Communicated to the offices of the P. W. Dept for information

C.S.
4-12-84

2. Supt & Engineers will report on the questions raised in paragraph 12 in connection with the specially trained men to be employed for boring.

C.E.
A.R
13.12.84

C. Engr for I.
Engrs.

Govt. of {1884} Madras.

REVENUE.

SECRETARY TO GOVERNMENT P.W. DEPARTMENT 3 DEC 84

Issued

Recd. 3/12/84 Encl.

G.O., 24th November 1884, No. 1294.

NOVEMBER.

Land Improvement Act XIX of 1883.

Orders passed on Board's Proceedings regarding the grant of loans under the new — for agricultural improvements and the construction of wells.

(B).—Annuity table for use in calculating payments by annuities for loans under the Land Improvement Act.

Years.	3 per cent.			4 per cent.			5 per cent.			6¼ per cent.		
	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)
1	1·0300	1·000	103·000	1·0400	1·000	104·000	1·0500	1·000	105·000	1·0625	1·000	106·250
2	1·0609	2·030	52·261	1·0816	2·040	53·020	1·1025	2·050	53·781	1·1289	2·062	54·737
3	1·0927	3·090	35·363	1·1249	3·123	36·026	1·1577	3·161	36·631	1·1994	3·190	37·594
4	1·1255	4·183	26·905	1·1699	4·248	27·543	1·2155	4·310	28·202	1·2745	4·392	29·019
5	1·1593	5·310	21·832	1·2167	5·418	22·459	1·2763	5·526	23·096	1·3541	5·666	23·901
6	1·1941	6·471	18·456	1·2653	6·633	19·077	1·3401	6·802	19·701	1·4387	7·019	20·497
7	1·2299	7·663	16·049	1·3160	7·900	16·658	1·4071	8·142	17·282	1·5286	8·458	18·074
8	1·2668	8·893	14·244	1·3686	9·215	14·852	1·4774	9·548	15·473	1·6242	9·987	16·263
9	1·3048	10·160	12·842	1·4233	10·583	13·450	1·5513	11·026	14·070	1·7257	11·611	14·862
10	1·3439	11·453	11·731	1·4802	12·005	12·330	1·6289	12·578	12·950	1·8335	13·336	13·748
11	1·3842	12·807	10·808	1·5395	13·487	11·714	1·7103	14·206	12·039	1·9481	15·169	12·842
12	1·4258	14·194	10·045	1·6010	15·025	10·656	1·7959	15·918	11·282	2·0699	17·118	12·092
13	1·4685	15·617	9·403	1·6651	16·628	10·014	1·8856	17·712	10·646	2·1993	19·189	11·461
14	1·5126	17·087	8·853	1·7317	18·292	9·467	1·9800	19·600	10·192	2·3367	21·387	10·996
15	1·5580	18·600	8·376	1·8010	20·025	8·994	2·0789	21·578	9·634	2·4827	23·723	10·465
16	1·6047	20·157	7·961	1·8730	21·825	8·582	2·1829	23·658	9·227	2·6379	26·207	10·066
17	1·6528	21·727	7·603	1·9479	23·698	8·220	2·2920	25·840	8·870	2·8028	28·845	9·717
18	1·7024	23·413	7·271	2·0258	25·645	7·900	2·4066	28·132	8·555	2·9780	31·648	9·410
19	1·7535	25·117	6·981	2·1068	27·670	7·614	2·5270	30·540	8·274	3·1641	34·626	9·138
20	1·8061	26·870	6·722	2·1911	29·778	7·358	2·6533	33·066	8·024	3·3619	37·790	8·896
21	1·8603	28·677	6·487	2·2788	31·970	7·128	2·7860	35·720	7·800	3·5720	41·152	8·680
22	1·9161	30·537	6·275	2·3699	34·248	6·920	2·9252	38·504	7·597	3·7952	44·723	8·486
23	1·9736	32·454	6·081	2·4647	36·618	6·731	3·0715	41·430	7·414	4·0324	48·519	8·311
24	2·0328	34·427	5·905	2·5633	39·082	6·559	3·2251	44·502	7·247	4·2844	52·551	8·153
25	2·0938	36·460	5·743	2·6658	41·645	6·401	3·3863	47·726	7·095	4·5522	56·836	8·010
26	2·1566	38·553	5·595	2·7725	44·313	6·257	3·5557	51·114	6·956	4·8367	61·387	7·879
27	2·2213	40·710	5·456	2·8834	47·085	6·124	3·7335	54·670	6·829	5·1390	66·225	7·760
28	2·2879	42·930	5·329	2·9987	49·968	6·001	3·9201	58·402	6·712	5·4602	71·362	7·651
29	2·3566	45·220	5·211	3·0187	52·967	5·888	4·1161	62·322	6·605	5·8015	76·825	7·552
30	2·4273	47·578	5·102	3·2434	56·085	5·783	4·3200	66·400	6·506	6·1641	82·625	7·460
31	2·5001	50·004	4·999	3·3731	59·328	5·686	4·5381	70·762	6·413	6·5494	88·791	7·376
32	2·5751	52·504	4·905	3·5081	62·702	5·595	4·7650	75·299	6·328	6·9586	95·337	7·299
33	2·6534	55·114	4·814	3·6484	66·209	5·510	5·0032	80·065	6·249	7·3935	102·252	7·228
34	2·7319	57·730	4·732	3·7943	69·857	5·432	5·2534	85·068	6·176	7·8556	109·706	7·162
35	2·8138	60·460	4·654	3·9461	73·653	5·358	5·5161	90·321	6·107	8·3466	117·547	7·101

Column (1) is the amount of Re. 1 improved at compound interest for a given number of years. This column = the annual instalment ÷ the excess of the annual instalment above the initial interest on the loan.

Column (2) is the amount at compound interest of an annuity of Re. 1 for a given number of years. This column × by the excess of the annual instalment above initial interest on the loan gives the amount of principal paid off.

Column (3) is the annual instalment necessary to pay off a loan of Rs. 100 with interest in a given number of years $\left(I_n = 100 \frac{R^n}{A_n} \right)$.

Examples of the use of the tables :—

1. In what time will a loan of Rs. 1,200, at 5 per cent., be paid off by an annuity of Rs. 80 ?
   The initial interest is Rs. 60, leaving Rs. 20 and $\frac{80}{20} = 4$.
   The next lowest figure in column (1) at 5 per cent. is 3·9201 opposite 28 years. The loan will be paid off in the 29th year.
2. Of such a loan how much will remain due at 28 years, and how much will be paid off in 15 years ?
   By column (2) at 28 years, 58·402 × 20 = 1168·040, leaving Rs. 31·960 still due.
   In 15 years, 21·578 × 20 = 431·560 rupees will be paid off.
3. What instalment will pay off Rs. 327 at 4 per cent. in 15 years ?
   3·27 × 8·994 = 29·5 rupees.
4. A loan of Rs. 1,500 is to be paid off in 20 years, at 6¼ per cent., but instalments are to be deferred till the end of the fifth year. Find instalment.
   At the beginning of the fifth year, the loan with interest will by column (1) have amounted to (Rs. 1,500 × 1·2745 =) 1,911·750 rupees, and there will remain 16 years in which instalments will be paid. The instalment will be (19·1175 × 10·066 =) 192 437 rupees.
5. If a loan of Rs. 150 is given at 3 per cent. to be paid off in 25 years, what amount of principal is remitted, supposing interest to be 6¼ per cent ?
   The annual instalment is (1·5 × 5·743 =) 8·615 rupees, which at 6¼ per cent. will pay off in 25 years $\left(\frac{8 \cdot 615 \times 100}{8 \cdot 010} = \right)$ 107·553 and the amount remitted is (150 — 107·553 =) 42·447 rupees.
6. Adjust instalments so that a loan of Rs. 1,000 shall be paid off entirely in 24 years, $\frac{1}{3}$ in 8 years and $\frac{2}{3}$ in 16 years. Interest at 5 per cent.
   (*a*) One-third of the loan is Rs. 333⅓ and instalment to pay it in 8 years is (3·333 × 15·473 =) 51·577 rupees. Add interest on Rs. 666·667 or Rs. 33·333. Instalment for the first series of 8 years is Rs. 84·910.
   (*b*) To pay off Rs. 333⅓ instalment is Rs. 51·577 as before. Add interest on Rs. 333⅓ or Rs. 16·667. Instalment for second series of 8 years is 68·244 rupees.
   (*c*) Instalment for third series of 8 years is Rs. 51·577.
7. What loan will an instalment of Rs. 20 pay off in 35 years at 3 per cent.?
   As 4·654 : 20 : : 100 : 429·75 rupees.

(C).—Table of decimal parts of a rupee.

Annas.	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Pies.																
0 ..	·000	·063	·125	·188	·250	·313	·375	·438	·500	·563	·625	·688	·750	·813	·875	·938
1 ..	·005	·068	·130	·193	·255	·318	·380	·443	·505	·568	·630	·693	·755	·818	·880	·943
2 ..	·010	·073	·135	·198	·260	·323	·385	·448	·510	·573	·635	·698	·760	·823	·885	·948
3 ..	·016	·079	·141	·204	·266	·329	·391	·454	·516	·579	·641	·704	·766	·829	·896	·954
4 ..	·021	·084	·146	·209	·271	·334	·396	·459	·521	·584	·646	·709	·771	·834	·896	·959
5 ..	·026	·089	·151	·214	·276	·339	·401	·464	·526	·589	·651	·714	·776	·839	·901	·964
6 ..	·031	·094	·156	·219	·281	·344	·406	·469	·531	·594	·656	·719	·781	·844	·906	·969
7 ..	·036	·099	·161	·224	·286	·349	·411	·474	·536	·599	·661	·724	·786	·849	·911	·974
8 ..	·042	·105	·167	·230	·292	·355	·417	·480	·542	·605	·667	·730	·792	·855	·917	·980
9 ..	·047	·110	·172	·235	·297	·360	·422	·485	·547	·610	·672	·735	·797	·860	·922	·985
10 ..	·052	·115	·177	·240	·302	·365	·427	·490	·552	·615	·677	·740	·802	·865	·927	·990
11 ..	·057	·120	·182	·245	·307	·370	·432	·495	·557	·620	·682	·745	·807	·870	·932	·995

(D).—Table of Maximum Loans admissible for specified Ayacuts.

Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.
	RS.	RS.		RS.	RS.		RS.	RS.
1·50	7·5	161·15	3·00	15·	322·30	4·50	22·5	483·45
1·75	8·75	180·01	3·25	16·25	349·16	4·75	23·75	510·31
2·00	10·	214·86	3·50	17·5	376·05	5·00	25·00	537·17
2·25	11·25	241·72	3·75	18·75	402·88	5·25	26·25	564·03
2·50	12·5	268·58	4·00	20·	429·73	5·50	27·5	590·88
2·75	13·75	295·44	4·25	21·25	461·97	5·75	28·75	600·00
						or more	...	

Exd. T. O'Connor.

120 Copies.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

the procedure adopted should be that laid down in Rules 11—14; if he has no such transferable interest and there is no common understanding as to whether the tenant or the landlord is to have the right to make the improvement, the loan should be refused if the landlord objects.

6. When the proposed advance exceeds Rs. 5,000, the Collector of the district shall obtain from the District Engineer an opinion as to the feasibility, probable cost and merits generally from a professional point of view of the proposed work; in any other case, it shall be competent to the officer dealing with the application to call for professional opinion through the proper channel, should necessity appear.

7. All certificates issued shall be kept in bound volumes in the taluk; they shall bear a serial number, a separate series being maintained by each officer authorized to grant advances, and shall be in the form appended to these rules.

8. When the officer dealing with the case under Rule 10 is not the Collector of the district, the record should be forwarded through the latter to the Board of Revenue with the Collector's opinion.

9. A register of advances and repayments in the subjoined form shall be maintained at every Taluk Treasury. When repayments at any other treasury than that of the taluk in which the land to be improved is situated are allowed, the Treasury Officer receiving payment shall give information thereof to the Tahsildar of such taluk, in view to such payment being noted in his register:—

Form of Register.

1. Serial number of certificate.
2. Name and residence of certificate-holder.
3. Amount of advance granted.
4. Repayments—
   - (*a*) Date.
   - (*b*) On account of principal.
   - (*c*) On account of interest.
   - (*d*) Total.
5. Remarks.

10. The account to be kept by the recipients of advances exceeding Rs. 5,000 as required by Rule 28 shall be in the subjoined form:—

1. Name of the work.
2. Advance received—
   - (*a*) Date.
   - (*b*) Amount.
3. Expenditure incurred—
   - (*a*) Date.
   - (*b*) Description of work.
   - (*c*) Rate.
   - (*d*) Amount.

11. It shall be the duty of officers issuing certificates to arrange for the inspection of every work in progress by a competent and trustworthy subordinate. If a work is one requiring professional skill, the inspection should be made by an officer of the Public Works Department. Under Rule 27 all works for which advances are made in a lump sum must be inspected and reported on as soon as possible after the date on which their completion was directed in the certificate, and all works for which advances are made by instalments before each instalment subsequent to the first is paid. Whether this will ensure sufficient inspection must depend upon the terms of the certificate. In many cases, a single inspection of the work on completion would suffice to ensure that due diligence is being used in applying the money to the purpose for which it is granted, but, as a general rule, an inspection should be made six months after the date of payment and thenceforward at least once a year. A report of the result of such inspection should be submitted to the Collector of the district annually by every subordinate empowered to issue certificates.

12. A supply of forms of application providing for the exhibition of the necessary particulars shall be printed in the vernacular and distributed to the Tahsildars, who will assist applicants in filling them up and explain the provisions of the rules which should be published from time to time in the District Gazette.

13. A full account should be given of all sums advanced, amounts recovered, &c., under the Land Improvement Act and Rules in the Annual Settlement Report.

II.—*Special rules framed under Section* 10 *of the Land Improvement Act XIX of* 1883 *for the construction of wells.*

1. These rules extend to the districts of Bellary, Anantapur, Kurnool, and Cuddapah, but may be declared applicable to other tracts at the discretion of Government. In the districts to which they apply, advances may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No advance under these rules shall exceed the sum of Rs. 600.

3. The advances shall be repayable by equal annual instalments discharging both principal and interest.

4. The rate of interest charged shall be 3 per cent. per annum.

5. All loans must be repaid within thirty-five years at furthest.

6. The annual charge for payment of the debt and interest shall be one anna in the rupee of advance, provided that it shall not exceed 5 rupees an acre on the land assigned as the ayacut (irrigable area) of the well.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the putta, but will be payable together with the last revenue kist of each fasli year.

8. No security other than the lands assigned as the ayacut, which shall be pledged as security for discharge of the special annual charge as it falls due and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayacut shall be entered in a separate putta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs, the whole of the land assigned as the ayacut and the well itself shall be sold together for the recovery of the amount in arrear with interest thereon and expenses of sale if any; and will remain subject to so much of the principal debt as remains unpaid.

10. From the purchase-money realized shall be deducted, first, the land revenue, interest thereon and expenses as aforesaid, and, secondly, the arrear of special charge and interest thereon; and the overplus shall be credited in liquidation of the balance of the debt on the well. The purchaser shall, in case of overplus, be entitled either to have the number of future annual payments reduced proportionately, the amount of the annual charge remaining the same; or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and readjustment, a fresh certificate and special putta stating future annual instalments and debt remaining due shall be issued to the purchaser of the well, and the former special putta shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter. Special charge against the well and ayacut shall then cease.

Example.—Rs. 300 are advanced for a well with a 4-acre ayacut and instalment Rs. 18-12-0 under Rule 6, and land assessment at 12 annas an acre, or Rs. 3. Default is made in the tenth year, and the land and well is at once sold. It realizes Rs. 150. Deduct land revenue Rs. 3, and instalment Rs. 18-12-0, or Rs. 21·75. There remain 128·25 rupees to be credited to the balance of debt, which by table is Rs. 188·333, reducing it to Rs. 60·083. If the purchaser pays this up, the well will be free from debt; if he likes he may have the number of instalments reduced from 12 to 5, or may continue to pay for twelve years more, the instalment being reduced from 18·75 rupees to 6·037 rupees.

11. On the debt being paid off by completion of the term, or under the last rule, the land forming the ayacut shall be held at the ordinary assessment, which shall not be subject to enhancement or increase at revision of settlement on account of the improvement due to the well. No charge for irrigation with the water of the well will be imposed either on such land or on any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for advance shall be approved under these rules unless it is estimated that the value of the land assigned as the ayacut will, after the well is in operation, be equal to not less than one-half of the advance applied for.

13. When a ryot is desirous of obtaining an advance under these rules for the construction of a well, he may apply to the Revenue Inspector, on deposit of a fee of Rs. 5, to have a trial boring made at the proposed site of the well by the establishment, if any, maintained by Government in the district for such purpose. Application forms, serially numbered, will be kept by all Revenue Inspectors, and will be filled up for applicants free of charge or stamp-duty, on the deposit of the prescribed fee, which will be printed on the duplicate of the application retained by the applicant and receipted by the officer taking the application. A printed form showing nature and thickness of the strata passed through by the borer and the depth at which water is found or not found, and the quality of the water whether saline or otherwise, shall be given to the applicant by the officer in charge of the boring party. If the boring prove unsuccessful, *i.e.*, if water is not met within 35 feet, the fee shall be refunded. If the applicant subsequently applies for and obtains an advance under the rules, the fee paid shall be refunded and the actual cost of boring shall form part of the advance admissible and granted.

14. Applications for advances under these rules must specify the amount of the advance required; particulars of the land proposed as the ayacut of the well; whether it is registered in the applicant's name and is in his possession; whether it is mortgaged or otherwise encumbered, and, if so, particulars of the same; and what security the applicant can give for the repayment of half the advance in the event of the well not being constructed within a year from the acceptance of the application. If a trial boring has been made, the printed statement of the result shall be attached to the application.

15. Application forms can be obtained at all cutcherries and from Revenue Inspectors, and applicants may have them filled up either by the givers or by the Karnams of their villages. They may be presented to any Revenue officer of grades not lower than Revenue Inspector, and applicants shall get receipts for them.

16. On receipt of an application, a Revenue Inspector or higher officer shall at once inspect the land and make summary inquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; what will be the market value of the land if the well is successful, judging from that of like land in the neighbourhood; and whether the security offered is sufficient. The report shall be transmitted to the divisional officer, who shall examine whether the advance can be made under the rules; and, if the prescribed conditions are complied with, shall accept the application and order the Tahsildar to pay half the amount of the advance applied for on the applicant's furnishing security as proposed and executing the necessary documents in the prescribed forms to the effect that the money received shall be applied to the purpose intended, and that a substantial and properly constructed well in full working order shall be completed within a year from the receipt of the advance. No interest will be charged on this advance. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advance authorized by this rule will be recoverable from the applicant in pursuance of the security given.

17. On completion of the well, the applicant shall apply to have the work measured up and estimated in accordance with a schedule of rates, which will be prescribed from time to time for the district or taluk. If the value of the work done is within 10 per cent. of the amount originally applied for, payment of the second moiety shall be sanctioned. If the value is less than the amount originally applied for by more than 10 per cent., the applicant may, if he pleases, take a reduced loan, the special annual charge being reduced accordingly; or if it is in excess by more than 10 per cent., he may claim a higher sum than originally applied for; provided always that the conditions of Rules 5 and 6 are not infringed.

Example.—A man applies for an advance of Rs. 300 for a well with a 4-acre ayacut. On completion, the well is found to have cost Rs. 450. The annual charge is limited (Rule 5) to Rs. 20, and by table it is found that this will in thirty-five years only pay off Rs. 429·75. He cannot be granted more than this amount, and instalments for thirty-five years must be fixed, if he takes it. If, however, the well is found to cost only Rs. 250, he may claim the Rs. 300 for which the application was accepted; but may, if he likes, take Rs. 250, and in such case will pay only Rs. 15-10-0 per annum instead of Rs. 18-12-0.

18. The amount of advance being finally settled, a certificate in the form appended shall be issued by the Collector and signed by the applicant. A copy thereof shall be given to him, and also a special putta for the lands, on the reverse of which shall be shown the amount which will remain due in each fasli, supposing instalments to be paid according to the putta. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary putta, which he shall give up for the purpose.

19. A full year shall always be allowed for the execution of the work, and the first instalment on account of the debt shall be payable with the last yearly kist, coming next after the grant of certificate, if such kist is more than six months off. If less, the first instalment shall be deferred to the last kist of the following fasli; *e.g.*, the last kist of the year falls in May, and a certificate is granted in January. The first payment for the loan shall be fixed for the following May twelve months. But if certificate is granted in November, the first payment will be due in the following May. The term of the loan will run accordingly.

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

interest or without interest, they should report such cases for the orders of the local Government through the Board of Revenue, explaining the grounds of their recommendation. The local Government may, if it sees fit, authorize loans being granted at reduced interest or without interest in special cases.

19. In the case of loans of sums not exceeding Rs. 1,000, repayment shall ordinarily commence at the end of the second year from the date of the loan, and in the case of loans of sums exceeding Rs. 1,000 at the end of the third year; but if in any special case the sanctioning authority considers that the work for which the loan is given is such that a longer time must elapse before it yields a return, a longer interval may be allowed between the date of the loan and the date fixed for the payment of the first instalment, but not exceeding five years.

The interest on the loan shall, however, accrue at the end of each year from the date of the loan and shall be added to the principal. The time allowed for repayment of the loans and the instalments shall be fixed by the Collector with reference to the convenience of the applicant and the necessities of the case, but so as not to exceed the maximum limits specified below:—

		Maximum Period. YEARS.
For loans from Rs.	100 to Rs. 500	15
Do.	,, 500 to ,, 1,000	20
Do.	,, 1,000 to ,, 2,500	25
Do.	,, 2,500 to ,, 5,000	30
Do.	,, 5,000 and above	35

Loans will not be granted in smaller amounts than Rs. 100. Provided that loans for the construction or restoration of wells may be made for less amount than Rs. 100, and that the time allowed for repayment of such loans may be extended to 25 years. At the option of the applicant repayments may be made in the form of annuities, consolidating interest and principal in accordance with the tables appended to these rules. Any person to whom a loan is granted may repay it, or portions of it, at an earlier date than that fixed in the certificate. Interest shall be charged at 5 per cent. on all instalments overdue.

20. All repayments shall ordinarily be made at the treasury of the taluk in which the land to be improved is situated; but the Collector may, if he sees fit, authorize repayment at any other Government treasury within the district. The Tahsildar shall keep a register of advances and repayments in such form as the local Government may from time to time prescribe for the purpose. If the person who obtains the loan desires to pay the instalments of the loan with the land revenue, such instalments may be collected with the last instalment of the land revenue falling due in each year.

21. Instalments of loans and interest due thereon may be suspended on proof of failure of crops or other exceptional calamity. The Collector shall report the case to the Board of Revenue, who shall pass such orders on the case as they deem proper.

22. No advance shall be made unless the value of the security offered exceeds by at least one-fourth the amount of the advance.

23. Subject to the orders of the local Government, the Collector of the district may make provision for the proper inspection of works in course of construction, for which advances have been made, and for ascertaining and securing that such advances are duly applied to the purpose for which they are made.

24. The works and any accounts kept of the disbursements on them shall be at all times open to the inspection of the Collector of the district or other person authorized in that behalf.

25. In the case of advances exceeding Rs. 5,000, accounts shall be kept by the recipient of the advance in any form that the Collector may, with the sanction of superior authority, prescribe.

26. If at any time the Collector of the district is satisfied that any person who has received an advance has failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds for the decision he has arrived at and subject to the control of the superior Revenue authorities, proceed to recover forthwith from such person, or from any surety of such person under the provisions of the Act, any sums which remain due, together with any interest payable thereon and costs.

27. All works for which advances are made in a lump sum shall be inspected and reported on as soon as possible after the date on which their completion is directed in the certificate. All works for which advances are made by instalments shall be inspected and reported upon before each instalment subsequent to the first is paid.

28. Separate rules have been sanctioned for the grant of advances for sinking irrigation wells on specially favorable terms in districts or parts of districts liable to drought.

APPENDIX A.

Form of application.

Name, residence, &c., of applicant.	Amount of advance required.	Nature of security, whether personal or otherwise.	Nature of proposed improvement.	Situation of the land.	Applicant's rights in the land.	Proposed dates of repayment.

Applicant's Signature.

Note.—

(1) The State will advance money to landlords and cultivators for the construction of wells or tanks, the reclamation of waste, or any work by which the value of the land will be permanently increased.
(2) Application for an advance may be made to the tahsildar, &c., in the above form free of stamp duty.
(3) The rate of interest will be 5 per cent. per annum, and instalments will be distributed over a number of years.

Particulars to be filled in by inspecting officer. *(Reverse of Form A.)*

i. Village, survey number, area of land to be improved.
ii. Status of applicant, *i.e.*, proprietor or tenant. If a tenant, whether the landlord objects.
iii. Security—
  (1) If the land itself, the value of the applicant's interest in it.
  (2) If personal, the names and status of the co-sureties.
  (3) If property other than the land itself, its nature, value and extent of pre-existing encumbrances, if any.
iv. The improvement—
  (1) Its estimated utility and value.
  (2) Objections, if any, of third parties.
  (3) Date on which it will begin to yield profit.
v. Repayment—
  (1) Suitable date for first instalment.
  (2) Proposed instalments and period of repayment.
vi. Date or dates on which the advance, or instalments of it, should be received by the applicant.

Recommendations of inspecting officer after verification of the above in the registration and revenue offices of the taluk.

B.

Certificate granted under the Land Improvement Act.

To _____ *son of* _____ *of* _____.

1. On production of this certificate the aforesaid _____ is entitled to receive from the Taluk of _____ the following sums on the dates noted against them as an advance to be expended on (here describe clearly the nature of improvement) the land specified in the margin.

Date _____ amount.
Date _____ amount.
&c. _____ &c.
&c. _____ &c.

2. The conditions relating to the making and repayment of this advance are as follows :—

(*a*) That it, with interest thereon, shall be repayable on the dates and by the amount specified below :—

Date.	Principal.	Interest.	Total.
,,	,,	,,	,,
,,	,,	,,	,,

(*b*) That it shall be applied solely to the purpose specified above, and that if it shall be proved to the satisfaction of the Collector that any part of the advance has been misapplied, or if default is made in the payment of the instalments of the principal or of interest or of both on the due dates, the whole amount of the advance shall, with such interests as may have become due thereon and costs, be forthwith recoverable under Section 7 of Act XIX of 1883.

(*c*) That unless (here enter any conditions as to the period or periods appointed for completing the work) has been completed by (date) the advance shall be held to have been misapplied.

This clause to be used only when needed.

(*d*) That for the payment of the advance with any interest due on the same and costs the immovable property specified in the margin is, in addition to the land on which the improvement is to be made, hypothecated to Government.

Signature of Collector.

I have understood and agreed to the aforesaid terms and conditions.

Signature of certificate holder.

_____

Security Bond to be used when Applicant proffers Personal Security.

Whereas _____ has on _____ received from the Collector of _____ a certificate under the Land Improvement Act, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government, we hereby agree that if the said _____ shall fail to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment on the date fixed for its payment or any interest that may be due, we will be jointly and severally liable to Government for such sum not exceeding _____ as may be necessary to make good the amount which in consequence of his default he may have become liable to pay.

Hypothecation Bond to be used when immovable property is proffered by Collateral Security.

Whereas _____ has _____ received from the Collector of _____ a certificate under the Land Improvement Act of _____, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government; and whereas security for the due application of the advance, and for the punctual repayment of the same, together with interest according to the terms of the certificate is demanded from him, I _____ hereby mortgage to Government the immovable property mentioned in the schedule below as a

an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such a plan, estimate or specification, the Collector may cause them to be prepared on behalf of the applicant, first requiring him to deposit such sum of money as may, in the opinion of the Collector, be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same.

9. If on a review of the local inquiry the Collector is satisfied that the application ought to be complied with, he shall publish a notice as required in Section 5 of the Act with a copy of the application appended, calling upon all persons objecting to the loan to appear before him at a place specified therein and within a date not less than fifteen days from the date of the notice and submit their objections. The notice shall be published by public proclamation on the land and in the village and be stuck up in the Taluk Cutcherry. If no objections are made, or if the Collector overrules the objections made, he shall record a decision to the effect that the advance asked for, or a less sum than that asked for, may be made. On recording such a decision, the Collector may, if the amount of the advance does not exceed Rs. 1,000, at once grant a certificate for the advance in Form B appended. If he considers the objections valid, he shall reject the application, and if he is of opinion that the question raised by an objection is one which cannot be decided except by a Civil Court, he shall postpone proceedings on the application until the question is so decided.

10. If the amount of the advance exceeds Rs. 1,000, the record shall be forwarded to the Board of Revenue, and if it exceeds Rs. 5,000, through them to the local Government. The Board of Revenue or the local Government may, on perusal of the records of the local inquiry, at once sanction the advance, or refuse it, or direct further inquiry to be made if they think fit to do so. On receipt of orders sanctioning the advance, the Collector shall issue a certificate for the amount.

11. When the applicant is a tenant and proposes to furnish as security for the land to be improved any interest alleged to be transferable, which he possesses in the land to be improved, or any other adequate security, the Collector shall, in addition to publishing the general notice referred to in Rule 9, serve a special notice of the application on the landlord personally; or if service on him personally cannot be effected, a copy of the notice shall be affixed to some conspicuous place in the Collector's office and on the house in which the landlord resides; or if he does not reside in the district in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as the local agent for the landlord in respect of the said land.

12. No such notice shall be deemed to have been served unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made is otherwise established to the satisfaction of the Collector. In any case in which there are more share-holders than one and any share-holder or other person acts as a manager on behalf of the share-holders, service on him will be deemed to be service on each of the share-holders.

13. Such notice shall specify the sum applied for, the nature of the improvement to be made, the nature of the security proposed for the advance, and shall inform the landlord that if he desires to make any objections to the advance, he must, within one month after service of notice, signify them in writing to the Collector.

14. If the landlord or his local agent or manager does not so signify his objections, or if the Collector, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application, and that the value of such interest, either singly or taken jointly with other security furnished by him, is sufficient for the advance, he may sanction it or forward the records of the case for the sanction of the Board or the local Government.

15. When the applicant is a tenant without any transferable interest in the land to be improved, the loan shall not be granted if the landlord objects.

16. When a certificate is granted under these rules, it shall be endorsed by the applicant to the effect that he has understood and agreed to all the terms, and it shall be signed by him in the presence of the officer granting the certificate. If any property other than the property of the applicant is pledged or mortgaged as security for the repayment of the advance, the certificate shall be similarly endorsed, signed and attested by sureties and witnesses, and if the applicant is a tenant and cannot furnish security of the nature referred to in Rule 11, the certificate shall be signed by the landlord and attested by two witnesses other than the landlord.

17. The certificate shall be retained in the office of the Collector of the district; one copy of it shall be given to the applicant, and, when advances are made payable at any taluk or other subordinate district treasury, another copy shall be sent to such treasury.

18. Interest will be charged on loans at the rate of 5 per cent. per annum. If the officers authorized to grant loans consider that in special cases the loans should be granted at a lower

11. The Government, however, rely upon such value as the justification of the very favorable terms on which they propose to make advances in districts liable to drought, and are of opinion that a more suitable application of famine protection funds could not be found. In the debate on the Land Improvement Act it was laid down as a principle that, in regard to loans under the Act, the Government should act as any capitalist would, insisting on protecting itself against loss and on obtaining full interest for its money. But granting that this principle is to be accepted as regards ordinary improvement loans, His Excellency in Council is decidedly of opinion that loans for famine protective purposes may legitimately be made exceptions to the rule. It is proposed in the scheme under discussion that interest shall be 3 per cent. only; that the period for repayment shall be extendible to thirty-five years; and that all security, except a pledge of the land irrigable from the well, shall be dispensed with. But the essence of the scheme is that the whole of this land and the well itself shall be sold when default is made in the annual payment, and shall remain subject to the unpaid balance of the debt; and therefore the risk of loss, once a successful well has been constructed (and a loan is not otherwise granted), is very small, and probably less under the special rules for wells than under the rules for ordinary improvement loans. If objection is raised to lending Imperial funds, to which land improvement advances are now chargeable, at so low a rate of interest, the Governor in Council would propose that the difference of interest between 3 and 5 per cent. accruing yearly on loans outstanding under the special rules shall be charged to famine funds each year.

12. The chief cause which militates against well-construction is the uncertainty of success in the work; and one of the most important of the modes in which Government can assist the ryots is to place within their reach the means of ascertaining, as far as modern knowledge and appliances permit, the nature of the soil which will be met with in the excavation, the depth at which water will be found, its suitability for use in irrigation, and the thickness of the water-bearing stratum. This can best be done by organizing and equipping with necessary boring tools small parties of specially-trained men, who should itinerate in the districts to which the rules apply. Unless the site chosen is obviously absurd and impossible, any ryot desirous of obtaining an advance to dig a well should be allowed to have a boring made at the spot selected, and should be furnished with information as to the result of the experiment, which will obviously be invaluable as an indication of the prospects of success. As a guarantee of *bona fides* the Government would require a preliminary fee of small amount, say Rs. 5, to be paid; and this should be refunded if the boring proves a failure or if a loan is taken, the actual cost of the boring being added to the loan in the latter case. The possibility of providing such trained men, the cost and organization of the parties, the fees to be charged, and whether the men should work under the Engineer or the Collector, are points which will be further considered in the Public Works Department. A system of this kind has been tried in the North-Western Provinces, but the conditions of well-sinking in those provinces are obviously so different from those obtaining in Madras that the experience there gained is of little use. The Governor in Council proposes that the cost of the boring parties shall be charged against the annual grant for operations under the Act. For the four districts named in the special rules the grant in 1885-86 should be two lakhs of rupees.

13. It appears to Government to be an essential condition in a scheme for well advances that the annual charge for interest and repayment of principal shall be as low as it can be made and shall be assimilated as far as possible to land assessment. The proposals embodied in the rules that the annual charge shall not exceed $6\frac{1}{4}$ per cent. per annum, or Rs. 5 an acre, are certainly very moderate, and considering the assessments which under old settlements were charged on well irrigation the charge ought to be paid with ease by any ryot who can carry on cultivation regularly. One of the chief causes why wells fall into disuse is undoubtedly embarassments of the owners resulting from loss of cattle, inability to effect repairs, and the like. If the Takavi Act is extended to the presidency, and suitable rules framed under it, it will be of great advantage in preventing misfortunes of this sort; but the object of Government in encouraging wells will be defeated if cultivation under them is not carried on, and it is

See para 17

therefore indispensable that advances shall be made only to substantial ryots. Specific inquiry into the circumstances of applicants is for obvious reasons undesirable, but it is thought that the rules provide reasonable securities as to their solvency. No ryot can get an advance unless he is able, *in limine*, to find security for the repayment within a year of half the cost of the well, and having received an advance of this amount is able to obtain command for a time of the balance wanted to complete the work. If afterwards he becomes so embarassed as to make default in a single instalment the well and the whole land commanded by it will at once be transferred to another ryot, who probably will be able to carry on the cultivation. Such ryot will get the benefit, in reduction of the debt on the well and also of the future charge on the land, of whatever he may pay in excess of the instalment due, as such amount will be applied to discharge of the balance remaining unpaid. At a certain period of the business it is probable that the sum realized by sale will extinguish the debt entirely, whereupon the well will be held on ordinary dry rates of assessment.

14. The effect of the proposed sale of the whole ayacut for the realization of a single instalment in obviating the necessity of elaborate and full security for the whole of the advance has already been adverted to. The provision may seem hard, but it is obvious that if only a portion of the land were sold and thus became separated from the well, the well would not be worked at its full efficiency, and might eventually become entirely useless. The objects which Government have in view would thus be defeated. It is thought also that the arrangement will operate to counteract the tendency of the ryots to apply for the largest advances possible under the rules, and will induce them to limit the proposed ayacut to what the well may fairly be expected to irrigate efficiently. The double regulation of the annual charge, both with reference to the amount of the advance and also to the ayacut, is intended to further this object. The $6\frac{1}{4}$ per cent. on the loan, and the 5 rupees per acre, will nearly coincide in what is taken to be the normal case, viz., a loan of Rs. 300, for a well to irrigate 4 acres, and repayable in twenty-two years. The requirement in rule 12 that the estimated value of the land when improved is to be at least half the amount of the advance is designed not so much for providing security against loss to Government as to prevent the proposed ayacut being made too small in view to limiting the annual charge under the 5 rupees' rule and to obtaining an unduly long period for repayment. The 35 years' rule (rule 5) will also tend in this direction, and a table showing maximum advances allowable with reference to this rule for specified irrigable areas is annexed to the rules. It was at first thought that the limit in rule 12 should be two-thirds, but in tracts where well cultivation is not much practised and well land not much valued this might tend to defeat advances otherwise desirable and perfectly safe. The rule applies only to proposals and preliminary acceptance, and does not affect the final adjustment with reference to actual cost. It would otherwise (see table just referred to) seriously hamper the grant of loans.

15. It will be noticed that provision is made in the rules for adjusting the loan to the ascertained cost after the well is completed and before certificate is granted. It is a question whether a re-adjustment of the ayacut, and consequently of the maximum advance admissible, of the terms of repayment and of the period allowed therefor, should not be similarly permitted. It is to be observed, however, that though the well may be finished its capacity for irrigation will be as uncertain as at first, and it seems better to insist on adherence to the original proposals; but special attention is solicited to the point.

16. The maximum loan is fixed at Rs. 600. It is a question whether it might not be raised to Rs. 750.

17. His Excellency the Governor in Council resolves to refer the scheme for criticism by the Board of Revenue and Director of Agriculture, M.R.Ry. A. Seshayya Sastriar, M.R.Ry. P. Chentsal Rao Pantulu, Messrs. J. Grose, J. F. Price, W. H. Glenny, C. S. Crole, G. McWatters, C. A. Galton, M.R.Ry. C. Lakshmikanta Row, Deputy Director of Revenue Settlement, and N. Gopala Krishnama Chettiar, Deputy Collector, Kurnool. The Collectors named should submit their opinions through the Board, and His Excellency in Council trusts that the whole will reach Government before the

Spare copies will follow

15th December, as, if anything is to be done during next hot weather, the rules should be sent to the Government of India before Christmas, and with the Act brought into operation as soon as possible. It seems to Government that the scheme is very liberal, and that if the ryots are not induced thereby to seek improvement advances nothing will get them to do so.

(True Extract.)

H Nicholas

Secretary to Government.

To the Board of Revenue.
" the Director of Revenue Settlement and Agriculture.
" the Public Works Department.
" the Financial Department
" M.R.Ry. A. Seshayya Sastriar Avargal.
" " P. Chentsal Rao Pantulu Garu.
" " Lakshmikanta Rao Pantulu Garu.
" M R.Ry. S. Gopalakistnama Chetty Garu.
" J. Grose, Esq.
" J. F. Price, Esq.
" W. H. Glenny, Esq.
" C. S Crole, Esq.
" G. McWatters, Esq.
" C. A. Galton, Esq.

I.—*Rules framed under Section* 10 *of the Land Improvement Loans Act XIX of* 1883.

1. Advances under these rules may be made from such sums as the Governor-General in Council may from time to time allot to the local Government, or as may be otherwise at its disposal for the purpose of such advances.

2. Tahsildars, Divisional Officers and Collectors shall be competent to sanction advances not exceeding the sums specified below:—

	RS.
Tahsildars	250
Divisional Officers	500
Collectors	1,000

Advances of sums exceeding Rs. 1,000 shall be sanctioned by the Board of Revenue, and of sums exceeding Rs. 5,000 by the local Government.

3. Applications for advances may be presented to any revenue officer of or above the rank of Tahsildar and shall contain the particulars specified in Form A appended and be signed by the applicant. If an oral application be made, the officer to whom it is made shall cause it to be recorded in the prescribed form and signed by the applicant.

4. The personal attendance of the applicant is not necessary, but he may be required at any time to appear in person or by duly authorized agent at his option, and, in case of default, the application may be rejected.

5. If the officer receiving the application be not competent to sanction the advance applied for, he shall, after seeing that the application contains all necessary particulars, forward it to the officer having authority to grant the loan to whom he is subordinate.

6. If the Collector of the district or other such authorized officer as aforesaid (hereinafter called the Collector) considers that there is *primâ facie* reason to believe that the application should be granted, he shall cause it to be entered in the register of applications and shall order a local inquiry to be made. If he is of opinion that the application should not be granted, he shall reject it.

7. No advance shall be granted without a local inquiry. It shall be conducted by such persons and according to such orders as the local Government may from time to time issue, and shall be directed to testing and verifying the statements contained in the application, supplying omissions therein, and ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered.

8. When the work to be undertaken will cost more than Rs. 5,000 and is one requiring professional skill, the applicant may be required to submit to the officer making the local inquiry

to the conditions and procedure to be adopted in respect of loans under the Act should be prepared. The revision of the draft rules for ordinary loans under the Land Improvement Act, in accordance with the Board's proposals and this order, has been carried out, and the rules are appended.

8. The Government agree with the Board that no change of practice is required in this presidency in consequence of section 11 of the Act, and think that no rules under the section are required. Private tanks and channels which are constructed to utilize water otherwise running to waste, and which do not affect any Government work, are alone exempted from irrigation assessment under present practice, and prior permission of Government officers has to be obtained in such cases. The works are usually of a very petty character, and similar to the small Government works which it has often been proposed to make over to the ryots on dry rates of assessment. When water is taken by a private work from a river or water-course which supplies a Government work, or is utilized for irrigation of lands paying irrigation assessment, the lands affected are fully assessed at once. What prevents increase of such works is not the anticipation of wet assessment being imposed, but rights already acquired to the water. Where such rights will be prejudiced by a contemplated work no loan will be granted under the Act; and where they will not be prejudiced the Government would maintain the principle now acted on, which is in accordance with that declared in section 11. There is, therefore, no need of a rule under the proviso in view to defining an exception to the principle. Cases may possibly arise where a loan is taken to reclaim swamp land at the tail end of deltaic channels or to irrigate dry land from river channels, by utilizing channel water which would otherwise go to waste; and in such cases Government might possibly be considered debarred by section 11 from charging wet rates on the land reclaimed or irrigated. But when such cases arise it will be time to provide for them, and at present Government think it best to make no rule. A declaration in the terms of section 11 itself will, however, be inserted in the certificates under the well rules, as it may tend to re-assure applicants, and there is no desire ever to raise the assessments on account of the wells.

9. The total exemption of documents connected with loans under the Act from stamp duty, and the registration of such documents at the cost of Government, as proposed by the Board, should in the opinion of Government be conceded.

10. His Excellency the Governor in Council now proceeds to the scheme which he proposes for the grant of advances for wells in districts specially liable to drought. The scheme is embodied in the second set of rules appended to this order, which are to apply in the first instance only to the districts of Bellary, Anantapur, Kurnool and Cuddapah. The terms are based mainly on the statistics of well cultivation in the district of Cuddapah, which were collected for the Famine Commission and are to be found in Mr. Gribble's memorandum at page 88, Appendix V to the Commissioners' report. The particulars of cultivation under private wells there given are extracted in the margin. The average area cultivated under each well varies greatly—from $1\frac{1}{2}$ acres in Váyalpád to $7\frac{1}{2}$ in Pulivendla. The general average is just under 4 acres, and the average assessment is Re. 1-3-1. Mr. Gribble states that the cost of a well is from Rs. 300 to Rs. 500, but this if viewed as an average is probably too high. The value of well land is stated to be from 40 to 50 rupees an acre. Until the new settlement there were numerous wells in the district paying from Rs. 24 to Rs. 30 per acre. The value of cultivation under wells is forcibly brought out in Mr. Gribble's paper, but as their efficacy in preventing or mitigating famine is now admitted on all hands, it is unnecessary to dilate on the point here.

Taluks.	Number of Wells.	Cultivation in Acres.	Average.	
			Extent.	Assessment per Acre.
			ACRES.	RS. A. P.
Badvél	1,310	6,079	4·64	1 6 10
Proddutur ..	1,695	11,693	6·89	1 7 7
Jammalamadugu ..	1,139	5,240	4·59	1 2 3
Pulivendla ..	1,602	11,985	7·48	0 13 11
Ráyachóti	2,449	5,170	2·11	1 1 9
Kadiri	3,271	9,855	3·01	0 8 4
Váyalpád	2,190	3,410	1·55	0 10 8
Madanapalle ..	1,892	3,743	1·98	0 12 0
Sidhout	2,504	9,056	3·61	1 15 9
Pullampet ..	3,980	18,747	4·71	1 5 4
	22,032	84,978	3·85	1 3 1

13. The Government of India also desire to know whether any rules should be framed under Section 11 of the new Act for regulating the period during which improvements in the nature of irrigation or reclamation executed by land-holders should be exempted from taxation on a revision of settlement, and they call special attention to the remarks of His Excellency the President during the discussion of the Land Improvement Bill in the Legislative Council. All other kinds of improvements have been declared to be exempt from taxation permanently. Reference is also made to the recent correspondence with the Secretary of State in connection with the revision of settlements. In regard to works of irrigation, the Government of India express a hope that it may be found possible to allow land-holders the full unrestricted benefit of their improvements without undue sacrifice of revenue. So far as this presidency is concerned, this is already the case. In 1852 was promulgated the rule that the ryots are to have the benefits of improvements carried out at their own expense. The question arose in connection with the construction of wells; the Court of Directors were at first inclined to fix a period within which improvements should be left untaxed so as to allow of the ryots reimbursing themselves for their outlay with reasonable profit, but subsequently, in view of the difficulty of fixing a period which would cover a multitude of cases in which the outturn derivable varies infinitely in degree, and the great advantages resulting to the country by improvements to land, they were induced to concede to the ryots the full benefit of their improvements without any restrictions whatever. The present rules on the subject are embodied in Board's Standing Order No. 1, clause 5, and Standing Order No. 8, clause 8. Standing Order No. 9 exempts lands newly cultivated with water from tanks constructed at the expense of the ryots from water-rate. But for Section 11 of the Act, no rules would be required for this presidency, but now that it has been enacted that where the improvement consists of the irrigation of land assessed at unirrigated rates, the increase in the value of such land may be taken into account at a revision of assessment after such period as may be fixed by "rules to be framed by the local Government with the approval of the Governor-General in Council," it seems necessary that a rule should be framed formally declaring that improvements in the nature of land irrigated by private outlay are exempt from taxation permanently. Where the irrigation is provided by works constructed by Government, a water-rate can, of course, be imposed under Act VII of 1865, Madras.

Board's Procs.,	12th Sep.	1844,	No.	639.
G.O.,	17th June	1845,	„	724.
G.O.,	18th Dec.	1846,	„	3827.
Board's Procs.	20th Jan.	1851,	„	26.
G.O.,	21st Oct.	1851,	„	1010.
G.O.,	29th July	1852,	„	1818.

14. As regards works of the nature of reclamation, to which Government draw special attention, the Board observe that there are no extensive tracts awaiting reclamation, the proportion of cultivated area and density of population being comparatively high in all the districts of this Presidency; and such exceptional cases as are likely to arise in out-of-the-way localities are sufficiently provided for by Standing Order No. 31. The cowle referred to in the standing order corresponds to the improvement lease mentioned by His Excellency the Viceroy. Under present rules cowles may be granted for the reclamation of jungle land, swamps, lands infested with *nuth* grass, prickly-pear, &c. In permanently-settled estates and inam villages, the waste belongs to the proprietors, and no question of revision of assessment can arise. As regards Government ryotwari holdings, every field has been assessed. The question of reclamation can ordinarily arise only in respect of waste lands not included in holdings. With regard to such lands the Government have the right to dispose of them as they please, subject to such preferential rights of cultivation as may be possessed by the ryots of the village. Before such lands are granted for cultivation, an assessment is imposed upon them, such as they ought to bear when reclaimed with reference to their intrinsic qualities of soil. To reimburse the ryots for the expenditure incurred in making the lands fit for cultivation, the lands are exempted for a fixed period, *e.g.*, five years, and thereafter a reduced assessment is imposed and gradually raised till in course of time the full assessment is reached, after which the ryot is to have the full benefit of any improvements he may have made without any restriction. This seems to be also the procedure which His Excellency the Viceroy desires should be adopted. The question as to what should be the conditions of the cowle is under present rules left to be determined

with reference to the circumstances of each individual case, and the Board do not consider it desirable to prescribe any hard-and-fast rules on the subject. The substance of Standing Order No. 31 may, if considered necessary, be embodied in a rule framed under Section 11. Practically improvements of all kinds are exempt from taxation in this presidency permanently. The rules proposed by the Government of India for the revision of settlements and accepted by this Government to the effect that in the settled districts assessments should in future be revised with reference to prices only would allow of the principle of not taxing improvements being effectually carried out in practice.

G O., 13th August 1883, No. 975.
„ 23rd January 1884, „ 120.

15. Under Article 12 (a), Schedule II of Stamp Act I of 1879, instruments executed by persons taking advances under the Act or by their sureties are exempt from stamp duty, and it is only the original application for loan that has to pay a duty of 8 annas. The Board consider that all documents in connection with the loans may be exempted from stamp duty. The documents may also be registered at the cost of Government.

16. In conclusion, the Board are of opinion that the new Act may be brought into operation in this presidency from 1st January next. Till then Act XXVI of 1871 and the present rules will, of course, remain in force.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Secretary.

To the Secretary to Government, Revenue Department.

Read—also the following letter from E. C. BUCK, Esq., C.S., Secretary to the Government of India, Revenue and Agricultural Department (Revenue), to the Governments of Bombay, North-Western Provinces and Oudh and Punjab, and to the Chief Commissioners of the Central Provinces and Assam, dated Simla, the 29th September 1884, Circular No. 107R—69-9 :—

I am directed to point out that the Agriculturists' Loans Act XII of 1884 came into force on the 1st August 1884 in certain provinces, and to ask whether it is considered necessary to frame rules under Section 4 to give effect to its provisions.

2. It is to be noted that the Act saves the rules in force under the two Acts which it has repealed, but possibly an additional rule or additional rules may be required to give effect to the provision in Section 6 as to village communities.

Circular No. 107R—69-9.

Copy forwarded to the Governments of Madras and Bengal, and to the Chief Commissioners of British Burma and Coorg, with the request that it may be stated whether they propose to avail themselves at present of Section 2 (3) to extend the Act to their territories.

(By order.)

(Signed) J. HOLDERNESS,
Under Secy. to the Govt. of India.

To the Secretary to the Government of Madras.

Order—dated 24th November 1884, No. 1294, Revenue.

Land Revenue, No. 155.

His Excellency the Governor in Council approves generally of the recommendations of the Board of Revenue in respect of the rules to be framed under the new Land Improvement Loans Act XIX of 1883, but considers that special measures for the encouragement of the construction of wells in districts peculiarly liable to drought should be adopted, and these can best be provided for by a special set of rules. The scheme which commends itself to

Government will be referred to presently, orders being first passed on the questions raised by the Board in connection with the general rules.

2. The Government agree with the Board as to the period to be allowed for repayment of loans under the Act, and approve of the scale proposed in paragraph 3, so far as ordinary works are concerned. But in order to give encouragement to wells His Excellency in Council would provide that in districts where the special rules do not apply the period for the repayment of loans up to a limit of Rs. 1,000 for such works shall be extended to twenty-five years. Also that the inferior limit of Rs. 100 shall not apply to such loans. There are a great number of ruined wells which have fallen into disuse, in consequence of the owners being unable from loss of cattle or other misfortune to keep them in working; but if the owners were able to obtain small loans on favorable terms these wells might be restored. The inferior limit proposed by the Board might prevent this.

3. The rate of interest suggested, viz., 5 per cent., is approved for the reasons stated by the Board.

4. The Government also agree with the Board as to the period when repayment should commence, the charge of interest during construction, and the adoption of the system of payment by annuities discharging interest and principal. The latter, however, should not be compulsory, and applicants should be allowed to propose such instalments as may suit them, subject to the general scale as to the period of the loan. In the case of large works, such as those referred to in paragraph 5 of the Board's Proceedings, the period until profit will begin to accrue may be longer than the three years proposed by the Board, and the Government would therefore adopt a rule giving the sanctioning authority discretion to allow a longer time on cause shown why the work cannot yield profit within three years. Annuity tables which have been prepared in the Government office are appended to this order. They admit of all calculations as to instalments, interest when payment is deferred, and progress of repayment of principal being made without difficulty at 3, 4, 5 and $6\frac{1}{4}$ per cent.

5. The proposals of the Board in paragraph 8 are approved as regards loans to Government ryots, except that the instalment should be added to the last revenue kist of the year in which it is payable, as it would not be fair to the payer to distribute it with the revenue demand against him.

6. The question of notice to persons interested in the land is an important one. As regards loans to tenants the procedure prescribed in sections 7—10 of Act XXVI of 1871 should be provided for in the rules; but, in the opinion of Government, the powers to make rules given in section 10, Act XIX of 1883, do not warrant them in embodying sections 11—13 of Act XXVI of 1871 in the said rules. When it is found or admitted that the applicant has not a transferable interest it cannot be enacted in a rule that the landlord's consent is to be presumed from his silence. In the case of application by holders of Government puttas, who are in possession, a notice stuck up for a moderate period in the village will suffice. Pre-existing interests other than mortgages are not to be affected (section 7 proviso), and the existence of mortgages is not a bar to recovery by outright sale of the land. Applications by mortgagees, even though in possession, cannot safely be accepted at all. The Government observe, however, that the meaning of the proviso to section 7 is not clear. The intention seems to be that in the case of a loan to a tenant the landlord's right shall not be affected by a sale of the land; but if the pre-existing interest spoken of other than that of the borrower includes a coparcenary interest, or a right founded on a conveyance not known or declared, the security for the loan and the facilities intended to be given for its recovery may be seriously diminished. Under the law in force in this presidency all such rights in the land are extinguished by a revenue sale of the land for arrears due thereon.

7. Though advances for wells on liberal terms are to be specially provided for under Act XIX of 1883 the Government think the Takavi Act might usefully be extended to this presidency. The Board are requested to report further on the matter, after ascertaining the practice under the Act in other provinces, where, according to the statements of the Hon. Mr. Quinton in the Legislative Council in the debate on Act XIX of 1883, it has been productive of much benefit. Draft rules as

determining in what cases the notice referred to in Section 5 of the Act may be dispensed with. This provision was introduced with a view to enable officers to cut short inquiries and speedily dispose of applications in cases in which no complications are expected. The Honorable Mr. Quinton in the debates in the Legislative Council stated the intention to be that in provinces where a record of rights is carefully maintained, and where the rights of the applicants to make improvements are laid down by law, notice may be dispensed with, but where this is not the case, notice must issue. Act XXVI of 1871 provided that when a tenant applied for a loan for executing improvements in the lands in his occupation, a notice should be given to the landlord that if the landlord did not object within a certain time to the grant of the loan he must be taken to have assented thereto, and that if he objected the loan was to be refused (Sections 7 to 13). These provisions have been omitted in the new Act and the rights of landlords and tenants to make improvements left to be defined in the law relating to landlord and tenant. It appears to the Board that for the present the provisions of Sections 7—13 of Act XXVI of 1871 should be inserted in the rules, and the grant of a loan applied for by a tenant refused if the landlord objects. In these cases it is, of course, essential that the notice contemplated by Section 5 of Act XIX of 1883 should issue. Even in regard to Government ryotwari lands, it seems to the Board that the notice cannot be dispensed with. If Government were to grant in all cases loans to puttadars without inquiries as to rights in the land and without a general or special notice to other parties having interests in it, injustice might occasionally result. The loan becomes a first charge on the land in the same manner as land revenue, and the land is liable to be sold free of encumbrances for the recovery of the loan. Section 8 of the new Act provides that the order of the officer granting the loan is conclusive evidence that the improvement was one benefiting the land, and the grantee had at the time of the order the right to make the improvement. So long, therefore, as the revenue registry does not correspond with actual ownership, notice should in fairness be given to the various parties who may have interests in the land, and the absence of such interests in any particular case cannot be presumed without inquiry.

10. In G.O., dated 13th December 1881, Government suggest that the procedure might be very much simplified if collateral security for the loan be dispensed with. This might be done to some extent; but as besides the sufficiency of the security, it has to be ascertained that the work for which the loan has been applied for is unobjectionable and the applicant has the right to make the improvement, the local inquiry and notice cannot, it seems to the Board, be dispensed with altogether.

11. The Government were also of opinion that, *independently* of the rules, advances not exceeding Rs. 100 might be granted without interest for digging wells, repayable in three instalments in the 3rd, 4th and 5th years. The Board presume that the intention is to grant these advances as Takavi advances recoverable under Section 59 of Madras Act II of 1864. The amount of the advance will not cover the cost of the larger wells in the dry districts, but in many cases, it would go to supplement the means of the ryots and be productive of great benefit. In the majority of cases no elaborate inquiries will be necessary, and if it is understood that the grant of these advances is not to affect the rights of third parties to the land, the procedure might be simplified to a very great extent. These advances must be regulated by a special set of rules. In this connection the Board observe that the Takavi Act XII of 1884, very recently passed, empowers the Governor-General in Council to extend it to this presidency by notification.

12. The draft rules forwarded by the Government of India are simple, but do not contain sufficiently definite instructions as to the conduct of inquiries, service of notices, inspection of works, &c. The rules at present in force consist of two portions, the first containing general rules laying down the conditions of the loans, and the second explaining the manner in which the inquiries should be conducted. The Board are of opinion that the present arrangement is convenient and should be retained. In Appendix A are given the present rules and the alterations to be made therein to suit the proposed arrangements. If the proposals are approved, the Board will forward a complete set of rules as finally settled.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue, dated 11th August 1884, No. 2759 :—

Read—G.O., dated 30th November 1883, No. 1499, Revenue.

ABSTRACT.—Forwarding to the Board of Revenue, with instructions, letter from the Government of India regarding rules to be framed under Land Improvement Loans Act.

Resolution—dated 11th August 1884, No. 2759.

With the order above read, the Government forward a communication from the Government of India in regard to the arrangements to be made for bringing into operation in this presidency the new Land Improvement Loans Act XIX of 1883, and direct the Board to submit for approval draft rules under Section 10 of the Act for regulating the grant of loans by Government for carrying out agricultural improvements, to frame annuity tables to meet cases in which it is considered advisable that repayments of loans should be made in the form of annuities, to determine the rate of interest to be charged on the loans and the period for which improvements to land in the nature of reclamation should under the new law remain untaxed, and to report generally on other matters referred to by the Government of India.

2. In 1881, the entire subject of loans for land improvements underwent full discussion and the conclusions then arrived at, after obtaining the opinions of local officers and native gentlemen, are summed up in G.O., dated 13th December 1881, No. 1919. The Board will bear in mind these conclusions in discussing the present proposals. In the debate on the Land Improvement Bill in the Legislative Council, to which the Government of India refer as explaining the principal changes in the law effected by the Act and the reasons therefor, His Excellency the President stated that he did not believe that the new law would effect any great extension in loan transactions, and that it was intended to be a small measure of reform to cure such defects in the present system of granting advances as are calculated to discourage resort to them, wherever the desire for agricultural improvement exists.

3. The first point to be determined with reference to the new rules is what period should be fixed for the repayment of loans granted by Government. The present rules (No. 19) require that advances of sums of Rs. 500 and under should be paid back within seven years, unless the sanction of Government is obtained for allowing a longer period, and in no case is the period to exceed 20 years without the sanction of the Government of India. The new Act prescibes that the period of repayment shall not ordinarily exceed 35 years, but authorizes the local Government to extend this period in special cases. There can be no doubt that the present limit of 7 years for loans not exceeding Rs. 500 is too narrow, but the question as to what the limit should be is one difficult of settlement. The Government of India suggest that instead of leaving the period of repayment to be fixed entirely at the discretion of the individual officers granting the advance, certain maximum periods might be prescribed for different classes of works with reference to the time within which they might ordinarily be expected to reimburse the land-holders for the outlay. The Board have given careful consideration to this question, but do not see their way to prescribing any such maximum periods, as there is no recognized classification

G.O., 26th October 1878, No. 1732.

of works constituting improvements, and the works falling under the same class vary almost infinitely in regard to their capacity to yield a return with reference to cost, soil and situation. The Board observe that in the English Agricultural Holdings Act of 1875 certain maximum periods were fixed within which certain classes of improvements were to be considered as exhausted, but apparently, owing to the practical difficulty of working such a rule and its unequal operation, the limits were abandoned when the Act was remodelled in 1883.* In G.O. of 13th December 1881, Government viewed with favor a proposal of Mr. Chentsal Rao that for certain small loans no limit of period whatever for repayment should be prescribed, but that interest on the loan should form a charge on the land and be collected in addition to the land assessment, the borrower, however, being at liberty to relieve the land of the charge for interest by repaying the loan at any time he pleases. The proposal was considered by the Select Committee on the Land Improvement Loans Bill and rejected mainly because it was considered undesirable to mix up the transactions of the State in its capacity of capitalist with that of landholder, and because complications might arise if the charge for interest continued after the improvement for which the loan was granted had become exhausted. If, however, the repayment is spread over a long period and received in the form of annuities, the advantages of the proposal are to a great extent secured and the objections got rid of, and the Board consider that this should be done wherever possible. The Act contemplates the grant of loans for what are called "permanent improvements" and such improvements may ordinarily be expected to reimburse the land-holders for their cost in 15 or 20 years. The Board would fix the following scale as a guide of officers granting the advance :—

Section 6 of 38 and 39 Vic., Cap. 92.

* 46 and 47 Vic., Cap. 61.

	YEARS.
Rs. 100 to 500	15
„ 500 to 1,000	20
„ 1,000 to 2,500	25
„ 2,500 to 5,000	30
Above 5,000	35

The Board believe that it will rarely, if ever, be necessary to allow a longer period than 35 years for the repayment of the loan, and if such exceptional cases occur, they will be reported for the orders of Government. Loans of smaller sums than Rs. 100 should not be granted under the Act.

4. The rate of interest at present levied, viz., $6\frac{1}{4}$ per cent., is not excessive, and the Government of India propose to retain it unless it is shown that it is more than is necessary to cover the interest on Government loans, the cost of collection and risk of bad debts. The Board are of opinion however that the interest might be levied at 5 per cent., the rate mentioned by the Famine Commission, without infringing the conditions laid down by the Government of India. The remarks of Mr. Sturrock, Collector of South Canara, printed in the G.O. of 13th December 1881, show that in some parts of the country the current rate of interest is as low as $3\frac{1}{8}$ per cent., provided the security for the loan is good and sufficient, and it is well known that in most places investments in landed property yield hardly as much as 4 or 5 per cent. It is no doubt true that exorbitant rates of interest are charged by money-lenders when the borrower has not good security to offer, and the loan is made as a speculation ; but as the Government insists upon obtaining unexceptionable security, has the first lien on the land improved, is not obliged to sue the debtor, but can recover the loan summarily by selling the land free of encumbrances, the risk incurred by them is very small, and they can afford to lend money at 5 per cent. interest which is 1 per cent higher than the interest they pay on their loans. It must be remembered also that when the annuity form of payment is adopted, the unpaid portion of the loan each year pays compound interest. The cost of collection will practically amount to little or nothing and need not be taken into account.

5. The next point to be considered is what time must elapse after the date of the loan before repayment should commence. The principle to be followed in determining this is that no repayment should be demanded until the work has commenced to yield

a return. For reasons already given no elaborate rules can be framed prescribing different periods for different classes of works. Loans will, however, probably be most ordinarily taken by ryots for the construction of wells. With reasonable diligence, a well may be expected to be completed within one year after the grant of the loan ; and at the end of the second year the ryot may be expected to reap a profit. It seems desirable therefore to make the first instalment fall due at the end of the second year. To defer the repayment longer in the case of small loans will probably lead to no good result. As regards large loans for such works as anicuts, channels, large tanks, &c., which, if at all, will be taken by large land-holders, such as Zemindars, an intermediate period of three years may be allowed between the grant of the loan and the payment of the first instalment. The Board therefore consider that the rule in this respect should be that in the case of loans not exceeding Rs. 1,000, which must be for works of small magnitude, repayment should commence at the end of the second year, and for all other loans it should commence at the end of the third year, the borrower, of course, being at liberty to pay off the loan sooner if he chooses.

6. Clause (a) rule 13 of the draft rules received with the letter of the Government of India provides that interest on the loan shall commence only six months before the date fixed for the first instalment. The Board are unable to approve of this rule. There does not appear to be any reason why the interest for the intermediate period should be altogether foregone. The Government have to pay interest on their loans, and if they are to be secured from loss, the interest payable on the advances after the instalments commence would have to be fixed somewhat higher than would otherwise be the case, and nothing would be gained by such an arrangement. Interest must therefore be collected at the end of each year from the commencement. If the borrowers choose the annuity form of payment, all payment, whether for principal or interest, will be avoided for two or three years, as the case may be, during which the work is in progress. The following table shows the amounts of the instalments for repaying a loan of Rs. 100 in the form of annuities, repayment being deferred till the end of the 2nd and 3rd years and compound interest being charged at 5 per cent.

Number of years in which loan is repayable.	Amount of each instalment when the 1st falls due at the end of the 2nd year.	Amount of instalment when the 1st instalment falls due at the end of the 3rd year.
	RS. A. P.	RS. A. P.
15	10 9 9	11 11 10
20	8 11 0	9 6 11
25	7 9 9	8 2 9
30	6 15 0	7 6 5
35	6 7 9	6 14 2

It should be explained to the ryots that in the annuity form of payment each instalment represents the interest as well as the principal.

7. If the above proposals are approved, the annuity tables required can without difficulty be prepared.

8. The Board are of opinion that if the ryots taking loans prefer it, each instalment payable at the end of a year may be entered in the putta and collected with the instalments of land revenue, but no laxity should be allowed in collecting the instalments, and interest should, as a rule, be charged if they are left in arrears. The annuity tables will have to be framed on the supposition that instalments will be punctually paid, or, if left in arrears, will bear interest. The tendency on the part of the ryots to spend the income from their lands in marriages, &c., leaving the dues of Government in arrears, should not, whether in their own interests or in those of Government, be encouraged. In exceptionally adverse seasons, exceptional treatment would, of course, be needed.

9. Another point to which attention is directed by the Government of India is the desirability of framing rules for the guidance of officers granting loans, for

No. 3130 W dy 19 Dec/84.

Communicated to the officers of the P.W.D. for information.

2. Supdg Engrs will report on the questions raised in paragraph 12 in connection with the specially trained men to be employed for boring.

(Sd) J.S.

2 Cs for S.
Ds.

Govt. of {1884} Madras.

REVENUE.

Issued

Recd. Encl.

G.O., 24th November 1884, No. 1294.

NOVEMBER.

Land Improvement Act XIX of 1883.

Orders passed on Board's Proceedings regarding the grant of loans under the new — for agricultural improvements and the construction of wells.

(B).—Annuity table for use in calculating payments by annuities for loans under the Land Improvement Act.

Years.	3 per cent.			4 per cent.			5 per cent.			6¼ per cent.		
	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)
1	1·0300	1·000	103·000	1·0400	1·000	104·000	1·0500	1·000	105·000	1·0625	1·000	106·250
2	1·0609	2·030	52·261	1·0816	2·040	53·020	1·1025	2·050	53·781	1·1289	2·062	54·737
3	1·0927	3·090	35·363	1·1249	3·123	36·026	1·1577	3·161	36·631	1·1994	3·190	37·594
4	1·1255	4·183	26·905	1·1699	4·248	27·543	1·2155	4·310	28·202	1·2745	4·392	29·019
5	1·1593	5·310	21·832	1·2167	5·418	22·459	1·2763	5·526	23·096	1·3541	5·666	23·901
6	1·1941	6·471	18·456	1·2653	6·633	19·077	1·3401	6·802	19·701	1·4387	7·019	20·497
7	1·2299	7·663	16·049	1·3160	7·900	16·658	1·4071	8·142	17·282	1·5286	8·458	18·074
8	1·2668	8·893	14·244	1·3686	9·215	14·852	1·4774	9·548	15·473	1·6242	9·987	16·263
9	1·3048	10·160	12·842	1·4233	10·583	13·450	1·5513	11·026	14·070	1·7257	11·611	14·862
10	1·3439	11·453	11·731	1·4802	12·005	12·330	1·6289	12·578	12 950	1·8335	13·336	13·748
11	1·3842	12·807	10·808	1·5395	13·487	11·714	1·7103	14·206	12·039	1·9481	15·169	12·842
12	1·4258	14·194	10·045	1 6010	15·025	10·656	1·7959	15·918	11·282	2·0699	17·118	12·092
13	1·4685	15·617	9·403	1·6651	16·628	10·014	1·8856	17·712	10·646	2·1993	19·189	11·461
14	1·5126	17·087	8·853	1·7317	18·292	9·467	1·9800	19·600	10·102	2·3367	21·387	10·996
15	1·5580	18·600	8·376	1·8010	20·025	8·994	2·0789	21 578	9·634	2·4827	23·723	10·465
16	1·6047	20·157	7·961	1·8730	21·825	8·582	2·1829	23·658	9·227	2·6379	26·207	10·066
17	1·6528	21·727	7·603	1·9479	23·698	8·220	2·2920	25·840	8·870	2·8028	28·845	9·717
18	1·7024	23·413	7·271	2·0258	25·645	7·900	2·4066	28·132	8·555	2·9780	31·648	9·410
19	1·7535	25·117	6·981	2·1068	27·670	7·614	2·5270	30·540	8·274	3·1641	34·626	9·138
20	1·8061	26·870	6·722	2·1911	29·778	7·358	2·6533	33·066	8·024	3·3619	37·790	8·896
21	1·8603	28·677	6·487	2·2788	31·970	7·128	2·7860	35·720	7·800	3·5720	41·152	8·680
22	1·9161	30·537	6·275	2·3699	34·248	6·920	2·9252	38·504	7·597	3·7952	44·723	8·486
23	1 9736	32·454	6·081	2·4647	36·618	6·731	3·0715	41·430	7·414	4·0324	48·519	8·311
24	2·0328	34·427	5·905	2·5633	39·082	6·559	3·2251	44·502	7·247	4·2844	52·551	8·153
25	2·0938	36·460	5·743	2·6658	41·645	6·401	3·3863	47·726	7·095	4·5522	56·836	8·010
26	2·1566	38·553	5·595	2·7725	44·313	6·257	3·5557	51·114	6·956	4·8367	61·387	7·879
27	2·2213	40·710	5·456	2·8834	47·085	6·124	3·7335	54·670	6·829	5·1390	66·225	7·760
28	2·2879	42·930	5·329	2·9987	49·968	6·001	3·9201	58·402	6·712	5·4602	71·362	7·651
29	2·3566	45·220	5·211	3·0187	52·967	5·888	4·1161	62·322	6·605	5·8015	76·825	7·552
30	2·4273	47·578	5·102	3·2434	56·085	5·783	4·3200	66·400	6·506	6·1641	82·625	7·460
31	2·5001	50·004	4·999	3·3731	59·328	5·686	4·5381	70 762	6·413	6·5494	88·791	7·376
32	2·5751	52·504	4·905	3·5081	62·702	5·595	4·7650	75·299	6·328	6·9586	95·337	7·299
33	2·6534	55·114	4·814	3·6484	66·209	5·510	5·0032	80·065	6·249	7·3935	102 252	7·228
34	2·7319	57·730	4·732	3·7943	69·857	5·432	5·2534	85·068	6·176	7·8556	109·706	7·162
35	2·8138	60·460	4·654	3·9461	73·653	5·358	5·5161	90·321	6·107	8·3466	117·547	7·101

Column (1) is the amount of Re. 1 improved at compound interest for a given number of years. This column = the annual instalment ÷ the excess of the annual instalment above the initial interest on the loan.

Column (2) is the amount at compound interest of an annuity of Re. 1 for a given number of years. This column × by the excess of the annual instalment above initial interest on the loan gives the amount of principal paid off.

Column (3) is the annual instalment necessary to pay off a loan of Rs. 100 with interest in a given number of years $\left(I_n = 100 \frac{R^n}{A_n} \right)$.

Examples of the use of the tables :—

1. In what time will a loan of Rs. 1,200, at 5 per cent., be paid off by an annuity of Rs. 80 ?
   The initial interest is Rs. 60, leaving Rs. 20 and $\frac{80}{20} = 4$.
   The next lowest figure in column (1) at 5 per cent. is 3·9201 opposite 28 years. The loan will be paid off in the 29th year.
2. Of such a loan how much will remain due at 28 years, and how much will be paid off in 15 years ?
   By column (2) at 28 years, 58·402 × 20 = 1168·040, leaving Rs. 31·960 still due.
   In 15 years, 21·578 × 20 = 431·560 rupees will be paid off.
3. What instalment will pay off Rs. 327 at 4 per cent. in 15 years ?
   3·27 × 8·994 = 29·5 rupees.
4. A loan of Rs. 1,500 is to be paid off in 20 years, at 6¼ per cent., but instalments are to be deferred till the end of the fifth year. Find instalment.
   At the beginning of the fifth year, the loan with interest will by column (1) have amounted to (Rs. 1,500 × 1·2745 =) 1,911·750 rupees, and there will remain 16 years in which instalments will be paid. The instalment will be (19·1175 × 10·066 =) 192 437 rupees.
5. If a loan of Rs. 150 is given at 3 per cent. to be paid off in 25 years, what amount of principal is remitted, supposing interest to be 6¼ per cent ?
   The annual instalment is (1·5 × 5·743 =) 8·615 rupees, which at 6¼ per cent. will pay off in 25 years $\left(\frac{8·615 \times 100}{8·010} = \right)$ 107·553 and the amount remitted is (150 — 107·553 =) 42·447 rupees.
6. Adjust instalments so that a loan of Rs. 1,000 shall be paid off entirely in 24 years, ⅓ in 8 years and ⅔ in 16 years. Interest at 5 per cent.

(*a*) One-third of the loan is Rs. 333⅓ and instalment to pay it in 8 years is (3·333 × 15·473 =) 51·577 rupees. Add interest on Rs. 666·667 or Rs. 33·333. Instalment for the first series of 8 years is Rs. 84·910.

(*b*) To pay off Rs. 333⅓ instalment is Rs. 51·577 as before. Add interest on Rs. 333⅓ or Rs. 16·667. Instalment for second series of 8 years is 68·244 rupees.

(*c*) Instalment for third series of 8 years is Rs. 51·577.

7. What loan will an instalment of Rs. 20 pay off in 35 years at 3 per cent. ?
   As 4·654 : 20 : : 100 : 429·75 rupees.

(C).—Table of decimal parts of a rupee.

Annas.	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Pies.																
0 ..	·000	·063	·125	·188	·250	·313	·375	·438	·500	·563	·625	·688	·750	·813	·875	·938
1 ..	·005	·068	·130	·193	·255	·318	·380	·443	·505	·568	·630	·693	·755	·818	·880	·943
2 ..	·010	·073	·135	·198	·260	·323	·385	·448	·510	·573	·635	·698	·760	·823	·885	·948
3 ..	·016	·079	·141	·204	·266	·329	·391	·454	·516	·579	·641	·704	·766	·829	·896	·954
4 ..	·021	·084	·146	·209	·271	·334	·396	·459	·521	·584	·646	·709	·771	·834	·896	·959
5 ..	·026	·089	·151	·214	·276	·339	·401	·464	·526	·589	·651	·714	·776	·839	·901	·964
6 ..	·031	·094	·156	·219	·281	·344	·406	·469	·531	·594	·656	·719	·781	·844	·906	·969
7 ..	·036	·099	·161	·224	·286	·349	·411	·474	·536	·599	·661	·724	·786	·849	·911	·974
8 ..	·042	·105	·167	·230	·292	·355	·417	·480	·542	·605	·667	·730	·792	·855	·917	·980
9 ..	·047	·110	·172	·235	·297	·360	·422	·485	·547	·610	·672	·735	·797	·860	·922	·985
10 ..	·052	·115	·177	·240	·302	·365	·427	·490	·552	·615	·677	·740	·802	·865	·927	·990
11 ..	·057	·120	·182	·245	·307	·370	·432	·495	·557	·620	·682	·745	·807	·870	·932	·995

(D).—Table of Maximum Loans admissible for specified Ayacuts.

Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.
	RS.	RS.		RS.	RS.		RS.	RS.
1·50	7·5	161·15	3·00	15·	322·30	4·50	22·5	483·45
1·75	8·75	180·01	3·25	16·25	349·16	4·75	23·75	510·31
2·00	10·	214·86	3·50	17·5	376·05	5·00	25·00	537·17
2·25	11·25	241·72	3·75	18·75	402·88	5·25	26·25	564·03
2·50	12·5	268·58	4·00	20·	429·73	5·50	27·5	590·88
2·75	13·75	295·44	4·25	21·25	461·97	5·75	28·75	600·00
						or more	...	

Exd. T. O'Connor.

120 Copies.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

the procedure adopted should be that laid down in Rules 11—14; if he has no such transferable interest and there is no common understanding as to whether the tenant or the landlord is to have the right to make the improvement, the loan should be refused if the landlord objects.

6. When the proposed advance exceeds Rs. 5,000, the Collector of the district shall obtain from the District Engineer an opinion as to the feasibility, probable cost and merits generally from a professional point of view of the proposed work; in any other case, it shall be competent to the officer dealing with the application to call for professional opinion through the proper channel, should necessity appear.

7. All certificates issued shall be kept in bound volumes in the taluk; they shall bear a serial number, a separate series being maintained by each officer authorized to grant advances, and shall be in the form appended to these rules.

8. When the officer dealing with the case under Rule 10 is not the Collector of the district, the record should be forwarded through the latter to the Board of Revenue with the Collector's opinion.

9. A register of advances and repayments in the subjoined form shall be maintained at every Taluk Treasury. When repayments at any other treasury than that of the taluk in which the land to be improved is situated are allowed, the Treasury Officer receiving payment shall give information thereof to the Tahsildar of such taluk, in view to such payment being noted in his register:—

Form of Register.

1. Serial number of certificate.
2. Name and residence of certificate-holder.
3. Amount of advance granted.
4. Repayments—
   - (*a*) Date.
   - (*b*) On account of principal.
   - (*c*) On account of interest.
   - (*d*) Total.
5. Remarks.

10. The account to be kept by the recipients of advances exceeding Rs. 5,000 as required by Rule 28 shall be in the subjoined form:—

1. Name of the work.
2. Advance received—
   - (*a*) Date.
   - (*b*) Amount.
3. Expenditure incurred—
   - (*a*) Date.
   - (*b*) Description of work.
   - (*c*) Rate.
   - (*d*) Amount.

11. It shall be the duty of officers issuing certificates to arrange for the inspection of every work in progress by a competent and trustworthy subordinate. If a work is one requiring professional skill, the inspection should be made by an officer of the Public Works Department. Under Rule 27 all works for which advances are made in a lump sum must be inspected and reported on as soon as possible after the date on which their completion was directed in the certificate, and all works for which advances are made by instalments before each instalment subsequent to the first is paid. Whether this will ensure sufficient inspection must depend upon the terms of the certificate. In many cases, a single inspection of the work on completion would suffice to ensure that due diligence is being used in applying the money to the purpose for which it is granted, but, as a general rule, an inspection should be made six months after the date of payment and thenceforward at least once a year. A report of the result of such inspection should be submitted to the Collector of the district annually by every subordinate empowered to issue certificates.

12. A supply of forms of application providing for the exhibition of the necessary particulars shall be printed in the vernacular and distributed to the Tahsildars, who will assist applicants in filling them up and explain the provisions of the rules which should be published from time to time in the District Gazette.

13. A full account should be given of all sums advanced, amounts recovered, &c., under the Land Improvement Act and Rules in the Annual Settlement Report.

II.—*Special rules framed under Section* 10 *of the Land Improvement Act XIX of* 1883 *for the construction of wells.*

1. These rules extend to the districts of Bellary, Anantapur, Kurnool, and Cuddapah, but may be declared applicable to other tracts at the discretion of Government. In the districts to which they apply, advances may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No advance under these rules shall exceed the sum of Rs. 600.

3. The advances shall be repayable by equal annual instalments discharging both principal and interest.

4. The rate of interest charged shall be 3 per cent. per annum.

5. All loans must be repaid within thirty-five years at furthest.

6. The annual charge for payment of the debt and interest shall be one anna in the rupee of advance, provided that it shall not exceed 5 rupees an acre on the land assigned as the ayacut (irrigable area) of the well.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the putta, but will be payable together with the last revenue kist of each fasli year.

8. No security other than the lands assigned as the ayacut, which shall be pledged as security for discharge of the special annual charge as it falls due and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayacut shall be entered in a separate putta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs, the whole of the land assigned as the ayacut and the well itself shall be sold together for the recovery of the amount in arrear with interest thereon and expenses of sale if any; and will remain subject to so much of the principal debt as remains unpaid.

10. From the purchase-money realized shall be deducted, first, the land revenue, interest thereon and expenses as aforesaid, and, secondly, the arrear of special charge and interest thereon; and the overplus shall be credited in liquidation of the balance of the debt on the well. The purchaser shall, in case of overplus, be entitled either to have the number of future annual payments reduced proportionately, the amount of the annual charge remaining the same; or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and readjustment, a fresh certificate and special putta stating future annual instalments and debt remaining due shall be issued to the purchaser of the well, and the former special putta shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter. Special charge against the well and ayacut shall then cease.

Example.—Rs. 300 are advanced for a well with a 4-acre ayacut and instalment Rs. 18-12-0 under Rule 6, and land assessment at 12 annas an acre, or Rs. 3. Default is made in the tenth year, and the land and well is at once sold. It realizes Rs. 150. Deduct land revenue Rs. 3, and instalment Rs. 18-12-0, or Rs. 21·75. There remain 128·25 rupees to be credited to the balance of debt, which by table is Rs. 188·333, reducing it to Rs. 60·083. If the purchaser pays this up, the well will be free from debt; if he likes he may have the number of instalments reduced from 12 to 5, or may continue to pay for twelve years more, the instalment being reduced from 18·75 rupees to 6·037 rupees.

11. On the debt being paid off by completion of the term, or under the last rule, the land forming the ayacut shall be held at the ordinary assessment, which shall not be subject to enhancement or increase at revision of settlement on account of the improvement due to the well. No charge for irrigation with the water of the well will be imposed either on such land or on any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for advance shall be approved under these rules unless it is estimated that the value of the land assigned as the ayacut will, after the well is in operation, be equal to not less than one-half of the advance applied for.

13. When a ryot is desirous of obtaining an advance under these rules for the construction of a well, he may apply to the Revenue Inspector, on deposit of a fee of Rs. 5, to have a trial boring made at the proposed site of the well by the establishment, if any, maintained by Government in the district for such purpose. Application forms, serially numbered, will be kept by all Revenue Inspectors, and will be filled up for applicants free of charge or stamp-duty, on the deposit of the prescribed fee, which will be printed on the duplicate of the application retained by the applicant and receipted by the officer taking the application. A printed form showing nature and thickness of the strata passed through by the borer and the depth at which water is found or not found, and the quality of the water whether saline or otherwise, shall be given to the applicant by the officer in charge of the boring party. If the boring prove unsuccessful, *i.e.*, if water is not met within 35 feet, the fee shall be refunded. If the applicant subsequently applies for and obtains an advance under the rules, the fee paid shall be refunded and the actual cost of boring shall form part of the advance admissible and granted.

14. Applications for advances under these rules must specify the amount of the advance required; particulars of the land proposed as the ayacut of the well; whether it is registered in the applicant's name and is in his possession; whether it is mortgaged or otherwise encumbered, and, if so, particulars of the same; and what security the applicant can give for the repayment of half the advance in the event of the well not being constructed within a year from the acceptance of the application. If a trial boring has been made, the printed statement of the result shall be attached to the application.

15. Application forms can be obtained at all cutcherries and from Revenue Inspectors, and applicants may have them filled up either by the givers or by the Karnams of their villages. They may be presented to any Revenue officer of grades not lower than Revenue Inspector, and applicants shall get receipts for them.

16. On receipt of an application, a Revenue Inspector or higher officer shall at once inspect the land and make summary inquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; what will be the market value of the land if the well is successful, judging from that of like land in the neighbourhood; and whether the security offered is sufficient. The report shall be transmitted to the divisional officer, who shall examine whether the advance can be made under the rules; and, if the prescribed conditions are complied with, shall accept the application and order the Tahsildar to pay half the amount of the advance applied for on the applicant's furnishing security as proposed and executing the necessary documents in the prescribed forms to the effect that the money received shall be applied to the purpose intended, and that a substantial and properly constructed well in full working order shall be completed within a year from the receipt of the advance. No interest will be charged on this advance. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advance authorized by this rule will be recoverable from the applicant in pursuance of the security given.

17. On completion of the well, the applicant shall apply to have the work measured up and estimated in accordance with a schedule of rates, which will be prescribed from time to time for the district or taluk. If the value of the work done is within 10 per cent. of the amount originally applied for, payment of the second moiety shall be sanctioned. If the value is less than the amount originally applied for by more than 10 per cent., the applicant may, if he pleases, take a reduced loan, the special annual charge being reduced accordingly; or if it is in excess by more than 10 per cent., he may claim a higher sum than originally applied for; provided always that the conditions of Rules 5 and 6 are not infringed.

Example.—A man applies for an advance of Rs. 300 for a well with a 4-acre ayacut. On completion, the well is found to have cost Rs. 450. The annual charge is limited (Rule 5) to Rs. 20, and by table it is found that this will in thirty-five years only pay off Rs. 429·75. He cannot be granted more than this amount, and instalments for thirty-five years must be fixed, if he takes it. If, however, the well is found to cost only Rs. 250, he may claim the Rs. 300 for which the application was accepted; but may, if he likes, take Rs. 250, and in such case will pay only Rs. 15-10-0 per annum instead of Rs. 18-12-0.

18. The amount of advance being finally settled, a certificate in the form appended shall be issued by the Collector and signed by the applicant. A copy thereof shall be given to him, and also a special putta for the lands, on the reverse of which shall be shown the amount which will remain due in each fasli, supposing instalments to be paid according to the putta. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary putta, which he shall give up for the purpose.

19. A full year shall always be allowed for the execution of the work, and the first instalment on account of the debt shall be payable with the last yearly kist, coming next after the grant of certificate, if such kist is more than six months off. If less, the first instalment shall be deferred to the last kist of the following fasli; *e.g.*, the last kist of the year falls in May, and a certificate is granted in January. The first payment for the loan shall be fixed for the following May twelve months. But if certificate is granted in November, the first payment will be due in the following May. The term of the loan will run accordingly.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar ; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village ; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests ; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued ; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered ; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land ; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner ; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners ; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

interest or without interest, they should report such cases for the orders of the local Government through the Board of Revenue, explaining the grounds of their recommendation. The local Government may, if it sees fit, authorize loans being granted at reduced interest or without interest in special cases.

19. In the case of loans of sums not exceeding Rs. 1,000, repayment shall ordinarily commence at the end of the second year from the date of the loan, and in the case of loans of sums exceeding Rs. 1,000 at the end of the third year; but if in any special case the sanctioning authority considers that the work for which the loan is given is such that a longer time must elapse before it yields a return, a longer interval may be allowed between the date of the loan and the date fixed for the payment of the first instalment, but not exceeding five years.

The interest on the loan shall, however, accrue at the end of each year from the date of the loan and shall be added to the principal. The time allowed for repayment of the loans and the instalments shall be fixed by the Collector with reference to the convenience of the applicant and the necessities of the case, but so as not to exceed the maximum limits specified below:—

		Maximum Period. YEARS.
For loans from Rs.	100 to Rs. 500	15
Do.	„ 500 to „ 1,000	20
Do.	„ 1,000 to „ 2,500	25
Do.	„ 2,500 to „ 5,000	30
Do.	„ 5,000 and above	35

Loans will not be granted in smaller amounts than Rs. 100. Provided that loans for the construction or restoration of wells may be made for less amount than Rs. 100, and that the time allowed for repayment of such loans may be extended to 25 years. At the option of the applicant repayments may be made in the form of annuities, consolidating interest and principal in accordance with the tables appended to these rules. Any person to whom a loan is granted may repay it, or portions of it, at an earlier date than that fixed in the certificate. Interest shall be charged at 5 per cent. on all instalments overdue.

20. All repayments shall ordinarily be made at the treasury of the taluk in which the land to be improved is situated; but the Collector may, if he sees fit, authorize repayment at any other Government treasury within the district. The Tahsildar shall keep a register of advances and repayments in such form as the local Government may from time to time prescribe for the purpose. If the person who obtains the loan desires to pay the instalments of the loan with the land revenue, such instalments may be collected with the last instalment of the land revenue falling due in each year.

21. Instalments of loans and interest due thereon may be suspended on proof of failure of crops or other exceptional calamity. The Collector shall report the case to the Board of Revenue, who shall pass such orders on the case as they deem proper.

22. No advance shall be made unless the value of the security offered exceeds by at least one-fourth the amount of the advance.

23. Subject to the orders of the local Government, the Collector of the district may make provision for the proper inspection of works in course of construction, for which advances have been made, and for ascertaining and securing that such advances are duly applied to the purpose for which they are made.

24. The works and any accounts kept of the disbursements on them shall be at all times open to the inspection of the Collector of the district or other person authorized in that behalf.

25. In the case of advances exceeding Rs. 5,000, accounts shall be kept by the recipient of the advance in any form that the Collector may, with the sanction of superior authority, prescribe.

26. If at any time the Collector of the district is satisfied that any person who has received an advance has failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds for the decision he has arrived at and subject to the control of the superior Revenue authorities, proceed to recover forthwith from such person, or from any surety of such person under the provisions of the Act, any sums which remain due, together with any interest payable thereon and costs.

27. All works for which advances are made in a lump sum shall be inspected and reported on as soon as possible after the date on which their completion is directed in the certificate. All works for which advances are made by instalments shall be inspected and reported upon before each instalment subsequent to the first is paid.

28. Separate rules have been sanctioned for the grant of advances for sinking irrigation wells on specially favorable terms in districts or parts of districts liable to drought.

APPENDIX A.

Form of application.

Name, residence, &c., of applicant.	Amount of advance required.	Nature of security, whether personal or otherwise.	Nature of proposed improvement.	Situation of the land.	Applicant's rights in the land.	Proposed dates of repayment.

Applicant's Signature.

Note.—

(1) The State will advance money to landlords and cultivators for the construction of wells or tanks, the reclamation of waste, or any work by which the value of the land will be permanently increased.
(2) Application for an advance may be made to the tahsildar, &c., in the above form free of stamp duty.
(3) The rate of interest will be 5 per cent. per annum, and instalments will be distributed over a number of years.

Particulars to be filled in by inspecting officer. *(Reverse of Form A.)*

i. Village, survey number, area of land to be improved.
ii. Status of applicant, *i.e.*, proprietor or tenant. If a tenant, whether the landlord objects.
iii. Security—
  (1) If the land itself, the value of the applicant's interest in it.
  (2) If personal, the names and status of the co-sureties.
  (3) If property other than the land itself, its nature, value and extent of pre-existing encumbrances, if any.
iv. The improvement—
  (1) Its estimated utility and value.
  (2) Objections, if any, of third parties.
  (3) Date on which it will begin to yield profit.
v. Repayment—
  (1) Suitable date for first instalment.
  (2) Proposed instalments and period of repayment.
vi. Date or dates on which the advance, or instalments of it, should be received by the applicant.

Recommendations of inspecting officer after verification of the above in the registration and revenue offices of the taluk.

B.

Certificate granted under the Land Improvement Act.

To _____ *son of* _____ *of* _____.

1. On production of this certificate the aforesaid _____ is entitled to receive from the Taluk of _____ the following sums on the dates noted against them as an advance to be expended on (here describe clearly the nature of improvement) the land specified in the margin.

Date _____ amount.
Date _____ amount.
&c. _____ &c.
&c. _____ &c.

2. The conditions relating to the making and repayment of this advance are as follows :—

(*a*) That it, with interest thereon, shall be repayable on the dates and by the amount specified below :—

Date.	Principal.	Interest.	Total.
,,	,,	,,	,,
,,	,,	,,	,,

(*b*) That it shall be applied solely to the purpose specified above, and that if it shall be proved to the satisfaction of the Collector that any part of the advance has been misapplied, or if default is made in the payment of the instalments of the principal or of interest or of both on the due dates, the whole amount of the advance shall, with such interests as may have become due thereon and costs, be forthwith recoverable under Section 7 of Act XIX of 1883.

(*c*) That unless (here enter any conditions as to the period or periods appointed for completing the work) has been completed by (date) the advance shall be held to have been misapplied.

This clause to be used only when needed.

(*d*) That for the payment of the advance with any interest due on the same and costs the immovable property specified in the margin is, in addition to the land on which the improvement is to be made, hypothecated to Government.

Signature of Collector.

I have understood and agreed to the aforesaid terms and conditions.

Signature of certificate holder.

_____

Security Bond to be used when Applicant proffers Personal Security.

Whereas _____ has on _____ received from the Collector of _____ a certificate under the Land Improvement Act, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government, we hereby agree that if the said _____ shall fail to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment on the date fixed for its payment or any interest that may be due, we will be jointly and severally liable to Government for such sum not exceeding _____ as may be necessary to make good the amount which in consequence of his default he may have become liable to pay.

Hypothecation Bond to be used when immovable property is proffered by Collateral Security.

Whereas _____ has _____ received from the Collector of _____ a certificate under the Land Improvement Act of _____, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government; and whereas security for the due application of the advance, and for the punctual repayment of the same, together with interest according to the terms of the certificate is demanded from him, I _____ hereby mortgage to Government the immovable property mentioned in the schedule below as a

an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such a plan, estimate or specification, the Collector may cause them to be prepared on behalf of the applicant, first requiring him to deposit such sum of money as may, in the opinion of the Collector, be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same.

9. If on a review of the local inquiry the Collector is satisfied that the application ought to be complied with, he shall publish a notice as required in Section 5 of the Act with a copy of the application appended, calling upon all persons objecting to the loan to appear before him at a place specified therein and within a date not less than fifteen days from the date of the notice and submit their objections. The notice shall be published by public proclamation on the land and in the village and be stuck up in the Taluk Cutcherry. If no objections are made, or if the Collector overrules the objections made, he shall record a decision to the effect that the advance asked for, or a less sum than that asked for, may be made. On recording such a decision, the Collector may, if the amount of the advance does not exceed Rs. 1,000, at once grant a certificate for the advance in Form B appended. If he considers the objections valid, he shall reject the application, and if he is of opinion that the question raised by an objection is one which cannot be decided except by a Civil Court, he shall postpone proceedings on the application until the question is so decided.

10. If the amount of the advance exceeds Rs. 1,000, the record shall be forwarded to the Board of Revenue, and if it exceeds Rs. 5,000, through them to the local Government. The Board of Revenue or the local Government may, on perusal of the records of the local inquiry, at once sanction the advance, or refuse it, or direct further inquiry to be made if they think fit to do so. On receipt of orders sanctioning the advance, the Collector shall issue a certificate for the amount.

11. When the applicant is a tenant and proposes to furnish as security for the land to be improved any interest alleged to be transferable, which he possesses in the land to be improved, or any other adequate security, the Collector shall, in addition to publishing the general notice referred to in Rule 9, serve a special notice of the application on the landlord personally; or if service on him personally cannot be effected, a copy of the notice shall be affixed to some conspicuous place in the Collector's office and on the house in which the landlord resides; or if he does not reside in the district in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as the local agent for the landlord in respect of the said land.

12. No such notice shall be deemed to have been served unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made is otherwise established to the satisfaction of the Collector. In any case in which there are more share-holders than one and any share-holder or other person acts as a manager on behalf of the share-holders, service on him will be deemed to be service on each of the share-holders.

13. Such notice shall specify the sum applied for, the nature of the improvement to be made, the nature of the security proposed for the advance, and shall inform the landlord that if he desires to make any objections to the advance, he must, within one month after service of notice, signify them in writing to the Collector.

14. If the landlord or his local agent or manager does not so signify his objections, or if the Collector, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application, and that the value of such interest, either singly or taken jointly with other security furnished by him, is sufficient for the advance, he may sanction it or forward the records of the case for the sanction of the Board or the local Government.

15. When the applicant is a tenant without any transferable interest in the land to be improved, the loan shall not be granted if the landlord objects.

16. When a certificate is granted under these rules, it shall be endorsed by the applicant to the effect that he has understood and agreed to all the terms, and it shall be signed by him in the presence of the officer granting the certificate. If any property other than the property of the applicant is pledged or mortgaged as security for the repayment of the advance, the certificate shall be similarly endorsed, signed and attested by sureties and witnesses, and if the applicant is a tenant and cannot furnish security of the nature referred to in Rule 11, the certificate shall be signed by the landlord and attested by two witnesses other than the landlord.

17. The certificate shall be retained in the office of the Collector of the district; one copy of it shall be given to the applicant, and, when advances are made payable at any taluk or other subordinate district treasury, another copy shall be sent to such treasury.

18. Interest will be charged on loans at the rate of 5 per cent. per annum. If the officers authorized to grant loans consider that in special cases the loans should be granted at a lower

11. The Government, however, rely upon such value as the justification of the very favorable terms on which they propose to make advances in districts liable to drought, and are of opinion that a more suitable application of famine protection funds could not be found. In the debate on the Land Improvement Act it was laid down as a principle that, in regard to loans under the Act, the Government should act as any capitalist would, insisting on protecting itself against loss and on obtaining full interest for its money. But granting that this principle is to be accepted as regards ordinary improvement loans, His Excellency in Council is decidedly of opinion that loans for famine protective purposes may legitimately be made exceptions to the rule. It is proposed in the scheme under discussion that interest shall be 3 per cent. only; that the period for repayment shall be extendible to thirty-five years; and that all security, except a pledge of the land irrigable from the well, shall be dispensed with. But the essence of the scheme is that the whole of this land and the well itself shall be sold when default is made in the annual payment, and shall remain subject to the unpaid balance of the debt; and therefore the risk of loss, once a successful well has been constructed (and a loan is not otherwise granted), is very small, and probably less under the special rules for wells than under the rules for ordinary improvement loans. If objection is raised to lending Imperial funds, to which land improvement advances are now chargeable, at so low a rate of interest, the Governor in Council would propose that the difference of interest between 3 and 5 per cent. accruing yearly on loans outstanding under the special rules shall be charged to famine funds each year.

12. The chief cause which militates against well-construction is the uncertainty of success in the work; and one of the most important of the modes in which Government can assist the ryots is to place within their reach the means of ascertaining, as far as modern knowledge and appliances permit, the nature of the soil which will be met with in the excavation, the depth at which water will be found, its suitability for use in irrigation, and the thickness of the water-bearing stratum. This can best be done by organizing and equipping with necessary boring tools small parties of specially-trained men, who should itinerate in the districts to which the rules apply. Unless the site chosen is obviously absurd and impossible, any ryot desirous of obtaining an advance to dig a well should be allowed to have a boring made at the spot selected, and should be furnished with information as to the result of the experiment, which will obviously be invaluable as an indication of the prospects of success. As a guarantee of *bona fides* the Government would require a preliminary fee of small amount, say Rs. 5, to be paid; and this should be refunded if the boring proves a failure or if a loan is taken, the actual cost of the boring being added to the loan in the latter case. The possibility of providing such trained men, the cost and organization of the parties, the fees to be charged, and whether the men should work under the Engineer or the Collector, are points which will be further considered in the Public Works Department. A system of this kind has been tried in the North-Western Provinces, but the conditions of well-sinking in those provinces are obviously so different from those obtaining in Madras that the experience there gained is of little use. The Governor in Council proposes that the cost of the boring parties shall be charged against the annual grant for operations under the Act. For the four districts named in the special rules the grant in 1885-86 should be two lakhs of rupees.

13. It appears to Government to be an essential condition in a scheme for well advances that the annual charge for interest and repayment of principal shall be as low as it can be made and shall be assimilated as far as possible to land assessment. The proposals embodied in the rules that the annual charge shall not exceed $6\frac{1}{4}$ per cent. per annum, or Rs. 5 an acre, are certainly very moderate, and considering the assessments which under old settlements were charged on well irrigation the charge ought to be paid with ease by any ryot who can carry on cultivation regularly. One of the chief causes why wells fall into disuse is undoubtedly embarassments of the owners resulting from loss of cattle, inability to effect repairs, and the like. If the Takavi Act is extended to the presidency, and suitable rules framed under it, it will be of great advantage in preventing misfortunes of this sort; but the object of Government in encouraging wells will be defeated if cultivation under them is not carried on, and it is

therefore indispensable that advances shall be made only to substantial ryots. Specific inquiry into the circumstances of applicants is for obvious reasons undesirable, but it is thought that the rules provide reasonable securities as to their solvency. No ryot can get an advance unless he is able, *in limine*, to find security for the repayment within a year of half the cost of the well, and having received an advance of this amount is able to obtain command for a time of the balance wanted to complete the work. If afterwards he becomes so embarassed as to make default in a single instalment the well and the whole land commanded by it will at once be transferred to another ryot, who probably will be able to carry on the cultivation. Such ryot will get the benefit, in reduction of the debt on the well and also of the future charge on the land, of whatever he may pay in excess of the instalment due, as such amount will be applied to discharge of the balance remaining unpaid. At a certain period of the business it is probable that the sum realized by sale will extinguish the debt entirely, whereupon the well will be held on ordinary dry rates of assessment.

14. The effect of the proposed sale of the whole ayacut for the realization of a single instalment in obviating the necessity of elaborate and full security for the whole of the advance has already been adverted to. The provision may seem hard, but it is obvious that if only a portion of the land were sold and thus became separated from the well, the well would not be worked at its full efficiency, and might eventually become entirely useless. The objects which Government have in view would thus be defeated. It is thought also that the arrangement will operate to counteract the tendency of the ryots to apply for the largest advances possible under the rules, and will induce them to limit the proposed ayacut to what the well may fairly be expected to irrigate efficiently. The double regulation of the annual charge, both with reference to the amount of the advance and also to the ayacut, is intended to further this object. The $6\frac{1}{4}$ per cent. on the loan, and the 5 rupees per acre, will nearly coincide in what is taken to be the normal case, viz., a loan of Rs. 300, for a well to irrigate 4 acres, and repayable in twenty-two years. The requirement in rule 12 that the estimated value of the land when improved is to be at least half the amount of the advance is designed not so much for providing security against loss to Government as to prevent the proposed ayacut being made too small in view to limiting the annual charge under the 5 rupees' rule and to obtaining an unduly long period for repayment. The 35 years' rule (rule 5) will also tend in this direction, and a table showing maximum advances allowable with reference to this rule for specified irrigable areas is annexed to the rules. It was at first thought that the limit in rule 12 should be two-thirds, but in tracts where well cultivation is not much practised and well land not much valued this might tend to defeat advances otherwise desirable and perfectly safe. The rule applies only to proposals and preliminary acceptance, and does not affect the final adjustment with reference to actual cost. It would otherwise (see table just referred to) seriously hamper the grant of loans.

15. It will be noticed that provision is made in the rules for adjusting the loan to the ascertained cost after the well is completed and before certificate is granted. It is a question whether a re-adjustment of the ayacut, and consequently of the maximum advance admissible, of the terms of repayment and of the period allowed therefor, should not be similarly permitted. It is to be observed, however, that though the well may be finished its capacity for irrigation will be as uncertain as at first, and it seems better to insist on adherence to the original proposals; but special attention is solicited to the point.

16. The maximum loan is fixed at Rs. 600. It is a question whether it might not be raised to Rs. 750.

17. His Excellency the Governor in Council resolves to refer the scheme for criticism by the Board of Revenue and Director of Agriculture, M.R.Ry. A. Seshayya Sastriar, M.R.Ry. P. Chentsal Rao Pantulu, Messrs. J. Grose, J. F. Price, W. H. Glenny, C. S. Crole, G. McWatters, C. A. Galton, M.R.Ry. C. Lakshmikanta Row, Deputy Director of Revenue Settlement, and N. Gopala Krishnama Chettiar, Deputy Collector, Kurnool. The Collectors named should submit their opinions through the Board, and His Excellency in Council trusts that the whole will reach Government before the

15th December, as, if anything is to be done during next hot weather, the rules should be sent to the Government of India before Christmas, and with the Act brought into operation as soon as possible. It seems to Government that the scheme is very liberal, and that if the ryots are not induced thereby to seek improvement advances nothing will get them to do so.

(True Extract.)

(Signed) H. E. STOKES,
Secretary to Government.

To the Board of Revenue.
„ the Director of Revenue Settlement and Agriculture.
„ the Public Works Department.
„ the Financial Department
„ M.R.Ry. A. Seshayya Sastriar Avargal.
„ „ P. Chentsal Rao Pantulu Garu.
„ „ Lakshmikanta Rao Pantulu Garu.
„ M R.Ry. S. Gopalakistnama Chetty Garu.
„ J. Grose, Esq.
„ J. F. Price, Esq.
„ W. H. Glenny, Esq.
„ C. S. Crole, Esq.
„ G. McWatters, Esq.
„ C. A. Galton, Esq.

I.—*Rules framed under Section* 10 *of the Land Improvement Loans Act XIX of* 1883.

1. Advances under these rules may be made from such sums as the Governor-General in Council may from time to time allot to the local Government, or as may be otherwise at its disposal for the purpose of such advances.

2. Tahsildars, Divisional Officers and Collectors shall be competent to sanction advances not exceeding the sums specified below:—

	RS.
Tahsildars	250
Divisional Officers	500
Collectors	1,000

Advances of sums exceeding Rs. 1,000 shall be sanctioned by the Board of Revenue, and of sums exceeding Rs. 5,000 by the local Government.

3. Applications for advances may be presented to any revenue officer of or above the rank of Tahsildar and shall contain the particulars specified in Form A appended and be signed by the applicant. If an oral application be made, the officer to whom it is made shall cause it to be recorded in the prescribed form and signed by the applicant.

4. The personal attendance of the applicant is not necessary, but he may be required at any time to appear in person or by duly authorized agent at his option, and, in case of default, the application may be rejected.

5. If the officer receiving the application be not competent to sanction the advance applied for, he shall, after seeing that the application contains all necessary particulars, forward it to the officer having authority to grant the loan to whom he is subordinate.

6. If the Collector of the district or other such authorized officer as aforesaid (hereinafter called the Collector) considers that there is *primâ facie* reason to believe that the application should be granted, he shall cause it to be entered in the register of applications and shall order a local inquiry to be made. If he is of opinion that the application should not be granted, he shall reject it.

7. No advance shall be granted without a local inquiry. It shall be conducted by such persons and according to such orders as the local Government may from time to time issue, and shall be directed to testing and verifying the statements contained in the application, supplying omissions therein, and ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered.

8. When the work to be undertaken will cost more than Rs. 5,000 and is one requiring professional skill, the applicant may be required to submit to the officer making the local inquiry

to the conditions and procedure to be adopted in respect of loans under the Act should be prepared. The revision of the draft rules for ordinary loans under the Land Improvement Act, in accordance with the Board's proposals and this order, has been carried out, and the rules are appended.

8. The Government agree with the Board that no change of practice is required in this presidency in consequence of section 11 of the Act, and think that no rules under the section are required. Private tanks and channels which are constructed to utilize water otherwise running to waste, and which do not affect any Government work, are alone exempted from irrigation assessment under present practice, and prior permission of Government officers has to be obtained in such cases. The works are usually of a very petty character, and similar to the small Government works which it has often been proposed to make over to the ryots on dry rates of assessment. When water is taken by a private work from a river or water-course which supplies a Government work, or is utilized for irrigation of lands paying irrigation assessment, the lands affected are fully assessed at once. What prevents increase of such works is not the anticipation of wet assessment being imposed, but rights already acquired to the water. Where such rights will be prejudiced by a contemplated work no loan will be granted under the Act; and where they will not be prejudiced the Government would maintain the principle now acted on, which is in accordance with that declared in section 11. There is, therefore, no need of a rule under the proviso in view to defining an exception to the principle. Cases may possibly arise where a loan is taken to reclaim swamp land at the tail end of deltaic channels or to irrigate dry land from river channels, by utilizing channel water which would otherwise go to waste; and in such cases Government might possibly be considered debarred by section 11 from charging wet rates on the land reclaimed or irrigated. But when such cases arise it will be time to provide for them, and at present Government think it best to make no rule. A declaration in the terms of section 11 itself will, however, be inserted in the certificates under the well rules, as it may tend to re-assure applicants, and there is no desire ever to raise the assessments on account of the wells.

9. The total exemption of documents connected with loans under the Act from stamp duty, and the registration of such documents at the cost of Government, as proposed by the Board, should in the opinion of Government be conceded.

10. His Excellency the Governor in Council now proceeds to the scheme which he proposes for the grant of advances for wells in districts specially liable to drought. The scheme is embodied in the second set of rules appended to this order, which are to apply in the first instance only to the districts of Bellary, Anantapur, Kurnool and Cuddapah. The terms are based mainly on the statistics of well cultivation in the district of Cuddapah, which were collected for the Famine Commission and are to be found in Mr. Gribble's memorandum at page 88, Appendix V to the Commissioners' report. The particulars of cultivation under private wells there given are extracted in the margin. The average area cultivated under each well varies greatly—from $1\frac{1}{2}$ acres in Váyalpád to $7\frac{1}{2}$ in Pulivendla. The general average is just under 4 acres, and the average assessment is Re. 1-3-1. Mr. Gribble states that the cost of a well is from Rs. 300 to Rs. 500, but this if viewed as an average is probably too high. The value of well land is stated to be from 40 to 50 rupees an acre. Until the new settlement there were numerous wells in the district paying from Rs. 24 to Rs. 30 per acre. The value of cultivation under wells is forcibly brought out in Mr. Gribble's paper, but as their efficacy in preventing or mitigating famine is now admitted on all hands, it is unnecessary to dilate on the point here.

Taluks.	Number of Wells.	Cultivation in Acres.	Average.	
			Extent.	Assessment per Acre.
			Acres.	Rs. A. P.
Badvél	1,310	6,079	4·64	1 6 10
Proddutur ..	1,695	11,693	6·89	1 7 7
Jammalamadugu ..	1,139	5,240	4·59	1 2 3
Pulivendla ..	1,602	11,985	7·48	0 13 11
Ráyachóti	2,449	5,170	2·11	1 1 9
Kadiri	3,271	9,855	3·01	0 8 4
Vayalpád	2,190	3,410	1·55	0 10 8
Madanapalle ..	1,892	3,743	1·98	0 12 0
Sidhout	2,504	9,056	3·61	1 15 9
Pullampet ..	3,980	18,747	4·71	1 5 4
	22,032	84,978	3·85	1 3 1

with reference to the circumstances of each individual case, and the Board do not consider it desirable to prescribe any hard-and-fast rules on the subject. The substance of Standing Order No. 31 may, if considered necessary, be embodied in a rule framed under Section 11. Practically improvements of all kinds are exempt from taxation in this presidency permanently. The rules proposed by the Government of India for the revision of settlements and accepted by this Government to the effect that in the settled districts assessments should in future be revised with reference to prices only would allow of the principle of not taxing improvements being effectually carried out in practice.

G.O., 13th August 1883, No. 975.
„ 23rd January 1884, „ 120.

15. Under Article 12 (a), Schedule II of Stamp Act I of 1879, instruments executed by persons taking advances under the Act or by their sureties are exempt from stamp duty, and it is only the original application for loan that has to pay a duty of 8 annas. The Board consider that all documents in connection with the loans may be exempted from stamp duty. The documents may also be registered at the cost of Government.

16. In conclusion, the Board are of opinion that the new Act may be brought into operation in this presidency from 1st January next. Till then Act XXVI of 1871 and the present rules will, of course, remain in force.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Secretary.

To the Secretary to Government, Revenue Department.

READ—also the following letter from E. C. BUCK, Esq., C.S., Secretary to the Government of India, Revenue and Agricultural Department (Revenue), to the Governments of Bombay, North-Western Provinces and Oudh and Punjab, and to the Chief Commissioners of the Central Provinces and Assam, dated Simla, the 29th September 1884, Circular No. 107R—69-9 :—

I am directed to point out that the Agriculturists' Loans Act XII of 1884 came into force on the 1st August 1884 in certain provinces, and to ask whether it is considered necessary to frame rules under Section 4 to give effect to its provisions.

2. It is to be noted that the Act saves the rules in force under the two Acts which it has repealed, but possibly an additional rule or additional rules may be required to give effect to the provision in Section 6 as to village communities.

Circular No. 107R—69-9.

Copy forwarded to the Governments of Madras and Bengal, and to the Chief Commissioners of British Burma and Coorg, with the request that it may be stated whether they propose to avail themselves at present of Section 2 (3) to extend the Act to their territories.

(By order.)

(Signed) J. HOLDERNESS,
Under Secy. to the Govt. of India.

To the Secretary to the Government of Madras.

ORDER—dated 24th November 1884, No. 1294, Revenue.

Land Revenue, No. 155.

His Excellency the Governor in Council approves generally of the recommendations of the Board of Revenue in respect of the rules to be framed under the new Land Improvement Loans Act XIX of 1883, but considers that special measures for the encouragement of the construction of wells in districts peculiarly liable to drought should be adopted, and these can best be provided for by a special set of rules. The scheme which commends itself to

determining in what cases the notice referred to in Section 5 of the Act may be dispensed with. This provision was introduced with a view to enable officers to cut short inquiries and speedily dispose of applications in cases in which no complications are expected. The Honorable Mr. Quinton in the debates in the Legislative Council stated the intention to be that in provinces where a record of rights is carefully maintained, and where the rights of the applicants to make improvements are laid down by law, notice may be dispensed with, but where this is not the case, notice must issue. Act XXVI of 1871 provided that when a tenant applied for a loan for executing improvements in the lands in his occupation, a notice should be given to the landlord that if the landlord did not object within a certain time to the grant of the loan he must be taken to have assented thereto, and that if he objected the loan was to be refused (Sections 7 to 13). These provisions have been omitted in the new Act and the rights of landlords and tenants to make improvements left to be defined in the law relating to landlord and tenant. It appears to the Board that for the present the provisions of Sections 7—13 of Act XXVI of 1871 should be inserted in the rules, and the grant of a loan applied for by a tenant refused if the landlord objects. In these cases it is, of course, essential that the notice contemplated by Section 5 of Act XIX of 1883 should issue. Even in regard to Government ryotwari lands, it seems to the Board that the notice cannot be dispensed with. If Government were to grant in all cases loans to puttadars without inquiries as to rights in the land and without a general or special notice to other parties having interests in it, injustice might occasionally result. The loan becomes a first charge on the land in the same manner as land revenue, and the land is liable to be sold free of encumbrances for the recovery of the loan. Section 8 of the new Act provides that the order of the officer granting the loan is conclusive evidence that the improvement was one benefiting the land, and the grantee had at the time of the order the right to make the improvement. So long, therefore, as the revenue registry does not correspond with actual ownership, notice should in fairness be given to the various parties who may have interests in the land, and the absence of such interests in any particular case cannot be presumed without inquiry.

10. In G.O., dated 13th December 1881, Government suggest that the procedure might be very much simplified if collateral security for the loan be dispensed with. This might be done to some extent; but as besides the sufficiency of the security, it has to be ascertained that the work for which the loan has been applied for is unobjectionable and the applicant has the right to make the improvement, the local inquiry and notice cannot, it seems to the Board, be dispensed with altogether.

11. The Government were also of opinion that, *independently* of the rules, advances not exceeding Rs. 100 might be granted without interest for digging wells, repayable in three instalments in the 3rd, 4th and 5th years. The Board presume that the intention is to grant these advances as Takavi advances recoverable under Section 59 of Madras Act II of 1864. The amount of the advance will not cover the cost of the larger wells in the dry districts, but in many cases, it would go to supplement the means of the ryots and be productive of great benefit. In the majority of cases no elaborate inquiries will be necessary, and if it is understood that the grant of these advances is not to affect the rights of third parties to the land, the procedure might be simplified to a very great extent. These advances must be regulated by a special set of rules. In this connection the Board observe that the Takavi Act XII of 1884, very recently passed, empowers the Governor-General in Council to extend it to this presidency by notification.

12. The draft rules forwarded by the Government of India are simple, but do not contain sufficiently definite instructions as to the conduct of inquiries, service of notices, inspection of works, &c. The rules at present in force consist of two portions, the first containing general rules laying down the conditions of the loans, and the second explaining the manner in which the inquiries should be conducted. The Board are of opinion that the present arrangement is convenient and should be retained. In Appendix A are given the present rules and the alterations to be made therein to suit the proposed arrangements. If the proposals are approved, the Board will forward a complete set of rules as finally settled.

13. The Government of India also desire to know whether any rules should be framed under Section 11 of the new Act for regulating the period during which improvements in the nature of irrigation or reclamation executed by land-holders should be exempted from taxation on a revision of settlement, and they call special attention to the remarks of His Excellency the President during the discussion of the Land Improvement Bill in the Legislative Council. All other kinds of improvements have been declared to be exempt from taxation permanently. Reference is also made to the recent correspondence with the Secretary of State in connection with the revision of settlements. In regard to works of irrigation, the Government of India express a hope that it may be found possible to allow land-holders the full unrestricted benefit of their improvements without undue sacrifice of revenue. So far as this presidency is concerned, this is already the case. In 1852 was promulgated the rule that the ryots are to have the benefits of improvements carried out at their own expense. The question arose in connection with the construction of wells; the Court of Directors were at first inclined to fix a period within which improvements should be left untaxed so as to allow of the ryots reimbursing themselves for their outlay with reasonable profit, but subsequently, in view of the difficulty of fixing a period which would cover a multitude of cases in which the outturn derivable varies infinitely in degree, and the great advantages resulting to the country by improvements to land, they were induced to concede to the ryots the full benefit of their improvements without any restrictions whatever. The present rules on the subject are embodied in Board's Standing Order No. 1, clause 5, and Standing Order No. 8, clause 8. Standing Order No. 9 exempts lands newly cultivated with water from tanks constructed at the expense of the ryots from water-rate. But for Section 11 of the Act, no rules would be required for this presidency, but now that it has been enacted that where the improvement consists of the irrigation of land assessed at unirrigated rates, the increase in the value of such land may be taken into account at a revision of assessment after such period as may be fixed by "rules to be framed by the local Government with the approval of the Governor-General in Council," it seems necessary that a rule should be framed formally declaring that improvements in the nature of land irrigated by private outlay are exempt from taxation permanently. Where the irrigation is provided by works constructed by Government, a water-rate can, of course, be imposed under Act VII of 1865, Madras.

Board's Procs.,	12th Sep.	1844,	No.	639.
G.O.,	17th June	1845,	„	724.
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14. As regards works of the nature of reclamation, to which Government draw special attention, the Board observe that there are no extensive tracts awaiting reclamation, the proportion of cultivated area and density of population being comparatively high in all the districts of this Presidency; and such exceptional cases as are likely to arise in out-of-the-way localities are sufficiently provided for by Standing Order No. 31. The cowle referred to in the standing order corresponds to the improvement lease mentioned by His Excellency the Viceroy. Under present rules cowles may be granted for the reclamation of jungle land, swamps, lands infested with *nuth* grass, prickly-pear, &c. In permanently-settled estates and inam villages, the waste belongs to the proprietors, and no question of revision of assessment can arise. As regards Government ryotwari holdings, every field has been assessed. The question of reclamation can ordinarily arise only in respect of waste lands not included in holdings. With regard to such lands the Government have the right to dispose of them as they please, subject to such preferential rights of cultivation as may be possessed by the ryots of the village. Before such lands are granted for cultivation, an assessment is imposed upon them, such as they ought to bear when reclaimed with reference to their intrinsic qualities of soil. To reimburse the ryots for the expenditure incurred in making the lands fit for cultivation, the lands are exempted for a fixed period, *e.g.*, five years, and thereafter a reduced assessment is imposed and gradually raised till in course of time the full assessment is reached, after which the ryot is to have the full benefit of any improvements he may have made without any restriction. This seems to be also the procedure which His Excellency the Viceroy desires should be adopted. The question as to what should be the conditions of the cowle is under present rules left to be determined

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of works constituting improvements, and the works falling under the same class vary almost infinitely in regard to their capacity to yield a return with reference to cost, soil and situation. The Board observe that in the English Agricultural Holdings Act of 1875 certain maximum periods were fixed within which certain classes of improvements were to be considered as exhausted, but apparently, owing to the practical difficulty of working such a rule and its unequal operation, the limits were abandoned when the Act was remodelled in 1883.* In G.O. of 13th December 1881, Government viewed with favor a proposal of Mr. Chentsal Rao that for certain small loans no limit of period whatever for repayment should be prescribed, but that interest on the loan should form a charge on the land and be collected in addition to the land assessment, the borrower, however, being at liberty to relieve the land of the charge for interest by repaying the loan at any time he pleases. The proposal was considered by the Select Committee on the Land Improvement Loans Bill and rejected mainly because it was considered undesirable to mix up the transactions of the State in its capacity of capitalist with that of landholder, and because complications might arise if the charge for interest continued after the improvement for which the loan was granted had become exhausted. If, however, the repayment is spread over a long period and received in the form of annuities, the advantages of the proposal are to a great extent secured and the objections got rid of, and the Board consider that this should be done wherever possible. The Act contemplates the grant of loans for what are called "permanent improvements" and such improvements may ordinarily be expected to reimburse the land-holders for their cost in 15 or 20 years. The Board would fix the following scale as a guide of officers granting the advance :—

Section 6 of 38 and 39 Vic., Cap. 92.

* 46 and 47 Vic., Cap. 61.

	YEARS.
Rs. 100 to 500	15
„ 500 to 1,000	20
„ 1,000 to 2,500	25
„ 2,500 to 5,000	30
Above 5,000	35

The Board believe that it will rarely, if ever, be necessary to allow a longer period than 35 years for the repayment of the loan, and if such exceptional cases occur, they will be reported for the orders of Government. Loans of smaller sums than Rs. 100 should not be granted under the Act.

4. The rate of interest at present levied, viz., $6\frac{1}{4}$ per cent., is not excessive, and the Government of India propose to retain it unless it is shown that it is more than is necessary to cover the interest on Government loans, the cost of collection and risk of bad debts. The Board are of opinion however that the interest might be levied at 5 per cent.,the rate mentioned by the Famine Commission, without infringing the conditions laid down by the Government of India. The remarks of Mr. Sturrock, Collector of South Canara, printed in the G.O. of 13th December 1881, show that in some parts of the country the current rate of interest is as low as $3\frac{1}{8}$ per cent., provided the security for the loan is good and sufficient, and it is well known that in most places investments in landed property yield hardly as much as 4 or 5 per cent. It is no doubt true that exorbitant rates of interest are charged by money-lenders when the borrower has not good security to offer, and the loan is made as a speculation ; but as the Government insists upon obtaining unexceptionable security, has the first lien on the land improved, is not obliged to sue the debtor, but can recover the loan summarily by selling the land free of encumbrances, the risk incurred by them is very small, and they can afford to lend money at 5 per cent. interest which is 1 per cent. higher than the interest they pay on their loans. It must be remembered also that when the annuity form of payment is adopted, the unpaid portion of the loan each year pays compound interest. The cost of collection will practically amount to little or nothing and need not be taken into account.

5. The next point to be considered is what time must elapse after the date of the loan before repayment should commence. The principle to be followed in determining this is that no repayment should be demanded until the work has commenced to yield

a return. For reasons already given no elaborate rules can be framed prescribing different periods for different classes of works. Loans will, however, probably be most ordinarily taken by ryots for the construction of wells. With reasonable diligence, a well may be expected to be completed within one year after the grant of the loan ; and at the end of the second year the ryot may be expected to reap a profit. It seems desirable therefore to make the first instalment fall due at the end of the second year. To defer the repayment longer in the case of small loans will probably lead to no good result. As regards large loans for such works as anicuts, channels, large tanks, &c., which, if at all, will be taken by large land-holders, such as Zemindars, an intermediate period of three years may be allowed between the grant of the loan and the payment of the first instalment. The Board therefore consider that the rule in this respect should be that in the case of loans not exceeding Rs. 1,000, which must be for works of small magnitude, repayment should commence at the end of the second year, and for all other loans it should commence at the end of the third year, the borrower, of course, being at liberty to pay off the loan sooner if he chooses.

6. Clause (a) rule 13 of the draft rules received with the letter of the Government of India provides that interest on the loan shall commence only six months before the date fixed for the first instalment. The Board are unable to approve of this rule. There does not appear to be any reason why the interest for the intermediate period should be altogether foregone. The Government have to pay interest on their loans, and if they are to be secured from loss, the interest payable on the advances after the instalments commence would have to be fixed somewhat higher than would otherwise be the case, and nothing would be gained by such an arrangement. Interest must therefore be collected at the end of each year from the commencement. If the borrowers choose the annuity form of payment, all payment, whether for principal or interest, will be avoided for two or three years, as the case may be, during which the work is in progress. The following table shows the amounts of the instalments for repaying a loan of Rs. 100 in the form of annuities, repayment being deferred till the end of the 2nd and 3rd years and compound interest being charged at 5 per cent.

Number of years in which loan is repayable.	Amount of each instalment when the 1st falls due at the end of the 2nd year.	Amount of instalment when the 1st instalment falls due at the end of the 3rd year.
	RS. A. P.	RS. A. P.
15	10 9 9	11 11 10
20	8 11 0	9 6 11
25	7 9 9	8 2 9
30	6 15 0	7 6 5
35	6 7 9	6 14 2

It should be explained to the ryots that in the annuity form of payment each instalment represents the interest as well as the principal.

7. If the above proposals are approved, the annuity tables required can without difficulty be prepared.

8. The Board are of opinion that if the ryots taking loans prefer it, each instalment payable at the end of a year may be entered in the putta and collected with the instalments of land revenue, but no laxity should be allowed in collecting the instalments, and interest should, as a rule, be charged if they are left in arrears. The annuity tables will have to be framed on the supposition that instalments will be punctually paid, or, if left in arrears, will bear interest. The tendency on the part of the ryots to spend the income from their lands in marriages, &c., leaving the dues of Government in arrears, should not, whether in their own interests or in those of Government, be encouraged. In exceptionally adverse seasons, exceptional treatment would, of course, be needed.

9. Another point to which attention is directed by the Government of India is the desirability of framing rules for the guidance of officers granting loans, for

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue, dated 11th August 1884, No. 2759 :—

Read—G.O., dated 30th November 1883, No. 1499, Revenue.

ABSTRACT.—Forwarding to the Board of Revenue, with instructions, letter from the Government of India regarding rules to be framed under Land Improvement Loans Act.

Resolution—dated 11th August 1884, No. 2759.

With the order above read, the Government forward a communication from the Government of India in regard to the arrangements to be made for bringing into operation in this presidency the new Land Improvement Loans Act XIX of 1883, and direct the Board to submit for approval draft rules underSection 10 of the Act for regulating the grant of loans by Government for carrying out agricultural improvements, to frame annuity tables to meet cases in which it is considered advisable that repayments of loans should be made in the form of annuities, to determine the rate of interest to be charged on the loans and the period for which improvements to land in the nature of reclamation should under the new law remain untaxed, and to report generally on other matters referred to by the Government of India.

2. In 1881, the entire subject of loans for land improvements underwent full discussion and the conclusions then arrived at, after obtaining the opinions of local officers and native gentlemen, are summed up in G.O., dated 13th December 1881, No. 1919. The Board will bear in mind these conclusions in discussing the present proposals. In the debate on the Land Improvement Bill in the Legislative Council, to which the Government of India refer as explaining the principal changes in the law effected by the Act and the reasons therefor, His Excellency the President stated that he did not believe that the new law would effect any great extension in loan transactions, and that it was intended to be a small measure of reform to cure such defects in the present system of granting advances as are calculated to discourage resort to them, wherever the desire for agricultural improvement exists.

3. The first point to be determined with reference to the new rules is what period should be fixed for the repayment of loans granted by Government. The present rules (No. 19) require that advances of sums of Rs. 500 and under should be paid back within seven years, unless the sanction of Government is obtained for allowing a longer period, and in no case is the period to exceed 20 years without the sanction of the Government of India. The new Act prescibes that the period of repayment shall not ordinarily exceed 35 years, but authorizes the local Government to extend this period in special cases. There can be no doubt that the present limit of 7 years for loans not exceeding Rs. 500 is too narrow, but the question as to what the limit should be is one difficult of settlement. The Government of India suggest that instead of leaving the period of repayment to be fixed entirely at the discretion of the individual officers granting the advance, certain maximum periods might be prescribed for different classes of works with reference to the time within which they might ordinarily be expected to reimburse the land-holders for the outlay. The Board have given careful consideration to this question, but do not see their way to prescribing any such maximum periods, as there is no recognized classification

G.O., 26th October 1878, No. 1732.

of works constituting improvements, and the works falling under the same class vary almost infinitely in regard to their capacity to yield a return with reference to cost, soil and situation. The Board observe that in the English Agricultural Holdings Act of 1875 certain maximum periods were fixed within which certain classes of improvements were to be considered as exhausted, but apparently, owing to the practical difficulty of working such a rule and its unequal operation, the limits were abandoned when the Act was remodelled in 1883.* In G.O. of 13th December 1881, Government viewed with favor a proposal of Mr. Chentsal Rao that for certain small loans no limit of period whatever for repayment should be prescribed, but that interest on the loan should form a charge on the land and be collected in addition to the land assessment, the borrower, however, being at liberty to relieve the land of the charge for interest by repaying the loan at any time he pleases. The proposal was considered by the Select Committee on the Land Improvement Loans Bill and rejected mainly because it was considered undesirable to mix up the transactions of the State in its capacity of capitalist with that of landholder, and because complications might arise if the charge for interest continued after the improvement for which the loan was granted had become exhausted. If, however, the repayment is spread over a long period and received in the form of annuities, the advantages of the proposal are to a great extent secured and the objections got rid of, and the Board consider that this should be done wherever possible. The Act contemplates the grant of loans for what are called "permanent improvements" and such improvements may ordinarily be expected to reimburse the land-holders for their cost in 15 or 20 years. The Board would fix the following scale as a guide of officers granting the advance :—

Section 6 of 38 and 39 Vic., Cap. 92.

* 46 and 47 Vic., Cap. 61.

	YEARS.
Rs. 100 to 500	15
„ 500 to 1,000	20
„ 1,000 to 2,500	25
„ 2,500 to 5,000	30
Above 5,000	35

The Board believe that it will rarely, if ever, be necessary to allow a longer period than 35 years for the repayment of the loan, and if such exceptional cases occur, they will be reported for the orders of Government. Loans of smaller sums than Rs. 100 should not be granted under the Act.

4. The rate of interest at present levied, viz., $6\frac{1}{4}$ per cent., is not excessive, and the Government of India propose to retain it unless it is shown that it is more than is necessary to cover the interest on Government loans, the cost of collection and risk of bad debts. The Board are of opinion however that the interest might be levied at 5 per cent.,the rate mentioned by the Famine Commission, without infringing the conditions laid down by the Government of India. The remarks of Mr. Sturrock, Collector of South Canara, printed in the G.O. of 13th December 1881, show that in some parts of the country the current rate of interest is as low as $3\frac{1}{8}$ per cent., provided the security for the loan is good and sufficient, and it is well known that in most places investments in landed property yield hardly as much as 4 or 5 per cent. It is no doubt true that exorbitant rates of interest are charged by money-lenders when the borrower has not good security to offer, and the loan is made as a speculation ; but as the Government insists upon obtaining unexceptionable security, has the first lien on the land improved, is not obliged to sue the debtor, but can recover the loan summarily by selling the land free of encumbrances, the risk incurred by them is very small, and they can afford to lend money at 5 per cent. interest which is 1 per cent. higher than the interest they pay on their loans. It must be remembered also that when the annuity form of payment is adopted, the unpaid portion of the loan each year pays compound interest. The cost of collection will practically amount to little or nothing and need not be taken into account.

5. The next point to be considered is what time must elapse after the date of the loan before repayment should commence. The principle to be followed in determining this is that no repayment should be demanded until the work has commenced to yield

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NOVEMBER.

Land Improvement Act XIX of 1883.

Orders passed on Board's Proceedings regarding the grant of loans under the new — for agricultural improvements and the construction of wells.

(B).—Annuity table for use in calculating payments by annuities for loans under the Land Improvement Act.

Years.	3 per cent.			4 per cent.			5 per cent.			6¼ per cent.		
	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)
1	1·0300	1·000	103·000	1·0400	1·000	104·000	1·0500	1·000	105·000	1·0625	1·000	106·250
2	1·0609	2·030	52·261	1·0816	2·040	53·020	1·1025	2·050	53·781	1·1289	2·062	54·737
3	1·0927	3·090	35·363	1·1249	3·123	36·026	1·1577	3·161	36·631	1·1994	3·190	37·594
4	1·1255	4·183	26·905	1·1699	4·248	27·543	1·2155	4·310	28·202	1·2745	4·392	29·019
5	1·1593	5·310	21·832	1·2167	5·418	22·459	1·2763	5·526	23·096	1·3541	5·666	23·901
6	1·1941	6·471	18·456	1·2653	6·633	19·077	1·3401	6·802	19·701	1·4387	7·019	20·497
7	1·2299	7·663	16·049	1·3160	7·900	16·658	1·4071	8·142	17·282	1·5286	8·458	18·074
8	1·2668	8·893	14·244	1·3686	9·215	14·852	1·4774	9·548	15·473	1·6242	9·987	16·263
9	1·3048	10·160	12·842	1·4233	10·583	13·450	1·5513	11·026	14·070	1·7257	11·611	14·862
10	1·3439	11·453	11·731	1·4802	12·005	12·330	1·6289	12·578	12·950	1·8335	13·336	13·748
11	1·3842	12·807	10·808	1·5395	13·487	11·714	1·7103	14·206	12·039	1·9481	15·169	12·842
12	1·4258	14·194	10·045	1 6010	15·025	10·656	1·7959	15·918	11·282	2·0699	17·118	12·092
13	1·4685	15·617	9·403	1·6651	16·628	10·014	1·8856	17·712	10·646	2·1993	19·189	11·461
14	1·5126	17·087	8·853	1·7317	18·292	9·467	1·9800	19·600	10·102	2·3367	21·387	10·996
15	1·5580	18·600	8·376	1·8010	20·025	8·994	2·0789	21 578	9·634	2·4827	23·723	10·465
16	1·6047	20·157	7·961	1·8730	21·825	8·582	2·1829	23·658	9·227	2·6379	26·207	10·066
17	1·6528	21·727	7·603	1·9479	23·698	8·220	2·2920	25·840	8·870	2·8028	28·845	9·717
18	1·7024	23·413	7·271	2·0258	25·645	7·900	2·4066	28·132	8·555	2·9780	31·648	9·410
19	1·7535	25·117	6·981	2·1068	27·670	7·614	2·5270	30·540	8·274	3·1641	34·626	9·138
20	1·8061	26·870	6·722	2·1911	29·778	7·358	2·6533	33·066	8·024	3·3619	37·790	8·896
21	1·8603	28·677	6·487	2·2788	31·970	7·128	2·7860	35·720	7·800	3·5720	41·152	8·680
22	1·9161	30·537	6·275	2·3699	34·248	6·920	2·9252	38·504	7·597	3·7952	44·723	8·486
23	1 9736	32·454	6·081	2·4647	36·618	6·731	3 0715	41·430	7·414	4·0324	48·519	8·311
24	2·0328	34·427	5·905	2·5633	39·082	6·559	3·2251	44·502	7·247	4·2844	52·551	8·153
25	2·0938	36·460	5·743	2·6658	41·645	6·401	3·3863	47·726	7·095	4·5522	56·836	8·010
26	2·1566	38·553	5·595	2·7725	44·313	6·257	3·5557	51·114	6·956	4·8367	61·387	7·879
27	2·2213	40·710	5·456	2·8834	47·085	6·124	3·7335	54·670	6·829	5·1390	66·225	7·760
28	2·2879	42·930	5·329	2·9987	49·968	6·001	3·9201	58·402	6·712	5·4602	71·362	7·651
29	2·3566	45·220	5·211	3·0187	52·967	5·888	4·1161	62·322	6·605	5·8015	76·825	7·552
30	2·4273	47·578	5·102	3·2434	56·085	5·783	4·3200	66·400	6·506	6·1641	82·625	7·460
31	2·5001	50·004	4·999	3·3731	59·328	5·686	4·5381	70·762	6·413	6·5494	88·791	7·376
32	2·5751	52·504	4·905	3·5081	62·702	5·595	4·7650	75·299	6·328	6·9586	95·337	7·299
33	2·6534	55·114	4·814	3·6484	66·209	5·510	5·0032	80·065	6·249	7·3935	102 252	7·228
34	2·7319	57·730	4·732	3·7943	69·857	5·432	5·2534	85·068	6·176	7·8556	109·706	7·162
35	2·8138	60·460	4·654	3·9461	73·653	5·358	5·5161	90·321	6·107	8·3466	117·547	7·101

Column (1) is the amount of Re. 1 improved at compound interest for a given number of years. This column = the annual instalment ÷ the excess of the annual instalment above the initial interest on the loan.

Column (2) is the amount at compound interest of an annuity of Re. 1 for a given number of years. This column × by the excess of the annual instalment above initial interest on the loan gives the amount of principal paid off.

Column (3) is the annual instalment necessary to pay off a loan of Rs. 100 with interest in a given number of years $\left(I_n = 100 \frac{R^n}{A_n} \right)$.

Examples of the use of the tables :—

1. In what time will a loan of Rs. 1,200, at 5 per cent., be paid off by an annuity of Rs. 80 ?
   The initial interest is Rs. 60, leaving Rs. 20 and $\frac{80}{20} = 4$.
   The next lowest figure in column (1) at 5 per cent. is 3·9201 opposite 28 years. The loan will be paid off in the 29th year.
2. Of such a loan how much will remain due at 28 years, and how much will be paid off in 15 years ?
   By column (2) at 28 years, 58·402 × 20 = 1168·040, leaving Rs. 31·960 still due.
   In 15 years, 21·578 × 20 = 431·560 rupees will be paid off.
3. What instalment will pay off Rs. 327 at 4 per cent. in 15 years ?
   3·27 × 8·994 = 29·5 rupees.
4. A loan of Rs. 1,500 is to be paid off in 20 years, at 6¼ per cent., but instalments are to be deferred till the end of the fifth year. Find instalment.
   At the beginning of the fifth year, the loan with interest will by column (1) have amounted to (Rs. 1,500 × 1·2745 =) 1,911·750 rupees, and there will remain 16 years in which instalments will be paid. The instalment will be (19·1175 × 10·066 =) 192 437 rupees.
5. If a loan of Rs. 150 is given at 3 per cent. to be paid off in 25 years, what amount of principal is remitted, supposing interest to be 6¼ per cent ?
   The annual instalment is (1·5 × 5·743 =) 8·615 rupees, which at 6¼ per cent. will pay off in 25 years $\left(\frac{8·615 \times 100}{8·010} = \right)$ 107·553 and the amount remitted is (150 — 107·553 =) 42·447 rupees.
6. Adjust instalments so that a loan of Rs. 1,000 shall be paid off entirely in 24 years, ⅓ in 8 years and ⅔ in 16 years. Interest at 5 per cent
   (a) One-third of the loan is Rs. 333⅓ and instalment to pay it in 8 years is (3·333 × 15·473 =) 51·577 rupees. Add interest on Rs. 666·667 or Rs. 33·333. Instalment for the first series of 8 years is Rs. 84·910.
   (b) To pay off Rs. 333⅓ instalment is Rs. 51·577 as before. Add interest on Rs. 333⅓ or Rs. 16·667. Instalment for second series of 8 years is 68·244 rupees.
   (c) Instalment for third series of 8 years is Rs. 51·577.
7. What loan will an instalment of Rs. 20 pay off in 35 years at 3 per cent.?
   As 4·654 : 20 : : 100 : 429·75 rupees.

(C).—Table of decimal parts of a rupee.

Annas.	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Pies.																
0 ..	·000	·063	·125	·188	·250	·313	·375	·438	·500	·563	·625	·688	·750	·813	·875	·938
1 ..	·005	·068	·130	·193	·255	·318	·380	·443	·505	·568	·630	·693	·755	·818	·880	·943
2 ..	·010	·073	·135	·198	·260	·323	·385	·448	·510	·573	·635	·698	·760	·823	·885	·948
3 ..	·016	·079	·141	·204	·266	·329	·391	·454	·516	·579	·641	·704	·766	·829	·896	·954
4 ..	·021	·084	·146	·209	·271	·334	·396	·459	·521	·584	·646	·709	·771	·834	·896	·959
5 ..	·026	·089	·151	·214	·276	·339	·401	·464	·526	·589	·651	·714	·776	·839	·901	·964
6 ..	·031	·094	·156	·219	·281	·344	·406	·469	·531	·594	·656	·719	·781	·844	·906	·969
7 ..	·036	·099	·161	·224	·286	·349	·411	·474	·536	·599	·661	·724	·786	·849	·911	·974
8 ..	·042	·105	·167	·230	·292	·355	·417	·480	·542	·605	·667	·730	·792	·855	·917	·980
9 ..	·047	·110	·172	·235	·297	·360	·422	·485	·547	·610	·672	·735	·797	·860	·922	·985
10 ..	·052	·115	·177	·240	·302	·365	·427	·490	·552	·615	·677	·740	·802	·865	·927	·990
11 ..	·057	·120	·182	·245	·307	·370	·432	·495	·557	·620	·682	·745	·807	·870	·932	·995

(D).—Table of Maximum Loans admissible for specified Ayacuts.

Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.
	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
1·50	7·5	161·15	3·00	15·	322·30	4·50	22·5	483·45
1·75	8·75	180·01	3·25	16·25	349·16	4·75	23·75	510·31
2·00	10·	214·86	3·50	17·5	376·05	5·00	25·00	537·17
2·25	11·25	241·72	3·75	18·75	402·88	5·25	26·25	564·03
2·50	12·5	268·58	4·00	20·	429·73	5·50	27·5	590·88
2·75	13·75	295·44	4·25	21·25	461·97	5·75	28·75	600·00
						or more	...	

Exd. T. O'Connor.

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NOVEMBER.

Land Improvement Act XIX of 1883.

Orders passed on Board's Proceedings regarding the grant of loans under the new — for agricultural improvements and the construction of wells.

APPENDICES.

(IN DUPLICATE.)

(A).— *Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

the procedure adopted should be that laid down in Rules 11—14; if he has no such transferable interest and there is no common understanding as to whether the tenant or the landlord is to have the right to make the improvement, the loan should be refused if the landlord objects.

6. When the proposed advance exceeds Rs. 5,000, the Collector of the district shall obtain from the District Engineer an opinion as to the feasibility, probable cost and merits generally from a professional point of view of the proposed work; in any other case, it shall be competent to the officer dealing with the application to call for professional opinion through the proper channel, should necessity appear.

7. All certificates issued shall be kept in bound volumes in the taluk; they shall bear a serial number, a separate series being maintained by each officer authorized to grant advances, and shall be in the form appended to these rules.

8. When the officer dealing with the case under Rule 10 is not the Collector of the district, the record should be forwarded through the latter to the Board of Revenue with the Collector's opinion.

9. A register of advances and repayments in the subjoined form shall be maintained at every Taluk Treasury. When repayments at any other treasury than that of the taluk in which the land to be improved is situated are allowed, the Treasury Officer receiving payment shall give information thereof to the Tahsildar of such taluk, in view to such payment being noted in his register:—

Form of Register.

1. Serial number of certificate.
2. Name and residence of certificate-holder.
3. Amount of advance granted.
4. Repayments—
   - (*a*) Date.
   - (*b*) On account of principal.
   - (*c*) On account of interest.
   - (*d*) Total.
5. Remarks.

10. The account to be kept by the recipients of advances exceeding Rs. 5,000 as required by Rule 28 shall be in the subjoined form:—

1. Name of the work.
2. Advance received—
   - (*a*) Date.
   - (*b*) Amount.
3. Expenditure incurred—
   - (*a*) Date.
   - (*b*) Description of work.
   - (*c*) Rate.
   - (*d*) Amount.

11. It shall be the duty of officers issuing certificates to arrange for the inspection of every work in progress by a competent and trustworthy subordinate. If a work is one requiring professional skill, the inspection should be made by an officer of the Public Works Department. Under Rule 27 all works for which advances are made in a lump sum must be inspected and reported on as soon as possible after the date on which their completion was directed in the certificate, and all works for which advances are made by instalments before each instalment subsequent to the first is paid. Whether this will ensure sufficient inspection must depend upon the terms of the certificate. In many cases, a single inspection of the work on completion would suffice to ensure that due diligence is being used in applying the money to the purpose for which it is granted, but, as a general rule, an inspection should be made six months after the date of payment and thenceforward at least once a year. A report of the result of such inspection should be submitted to the Collector of the district annually by every subordinate empowered to issue certificates.

12. A supply of forms of application providing for the exhibition of the necessary particulars shall be printed in the vernacular and distributed to the Tahsildars, who will assist applicants in filling them up and explain the provisions of the rules which should be published from time to time in the District Gazette.

13. A full account should be given of all sums advanced, amounts recovered, &c., under the Land Improvement Act and Rules in the Annual Settlement Report.

II.—*Special rules framed under Section* 10 *of the Land Improvement Act XIX of* 1883 *for the construction of wells.*

1. These rules extend to the districts of Bellary, Anantapur, Kurnool, and Cuddapah, but may be declared applicable to other tracts at the discretion of Government. In the districts to which they apply, advances may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No advance under these rules shall exceed the sum of Rs. 600.

3. The advances shall be repayable by equal annual instalments discharging both principal and interest.

4. The rate of interest charged shall be 3 per cent. per annum.

5. All loans must be repaid within thirty-five years at furthest.

6. The annual charge for payment of the debt and interest shall be one anna in the rupee of advance, provided that it shall not exceed 5 rupees an acre on the land assigned as the ayacut (irrigable area) of the well.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the putta, but will be payable together with the last revenue kist of each fasli year.

8. No security other than the lands assigned as the ayacut, which shall be pledged as security for discharge of the special annual charge as it falls due and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayacut shall be entered in a separate putta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs, the whole of the land assigned as the ayacut and the well itself shall be sold together for the recovery of the amount in arrear with interest thereon and expenses of sale if any; and will remain subject to so much of the principal debt as remains unpaid.

10. From the purchase-money realized shall be deducted, first, the land revenue, interest thereon and expenses as aforesaid, and, secondly, the arrear of special charge and interest thereon; and the overplus shall be credited in liquidation of the balance of the debt on the well. The purchaser shall, in case of overplus, be entitled either to have the number of future annual payments reduced proportionately, the amount of the annual charge remaining the same; or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and readjustment, a fresh certificate and special putta stating future annual instalments and debt remaining due shall be issued to the purchaser of the well, and the former special putta shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter. Special charge against the well and ayacut shall then cease.

Example.—Rs. 300 are advanced for a well with a 4-acre ayacut and instalment Rs. 18-12-0 under Rule 6, and land assessment at 12 annas an acre, or Rs. 3. Default is made in the tenth year, and the land and well is at once sold. It realizes Rs. 150. Deduct land revenue Rs. 3, and instalment Rs. 18-12-0, or Rs. 21·75. There remain 128·25 rupees to be credited to the balance of debt, which by table is Rs. 188·333, reducing it to Rs. 60·083. If the purchaser pays this up, the well will be free from debt; if he likes he may have the number of instalments reduced from 12 to 5, or may continue to pay for twelve years more, the instalment being reduced from 18·75 rupees to 6·037 rupees.

11. On the debt being paid off by completion of the term, or under the last rule, the land forming the ayacut shall be held at the ordinary assessment, which shall not be subject to enhancement or increase at revision of settlement on account of the improvement due to the well. No charge for irrigation with the water of the well will be imposed either on such land or on any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for advance shall be approved under these rules unless it is estimated that the value of the land assigned as the ayacut will, after the well is in operation, be equal to not less than one-half of the advance applied for.

13. When a ryot is desirous of obtaining an advance under these rules for the construction of a well, he may apply to the Revenue Inspector, on deposit of a fee of Rs. 5, to have a trial boring made at the proposed site of the well by the establishment, if any, maintained by Government in the district for such purpose. Application forms, serially numbered, will be kept by all Revenue Inspectors, and will be filled up for applicants free of charge or stamp-duty, on the deposit of the prescribed fee, which will be printed on the duplicate of the application retained by the applicant and receipted by the officer taking the application. A printed form showing nature and thickness of the strata passed through by the borer and the depth at which water is found or not found, and the quality of the water whether saline or otherwise, shall be given to the applicant by the officer in charge of the boring party. If the boring prove unsuccessful, *i.e.*, if water is not met within 35 feet, the fee shall be refunded. If the applicant subsequently applies for and obtains an advance under the rules, the fee paid shall be refunded and the actual cost of boring shall form part of the advance admissible and granted.

14. Applications for advances under these rules must specify the amount of the advance required; particulars of the land proposed as the ayacut of the well; whether it is registered in the applicant's name and is in his possession; whether it is mortgaged or otherwise encumbered, and, if so, particulars of the same; and what security the applicant can give for the repayment of half the advance in the event of the well not being constructed within a year from the acceptance of the application. If a trial boring has been made, the printed statement of the result shall be attached to the application.

15. Application forms can be obtained at all cutcherries and from Revenue Inspectors, and applicants may have them filled up either by the givers or by the Karnams of their villages. They may be presented to any Revenue officer of grades not lower than Revenue Inspector, and applicants shall get receipts for them.

16. On receipt of an application, a Revenue Inspector or higher officer shall at once inspect the land and make summary inquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; what will be the market value of the land if the well is successful, judging from that of like land in the neighbourhood; and whether the security offered is sufficient. The report shall be transmitted to the divisional officer, who shall examine whether the advance can be made under the rules; and, if the prescribed conditions are complied with, shall accept the application and order the Tahsildar to pay half the amount of the advance applied for on the applicant's furnishing security as proposed and executing the necessary documents in the prescribed forms to the effect that the money received shall be applied to the purpose intended, and that a substantial and properly constructed well in full working order shall be completed within a year from the receipt of the advance. No interest will be charged on this advance. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advance authorized by this rule will be recoverable from the applicant in pursuance of the security given.

17. On completion of the well, the applicant shall apply to have the work measured up and estimated in accordance with a schedule of rates, which will be prescribed from time to time for the district or taluk. If the value of the work done is within 10 per cent. of the amount originally applied for, payment of the second moiety shall be sanctioned. If the value is less than the amount originally applied for by more than 10 per cent., the applicant may, if he pleases, take a reduced loan, the special annual charge being reduced accordingly; or if it is in excess by more than 10 per cent., he may claim a higher sum than originally applied for; provided always that the conditions of Rules 5 and 6 are not infringed.

Example.—A man applies for an advance of Rs. 300 for a well with a 4-acre ayacut. On completion, the well is found to have cost Rs. 450. The annual charge is limited (Rule 5) to Rs. 20, and by table it is found that this will in thirty-five years only pay off Rs. 429·75. He cannot be granted more than this amount, and instalments for thirty-five years must be fixed, if he takes it. If, however, the well is found to cost only Rs. 250, he may claim the Rs. 300 for which the application was accepted; but may, if he likes, take Rs. 250, and in such case will pay only Rs. 15-10-0 per annum instead of Rs. 18-12-0.

18. The amount of advance being finally settled, a certificate in the form appended shall be issued by the Collector and signed by the applicant. A copy thereof shall be given to him, and also a special putta for the lands, on the reverse of which shall be shown the amount which will remain due in each fasli, supposing instalments to be paid according to the putta. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary putta, which he shall give up for the purpose.

19. A full year shall always be allowed for the execution of the work, and the first instalment on account of the debt shall be payable with the last yearly kist, coming next after the grant of certificate, if such kist is more than six months off. If less, the first instalment shall be deferred to the last kist of the following fasli; *e.g.*, the last kist of the year falls in May, and a certificate is granted in January. The first payment for the loan shall be fixed for the following May twelve months. But if certificate is granted in November, the first payment will be due in the following May. The term of the loan will run accordingly.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be ta n to ascertain that the surety is not only the registered holder, but the real owner; that if e have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

interest or without interest, they should report such cases for the orders of the local Government through the Board of Revenue, explaining the grounds of their recommendation. The local Government may, if it sees fit, authorize loans being granted at reduced interest or without interest in special cases.

19. In the case of loans of sums not exceeding Rs. 1,000, repayment shall ordinarily commence at the end of the second year from the date of the loan, and in the case of loans of sums exceeding Rs. 1,000 at the end of the third year; but if in any special case the sanctioning authority considers that the work for which the loan is given is such that a longer time must elapse before it yields a return, a longer interval may be allowed between the date of the loan and the date fixed for the payment of the first instalment, but not exceeding five years.

The interest on the loan shall, however, accrue at the end of each year from the date of the loan and shall be added to the principal. The time allowed for repayment of the loans and the instalments shall be fixed by the Collector with reference to the convenience of the applicant and the necessities of the case, but so as not to exceed the maximum limits specified below:—

		Maximum Period. YEARS.
For loans from Rs.	100 to Rs. 500	15
Do.	,, 500 to ,, 1,000	20
Do.	,, 1,000 to ,, 2,500	25
Do.	,, 2,500 to ,, 5,000	30
Do.	,, 5,000 and above	35

Loans will not be granted in smaller amounts than Rs. 100. Provided that loans for the construction or restoration of wells may be made for less amount than Rs. 100, and that the time allowed for repayment of such loans may be extended to 25 years. At the option of the applicant repayments may be made in the form of annuities, consolidating interest and principal in accordance with the tables appended to these rules. Any person to whom a loan is granted may repay it, or portions of it, at an earlier date than that fixed in the certificate. Interest shall be charged at 5 per cent. on all instalments overdue.

20. All repayments shall ordinarily be made at the treasury of the taluk in which the land to be improved is situated; but the Collector may, if he sees fit, authorize repayment at any other Government treasury within the district. The Tahsildar shall keep a register of advances and repayments in such form as the local Government may from time to time prescribe for the purpose. If the person who obtains the loan desires to pay the instalments of the loan with the land revenue, such instalments may be collected with the last instalment of the land revenue falling due in each year.

21. Instalments of loans and interest due thereon may be suspended on proof of failure of crops or other exceptional calamity. The Collector shall report the case to the Board of Revenue, who shall pass such orders on the case as they deem proper.

22. No advance shall be made unless the value of the security offered exceeds by at least one-fourth the amount of the advance.

23. Subject to the orders of the local Government, the Collector of the district may make provision for the proper inspection of works in course of construction, for which advances have been made, and for ascertaining and securing that such advances are duly applied to the purpose for which they are made.

24. The works and any accounts kept of the disbursements on them shall be at all times open to the inspection of the Collector of the district or other person authorized in that behalf.

25. In the case of advances exceeding Rs. 5,000, accounts shall be kept by the recipient of the advance in any form that the Collector may, with the sanction of superior authority, prescribe.

26. If at any time the Collector of the district is satisfied that any person who has received an advance has failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds for the decision he has arrived at and subject to the control of the superior Revenue authorities, proceed to recover forthwith from such person, or from any surety of such person under the provisions of the Act, any sums which remain due, together with any interest payable thereon and costs.

27. All works for which advances are made in a lump sum shall be inspected and reported on as soon as possible after the date on which their completion is directed in the certificate. All works for which advances are made by instalments shall be inspected and reported upon before each instalment subsequent to the first is paid.

28. Separate rules have been sanctioned for the grant of advances for sinking irrigation wells on specially favorable terms in districts or parts of districts liable to drought.

APPENDIX A.

Form of application.

Name, residence, &c., of applicant.	Amount of advance required.	Nature of security, whether personal or otherwise.	Nature of proposed improvement.	Situation of the land.	Applicant's rights in the land.	Proposed dates of repayment.

Applicant's Signature.

Note.—

(1) The State will advance money to landlords and cultivators for the construction of wells or tanks, the reclamation of waste, or any work by which the value of the land will be permanently increased.
(2) Application for an advance may be made to the tahsildar, &c., in the above form free of stamp duty.
(3) The rate of interest will be 5 per cent. per annum, and instalments will be distributed over a number of years.

Particulars to be filled in by inspecting officer. *(Reverse of Form A.)*

i. Village, survey number, area of land to be improved.
ii. Status of applicant, *i.e.*, proprietor or tenant. If a tenant, whether the landlord objects.
iii. Security—
  (1) If the land itself, the value of the applicant's interest in it.
  (2) If personal, the names and status of the co-sureties.
  (3) If property other than the land itself, its nature, value and extent of pre-existing encumbrances, if any.
iv. The improvement—
  (1) Its estimated utility and value.
  (2) Objections, if any, of third parties.
  (3) Date on which it will begin to yield profit.
v. Repayment—
  (1) Suitable date for first instalment.
  (2) Proposed instalments and period of repayment.
vi. Date or dates on which the advance, or instalments of it, should be received by the applicant.

Recommendations of inspecting officer after verification of the above in the registration and revenue offices of the taluk.

B.

Certificate granted under the Land Improvement Act.

To _____ *son of* _____ *of* _____.

1. On production of this certificate the aforesaid _____ is entitled to receive from the Taluk of _____ the following sums on the dates noted against them as an advance to be expended on (here describe clearly the nature of improvement) the land specified in the margin.

Date _____ amount.
Date _____ amount.
&c. _____ &c.
&c. _____ &c.

2. The conditions relating to the making and repayment of this advance are as follows :—

(*a*) That it, with interest thereon, shall be repayable on the dates and by the amount specified below :—

Date.	Principal.	Interest.	Total.
,,	,,	,,	,,
,,	,,	,,	,,

(*b*) That it shall be applied solely to the purpose specified above, and that if it shall be proved to the satisfaction of the Collector that any part of the advance has been misapplied, or if default is made in the payment of the instalments of the principal or of interest or of both on the due dates, the whole amount of the advance shall, with such interests as may have become due thereon and costs, be forthwith recoverable under Section 7 of Act XIX of 1883.

(*c*) That unless (here enter any conditions as to the period or periods appointed for completing the work) has been completed by (date) the advance shall be held to have been misapplied.

This clause to be used only when needed.

(*d*) That for the payment of the advance with any interest due on the same and costs the immovable property specified in the margin is, in addition to the land on which the improvement is to be made, hypothecated to Government.

Signature of Collector.

I have understood and agreed to the aforesaid terms and conditions.

Signature of certificate holder.

_____

Security Bond to be used when Applicant proffers Personal Security.

Whereas _____ has on _____ received from the Collector of _____ a certificate under the Land Improvement Act, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government, we hereby agree that if the said _____ shall fail to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment on the date fixed for its payment or any interest that may be due, we will be jointly and severally liable to Government for such sum not exceeding _____ as may be necessary to make good the amount which in consequence of his default he may have become liable to pay.

Hypothecation Bond to be used when immovable property is proffered by Collateral Security.

Whereas _____ has _____ received from the Collector of _____ a certificate under the Land Improvement Act of _____, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government; and whereas security for the due application of the advance, and for the punctual repayment of the same, together with interest according to the terms of the certificate is demanded from him, I _____ hereby mortgage to Government the immovable property mentioned in the schedule below as a

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such a plan, estimate or specification, the Collector may cause them to be prepared on behalf of the applicant, first requiring him to deposit such sum of money as may, in the opinion of the Collector, be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same.

9. If on a review of the local inquiry the Collector is satisfied that the application ought to be complied with, he shall publish a notice as required in Section 5 of the Act with a copy of the application appended, calling upon all persons objecting to the loan to appear before him at a place specified therein and within a date not less than fifteen days from the date of the notice and submit their objections. The notice shall be published by public proclamation on the land and in the village and be stuck up in the Taluk Cutcherry. If no objections are made, or if the Collector overrules the objections made, he shall record a decision to the effect that the advance asked for, or a less sum than that asked for, may be made. On recording such a decision, the Collector may, if the amount of the advance does not exceed Rs. 1,000, at once grant a certificate for the advance in Form B appended. If he considers the objections valid, he shall reject the application, and if he is of opinion that the question raised by an objection is one which cannot be decided except by a Civil Court, he shall postpone proceedings on the application until the question is so decided.

10. If the amount of the advance exceeds Rs. 1,000, the record shall be forwarded to the Board of Revenue, and if it exceeds Rs. 5,000, through them to the local Government. The Board of Revenue or the local Government may, on perusal of the records of the local inquiry, at once sanction the advance, or refuse it, or direct further inquiry to be made if they think fit to do so. On receipt of orders sanctioning the advance, the Collector shall issue a certificate for the amount.

11. When the applicant is a tenant and proposes to furnish as security for the land to be improved any interest alleged to be transferable, which he possesses in the land to be improved, or any other adequate security, the Collector shall, in addition to publishing the general notice referred to in Rule 9, serve a special notice of the application on the landlord personally; or if service on him personally cannot be effected, a copy of the notice shall be affixed to some conspicuous place in the Collector's office and on the house in which the landlord resides; or if he does not reside in the district in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as the local agent for the landlord in respect of the said land.

12. No such notice shall be deemed to have been served unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made is otherwise established to the satisfaction of the Collector. In any case in which there are more share-holders than one and any share-holder or other person acts as a manager on behalf of the share-holders, service on him will be deemed to be service on each of the share-holders.

13. Such notice shall specify the sum applied for, the nature of the improvement to be made, the nature of the security proposed for the advance, and shall inform the landlord that if he desires to make any objections to the advance, he must, within one month after service of notice, signify them in writing to the Collector.

14. If the landlord or his local agent or manager does not so signify his objections, or if the Collector, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application, and that the value of such interest, either singly or taken jointly with other security furnished by him, is sufficient for the advance, he may sanction it or forward the records of the case for the sanction of the Board or the local Government.

15. When the applicant is a tenant without any transferable interest in the land to be improved, the loan shall not be granted if the landlord objects.

16. When a certificate is granted under these rules, it shall be endorsed by the applicant to the effect that he has understood and agreed to all the terms, and it shall be signed by him in the presence of the officer granting the certificate. If any property other than the property of the applicant is pledged or mortgaged as security for the repayment of the advance, the certificate shall be similarly endorsed, signed and attested by sureties and witnesses, and if the applicant is a tenant and cannot furnish security of the nature referred to in Rule 11, the certificate shall be signed by the landlord and attested by two witnesses other than the landlord.

17. The certificate shall be retained in the office of the Collector of the district; one copy of it shall be given to the applicant, and, when advances are made payable at any taluk or other subordinate district treasury, another copy shall be sent to such treasury.

18. Interest will be charged on loans at the rate of 5 per cent. per annum. If the officers authorized to grant loans consider that in special cases the loans should be granted at a lower

11. The Government, however, rely upon such value as the justification of the very favorable terms on which they propose to make advances in districts liable to drought, and are of opinion that a more suitable application of famine protection funds could not be found. In the debate on the Land Improvement Act it was laid down as a principle that, in regard to loans under the Act, the Government should act as any capitalist would, insisting on protecting itself against loss and on obtaining full interest for its money. But granting that this principle is to be accepted as regards ordinary improvement loans, His Excellency in Council is decidedly of opinion that loans for famine protective purposes may legitimately be made exceptions to the rule. It is proposed in the scheme under discussion that interest shall be 3 per cent. only; that the period for repayment shall be extendible to thirty-five years; and that all security, except a pledge of the land irrigable from the well, shall be dispensed with. But the essence of the scheme is that the whole of this land and the well itself shall be sold when default is made in the annual payment, and shall remain subject to the unpaid balance of the debt; and therefore the risk of loss, once a successful well has been constructed (and a loan is not otherwise granted), is very small, and probably less under the special rules for wells than under the rules for ordinary improvement loans. If objection is raised to lending Imperial funds, to which land improvement advances are now chargeable, at so low a rate of interest, the Governor in Council would propose that the difference of interest between 3 and 5 per cent. accruing yearly on loans outstanding under the special rules shall be charged to famine funds each year.

12. The chief cause which militates against well-construction is the uncertainty of success in the work; and one of the most important of the modes in which Government can assist the ryots is to place within their reach the means of ascertaining, as far as modern knowledge and appliances permit, the nature of the soil which will be met with in the excavation, the depth at which water will be found, its suitability for use in irrigation, and the thickness of the water-bearing stratum. This can best be done by organizing and equipping with necessary boring tools small parties of specially-trained men, who should itinerate in the districts to which the rules apply. Unless the site chosen is obviously absurd and impossible, any ryot desirous of obtaining an advance to dig a well should be allowed to have a boring made at the spot selected, and should be furnished with information as to the result of the experiment, which will obviously be invaluable as an indication of the prospects of success. As a guarantee of *bona fides* the Government would require a preliminary fee of small amount, say Rs. 5, to be paid; and this should be refunded if the boring proves a failure or if a loan is taken, the actual cost of the boring being added to the loan in the latter case. The possibility of providing such trained men, the cost and organization of the parties, the fees to be charged, and whether the men should work under the Engineer or the Collector, are points which will be further considered in the Public Works Department. A system of this kind has been tried in the North-Western Provinces, but the conditions of well-sinking in those provinces are obviously so different from those obtaining in Madras that the experience there gained is of little use. The Governor in Council proposes that the cost of the boring parties shall be charged against the annual grant for operations under the Act. For the four districts named in the special rules the grant in 1885-86 should be two lakhs of rupees.

13. It appears to Government to be an essential condition in a scheme for well advances that the annual charge for interest and repayment of principal shall be as low as it can be made and shall be assimilated as far as possible to land assessment. The proposals embodied in the rules that the annual charge shall not exceed $6\frac{1}{4}$ per cent. per annum, or Rs. 5 an acre, are certainly very moderate, and considering the assessments which under old settlements were charged on well irrigation the charge ought to be paid with ease by any ryot who can carry on cultivation regularly. One of the chief causes why wells fall into disuse is undoubtedly embarassments of the owners resulting from loss of cattle, inability to effect repairs, and the like. If the Takavi Act is extended to the presidency, and suitable rules framed under it, it will be of great advantage in preventing misfortunes of this sort; but the object of Government in encouraging wells will be defeated if cultivation under them is not carried on, and it is

therefore indispensable that advances shall be made only to substantial ryots. Specific inquiry into the circumstances of applicants is for obvious reasons undesirable, but it is thought that the rules provide reasonable securities as to their solvency. No ryot can get an advance unless he is able, *in limine*, to find security for the repayment within a year of half the cost of the well, and having received an advance of this amount is able to obtain command for a time of the balance wanted to complete the work. If afterwards he becomes so embarassed as to make default in a single instalment the well and the whole land commanded by it will at once be transferred to another ryot, who probably will be able to carry on the cultivation. Such ryot will get the benefit, in reduction of the debt on the well and also of the future charge on the land, of whatever he may pay in excess of the instalment due, as such amount will be applied to discharge of the balance remaining unpaid. At a certain period of the business it is probable that the sum realized by sale will extinguish the debt entirely, whereupon the well will be held on ordinary dry rates of assessment.

14. The effect of the proposed sale of the whole ayacut for the realization of a single instalment in obviating the necessity of elaborate and full security for the whole of the advance has already been adverted to. The provision may seem hard, but it is obvious that if only a portion of the land were sold and thus became separated from the well, the well would not be worked at its full efficiency, and might eventually become entirely useless. The objects which Government have in view would thus be defeated. It is thought also that the arrangement will operate to counteract the tendency of the ryots to apply for the largest advances possible under the rules, and will induce them to limit the proposed ayacut to what the well may fairly be expected to irrigate efficiently. The double regulation of the annual charge, both with reference to the amount of the advance and also to the ayacut, is intended to further this object. The $6\frac{1}{4}$ per cent. on the loan, and the 5 rupees per acre, will nearly coincide in what is taken to be the normal case, viz., a loan of Rs. 300, for a well to irrigate 4 acres, and repayable in twenty-two years. The requirement in rule 12 that the estimated value of the land when improved is to be at least half the amount of the advance is designed not so much for providing security against loss to Government as to prevent the proposed ayacut being made too small in view to limiting the annual charge under the 5 rupees' rule and to obtaining an unduly long period for repayment. The 35 years' rule (rule 5) will also tend in this direction, and a table showing maximum advances allowable with reference to this rule for specified irrigable areas is annexed to the rules. It was at first thought that the limit in rule 12 should be two-thirds, but in tracts where well cultivation is not much practised and well land not much valued this might tend to defeat advances otherwise desirable and perfectly safe. The rule applies only to proposals and preliminary acceptance, and does not affect the final adjustment with reference to actual cost. It would otherwise (see table just referred to) seriously hamper the grant of loans.

15. It will be noticed that provision is made in the rules for adjusting the loan to the ascertained cost after the well is completed and before certificate is granted. It is a question whether a re-adjustment of the ayacut, and consequently of the maximum advance admissible, of the terms of repayment and of the period allowed therefor, should not be similarly permitted. It is to be observed, however, that though the well may be finished its capacity for irrigation will be as uncertain as at first, and it seems better to insist on adherence to the original proposals; but special attention is solicited to the point.

16. The maximum loan is fixed at Rs. 600. It is a question whether it might not be raised to Rs. 750.

17. His Excellency the Governor in Council resolves to refer the scheme for criticism by the Board of Revenue and Director of Agriculture, M.R.Ry. A. Seshayya Sastriar, M.R.Ry. P. Chentsal Rao Pantulu, Messrs. J. Grose, J. F. Price, W. H. Glenny, C. S. Crole, G. McWatters, C. A. Galton, M.R.Ry. C. Lakshmikanta Row, Deputy Director of Revenue Settlement, and N. Gopala Krishnama Chettiar, Deputy Collector, Kurnool. The Collectors named should submit their opinions through the Board, and His Excellency in Council trusts that the whole will reach Government before the

15th December, as, if anything is to be done during next hot weather, the rules should be sent to the Government of India before Christmas, and with the Act brought into operation as soon as possible. It seems to Government that the scheme is very liberal, and that if the ryots are not induced thereby to seek improvement advances nothing will get them to do so.

(True Extract.)

(Signed) H. E. STOKES,
Secretary to Government.

To the Board of Revenue.
„ the Director of Revenue Settlement and Agriculture.
„ the Public Works Department.
„ the Financial Department
„ M.R.Ry. A. Seshayya Sastriar Avargal.
„ „ P. Chentsal Rao Pantulu Garu.
„ „ Lakshmikanta Rao Pantulu Garu.
„ M.R.Ry. S. Gopalakistnama Chetty Garu.
„ J. Grose, Esq.
„ J. F. Price, Esq.
„ W. H. Glenny, Esq.
„ C. S. Crole, Esq.
„ G. McWatters, Esq.
„ C. A. Galton, Esq.

I.—*Rules framed under Section* 10 *of the Land Improvement Loans Act XIX of* 1883.

1. Advances under these rules may be made from such sums as the Governor-General in Council may from time to time allot to the local Government, or as may be otherwise at its disposal for the purpose of such advances.

2. Tahsildars, Divisional Officers and Collectors shall be competent to sanction advances not exceeding the sums specified below:—

	RS.
Tahsildars	250
Divisional Officers	500
Collectors	1,000

Advances of sums exceeding Rs. 1,000 shall be sanctioned by the Board of Revenue, and of sums exceeding Rs. 5,000 by the local Government.

3. Applications for advances may be presented to any revenue officer of or above the rank of Tahsildar and shall contain the particulars specified in Form A appended and be signed by the applicant. If an oral application be made, the officer to whom it is made shall cause it to be recorded in the prescribed form and signed by the applicant.

4. The personal attendance of the applicant is not necessary, but he may be required at any time to appear in person or by duly authorized agent at his option, and, in case of default, the application may be rejected.

5. If the officer receiving the application be not competent to sanction the advance applied for, he shall, after seeing that the application contains all necessary particulars, forward it to the officer having authority to grant the loan to whom he is subordinate.

6. If the Collector of the district or other such authorized officer as aforesaid (hereinafter called the Collector) considers that there is *primâ facie* reason to believe that the application should be granted, he shall cause it to be entered in the register of applications and shall order a local inquiry to be made. If he is of opinion that the application should not be granted, he shall reject it.

7. No advance shall be granted without a local inquiry. It shall be conducted by such persons and according to such orders as the local Government may from time to time issue, and shall be directed to testing and verifying the statements contained in the application, supplying omissions therein, and ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered.

8. When the work to be undertaken will cost more than Rs. 5,000 and is one requiring professional skill, the applicant may be required to submit to the officer making the local inquiry

an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such a plan, estimate or specification, the Collector may cause them to be prepared on behalf of the applicant, first requiring him to deposit such sum of money as may, in the opinion of the Collector, be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same.

9. If on a review of the local inquiry the Collector is satisfied that the application ought to be complied with, he shall publish a notice as required in Section 5 of the Act with a copy of the application appended, calling upon all persons objecting to the loan to appear before him at a place specified therein and within a date not less than fifteen days from the date of the notice and submit their objections. The notice shall be published by public proclamation on the land and in the village and be stuck up in the Taluk Cutcherry. If no objections are made, or if the Collector overrules the objections made, he shall record a decision to the effect that the advance asked for, or a less sum than that asked for, may be made. On recording such a decision, the Collector may, if the amount of the advance does not exceed Rs. 1,000, at once grant a certificate for the advance in Form B appended. If he considers the objections valid, he shall reject the application, and if he is of opinion that the question raised by an objection is one which cannot be decided except by a Civil Court, he shall postpone proceedings on the application until the question is so decided.

10. If the amount of the advance exceeds Rs. 1,000, the record shall be forwarded to the Board of Revenue, and if it exceeds Rs. 5,000, through them to the local Government. The Board of Revenue or the local Government may, on perusal of the records of the local inquiry, at once sanction the advance, or refuse it, or direct further inquiry to be made if they think fit to do so. On receipt of orders sanctioning the advance, the Collector shall issue a certificate for the amount.

11. When the applicant is a tenant and proposes to furnish as security for the land to be improved any interest alleged to be transferable, which he possesses in the land to be improved, or any other adequate security, the Collector shall, in addition to publishing the general notice referred to in Rule 9, serve a special notice of the application on the landlord personally; or if service on him personally cannot be effected, a copy of the notice shall be affixed to some conspicuous place in the Collector's office and on the house in which the landlord resides; or if he does not reside in the district in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as the local agent for the landlord in respect of the said land.

12. No such notice shall be deemed to have been served unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made is otherwise established to the satisfaction of the Collector. In any case in which there are more share-holders than one and any share-holder or other person acts as a manager on behalf of the share-holders, service on him will be deemed to be service on each of the share-holders.

13. Such notice shall specify the sum applied for, the nature of the improvement to be made, the nature of the security proposed for the advance, and shall inform the landlord that if he desires to make any objections to the advance, he must, within one month after service of notice, signify them in writing to the Collector.

14. If the landlord or his local agent or manager does not so signify his objections, or if the Collector, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application, and that the value of such interest, either singly or taken jointly with other security furnished by him, is sufficient for the advance, he may sanction it or forward the records of the case for the sanction of the Board or the local Government.

15. When the applicant is a tenant without any transferable interest in the land to be improved, the loan shall not be granted if the landlord objects.

16. When a certificate is granted under these rules, it shall be endorsed by the applicant to the effect that he has understood and agreed to all the terms, and it shall be signed by him in the presence of the officer granting the certificate. If any property other than the property of the applicant is pledged or mortgaged as security for the repayment of the advance, the certificate shall be similarly endorsed, signed and attested by sureties and witnesses, and if the applicant is a tenant and cannot furnish security of the nature referred to in Rule 11, the certificate shall be signed by the landlord and attested by two witnesses other than the landlord.

17. The certificate shall be retained in the office of the Collector of the district; one copy of it shall be given to the applicant, and, when advances are made payable at any taluk or other subordinate district treasury, another copy shall be sent to such treasury.

18. Interest will be charged on loans at the rate of 5 per cent. per annum. If the officers authorized to grant loans consider that in special cases the loans should be granted at a lower

to the conditions and procedure to be adopted in respect of loans under the Act should be prepared. The revision of the draft rules for ordinary loans under the Land Improvement Act, in accordance with the Board's proposals and this order, has been carried out, and the rules are appended.

8. The Government agree with the Board that no change of practice is required in this presidency in consequence of section 11 of the Act, and think that no rules under the section are required. Private tanks and channels which are constructed to utilize water otherwise running to waste, and which do not affect any Government work, are alone exempted from irrigation assessment under present practice, and prior permission of Government officers has to be obtained in such cases. The works are usually of a very petty character, and similar to the small Government works which it has often been proposed to make over to the ryots on dry rates of assessment. When water is taken by a private work from a river or water-course which supplies a Government work, or is utilized for irrigation of lands paying irrigation assessment, the lands affected are fully assessed at once. What prevents increase of such works is not the anticipation of wet assessment being imposed, but rights already acquired to the water. Where such rights will be prejudiced by a contemplated work no loan will be granted under the Act; and where they will not be prejudiced the Government would maintain the principle now acted on, which is in accordance with that declared in section 11. There is, therefore, no need of a rule under the proviso in view to defining an exception to the principle. Cases may possibly arise where a loan is taken to reclaim swamp land at the tail end of deltaic channels or to irrigate dry land from river channels, by utilizing channel water which would otherwise go to waste; and in such cases Government might possibly be considered debarred by section 11 from charging wet rates on the land reclaimed or irrigated. But when such cases arise it will be time to provide for them, and at present Government think it best to make no rule. A declaration in the terms of section 11 itself will, however, be inserted in the certificates under the well rules, as it may tend to re-assure applicants, and there is no desire ever to raise the assessments on account of the wells.

9. The total exemption of documents connected with loans under the Act from stamp duty, and the registration of such documents at the cost of Government, as proposed by the Board, should in the opinion of Government be conceded.

10. His Excellency the Governor in Council now proceeds to the scheme which he proposes for the grant of advances for wells in districts specially liable to drought. The scheme is embodied in the second set of rules appended to this order, which are to apply in the first instance only to the districts of Bellary, Anantapur, Kurnool and Cuddapah. The terms are based mainly on the statistics of well cultivation in the district of Cuddapah, which were collected for the Famine Commission and are to be found in Mr. Gribble's memorandum at page 88, Appendix V to the Commissioners' report. The particulars of cultivation under private wells there given are extracted in the margin. The average area cultivated under each well varies greatly—from $1\frac{1}{2}$ acres in Váyalpád to $7\frac{1}{2}$ in Pulivendla. The general average is just under 4 acres, and the average assessment is Re. 1-3-1. Mr. Gribble states that the cost of a well is from Rs. 300 to Rs. 500, but this if viewed as an average is probably too high. The value of well land is stated to be from 40 to 50 rupees an acre. Until the new settlement there were numerous wells in the district paying from Rs. 24 to Rs. 30 per acre. The value of cultivation under wells is forcibly brought out in Mr. Gribble's paper, but as their efficacy in preventing or mitigating famine is now admitted on all hands, it is unnecessary to dilate on the point here.

Taluks.	Number of Wells.	Cultivation in Acres.	Average.	
			Extent.	Assessment per Acre.
			ACRES.	RS. A. P.
Badvél	1,310	6,079	4·64	1 6 10
Proddutur ..	1,695	11,693	6·89	1 7 7
Jammalamadugu ..	1,139	5,240	4·59	1 2 3
Pulivendla ..	1,602	11,985	7·48	0 13 11
Ráyachóti	2,449	5,170	2·11	1 1 9
Kadiri	3,271	9,855	3·01	0 8 4
Vayalpád	2,190	3,410	1·55	0 10 8
Madanapalle ..	1,892	3,743	1·98	0 12 0
Sidhout	2,504	9,056	3·61	1 15 9
Pullampet ..	3,980	18,747	4·71	1 5 4
	22,032	84,978	3·85	1 3 1

13. The Government of India also desire to know whether any rules should be framed under Section 11 of the new Act for regulating the period during which improvements in the nature of irrigation or reclamation executed by land-holders should be exempted from taxation on a revision of settlement, and they call special attention to the remarks of His Excellency the President during the discussion of the Land Improvement Bill in the Legislative Council. All other kinds of improvements have been declared to be exempt from taxation permanently. Reference is also made to the recent correspondence with the Secretary of State in connection with the revision of settlements. In regard to works of irrigation, the Government of India express a hope that it may be found possible to allow land-holders the full unrestricted benefit of their improvements without undue sacrifice of revenue. So far as this presidency is concerned, this is already the case. In 1852 was promulgated the rule that the ryots are to have the benefits of improvements carried out at their own expense. The question arose in connection with the construction of wells; the Court of Directors were at first inclined to fix a period within which improvements should be left untaxed so as to allow of the ryots reimbursing themselves for their outlay with reasonable profit, but subsequently, in view of the difficulty of fixing a period which would cover a multitude of cases in which the outturn derivable varies infinitely in degree, and the great advantages resulting to the country by improvements to land, they were induced to concede to the ryots the full benefit of their improvements without any restrictions whatever. The present rules on the subject are embodied in Board's Standing Order No. 1, clause 5, and Standing Order No. 8, clause 8. Standing Order No. 9 exempts lands newly cultivated with water from tanks constructed at the expense of the ryots from water-rate. But for Section 11 of the Act, no rules would be required for this presidency, but now that it has been enacted that where the improvement consists of the irrigation of land assessed at unirrigated rates, the increase in the value of such land may be taken into account at a revision of assessment after such period as may be fixed by "rules to be framed by the local Government with the approval of the Governor-General in Council," it seems necessary that a rule should be framed formally declaring that improvements in the nature of land irrigated by private outlay are exempt from taxation permanently. Where the irrigation is provided by works constructed by Government, a water-rate can, of course, be imposed under Act VII of 1865, Madras.

Board's Procs.,	12th Sep.	1844,	No.	639.
G.O.,	17th June	1845,	„	724.
G.O.,	18th Dec.	1846,	„	3827.
Board's Procs.	20th Jan.	1851,	„	26.
G.O.,	21st Oct.	1851,	„	1010.
G.O.,	29th July	1852,	„	1818.

14. As regards works of the nature of reclamation, to which Government draw special attention, the Board observe that there are no extensive tracts awaiting reclamation, the proportion of cultivated area and density of population being comparatively high in all the districts of this Presidency; and such exceptional cases as are likely to arise in out-of-the-way localities are sufficiently provided for by Standing Order No. 31. The cowle referred to in the standing order corresponds to the improvement lease mentioned by His Excellency the Viceroy. Under present rules cowles may be granted for the reclamation of jungle land, swamps, lands infested with *nuth* grass, prickly-pear, &c. In permanently-settled estates and inam villages, the waste belongs to the proprietors, and no question of revision of assessment can arise. As regards Government ryotwari holdings, every field has been assessed. The question of reclamation can ordinarily arise only in respect of waste lands not included in holdings. With regard to such lands the Government have the right to dispose of them as they please, subject to such preferential rights of cultivation as may be possessed by the ryots of the village. Before such lands are granted for cultivation, an assessment is imposed upon them, such as they ought to bear when reclaimed with reference to their intrinsic qualities of soil. To reimburse the ryots for the expenditure incurred in making the lands fit for cultivation, the lands are exempted for a fixed period, *e.g.*, five years, and thereafter a reduced assessment is imposed and gradually raised till in course of time the full assessment is reached, after which the ryot is to have the full benefit of any improvements he may have made without any restriction. This seems to be also the procedure which His Excellency the Viceroy desires should be adopted. The question as to what should be the conditions of the cowle is under present rules left to be determined

with reference to the circumstances of each individual case, and the Board do not consider it desirable to prescribe any hard-and-fast rules on the subject. The substance of Standing Order No. 31 may, if considered necessary, be embodied in a rule framed under Section 11. Practically improvements of all kinds are exempt from taxation in this presidency permanently. The rules proposed by the Government of India for the revision of settlements and accepted by this Government to the effect that in the settled districts assessments should in future be revised with reference to prices only would allow of the principle of not taxing improvements being effectually carried out in practice.

G.O., 13th August 1883, No. 975.
" 23rd January 1884, " 120.

15. Under Article 12 (a), Schedule II of Stamp Act I of 1879, instruments executed by persons taking advances under the Act or by their sureties are exempt from stamp duty, and it is only the original application for loan that has to pay a duty of 8 annas. The Board consider that all documents in connection with the loans may be exempted from stamp duty. The documents may also be registered at the cost of Government.

16. In conclusion, the Board are of opinion that the new Act may be brought into operation in this presidency from 1st January next. Till then Act XXVI of 1871 and the present rules will, of course, remain in force.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Secretary.

To the Secretary to Government, Revenue Department.

READ—also the following letter from E. C. BUCK, Esq., C.S., Secretary to the Government of India, Revenue and Agricultural Department (Revenue), to the Governments of Bombay, North-Western Provinces and Oudh and Punjab, and to the Chief Commissioners of the Central Provinces and Assam, dated Simla, the 29th September 1884, Circular No. 107R—69-9 :—

I am directed to point out that the Agriculturists' Loans Act XII of 1884 came into force on the 1st August 1884 in certain provinces, and to ask whether it is considered necessary to frame rules under Section 4 to give effect to its provisions.

2. It is to be noted that the Act saves the rules in force under the two Acts which it has repealed, but possibly an additional rule or additional rules may be required to give effect to the provision in Section 6 as to village communities.

Circular No. 107R—69-9.

Copy forwarded to the Governments of Madras and Bengal, and to the Chief Commissioners of British Burma and Coorg, with the request that it may be stated whether they propose to avail themselves at present of Section 2 (3) to extend the Act to their territories.

(By order.)

(Signed) J. HOLDERNESS,
Under Secy. to the Govt. of India.

To the Secretary to the Government of Madras.

ORDER—dated 24th November 1884, No. 1294, Revenue.

Land Revenue, No. 155.

His Excellency the Governor in Council approves generally of the recommendations of the Board of Revenue in respect of the rules to be framed under the new Land Improvement Loans Act XIX of 1883, but considers that special measures for the encouragement of the construction of wells in districts peculiarly liable to drought should be adopted, and these can best be provided for by a special set of rules. The scheme which commends itself to

Government will be referred to presently, orders being first passed on the questions raised by the Board in connection with the general rules.

2. The Government agree with the Board as to the period to be allowed for repayment of loans under the Act, and approve of the scale proposed in paragraph 3, so far as ordinary works are concerned. But in order to give encouragement to wells His Excellency in Council would provide that in districts where the special rules do not apply the period for the repayment of loans up to a limit of Rs. 1,000 for such works shall be extended to twenty-five years. Also that the inferior limit of Rs. 100 shall not apply to such loans. There are a great number of ruined wells which have fallen into disuse, in consequence of the owners being unable from loss of cattle or other misfortune to keep them in working; but if the owners were able to obtain small loans on favorable terms these wells might be restored. The inferior limit proposed by the Board might prevent this.

3. The rate of interest suggested, viz., 5 per cent., is approved for the reasons stated by the Board.

4. The Government also agree with the Board as to the period when repayment should commence, the charge of interest during construction, and the adoption of the system of payment by annuities discharging interest and principal. The latter, however, should not be compulsory, and applicants should be allowed to propose such instalments as may suit them, subject to the general scale as to the period of the loan. In the case of large works, such as those referred to in paragraph 5 of the Board's Proceedings, the period until profit will begin to accrue may be longer than the three years proposed by the Board, and the Government would therefore adopt a rule giving the sanctioning authority discretion to allow a longer time on cause shown why the work cannot yield profit within three years. Annuity tables which have been prepared in the Government office are appended to this order. They admit of all calculations as to instalments, interest when payment is deferred, and progress of repayment of principal being made without difficulty at 3, 4, 5 and $6\frac{1}{4}$ per cent.

5. The proposals of the Board in paragraph 8 are approved as regards loans to Government ryots, except that the instalment should be added to the last revenue kist of the year in which it is payable, as it would not be fair to the payer to distribute it with the revenue demand against him.

6. The question of notice to persons interested in the land is an important one. As regards loans to tenants the procedure prescribed in sections 7—10 of Act XXVI of 1871 should be provided for in the rules; but, in the opinion of Government, the powers to make rules given in section 10, Act XIX of 1883, do not warrant them in embodying sections 11—13 of Act XXVI of 1871 in the said rules. When it is found or admitted that the applicant has not a transferable interest it cannot be enacted in a rule that the landlord's consent is to be presumed from his silence. In the case of application by holders of Government puttas, who are in possession, a notice stuck up for a moderate period in the village will suffice. Pre-existing interests other than mortgages are not to be affected (section 7 proviso), and the existence of mortgages is not a bar to recovery by outright sale of the land. Applications by mortgagees, even though in possession, cannot safely be accepted at all. The Government observe, however, that the meaning of the proviso to section 7 is not clear. The intention seems to be that in the case of a loan to a tenant the landlord's right shall not be affected by a sale of the land; but if the pre-existing interest spoken of other than that of the borrower includes a coparcenary interest, or a right founded on a conveyance not known or declared, the security for the loan and the facilities intended to be given for its recovery may be seriously diminished. Under the law in force in this presidency all such rights in the land are extinguished by a revenue sale of the land for arrears due thereon.

7. Though advances for wells on liberal terms are to be specially provided for under Act XIX of 1883 the Government think the Takavi Act might usefully be extended to this presidency. The Board are requested to report further on the matter, after ascertaining the practice under the Act in other provinces, where, according to the statements of the Hon. Mr. Quinton in the Legislative Council in the debate on Act XIX of 1883, it has been productive of much benefit. Draft rules as

to the conditions and procedure to be adopted in respect of loans under the Act should be prepared. The revision of the draft rules for ordinary loans under the Land Improvement Act, in accordance with the Board's proposals and this order, has been carried out, and the rules are appended.

8. The Government agree with the Board that no change of practice is required in this presidency in consequence of section 11 of the Act, and think that no rules under the section are required. Private tanks and channels which are constructed to utilize water otherwise running to waste, and which do not affect any Government work, are alone exempted from irrigation assessment under present practice, and prior permission of Government officers has to be obtained in such cases. The works are usually of a very petty character, and similar to the small Government works which it has often been proposed to make over to the ryots on dry rates of assessment. When water is taken by a private work from a river or water-course which supplies a Government work, or is utilized for irrigation of lands paying irrigation assessment, the lands affected are fully assessed at once. What prevents increase of such works is not the anticipation of wet assessment being imposed, but rights already acquired to the water. Where such rights will be prejudiced by a contemplated work no loan will be granted under the Act; and where they will not be prejudiced the Government would maintain the principle now acted on, which is in accordance with that declared in section 11. There is, therefore, no need of a rule under the proviso in view to defining an exception to the principle. Cases may possibly arise where a loan is taken to reclaim swamp land at the tail end of deltaic channels or to irrigate dry land from river channels, by utilizing channel water which would otherwise go to waste; and in such cases Government might possibly be considered debarred by section 11 from charging wet rates on the land reclaimed or irrigated. But when such cases arise it will be time to provide for them, and at present Government think it best to make no rule. A declaration in the terms of section 11 itself will, however, be inserted in the certificates under the well rules, as it may tend to re-assure applicants, and there is no desire ever to raise the assessments on account of the wells.

9. The total exemption of documents connected with loans under the Act from stamp duty, and the registration of such documents at the cost of Government, as proposed by the Board, should in the opinion of Government be conceded.

10. His Excellency the Governor in Council now proceeds to the scheme which he proposes for the grant of advances for wells in districts specially liable to drought. The scheme is embodied in the second set of rules appended to this order, which are to apply in the first instance only to the districts of Bellary, Anantapur, Kurnool and Cuddapah. The terms are based mainly on the statistics of well cultivation in the district of Cuddapah, which were collected for the Famine Commission and are to be found in Mr. Gribble's memorandum at page 88, Appendix V to the Commissioners' report. The particulars of cultivation under private wells there given are extracted in the margin. The average area cultivated under each well varies greatly—from $1\frac{1}{2}$ acres in Váyalpád to $7\frac{1}{2}$ in Pulivendla. The general average is just under 4 acres, and the average assessment is Re. 1-3-1. Mr. Gribble states that the cost of a well is from Rs. 300 to Rs. 500, but this if viewed as an average is probably too high. The value of well land is stated to be from 40 to 50 rupees an acre. Until the new settlement there were numerous wells in the district paying from Rs. 24 to Rs. 30 per acre. The value of cultivation under wells is forcibly brought out in Mr. Gribble's paper, but as their efficacy in preventing or mitigating famine is now admitted on all hands, it is unnecessary to dilate on the point here.

Taluks.	Number of Wells.	Cultivation in Acres.	Average.	
			Extent.	Assessment per Acre.
			ACRES.	RS. A. P.
Badvél	1,310	6,079	4·64	1 6 10
Proddutur ..	1,695	11,693	6·89	1 7 7
Jammalamadugu ..	1,139	5,240	4·59	1 2 3
Pulivendla ..	1,602	11,985	7·48	0 13 11
Ráyachóti	2,449	5,170	2·11	1 1 9
Kadiri	3,271	9,855	3·01	0 8 4
Vayalpád	2,190	3,410	1·55	0 10 8
Madanapalle ..	1,892	3,743	1·98	0 12 0
Sidhout	2,504	9,056	3·61	1 15 9
Pullampet ..	3,980	18,747	4·71	1 5 4
	22,032	84,978	3·85	1 3 1

determining in what cases the notice referred to in Section 5 of the Act may be dispensed with. This provision was introduced with a view to enable officers to cut short inquiries and speedily dispose of applications in cases in which no complications are expected. The Honorable Mr. Quinton in the debates in the Legislative Council stated the intention to be that in provinces where a record of rights is carefully maintained, and where the rights of the applicants to make improvements are laid down by law, notice may be dispensed with, but where this is not the case, notice must issue. Act XXVI of 1871 provided that when a tenant applied for a loan for executing improvements in the lands in his occupation, a notice should be given to the landlord that if the landlord did not object within a certain time to the grant of the loan he must be taken to have assented thereto, and that if he objected the loan was to be refused (Sections 7 to 13). These provisions have been omitted in the new Act and the rights of landlords and tenants to make improvements left to be defined in the law relating to landlord and tenant. It appears to the Board that for the present the provisions of Sections 7—13 of Act XXVI of 1871 should be inserted in the rules, and the grant of a loan applied for by a tenant refused if the landlord objects. In these cases it is, of course, essential that the notice contemplated by Section 5 of Act XIX of 1883 should issue. Even in regard to Government ryotwari lands, it seems to the Board that the notice cannot be dispensed with. If Government were to grant in all cases loans to puttadars without inquiries as to rights in the land and without a general or special notice to other parties having interests in it, injustice might occasionally result. The loan becomes a first charge on the land in the same manner as land revenue, and the land is liable to be sold free of encumbrances for the recovery of the loan. Section 8 of the new Act provides that the order of the officer granting the loan is conclusive evidence that the improvement was one benefiting the land, and the grantee had at the time of the order the right to make the improvement. So long, therefore, as the revenue registry does not correspond with actual ownership, notice should in fairness be given to the various parties who may have interests in the land, and the absence of such interests in any particular case cannot be presumed without inquiry.

10. In G.O., dated 13th December 1881, Government suggest that the procedure might be very much simplified if collateral security for the loan be dispensed with. This might be done to some extent; but as besides the sufficiency of the security, it has to be ascertained that the work for which the loan has been applied for is unobjectionable and the applicant has the right to make the improvement, the local inquiry and notice cannot, it seems to the Board, be dispensed with altogether.

11. The Government were also of opinion that, *independently* of the rules, advances not exceeding Rs. 100 might be granted without interest for digging wells, repayable in three instalments in the 3rd, 4th and 5th years. The Board presume that the intention is to grant these advances as Takavi advances recoverable under Section 59 of Madras Act II of 1864. The amount of the advance will not cover the cost of the larger wells in the dry districts, but in many cases, it would go to supplement the means of the ryots and be productive of great benefit. In the majority of cases no elaborate inquiries will be necessary, and if it is understood that the grant of these advances is not to affect the rights of third parties to the land, the procedure might be simplified to a very great extent. These advances must be regulated by a special set of rules. In this connection the Board observe that the Takavi Act XII of 1884, very recently passed, empowers the Governor-General in Council to extend it to this presidency by notification.

12. The draft rules forwarded by the Government of India are simple, but do not contain sufficiently definite instructions as to the conduct of inquiries, service of notices, inspection of works, &c. The rules at present in force consist of two portions, the first containing general rules laying down the conditions of the loans, and the second explaining the manner in which the inquiries should be conducted. The Board are of opinion that the present arrangement is convenient and should be retained. In Appendix A are given the present rules and the alterations to be made therein to suit the proposed arrangements. If the proposals are approved, the Board will forward a complete set of rules as finally settled.

a return. For reasons already given no elaborate rules can be framed prescribing different periods for different classes of works. Loans will, however, probably be most ordinarily taken by ryots for the construction of wells. With reasonable diligence, a well may be expected to be completed within one year after the grant of the loan; and at the end of the second year the ryot may be expected to reap a profit. It seems desirable therefore to make the first instalment fall due at the end of the second year. To defer the repayment longer in the case of small loans will probably lead to no good result. As regards large loans for such works as anicuts, channels, large tanks, &c., which, if at all, will be taken by large land-holders, such as Zemindars, an intermediate period of three years may be allowed between the grant of the loan and the payment of the first instalment. The Board therefore consider that the rule in this respect should be that in the case of loans not exceeding Rs. 1,000, which must be for works of small magnitude, repayment should commence at the end of the second year, and for all other loans it should commence at the end of the third year, the borrower, of course, being at liberty to pay off the loan sooner if he chooses.

6. Clause (a) rule 13 of the draft rules received with the letter of the Government of India provides that interest on the loan shall commence only six months before the date fixed for the first instalment. The Board are unable to approve of this rule. There does not appear to be any reason why the interest for the intermediate period should be altogether foregone. The Government have to pay interest on their loans, and if they are to be secured from loss, the interest payable on the advances after the instalments commence would have to be fixed somewhat higher than would otherwise be the case, and nothing would be gained by such an arrangement. Interest must therefore be collected at the end of each year from the commencement. If the borrowers choose the annuity form of payment, all payment, whether for principal or interest, will be avoided for two or three years, as the case may be, during which the work is in progress. The following table shows the amounts of the instalments for repaying a loan of Rs. 100 in the form of annuities, repayment being deferred till the end of the 2nd and 3rd years and compound interest being charged at 5 per cent.

Number of years in which loan is repayable.	Amount of each instalment when the 1st falls due at the end of the 2nd year.	Amount of instalment when the 1st instalment falls due at the end of the 3rd year.
	RS. A. P.	RS. A. P.
15	10 9 9	11 11 10
20	8 11 0	9 6 11
25	7 9 9	8 2 9
30	6 15 0	7 6 5
35	6 7 9	6 14 2

It should be explained to the ryots that in the annuity form of payment each instalment represents the interest as well as the principal.

7. If the above proposals are approved, the annuity tables required can without difficulty be prepared.

8. The Board are of opinion that if the ryots taking loans prefer it, each instalment payable at the end of a year may be entered in the putta and collected with the instalments of land revenue, but no laxity should be allowed in collecting the instalments, and interest should, as a rule, be charged if they are left in arrears. The annuity tables will have to be framed on the supposition that instalments will be punctually paid, or, if left in arrears, will bear interest. The tendency on the part of the ryots to spend the income from their lands in marriages, &c., leaving the dues of Government in arrears, should not, whether in their own interests or in those of Government, be encouraged. In exceptionally adverse seasons, exceptional treatment would, of course, be needed.

9. Another point to which attention is directed by the Government of India is the desirability of framing rules for the guidance of officers granting loans, for

determining in what cases the notice referred to in Section 5 of the Act may be dispensed with. This provision was introduced with a view to enable officers to cut short inquiries and speedily dispose of applications in cases in which no complications are expected. The Honorable Mr. Quinton in the debates in the Legislative Council stated the intention to be that in provinces where a record of rights is carefully maintained, and where the rights of the applicants to make improvements are laid down by law, notice may be dispensed with, but where this is not the case, notice must issue. Act XXVI of 1871 provided that when a tenant applied for a loan for executing improvements in the lands in his occupation, a notice should be given to the landlord that if the landlord did not object within a certain time to the grant of the loan he must be taken to have assented thereto, and that if he objected the loan was to be refused (Sections 7 to 13). These provisions have been omitted in the new Act and the rights of landlords and tenants to make improvements left to be defined in the law relating to landlord and tenant. It appears to the Board that for the present the provisions of Sections 7—13 of Act XXVI of 1871 should be inserted in the rules, and the grant of a loan applied for by a tenant refused if the landlord objects. In these cases it is, of course, essential that the notice contemplated by Section 5 of Act XIX of 1883 should issue. Even in regard to Government ryotwari lands, it seems to the Board that the notice cannot be dispensed with. If Government were to grant in all cases loans to puttadars without inquiries as to rights in the land and without a general or special notice to other parties having interests in it, injustice might occasionally result. The loan becomes a first charge on the land in the same manner as land revenue, and the land is liable to be sold free of encumbrances for the recovery of the loan. Section 8 of the new Act provides that the order of the officer granting the loan is conclusive evidence that the improvement was one benefiting the land, and the grantee had at the time of the order the right to make the improvement. So long, therefore, as the revenue registry does not correspond with actual ownership, notice should in fairness be given to the various parties who may have interests in the land, and the absence of such interests in any particular case cannot be presumed without inquiry.

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of works constituting improvements, and the works falling under the same class vary almost infinitely in regard to their capacity to yield a return with reference to cost, soil and situation. The Board observe that in the English Agricultural Holdings Act of 1875 certain maximum periods were fixed within which certain classes of improvements were to be considered as exhausted, but apparently, owing to the practical difficulty of working such a rule and its unequal operation, the limits were abandoned when the Act was remodelled in 1883.* In G.O. of 13th December 1881, Government viewed with favor a proposal of Mr. Chentsal Rao that for certain small loans no limit of period whatever for repayment should be prescribed, but that interest on the loan should form a charge on the land and be collected in addition to the land assessment, the borrower, however, being at liberty to relieve the land of the charge for interest by repaying the loan at any time he pleases. The proposal was considered by the Select Committee on the Land Improvement Loans Bill and rejected mainly because it was considered undesirable to mix up the transactions of the State in its capacity of capitalist with that of landholder, and because complications might arise if the charge for interest continued after the improvement for which the loan was granted had become exhausted. If, however, the repayment is spread over a long period and received in the form of annuities, the advantages of the proposal are to a great extent secured and the objections got rid of, and the Board consider that this should be done wherever possible. The Act contemplates the grant of loans for what are called "permanent improvements" and such improvements may ordinarily be expected to reimburse the land-holders for their cost in 15 or 20 years. The Board would fix the following scale as a guide of officers granting the advance :—

Section 6 of 38 and 39 Vic., Cap. 92.

* 46 and 47 Vic., Cap. 61.

	YEARS.
Rs. 100 to 500	15
„ 500 to 1,000	20
„ 1,000 to 2,500	25
„ 2,500 to 5,000	30
Above 5,000	35

The Board believe that it will rarely, if ever, be necessary to allow a longer period than 35 years for the repayment of the loan, and if such exceptional cases occur, they will be reported for the orders of Government. Loans of smaller sums than Rs. 100 should not be granted under the Act.

4. The rate of interest at present levied, viz., $6\frac{1}{4}$ per cent., is not excessive, and the Government of India propose to retain it unless it is shown that it is more than is necessary to cover the interest on Government loans, the cost of collection and risk of bad debts. The Board are of opinion however that the interest might be levied at 5 per cent.,the rate mentioned by the Famine Commission, without infringing the conditions laid down by the Government of India. The remarks of Mr. Sturrock, Collector of South Canara, printed in the G.O. of 13th December 1881, show that in some parts of the country the current rate of interest is as low as $3\frac{1}{8}$ per cent., provided the security for the loan is good and sufficient, and it is well known that in most places investments in landed property yield hardly as much as 4 or 5 per cent. It is no doubt true that exorbitant rates of interest are charged by money-lenders when the borrower has not good security to offer, and the loan is made as a speculation ; but as the Government insists upon obtaining unexceptionable security, has the first lien on the land improved, is not obliged to sue the debtor, but can recover the loan summarily by selling the land free of encumbrances, the risk incurred by them is very small, and they can afford to lend money at 5 per cent. interest which is 1 per cent. higher than the interest they pay on their loans. It must be remembered also that when the annuity form of payment is adopted, the unpaid portion of the loan each year pays compound interest. The cost of collection will practically amount to little or nothing and need not be taken into account.

5. The next point to be considered is what time must elapse after the date of the loan before repayment should commence. The principle to be followed in determining this is that no repayment should be demanded until the work has commenced to yield

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following Proceedings of the Board of Revenue, dated 11th August 1884, No. 2759 :—

Read—G.O., dated 30th November 1883, No. 1499, Revenue.

Abstract.—Forwarding to the Board of Revenue, with instructions, letter from the Government of India regarding rules to be framed under Land Improvement Loans Act.

Resolution—dated 11th August 1884, No. 2759.

With the order above read, the Government forward a communication from the Government of India in regard to the arrangements to be made for bringing into operation in this presidency the new Land Improvement Loans Act XIX of 1883, and direct the Board to submit for approval draft rules underSection 10 of the Act for regulating the grant of loans by Government for carrying out agricultural improvements, to frame annuity tables to meet cases in which it is considered advisable that repayments of loans should be made in the form of annuities, to determine the rate of interest to be charged on the loans and the period for which improvements to land in the nature of reclamation should under the new law remain untaxed, and to report generally on other matters referred to by the Government of India.

2. In 1881, the entire subject of loans for land improvements underwent full discussion and the conclusions then arrived at, after obtaining the opinions of local officers and native gentlemen, are summed up in G.O., dated 13th December 1881, No. 1919. The Board will bear in mind these conclusions in discussing the present proposals. In the debate on the Land Improvement Bill in the Legislative Council, to which the Government of India refer as explaining the principal changes in the law effected by the Act and the reasons therefor, His Excellency the President stated that he did not believe that the new law would effect any great extension in loan transactions, and that it was intended to be a small measure of reform to cure such defects in the present system of granting advances as are calculated to discourage resort to them, wherever the desire for agricultural improvement exists.

3. The first point to be determined with reference to the new rules is what period should be fixed for the repayment of loans granted by Government. The present rules (No. 19) require that advances of sums of Rs. 500 and under should be paid back within seven years, unless the sanction of Government is obtained for allowing a longer period, and in no case is the period to exceed 20 years without the sanction of the Government of India. The new Act prescibes that the period of repayment shall not ordinarily exceed 35 years, but authorizes the local Government to extend this period in special cases. There can be no doubt that the present limit of 7 years for loans not exceeding Rs. 500 is too narrow, but the question as to what the limit should be is one difficult of settlement. The Government of India suggest that instead of leaving the period of repayment to be fixed entirely at the discretion of the individual officers granting the advance, certain maximum periods might be prescribed for different classes of works with reference to the time within which they might ordinarily be expected to reimburse the land-holders for the outlay. The Board have given careful consideration to this question, but do not see their way to prescribing any such maximum periods, as there is no recognized classification

G.O., 26th October 1878, No. 1732.

Govt. of {1884} Madras.

REVENUE.

Issued

Recd. *Encl.*

G.O., 24th November 1884, No. 1294.

NOVEMBER.

Land Improvement Act XIX of 1883.

Orders passed on Board's Proceedings regarding the grant of loans under the new — for agricultural improvements and the construction of wells.

(B).—Annuity table for use in calculating payments by annuities for loans under the Land Improvement Act.

Years.	3 per cent.			4 per cent.			5 per cent.			6¼ per cent.		
	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)	R^n. (1)	A_n. (2)	I_n. (3)
1	1·0300	1·000	103·000	1·0400	1·000	104·000	1·0500	1·000	105·000	1·0625	1·000	106·250
2	1·0609	2·030	52·261	1·0816	2·040	53·020	1·1025	2·050	53·781	1·1289	2·062	54·737
3	1·0927	3·090	35·363	1·1249	3·123	36·026	1·1577	3·161	36·631	1·1994	3·190	37·594
4	1·1255	4·183	26·905	1·1699	4·248	27·543	1·2155	4·310	28·202	1·2745	4·392	29·019
5	1·1593	5·310	21·832	1·2167	5·418	22·459	1·2763	5·526	23·096	1·3541	5·666	23·901
6	1·1941	6·471	18·456	1·2653	6·633	19·077	1·3401	6·802	19·701	1·4387	7·019	20·497
7	1·2299	7·663	16·049	1·3160	7·900	16·658	1·4071	8·142	17·282	1·5286	8·458	18·074
8	1·2668	8·893	14·244	1·3686	9·215	14·852	1·4774	9·548	15·473	1·6242	9·987	16·263
9	1·3048	10·160	12·842	1·4233	10·583	13·450	1·5513	11·026	14·070	1·7257	11·611	14·862
10	1·3439	11·453	11·731	1·4802	12·005	12·330	1·6289	12·578	12·950	1·8335	13·336	13·748
11	1·3842	12·807	10·808	1·5395	13·487	11·714	1·7103	14·206	12·039	1·9481	15·169	12·842
12	1·4258	14·194	10·045	1 6010	15·025	10·656	1·7959	15·918	11·282	2·0699	17·118	12·092
13	1·4685	15·617	9·403	1·6651	16·628	10·014	1·8856	17·712	10·646	2·1993	19·189	11·461
14	1·5126	17·087	8·853	1·7317	18·292	9·467	1·9800	19·600	10·102	2·3367	21·387	10·996
15	1·5580	18·600	8·376	1·8010	20·025	8·994	2·0789	21 578	9·634	2·4827	23·723	10·465
16	1·6047	20·157	7·961	1·8730	21·825	8·582	2·1829	23·658	9·227	2·6379	26·207	10·066
17	1·6528	21·727	7·603	1·9479	23·698	8·220	2·2920	25·840	8·870	2·8028	28·845	9·717
18	1·7024	23·413	7·271	2·0258	25·645	7·900	2·4066	28·132	8·555	2·9780	31·648	9·410
19	1·7535	25·117	6·981	2·1068	27·670	7·614	2·5270	30·540	8·274	3·1641	34·626	9·138
20	1·8061	26·870	6·722	2·1911	29·778	7·358	2·6533	33·066	8·024	3·3619	37·790	8·896
21	1·8603	28·677	6·487	2·2788	31·970	7·128	2·7860	35·720	7·800	3·5720	41·152	8·680
22	1·9161	30·537	6·275	2·3699	34·248	6·920	2·9252	38·504	7·597	3·7952	44·723	8·486
23	1 9736	32·454	6·081	2·4647	36·618	6·731	3·0715	41·430	7·414	4·0324	48·519	8·311
24	2·0328	34·427	5·905	2·5633	39·082	6·559	3·2251	44·502	7·247	4·2844	52·551	8·153
25	2·0938	36·460	5·743	2·6658	41·645	6·401	3·3863	47·726	7·095	4·5522	56·836	8·010
26	2·1566	38·553	5·595	2·7725	44·313	6·257	3·5557	51·114	6·956	4·8367	61·387	7·879
27	2·2213	40·710	5·456	2·8834	47·085	6·124	3·7335	54·670	6·829	5·1390	66·225	7·760
28	2·2879	42·930	5·329	2·9987	49·968	6·001	3·9201	58·402	6·712	5·4602	71·362	7·651
29	2·3566	45·220	5·211	3·0187	52·967	5·888	4·1161	62·322	6·605	5·8015	76·825	7·552
30	2·4273	47·578	5·102	3·2434	56·085	5·783	4·3200	66·400	6·506	6·1641	82·625	7·460
31	2·5001	50·004	4·999	3·3731	59·328	5·686	4·5381	70 762	6·413	6·5494	88·791	7·376
32	2·5751	52·504	4·905	3·5081	62·702	5·595	4·7650	75·299	6·328	6·9586	95·337	7·299
33	2·6534	55·114	4·814	3·6484	66·209	5·510	5·0032	80·065	6·249	7·3935	102 252	7·228
34	2·7319	57·730	4·732	3·7943	69·857	5·432	5·2534	85·068	6·176	7·8556	109·706	7·162
35	2·8138	60·460	4·654	3·9461	73·653	5·358	5·5161	90·321	6·107	8·3466	117·547	7·101

Column (1) is the amount of Re. 1 improved at compound interest for a given number of years. This column = the annual instalment ÷ the excess of the annual instalment above the initial interest on the loan.

Column (2) is the amount at compound interest of an annuity of Re. 1 for a given number of years. This column × by the excess of the annual instalment above initial interest on the loan gives the amount of principal paid off.

Column (3) is the annual instalment necessary to pay off a loan of Rs. 100 with interest in a given number of years $\left(I_n = \frac{100\ R^n}{A_n} \right)$.

Examples of the use of the tables :—

1. In what time will a loan of Rs. 1,200, at 5 per cent., be paid off by an annuity of Rs. 80?
   The initial interest is Rs. 60, leaving Rs. 20 and $\frac{80}{20} = 4$.
   The next lowest figure in column (1) at 5 per cent. is 3·9201 opposite 28 years. The loan will be paid off in the 29th year.
2. Of such a loan how much will remain due at 28 years, and how much will be paid off in 15 years?
   By column (2) at 28 years, 58·402 × 20 = 1168·040, leaving Rs. 31·960 still due.
   In 15 years, 21·578 × 20 = 431·560 rupees will be paid off.
3. What instalment will pay off Rs. 327 at 4 per cent. in 15 years?
   3·27 × 8·994 = 29·5 rupees.
4. A loan of Rs. 1,500 is to be paid off in 20 years, at 6¼ per cent., but instalments are to be deferred till the end of the fifth year. Find instalment.
   At the beginning of the fifth year, the loan with interest will by column (1) have amounted to (Rs. 1,500 × 1·2745 =) 1,911·750 rupees, and there will remain 16 years in which instalments will be paid. The instalment will be (19·1175 × 10·066 =) 192 437 rupees.
5. If a loan of Rs. 150 is given at 3 per cent. to be paid off in 25 years, what amount of principal is remitted, supposing interest to be 6¼ per cent?
   The annual instalment is (1·5 × 5·743 =) 8·615 rupees, which at 6¼ per cent. will pay off in 25 years $\left(\frac{8\cdot615 \times 100}{8\cdot010} = \right)$ 107·553 and the amount remitted is (150 — 107·553 =) 42·447 rupees.
6. Adjust instalments so that a loan of Rs. 1,000 shall be paid off entirely in 24 years, ⅛ in 8 years and ⅜ in 16 years. Interest at 5 per cent.

(a) One-third of the loan is Rs. 333⅓ and instalment to pay it in 8 years is (3·333 × 15·473 =) 51·577 rupees. Add interest on Rs. 666·667 or Rs. 33·333. Instalment for the first series of 8 years is Rs. 84·910.

(b) To pay off Rs. 333⅓ instalment is Rs. 51·577 as before. Add interest on Rs. 333⅓ or Rs. 16·667. Instalment for second series of 8 years is 68·244 rupees.

(c) Instalment for third series of 8 years is Rs. 51·577.

7. What loan will an instalment of Rs. 20 pay off in 35 years at 3 per cent.?
   As 4·654 : 20 : : 100 : 429·75 rupees.

(C).—Table of decimal parts of a rupee.

Annas.	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Pies.																
0 ..	·000	·063	·125	·188	·250	·313	·375	·438	·500	·563	·625	·688	·750	·813	·875	·938
1 ..	·005	·068	·130	·193	·255	·318	·380	·443	·505	·568	·630	·693	·755	·818	·880	·943
2 ..	·010	·073	·135	·198	·260	·323	·385	·448	·510	·573	·635	·698	·760	·823	·885	·948
3 ..	·016	·079	·141	·204	·266	·329	·391	·454	·516	·579	·641	·704	·766	·829	·896	·954
4 ..	·021	·084	·146	·209	·271	·334	·396	·459	·521	·584	·646	·709	·771	·834	·896	·959
5 ..	·026	·089	·151	·214	·276	·339	·401	·464	·526	·589	·651	·714	·776	·839	·901	·964
6 ..	·031	·094	·156	·219	·281	·344	·406	·469	·531	·594	·656	·719	·781	·844	·906	·969
7 ..	·036	·099	·161	·224	·286	·349	·411	·474	·536	·599	·661	·724	·786	·849	·911	·974
8 ..	·042	·105	·167	·230	·292	·355	·417	·480	·542	·605	·667	·730	·792	·855	·917	·980
9 ..	·047	·110	·172	·235	·297	·360	·422	·485	·547	·610	·672	·735	·797	·860	·922	·985
10 ..	·052	·115	·177	·240	·302	·365	·427	·490	·552	·615	·677	·740	·802	·865	·927	·990
11 ..	·057	·120	·182	·245	·307	·370	·432	·495	·557	·620	·682	·745	·807	·870	·932	·995

(D).—Table of Maximum Loans admissible for specified Ayacuts.

Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.	Ayacut in Acres.	Annual Charge.	Maximum Amount of Loan.
	RS.	RS.		RS.	RS.		RS.	RS.
1·50	7·5	161·15	3·00	15·	322·30	4·50	22·5	483·45
1·75	8·75	180·01	3·25	16·25	349·16	4·75	23·75	510·31
2·00	10·	214·86	3·50	17·5	376·05	5·00	25·00	537·17
2·25	11·25	241·72	3·75	18·75	402·88	5·25	26·25	564·03
2·50	12·5	268·58	4·00	20·	429·73	5·50	27·5	590·88
2·75	13·75	295·44	4·25	21·25	461·97	5·75	28·75	600·00
						or more	...	

Exd. T. O'Connor.

120 Copies.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.

(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .

(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.

(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

the procedure adopted should be that laid down in Rules 11—14; if he has no such transferable interest and there is no common understanding as to whether the tenant or the landlord is to have the right to make the improvement, the loan should be refused if the landlord objects.

6. When the proposed advance exceeds Rs. 5,000, the Collector of the district shall obtain from the District Engineer an opinion as to the feasibility, probable cost and merits generally from a professional point of view of the proposed work; in any other case, it shall be competent to the officer dealing with the application to call for professional opinion through the proper channel, should necessity appear.

7. All certificates issued shall be kept in bound volumes in the taluk; they shall bear a serial number, a separate series being maintained by each officer authorized to grant advances, and shall be in the form appended to these rules.

8. When the officer dealing with the case under Rule 10 is not the Collector of the district, the record should be forwarded through the latter to the Board of Revenue with the Collector's opinion.

9. A register of advances and repayments in the subjoined form shall be maintained at every Taluk Treasury. When repayments at any other treasury than that of the taluk in which the land to be improved is situated are allowed, the Treasury Officer receiving payment shall give information thereof to the Tahsildar of such taluk, in view to such payment being noted in his register:—

Form of Register.

1. Serial number of certificate.
2. Name and residence of certificate-holder.
3. Amount of advance granted.
4. Repayments—
   - (*a*) Date.
   - (*b*) On account of principal.
   - (*c*) On account of interest.
   - (*d*) Total.
5. Remarks.

10. The account to be kept by the recipients of advances exceeding Rs. 5,000 as required by Rule 28 shall be in the subjoined form:—

1. Name of the work.
2. Advance received—
   - (*a*) Date.
   - (*b*) Amount.
3. Expenditure incurred—
   - (*a*) Date.
   - (*b*) Description of work.
   - (*c*) Rate.
   - (*d*) Amount.

11. It shall be the duty of officers issuing certificates to arrange for the inspection of every work in progress by a competent and trustworthy subordinate. If a work is one requiring professional skill, the inspection should be made by an officer of the Public Works Department. Under Rule 27 all works for which advances are made in a lump sum must be inspected and reported on as soon as possible after the date on which their completion was directed in the certificate, and all works for which advances are made by instalments before each instalment subsequent to the first is paid. Whether this will ensure sufficient inspection must depend upon the terms of the certificate. In many cases, a single inspection of the work on completion would suffice to ensure that due diligence is being used in applying the money to the purpose for which it is granted, but, as a general rule, an inspection should be made six months after the date of payment and thenceforward at least once a year. A report of the result of such inspection should be submitted to the Collector of the district annually by every subordinate empowered to issue certificates.

12. A supply of forms of application providing for the exhibition of the necessary particulars shall be printed in the vernacular and distributed to the Tahsildars, who will assist applicants in filling them up and explain the provisions of the rules which should be published from time to time in the District Gazette.

13. A full account should be given of all sums advanced, amounts recovered, &c., under the Land Improvement Act and Rules in the Annual Settlement Report.

II.—*Special rules framed under Section* 10 *of the Land Improvement Act XIX of* 1883 *for the construction of wells.*

1. These rules extend to the districts of Bellary, Anantapur, Kurnool, and Cuddapah, but may be declared applicable to other tracts at the discretion of Government. In the districts to which they apply, advances may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No advance under these rules shall exceed the sum of Rs. 600.

3. The advances shall be repayable by equal annual instalments discharging both principal and interest.

4. The rate of interest charged shall be 3 per cent. per annum.

5. All loans must be repaid within thirty-five years at furthest.

6. The annual charge for payment of the debt and interest shall be one anna in the rupee of advance, provided that it shall not exceed 5 rupees an acre on the land assigned as the ayacut (irrigable area) of the well.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the putta, but will be payable together with the last revenue kist of each fasli year.

8. No security other than the lands assigned as the ayacut, which shall be pledged as security for discharge of the special annual charge as it falls due and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayacut shall be entered in a separate putta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs, the whole of the land assigned as the ayacut and the well itself shall be sold together for the recovery of the amount in arrear with interest thereon and expenses of sale if any; and will remain subject to so much of the principal debt as remains unpaid.

10. From the purchase-money realized shall be deducted, first, the land revenue, interest thereon and expenses as aforesaid and, secondly, the arrear of special charge and interest thereon; and the overplus shall be credited in liquidation of the balance of the debt on the well. The purchaser shall, in case of overplus, be entitled either to have the number of future annual payments reduced proportionately, the amount of the annual charge remaining the same; or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and readjustment, a fresh certificate and special putta stating future annual instalments and debt remaining due shall be issued to the purchaser of the well, and the former special putta shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter. Special charge against the well and ayacut shall then cease.

Example.—Rs. 300 are advanced for a well with a 4-acre ayacut and instalment Rs. 18-12-0 under Rule 6, and land assessment at 12 annas an acre, or Rs. 3. Default is made in the tenth year, and the land and well is at once sold. It realizes Rs. 150. Deduct land revenue Rs. 3, and instalment Rs. 18-12-0, or Rs. 21·75. There remain 128·25 rupees to be credited to the balance of debt, which by table is Rs. 188·333, reducing it to Rs. 60·083. If the purchaser pays this up, the well will be free from debt; if he likes he may have the number of instalments reduced from 12 to 5, or may continue to pay for twelve years more, the instalment being reduced from 18·75 rupees to 6·037 rupees.

11. On the debt being paid off by completion of the term, or under the last rule, the land forming the ayacut shall be held at the ordinary assessment, which shall not be subject to enhancement or increase at revision of settlement on account of the improvement due to the well. No charge for irrigation with the water of the well will be imposed either on such land or on any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for advance shall be approved under these rules unless it is estimated that the value of the land assigned as the ayacut will, after the well is in operation, be equal to not less than one-half of the advance applied for.

13. When a ryot is desirous of obtaining an advance under these rules for the construction of a well, he may apply to the Revenue Inspector, on deposit of a fee of Rs. 5, to have a trial boring made at the proposed site of the well by the establishment, if any, maintained by Government in the district for such purpose. Application forms, serially numbered, will be kept by all Revenue Inspectors, and will be filled up for applicants free of charge or stamp-duty, on the deposit of the prescribed fee, which will be printed on the duplicate of the application retained by the applicant and receipted by the officer taking the application. A printed form showing nature and thickness of the strata passed through by the borer and the depth at which water is found or not found, and the quality of the water whether saline or otherwise, shall be given to the applicant by the officer in charge of the boring party. If the boring prove unsuccessful, *i.e.*, if water is not met within 35 feet, the fee shall be refunded. If the applicant subsequently applies for and obtains an advance under the rules, the fee paid shall be refunded and the actual cost of boring shall form part of the advance admissible and granted.

14. Applications for advances under these rules must specify the amount of the advance required; particulars of the land proposed as the ayacut of the well; whether it is registered in the applicant's name and is in his possession; whether it is mortgaged or otherwise encumbered, and, if so, particulars of the same; and what security the applicant can give for the repayment of half the advance in the event of the well not being constructed within a year from the acceptance of the application. If a trial boring has been made, the printed statement of the result shall be attached to the application.

15. Application forms can be obtained at all cutcherries and from Revenue Inspectors, and applicants may have them filled up either by the givers or by the Karnams of their villages. They may be presented to any Revenue officer of grades not lower than Revenue Inspector, and applicants shall get receipts for them.

16. On receipt of an application, a Revenue Inspector or higher officer shall at once inspect the land and make summary inquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; what will be the market value of the land if the well is successful, judging from that of like land in the neighbourhood; and whether the security offered is sufficient. The report shall be transmitted to the divisional officer, who shall examine whether the advance can be made under the rules; and, if the prescribed conditions are complied with, shall accept the application and order the Tahsildar to pay half the amount of the advance applied for on the applicant's furnishing security as proposed and executing the necessary documents in the prescribed forms to the effect that the money received shall be applied to the purpose intended, and that a substantial and properly constructed well in full working order shall be completed within a year from the receipt of the advance. No interest will be charged on this advance. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advance authorized by this rule will be recoverable from the applicant in pursuance of the security given.

17. On completion of the well, the applicant shall apply to have the work measured up and estimated in accordance with a schedule of rates, which will be prescribed from time to time for the district or taluk. If the value of the work done is within 10 per cent. of the amount originally applied for, payment of the second moiety shall be sanctioned. If the value is less than the amount originally applied for by more than 10 per cent., the applicant may, if he pleases, take a reduced loan, the special annual charge being reduced accordingly; or if it is in excess by more than 10 per cent., he may claim a higher sum than originally applied for; provided always that the conditions of Rules 5 and 6 are not infringed.

Example.—A man applies for an advance of Rs. 300 for a well with a 4-acre ayacut. On completion, the well is found to have cost Rs. 450. The annual charge is limited (Rule 5) to Rs. 20, and by table it is found that this will in thirty-five years only pay off Rs. 429·75. He cannot be granted more than this amount, and instalments for thirty-five years must be fixed, if he takes it. If, however, the well is found to cost only Rs. 250, he may claim the Rs. 300 for which the application was accepted; but may, if he likes, take Rs. 250, and in such case will pay only Rs. 15-10-0 per annum instead of Rs. 18-12-0.

18. The amount of advance being finally settled, a certificate in the form appended shall be issued by the Collector and signed by the applicant. A copy thereof shall be given to him, and also a special putta for the lands, on the reverse of which shall be shown the amount which will remain due in each fasli, supposing instalments to be paid according to the putta. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary putta, which he shall give up for the purpose.

19. A full year shall always be allowed for the execution of the work, and the first instalment on account of the debt shall be payable with the last yearly kist, coming next after the grant of certificate, if such kist is more than six months off. If less, the first instalment shall be deferred to the last kist of the following fasli; *e.g.*, the last kist of the year falls in May, and a certificate is granted in January. The first payment for the loan shall be fixed for the following May twelve months. But if certificate is granted in November, the first payment will be due in the following May. The term of the loan will run accordingly.

APPENDICES.

(IN DUPLICATE.)

(A).—*Certificate granted under the special rules for loans for the construction of wells sanctioned under the Land Improvement Act XIX of* 1883.

No. of 188 .

To son of residing in the village of
taluk of registration sub-district of and district of

1. On production of this certificate, the aforesaid shall be entitled to receive the sum of Rs. , being the amount required to complete the loan of Rs. , sanctioned under the above rules for the construction of a well as hereunder particularized, of which loan Rs. have already been received by the aforesaid and are hereby acknowledged :—

(i) Situation of the well, village and survey number.
(ii) Particulars of fields forming the ayacut of the well. Village, survey fields, extent and assessment.

2. The conditions of the loan are—

(i) That the loan, with interest thereon at 3 per cent, shall be repaid by annual payment of Rs. falling due with the last kist of the revenue year, commencing with Fasli 12 and ending with Fasli 12 .
(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at future revision of assessment be enhanced with reference to improvements resulting from the well, nor shall any water-rate be charged for the water thereof.
(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the loan above stated, and shall be sold with the well in case of default made in payment either of the land assessment or of the annual payment on account of the loan as above stated.

Signature of Collector.

I have understood and accepted the above document and agreed to the terms and conditions stated.

Signature of Certificate-holder.

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

REVISED SUBSIDIARY INSTRUCTIONS.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

interest or without interest, they should report such cases for the orders of the local Government through the Board of Revenue, explaining the grounds of their recommendation. The local Government may, if it sees fit, authorize loans being granted at reduced interest or without interest in special cases.

19. In the case of loans of sums not exceeding Rs. 1,000, repayment shall ordinarily commence at the end of the second year from the date of the loan, and in the case of loans of sums exceeding Rs. 1,000 at the end of the third year; but if in any special case the sanctioning authority considers that the work for which the loan is given is such that a longer time must elapse before it yields a return, a longer interval may be allowed between the date of the loan and the date fixed for the payment of the first instalment, but not exceeding five years.

The interest on the loan shall, however, accrue at the end of each year from the date of the loan and shall be added to the principal. The time allowed for repayment of the loans and the instalments shall be fixed by the Collector with reference to the convenience of the applicant and the necessities of the case, but so as not to exceed the maximum limits specified below:—

		Maximum Period. YEARS.
For loans from Rs.	100 to Rs. 500	15
Do.	„ 500 to „ 1,000	20
Do.	„ 1,000 to „ 2,500	25
Do.	„ 2,500 to „ 5,000	30
Do.	„ 5,000 and above	35

Loans will not be granted in smaller amounts than Rs. 100. Provided that loans for the construction or restoration of wells may be made for less amount than Rs. 100, and that the time allowed for repayment of such loans may be extended to 25 years. At the option of the applicant repayments may be made in the form of annuities, consolidating interest and principal in accordance with the tables appended to these rules. Any person to whom a loan is granted may repay it, or portions of it, at an earlier date than that fixed in the certificate. Interest shall be charged at 5 per cent. on all instalments overdue.

20. All repayments shall ordinarily be made at the treasury of the taluk in which the land to be improved is situated; but the Collector may, if he sees fit, authorize repayment at any other Government treasury within the district. The Tahsildar shall keep a register of advances and repayments in such form as the local Government may from time to time prescribe for the purpose. If the person who obtains the loan desires to pay the instalments of the loan with the land revenue, such instalments may be collected with the last instalment of the land revenue falling due in each year.

21. Instalments of loans and interest due thereon may be suspended on proof of failure of crops or other exceptional calamity. The Collector shall report the case to the Board of Revenue, who shall pass such orders on the case as they deem proper.

22. No advance shall be made unless the value of the security offered exceeds by at least one-fourth the amount of the advance.

23. Subject to the orders of the local Government, the Collector of the district may make provision for the proper inspection of works in course of construction, for which advances have been made, and for ascertaining and securing that such advances are duly applied to the purpose for which they are made.

24. The works and any accounts kept of the disbursements on them shall be at all times open to the inspection of the Collector of the district or other person authorized in that behalf.

25. In the case of advances exceeding Rs. 5,000, accounts shall be kept by the recipient of the advance in any form that the Collector may, with the sanction of superior authority, prescribe.

26. If at any time the Collector of the district is satisfied that any person who has received an advance has failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds for the decision he has arrived at and subject to the control of the superior Revenue authorities, proceed to recover forthwith from such person, or from any surety of such person under the provisions of the Act, any sums which remain due, together with any interest payable thereon and costs.

27. All works for which advances are made in a lump sum shall be inspected and reported on as soon as possible after the date on which their completion is directed in the certificate. All works for which advances are made by instalments shall be inspected and reported upon before each instalment subsequent to the first is paid.

28. Separate rules have been sanctioned for the grant of advances for sinking irrigation wells on specially favorable terms in districts or parts of districts liable to drought.

APPENDIX A.

Form of application.

Name, residence, &c., of applicant.	Amount of advance required.	Nature of security, whether personal or otherwise.	Nature of proposed improvement.	Situation of the land.	Applicant's rights in the land.	Proposed dates of repayment.	

Applicant's Signature.

Note.—

(1) The State will advance money to landlords and cultivators for the construction of wells or tanks, the reclamation of waste, or any work by which the value of the land will be permanently increased.
(2) Application for an advance may be made to the tahsildar, &c., in the above form free of stamp duty.
(3) The rate of interest will be 5 per cent. per annum, and instalments will be distributed over a number of years.

Particulars to be filled in by inspecting officer. *(Reverse of Form A.)*

i. Village, survey number, area of land to be improved.
ii. Status of applicant, *i.e.*, proprietor or tenant. If a tenant, whether the landlord objects.
iii. Security—
  (1) If the land itself, the value of the applicant's interest in it.
  (2) If personal, the names and status of the co-sureties.
  (3) If property other than the land itself, its nature, value and extent of pre-existing encumbrances, if any.
iv. The improvement—
  (1) Its estimated utility and value.
  (2) Objections, if any, of third parties.
  (3) Date on which it will begin to yield profit.
v. Repayment—
  (1) Suitable date for first instalment.
  (2) Proposed instalments and period of repayment.
vi. Date or dates on which the advance, or instalments of it, should be received by the applicant.

Recommendations of inspecting officer after verification of the above in the registration and revenue offices of the taluk.

B.

Certificate granted under the Land Improvement Act.

To _____ *son of* _____ *of* _____.

1. On production of this certificate the aforesaid _____ is entitled to receive from the Taluk of _____ the following sums on the dates noted against them as an advance to be expended on (here describe clearly the nature of improvement) the land specified in the margin.

Date _____ amount.
Date _____ amount.
&c. _____ &c.
&c. _____ &c.

2. The conditions relating to the making and repayment of this advance are as follows :—

(*a*) That it, with interest thereon, shall be repayable on the dates and by the amount specified below :—

Date.	Principal.	Interest.	Total.
,,	,,	,,	,,
,,	,,	,,	,,

(*b*) That it shall be applied solely to the purpose specified above, and that if it shall be proved to the satisfaction of the Collector that any part of the advance has been misapplied, or if default is made in the payment of the instalments of the principal or of interest or of both on the due dates, the whole amount of the advance shall, with such interests as may have become due thereon and costs, be forthwith recoverable under Section 7 of Act XIX of 1883.

(*c*) That unless (here enter any conditions as to the period or periods appointed for completing the work) has been completed by (date) the advance shall be held to have been misapplied.

This clause to be used only when needed.

(*d*) That for the payment of the advance with any interest due on the same and costs the immovable property specified in the margin is, in addition to the land on which the improvement is to be made, hypothecated to Government.

Signature of Collector.

I have understood and agreed to the aforesaid terms and conditions.

Signature of certificate holder.

Security Bond to be used when Applicant proffers Personal Security.

Whereas _____ has on _____ received from the Collector of _____ a certificate under the Land Improvement Act, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government, we hereby agree that if the said _____ shall fail to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment on the date fixed for its payment or any interest that may be due, we will be jointly and severally liable to Government for such sum not exceeding _____ as may be necessary to make good the amount which in consequence of his default he may have become liable to pay.

Hypothecation Bond to be used when immovable property is proffered by Collateral Security.

Whereas _____ has _____ received from the Collector of _____ a certificate under the Land Improvement Act of _____, in virtue of which he is entitled to receive the aggregate sum of Rs. _____ as an advance from Government; and whereas security for the due application of the advance, and for the punctual repayment of the same, together with interest according to the terms of the certificate is demanded from him, I _____ hereby mortgage to Government the immovable property mentioned in the schedule below as a

Collateral Security, and agree that if he fails to comply with the terms on which the advance has been granted either by misapplying the same or by failing to pay any instalment and interest on the date fixed for its payment, it shall be lawful for the Collector to recover from the said property such sum as may be necessary to make good the amount which in consequence of A.B.'s failure to comply with the conditions of the certificate may be due from him.

Revised Subsidiary Instructions.

1. The Board of Revenue will inform Collectors what amounts will be placed at their disposal for advances under the Act for each Financial year. Collectors will distribute the amount among the several divisions of their districts at their discretion, and will have the power of transferring sums assigned by them from one division to another. But expenditure within the district must be kept within the amount assigned. If an additional grant be required for the district, it should be at once applied for, by telegram, if necessary.

2. The register in which applications are entered under Rule (6) shall show the particulars specified on the reverse of Form A referred to in No. (3) of the rules framed under the Act, together with the decision eventually arrived at and the number of the certificate issued if the advance be sanctioned.

3. When the amount of the proposed advance exceeds Rs. 500, the local enquiry required by the rules shall be conducted by an officer of not lower grade than Tahsildar or Deputy Tahsildar; when it does not exceed that amount, a Revenue Inspector or officer of similar grade may be employed. The officer charged with making the local enquiry shall, at least one week prior to the date on which he proposes to hold the same, post up in some conspicuous place in the village in which the land to be benefited by the proposed work is situated a notice setting forth briefly the nature of the advance applied for and the date on which he proposes to hold an enquiry on the spot as to the correctness of the facts alleged in the application. The person charged with posting such notice shall return a duplicate copy thereof to the officer who issued it, after obtaining the signature of the village officer in token of due publicity having been given thereto. No fee shall be charged for service of notices under the Land Improvement Loans Act or Rules.

4 On the day fixed by the notice or on that to which the enquiry may have been postponed by subsequent notice, the officer charged with the duty shall proceed to the village; and, after assembling the parties concerned, the local officials and some of the respectable agriculturists of the place, he shall proceed to examine the site of the proposed work for the purpose of satisfying himself that the improvement is not likely, so far as can be ascertained, to injure any public or private interests; he shall test the accuracy of each of the statements set forth in the application, and shall ascertain and record everything that may be necessary to enable the officer who is to dispose of the application to arrive at a correct decision. He will specially take note of all objections to the proposed work and of all evidence bearing on such objections. On the conclusion of the enquiry, he shall transmit the papers, with his opinion and recommendation in form given on reverse of Form A, to the officer by whom the enquiry was ordered. In the event of a witness whose evidence is material refusing or neglecting to attend, a summons may be issued; if the officer conducting the enquiry be not competent to issue a summons under Act III of 1869 (Madras), application should be made to an officer empowered to summon witnesses. The object being to facilitate the taking of loans by agriculturists for land improvement, regard should not be paid to mere captious objections and enquiry needlessly protracted.

5. Attention should be particularly directed to ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered; careful enquiry must be made regarding the rights of the parties in the land to be improved and the land offered as collateral security, to ensure that the person offering his land as security is the real owner and that the land is free from encumbrances, or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. As regards the land to be improved, the fact that the applicant proposes to spend money upon it is to a great extent a guarantee that it belongs wholly to himself, and moreover the advance can be recovered *out of the land to be improved* as if it were an arrear of land revenue due on account of such land; but the applicant should be the registered holder, and applications from mortgagees though in possession should not as a rule be complied with. In the case of land offered as collateral security, there is not the same safeguard, and care must be taken to ascertain that the surety is not only the registered holder, but the real owner; that if he have a divided interest in it, the property is not charged beyond the extent of his own individual interest therein except with the written consent of the joint owners; and lastly, that there is no prior mortgage or other lien on the property offered as security. There should not be needless delay in conducting enquiry, and it should not be postponed from time to time. Collateral security should, as a rule, consist of land. If the land to be improved is sufficient security and collateral security can be dispensed with, it will be possible to curtail the enquiry to a very great extent. If the applicant is a tenant with a transferable interest in the land,

an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such a plan, estimate or specification, the Collector may cause them to be prepared on behalf of the applicant, first requiring him to deposit such sum of money as may, in the opinion of the Collector, be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same.

9. If on a review of the local inquiry the Collector is satisfied that the application ought to be complied with, he shall publish a notice as required in Section 5 of the Act with a copy of the application appended, calling upon all persons objecting to the loan to appear before him at a place specified therein and within a date not less than fifteen days from the date of the notice and submit their objections. The notice shall be published by public proclamation on the land and in the village and be stuck up in the Taluk Cutcherry. If no objections are made, or if the Collector overrules the objections made, he shall record a decision to the effect that the advance asked for, or a less sum than that asked for, may be made. On recording such a decision, the Collector may, if the amount of the advance does not exceed Rs. 1,000, at once grant a certificate for the advance in Form B appended. If he considers the objections valid, he shall reject the application, and if he is of opinion that the question raised by an objection is one which cannot be decided except by a Civil Court, he shall postpone proceedings on the application until the question is so decided.

10. If the amount of the advance exceeds Rs. 1,000, the record shall be forwarded to the Board of Revenue, and if it exceeds Rs. 5,000, through them to the local Government. The Board of Revenue or the local Government may, on perusal of the records of the local inquiry, at once sanction the advance, or refuse it, or direct further inquiry to be made if they think fit to do so. On receipt of orders sanctioning the advance, the Collector shall issue a certificate for the amount.

11. When the applicant is a tenant and proposes to furnish as security for the land to be improved any interest alleged to be transferable, which he possesses in the land to be improved, or any other adequate security, the Collector shall, in addition to publishing the general notice referred to in Rule 9, serve a special notice of the application on the landlord personally; or if service on him personally cannot be effected, a copy of the notice shall be affixed to some conspicuous place in the Collector's office and on the house in which the landlord resides; or if he does not reside in the district in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as the local agent for the landlord in respect of the said land.

12. No such notice shall be deemed to have been served unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made is otherwise established to the satisfaction of the Collector. In any case in which there are more share-holders than one and any share-holder or other person acts as a manager on behalf of the share-holders, service on him will be deemed to be service on each of the share-holders.

13. Such notice shall specify the sum applied for, the nature of the improvement to be made, the nature of the security proposed for the advance, and shall inform the landlord that if he desires to make any objections to the advance, he must, within one month after service of notice, signify them in writing to the Collector.

14. If the landlord or his local agent or manager does not so signify his objections, or if the Collector, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application, and that the value of such interest, either singly or taken jointly with other security furnished by him, is sufficient for the advance, he may sanction it or forward the records of the case for the sanction of the Board or the local Government.

15. When the applicant is a tenant without any transferable interest in the land to be improved, the loan shall not be granted if the landlord objects.

16. When a certificate is granted under these rules, it shall be endorsed by the applicant to the effect that he has understood and agreed to all the terms, and it shall be signed by him in the presence of the officer granting the certificate. If any property other than the property of the applicant is pledged or mortgaged as security for the repayment of the advance, the certificate shall be similarly endorsed, signed and attested by sureties and witnesses, and if the applicant is a tenant and cannot furnish security of the nature referred to in Rule 11, the certificate shall be signed by the landlord and attested by two witnesses other than the landlord.

17. The certificate shall be retained in the office of the Collector of the district; one copy of it shall be given to the applicant, and, when advances are made payable at any taluk or other subordinate district treasury, another copy shall be sent to such treasury.

18. Interest will be charged on loans at the rate of 5 per cent. per annum. If the officers authorized to grant loans consider that in special cases the loans should be granted at a lower

11. The Government, however, rely upon such value as the justification of the very favorable terms on which they propose to make advances in districts liable to drought, and are of opinion that a more suitable application of famine protection funds could not be found. In the debate on the Land Improvement Act it was laid down as a principle that, in regard to loans under the Act, the Government should act as any capitalist would, insisting on protecting itself against loss and on obtaining full interest for its money. But granting that this principle is to be accepted as regards ordinary improvement loans, His Excellency in Council is decidedly of opinion that loans for famine protective purposes may legitimately be made exceptions to the rule. It is proposed in the scheme under discussion that interest shall be 3 per cent. only; that the period for repayment shall be extendible to thirty-five years; and that all security, except a pledge of the land irrigable from the well, shall be dispensed with. But the essence of the scheme is that the whole of this land and the well itself shall be sold when default is made in the annual payment, and shall remain subject to the unpaid balance of the debt; and therefore the risk of loss, once a successful well has been constructed (and a loan is not otherwise granted), is very small, and probably less under the special rules for wells than under the rules for ordinary improvement loans. If objection is raised to lending Imperial funds, to which land improvement advances are now chargeable, at so low a rate of interest, the Governor in Council would propose that the difference of interest between 3 and 5 per cent. accruing yearly on loans outstanding under the special rules shall be charged to famine funds each year.

12. The chief cause which militates against well-construction is the uncertainty of success in the work; and one of the most important of the modes in which Government can assist the ryots is to place within their reach the means of ascertaining, as far as modern knowledge and appliances permit, the nature of the soil which will be met with in the excavation, the depth at which water will be found, its suitability for use in irrigation, and the thickness of the water-bearing stratum. This can best be done by organizing and equipping with necessary boring tools small parties of specially-trained men, who should itinerate in the districts to which the rules apply. Unless the site chosen is obviously absurd and impossible, any ryot desirous of obtaining an advance to dig a well should be allowed to have a boring made at the spot selected, and should be furnished with information as to the result of the experiment, which will obviously be invaluable as an indication of the prospects of success. As a guarantee of *bona fides* the Government would require a preliminary fee of small amount, say Rs. 5, to be paid; and this should be refunded if the boring proves a failure or if a loan is taken, the actual cost of the boring being added to the loan in the latter case. The possibility of providing such trained men, the cost and organization of the parties, the fees to be charged, and whether the men should work under the Engineer or the Collector, are points which will be further considered in the Public Works Department. A system of this kind has been tried in the North-Western Provinces, but the conditions of well-sinking in those provinces are obviously so different from those obtaining in Madras that the experience there gained is of little use. The Governor in Council proposes that the cost of the boring parties shall be charged against the annual grant for operations under the Act. For the four districts named in the special rules the grant in 1885-86 should be two lakhs of rupees.

13. It appears to Government to be an essential condition in a scheme for well advances that the annual charge for interest and repayment of principal shall be as low as it can be made and shall be assimilated as far as possible to land assessment. The proposals embodied in the rules that the annual charge shall not exceed $6\frac{1}{4}$ per cent. per annum, or Rs. 5 an acre, are certainly very moderate, and considering the assessments which under old settlements were charged on well irrigation the charge ought to be paid with ease by any ryot who can carry on cultivation regularly. One of the chief causes why wells fall into disuse is undoubtedly embarassments of the owners resulting from loss of cattle, inability to effect repairs, and the like. If the Takavi Act is extended to the presidency, and suitable rules framed under it, it will be of great advantage in preventing misfortunes of this sort; but the object of Government in encouraging wells will be defeated if cultivation under them is not carried on, and it is

15th December, as, if anything is to be done during next hot weather, the rules should be sent to the Government of India before Christmas, and with the Act brought into operation as soon as possible. It seems to Government that the scheme is very liberal, and that if the ryots are not induced thereby to seek improvement advances nothing will get them to do so.

(True Extract.)

(Signed) H. E. STOKES,
Secretary to Government.

To the Board of Revenue.
„ the Director of Revenue Settlement and Agriculture.
„ the Public Works Department.
„ the Financial Department
„ M.R.Ry. A. Seshayya Sastriar Avargal.
„ „ P. Chentsal Rao Pantulu Garu.
„ „ Lakshmikanta Rao Pantulu Garu.
„ M.R.Ry. S. Gopalakistnama Chetty Garu.
„ J. Grose, Esq.
„ J. F. Price, Esq.
„ W. H. Glenny, Esq.
„ C. S. Crole, Esq.
„ G. McWatters, Esq.
„ C. A. Galton, Esq.

I.—*Rules framed under Section* 10 *of the Land Improvement Loans Act XIX of* 1883.

1. Advances under these rules may be made from such sums as the Governor-General in Council may from time to time allot to the local Government, or as may be otherwise at its disposal for the purpose of such advances.

2. Tahsildars, Divisional Officers and Collectors shall be competent to sanction advances not exceeding the sums specified below :—

	RS.
Tahsildars	250
Divisional Officers	500
Collectors	1,000

Advances of sums exceeding Rs. 1,000 shall be sanctioned by the Board of Revenue, and of sums exceeding Rs. 5,000 by the local Government.

3. Applications for advances may be presented to any revenue officer of or above the rank of Tahsildar and shall contain the particulars specified in Form A appended and be signed by the applicant. If an oral application be made, the officer to whom it is made shall cause it to be recorded in the prescribed form and signed by the applicant.

4. The personal attendance of the applicant is not necessary, but he may be required at any time to appear in person or by duly authorized agent at his option, and, in case of default, the application may be rejected.

5. If the officer receiving the application be not competent to sanction the advance applied for, he shall, after seeing that the application contains all necessary particulars, forward it to the officer having authority to grant the loan to whom he is subordinate.

6. If the Collector of the district or other such authorized officer as aforesaid (hereinafter called the Collector) considers that there is *primâ facie* reason to believe that the application should be granted, he shall cause it to be entered in the register of applications and shall order a local inquiry to be made. If he is of opinion that the application should not be granted, he shall reject it.

7. No advance shall be granted without a local inquiry. It shall be conducted by such persons and according to such orders as the local Government may from time to time issue, and shall be directed to testing and verifying the statements contained in the application, supplying omissions therein, and ascertaining the *bonâ fides* and solvency of the applicant and the sufficiency of the security offered.

8. When the work to be undertaken will cost more than Rs. 5,000 and is one requiring professional skill, the applicant may be required to submit to the officer making the local inquiry

therefore indispensable that advances shall be made only to substantial ryots. Specific inquiry into the circumstances of applicants is for obvious reasons undesirable, but it is thought that the rules provide reasonable securities as to their solvency. No ryot can get an advance unless he is able, *in limine*, to find security for the repayment within a year of half the cost of the well, and having received an advance of this amount is able to obtain command for a time of the balance wanted to complete the work. If afterwards he becomes so embarassed as to make default in a single instalment the well and the whole land commanded by it will at once be transferred to another ryot, who probably will be able to carry on the cultivation. Such ryot will get the benefit, in reduction of the debt on the well and also of the future charge on the land, of whatever he may pay in excess of the instalment due, as such amount will be applied to discharge of the balance remaining unpaid. At a certain period of the business it is probable that the sum realized by sale will extinguish the debt entirely, whereupon the well will be held on ordinary dry rates of assessment.

14. The effect of the proposed sale of the whole ayacut for the realization of a single instalment in obviating the necessity of elaborate and full security for the whole of the advance has already been adverted to. The provision may seem hard, but it is obvious that if only a portion of the land were sold and thus became separated from the well, the well would not be worked at its full efficiency, and might eventually become entirely useless. The objects which Government have in view would thus be defeated. It is thought also that the arrangement will operate to counteract the tendency of the ryots to apply for the largest advances possible under the rules, and will induce them to limit the proposed ayacut to what the well may fairly be expected to irrigate efficiently. The double regulation of the annual charge, both with reference to the amount of the advance and also to the ayacut, is intended to further this object. The $6\frac{1}{4}$ per cent. on the loan, and the 5 rupees per acre, will nearly coincide in what is taken to be the normal case, viz., a loan of Rs. 300, for a well to irrigate 4 acres, and repayable in twenty-two years. The requirement in rule 12 that the estimated value of the land when improved is to be at least half the amount of the advance is designed not so much for providing security against loss to Government as to prevent the proposed ayacut being made too small in view to limiting the annual charge under the 5 rupees' rule and to obtaining an unduly long period for repayment. The 35 years' rule (rule 5) will also tend in this direction, and a table showing maximum advances allowable with reference to this rule for specified irrigable areas is annexed to the rules. It was at first thought that the limit in rule 12 should be two-thirds, but in tracts where well cultivation is not much practised and well land not much valued this might tend to defeat advances otherwise desirable and perfectly safe. The rule applies only to proposals and preliminary acceptance, and does not affect the final adjustment with reference to actual cost. It would otherwise (see table just referred to) seriously hamper the grant of loans.

15. It will be noticed that provision is made in the rules for adjusting the loan to the ascertained cost after the well is completed and before certificate is granted. It is a question whether a re-adjustment of the ayacut, and consequently of the maximum advance admissible, of the terms of repayment and of the period allowed therefor, should not be similarly permitted. It is to be observed, however, that though the well may be finished its capacity for irrigation will be as uncertain as at first, and it seems better to insist on adherence to the original proposals; but special attention is solicited to the point.

16. The maximum loan is fixed at Rs. 600. It is a question whether it might not be raised to Rs. 750.

17. His Excellency the Governor in Council resolves to refer the scheme for criticism by the Board of Revenue and Director of Agriculture, M.R.Ry. A. Seshayya Sastriar, M.R.Ry. P. Chentsal Rao Pantulu, Messrs. J. Grose, J. F. Price, W. H. Glenny, C. S. Crole, G. McWatters, C. A. Galton, M.R.Ry. C. Lakshmikanta Row, Deputy Director of Revenue Settlement, and N. Gopala Krishnama Chettiar, Deputy Collector, Kurnool. The Collectors named should submit their opinions through the Board, and His Excellency in Council trusts that the whole will reach Government before the

to the conditions and procedure to be adopted in respect of loans under the Act should be prepared. The revision of the draft rules for ordinary loans under the Land Improvement Act, in accordance with the Board's proposals and this order, has been carried out, and the rules are appended.

8. The Government agree with the Board that no change of practice is required in this presidency in consequence of section 11 of the Act, and think that no rules under the section are required. Private tanks and channels which are constructed to utilize water otherwise running to waste, and which do not affect any Government work, are alone exempted from irrigation assessment under present practice, and prior permission of Government officers has to be obtained in such cases. The works are usually of a very petty character, and similar to the small Government works which it has often been proposed to make over to the ryots on dry rates of assessment. When water is taken by a private work from a river or water-course which supplies a Government work, or is utilized for irrigation of lands paying irrigation assessment, the lands affected are fully assessed at once. What prevents increase of such works is not the anticipation of wet assessment being imposed, but rights already acquired to the water. Where such rights will be prejudiced by a contemplated work no loan will be granted under the Act; and where they will not be prejudiced the Government would maintain the principle now acted on, which is in accordance with that declared in section 11. There is, therefore, no need of a rule under the proviso in view to defining an exception to the principle. Cases may possibly arise where a loan is taken to reclaim swamp land at the tail end of deltaic channels or to irrigate dry land from river channels, by utilizing channel water which would otherwise go to waste; and in such cases Government might possibly be considered debarred by section 11 from charging wet rates on the land reclaimed or irrigated. But when such cases arise it will be time to provide for them, and at present Government think it best to make no rule. A declaration in the terms of section 11 itself will, however, be inserted in the certificates under the well rules, as it may tend to re-assure applicants, and there is no desire ever to raise the assessments on account of the wells.

9. The total exemption of documents connected with loans under the Act from stamp duty, and the registration of such documents at the cost of Government, as proposed by the Board, should in the opinion of Government be conceded.

10. His Excellency the Governor in Council now proceeds to the scheme which he proposes for the grant of advances for wells in districts specially liable to drought. The scheme is embodied in the second set of rules appended to this order, which are to apply in the first instance only to the districts of Bellary, Anantapur, Kurnool and Cuddapah. The terms are based mainly on the statistics of well cultivation in the district of Cuddapah, which were collected for the Famine Commission and are to be found in Mr. Gribble's memorandum at page 88, Appendix V to the Commissioners' report. The particulars of cultivation under private wells there given are extracted in the margin. The average area cultivated under each well varies greatly—from $1\frac{1}{2}$ acres in Váyalpád to $7\frac{1}{2}$ in Pulivendla. The general average is just under 4 acres, and the average assessment is Re. 1-3-1. Mr. Gribble states that the cost of a well is from Rs. 300 to Rs. 500, but this if viewed as an average is probably too high. The value of well land is stated to be from 40 to 50 rupees an acre. Until the new settlement there were numerous wells in the district paying from Rs. 24 to Rs. 30 per acre. The value of cultivation under wells is forcibly brought out in Mr. Gribble's paper, but as their efficacy in preventing or mitigating famine is now admitted on all hands, it is unnecessary to dilate on the point here.

Taluks.	Number of Wells.	Cultivation in Acres.	Average.	
			Extent.	Assessment per Acre.
			ACRES.	RS. A. P.
Badvél	1,310	6,079	4·64	1 6 10
Proddutur ..	1,695	11,693	6·89	1 7 7
Jammalamadugu ..	1,139	5,240	4·59	1 2 3
Pulivendla ..	1,602	11,985	7·48	0 13 11
Ráyachóti	2,449	5,170	2·11	1 1 9
Kadiri	3,271	9,855	3·01	0 8 4
Vayalpád	2,190	3,410	1·55	0 10 8
Madanapalle ..	1,892	3,743	1·98	0 12 0
Sidhout	2,504	9,056	3·61	1 15 9
Pullampet ..	3,980	18,747	4·71	1 5 4
	22,032	84,978	3·85	1 3 1

13. The Government of India also desire to know whether any rules should be framed under Section 11 of the new Act for regulating the period during which improvements in the nature of irrigation or reclamation executed by land-holders should be exempted from taxation on a revision of settlement, and they call special attention to the remarks of His Excellency the President during the discussion of the Land Improvement Bill in the Legislative Council. All other kinds of improvements have been declared to be exempt from taxation permanently. Reference is also made to the recent correspondence with the Secretary of State in connection with the revision of settlements. In regard to works of irrigation, the Government of India express a hope that it may be found possible to allow land-holders the full unrestricted benefit of their improvements without undue sacrifice of revenue. So far as this presidency is concerned, this is already the case. In 1852 was promulgated the rule that the ryots are to have the benefits of improvements carried out at their own expense. The question arose in connection with the construction of wells; the Court of Directors were at first inclined to fix a period within which improvements should be left untaxed so as to allow of the ryots reimbursing themselves for their outlay with reasonable profit, but subsequently, in view of the difficulty of fixing a period which would cover a multitude of cases in which the outturn derivable varies infinitely in degree, and the great advantages resulting to the country by improvements to land, they were induced to concede to the ryots the full benefit of their improvements without any restrictions whatever. The present rules on the subject are embodied in Board's Standing Order No. 1, clause 5, and Standing Order No. 8, clause 8. Standing Order No. 9 exempts lands newly cultivated with water from tanks constructed at the expense of the ryots from water-rate. But for Section 11 of the Act, no rules would be required for this presidency, but now that it has been enacted that where the improvement consists of the irrigation of land assessed at unirrigated rates, the increase in the value of such land may be taken into account at a revision of assessment after such period as may be fixed by "rules to be framed by the local Government with the approval of the Governor-General in Council," it seems necessary that a rule should be framed formally declaring that improvements in the nature of land irrigated by private outlay are exempt from taxation permanently. Where the irrigation is provided by works constructed by Government, a water-rate can, of course, be imposed under Act VII of 1865, Madras.

Board's Procs.,	12th Sep.	1844,	No.	639.
G.O.,	17th June	1845,	„	724.
G.O.,	18th Dec.	1846,	„	3827.
Board's Procs.	20th Jan.	1851,	„	26.
G.O.,	21st Oct.	1851,	„	1010.
G.O.,	29th July	1852,	„	1818.

14. As regards works of the nature of reclamation, to which Government draw special attention, the Board observe that there are no extensive tracts awaiting reclamation, the proportion of cultivated area and density of population being comparatively high in all the districts of this Presidency; and such exceptional cases as are likely to arise in out-of-the-way localities are sufficiently provided for by Standing Order No. 31. The cowle referred to in the standing order corresponds to the improvement lease mentioned by His Excellency the Viceroy. Under present rules cowles may be granted for the reclamation of jungle land, swamps, lands infested with *nuth* grass, prickly-pear, &c. In permanently-settled estates and inam villages, the waste belongs to the proprietors, and no question of revision of assessment can arise. As regards Government ryotwari holdings, every field has been assessed. The question of reclamation can ordinarily arise only in respect of waste lands not included in holdings. With regard to such lands the Government have the right to dispose of them as they please, subject to such preferential rights of cultivation as may be possessed by the ryots of the village. Before such lands are granted for cultivation, an assessment is imposed upon them, such as they ought to bear when reclaimed with reference to their intrinsic qualities of soil. To reimburse the ryots for the expenditure incurred in making the lands fit for cultivation, the lands are exempted for a fixed period, *e.g.*, five years, and thereafter a reduced assessment is imposed and gradually raised till in course of time the full assessment is reached, after which the ryot is to have the full benefit of any improvements he may have made without any restriction. This seems to be also the procedure which His Excellency the Viceroy desires should be adopted. The question as to what should be the conditions of the cowle is under present rules left to be determined

Government will be referred to presently, orders being first passed on the questions raised by the Board in connection with the general rules.

2. The Government agree with the Board as to the period to be allowed for repayment of loans under the Act, and approve of the scale proposed in paragraph 3, so far as ordinary works are concerned. But in order to give encouragement to wells His Excellency in Council would provide that in districts where the special rules do not apply the period for the repayment of loans up to a limit of Rs. 1,000 for such works shall be extended to twenty-five years. Also that the inferior limit of Rs. 100 shall not apply to such loans. There are a great number of ruined wells which have fallen into disuse, in consequence of the owners being unable from loss of cattle or other misfortune to keep them in working; but if the owners were able to obtain small loans on favorable terms these wells might be restored. The inferior limit proposed by the Board might prevent this.

3. The rate of interest suggested, viz., 5 per cent., is approved for the reasons stated by the Board.

4. The Government also agree with the Board as to the period when repayment should commence, the charge of interest during construction, and the adoption of the system of payment by annuities discharging interest and principal. The latter, however, should not be compulsory, and applicants should be allowed to propose such instalments as may suit them, subject to the general scale as to the period of the loan. In the case of large works, such as those referred to in paragraph 5 of the Board's Proceedings, the period until profit will begin to accrue may be longer than the three years proposed by the Board, and the Government would therefore adopt a rule giving the sanctioning authority discretion to allow a longer time on cause shown why the work cannot yield profit within three years. Annuity tables which have been prepared in the Government office are appended to this order. They admit of all calculations as to instalments, interest when payment is deferred, and progress of repayment of principal being made without difficulty at 3, 4, 5 and $6\frac{1}{4}$ per cent.

5. The proposals of the Board in paragraph 8 are approved as regards loans to Government ryots, except that the instalment should be added to the last revenue kist of the year in which it is payable, as it would not be fair to the payer to distribute it with the revenue demand against him.

6. The question of notice to persons interested in the land is an important one. As regards loans to tenants the procedure prescribed in sections 7—10 of Act XXVI of 1871 should be provided for in the rules; but, in the opinion of Government, the powers to make rules given in section 10, Act XIX of 1883, do not warrant them in embodying sections 11—13 of Act XXVI of 1871 in the said rules. When it is found or admitted that the applicant has not a transferable interest it cannot be enacted in a rule that the landlord's consent is to be presumed from his silence. In the case of application by holders of Government puttas, who are in possession, a notice stuck up for a moderate period in the village will suffice. Pre-existing interests other than mortgages are not to be affected (section 7 proviso), and the existence of mortgages is not a bar to recovery by outright sale of the land. Applications by mortgagees, even though in possession, cannot safely be accepted at all. The Government observe, however, that the meaning of the proviso to section 7 is not clear. The intention seems to be that in the case of a loan to a tenant the landlord's right shall not be affected by a sale of the land; but if the pre-existing interest spoken of other than that of the borrower includes a coparcenary interest, or a right founded on a conveyance not known or declared, the security for the loan and the facilities intended to be given for its recovery may be seriously diminished. Under the law in force in this presidency all such rights in the land are extinguished by a revenue sale of the land for arrears due thereon.

7. Though advances for wells on liberal terms are to be specially provided for under Act XIX of 1883 the Government think the Takavi Act might usefully be extended to this presidency. The Board are requested to report further on the matter, after ascertaining the practice under the Act in other provinces, where, according to the statements of the Hon. Mr. Quinton in the Legislative Council in the debate on Act XIX of 1883, it has been productive of much benefit. Draft rules as

with reference to the circumstances of each individual case, and the Board do not consider it desirable to prescribe any hard-and-fast rules on the subject. The substance of Standing Order No. 31 may, if considered necessary, be embodied in a rule framed under Section 11. Practically improvements of all kinds are exempt from taxation in this presidency permanently. The rules proposed by the Government of India for the revision of settlements and accepted by this Government to the effect that in the settled districts assessments should in future be revised with reference to prices only would allow of the principle of not taxing improvements being effectually carried out in practice.

G.O., 13th August 1883, No. 975.
„ 23rd January 1884, „ 120.

15. Under Article 12 (a), Schedule II of Stamp Act I of 1879, instruments executed by persons taking advances under the Act or by their sureties are exempt from stamp duty, and it is only the original application for loan that has to pay a duty of 8 annas. The Board consider that all documents in connection with the loans may be exempted from stamp duty. The documents may also be registered at the cost of Government.

16. In conclusion, the Board are of opinion that the new Act may be brought into operation in this presidency from 1st January next. Till then Act XXVI of 1871 and the present rules will, of course, remain in force.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Secretary.

To the Secretary to Government, Revenue Department.

READ—also the following letter from E. C. BUCK, Esq., C.S., Secretary to the Government of India, Revenue and Agricultural Department (Revenue), to the Governments of Bombay, North-Western Provinces and Oudh and Punjab, and to the Chief Commissioners of the Central Provinces and Assam, dated Simla, the 29th September 1884, Circular No. 107R—69-9 :—

I am directed to point out that the Agriculturists' Loans Act XII of 1884 came into force on the 1st August 1884 in certain provinces, and to ask whether it is considered necessary to frame rules under Section 4 to give effect to its provisions.

2. It is to be noted that the Act saves the rules in force under the two Acts which it has repealed, but possibly an additional rule or additional rules may be required to give effect to the provision in Section 6 as to village communities.

Circular No. 107R—69-9.

Copy forwarded to the Governments of Madras and Bengal, and to the Chief Commissioners of British Burma and Coorg, with the request that it may be stated whether they propose to avail themselves at present of Section 2 (3) to extend the Act to their territories.

(By order.)

(Signed) J. HOLDERNESS,
Under Secy. to the Govt. of India.

To the Secretary to the Government of Madras.

ORDER—dated 24th November 1884, No. 1294, Revenue.

Land Revenue, No. 155.

His Excellency the Governor in Council approves generally of the recommendations of the Board of Revenue in respect of the rules to be framed under the new Land Improvement Loans Act XIX of 1883, but considers that special measures for the encouragement of the construction of wells in districts peculiarly liable to drought should be adopted, and these can best be provided for by a special set of rules. The scheme which commends itself to

determining in what cases the notice referred to in Section 5 of the Act may be dispensed with. This provision was introduced with a view to enable officers to cut short inquiries and speedily dispose of applications in cases in which no complications are expected. The Honorable Mr. Quinton in the debates in the Legislative Council stated the intention to be that in provinces where a record of rights is carefully maintained, and where the rights of the applicants to make improvements are laid down by law, notice may be dispensed with, but where this is not the case, notice must issue. Act XXVI of 1871 provided that when a tenant applied for a loan for executing improvements in the lands in his occupation, a notice should be given to the landlord that if the landlord did not object within a certain time to the grant of the loan he must be taken to have assented thereto, and that if he objected the loan was to be refused (Sections 7 to 13). These provisions have been omitted in the new Act and the rights of landlords and tenants to make improvements left to be defined in the law relating to landlord and tenant. It appears to the Board that for the present the provisions of Sections 7—13 of Act XXVI of 1871 should be inserted in the rules, and the grant of a loan applied for by a tenant refused if the landlord objects. In these cases it is, of course, essential that the notice contemplated by Section 5 of Act XIX of 1883 should issue. Even in regard to Government ryotwari lands, it seems to the Board that the notice cannot be dispensed with. If Government were to grant in all cases loans to puttadars without inquiries as to rights in the land and without a general or special notice to other parties having interests in it, injustice might occasionally result. The loan becomes a first charge on the land in the same manner as land revenue, and the land is liable to be sold free of encumbrances for the recovery of the loan. Section 8 of the new Act provides that the order of the officer granting the loan is conclusive evidence that the improvement was one benefiting the land, and the grantee had at the time of the order the right to make the improvement. So long, therefore, as the revenue registry does not correspond with actual ownership, notice should in fairness be given to the various parties who may have interests in the land, and the absence of such interests in any particular case cannot be presumed without inquiry.

10. In G.O., dated 13th December 1881, Government suggest that the procedure might be very much simplified if collateral security for the loan be dispensed with. This might be done to some extent; but as besides the sufficiency of the security, it has to be ascertained that the work for which the loan has been applied for is unobjectionable and the applicant has the right to make the improvement, the local inquiry and notice cannot, it seems to the Board, be dispensed with altogether.

11. The Government were also of opinion that, *independently* of the rules, advances not exceeding Rs. 100 might be granted without interest for digging wells, repayable in three instalments in the 3rd, 4th and 5th years. The Board presume that the intention is to grant these advances as Takavi advances recoverable under Section 59 of Madras Act II of 1864. The amount of the advance will not cover the cost of the larger wells in the dry districts, but in many cases, it would go to supplement the means of the ryots and be productive of great benefit. In the majority of cases no elaborate inquiries will be necessary, and if it is understood that the grant of these advances is not to affect the rights of third parties to the land, the procedure might be simplified to a very great extent. These advances must be regulated by a special set of rules. In this connection the Board observe that the Takavi Act XII of 1884, very recently passed, empowers the Governor-General in Council to extend it to this presidency by notification.

12. The draft rules forwarded by the Government of India are simple, but do not contain sufficiently definite instructions as to the conduct of inquiries, service of notices, inspection of works, &c. The rules at present in force consist of two portions, the first containing general rules laying down the conditions of the loans, and the second explaining the manner in which the inquiries should be conducted. The Board are of opinion that the present arrangement is convenient and should be retained. In Appendix A are given the present rules and the alterations to be made therein to suit the proposed arrangements. If the proposals are approved, the Board will forward a complete set of rules as finally settled.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue, dated 11th August 1884, No. 2759 :—

Read—G.O., dated 30th November 1883, No. 1499, Revenue.

ABSTRACT.—Forwarding to the Board of Revenue, with instructions, letter from the Government of India regarding rules to be framed under Land Improvement Loans Act.

Resolution—dated 11th August 1884, No. 2759.

With the order above read, the Government forward a communication from the Government of India in regard to the arrangements to be made for bringing into operation in this presidency the new Land Improvement Loans Act XIX of 1883, and direct the Board to submit for approval draft rules underSection 10 of the Act for regulating the grant of loans by Government for carrying out agricultural improvements, to frame annuity tables to meet cases in which it is considered advisable that repayments of loans should be made in the form of annuities, to determine the rate of interest to be charged on the loans and the period for which improvements to land in the nature of reclamation should under the new law remain untaxed, and to report generally on other matters referred to by the Government of India.

2. In 1881, the entire subject of loans for land improvements underwent full discussion and the conclusions then arrived at, after obtaining the opinions of local officers and native gentlemen, are summed up in G.O., dated 13th December 1881, No. 1919. The Board will bear in mind those conclusions in discussing the present proposals. In the debate on the Land Improvement Bill in the Legislative Council, to which the Government of India refer as explaining the principal changes in the law effected by the Act and the reasons therefor, His Excellency the President stated that he did not believe that the new law would effect any great extension in loan transactions, and that it was intended to be a small measure of reform to cure such defects in the present system of granting advances as are calculated to discourage resort to them, wherever the desire for agricultural improvement exists.

3. The first point to be determined with reference to the new rules is what period should be fixed for the repayment of loans granted by Government. The present rules (No. 19) require that advances of sums of Rs. 500 and under should be paid back within seven years, unless the sanction of Government is obtained for allowing a longer period, and in no case is the period to exceed 20 years without the sanction of the Government of India. The new Act prescibes that the period of repayment shall not ordinarily exceed 35 years, but authorizes the local Government to extend this period in special cases. There can be no doubt that the present limit of 7 years for loans not exceeding Rs. 500 is too narrow, but the question as to what the limit should be is one difficult of settlement. The Government of India suggest that instead of leaving the period of repayment to be fixed entirely at the discretion of the individual officers granting the advance, certain maximum periods might be prescribed for different classes of works with reference to the time within which they might ordinarily be expected to reimburse the land-holders for the outlay. The Board have given careful consideration to this question, but do not see their way to prescribing any such maximum periods, as there is no recognized classification

G.O., 26th October 1878, No. 1732.

of works constituting improvements, and
almost infinitely in regard to their capac
soil and situation. The Board observe

Section 6 of 38 and 39 Vic., Cap. 92.

improvements were to be considered as e
tical difficulty of working such a rule

* 46 and 47 Vic., Cap. 61.

1881, Government viewed with favor a p
small loans no limit of period whatever
interest on the loan should form a charg
the land assessment, the borrower, howe
charge for interest by repaying the loan
considered by the Select Committee on th
mainly because it was considered undesira
its capacity of capitalist with that of land
if the charge for interest continued afte
granted had become exhausted. If, ho
period and received in the form of annui
great extent secured and the objections
should be done wherever possible. The
are called "permanent improvements"
expected to reimburse the land-holders f
would fix the following scale as a guide

Rs.	100 to 500	...	...	..
„	500 to 1,000	...	...	..
„	1,000 to 2,500	...	...	..
„	2,500 to 5,000	...	...	..
	Above 5,000	...	...	..

The Board believe that it will rar
period than 35 years for the repayment of
they will be reported for the orders of Gov
should not be granted under the Act.

4. The rate of interest at present le
the Government of India propose to retai
necessary to cover the interest on Goverr
bad debts. The Board are of opinion hov
cent., the rate mentioned by the Famine C
laid down by the Government of India. T
Canara, printed in the G.O. of 13th De
country the current rate of interest is as
the loan is good and sufficient, and it is v
landed property yield hardly as much a
exorbitant rates of interest are charged b
good security to offer, and the loan is m
insists upon obtaining unexceptionable se
is not obliged to sue the debtor, but ca
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afford to lend money at 5 per cent. int
interest they pay on their loans. It mus
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not be taken into account.

5. The next point to be considered i
loan before repayment should commence.
this is that no repayment should be dem

the works falling under the same class vary
ity to yield a return with reference to cost,
that in the English Agricultural Holdings
Act of 1875 certain maximum periods
were fixed within which certain classes of
xhausted, but apparently, owing to the prac-
and its unequal operation, the limits were
abandoned when the Act was remodelled
in 1883.* In G.O. of 13th December
roposal of Mr. Chentsal Rao that for certain
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at any time he pleases. The proposal was
e Land Improvement Loans Bill and rejected
ble to mix up the transactions of the State in
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the improvement for which the loan was
vever, the repayment is spread over a long
ties, the advantages of the proposal are to a
got rid of, and the Board consider that this
Act contemplates the grant of loans for what
and such improvements may ordinarily be
or their cost in 15 or 20 years. The Board
of officers granting the advance :—

	YEARS.
... ...	15
... ...	20
... ...	25
... ...	30
... ...	35

ely, if ever, be necessary to allow a longer
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he remarks of Mr. Sturrock, Collector of South
cember 1881, show that in some parts of the
low as $3\frac{1}{8}$ per cent., provided the security for
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t be remembered also that when the annuity
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s what time must elapse after the date of the
The principle to be followed in determining
nded until the work has commenced to yield

a return. For reasons already given no elabo rate rules can be framed prescribing different periods for different classes of works. Loans will, however, probably be most ordinarily taken by ryots for the construction o f wells. With reasonable diligence, a well may be expected to be completed within on e year after the grant of the loan; and at the end of the second year the ryot may be expected to reap a profit. It seems desirable therefore to make the first instalment fall due at the end of the second year. To defer the repayment longer in the case of sm all loans will probably lead to no good result. As regards large loans for such works as anicuts, channels, large tanks, &c., which, if at all, will be taken by large land-hold ers, such as Zemindars, an intermediate period of three years may be allowed between th e grant of the loan and the payment of the first instalment. The Board therefore consi der that the rule in this respect should be that in the case of loans not exceeding Rs. 1, 000, which must be for works of small magnitude, repayment should commence at th e end of the second year, and for all other loans it should commence at the end of th e third year, the borrower, of course, being at liberty to pay off the loan sooner if he chooses.

6. Clause (a) rule 13 of the draft rules rece ived with the letter of the Government of India provides that interest on the loan shall commence only six months before the date fixed for the first instalment. The Board are unable to approve of this rule. There does not appear to be any reason why th e interest for the intermediate period should be altogether foregone. The Governme nt have to pay interest on their loans, and if they are to be secured from loss, the inte rest payable on the advances after the instalments commence would have to be fixed s omewhat higher than would otherwise be the case, and nothing would be gained by such an arrangement. Interest must therefore be collected at the end of each year f rom the commencement. If the bor- rowers choose the annuity form of payment, a ll payment, whether for principal or interest, will be avoided for two or three years , as the case may be, during which the work is in progress. The following table sho ws the amounts of the instalments for repaying a loan of Rs. 100 in the form of annu ities, repayment being deferred till the end of the 2nd and 3rd years and compound in terest being charged at 5 per cent.

Number of years in which loan is repayable.	Amount of each instalment when the 1st fall due at the end of the 2nd year.			Amount of instalment when the 1st instalment falls due at the end of the 3rd year.		
	RS.	A.	P.	RS.	A.	P.
15	10	9	9	11	11	10
20	7	11	0	9	6	11
25	6	9	9	8	2	9
30	6	15	0	7	6	5
35	6	7	9	6	14	2

It should be explained to the ryots that in the annuity form of payment each instalment represents the interest as well as the principal.

7. If the above proposals are approved, th e annuity tables required can without difficulty be prepared.

8. The Board are of opinion that if the r yots taking loans prefer it, each instal- ment payable at the end of a year may be ente red in the putta and collected with the instalments of land revenue, but no laxity shou ld be allowed in collecting the instal- ments, and interest should, as a rule, be char ged if they are left in arrears. The annuity tables will have to be framed on the supposition that instalments will be punctually paid, or, if left in arrears, will bear interest. The tendency on the part of the ryots to spend the income from their lands in marriages, &c., leaving the dues of Government in arrears, should not, whether in their own interests or in those of Gov- ernment, be encouraged. In exceptionally a dverse seasons, exceptional treatment would, of course, be needed.

9. Another point to which attention is directed by the Government of India is the desirability of framing rules for the guidance of officers granting loans, for

determining in what cases the notic
dispensed with. This provision was
cut short inquiries and speedily dispo
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