

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—the following paper.—

From J. WESTLAND, Esq., Officiating Secretary to the Government of India, Department of Finance and Commerce (Accounts and Finance—Provincial Finance), to the Chief Secretary to the Government of Madras, dated Simla, 5th August 1887, No. 4148.

I am desired to reply to the second part of your letter, No. 512 (Financial), dated the 22nd April 1887, regarding Irrigation grants to the Government of Madras.

2. The result of the demi-official correspondence which has taken place on this subject is that the Government of Madras proposes, in lieu of the present grant of 23 lakhs, which by a misunderstanding was intended to cover the whole of the Irrigation Works of the Province—

I.—As part of the Provincial assignment:—

(a) For Ordinary Irrigation Works, the 20 lakhs which the Finance Committee proposed to give, and as much more up to a total of 23 lakhs as it may find necessary;

(b) For Tank Restoration, the balance of 23 lakhs.

II.—As a special assignment, subject to conditions of interest:—

For tank restoration, any further amount up to a total of 5 lakhs. The Government of Madras would pay interest at 4 per cent. upon the sum granted under this special assignment, the amount spent in 1887-88 being charged with 4 per cent. interest in 1889-90, and so in subsequent years; the interest to be paid by a reduction of the assignment.

3. The Government of Madras will keep in its Revenue Department such accounts as will enable it to determine the amount of increase of land revenue due to the tank restoration works, and proposes to divide this amount proportionately to the total expenditure under I (b) and under II, and to take for credit to Provincial revenues one-quarter of the proportion attributable to I (b), and the whole of the proportion attributable to II.

4. This proposal is accepted by the Government of India with two modifications:—

First, the Government of India cannot undertake to assign to ordinary Irrigation in Madras so much as is involved in a permission to spend up to 23 lakhs. It prefers having a definitely fixed amount, and for this purpose fixes $21\frac{1}{2}$ lakhs, which includes the expenditure on the capital account for which the Finance Committee proposed to assign Rs. 68,500 for three years. The Government of Madras is, of course, at liberty to spend as much more as it pleases, if it can find funds from its Provincial resources.

Accordingly the remaining $1\frac{1}{2}$ lakhs (that is, 23 less $21\frac{1}{2}$) out of the ordinary assignment as at present fixed must be regarded as assigned for the purpose of tank restoration; and the Government of India will make a further special assignment (on

terms of interest as above explained), not exceeding 5 lakhs, on condition that a programme of work be each year submitted for its approval.

5. The Government of India abandons its claim to three-quarters of the increase of land revenue attributable to the $1\frac{1}{2}$ lakhs included in the ordinary assignment, and, on the assumption that satisfactory accounts can be kept showing the increase of land revenue attributable to each of the works charged to tank restoration, is willing to concede to the Government of Madras the whole of the benefit. This will avoid the complicated division proposed in paragraph 3 above.

6. The result of these orders is that the Government of Madras, in addition to the present assignment, will receive a further special assignment equal to the total expenditure on tank restoration, less $1\frac{1}{2}$ lakhs charged to ordinary assignment; the special assignment not to exceed 5 lakhs in any year, and to bear interest as already explained.

Copy forwarded to the Public Works Department for information.

ORDER—dated 20th August 1887, No. 922, Financial.

Communicated to the Public Works and Revenue Departments.

2. Steps will be taken in the former to prepare a programme of operations under Tank Restoration in 1888-89 for an outlay of $6\frac{1}{2}$ lakhs at least, and to arrange for carrying out this expenditure. It will be impressed on the Chief Engineer for Irrigation that, as Provincial funds have to look to the return in the shape of increased land revenue to enable them to meet the interest on borrowed money, it is essential that the proportion of outlay on works and repairs shall be the highest possible, and that expenditure on investigation shall be limited to what is required to keep it barely in advance of the execution of work estimated for. The programme of work for 1888-89 should be ready at the time of the submission of the budget.

3. The arrangements for keeping account of the return will be of a simple character. They are sketched as follows in paragraph 274 of the Finance Committee's Note. "For each tank it will be possible to lay down, as the present standard of revenue, the average revenue demand for the last five years dependent on it, and similarly it will be possible in each future year to say what the revenue demand on the same land" (*i.e.*, on land dependent on the same tank) "is. The excess of any future revenue, as compared with the present standard, we call the increase."

4. Accordingly, in the month of October in each year beginning from 1888, the Public Works Department will furnish to each Collector a list of the Tank Restoration works in his district completed up to date in 1888-89 or since the last return. The Collector will then proceed to ascertain the standard revenue under each of such works by taking the average of the settled demand (after deducting remissions) for five faslis ending with that just expired, and will submit the list, through the Board of Revenue, for the information of Government. Afterwards, in May or June of each year as soon as the jamabandi is finished, the Collector will submit a statement showing the settled demand for the fasli for all works returned by the Public Works Department up to date. Arrangements will then be made with the Accountant-General for giving Provincial funds credit for the full increase in adjusting the shares of land revenue for the past year. The Revenue Department will observe that the Collectors' reports shall reach the Financial Department before the year's accounts are finally closed.

5. The reason for the above arrangement is that the cultivation and revenue under a work in any year may be affected by repair of the work prior to the end of September; and any increase accruing in consequence should benefit Provincial funds. For example, in the case of works returned in October 1888, the standard revenue will be calculated on the five years ending with Fasli 1297; the revenue of Fasli 1298 will be compared with such standard; and the increase, if any, will be credited to Provincial funds in the accounts of 1888-89.

6. Ordered that the following letter be addressed to the Government of India, Department of Finance and Commerce.

(Here enter, No. 923, dated 20th August 1887.)

(True Extract.)

H. E. STOKES,
Ag. Chief Secretary.

To the Public Works Department.
,, Revenue Department.

Exd. T. O'Connor.

Govt. of (1887) Madras.
FINANCIAL.

Vide (No. 4123-

Dir. S. C. recd from
7.8.1887

Issued

Recd.

Encl.

G.O., 20th August 1887, No. 922.

AUGUST.

Provincial Contract.

Passing orders on the arrangements proposed by the Government of India for the settlement of the grant for Irrigation and Navigation, Provincial, and addressing the Government of India on the subject.

20TH AUGUST 1887, No. 922, FINANCIAL.

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Govt. of 1887 Madras.
FINANCIAL.

2360M
2-9-87

Issued

Recd.

Encl.

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„ Revenue Department.

Exd. T. O'Connor.

19/9/03
No 2360W of 2nd Sept 1887

Communicated to the
Chief Engineer for Irrigation
for information and guidance
in continuation of G.O. No
1384W of 21 May 1887, &
with reference to his Memo
No 33EW of 9 June 1887

(sd) J.O.H

W

Govt. of 1887 Madras.
FINANCIAL.

Issued

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Encl.

G.O., 20th August 1887, No. 922.

AUGUST.

Chief Engr for Irrigation
Ec. & M. Accounts
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Passing orders on the arrangements proposed
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