2-1-075

№ 1384

Note.

I agree entirely with Colonel Hasted as to the inadequacy of the total provision of Rs 20,00,000/- proposed by the Finance Committee as the basis of the next Provincial Contract, and also as to the necessity of leaving the local Govt. entirely free as to the manner in which provincial or provincialised revenue is to be expended.

It appears to me however desirable to insist still more strongly on the erroneous conclusions which the Finance Committee have formed as to the nature and object of the work which is now being done under the designation of "Tank Maintenance".

It is known that some members of the Committee approached this subject with preconceived and entirely erroneous ideas as to the nature of the work in question, but it was thought that Colonel Hasted's repeated explanations had removed the misunderstanding and that before the Committee left Madras they had fairly realised the real state of affairs.

It is evident that this is not the case and the old fallacy is repeated in their note.

In para 275 they propose to define ordinary repairs as "repairs undertaken because "the embankment has burst, "or is in a dangerous state, "or to clear the channels – "repairs in short whose object "is to prevent the Land "Revenue from falling off" – while under "Tank Restoration" they would class work done as "part of a general scheme "for improving a whole series "of tanks increasing the "storage of water, and thereby "increasing the Land Revenue "arising from it"; and they are evidently under the impression that the greater part of our Tank Maintenance

Work comes under the latter head.

The essential part of each definition is in the words italicised, and if after "channels" in the first quotation we add the words "the "construction of weirs to "protect the tank against "breaching and of sluices to "enable the land to be properly "irrigated," an addition that would probably not be objected to by the Committee themselves, the definitions may be accepted as fairly complete.

Now so far from any considerable portion of our Tank Maintenance Expenditure having been incurred on work coming under the second head I have no hesitation in saying that 99 per cent of it has been entirely under the first head.

I was myself in charge of the Tank Maintenance work for more than half of the period during which the scheme was in operation, and I rigidly refused even to consider any proposals for increasing the storage of water or for extension of Irrigation in any form.

The irrigating capacity of a tank depends primarily on the level of the waste weir or "Full Tank Level" and in all cases our first step has been to ascertain what that level is for each tank; in the great majority of cases it is fixed by custom or topographical conditions, and would not be raised even if we wished to raise it, in no case that I can call to mind has it actually been done.

For many years past it has been laid down as a principle not to be deviated from except under pressing necessity, that when the repair of a tank is taken in hand, it should be dealt with in connection with the group or system of which it forms a part, that its hydraulic and financial details should be ascertained, that it should be provided with proper waste weirs and sluices and with a bank of sufficient height and strength to render it secure against accidental injury for the future.

This, and this only is what is being done by the Tank Maintenance scheme, the work of the latter differs in no degree from that of the ordinary maintenance operations of the Department and in supposing that it does so the Finance Committee are entirely in error.

The real peculiarities of the Tank Maintenance scheme are two

1st The more systematic and elaborate record, of the financial, hydraulic, and

topographical particulars
of the works dealt with,
and
2nd the more rigid adherence
to the principle laid down
in the last para but one,
which principle has in
ordinary work to be
sometimes neglected on
account of the "pressing
necessity" which alone
justifies its neglect.

It has frequently been
necessary to repair a breach
or patch up an embankment
with the object of immediate
saving of crops, when the
funds in hand did not
admit of more scientific
action, and it is the
absence of this necessity
which constitutes the main
peculiarity of the Tank
Maintenance operations.

The increase of revenue
expected from these operations
in the fifteen minor basins
now being dealt with amounts
M to only about ten per cent
on the present average revenue,
and this is due to the fact
that the works in question
are not able to irrigate
regularly and continuously
their full cultivable areas,
which it is hoped they
will do when put into
proper repair; similar
results are obtained in
almost every case where a
tank is thoroughly repaired
in the ordinary course of
departmental operations.

There is certainly no sufficient ground for treating the expenditure on these operations as "capital" to be executed with borrowed money, but looking to the importance of pushing them on, and to the fact that the actual loss to Provincial Funds cannot be very great, I agree with Colonel Hasted that if it be found impossible to get an increase to the ordinary grant for Minor Works, the proposals contained in paras 277 to 279 of the Committee's note might be accepted.

Sd/. J. P.

Xd

Col Pennycuick's note

P. W. D.

A

The Finance Committee in discussing the Provincialisation of Irrigation proposed that the following grants should be made from Imperial:—

	Rs
Works for which Capital & Revenue Accounts are kept	50,000
Works for which neither Capital nor Revenue Accounts are kept	12,00,000
Old Maintenance Charges	3,50,000
Agricultural Works	4,00,000
Total	20,00,000

and that the Madras Govt should borrow a sum of (within) 8 Lacs a year for Expenditure on Tank Restoration, paying interest at the rate of 4 per cent after the expiration of 2 years.

Referring to the 12 Lacs proposed for works for which neither

Capital nor Revenue Accounts are
kept the Committee say "It should
be understood that if this
um of 12 lacs is assigned an
obligation exists to spend it
n this class of works, and not
to divert it elsewhere."

This sum of 12 lacs is an
approximation to a maintenance
llowance of 8 annas an acre
for irrigated land, the actual
amount at this rate being over
2½ lacs.

In discussion with the
Committee I pointed out that
this allowance of 8 annas an
cre, which was based on
ctual results in maintenance
f the large systems of irrigation,
did not make any provision
for establishment charges,
nd I could not recommend
the Govt to accept their
roposals unless the usual

establishment charges were
added, or, I eventually said,
unless 3 lacs were added
making the total assignment
under all heads 23 lacs.

Statement A which
accompanies this note will
shew how seriously the charges
for establishment affect the
grant. Out of 20 lacs only
14,75,129 Rs remain for expenditure
on works, as in addition to the
usual 23 per cent charged
for establishment 10 per cent
on Direct Revenue and 6
per cent on Indirect Revenue
has to be deducted, besides
1 per cent for Tools and Plant.

With a grant of 23 lacs
I thought it might be practicable
to take over the works and
borrow the money needed for
Tank Restoration, but I certainly
would not do so if bound

by a stipulation to expend a certain part of the sum assigned on a certain class of works. Provincialisation should give perfect freedom to the Provincial Govt and it might happen that damage to one class of works would necessitate the transfer of funds intended for expenditure on another class, or difficulties might arise which would render it impossible for the Govt to meet the charge for interest on money borrowed, without curtailment of one or other of the grants.

The Committee suggested that the money required for Tank Restoration should be borrowed on the following grounds. The state of the finances do not admit of funds being provided for the work – the Madras Govt considers the work of great importance and has estimated that its execution will increase the revenue by 6 per cent on the expenditure, and therefore can well afford to borrow at 4 per cent.

The main point here, which has not been noticed by the Committee, is, that the expected increase of revenue is 6 per cent on the expenditure on works without taking into account the cost of establishment, – because, the permanent establishment has been employed on this work, and we were given to understand by the Govt of India that the establishment for the Tank Divisions would be made a permanent addition to the staff previously – sanctioned. It is difficult to say by how much the expected return would be reduced if the cost of establishment was taken into consideration, as the establishment during the infancy of the scheme has been much more costly than it will be hereafter, but it is certain that the addition of its cost to expenditure on works would reduce the percentage of return to such an extent that no profit worth consideration could remain after paying interest at 4 per cent.

That we have grounds for believing the returns will be about 6 per cent on the expenditure of works I think cannot be doubted. The late Col: Montgomerie reported that his investigations in the Periakolum basin showed the return would be 6 per cent on expenditure on works, and subsequently when the estimates were finally worked out the returns were shewn as 5.3.

As the work progressed further great variations were found: In the Butlagonda basin the return worked out to 3.3 per cent. In the Sivalyer basin to only 1.9 in consequence of the very large expenditure required to repair the anicuts which had been very extensively damaged in the floods of 1884. One basin the Talavaiyar worked out to only .93 on the expenditure, but as only one tank in this basin is Govt. property and the rest belong to an estate under the Court of Wards, it need not be taken into account. On the other hand one basin the investigation of which has been almost completed shews an anticipated return of 6.8 per cent another of 6.3, another completed with the exception of one tank 8.1 while 2 basins in which the work is half done shewed returns of 20.7 and 18.5 respectively. It must be remembered that we commenced work in Madura knowing that the District was sadly in want of repairs to tanks and that there are other districts yet untouched by the Tank Division in which a great deal more has been done of late years.

It must not be forgotten that we are not seeking to make a profit out of the transaction, we are trying only to find the means of carrying out a very necessary work, which will be of great benefit to the country as well as to the Govt. If the establishment were given us we could I think safely borrow at 4 per cent the amount required for expenditure on the works, but we are almost directly told that the establishment will not be given us, and we are told by the Committee that we must work out the problem of carrying out all the works in the Presidency with such an establishment as will not cost more to Provincial Funds than 6½ lacs. In the absence of exact figures for the grants under all heads in subsequent years I cannot do more than make a guess at the charge to Provincial with our establishment on its present footing – but I find this, from statement B attached for the year 1886-87 where the grants (save such reductions as may be made without warning by the Govt. of India) are known, whereas the balance of establishment charges debitable to Provincial according to the estimates was 8,23,732 Rs - taking the actuals of the first 6 months and doubling them this balance will in consequence of reductions of Project Divisions be only 5,44,538 Rs. This leads me to the conclusion that I can pay more than half the charge for establishment for investigation from the ordinary grant for establishment.

Since the Finance Committee were here I have turned my attention to the subject of the establishment employed on the Tank Restoration Scheme and although I am not at present in a position to bring forward a scheme for its reorganisation, I think we have so far started the work on the proper lines that we may make considerable alterations and reduce the expenditure on establishment.

I think the time has nearly come - always looked forward to - when the Suptt of Works may be taken off and the Divisions may work under the Suptg Engineers probably on a reduced scale. Then the reduction of grants with which we are threatened will free the hands of the permanent establishment to some extent, and I think we may safely agree to find the Engineer Estabt of the Tank Restoration Scheme from the permanent staff. I hope we may find the Subordinate Establishment also, but if this cannot be altogether the charge for some Overseers and Surveyors could, following the practice with ordinary works of investigation, be charged to works and the small sums necessary debited to Ordinary Irrigation.

Following this plan and having no establishment to charge to Tank Restoration, I think we may safely borrow the money required for the work at 4 per cent supposing that Irrigation and Navigation Works are provincialized with a total grant from Imperial of 23 lacs.

From what I have said above, the great difficulty of framing a reliable estimate of the financial position at the end of the ensuing Provincial contract will be evident. Supposing that we borrow the whole amount of 8 lacs a year for 5 years - which we should probably not require to do if we found the Establt from other sources - we should have to pay for interest in the last 3 years 1,93,000 Rs

and if the works were not paying to this extent, we should have to curtail the grants of these years to meet this demand. This curtailment could not possibly reach 50,000 Rs a year. I therefore think it would be wise to Provincialize on the terms I have mentioned and to borrow the money required for Tank Restoration during the term of the next contract, at the conclusion of which we should be able to estimate with some accuracy the direct return which will be obtained and decide whether it is safe to continue and extend the system of borrowing or whether it is necessary to revert to the old system of only spending money

I think this may be done FW

yes - with this limitation of 5 years. FW

Good MSW

when absolutely necessary to prevent immediate loss of revenue. We should thus give the scheme a fair trial, and if at the expiration of 5 years it was found that we were obliged to give up this very desirable work, the obligation incurred would not be considerable and might be met in the next contract by the curtailment of the maintenance grant for the works, while as so many works would have been put into thoroughly good order would not have so heavy demands on it, as at present.

A.W.

M.W.
Nov 14/85

Joll
2/11/86

Rec. 11.11.86.

Statement shewing the details of the Grants under Irrigation for 1887-88.

	Grant for Works	23 percent on the grant for works	10 percent on Direct Revenue	6 percent on Indirect Revenue	5 percent on Direct Revenue	Total Contributions on account of Establishment	1 percent on works grant for Tools and Plant	Total.	
Irrigation.									
35. Protective Works	2,41,935	55,645	"	"	"	55,645	2,420	3,00,000	Amount of Revenue 1886-87
42. Major Works. (Working Expenses)	6,30,274	1,44,963	(a) 15,000	(c) 2,03,460	"	3,63,423	6,303	10,00,000	(a) 1,50,000
43. Minor Works and Navigation	14,75,129	3,39,280	(b) 2,000	(d) 1,68,840	"	5,10,120	14,751	20,00,000	(b) 20,000
48. Capital Expenditure on Public									(c) 33,91,000
Works (not charged against Revenue)	12,09,677	2,78,226	"	"	"	2,78,226	12,097	15,00,000	(d) 28,14,000
Provincial Irrigation	2,77,924	63,922	(e) 5,375	"	"	69,297	2,779	3,50,000	(e) 53,750

B

Detail of contributions to Provincial Establishment in 1886-87.

Budget Heads	Grant	Direct Revenue	Indirect Revenue	23. p.c. on grant	10. p.c. on direct Revenue	6. p.c on Indirect Revenue	5 p.c on Revenue	Cost of Establishment actually employed.	Contributions on account of scrutiny of estimates	Total.
Productive Public Works	17,10,435	1,50,000	33,91,000	3,93,400	15,000	2,03,460	"	"	"	6,11,860
Public Works not classed as Productive	14,94,515	20,000	28,14,000	3,43,738	2,000	1,68,840	"	1,60,400	"	6,74,978
Protective Works	2,02,000	"	"	46,460	"	"	"	"	"	46,460
Provincial Public Works not classed as Productive	3,91,708	53,750	"	90,093	5,375	"	"	21,400	"	1,16,868
Imperial Military	5,18,500	30,000	"	1,19,200	"	"	1,500	"	"	1,20,700
Imperial Civil Works	30,300	"	"	7,000	"	"	"	"	"	7,000
Local Incorporated	41,310	6,000	"	5,900	"	"	300	"	21,250	27,450
Local Excluded	1,30,903	"	"	30,108	"	"	"	"	"	30,108
										16,35,424

Total Public Works Establishment 24,59,156

Balance debitable to Provincial 8,23,732

Proposed outlay on Provincial, Civil Buildings, Communications & Mis Pub: Impts } 11,65,158.

Percentage of Establishment on outlay - 77 nearly

against in 1885-86 - 58 nearly

Actuals for 1st Six months of 1886-87 - 10,89,981 :: for year 21,79,962.

Deduct contributions - - - - - - - - - - 16,35,424

5,44,538

Per centage - - - - - - 47 nearly.

Includes 14,792 on which no charge is made for Establishment Tank Maintenance Establishment.

P. W. D.

B

This is, I think, quite correct.

The draft to India Office, I presume, be prepared in communication with the financial Dept.

FW 13/11

17/11

The proposal made by the Finance Committee for the Provincialization of Irrigation and Navigation Works is that Imperial should make a grant of 20 lacs to cover all charges and the Madras Govt. should borrow the money required to carry out Tank Restoration within 8 lacs a year.

2. The 20 lacs includes a sum of 12 lacs which is to cover the maintenance of all Irrigation works for which neither Capital nor Revenue accounts are kept and the Committee insisted should cover establishment charges for these works. This Govt. however were of opinion that establishment charges, say 3 lacs, should be allowed in addition making the total

grant 23 lacs.

3. The Committee considered that the Madras Govt could borrow the money required for Tank Restoration at 4 per cent as it was estimated the restoration would produce an increase of revenue amounting to 6 per cent on the outlay, but this 6 per cent is calculated on the proposed outlay on works alone without taking into account Establishment charges.

4. The proposal therefore ignored all charges for establishment both under Restoration and Maintenance which would have to be met from the 2 per cent margin on the anticipated increase of revenue, if realised.

5. This Govt however, willing to adopt the suggestions of the Committee cannot consent to such an arrangement - but consider the work of Restoration of so much importance that they would endeavour to arrange that ~~the work of Restoration~~ it should be carried on with a greatly reduced establishment aided by the establishment employed on the maintenance of Irrigation works (Wherever it may be practicable to afford such aid) if the additional grant of 3 lacs asked for under this head were made - they are in fact prepared to capitalise as proposed by the Committee if the grant from Imperial is 23 lacs instead of 20.

Jou
9/11/86.

The Hon: G. F. Webster JW
The Hon: C. G. Master
The Rt Hon the Governor.

The accompanying notes are circulated for perusal. That marked A was written when Sir A. Colvin was here, and was read by him so far as the mark in blue pencil. That marked B was sent to the Chief Secy as a suggestion for the communication to the G of I.

11/11/86.

Cir. 11. 11. 86.

Cir. 11. 11. 86.

Statement shewing the details of the grants under Irrigation for 1887-88.

	Grant for Works	23 per cent on the grant for works	10 per cent on Direct Revenue	6 per cent on Indirect Revenue	5 per cent on Direct Revenue	Total contributions on account of Establishment	1 per cent on works grant for Tools and Plant	Total	
Irrigation									
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× [illegible]

W/29/10

Actuals for first six months of 1886-87.

Permanent estabt - Rs 953,049
Tempy — " — " 136932
10,89,981 × 2 = 21,79,962.

B

Detail of contributions to Provincial Establishment in 1886-87.

Budget-Heads	Expendi- ~~ture~~ Grant	Direct Revenue	Indirect Revenue	23 p.c on expenditure Grant	10 p.c on Direct Revenue	6 p.c. on Indirect Revenue	5 P.C. on Revenue	Cost of Establishment actually employed	contribution on account of scrutiny of estimates	Total
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ϕ Tank Maintenance Establishment.

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Total .	20,00,000

and that the Madras Govt should borrow a sum of (within) 8 Lacs a year for expenditure on Tank Restoration, paying interest at the rate of 4 p: c after the expiration of 2 years.

Referring to the 12 lakhs proposed for works for which neither Capital nor Rev: Accts are kept the Committee say "It should be understood that if this sum of 12 lakhs is accepted an obligation exists to spend it on this class of works, and not to divert it elsewhere".

This sum of 12 lakhs is an approximation to a maintenance

Statement of outlay with revenue to be derived.

Names of Minor Basins	No. of Tanks Estimated for 1	Area of irrigation under them (average of the past 5 years) 2 acres	Amount of Estimate		Total 5	Cost of original works per acre 6 Rs	Cost of Repairs per acre 7	Cost of all works per acre 8	No. of tanks on which increase of irrigation & revenue are expected 9	Additional area proposed to be brought under cultivation 10 acres	Expected increase of revenue including removal of remissions 11 Rs	Percentage of increase of revenue on outlay 12 Rs	Remarks
			original works 3 Rs	Repairs 4									
Periyakulam	75	7668	1129	35471	36600	·15	4·60	4·75	13	99	1953	5·3	Completely worked out
Butlagundu	52	6122	14961	30550	45511	2·40	5·00	7·40	6	70	1500	3·3	Do
Surulyaur	66	13269	67200	86210	153410	5·00	6·50	11·50	23	624	2952	1·9	Do [illegible]
Andipatti	19	1366	14392	22154	36546	1·00	16·20	17·20	10	261	1028	2·8	Do
Talavaigai	8	397	7114	14575	21689	17·90	36·70	54·60	5	71	203	·93	Do [illegible]
Upper Amaravati	3	430	2175	7350	9525	5·00	17·00	22·00	2	39	207	2·1	Incomplete
Udamalpet	10	2738	7383	36792	44175	2·60	13·40	16·00	10	"	3006	6·8	Do almost completed
Palni	4	1186	4374	10729	15103	3·60	9·03	12·63	2	66	805	5·3	Do
Dindigal	19	743	10614	14326	24940	2·10	19·20	21·30	3	206	1240	4·9	almost completed
Kovalam	99	8463	34497	69129	103626	4·00	8·10	12·10	73	225	6550	6·3	
Red Hills	92	18919	39902	83318	123220	2·10	4·40	6·50	67	758	5919	4·8	
Adyaur	38	4351	22838	22997	45835	5·20	5·20	10·40	26	616	2209	4·8	almost completed
Upper Kundaur	9	662	8472	12225	20,697	12·70	18·40	31·10	6	271	1677	8·1	Do ½ done
Kauli	11	1403	4380	21695	26075	3·10	15·40	18·50	11	991	5409	20·7	½ done
Dhonavagu	6	159	1951	·2895	4846	12·20	18·20	30·40	5	69	898	18·5	
Grand Total	511	67876	241382	470416	7,11,798	3·60	6·70	10·30	262	4366	35556	4·9	

J. McN. Campbell Major R.E.
Superintendent of Works
Tank maintenance Scheme.

Chepauk
26th October 186

allowance of 8 annas an acre for irrigated land, the actual ~~sum~~ amount at this rate being over ~~[illegible]~~ 12½ lakhs

In discussion with the Committee I pointed out that this allowance of 8 annas an acre, which was based on actual results in maintenance of the large systems of irrigation, did not make any provision for Establishment charges, and I could not recommend the Government to accept their proposals unless the usual Estab. charges were added, or, I eventually said, unless 3 Lakhs were added making the total assignment under all heads 23 Lakhs.

+ With a grant of 23 Lakhs I thought it might be practicable to take over the works & borrow the money needed for Tank restoration, but I certainly would not do so if bound by a stipulation to spend a certain part of the sum assigned on a certain class of works. Provincialisation should give perfect freedom to the Provincial Govt., and it might happen that damage to one class of works

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G of I that the Establishment of the Tank Division should be made a permanent addition to the staff previously sanctioned. It is difficult to say by how much the expected return would be reduced if the cost of Establishment was taken into consideration, as the establishment during the infancy of the Scheme has been much more costly than it will be hereafter, but it is certain that the addition of its cost to expenditure on works would reduce the percentage of return to such an extent that no project under consideration would remain after paying interest at 4 p:c:.

That we have grounds for believing the return will be about 6 p:c on the expenditure of works I think cannot be doubted. The late Col. Montgomerie reported that his investigations in the Perinkolum basin showed the return would be 6 p:c on expenditure on works, and subsequently when the Estimates were finally worked out the returns were shown as 5.3. As the work progressed further great variations were found. In the Buttapondu basin the return worked out to 3.3 per cent. In the Lusalyar basin to only 1.9 in consequence of the very large expenditure required to repair the anicuts which had been very extensively damaged in the floods of 1884. One basin the Talavanipu worked out to only .93 on the expenditure, but as only one Tank in this basin is Govt. property and the rest belong to an Estate under the Court of Wards, it need not be taken into account. On the other hand one basin the investigation of which has been almost completed shows an anticipated return of 6.8 p:c another of 6.3 another, completed with the exception of one tank 8.1 while 2 basins in which the work is ½ done show returns of 20.7 and 18.5 respectively. It must be remembered that we commenced work in Madura thinking that the district was badly in want of repairs to tanks & that there are other districts yet untouched by the Tank Division in which a great deal more has been done of late years.

It must not be forgotten that we are not seeking to make a profit out of the transaction, we are trying only to find the means of carrying out a very necessary work, which will be of great benefit to the country as well as to the Govt. If the Establishment were given us we could I think safely borrow at 4 p.c.: the amount required for expenditure on the works, but we are almost directly told that the Estab. will not be given us, and we are told by the Committee that we must work out the problem of carrying out all the works in the Presidency with such an Establishment as will not cost more to Provincial Funds than 6½ lakhs. In the absence of exact figures for the grants available funds in subsequent years I cannot do more than make a guess at the charge to Provincial with our Establishment on its present footing - but I find from Statement B attached for the year 1886/87 where the grants (less such reductions as may be made without waiting by the G of I) are known. Whereas the Balance of Estab. charges debitable to Provincial according to the Estimates was 8,23,732 Rs - taking the actuals of the first 6 months and doubling them this balance will in consequence of reduction of Project Divisions be only 5,44,538 Rs - This leads me to the conclusion that I can pay more than half the charge for Establishment for irrigation from the ordinary grant for Establishment.

Since the Finance Committee were here I have turned my attention to the subject of the Estab. employed on the Tank Restoration Scheme & although I am not at present in a position to bring forward a scheme for its reorganization, I think we have so far limited the work on the proper lines that we may make considerable alterations & reduce the expenditure on Estab. - I think the time has nearly come - always looked forward to - when the Supdt. of Works may be taken off & the Divisions may work under the S. Es. partially on a reduced scale - The the reduction of grants with which we are threatened will free the hands of the permanent Establt to some extent, and I think we may safely agree to put the Engineer Establt of the Tank ~~Division~~ Restoration scheme from the permanent staff. I hope we may ~~also~~ put the subordinate Establt also, but if this cannot be altogether the charge for some Overseers & Surveyors could, following the practice with ordinary works of irrigation, be charged to works & the small sum necessary debited to Ordinary Irrigation.

Following this plan & ~~making~~ having no Establishment to charge to Tank Restoration, I think we may safely borrow the money required for the works at 4 p: cent supposing that ~~the~~ Irrigation & Navigation works are provincialized with a total grant from Imperial of 23 lakhs.

From what I have said above the great difficulty of forming a reliable estimate of the financial position at the end of the coming Provincial Contract will be ~~ap~~ evident. Supposing that we borrow the whole amount of 8 lakhs a year for 5 years — which we should probably not require to do

we should thus give the scheme a fair trial, and if at the expiration of 5 years it was found that we were obliged to give up this very desirable work, the obligation incurred would not be considerable, and might be ~~made~~ met in the next Contract by the curtailment of the maintenance grant for the works, which as so many works would have been put into thoroughly good order would not have so heavy demands on it, as at present

if we found the Establishment from other sources. We should have to pay for interest in the last 3 years 1,92,000 Rs and if the works were not paying to this extent, we should have to curtail the grants of these years to meet this demand. This curtailment could not possibly reach 50.000 Rs a year. I therefore think it would be wise to Provincialize on the terms I have mentioned and to borrow the money required for Tank Restoration during the term of the next contract, at the conclusion of which we should be able to obtain with some accuracy the direct return which will be obtained and decide whether it is safe to continue & extend the system of borrowing or whether it is necessary to revert to the old system of ~~[illegible]~~ only spending money when absolutely necessary to prevent immediate loss of revenue. X

2/11/86.

From
The Chief Secretary
To
Col. Hasted.

The members have passed your paras which I put bodily into the letter to India. It seems to me that no change is called for owing to the remarks on your note.

Seen
18/11/86.

C/

Memo

The proposal made by the Finance Committee for the Provincialisation of Irrigation & Navigation works is that Imperial should make a grant of 20 Lakhs to cover all charges and the Madras Govt. should borrow the money required to carry out Tank Restoration within 8 Lakhs a year -

2 - The 20 Lakhs ~~there~~ includes a sum of 12 Lakhs which is to cover the maintenance of all Irrigation works for which neither Capital nor Revenue accounts are kept & the Committee insisted should cover Establishment charges for these works. This Govt. however were of opinion that Estab. charges, say 3 Lakhs, should be allowed in addition making the total grant 23 Lakhs.

3 The Committee ~~estimated~~ considered that the Madras Govt. could

borrow the money required for
Tank Restoration at 4 p: cent
as ~~they~~ it was Estimated the restoration
would produce an increase of
revenue amounting 6 p: cent
on the outlay, but this 6 p: c
is calculated ~~is not calculated~~
on the proposed outlay on works
alone without taking into account
Estab^t. charges.

4. The proposal therefore ignored
all charges for Estab^t ~~[illegible]~~ both
under Restoration and Mainte-
nance which would have to be
met from the 2 p: cent margin
on the anticipated increase
of revenue, if realized.

5. This Gov^t., however willing to
adopt the suggestions of the
Committee ~~cannot~~ are not content
to such an arrangement - but
consider the work of restoration
of so much importance that
they would ~~consent to borrow~~
~~the money required for it [illegible]~~
endeavour ~~attempt~~ to arrange
~~[illegible] to reduce the~~
~~Establishment~~ that the work

of restoration should be carried on
with a greatly reduced Estab^t
aided by the Estab^t employed on
the maintenance of Irrigation
[illegible]
works, if the additional grant of
3 Lacs asked for under this head
were made - they are in fact
prepared to capitalize, as proposed by the Committee, if the
grant from Imperial is 23 lacs
instead of 20. ~~as proposed by the~~
~~Committee~~.

Sole
9/11/86.

~~To the Fin. Dept.~~

19TH NOVEMBER 1886, No. 1198, FINANCIAL.

FINANCIAL DEPARTMENT.

LETTER—from

THE CHIEF SECRETARY TO THE GOVERNMENT OF
FORT ST. GEORGE,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FINANCIAL DEPARTMENT.

SIR,

I am directed to submit the following observations with reference to the "Note by the Finance Committee on the future Provincial Contract with Madras," which has been communicated by the Committee and has also been discussed by this Government with Sir Auckland Colvin.

2. I am to premise that in this letter the numerous suggestions for economy which have been put forth by the Committee, but which they have not taken into account in retrenching the Provincial allotment for expenditure, will not be discussed. Many of these are interesting and important, and will in due course receive from this Government the attention they deserve; but His Excellency in Council understands that the intention is that the benefit of them shall accrue to the Provincial Government, and that, after the framing of the Contract, no reduction of the grants will be made on account of economies which, in pursuance of these suggestions, the Government may be able to effect, but which the Committee have not taken to the Contract in the present Note. If, however, the Government are mistaken in this understanding, it is desirable that they should be informed of the fact as soon as possible.

3. With reference to the Committee's estimate of receipts, given in statement A appended to the Note, I am to say that the estimate is accepted by this Government except as regards the items of Land Revenue and Registration. In the figures which the Committee have averaged in view to obtaining the normal Land Revenue, are included the sums noted in the margin on account of Process-fee receipts, which for some years were unduly swollen in connection with the realization of famine arrears. These receipts were of an entirely abnormal character. The normal amount may be taken at Rs. 60,000, the amount of charges budgeted for in 1886-87; and deducting this amount from the average given in the margin, there remains Rs. 1,14,691, by which the Committee's estimate of normal Land Revenue should be reduced. This Government also take exception to the Committee's estimate of 8,75 under Registration. It will be observed that the Committee have taken not the budget or revised estimate of 1886-87, as with other items, but the departmental estimate of 1887-88, and have proceeded to enhance it by 10, by way, apparently, of discounting future anticipated increase. I am to submit that such a method of framing estimates for the Contract is not reasonable.

Fasli.	RS.
1288	2,71,568
1289	3,12,490
1290	2,01,968
1291	1,44,442
1292	1,22,063
1293	1,59,742
1294	98,257
1295	86,995
	13,97,525
Average ..	1,74,691

4. The special condition as regards Land Revenue receipts which the Committee propose in paragraph 20 appears to Government very fair, and is gladly accepted; but as to the division of the future possible, but very problematical, receipts from Pearl

Fisheries (paragraph 23) I am to say that His Excellency the Governor in Council would request that the principle of equal division of the whole amount, whatever it may be, may be adopted from the outset.

5. As regards retrenchments of expenditure effected by the Committee, a statement in which they are summarised is enclosed. It will be seen that the total retrenchments on the Provincial share, estimated under present conditions, amount to 13,11 and that of these 11,46 are fully accepted by this Government and therefore need not be further discussed here. The reductions to which the Government are unable to agree are the following :—

(1) *Survey and Settlement*, 6, paragraph 49 of the Note.—His Excellency the Governor in Council is of opinion that, in view of the amalgamation of the Director's office with that of the Board of Revenue in pursuance of the scheme for the reorganization of that body, the proposed reduction is impracticable. I am here to call attention to the condition which, in paragraph 38, the Committee propose to attach to the continuance of the survey grant of 8,00, viz., that it is to be fully spent and the balance not devoted to other objects. While the Government are ready to give assurance that they will do their utmost to further the rapid progress of the Survey—an object which they have very much at heart—they consider that the proposed condition is entirely opposed to the principles of Provincial decentralization, which would obviously be entirely nullified if such conditions as to component parts of the Provincial assignment were generally applied.

(2) *Registration.*—Attention has already been called to the Committee's estimate of receipts under this head. Under charges they have taken the departmental estimate for 1887-88 and struck out 15, included for new offices; on the ground, it is supposed, that these ought to be paid for from future increase of receipts. I am to point out, however, that the establishment of these offices is required to relieve offices already congested with business, and is, in fact, necessitated and justified by past increase of receipts. Offices opened in future years will of course be paid for from future increase. His Excellency in Council therefore considers that the estimate of registration charges should be 6,40, and not 6,25.

(3) *General Administration, Translators.*—The Committee reduce 8, with reference to a plan for substituting native agency, which was accepted by Government in the discussion subject to vested interests. The Government have since however considered the matter more at leisure and are not prepared to dispense with the European supervision which the present system cheaply secures. The objections to the Committee's scheme are connected with the conduct of examinations and the reporting on vernacular newspapers. The Government therefore are unable to accept the proposed reduction.

(4) *Law and Justice, Presidency Magistrates.*—The Committee have struck off 24 on this account. The Government, however, are unable to accept so great a reduction, which is more than half the salaries of the present Magistrates, and they do not see their way to economizing more than 15.

(5) *Law and Justice, Jails.*—With regard to the alterations in the budget under Jails and Police, the Committee appear to have been misled, by information obtained from the Inspector-General of Jails, in regard to the cost of the new warder guards, and to the saving in the police budget resulting from substituting them for the old police guards. To make this clear, some lengthened explanation is necessary. The scheme consists, as has been said, of substituting a departmental force of guards for police. The intention originally was to retain at all jails a nucleus of police, called the protective guard; but in the successive proposals which have been made since, reductions have been proposed in this force. The first proposition statement was submitted in December 1884, and referred to the three Central Jails of Rajahmundry, Vellore and Coimbatore. The second was approved in June 1886, and the budget of 1886-87 was more or less in accord with this. It provided for extending the scheme of warder guards to the other central jails and to district jails. In October 1886, a third statement, which is not yet disposed of by Government, was prepared, providing for the reduction of the police protective guards in certain cases and the further substitution of warder guards for them. This statement, however, contains

various errors which vitiate it for purposes of comparison. Taking jail establishment only, the following figures are to be noted :—

	RS.
Sanctioned scale prior to December 1884	1,11,282(*a*)
Sanctioned scale in December 1884	1,33,866
Budget of 1884-85	1,14,132(*b*)
Actuals of 1884-85	1,15,595(*c*)
Budget of 1886-87	2,00,268
Sanctioned scale, June 1886	1,90,923

(*a*) Exclusive, (*b*) inclusive of the establishment of the Chingleput, Tranquebar and Tellicherry jails since abolished.
(*c*) The new scheme was partly introduced in the later months of 1884. Hence excess above budget and old scale.

From these figures it will be seen that the sum, Rs. 57,057, taken by the Committee as the whole increased pay of the jail warder guards, is the difference between the scale of June 1886 and the scale of December 1884; which, however, already included Rs. 22,584 on account of these new guards. The figure 84,6, which the Committee (paragraph 123) say was excess provision in 1886-87 under Establishments, is the excess of the budget of 1886-87 above the actuals of 1884-85. From the above it will be seen that the true increased cost of the warder establishments, according to present sanctions, will be the scale of June 1886 less the scale prior to December 1884, or Rs. 79,641, and the retrenchment of 27 made under paragraph 123 must be reduced to 5. As to clothing and equipment of the warder guards, the correct result does not differ materially from that arrived at by the Committee.

As to the saving under Police taken by the Committee at Rs. 89,200, it is also erroneous. The statement was based on figures, as per margin, supplied by the Inspector-General of Jails. It is apparent at a glance that they are purely conjectural. The Police budget of 1886-87 did not, as the Committee seem to think, contain a double provision for the whole jail guard. The provision for the jail guard was pay Rs. 37,092, clothing and contingencies Rs. 6,078—total Rs. 43,170 for 352 men. The revised estimate and the budget estimate of 1887-88 provide for 214 men costing for pay Rs. 23,004, and for clothing, &c., Rs. 3,718—total Rs. 26,722. The utmost reduction which can be made on the budget of 1886-87 on account of unnecessary provision is the difference between the two totals just mentioned or Rs. 16,448. Under the explanation above furnished, His Excellency in Council hopes that the Government of India will admit that the assignment on account of jails cannot be reduced so low as Rs. 8,90,000. I am to observe that, besides the error in the retrenchment above pointed out, the grant of 1886-87, which is taken as the basis of the contract for the next five years, provides for a jail population reduced far below the normal by a succession of favorable years. There was a smaller grant in 1882-83 than in 1886-87, though the jail population was much higher; but it is to be noted that the grant of 1886-87 includes upwards of a lakh of rupees on account of guards, which were provided under Police in 1882-83. His Excellency the Governor in Council considers that the contract grant should not be less than $9\frac{1}{4}$ lakhs. The figure 89 in paragraph 152 of the Committee's note should be 16, which amount the Government accept.

	Pay per mensem. RS.
Cost of 785 police guards for 1884-85 as *estimated* on the number of prisoners to be guarded	8,024
Deduct cost of 144 protective guards still remaining as per proposition statement of October 1886 ..	1,231
Saving per mensem ..	6,793
Per annum ..	81,516
Clothing for (785 — 641 =) 144 men at Rs. 12 per man	7,692
	89,208

(6) *Police.*—On account of the Assistant Commissioner, Madras City, 5 are retrenched. The suggestions by the Committee intended to make the abolition of this officer possible are not, in the opinion of His Excellency in Council, at all practicable.

(7) *Police (Punitive, Malabar).*—This is accepted as the cess will be put on if the police are required.

(8) *Contributions to local*, net 22, retrenched. The retrenchment is based on the assertion in paragraph 287, that 1,00 is a fair estimate, and that any excess should be met from the Civil Works grant. The average normal outlay in contributions of this kind to local funds of recent years is 1,20, or 1,25; and they have, since 1871, always been made outside the Public Works grants. It is to be remembered that over 12 lakhs of expenditure on communications, formerly Imperial, has been imposed on local funds in this Presidency, and when exceptional demands on account of floods or other calamity come on the local boards, they are, in the opinion of Government, entitled to special help from the State. His Excellency the Governor in Council therefore hopes that this amount, 22, will be restored.

6. With reference to paragraph 205, in which the Committee have struck out 4 under Scientific and Minor Departments, I am to point out that this amount must be restored, if, as is suggested in your letter to the Committee, No. 2187, dated 26th July 1886, the registration of railway traffic is made Provincial—a measure to which this Government have no objection. With regard to Superannuations which, it is suggested in the letter just quoted, should be made Imperial, I am to say that this Government would be glad if this were done, provided always the transfer is not made the basis of new restrictions on the powers of the Provincial Governments in sanctioning establishments—a matter to which they attach very great importance.

7. The Government do not refuse to accept the heavy reduction in the Civil Works grant, recognizing that in a period of financial pressure retrenchment under this head is unavoidable; but they cannot but regret the check which must result in the provision of public buildings which are urgently needed. It is also to be observed that, owing to the reduction which it is feared will be effected in Imperial grants for public works, the charges which for some years at least must fall upon this grant for Provincial Public Works establishment, will have the effect of reducing the amount available for original works even below the sum at which the Committee have left for the purpose. The reduction of establishment cannot be effected at once.

8. With reference to your letter to the Finance Committee quoted in paragraph 6 *supra*, I am to call attention to the fact that, in deference to the strong objections entertained by this Government to the proposed division of the Survey and Settlement and Forest heads, the Committee have not made any change in framing their proposals. The Government trust that no such division will be insisted on by the Government of India.

9. In paragraph 313 of the Committee's note they summarize the effect of their proposals in securing gain to the Imperial finances. I am to submit that they are in error in taking into account the Tanjore Survey contribution to Imperial, as this item will be closed at the end of 1886-87; and as for the Madras Water-works there will remain due to Imperial at the beginning of the new contract only 1,46, or, say, 30 per annum on the five years' period. The reductions under Revenue and Civil Departments are two lakhs and those under Public Works four-and-a-half (excluding the reduction of grant, 1,15 under Irrigation and Navigation). The gain to Imperial is the amount of reduction of expenditure accepted by this Government which is 11,36 and that of the surplus of the year (made up by the inclusion of the 5-lakh grant in column 5, statement A) which is 3,19—total 14,55. From this must be deducted 30, on account of the water-works debt remitted, and 35 for over-estimate of revenue (*vide* paragraph 3 *supra*) and the real annual gain to Imperial then becomes 13,95.

10. The proposal made by the Finance Committee for the provincialization of Irrigation and Navigation works is that Imperial should make a grant of 20 lakhs to cover all charges, and that the Madras Government should borrow the money required to carry out tank restoration within 8 lakhs a year.

11. The 20 lakhs includes a sum of 12 lakhs which is to cover the maintenance of all Irrigation Works for which neither Capital nor Revenue accounts are kept and which the Committee insisted should cover establishment charges for these works. This Government, however, were of opinion that establishment charges, say 3 lakhs, should be allowed in addition, making the total grant 23 lakhs.

12. The Committee considered that the Madras Government could borrow the money required for tank restoration at 4 per cent., as it was estimated the restoration would produce an increase of revenue amounting to 6 per cent. on the outlay, but this 6 per cent. is calculated on the proposed outlay on works alone without taking into account establishment charges.

13. The proposal therefore ignored all charges for establishment both under Restoration and Maintenance which would have to be met from the 2 per cent. margin on the anticipated increase of revenue, if realized.

14. This Government, however willing to adopt the suggestions of the Committee, cannot consent to such an arrangement; they consider the work of restoration of so much importance that they would endeavour to arrange to carry it on with a greatly reduced establishment aided (wherever it might be possible to afford such aid) by the establishment employed on the maintenance of irrigation works, if the additional grant of 3 lakhs asked for under this head were made; they are, in fact, prepared to capitalize, as proposed by the Committee, if the grant from Imperial is 23 lakhs instead of 20.

15. His Excellency the Governor in Council desires to take this opportunity of calling the attention of the Government of India to the results which, during the first four years of the current contract, have attended the provincialization of the revenues carried out from 1882-83. The marginal statement, in which the normal land revenue receipts, 451 lakhs, and the actuals of 1881-82, are taken as standards of comparison, shows that the total gain in net revenue in the four years has been just under 100 lakhs, of which 59 have fallen to the share of the Imperial Government. This large gain to the revenues may be claimed as due to good administration, and arises chiefly from greater punctuality in the collection of the land revenue and from the development of the excise. Under the proposed new contract, however, the interest of the Provincial Government in these more productive sources of revenue has been reduced.

Total amount of increase in revenue receipts and charges in the four years 1882-83 to 1885-86 (lakhs).

—	Imperial.	Provincial.	Total.
Receipts.			
Land revenue	+ 41·1	+ 16·3	+ 57·4
Stamps	+ 3·1	+ 3·1	+ 6·2
Excise	+ 18·6	+ 18·5	+ 37·1
Registration	+ 2·7	+ 2·7	+ 5·4
Forests	..	+ 9·9	+ 9·9
Assessed taxes	— ·6	— ·6	— 1·2
	+ 64·9	+ 49·9	+ 114·8
Charges.			
Stamps	+ ·3	+ ·3	+ ·6
Excise	+ 1·2	+ 1·2	+ 2·4
Registration	+ 1·8	+ 1·8	+ 3·6
Forests	..	+ 8·5	+ 8·5
Copying fees	+ 2·6	— 2·6	..
	+ 5·9	+ 9·2	+ 15·1
Net gain ..	+ 59·0	+ 40·7	+ 99·7

16. It appears to His Excellency the Governor in Council that the results set out in the last paragraph indicate the expediency of a further extension of the principles of decentralization, of increasing the freedom of which so small a measure is accorded to the Provincial Governments, and of greater liberality in the regulation of the contracts than is apparent in the proposals for the arrangement now under discussion. Imperial necessities, no doubt, demand at the present time increase in the amount of revenue immediately under the control of the Supreme Government; but His Excellency in Council cannot help feeling that it would be wiser, even from a financial point of view, to leave to Local Governments some margin of resources which might be devoted to the improvement of the country and of the revenue. Under the future contract, there will be no such margin, and it is certain that the utmost which this Government can hope for is to be able to meet the absolutely unavoidable charges of the administration. It is hoped that if, within the period for which the new contract is to last, the financial necessities of the Supreme Government become less pressing, a revision of the terms may be accorded.

17. The necessity for various administrative improvements and the justice of the claims of this Presidency for a more liberal share of Imperial expenditure were admitted in 1882, when the current contract was under discussion; but the chief plans which, in pursuance of this recognition, the Government have submitted for sanction, have been disallowed. The Government refer in particular to the scheme for

the revision of the revenue establishments prepared by Mr. Garstin, which has been most carefully elaborated, which will supply a most pressing want, and which will, His Excellency in Council does not doubt, pay for itself in increase of revenue. The scheme is to cost Rs. 4,14,000 when fully developed, but the whole cost will not accrue for a long time. It can with great advantage be introduced in parts, *e.g.*, the proposals for increase of taluk clerical establishments, additional deputy tahsildars, improved staff of revenue inspectors, &c., or, it can be brought into force by degrees geographically, some of the heaviest taluks being reorganized completely after Mr. Garstin's plan. His Excellency the Governor in Council hopes that the Government of India will see its way to granting, if not the whole, at least a part, of the cost of the scheme. Another reform which has been pressed upon this Government by the Government of India and the Secretary of State is the scheme for the formation of three new districts. Proposals with this object are laid before the Government of India in a separate communication, and the estimated annual cost is Rs. 2,79,284. Though the Government do not desire the new districts, nor the connected scheme for grading the Civil Service, they desire very much the strengthening and improvement of the sub-divisional staff which are part of the proposals. These involve an increase in the number of the sub-divisional charges, and the formation of a stronger staff of permanent Deputy Collectors, at a cost of about Rs. 97,000. Proposals of this character, but of slightly less extent, have actually been sanctioned by the Secretary of State; but in present financial circumstances, it is not in the power of this Government to give effect to the sanction. The excise revenue is capable of further development, and if the Government were allowed freedom in dealing with it, and a couple of lakhs a year, an increase of many times that amount could be obtained.

18. With regard to the restrictions on the action of the Local Government, I am to say that His Excellency the Governor in Council feels that little freedom has been gained by the so-called decentralization. The rules on the subject are so framed that the necessity of seeking the sanction of the Supreme Government, and the power of the latter to interfere, are very much as they were before 1882. No measures of any importance can be initiated without prior reference to the Government of India. There is, for instance, scarcely any scheme of administrative improvement worthy of the name which does not affect salaries of Rs. 250 per mensem or upwards, or which, below that limit, does not alter the salaries of classes or grades of officers. The Government were compelled to submit Mr. Garstin's scheme to the Government of India solely because it involved alterations of the grades and salaries of Deputy Tahsildars and Revenue Inspectors—officers drawing respectively less than Rs. 100 and Rs. 30. But for this circumstance, the scheme was within their competence. So also a scheme for reorganization of the clerical and menial establishments in the Registration Department—men on very small salaries—had to be submitted to the Government of India and has been disallowed. In connection with the rule on this point, the Government wish to call attention to the correspondence regarding the grading of Tahsildars' charges—a measure of much importance in the view of the Governor in Council, which involved an increase of purely Provincial charge of only Rs. 12,000 a year, and which was three times urged on the Government of India. It, however, was rejected on the ground that the average pay of Tahsildars would be raised a few rupees above the average for such officers in other Provinces, though if was not contended that Madras Tahsildars had any similarity,except of name, with those officers. Under the rule that Public Works expenditure is to be carried out under the India Code, the Provincial Government is not allowed freedom, even within the Rs. 250 limit, in regard to establishment which is entirely Provincial; and the Public Works Department, India, even interferes in regard to the outlay of purely Provincial funds on works; for instance, the orders restricting outlay under Civil Buildings for quarters for civil officers, and regulating the rents to be charged which are credited to Provincial funds. Since the conclusion of the last contract, the Local Governments have been forced to accumulate and retain certain fixed balances, and they are prevented from making any allotments from balances during the year, on the ground that such expenditure would interfere with the anticipations of the Government of India as to ways and means. The restriction, however, is extended to balances which have accrued over and above budget balances, and which therefore cannot have entered into the estimates. The Local

Government cannot escape from this restriction by budgeting in excess, as the Provincial budgets go to the Government of India for incorporation in the budget of the Empire, and that Government can, and does, deal with them as it thinks fit. In short, while the decentralization scheme professes to rely on the financial interest of the Local Governments as a check on extravagant expenditure, the rules are drawn on the assumption that minute central control is still necessary, and in such a way as to enable the Supreme Government to exercise such control, if so disposed.

19. In the opinion of His Excellency the Governor in Council, the rules should be revised so as to make decentralization and provincial freedom a reality. If, after it had been tried for five years, it was found that no financial benefit accrued to the Imperial Government from the greater freedom given to the Provincial authorities, it would be very easy to revert to the former state of things.

I have the honor to be,
Sir,
Your most obedient servant,
H. E. STOKES,
Ag. Chief Secretary.

Fort St. George,
19*th November* 1886.

[Statement.

Items taken to the Contract. (Thousands of rupees.)

Head of service.	Paragraph of Note.	Total reduction.	Of which provincial share as at present.				Accepted by the Madras Government.	Remarks.
			Civil outlay.	Unnecessary budget.	Public works.	Total.		
1	2	3	4	5	6	7	8	9
Refunds	§ 22, St. B.	+ 70	+ 20	..	..	+ 20	+ 20	
Land Revenue	§ 25 ..	— 25	— 25	..	..	— 25	— 25	
	§ 28 ..	— 5	..	— 5	..	— 5	— 5	
	§ 49 ..	— 6	— 6	..	..	— 6	..	Not accepted. The committee have reduced this amount from the total of revenue heads in Statement B, but not in the detailed head, Survey and Settlement.
Stamps	§ 54 ..	— 14	— 7	..	..	— 7	— 7	
Customs	§ 73 ..	— 10	— 10	..	..	— 10	— 10	
Assessed Taxes	§ 75 ..	— 50	..	+ 11	..	+ 11	+ 11	The committee's entry in column 5, Statement B, is wrong. It relates to Provincial as proposed, not as at present.
Forests	§ 81 ..	— 1,60	..	— 1,60	..	— 1,60	— 1,60	
Registration	§ 98 ..	+ 21	+ 11	..	..	+ 11	+ 11	
Excise	St. B. ..	+ 12	+ 7	..	..	+ 7	+ 7	Government contend for + 36 in column 3, and in column 4 for + 18.
Administration	§ 102 ..	— 6	— 6	..	..	— 6	— 6	
	§ 103 ..	— 8	— 8	..	..	— 8	..	Not accepted.
Law and Justice (*ex* Jails) ..	§ 107 ..	— 11	— 11	..	..	— 11	— 11	The total of the two items in column 3 is 35, agreeing with § 106. In statement B, columns 2 and 3 show 39,77 against 39,76 in § 106. Difference—1. Rejected—9.
	§ 111 ..	— 24	— 24	..	..	— 24	— 15	
Law and Justice—Jails	§ 132 ..	— 27	..	— 27	..	— 27	— 5	Rejected—22.
Police	§ 136 ..	— 5	— 5	..	..	— 5	..	Not accepted.
	§ 139 ..	— 17	— 17	..	..	— 17	— 17	
	§ 150 ..	— 89	..	— 89	..	— 89	— 16	Rejected—73.
	§ 151 ..	— 28	..	— 28	..	— 28	..	This item is under reference. The retention of the Punitive Police will probably be necessary.
Marine	§ 155 ..	— 20	..	— 20	..	— 20	— 20	
Education	§ 168 ..	— 10	— 10	..	..	— 10	— 10	
	§ 168 ..	— 70	..	— 70	..	— 70	— 70	Transfer to Local Funds.
Medical	§ 194 ..	— 27	— 27	..	..	— 27	— 27	The total of these three items is 43. The Committee have deducted 44 in Statement B. There is an error of summation (12,27 for 12,26) in § 170. Difference — 1.
	§ 201 ..	— 6	..	— 6	..	— 6	— 6	
	§ 202 ..	— 10	..	— 10	..	— 10	— 10	
Scientific and Minor Departments.	§ 205 ..	— 4	..	— 4	..	— 4	— 4	This will have to be restored, if railway traffic registration becomes Provincial.
Stationery	§ 227 ..	— 6	..	— 6	..	— 6	— 6	
Miscellaneous	§ 230 ..	— 40	— 40	..	..	— 40	— 40	
Famine	St. B. ..	— 10	— 10	..	..	— 10	— 10	
Railways	§ 243 ..	— 85	..	— 85	..	— 85	— 85	
Irrigation and Navigation ..	§ 249 ..	— 1,15	..	— 1,14	— 1	— 1,15	— 1,15	
Contribution to Local	§ 287 ..	— 22	— 22	..	..	— 22	..	Not accepted. Provision insufficient to meet normal outlay.
Civil Works	§ 266 ..	— 4,55	..	..	— 4,55	— 4,55	— 4,55	Deprecated, but accepted.
Madras Municipality	§ 310 ..	— 50	..	— 50	..	— 50	— 50	Transfer to the Madras Municipality.
			1,90	5,43 1,20	4,56	13,09	11,44	
				6,63				

NOTES.—Column 4 has to be increased by 2, the difference under Law and Justice and Medical, referred to in the remark column.

Column 5.—The inclusion here of the whole reduction under Forests is scarcely proper. 50 ought to go to column 1 as the Forest outlay for 1886-87 will be 11,00 or in excess of the provision of 10,50. This is reduction of expenditure. But on the other hand, the revenue is put too low. Hence the item is retained in column 5.

ABSTRACT.

PROVINCIAL NET.

Reduction, Civil	1,90	
Law and Justice, Medical, Difference	2	
		1,92
Do. Public Works		4,56
Savings and unnecessary provision		5,43
Transfers to Local and Municipal		1,20
		13,11

Of which Government accept 11,36 and reject 1,65.

1886.
FINANCIAL DEPARTMENT.

From the Government of
Fort St. George.

Fin: 4
P.W. 131/87

Issued

Recd. *Encl.*

Letter, 19th Nov. 1886, No. 1198.

NOVEMBER.

Finance Committee.

Addressing the Government of India on the several questions raised by the — in their Note regarding the Provincial Contract.

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[19]

Reference on No. 34 *of* 1887.

In replying the above should be quoted.

Chief Secretariat, Madras.

Financial Department.
D/ 10 January 1887

Secretary to Government P.W. Department Madras
10 JAN 87

Read the following letter from the Government of India, Department of Finance and Commerce, dated 5th January 1887, No. 40.

—

Referred to the Public Works Department for very early remarks, with reference to para 2 of their memorandum, No 3924 C dated 9th November 1886.

W. E. Stokes
Ag: Chief Secretary.

To
The Public Works Department.

1/ x: S.D.

P.W.C. No 131

R^d 11.1.87

No: 4

[illegible].

~~In reply to your letter No 4~~

Note.

The Sum of 12 Lakhs which it has been proposed by the Finance Committee should be allotted yearly for 'Works for which neither Capital nor Revenue accounts are kept' was not arrived at, as the G of I suppose, by taking the average expenditure on this class of works including charges for Estab^t, for past years. And it is evident that any proposal based on the grants of past years would not be accepted in a Scheme for Provincialization of these works, because the grants have always been insufficient for the efficient maintenance of the works, and which have from long neglect so deteriorated that the 'Tank Restoration Scheme' has had been set on foot to remedy the evil.

This 12 lakhs is an approximate

to a maintenance allowance of 8 annas an acre for land irrigated by this class of works - the actual amount at this rate being over 12½ lakhs - The rate was fixed from a consideration of the actual cost of maintenance ~~and~~ per acre on the larger systems of irrigation in the Presidency. and it may not be out of place here to state that in the preparation of some late Projects 12 annas an acre has been allowed for maintenance, and that in one of the large systems the charges last year were in excess of 1 Rs per acre and these charges did not include Establishment.

It was on this point we did not agree with the Committee. they insisted ~~that~~ that the 12 lakhs (or 8 annas an acre) should include Estab. charges, and we demurred to this, ~~and~~ In a note the undersigned submitted to Sir Auckland Colvin the following remarks were made, 'In discussion with the Committee I pointed out that this allowance of 8 annas an acre, which was based on actual results in maintenance of the large systems of irrigation, did not make any provision for Establishment charges, and I could not recommend the Govt. to accept their proposals unless the usual Estab. charges were added, or, I eventually said, ~~under~~ unless 3 lakhs were added making the total assignment under all heads 23 Lakhs -'

It must manifestly be unwise for the Govt. to provincialize these works with an inadequate grant for maintenance, as a disastrous season might cripple them altogether & for want of funds to repair special damage the revenue might be seriously impaired - but there is, as shewn in the letter to the G of I to which they reply, a further reason for requiring that Estab. should be specially provided for. The Scheme for Provincialization was to include borrowing the money required for Tank Restoration, the expenditure on which, for works alone, was expected to produce an increase of revenue of 6 p.c. - The Committee treated this part of the ~~question~~ subject as if it was understood the expected increase was 6 p.c on expenditure on works, Establishment, and Tools & Plant - whereas the addition of the latter ~~[illegible]~~ charges would really reduce the percentage of the increase of revenue so that there would be little margin ~~at~~ over the 4 p.c. to be paid for interest even if the full anticipations were realized.

Thus, as pointed out in para 13 of Ch: Engr's letter No. 1198 dated 19th Novr. 186. the charges for Establt both under Restoration and Maintenance were ignored.

From what has transpired since the Committee left Madras it appears that some misapprehension still exists as to the work to be done in Tank Restoration (which includes the Tank maintenance Scheme), and as it is probable that this misapprehension is shared by the G of I, it is suggested that the accompanying note, which was drawn up by Col Pennycuick Actg Chief Engr for Irrigation, to make the subject clear, should be forwarded to the G of I.

It will be seen that Col Pennycuick agrees with the undersigned in considering that the Provincialization Scheme

proposed by the Finance Committee should not secure the approval of Govt. without the addition of 3 Lakhs to the ~~proposed~~ expected yearly grant of 20 Lakhs.

P.E. No 138 W. d/ 17 Jany/87

Letter from G of I (P.E. No 40 d/ Jan: 5. 1887)
Endorsement Finl dept (.. 34 - .. 10. ..)
Note by the Secy to Govt P.W.D. } .. .. .. 17 ..

Circulated to the Financial Dept with reference to Endorsement in that Dept. No 34 - 10th Jany 87.

Jou
16/1/87.

To The Finl Dept
with orig papers
retd

Despd
17/1/87