the Hon'ble Mr. J. MONTEATH, C.S.I., I.C.S., Chief Secretary to the Government of Bombay, to the Secretary to the Government of India, Finance and Commerce Department, Calcutta, dated Bombay Castle, 18th November 1897, No. 4870.

With reference to the correspondence ending with Mr. Gamble's letter No. 2394-A., dated 28th May last, I am directed to report for the information of the Government of India the expenditure so far as it can be at present ascertained which has been incurred for the suppression and prevention of plague and the method in which it is proposed to apportion it between Government and Local Bodies and to request that provision be made for the further heavy expenditure which is rendered necessary by the serious recrudescence of the pestilence in Poona and the spread of it to numerous towns and villages in various parts of the Presidency, including the inland portion of the Southern Division.

2. As the Government of India presume, such expenditure on account of plague operations as ought to fall upon Local Bodies is as far as possible undertaken at their

direct charge. Moreover many municipalities which had exhausted their available balances by such expenditure have applied for loans, which on the whole amount to Rs. 4,72,200. The Karáchi Municipality, however, purposes raising a loan of one lakh in the open market to repay a loan of that amount already advanced by Government and when that transaction is completed, there will remain for other loans from Government a balance of Rs. 1,27,800 out of the allotment of 5 lakhs to which sanction was conveyed in the Resolution of the Government of India in the Finance and Commerce Department No. 1233-A., dated 16th March 1897.

3. But the Government of India are aware that the greater part of the expenditure has been incurred without the intervention of Local Bodies and often in carrying out measures to which the Local Bodies would probably have been averse. In Bombay, Poona and Karáchi committees were appointed to direct the operations, and in other places they have been and are carried out by district officers or others specially appointed by Government. Except in Bombay it was absolutely necessary for Government to provide in the first instance all the funds required for such measures.

4. Now up to 31st August last the plague expenditure actually charged to Government in the current year under the head "24. Medical" amounted to Rupees 4,64,042. But in addition advances aggregating Rs. 2,12,992 had been made but not debited to the proper head pending submission of detailed bills, so that the total plague expenditure to be charged to Government in the first instance up to 31st August under the head 24. Medical may be taken as Rs. 6,77,034, and it may be estimated that the total up to date is about Rs. 8,50,000. It is probable, however, that the excess over 5 lakhs will be recoverable from Local Bodies under the application of the principles proposed below. There has also been much additional expenditure due to plague debited under other heads, the principal item being the cost of additional police, but it is improbable that any part of it can be legitimately charged to Local Bodies and it is unnecessary for the present purpose to take it into account.

5. It seems to His Excellency the Governor in Council to be beyond question that all measures undertaken to prevent the spread of the disease from an infected area should be held to be for the protection of the public generally and that the cost of them should be met from the public exchequer. In certain cases such measures have been adopted primarily for the protection of a particular area, but they had also for their object the check of the general dissemination of the disease, and it is scarcely practicable to determine how much of such expenditure was for the benefit of the whole population and how much for the residents in a specified area. In the opinion of the Governor in Council the whole cost of inspection and observation of travellers by sea and by land and of segregation and medical treatment of such as are affected or suspected to be affected by the plague should be borne by the State. Under this view it is possible that the Bombay Municipality may be entitled to a refund of some expenditure incurred by it.

6. His Excellency in Council also thinks that Local Bodies should not be charged with any part of the emoluments of officers who have not been exclusively employed within their several jurisdictions, but have been engaged in advising the measures to be adopted in various places or in general superintendence, nor of officers who although they devoted their attention for lengthened periods to particular towns were not relieved of their ordinary duties. In the case of Deputy Sanitary Commissioners and Civil Surgeons the question can scarcely arise, for it falls within the sphere of their proper functions to deal with outbreaks of disease in any place within their jurisdiction. Two of the Medical officers sent out from England were appointed Plague Commissioners for the whole Presidency, and there is no reason for charging Local Bodies with any part of their salaries which would not as fully apply to the Surgeon-General and Sanitary Commissioner or even to the District Executive Officers. On the same principle the whole cost of the Plague Research Committee should be borne by Government although when the disease was confined to Bombay it was intended to ask the Bombay Municipality to contribute. But of course the pay and allowances of medical or other officers who have been specially deputed to particular towns or for whom it has been necessary to create temporary appointments for duty in them will be a legitimate charge against the funds of the Local Bodies.

7. It will not however in the opinion of the Governor in Council be reasonable to require the Municipal corporations of any of the towns in which plague committees have been appointed to pay the salaries of any of the members who are not municipal servants. These committees have so far as the administration of plague measures is concerned superseded the unpaid corporations, and as this step was taken mainly to prevent the spread of the disease, the residents of the towns should not bear the cost of the members of committees appointed to carry out this special measure. In the City of Bombay the Government servants who have been presidents and members of the plague committees have not been relieved of their ordinary duties and with the exception of Surgeon-Major Dimmock, who was held entitled to the allowance of Rs. 300 per mensem admissible under article 101, Civil Service Regulations, have not received any special remuneration for this work. The other members are municipal servants and their emoluments, including an additional allowance to two of them, will be borne by the municipality. In Karachi also the Government servants who were members of the committee were not relieved of their ordinary duties and were not paid any special allowance although in the letter of this Government No. P.—1747-P., dated the 7th ultimo, to the address of the Government of India in the Home Department it was proposed that Surgeon-Captain Arnim, who was a member of the committee, should be allowed to draw the plague allowances admissible under article 101, Civil Service Regulations—a request refused by the Government of India in Home Department letter No. 2435, dated the 4th instant. In Poona, however, the President has had for the greater part of the time to be relieved of other duties and has held a special temporary appointment and an additional allowance was paid to a member who is a Military officer. The third member was for some time a Medical officer sent out from England and has since his departure been a Member of the Indian Medical Service.

8. As the Government of India are aware from the correspondence ending with this Government letter in the General Department No. 5509-A.—3547-A.P., dated the 11th ultimo, to the address of the Home Department, Military officers and troops were employed in Bombay, Karáchi, Sukkur, Hyderabad and Poona and are now again employed in Poona in searching for cases of concealed plague, conveying to hospitals those affected, segregating those who had been subject to infection and disinfecting houses, and they have received special allowances for this duty. There seems to the Governor in Council to be no valid reason for relieving the State of any part of the ordinary pay of the officers and men thus engaged as their employment on this work did not involve the loss of any service to Government. In Bombay the special allowances may fairly be charged wholly to the Municipality, as the garrison is comparatively small and Colába, where the European troops are located, is isolated. The same rule may be applied to Sukkur and Hyderabad. But in Poona and Karáchi the protection of the troops, which is a very important Imperil interest, was one of the objects of the strenuous measures undertaken, and a contribution from the State on that account seems to be fairly due. It seems to His Excellency in Council that it will be an equitable arrangement to charge the Local Bodies two-thirds of the special allowances and to meet one-third from the public funds. The local share for Poona will be apportioned between the City and the Suburban Municipalities and the Contonment either on the basis of population or of income. With the exception of the five places mentioned above troops were not employed to any material extent in connexion with the plague operations, though a detachment from Baroda was for a short time stationed at Ránder in Surat for police duty, and a party of seven non-commissioned officers and men is now working at Karád. Whatever additional allowances are granted in these cases may be dealt with on the principle proposed for Bombay and Sukkur.

9. Other expenditure for the suppression of plague and for the medical treatment of persons suffering from it may legitimately be charged to Local Bodies, and if the views which have been expressed are accepted by the Government of India, the Commissioners and Collectors will be required to report the amount debitable to each. It will in almost all cases be necessary to treat the amount to be recovered as a loan which under the Local Authorities (Emergency) Loans Act will require the sanction of the Government of India. In order to relieve as far as possible the strain on the

Treasury balances the larger Municipalities will be pressed to apply for sanction to obtain loans in the open market for the purpose of repaying Government, but few may be able to do so on favourable terms, and others may demur, thus deferring the time of adjustment. I am to request that in order to meet all cases in which the money cannot be raised in the local market within a reasonable time a further allotment of 5 lakhs may be made for the purpose of plague loans, against which will be put all the sums recoverable in such cases.

10. I am however to state for the information of the Government of India that it may not be found possible or at any rate expedient to recover from all local bodies the whole of the sums calculated to be legitimately due from them. Most of these bodies, if not all, are Municipalities; expenditure has been in some cases incurred in villages and towns other than Municipal, but most of it has been incurred by the District Staff and little will be recoverable on the principles above stated. At any rate it is understood that Local Boards will be able to pay from their current balances such sums as are due from them. The population of many of the Municipal towns is generally poor and has suffered severely from famine and plague which have paralyzed all industries. While large additional expenditure has been incurred by the Municipalities to combat the pestilence, the income has fallen and indeed some towns have lost a large proportion of the tax-paying population. The imposition or increase of house-tax is always a matter of great difficulty and delay, exciting strong opposition. The enhancement or extension of octroi is always liable to become a burden on the trade of the country, on which general prosperity depends. There are at present no other means of raising a substantial Municipal income. It will not be good policy to lay on the Municipalities such a burden as will entirely crush them or make it impossible for them to carry on necessary sanitary measures. I am also to point out that if the term for repayment is made very short, the difficulty of recovery will be greatly increased. The Governor in Council does not dissent from the view that the expenditure is of a class which ordinarily should not be thrown on future generations. But a population afflicted and impoverished simultaneously by two most grave calamities of which one is unparalleled and unprecedented cannot be expected to meet the consequent liabilities within comparatively few years. If the maximum period of repayment is extended to 20 years much will be recoverable which otherwise will have to be foregone. Each case will of course have to be considered on its merits, but I am to make these observations in order to prepare the Government of India for recommendations which may accompany the applications for loans.

11. In conclusion I am to point out that the amount finally debitable to Government has probably in any case already exhausted the grant of 5 lakhs to which sanction was conveyed in Mr. Gamble's letter No. 2394-A., dated 28th May last, while it is now necessary to carry on even more extensive measures than before. The pestilence is now more severe in Poona than it was in the hot weather, and it has appeared in several towns far apart and threatens to pervade every district of the Presidency. It is of course impossible to forecast the amount of expenditure which will be needed, but I am to request that for the present a further grant of five lakhs may be placed at the disposal of this Government, this sum being in addition to and independent of the sum of five lakhs referred to in paragraph 9.

From W. S. MEYER, Esq., Officiating Deputy Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Estimates and Accounts), to the Chief Secretary to the Government of Bombay, Financial Department, dated Calcutta, 29th December 1897, No. 5551-A.

I am directed to acknowledge the receipt of your letter, No. 4870, dated the 18th November 1897, on the subject of plague expenditure in the Bombay Presidency during the current financial year, and in reply to communicate the following observations and orders of the Government of India in continuation of the telegram from this Department of the 13th instant quoted in the margin.

"Your letter No. 4870 of 18th November. The additional loan allotment of five lakhs, paragraph 9, and the additional grant of five lakhs, paragraph 11, are sanctioned. Orders on rest will follow by letter."

2. In view of the circumstances represented in your letter, the Government of India are pleased to sanction the incurring of expenditure on the suppression and prevention of plague in the Bombay Presidency during the current financial year up to a limit of ten lakhs of rupees, in modification of the orders contained in this Department letter No. 2394-A., dated the 28th May 1897, sanctioning expenditure up to a limit of five lakhs only.

3. With reference to the question of the principles on which expenditure incurred on the suppression and prevention of plague should be distributed between Local Bodies and the State, I am to say that His Excellency the Governor-General in Council regrets that he is unable accept the views expressed by the Government of Bombay in paragraph 5 of your letter. The cost of measures taken with reference to a municipal area for the medical treatment of plague patients, or for the prevention of the spread of the disease, or for the purposes of sanitation, cleansing, or disinfection, cannot be thrown upon the State, on the ground that extra municipal areas and residents have directly or indirectly received benefit from such measures by being saved from infection. A municipal body owes it to its neighbours to prevent the spread of infection from itself to them, and cannot expect them to meet the cost of carrying out this duty, merely because they benefit by its not being neglected.

4. The Government of India agree, however, that the cost of inspection and observation of travellers by sea and by land, and of segregation and medical treatment of such as are affected or suspected to be affected by the plague, so far as it can be separated from expenditure on the sanitary measures above described, may be accepted as part of the general measures undertaken on the part of the State. They also accept the general principles laid down in paragraphs 6, 7, and 8 of your letter, provided that they are strictly applied with due regard to the interest of the general tax-payer on the one hand and of the municipal tax-payer on the other.

5. With reference to paragraph 9 of your letter, the Government of India sanction an additional allotment of five lakhs of rupees for loans to Local Bodies under the Local Authorities (Emergency) Loans Act, XII of 1897. But with reference to the anticipations of the Government of Bombay that Municipalities may not be able to raise money on favourable terms in the open market, I am to say that the Government of India cannot accept the principle that they are under any obligation to lend money to Municipalities, merely because the latter are in want of funds; and His Excellency the Governor-General in Council is unwilling that this assistance should be given to any Municipality which is not making an honest effort to carry out its primary duty of meeting its financial obligations. In this connection I am to remark that the Local Government is invested with full powers of dealing with a Municipality which demurs to meeting expenditure which it is bound to incur, and to borrowing funds for the purpose where it has no funds; and these powers should, when necessary, be used to their fullest extent.

6. The Government of India are thus unable to agree to relieve Municipalities generally at the cost of the State, nor are they prepared to sanction any general and considerable extension of the period of repayment of such loans as may be granted in accordance with the foregoing remarks. His Excellency the Governor-General in Council recognizes, however, the financial difficulties into which many of the Municipalities of the Bombay Presidency have been brought by the disasters of this and the past year, and accepts the view of the Government of Bombay that some time must be given for recovery before a true estimate of the possibilities of repayment in each case can be made. He considers therefore that for the present the loans should be made on the stipulation that the principal will be repaid during the five years from the 1st April 1900 to the 31st March 1905. Before this period begins it may be hoped that the Municipalities concerned may have to a large extent recovered their normal position, and it will then be possible to judge, by the examination of each case, whether sufficient cause may exist for the extension of the period of repayment. His Excellency in Council trusts that in this way it may be possible for the Government of Bombay to give such assistance as may be necessary and deserved, without any infraction of the principles expressed in this letter.

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Accountant-General, Bombay, dated 20th May 1898, No. 2310-A.

The Government of India observe that numerous advances, some of them for considerable amounts, have been, and are being, made to local bodies in Bombay for emergent plague requirements The orders of the Government of Bombay sanctioning these advances are, it is observed, in each case to pay out amounts in lump and not merely to incur any necessary expenditure and meet it by bills. The Government of India apprehend that unless they have been provided for in the estimates, these advances may seriously affect the ways and means estimates of the year.

2. The Government of India have made enquiries from the Government of Bombay on this matter. Of the correspondence ending with this Department letter, No. 1256, dated 14th March 1898, you have already received a copy. I am also to forward, for your information, copies of the marginally-noted letters dealing with the same subject. I am, however, to observe that the correspondence referred to does not show with sufficient clearness either the progress of disbursements or the provision from which the advances are made or the steps which have been taken to ensure that they are duly brought to account. The Government of India attach importance to the matter and desire that they may in future be kept fully informed regarding it.

This Department letter, No. 968, dated 24th February 1898.

Letter from Government of Bombay, No. 2687, dated 15th April 1898.

3. I am accordingly to request that you will furnish the Government of India with a full report on the whole question, dealing specially with the points referred to in the last paragraph. Your report should show the figures of audited expenditure on account of plague prevention, compared with the budget provision as well as the loans formally granted under the Act of 1897, and the informal advances, and should be accompanied by statements showing the advances and loans made (*a*) in 1897–98 and (*b*) for each month of 1898–99 up to the date of your reply. You should also explain the progress which has been made in the final apportionment of charges between Local Funds and General Revenues under the orders contained in paragraph 3 of this department letter, No. 1256, dated 14th March 1898, and whether any steps have been taken as directed in paragraph 4 of that letter to ensure that where possible the authority which will be finally responsible for the charges shall bear them from their inception.

4. I am also to ask that monthly statements may in future be submitted to the Government of India in regard to the disbursements on account of plague expenditure and loans and advances, giving all necessary particulars as to the disbursements with reference to budget provision and the progress of adjustment or recovery of lump advances.

5. An early reply is requested.

From the Hon'ble Mr. J. MONTEATH, C.S.I., I.C.S., Chief Secretary to the Government of Bombay, to the Officiating Secretary to the Government of India, Finance and Commerce Department, dated 23rd May 1898, No. 2303.

In paragraph 6 of my letter, No. 4870, dated 18th November 1897, on the subject of the apportionment between the State and the local bodies concerned of the expenditure incurred in this Presidency in connection with the plague, it was stated that the pay and allowances of medical and other officers who had been specially deputed on plague duty to particular towns or for whom it had been necessary to create temporary appointments for duty in them, would be a legitimate charge against

Note.—The unspent balances of grants sanctioned in 1897-98 having lapsed are not available for expenditure in 1898-99.

the funds of the local bodies concerned. This principle was accepted by the Government of India in Mr. Officiating Deputy Secretary Meyer's letter, No. 5551-A., dated 29th December 1897. The Governor in Council, however, now considers that the emoluments of officers whether belonging to the Indian Civil Service, the Indian Staff Corps, the Indian Medical Service, or the Army Medical Service, and of superior officers of the Forest, Survey, Customs, Salt and other departments deputed wholly or in addition to their own duties to perform plague duty, as well as the emoluments of nurses and medical men sent out from England, should be borne entirely by Government with effect from the date of the commencement of the plague duty in the mofussil and from a like date subsequent to the end of June 1897 in the Presidency Town.

2. I am to observe that plague in this Presidency has assumed such proportions of gravity that it has become a matter of Imperial concern, and that already much difficulty is being experienced in inducing district officers and local bodies to accept help which they admit and declare to be necessary but which they cannot afford to have without stopping other more necessary measures of sanitation, &c. In order to conduct efficiently the campaign against the plague it is essential that a full complement of officers should be employed wherever the plague makes its appearance, and unless the conclusion now arrived at by the Governor in Council is adopted and announced as soon as possible to the local bodies, which are already crippled, serious difficulty is anticipated in dealing with future outbreaks of plague. I am therefore to express the earnest hope of His Excellency the Governor in Council, that the Government of India will accord their sanction to the proposal mentioned in the preceding paragraph. I am to add that the Municipality of Bombay has represented that the large expenditure on plague operations in the City of Bombay already incurred and estimated to be incurred till the end of the current calendar year, aggregating Rs. 30 lakhs, may be borne by Government, the Bombay Port Trust and the Municipality in the proportions of 3, 2 and 5, and the concession now proposed to be made will, if sanctioned, be taken into account in considering that representation.

3. I am at the same time directed to forward extract paragraph 3 of a letter from the Collector of Hyderabad, No. 154-P., dated 20th February 1898, and copy of a Memorandum from the Commissioner in Sind, No. 787, dated 2nd March 1898, in which they ask for a reconsideration of the recommendation made by this Government in paragraph 8 of my letter, No. 4870, dated 18th November 1897, and accepted by the Government of India as regards liability of the Municipality of Hyderabad for the charges incurred in connection with the employment of troops on plague duty. I am to request that in the circumstances stated the Municipality of Hyderabad may be debited with two-thirds of the charges referred to, the rest being borne by Government.

Extract paragraph 3 *of a letter from the Collector of Hyderabad, No.* 154-*P., dated* 20*th February* 1898.

"3. Hyderabad I would respectfully submit cannot in fairness be placed in the same category as Sukkur; and I would venture to trust that a representation is only needed to secure for the Municipality the same consideration as has been extended in this matter to Poona and Karachi. In support of the need for the point being reconsidered I would mention that at the time the plague was raging and when the population of the town had dwindled to something like 10,000 (6,000 according to reports from the municipality) the strength of the garrison and the population of the cantonment amounted to a little over 2,800. That the cantonments were protected by the measures carried out by the Plague Committee cannot be gainsaid: the very fact that it was only found necessary to expend Rs. 1,114 from Cantonment funds on the operations undertaken within camp limits proves it; and I would trust, therefore, that if the municipality is to be debited at all with the cost of the special allowances, they may be charged in the same manner as proposed in the case of Poona and Karachi, *i.e.*, with not more than two-thirds of the expenditure so incurred."

Copy of a Memorandum from the Commissioner in Sind, No. 787, dated 2nd March 1898.

"Copy submitted to Government for favourable consideration. The Acting Commissioner in Sind ventures to think that the Collector's contention is very just. In Sukkur there is no cantonment. Hyderabad cannot be fairly placed in the same category as Sukkur in regard to the pay of allowances to officers employed on plague duty.

"The Cantonment of Hyderabad is situated close to the city, closer to the city than is the Karachi Cantonment, and owing to the measures adopted not a case occurred in cantonment limits, or if a comparison is made on the basis of population, Hyderabad will be found to be in nearly the same position as Karachi. In 1891 the cantonment population in Karachi was 7,004 out of a total of 105,199 or 6·6 per cent., and in Hyderabad 3,479 out of a total of 58,048 or 5·9 per cent. The Acting Commissioner therefore hopes that Government will be pleased to reconsider the apportionment of the special allowances in Hyderabad as between the State and the Municipality."

From W. L. HARVEY, Esq., Accountant-General, Bombay, to the Secretary to the Government of India, Financial Department, dated 15th June 1898, No. 8361-T.A.M.

With reference to your letter, No. 2310-A., dated the 20th May 1898, I have the honour to submit the following report on the payments made in this Presidency on account of the plague, together with statements showing—

(*a*) Payments made in 1896–97, 1897–98 and April 1898, compared with the grants sanctioned by the Government of India.

(*b*) Expenditure charged to "Medical" distributed according to districts and the progress of audit.

(*c*) Details of advances and loans made to local bodies up to the end of May 1898.

(*d*) Details of the charges debited to Medical in April 1898.

(*e*) Advances and loans to local bodies in April 1898 and the balances due to Government at the beginning and closing of the month.

As the accounts of 1897–98 have not yet been finally closed, the figures for that year should be taken as subject to further adjustments which may have to be made hereafter. I have, however, taken into account, as far as possible, the adjustments which will be made in the final accounts of March 1898, except certain items relating to supplies of stores from England aggregating about Rs. 99,591–8–3, regarding which I am in communication with the Public Works Department.

2. The payments in connection with the plague, so far as they affect Government, may be divided into three classes:—

(*a*) Expenditure incurred by Government officers and debited to the grant for 24. Medical though partly recoverable from local bodies.

(*b*) Lump advances to local bodies to meet pressing demands pending the settlement of the preliminaries for formal loans.

(*c*) Loans.

The payments of the second class have been, for the present, taken to the service head "Medical" in the accounts of 1897–98, pending the settlement of the accounts of the local bodies—*vide* Government of India, Financial Department, No. 1256-A., dated the 14th March 1898. In the accounts of 1898–99 such payments have been taken to a special head under "Advances" in accordance with paragraph 10, Government of India, Financial Department, No. 1181-A., dated the 10th March 1898.

3. The grants and expenditure in 1896–97 and 1897–98 under these three classes were as shown below:—

—	24. Medical.	Advances.	Loans.
1896–97.	Rs.	Rs.	Rs.
Grants	..	..	..
Expenditure	1,13,899	..	51,000
Excess ..	1,13,899	..	51,000
1897–98.			
Grants	10,07,000	..	10,00,000
Expenditure	21,05,436	37,249	3,76,200
Saving ..	..	..	6,23,800
Excess ..	10,98,436	37,249	..

4. No provision was made in the estimates of 1896–97, either on account of expenditure by Government or on account of loans to local bodies, as, when the estimates were framed, plague had not broken out. A provision of Rs. 1,10,000 for expenditure was made in the revised estimates of that year. It was not, however, anticipated at the time that plague would spread over the greater part of the Presidency as it subsequently did. The budget estimates of 1897–98 for this reason provided only for Rs. 7,000 for direct expenditure and Rs. 5,00,000 for loans. Extra grants were sanctioned to the extent of Rs. 10,00,000 for expenditure and Rupees 5,00,000 for loans. No separate provision was made for lump advances, as it was intended that they would be either converted into loans or met out of the grants for medical expenditure. The actuals as shown above show an excess of Rs. 10,98,436 in direct expenditure, and a saving of Rs. 6,23,800 under loans, and an unprovided expenditure of Rs. 37,249 under advances. In order to effect a proper comparison with the estimates, it is necessary to take the grants and expenditure of the three classes together, as the greater portion of the sum of Rs. 4,52,288–15–1 paid—*vide* statement B. — in lump advances to local bodies will probably be transferred from 24. Medical either to "Advances" or to "Loans" calculated in this way, the net excess is Rs. 5,11,885 as shown in the margin. In connection with this excess, it may be remarked that the payments in the last four months of the year were very heavy, as will be seen from the figures below;—

	Rs.
Grants—	
24. Medical	10,07,000
Advances	..
Loans	10,00,000
	20,07,000
Expenditure—	
24. Medical	21,05,436
Advances	37,249
Loans	3,76,200
	25,18,885
Net excess	5,11,885

	Rs.
December 1897	2,56,476
January 1898	2,32,679
February „	3,63,779
March „	4,49,397
	13,02,331

It was also anticipated that a considerable sum (Rs. 5 lakhs) would be recovered from local bodies. This anticipation was, however, not realized, as it was not found possible to settle the amounts due by local bodies before the close of the financial year.

From statement B. it will be observed that the total amount charged to 24. Medical in 1896–97 and 1897–98 was Rs. 22,19,335–1–3, out of this sum Rs. 4,52,288–15–1 represent lump advances to local bodies which so far as they are

finally chargeable to them do not require further audit of this office. The local bodies have acknowledged the receipt of the sums, and all that is necessary before final action for their recovery is taken is the settlement of their claims against Government for sums spent by them on objects which have been recognised by Government as chargeable to Provincial Revenues. The proposals in this connection were submitted for the approval of the Local Government in letter, No. 35321-T.A.M., dated the 19th March 1898, the Local Government orders were received on the 6th May 1898. The Collectors of the districts in which the advances were paid were asked to submit statements of claims of local bodies in my general letter, No. 4527-T.A.M., dated the 16th May 1898, copy attached. Since then reminders have been sent to all the Collectors, and it is hoped that all these claims will be settled before the final accounts of March 1898 are closed. The net balance then ascertained to be due will be reported to the Local Government and transferred to the debt head "Advances". As the local bodies to whom these advances were paid have had to bear heavy expenditure on account of the plague, it seems improbable that any large portion of the sum will be recovered in cash, unless they are compelled to borrow in the open market. If the advances are regularised as loans, a book adjustment of the claim of Government only will be necessary. Out of the balance of Rs. 17,67,046-2-2 (statement B.), an expenditure of Rs. 16,42,022-12-4 has been audited, and expenditure of Rupees 1,25,023-5-10 awaits audit. The chief reason why so large an amount is outstanding is the delay in the submission of detailed bills. Some of the districts which were affected by the plague were also affected by the famine, and in some, notably in Poona, the arrangements for the accounting of plague expenditure were defective. The greater portion of the sum awaiting audit was paid in Poona, Ahmadnagar, Khandesh, Satara and Karachi. Special measures are being taken to secure the early submission of the bills wanting, and it is hoped that by the close of the month all the expenditure up to the end of March 1898 will have been audited.

5. The apportionment of the cost of the measures adopted for the suppression of the plague has been a more difficult matter than was at first anticipated. As the orders defining the incidence of the cost were communicated by the Local Government to the local officers only at the end of January 1898, no attempt was made in the preparation of the bills to separate the expenditure chargeable to Government from that payable by local bodies, and the information available was quite insufficient to enable this office to supply the omission. It was, therefore, found necessary to refer to local officers. The delay on the part of local officers in the submission of detailed bills and in furnishing information when called for has also retarded the apportionment. I represented this difficulty to the Local Government, and strict orders have been issued by them for early attention to all references from this office in connection with the plague. Further, the large number of bills and petty items to be dealt with, and the elimination of debits under other heads than Medical, *e.g.*, Land Revenue, Police, Forest, &c. (according to the system of Government accounts), have occasioned considerable difficulty in working out the figures.

For the purpose of distribution of the expenditure up to the end of 1897-98, the figures have been worked out for two periods—

(1) Up to the end of January 1898.
(2) For February and March 1898.

Statements showing the details of the expenditure of each district have been worked out up to January 1898 (with the exception of four). Statements for Poona, Karachi, Broach and Surat, up to the end of January 1898, representing an expenditure of Rs. 6,23,330-4-11, and also up to March 1898 have been submitted to Government and the charges at Bombay are almost wholly payable by Government. The statements for the districts noted in the margin, are nearly ready for submission but await replies to the last references made to the local officers. The necessary references have been or are being made in connection with the other districts, and I hope to submit to Government all the statements before the final accounts of March 1898 are closed.

Ahmadnagar.	Belgaum.
Kaira.	Dharwar.
Thana.	Kanara.

6. With regard to the transactions of the current year, the Local Government have directed (Financial Department No. 1625, dated the 9th April 1898), in accordance with paragraph 12 of the Government of India order No. 1181-A., dated the 10th March 1898, that the expenditure payable by local bodies should be charged to them in the first instance. They have also, at the representation of my predecessor, directed (Financial Department No. 1834, dated the 28th April 1898) that when local bodies have no funds, and it is necessary to provide funds for immediate expenditure, lump advances should be given to them with Government sanction, and that the charges should be paid by them direct. I also append a copy of my general letter No. 4500-T. A.M., dated the 11th May 1898, showing the instructions issued to local officers. Owing to the lateness of the issue of the orders, some charges payable by local bodies have been paid in the current year from the treasury, and I am issuing instructions for their immediate recovery. The present arrangements for watching the progress of expenditure and the recovery of the amounts due include—

(1) the maintenance of two registers of grants in my office: (*a*) for watching the amounts sanctioned by the Local Government for each district and the expenditure against them, and (*b*) for amounts sanctioned by the Local Government out of the grants sanctioned by the Government of India;
(2) the report to Government in monthly statements in forms D and E appended to this letter of the expenditure chargeable to Government and the advances and loans made to local bodies;
(3) the issue monthly of orders demanding immediate recovery of expenditure incurred on account of local bodies, if any;
(4) and the report to my office of expenditure at treasuries in advance of the monthly accounts.

7. No separate grant has been sanctioned by the Government of India for "Advances" made to local bodies pending their regularisation as formal loans, and it is necessary that the payments on that account should be met out of the grants for "24. Medical" or for "Loans." Considering the large demands which will probably be made against the grants for loans, and in view of the necessity for the settlement of all formalities before the loans are granted, I do not think it advisable to take the "Advances" referred to above against the grant for loans until they are formally sanctioned. I, therefore, propose to take them against the grant for "24. Medical," for the purpose of working out the balance at the disposal of the Local Government.

8. The expenditure in the month of April 1898 is shown in statements D and E and the statements for future months will be sent in the same form unless orders are received to the contrary. I have already brought to the notice of the Local Government that expenditure has been incurred in some districts either without any grant having been made or against an inadequate grant.

9. In the figures referred to in preceding paragraphs, no account is taken of the sums paid by local bodies on account of the inspection of travellers by sea and land, &c. (the liability for which has been accepted by Government), and for which the local bodies have, apparently, claims against Provincial Revenues. The Municipality of Bombay have put in a claim of Rs. 2,15,000 for charges incurred up to the end of December 1897, in reduction of which a sum of Rs. 1,13,918, as shown below, has to be taken into account:—

	Rs.
(*a*) Advanced in cash to the Plague Committee under the orders of the Local Government.	50,000
(*b*) Adjusted to the credit of Provincial Revenues on account of the municipal share of the cost of the City Police.	59,438
(*c*) Due to Government for the supply of disinfectants	4,480
Total ..	1,13,918

I have made special arrangements for auditing the municipal claim up to the end of March 1898 in the Municipal office. The net balance found to be due will have to be met from the grant of the current year. There will also be other claims, of which no particulars are available at present, but the amounts are not expected to be large.

10. The necessary steps have been or are being taken to repay to Government the sums advanced. The Surat Municipality has been authorised to raise a loan in the local market, and will repay the advance of Rs. 1,50,000 made to it. The advance to the Hubli Municipality has been regularised by a loan—*vide* Government of India, Financial Department, No. 2245-A., dated the 16th May 1898. The Karachi Municipality proposes to raise a loan in the open market and the Hyderabad Municipality has been asked to make a formal application to convert the advance grant into a loan. I understand also that there are applications for loans before Government from the Satara, Nasik, Sinnar and Sholapur Municipalities.

11. I trust that the above arrangements will be considered sufficient to ensure an efficient check over the expenditure.

Sub-Enclosures.

I.

From W. L. HARVEY, Esq., Officiating Accountant General, Bombay, to all Collectors and Treasury Officers, dated 11th May 1898, No. 4500-T.A.M.

In order to facilitate the audit and division of expenditure on account of the plague, and to clear up misunderstanding which has been found to exist in several districts, I have the honour to request that the following procedure may be observed in future in drawing money from the Government treasury on account of such expenditure :—

(1) Plague expenditure finally chargeable to Government and plague expenditure which is chargeable to local bodies should always be kept distinct, and expenditure of the latter kind when incurred by Government officers should be met from sums placed at their disposal by local bodies as explained in paragraph 3 below and not drawn from the treasury direct.

(2) For expenditure on Government account the specific sanction of Government to a definite grant is necessary before money is drawn from the treasury. The grant applied for should be large enough to cover, in addition to ordinary plague expenditure, charges on account of the pay of gazetted and personal salaried officers employed on plague duty, of extra allowances paid to Military officers and men deputed for plague work, and the cost of medicines and disinfectants supplied by the Military and Public Works Departments. When a grant is near exhaustion steps should be taken to obtain an additional grant in time to prevent objection being raised by this office.

(3) The grants placed at the disposal of Collectors and plague committees, as such, for Government expenditure should not be treated as available for meeting charges on account of local bodies, which should always be paid in the first instance direct from funds at credit of the latter. Should, however, any local body be short of funds and an advance from Government be unavoidable, the sum required should be obtained without delay, under Government orders, as a lump advance to the body, a duly-stamped receipt being obtained from the officer authorised by the rules to grant a receipt and furnished as a voucher with the treasury accounts. The Collector or plague committee, if they are incurring expenditure on behalf of the local body, can then draw against the advance so obtained such sums as are required from time to time, the expenditure being treated as expenditure of the body concerned and accounted for as such.

(4) If Government orders are received placing a stated lump sum at the disposal of a Collector, such sanction should be regarded in the light of a letter of credit to be drawn against as required, and the money should not be drawn out of the treasury in a lump sum before the expenditure is actually incurred.

(5) When sums required for contingent expenditure on plague operations to be incurred by the Government officers out of grants placed at their disposal by Government are drawn on abstract bills, those abstract bills should in all cases contain such general details or description of the expenditure as will permit of the classification of the same, *e.g.*, "purchase of disinfectants," "construction of huts," "carriage of tents", &c., and the pay of temporary and other establishments, their travelling allowances, &c , should never be drawn on abstract contingent bills but should be drawn on establishment and travelling allowance bills, in proper form. If proper arrangements are made it should never be necessary to mix up establishment and travelling allowance charges with contingent expenditure as has often been done in the past.

(6) The abstract contingent bills on account of plague expenditure should never contain items of expenditure not due to the plague and should be cleared by the submission of detailed bills, which should ordinarily reach my office not later than 21 days after the month in which the expenditure is incurred.

(7) The pay of hospital assistants not directly employed under local bodies, and of gazetted officers should be drawn in the usual salary bill forms, the period for which an officer is on plague duty being clearly stated in his bill.

(8) Contingent and establishment bills for plague expenditure should show the *locality* for which the expenditure is incurred. When the expenditure is on account of a plague camp, the name of the camp, and the purpose for which it is maintained, should be stated.

(9) Additional establishment entertained for plague duty requires in all cases the separate sanction of Government, which should be applied for with the usual proposition statement. It must be clearly understood that the sanction of Government to a grant for plague expenditure does not imply sanction to the entertainment of an establishment. If any case such an establishment has to be entertained in anticipation of such sanction, immediate steps should be taken to obtain the sanction required.

(10) Separate subsidiary registers for all receipts and charges on account of the plague should be opened in the treasury, and separate schedules for such receipts and charges submitted to this office with the cash accounts and bi-monthly lists of payment accompanied by the vouchers. A list of medicines and disinfectants, if any, supplied by the Military and Public Works Departments should also be forwarded at the same time.

II.

From W. L. HARVEY, Esq., Officiating Accountant-General, Bombay, to the Collector of , dated 16th May 1898, No. 4527-T.A.M.

To enable my office to give effect to recent orders on the subject of the early adjustment of advances made in lump sums to municipalities for expenditure in connection with the plague, and with reference to the advances amounting to Rupees paid to the municipalit noted in the margin on the orders quoted, I have the honour, with the approval of Government, to request that you will call upon the municipalit concerned to submit, without delay, through you to this office a detailed statement showing the charges, if any, which the municipalit may have incurred up to date in connection with plague measures out of the advances mentioned, which under the orders of the Government of India quoted in Bombay Government Resolution, Financial Department, No. 402, dated 27th January 1898, can be considered as properly chargeable to Government.

2. The statement will probably be subjected to a detailed audit by my office at a later date, but in the meantime it should contain full particulars of each charge so as to clearly indicate *primâ facie* its nature. If any portion of the amount spent by the municipalit is considered to be recoverable from the district local board, that should be dealt with separately and should not be included in the statement now called for.

3. You will see on referring to the Government orders quoted in paragraph 1 that the only expenditure chargeable to Government other than the emoluments of superior advising and supervising Government officers who have not been specially deputed to a particular town is the cost of inspection and observation of travellers by sea and by land, and of segregation and medical treatment of such travellers as are affected or suspected to be affected by the plague, as far as it can be separated from that on general sanitary measures.

4. If any charges an account of police have been incurred, a separate statement should be submitted for them, distinguishing between those employed on guard duty and those employed on sanitary duty.

5. I request that this matter may receive your earliest attention.

From W. S. MEYER, Esq., Deputy Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, dated 21st June 1898, No. 2764-A.

I am directed to acknowledge the receipt of your letter, No. 2303, dated the 23rd May 1898, in which the Government of India are requested to rule, in modification of the orders contained in the letter from this Department, No. 5551-A., dated the 29th December 1897, that the emoluments of officers of Government in various departments who have been deputed wholly, or in addition to their own duties, in connection with plague may be borne entirely by Government instead of by the local bodies in the particular towns to which they have been deputed. A similar ruling is suggested in regard to nurses and medical men sent out from England for plague duty.

2. In their letter of the 29th December 1897, the Government of India accepted the view expressed by the Government of Bombay in paragraph 6 of your letter, No. 4870, dated the 18th November 1897, that charges of the above nature should "of course" be borne by the local bodies concerned. To this view they feel compelled to adhere. The question as to the incidence of the cost of doing any particular work is not affected by the consideration whether the person appointed to do it was obtained from one source or another; and the cost of the Government agency which a Local Body employs in combating the plague is as proper a charge against its revenues as the wages of its private *employés*, or its expenditure on material. The Government of Bombay, in fact, do not state any reason for a change of views on the question of division of charge, but they apparently consider, that in view of the poverty of the Local Bodies concerned, and their reluctance to employ the necessary Government agency at their own cost, it would be administratively convenient if the Government were to agree forthwith to meet these charges itself instead of deferring the financial assistance, which must perhaps ultimately be given.

3. I am to draw attention to the great delays that have already occurred in allocating the plague expenditure in Bombay and in making a systematic division of it between the Local Bodies on the one side and the Government on the other. The principles on which this division should be based were laid down in paragraphs 3 and 4 of the letter from this department, No. 5551-A of December last; and the Government of Bombay in their Financial Resolution No. 40, dated the 27th January 1898, requested the Accountant-General to settle, as soon as possible, what amounts should, in accordance with those principles, be charged to Local Bodies and General Revenues, respectively, and to submit a report to the Government on the subject. But no details have yet been received by the Government of India.

4. I am to explain that until a proper allocation as above is made, it is not possible for the Government of India to consider any question of the assistance that may be given by the Government to the Hyderabad Municipality or to any other

similar body. It appears to the Government of India that any discussion of, or alterations in, the general principles already agreed to will only further postpone the settlement of the question of Government aid in specific instances. If the Government should decide to take over any portion of the expenditure which is considered to be of a purely local or municipal character, the matter should be dealt with as a case of a special grant from Government, on a consideration of the whole financial position and expenditure of the Local or Municipal body concerned, and not indirectly by laying down that Government will bear certain selected portion of the expenditure that has been incurred on what are regarded as local or municipal objects.

5. In paragraph 2 of your letter under reply you refer to the difficulty in inducing district officers and Local Boards to accept help which they admit and declare to be necessary, but which they cannot afford to have without stopping other more necessary measures of sanitation, etc. I am to say that, as pointed out in paragraph 5 of the letter of the 29th December last, the Government of Bombay possess ample power, both executive and legal to enforce any measures they deem requisite. The Government of India have not hesitated to afford financial assistance in the way of advances to Local Bodies whenever the necessity for such assistance has been fully demonstrated; but they expect that when a local body wants this assistance from the Government, it should primarily make every endeavour to perform the duty devolving upon it with the resources at its own disposal.

6. The Government of India observe that, in this way, considerable sums of money have been, and are being, placed in lump at the disposal of local officers for plague expenditure, and it is not known what orders have been laid down for due accounting for these sums. I am to impress upon the Government of Bombay the importance of some regular financial organisation on the basis of the orders of the 29th December last, by which all expenditure should be duly sanctioned, paid for, and charged to the appropriate sources—Provincial, Local or Municipal—according to the nature of the expenditure. As already stated, it is only when the accounts are made up and stated on definite principles in the first place, that it becomes possible to take up the question whether any and what assistance should be given to Local Bodies out of General Revenues.

Telegram from the Government of Bombay, to the Secretary, Finance and Commerce Department, Simla, No. 1150, dated the 5th July 1898.

Your letter 2764-A., dated 21st June. Bombay Municipal Commissioner already informed officially that Government intends appointing 12 doctors and 12 Staff Corps and other officers and pay salaries subject to India's confirmation. Municipal Commissioner requests that Government will pay direct salaries of these doctors and other officers already employed and to be employed in anticipation of Government of India sanction. Government strongly urge compliance with this request essential to prevent recrudescence of plague and to show that every reasonable precaution is being taken to prevent it. Precautions adopted benefit not only Bombay but India generally and satisfy susceptibilities of other nations. Government considers it inequitable to compel Bombay Municipality to pay these officers.

From J. W. P. MUIR-MACKENZIE, Esq., I.C.S., Acting Chief Secretary to the Government of Bombay, Financial Department, to the Secretary to the Government of India, Finance and Commerce Department, dated Bombay, the 13th July 1898, No. 3134.

I am directed to request that you will be so good as to move the Government of India to reconsider the orders conveyed in paragraph 4 of Mr. Deputy Secretary Meyer's letter No. 2764-A., dated the 21st ultimo, with reference to paragraph 3 of the letter from this Government, No. 2303, dated 23rd May 1898, in which it was proposed that the Municipality of Hyderabad might be debited with two-thirds of the charges incurred in connection with the employing of troops on plague duty, and that one-third might be borne by Government. I am to observe that the proposal of this

Government did not involve any departure from the general principles accepted by the Government of India in their letter, No. 5551-A., dated 29th December 1897. It has been already pointed out that upon those principles the case of Hyderabad was found to be analogous to those of Poona and Karachi, and not to those of Bombay and Sukkur as was originally represented by this Government. The proposal was, so far as Hyderabad is concerned, for an alteration, not of the accepted principles but of the mode in which they should be applied to a particular case, owing to a different and more accurate appreciation of the facts of that case. In these circumstances His Excellency the Governor in Council trusts that the proposal in question will be accepted by the Government of India.

From S. JACOB, Esq., Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, dated the 20th July 1898, No. 3183-A.

I am directed to acknowledge the receipt of your telegram of the 5th July, replying to this deparment letter No. 2761-A., dated 21st June 1898, in which the Government of India expressed themselves unable to agree to meet the cost of officers specially deputed for plague duty to particular towns. The Government of Bombay now report that before the receipt of the letter of the 21st June they had already informed the Bombay Municipality of their intention to appoint 12 doctors and 12 Staff Corps officers for plague duty and to pay their salaries, subject to the approval of the Government of India. It is represented that this measure is essential to the prevention of a recrudescence of the plague and as a means of satisfying the susceptibilities of other nations and that as the expenditure will benefit India generally it should not be charged against Local funds.

2. The Government of India appreciate the difficulties experienced by the Local Government and by the Municipality of Bombay in connection with the heavy expenditure which the plague has necessitated in that city; and they desire to help them in meeting these difficulties. But it is a condition of the grant of such assistance that the actual position should first be defined and acknowledged.

3. There is little doubt that according to the principles of distribution laid down in the letter from this department, No. 5551-A., dated the 29th December 1897, the Municipality has incurred and charged against its funds some expenditure, at least, of the kind which the Government of India have agreed should be met from General Revenues. But as no accounts of the expenditure to be distributed on these principles have yet been submitted, the Government of India are not aware of the amount which have been thus met by the Municipality. The Government of India have been pressing for a settlement of accounts and of a system of expenditure upon this basis, but apparently difficulties have been found by the Government of Bombay, in carrying it out; and recognizing that the Municipality has incurred some expenditure which will ultimately be defrayed from General Revenues, the Government of Bombay propose in their turn to meet from General Revenues a considerable amount of expenditure which is properly chargeable to the Municipality.

4. To this course—though it is not the course they would prefer—the Government of India will not object if there is a clear recognition of the conditions under which such a course is permissible. They consider that there are strong objections to their permitting the provision of expenditure from Government money in the way above-mentioned if by so doing they are to be taken as withdrawing their opinion as to its ultimate chargeability. But if it is merely intended to provide the money from Government treasuries pending an ultimate settlement of accounts on the principles already laid down, the Government of India are prepared to consult the convenience of affairs by allowing the charge to be made pending such a settlement. In the latter case, however, it should be clearly understood that the expenditure so incurred out of the Government treasuries, partly on General and partly on Municipal objects is for the purpose of settlement of accounts to be lumped with the expenditure met out of Municipal funds, of which part is chargeable, in all probability, as General expenditure.

5. In paragraph 2 of your letter No. 2303, dated the 23rd May 1898, it has been stated that the Government of Bombay are considering a representation of the Municipality for what is practically a grant-in-aid to that body. I am to take this opportunity of saying that the Government of India are in no way pledged to making this grant-in-aid, nor are the requisite facts and accounts before them on the basis of which such a grant could be considered at present. But whatever consideration may in future be given to this matter, the payments which the Local Government now propose to make from Government funds on account of what are really Municipal purposes will be taken as a grant-in-aid already given and reckoned as such in the settlement of accounts between the Government and the Municipality.

6. I am accordingly to say that while the Government of India cannot agree that the charges in question are finally debitable to General Revenues, they are prepared to receive the proposals of the Government of Bombay for the employment of the officers referred to in your telegram under reply, subject to settlement of accounts in the manner indicated above. But they desire to guard themselves against a possible misunderstanding to which their acceptance of these proposals might lead. The responsibility which lies on Government in view of the General or Imperial interest or concern in the measures taken for the suppression of plague in the city and port of Bombay, cannot be taken into account twice over; namely, first as a reason for their making a grant-in-aid to the Municipality or accepting some proportionate share of its expenditure; and secondly, as a reason for their providing out of General Revenues, in the first place, for the very kind of expenditure in respect of which a contribution or grant is sought.

I am again to urge upon the Government of Bombay the advisability of their setting out the *whole* case between Municipalities on one side and Government on the other with a view to a definite understanding or decision on the subject. Such arrangements as the present can be treated only as provisional expedients for meeting the practical difficulties with which the Government of Bombay are confronted; and the Government of India while willingly sanctioning them from this point of view are anxious to have the means of ascertaining and settling in a more complete manner their financial liabilities, and those of the Government of Bombay in respect of plague expenditure.

From STEPHEN JACOB, Esq., Officiating Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Classification, &c.), to the Chief Secretary to the Government of Bombay, Financial Department, dated Simla, the 22nd August 1898, No. 3684-A.

I am directed to forward a copy of a letter from the Accountant-General, Bombay, No. 8361-T.A.M., dated the 15th June 1898, and of its enclosures, regarding the distribution, audit and control of plague expenditure in the Bombay Presidency. The subjects referred to by the Accountant-General are no doubt already engaging the attention of the Government of Bombay; but I am directed to communicate the following observations in continuation of my previous letter, No. 2764-A., dated 21st June last, with a view of indicating the lines on which, in the opinion of the Government of India, it will be best to proceed to a settlement of pending questions.

2. The Accountant-General's report is a full and careful review of the course of expenditure on the suppression and prevention of plague from the outbreak of the epidemic in 1896 to the present date; and the Governor-General in Council cordially recognizes the measures which the Bombay Government is taking to ensure the strict regulation and control of this expenditure, and to keep itself thoroughly and promptly informed of its progress and of the financial requirements of the local officers and bodies who are directly engaged in combating the plague. His Excellency in Council is also pleased to find that the Local Government is receiving all necessary assistance in this matter from the Accountant-General, Bombay. With the materials which have now been collected, the Government of India believe that it should not take long to arrive at a final settlement of accounts between the Government on the one side, and the local bodies to whom the Government has been supplying funds on the other

side. The principles on which this settlement will be based have already been the subject of correspondence between the Local Government and the Government of India; but further instructions seem required in regard to the practical method of their application. The Governor-General in Council attaches much importance to the early distribution of the expenditure incurred up to the end of the last financial year and, if possible, up to a later date; and is anxious, with that object, to relieve the Bombay Government and its officers of unnecessary labour in the examination of details.

3. The first question which arises is that of determining how much of the expenditure is to be classed as local and how much as general with reference to the principles of distribution already laid down in the letter in this department, No. 5551-A., dated the 29th December 1897. This question should be discussed and settled by the Government of Bombay quite independently of any considerations as to the extent to which grants-in-aid may be given to local bodies, on general grounds, towards meeting the local portion of the charges. The consideration of the question of grants-in-aid to local bodies as distinguished from advances for immediate requirements should be deferred till after the receipt and examination of the necessary information as to the actual nature—general or local—of the charges which have been incurred.

4. The Government of India do not desire that the details of expenditure should be enquired into with any degree of minuteness. They have little doubt that the executive officers and departments of the Government of Bombay will be able, with the aid of a classified statement of the expenditure, such as is prepared by the Accountant-General in the ordinary course of audit, to make an approximately fair distribution of the expenditure incurred in each case into the two categories—general and local—according to the principles already laid down. By "each case" is here meant the expenditure connected with each municipal fund or each district fund, by which, or on behalf of which, expenditure has been incurred, and to which any expenditure is debitable. So far as regards municipalities and local bodies, it is presumed that, even apart from the fact that the Epidemic Diseases Act gives the Local Government legal power to enforce its decision, if requisite, they will not object to the arbitration or summary settlement now proposed and to the proceedings which are described below as to follow upon it; and the Government of India on their part are quite content to leave the general interests in the hands of the Local Government. They propose therefore that it should rest with His Excellency the Governor in Council to finally declare, on receiving such information and reports from his local officers as he may consider sufficient, how much of the expenditure in each municipality or Local fund concerned is to be classed as local and how much should be classed as general on the principles laid down in the letter from this department of 29th December last.

5. This question being thus decided, it will remain to be settled how much of the local class of expenditure should be borne by the local bodies, by whom or on whose behalf it was incurred. The Government of India are ready to admit that, in some cases at any rate, the finances of local bodies have been affected by the plague to an extent beyond that which they can properly bear, and that to require them to accept the whole of the local class of expenditure incurred within their respective areas would impair their usefulness for their proper purposes. In the case of a municipality or a district, which has been called upon only to take the ordinary sanitary precautions in respect of disease existing elsewhere, and has not itself been obliged to take any active part in combating actual plague, the Government of India do not think that any assistance should reasonably be expected from the Government. But in other cases they are prepared to consider the claims of the local bodies for a contribution from the Government towards the expenditure which may, in strictness, be charged against them. I am to suggest therefore that the Government of Bombay should proceed to examine such cases on general grounds with reference especially to the following points:—

(1) the actual cash balance of the local body concerned;
(2) the extent to which it has made efforts, by economies in other directions, to meet the expenditure forced on it by the plague;
(3) its general capacity for meeting the burden by taxation; and
(4) the extent to which it has been stricken.

I am to add that the Government of India do not wish that a local body which has done its best to meet heavy expenditure incurred on account of plague by raising loans from the public should be placed thereby in any worse position than if it had taken advances from the Government. Such local bodies should therefore be duly taken into consideration and their expenditure from such loans be included in any proposals regarding the general apportionment of the plague charges which the Government of Bombay may submit in accordance with the instructions contained in this paragraph.

6. The Government of India believe that a settlement on these lines will meet the wishes of His Excellency the Governor in Council, and they will give the most careful consideration to such recommendations as His Excellency in Council may finally see fit to make and especially to his views as to the comparative ability of the local bodies to bear certain shares of the expenditure. But they cannot of course at this stage give any exact indication of the extent to which it may be possible, with due regard to the interests of the general tax-payer, to take over a portion of what is here called the local class of expenditure. They must therefore reserve for themselves the final decision as to how much of the total burden of the local expenditure should ultimately out of general consideration for the finances of the local bodies be accepted as a charge to general revenues and as a grant-in-aid to those bodies.

7. The Government of India desire that the settlement should be brought up to some specific date for the whole province, if it is possible to do so, and especially that the fact that plague unfortunately still exists in some parts of the Presidency and that plague expenditure, both general and local, may still continue, may not delay the settlement of accounts in respect of past operations.

8. The giving of grants-in-aid will probably in some cases necessitate the revision, in favour of local bodies, of the conditions of repayment on which some of them have borrowed money from the Government under formal loans.

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Bombay, Financial Department, dated 24th August 1898, No. 3734-A.

I am directed to acknowledge the receipt of your letter, No. 3134, dated the 13th July 1898, asking for a reconsideration of the orders contained in paragraph 4 of the letter from this Department, No. 2764-A., dated the 21st June 1898, on the proposal of the Government of Bombay that the Municipality of Hyderabad should be debited with two-thirds of the charges incurred in connection with the employment of troops on plague duty, the remaining one-third being borne by Government.

2. In reply I am to refer you to my letter, No. 3684-A., dated 22nd August 1898, and to say that if His Excellency the Governor in Council sees no objection, the Government of India would prefer to consider the case of this Municipality along with the cases of other local bodies regarding whom proposals will be submitted under the orders contained in the letter above referred to.

From the Hon'ble Mr. H. H. RISLEY, C.I.E., Officiating Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Loans, &c.), to the Chief Secretary to the Government of Bombay, Financial Department, dated Simla, the 14th October 1898, No. 4501-A.

I am directed to acknowledge the receipt of your letter No. 3881, dated the 29th August 1898, requesting sanction to the grant by Government to the Municipality of Karachi of a consolidated loan of five lakhs of rupees at 4 per cent. to be repaid in ten years for the purpose of meeting plague expenditure. It is also requested that if this proposal is sanctioned, the allotment at the disposal of the Local Government for loans to local bodies may be increased by an additional grant of four lakhs of rupees. In reply I am to communicate the following observations and orders of the Government of India.

2. In the first place I am to explain that the claims upon the funds at the disposal of the Government of India are at the present moment and in the immediate future such as to cause some anxiety to the Government and to compel them to husband their resources so as to provide for the demands which will fall upon them during the coming cold weather. They are therefore most unwilling to initiate now a new policy of lending money to Municipal Corporations which have hitherto been able to finance themselves by loans in the open market.

3. If the Government of Bombay will refer to the papers communicated to them in connexion with the Provincial Loans Scheme (Resolution No. 2169, dated 26th April 1888, and Nos. 13, &c., dated January 1, 1889), they will see that the main object of that scheme was to place money at the disposal of mufassal municipalities to which the loan market is practically closed, and which, if they can borrow at all, can do so only at excessive rates of interest. The task of financing the larger municipalities by loans is one that is beyond the power of the Government of India, and the larger municipalities have continued to have recourse to the money market, and have not depended upon Government for loans. The returns show that in the Bombay Presidency, for March 31, 1897 (the last day to which complete statistics have been made up), the municipalities (excluding the Bombay Corporation) owed to the Government Rx. 1,06,000 and to the public Rx. 2,98,000 (Finance and Revenue Accounts, pages 319-20).

4. At the present moment, apart from the general claims upon the Government balances already referred to, the Government have been making, and must be prepared to continue to make, loans for plague expenditure to those municipalities which have no other means of raising money for that class of requirements; and any attempt to finance the larger municipalities will absorb at once the whole of the funds which the Government can make available for this kind of assistance. It is on this ground that the Government have been obliged to refuse to lend money to the Corporation of Bombay, and they are for the same reasons unwilling to lend money to the Municipality of Karachi. It is only by making the larger municipalities, which have a credit of their own, borrow money in the open market, in addition to what is available for lending at the low rates which Government offers, that the Government sees its way to financing the combined requirements of plague expenditure of municipalities and of Government.

5. The Government of India communicated to the Government of Bombay some time ago their intention to aid municipalities by grants-in-aid towards their plague expenditure, and in the case of the larger municipalities this must be regarded as the only form of assistance the Government can give them. The Government, that is to say, must expect these municipalities, with the grants-in-aid thus made to them, to be in other respects independent of Government assistance. The Government are still awaiting the information as to plague expenditure which is necessary before they can settle their grants-in-aid. They have, as you are aware, already directed the provisional payment of a grant on this account of ten lakhs to the Bombay Corporation, and they are prepared to treat Karachi in the same way as soon as they have information of the amount or approximate amount of plague expenditure by that municipality. But as regards lending money, they must, for the reasons explained, express their inability to meet the wishes of the municipality in that respect. The Government of India fully appreciate the exertions of the municipality of Karachi to meet the difficulties which the plague has brought upon them, and, so far as a temporary advance for meeting immediate difficulties is concerned, are willing to come to their aid; but their policy in the matter must be such as will confine their assistance (except that in the form of grant-in-aid) to mere temporary advances, and will not induce bodies like the Municipality of Karachi to seek assistance by loans from Government in preference to raising money on their own credit.

6. I am therefore to say that the case of the larger municipalities must be regarded as outside the Provincial Loans Scheme, and the Government of India are unable to place money at the disposal of the Government of Bombay for loans to such municipalities. But for the purpose of meeting immediate difficulties at Karachi the Government of India are willing to make a temporary advance on Imperial account to

the municipality. This advance must bear 6 per cent. interest until repaid, but if the municipality can, by raising money themselves, or in any other way, arrange to repay it within three months interest will be charged at $4\frac{1}{2}$ per cent. only.

7. I am further to say that the Government of India will consider the question of a grant-in-aid in partial substitution for the said advance as soon as the Government of Bombay can give them information (which has been already asked for) as to the past and probable future expenditure in Karachi incurred in direct consequence of plague.

From the Hon'ble Mr. H. H. RISLEY, C.I.E., Officiating Secretary to the Government of India, Finance and Commerce Department, to the Secretary to the Government of Bombay, Financial Department, dated 15th October 1898, No. 4547-A.

In continuation of the telegram from this department, dated the 26th September 1898, sanctioning a grant of rupees ten lakhs to the Municipality of Bombay, I am directed to say that the Accountant-General, Bombay, will be authorized to place at the disposal of the Municipal Commissioner of Bombay for expenditure independently of the municipality on plague camps in and near the city, such further sums of money not exceeding in all one lakh of rupees, as the Government of Bombay may from time to time direct. The Accountant-General will also be authorized to pass expenditure against this grant on receipt of a weekly statement countersigned by the Plague Commissioner showing the total expenditure incurred. The expenditure will be adjusted in the Government books as expenditure on plague camps by the Municipal Commissioner for which a sub-head will be opened under the head "24. Medical."

2. I am also to sanction a further grant for the whole of the Presidency of three lakhs of rupees for expenditure on "discretional relief" to be incurred in the form of grants placed at the disposal of selected officers under the authority of the Government of Bombay. These grants will be accounted for by the spending officers in statements countersigned by the Plague Commissioner and submitted to the Accountant-General. It is understood that the Government of Bomby intend shortly to issue a resolution laying down the definition of the expenditure and the procedure, and I am to request that a copy of this resolution may be furnished to the Government of India as early as possible to enable them to communicate further instructions to the Accountant-General.

3. An additional grant of four lakhs of rupees during 1898–99 is sanctioned for the purposes indicated in paragraphs 1 and 2. I am to request that in order to bring the expenditure incurred on the accounts according to the time when it is actually incurred, the sums issued may not take the form of large lump grants, but may be restricted to the amounts likely to be required for expenditure during short periods.

4. I am further to add that in modification of the orders contained in the letters from this department, No. 2764-A, dated the 21st June 1898, and No. 3183-A, dated the 20th July 1898, the Government of India have been pleased to decide that expenditure on account of the salaries, &c., of officers of Government in various departments, including doctors and nurses procured from England, who have been specially deputed wholly or in addition to their own duties, to plague duty should be met after September entirely out of the Government funds, and should not be charged directly upon the funds of municipalities or local bodies. The Accountant-General will be instructed to adjust the expenditure in the Government books under appropriate heads.

5. Lastly, I am to explain that the orders issued in this letter are meant to be independent of the consideration of the ultimate distribution of the expenditure between General and Local and Municipal funds. The sum now sanctioned in paragraph 3 and the expenditure incurred under paragraph 4 will be taken into consideration in determining the proportion of plague expenditure to be borne by Government and the amount of aid to be given to local bodies when the accounts referred to in the Government of India's letter of 22nd August are finally made up.

Order—No. 261, Financial, dated 18th February 1899.

The foregoing letter from the Government of India with its enclosures will be communicated to the Local and Municipal Department and that Government will be informed of the procedure adopted in this Presidency as regards the debit and control of plague expenditure.

[Here enter letter, No. 262, Financial, dated 18th February 1899.]

(True Extract.)

A Pedgington
for *Chief Secretary.*

To the Local and Municipal Department. ✓
Copy to the Accountant-General.

Exd. S. J. Pereira.

When given in for copying 5/4
When copied 6/4
When examined _____
When signed _____
} 189.

Read again G.O., No. _____ dated _____
189 ,

Current No.

Enclosures to C. No.

Order of Government	A	A	A	A	A	A	A	
Letter of Government.								
Statement with ditto.								
Papers not filed up, being meant for despatch in original.								

N.B.—
A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.