Public Works (189) Department.

G.O., No. 12775

DATED 17. mar 97

[Despatch Abstract.]

Loans to Agriculturists, P.W.D.; Financial Dept. recording Revenue P.W.D.; Stating that the Special rules adopted in Bengal for the grant of — are not Enacted to this Presidency, Recorded

[P.W. 25. 5,000—30-11-05.]

DC 17.5.97

Indexed. 19/5

BACK PAPERS.

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

FURTHER PAPERS.

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

Public Works (1897) Department.

CURRENT No. 4468.

From The Financial Dept.

Order No. 1279 W of 17-5-97

Recorded.

No. 364

Dated 1 — 5 — 97

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Enclosures 1

Spare copies +

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SUBJECT.

Recording Proc: Rev Deptt stating that the special rule adopted in Bengal for the grant of loans to agriculturists are restricted to this Prov.

Ch. S. for 7/5 for information

Subscribers

D. 18/5/97

O. L. S. 78

A 12/5

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

Government {1897} of Madras.

REVENUE.

Recd. } 1897. *Enclosures*

Regd. *Spare copies*

G.O., No. 219, 30th March 1897.

MARCH.

Loans.

Stating that the special rules adopted in Bengal for the grant of — to agriculturists are not suited to this Presidency, and instructing the Board of Revenue to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 8th February 1897, Cir. No. 11-F—27-1 :—

I am directed to forward, for the information of the Governor in Council, extracts from the correspondence noted in the margin, with regard to the grant of advances for agricultural loans in Bengal, in connection with the prevailing scarcity. The Government of India desire to draw attention to the following principles which they think should be observed at the present time in dealing with proposals for such loans, viz. :—

1. From the Government of Bengal, No. 5183, Agriculture, dated 12th December 1896 (paragraphs 5 and 6).
2. To the Government of Bengal, No. 8-F., dated 22nd December 1892 (paragraphs 3 to 7).

(1) that no money is at present available for the purposes of ordinary land improvement as distinct from the relief of distress;

(2) that advances, such as are under consideration, should therefore be made only in tracts in which relief is required, and spent in wages to those for whom it would otherwise be necessary to provide relief in some other form;

(3) that all such advances, even though partly recoverable and made under the one or other of the Loans Acts, should, in the first instance, be brought to account as "Famine relief" expenditure;

(4) that only such portion of them should be recovered as roughly represents the value of the work done, the excess cost, due to the need for the relief of distress, being borne by the State.

2. These instructions are not intended to prohibit or to apply to advances for the construction of temporary wells, for the purchase of seed, or for other similar measures in tracts where they may be required in order to avert distress and to save the cultivators from the necessity of applying for Government relief.

Enclosures.

Extract from a letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India, Department of Revenue and Agriculture, dated 12th December 1896, No. 5183, Agriculture.

* * * * *

5. The Conference which met at Muzaffarpur suggested that advances should be given by Government free of interest in the distressed areas to zamindars and others for excavation of tanks and wells and for the execution of other petty works in their own villages. The Lieutenant-Governor accepts this suggestion (paragraph 19 of the Resolution) on the understanding

that care must be taken that the works for which the advances are given are really executed, and that the money advanced is not spent on purposes other than those for which it is advanced, and that the works are really required for, and suitable as relief works, especially such as those by which the supply of water for drinking and irrigation purposes will be increased. I am to explain that the works for which these advances are proposed to be given will ordinarily be tanks, village reservoirs for storage of water and irrigation channels (pynes), and that they must be approved by the officers of Government before they are undertaken. The labourers to be employed upon them will receive not more than the maximum and not less than the minimum wage, calculated according to the principles laid down in the Famine Code.

6. The Lieutenant-Governor is unable to authorise the grant of these advances free of interest without the sanction of the Government of India. These advances will ordinarily be made under the Agriculturists' Loans Act (XII of 1884). Rules under that Act have been framed by the Government of Bengal, with the previous sanction of the Governor-General in Council, a copy of which is enclosed for ready reference. These rules already give power to the Local Government to sanction loans at reduced rates of interest, or without interest; but the Lieutenant-Governor now requests the sanction of the Government of India to a general relaxation of the rule regarding interest In the famine of 1873–74, Rule 35 of the rules then in force under the Land Improvement Act of that time (XXVI of 1871) was relaxed under the authority given by paragraph 17 of the Resolution recorded by His Excellency the Governor-General in Council on the 7th November 1873, by a notification, dated the 20th November 1873, of which a copy is annexed, in so far that no interest was charged on advances of less than Rs. 500 till after the expiration of one year. The Lieutenant-Governor apprehends that the remission of interest for one year only would not be sufficient inducement to the parties to take such loans, and therefore proposes to go further and altogether to forego interest on these loans; but does not desire to relax generally the other conditions which now govern the grant of advances such as the condition of repayment by instalments in five years. The Lieutenant-Governor would, however, in order to avoid unnecessary delays, give to the Board of Revenue discretion to relax these conditions in particular cases in which it may be found desirable to do so.

Rules 13 of the Rules under the Agriculturists' Loans Act.

* * * * *

Extract from a letter from DENZIL IBBETSON, Esq. C.S.I., I.C.S., Secretary to the Government of India, to the Secretary to the Government of Bengal, dated Calcutta, the 22nd December 1896, No. 8 F.—45-14.

* * * * *

3. With regard to the advances for excavation of village tanks and other similar objects which it is proposed in paragraphs 5 and 6 of your letter to make under the Agriculturists' Loans Act (XII of 1884) free of interest to zemindars and others in the distressed area, on the condition that the labourers employed upon them will receive neither more than the maximum nor less than the minimum wage prescribed by the Famine Code, I am, in the first instance, to point out that they cannot apparently be legally made under the Act in question, since that Act excludes (section 4) all the purposes specified in the Land Improvement Loans Act (XIX of 1883), under section 4 (2) (*a*), of which the proposed works would appear to fall.

4. I am further to explain that at the present juncture money cannot be spared for advances for land improvement in the ordinary way, unless it is applied to the purpose of famine relief and expended on the principles you state, on wages to people who would otherwise drift to relief-works.

It is understood that this is the intention of His Honour the Lieutenant-Governor, and that he will take such measures as he deems sufficient, to satisfy himself that this condition is fulfilled. The whole of the money should, in the first instance, be brought to account as famine-relief expenditure, and in no other way; though with reference to the question of recovery, which will be discussed presently, the recoverable portion of it, when ascertained, may afterwards be adjusted upon the accounts as "Advances recoverable." Any such adjustment in the way of bringing the recoverable portion under a head other than of famine relief is, however, a matter of account which can be settled later on. The object of Government in making the advances is, in the first place, famine relief, and not land improvement, and outlay should therefore be dealt with for the present as famine-relief expenditure.

5. The question of recovery is a difficult one. As just remarked, the money in question is to be spent primarily for the purpose of famine relief; and the liability of the public purse

for the provision of such relief has repeatedly been affirmed by Government. The Governor-General in Council doubts whether we either could or should propose to a landowner that he should bear the whole cost of such relief on the ground that the work to be done will result in improvement or a vantage to his estate; and the more so, because it is notorious that work done (as it is essential that this work should be done) under relief conditions is more costly than it would be if done at ordinary market rates. His Excellency in Council thinks that this excess cost at least must be borne by the State, and that the liability of the zamindar to recoup Government, whether wholly or according to a stipulated proportion, must be measured, not by the cost of the relief given, but by the real value of the work done.

6. In most cases it will probably be easy to settle roughly at the time of the advance the portion of the loan which the landowner may fairly be called on to repay, three-quarters, two-thirds, or one-half, according to the nature of the local conditions. The procedure necessary to secure the recovery of this portion by summary process it will be for His Honour the Lieutenant-Governor to consider. There is, first of all, the plan of giving the entire advance under the Improvement Loans Act with a proviso that, if the work is carried out on the conditions imposed, a remission will be made of one-fourth, one-third, or one-half, as the case may be. There is the alternative of giving under the Act only so much as it is decided to recover, but this method leaves little security that the work will be executed at all. And there is a third plan of giving the loan under an agreement somewhat after the pattern attached, which is enclosed for information in case Sir Alexander Mackenzie should wish to make use of a similar document in these cases. Any question as to the legal validity of any such agreements could be very readily solved by an Act on lines similar to those of Bengal Act IV of 1875. It is entirely for His Honour to decide what precedure he will adopt. But whatever procedure may be decided upon in this respect will of course be only as between the Government and the borrower, and will not affect the manner (already explained in paragraph 4) in which Government deals with the expenditure in its own accounts and with reference to its famine-relief policy.

7. Subject to the above remarks, all the proposals of your letter regarding these advances are approved. It is understood that you will make a separate communication on the subject of the amount of grant to be made for the purposes indicated.

* * * * *

AN AGREEMENT made the day of 1896 between the Secretary of State for India in Council (hereinafter referred to as the Secretary of State) of the one part and [A.B., son of of (residence)]

[C.D., son of of and so on.]

of the other part.

Whereas the Secretary of State considers it expedient to grant a loan to the said A. B (*C. D., &c.,*) in connection with the pending famine operations for the purposes and on the conditions hereinafter appearing:

Now this agreement witnesseth as follows:—

1. The Secretary of State hereby grants a loan of Rs. to the said A. B. for the purpose of (*here describe the work to be carried out*).

2. The said A. B. shall use and apply the loan solely for the purpose specified in the last preceding clause.

3. The said A. B. shall carry out all directions which the Collector of the district, or any other person duly authorized in this behalf, may give to him with respect to—

(*a*) the manner in which the work shall be executed;
(*b*) the classes of labourers to be employed on the same;
(*c*) the wages to be paid to the labourers; and
(*d*) the periodical returns to be furnished.

4. In the event of a breach by the said A. B. of any of the conditions contained in the second and third clauses, the loan shall be deemed to have been misapplied, and all sums which may have been paid to the said A. B. on account of the loan shall thereupon become due and recoverable at once without interest.

5. If the said A. B., duly observing and carrying out all the conditions hereinbefore contained, completes the work to the satisfaction of the Collector, the Secretary of State will remit * of the total amount of the loan and hold the said A. B. free and discharged from all liability in respect of the repayment of the same.

* The proportion (*one-quarter, one-half,* as the case may be), should be entered here.

6. When a portion of the loan is remitted under the provisions of the fifth clause, the balance, *viz.*, Rs. , being of the total amount of the loan, shall be repaid by the said A. B. to the Secretary of State without interest at the place and by the instalments specified below:—

—	Place.	Date.	Amount.
1			
2			
&c.			

Provided that the Collector may postpone the dates on which such instalments shall become due at his discretion.

7. All sums due by the said A. B. under this agreement shall be recoverable from him as if they were arrears of land revenue due by the said A. B.

8. * The said A. B., C. D., &c., hold themselves jointly and severally responsible for the repayment of the loan according to the conditions hereinbefore contained.

* Note.—This clause should be struck out when the loan is made to a single person.

In witness whereof the parties hereto have hereunto set their hands the day and year above written.

Signed by Collector on behalf of Secretary of State.

Signed by A. B.

[„ C. D., &c.]

Witnesses.

Note.—This agreement, not being of the nature of a mortgage, will not require to be registered. The Government of India has been asked to exempt it from stamp duty.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 12th February 1897, Cir. No. 14-F—59-2:—

In continuation of Circular letter No. 11-F—27-1, dated 8th February 1897, I am directed to forward, for the information of the Governor in Council, a copy of certain modified rules, under the Land Improvement Loans Act XIX of 1883, issued by the Government of Bengal, with a view to encouraging proprietors and occupiers of land in distressed tracts to take advances for the purpose of executing works in their own villages and thus giving employment to labour.

Enclosures.

REVENUE DEPARTMENT (AGRICULTURE—FAMINE).

NOTIFICATION No. 69.

(*To be substituted for the notification of 5th January* 1897, *published at pages* 21 *to* 23, *Part I of the* Calcutta Gazette *of the 6th idem.*)

MODIFIED RULES UNDER THE LAND IMPROVEMENT LOANS ACT, XIX OF 1883, FOR TRACTS AFFECTED BY SCARCITY OR FAMINE.

The 5th January 1897.—With a view to encouraging proprietors and occupants of land, in tracts affected by scarcity or famine, to take advances under the Land Improvement Loans Act, XIX of 1883, for the purpose of excavating tanks and executing other works in their own

villages and giving employment to labourers thereon, the Lieutenant-Governor, with the previous sanction of the Governor-General in Council, is pleased to make temporarily the following modified rules under that Act.

These rules shall have effect in such tracts as may be declared by the Collector, with the sanction of the Commissioner, to be affected by scarcity or famine.

Sums to be allotted by Government.

1. Loans under these rules will be made, from such sums as the Local Government may from time to time allot to the Board, for works to be carried out in the manner approved by the Collector or by any officer subordinate to him who may be authorised for that purpose, and the wages to be paid on such works shall not be less than the minimum, nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code.

Estimate.

2. Commissioners will submit at once an estimate of the requirements for loans under these rules for each of the districts of their divisions affected by scarcity or famine for the current and the ensuing financial year; and when orders thereon are received from Government and an allotment is made, the Board will distribute as funds are available. It will be in the power of the Commissioners to divide the sum so allotted among the districts of their divisions at their discretion, and to transfer assignments from one district to another, but expenditure in the division must be kept within the amount assigned.

In case of emergency when the allotment has been exhausted, or no allotment has been made, the Commissioner of the Division may authorise loans to be given in anticipation of an allotment which should be applied for at once.

Definition of Collector.

3. In these rules "Collector" has the meaning defined for it by section 3 of the Act.

Powers of sanction.

4. Subject to the provisions of these rules, the Collector may sanction loans not exceeding Rs. 5,000, provided the district allotment is not exceeded, without the sanction of the Commissioner of the Division. Loans exceeding Rs. 5,000 require the sanction of the Commissioner, and exceeding Rs. 10,000, the sanction of the Board. In such cases the Commissioner or the Board may call for such detailed plans and estimates, or for such professional opinion on the project as may seem necessary.

Applications.

5. Applications for loans may be presented to the Relief Circle Officer, to the Superintendent of Relief, or to any Revenue Officer, of or above the rank of a Kanungo or Sub-Deputy Collector, for transmission to the Collector.

Form of application.

6. The application shall be made in writing as nearly as possible in the annexed Form A.

Local enquiry.

7. The Collector shall either make a local enquiry himself, or cause one to be made by a Relief Circle Officer or Superintendent of Relief, for the purpose of ascertaining the particulars mentioned on the reverse of Form A.

Security.

8. (*a*) When the applicant's interest in the land on which the work is to be executed is sufficient to cover the loan, no collateral security need be required. (*b*) When the sureties are a body of village residents who bind themselves jointly and severally as provided in section 9 of the Act, their personal security shall be sufficient. (*c*) In all cases not covered by clause (*a*) or clause (*b*) of this rule, immoveable property shall be hypothecated by the applicant as collateral security.

Procedure.

9. If the proposed work is approved by the Collector and the security offered is good and sufficient, he may, on completion of the local enquiry, sanction the loan himself, if empowered to do so. Otherwise he shall forward the application with his report to his superior officer for disposal.

Certificate.

10. If the loan be sanctioned the applicant shall be required to sign a certificate in the annexed Form B, and when his interest in the land on which the work is to be executed is not sufficient to cover the loan, to execute, together with his sureties, if any, a bond in the annexed form C or Form D, as the case may be.

Payment where to be made.

11. On the certificate required under rule 10 being signed, a copy of it shall be given to the applicant, with orders for payment at the District or Sub-divisional Treasury or at the office of the Superintendent of Relief, as may be convenient to him; provided that payment of the advance shall in all cases be made in such

instalments as the Collector may determine, and that after the payment of the first instalment no subsequent instalment shall be paid until the Superintendent of Relief is satisfied that the previous instalment has been expended on the work for which it was given.

12. No interest shall be charged, except in case of misapplication of the loan as provided for in rule 17 below.

Repayment.

13. The loan shall be repaid in instalments. The first instalment shall be paid on or before the last day of February 1898. The subsequent repayments shall be made in equal half-yearly instalments till the debt is discharged in five years from the last day of February 1898.

Suspension of intalments.

14. Instalments may be suspended by order and at the discretion of the Collector on proof of failure of crops or other exceptional calamity. The Collector shall report the suspension through the Commissioner to the Board, who shall pass such orders on the case as may seem proper.

Inspection.

15. The Collector shall make provision for the inspection from time to time of works undertaken under these rules, and if after any inspection it is found that any instalment of the advance has not been spent properly, no further instalments of the advance shall be paid.

Misapplication of loan.

16. If at any time it is proved to the satisfaction of the Collector that any part of the loan has been misapplied, or that it is not being spent on the work for which it was intended, he may, after recording in writing the grounds of his decision, and subject to the control of the superior revenue authorities, proceed to recover the whole amount of the loan with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

17. If the work for which the loan is made is carried out to the satisfaction of the Collector and in accordance with the conditions imposed by these rules, one-third of the loan will be remitted.

Irrecoverable balance.

18. When any portion of a loan made under these rules is found to be irrecoverabe, a special report shall be made to the Board.

Returns and registers.

19. The Board shall regulate the forms of all returns, registers and accounts relating to loans under these rules.

Form A of application.

[See rule 6.]

Name, residence, &c., of applicant.	Amount of loan required.	Nature of security, whether personal or otherwise.	Nature of proposed work.	Situation of the land on which the work is to be executed.	Applicant's rights in the land.	Dates of repayment (to be filled up in the Collector's office).
1	2	3	4	5	6	7

Applicant's signature.

(Reverse of Form A.)

Particulars to be filled in by Inspecting Officer.

I.—Mehal, field number, area of land on which work is to be executed.
II.—Status of applicant, *i.e.*, proprietor or tenant. If a tenant, and the landlord's consent is required, 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 work—

(1) Its estimated utility and value.
(2) Objections, if any, of third parties.

V.—Dates on which the instalments of the loan should be received by the applicant.

Recommendations of Inspecting Officer.

N.B.—Where a record of rights has been made, it will be sufficient to refer to the applicant's and his co-sureties' interest as entered in the record of rights.

FORM B.

(See rule 10.)

Certificate granted under the Land Improvement Loans Act, 1883.

son of *of*

1. On production of this certificate the aforesaid is entitled to receive from the Collector of the following sums, on the dates noted against them, as a loan to be expended on (here describe clearly the nature of the work).

Date.	Amount.
"	"
&c.	&c.
"	"

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

(*a*) That it shall be repayable on the dates and by the amounts specified below :—

Date.	Amount.
"	"
"	"

(*b*) That it shall be applied solely to the carrying out of the work specified above in such manner as may be approved by the Collector, and that if it shall be proved to the satisfaction of the Collector that any part of the loan has been misapplied, or is not being spent on the work, the whole amount of the loan shall be deemed to at once become due with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

(*c*) That unless the wages paid on the work above specified are neither less than the minimum nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code, and (here enter any conditions as to the period or periods appointed for completing the work) the work has been completed by (date) the loan shall be held to have been misapplied.

(*d*) That for the repayment of the loan the immoveable property specified in the margin is, in addition to the land on which the work is to be carried out, hypothecated to Government.

This clause is to be used only when needed.

(*e*) That if any instalment is not paid on the due date, the whole amount of the loan shall be deemed to at once become due.

(*f*) That if the work is carried out to the satisfaction of the Collector, one-third of the loan will be remitted.

Signature of Collector.

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

Signature of the applicant.

FORM C.

[See rule 10.]

Security Bond to be used when Applicant proffers Personal Security.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, in virtue of which he is entitled te receive the aggregate sum of Rs. as a loan from Government, we hereby agree that if the said shall fail to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment on the date fixed for its payment, 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.

FORM D.

[See rule 10.]

Hypothecation Bond to be used when immoveable property is proffered by Collateral Surety.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, of , in virtue of which he is entitled to receive the aggregate sum of Rs. as a loan from Government; and whereas security for the due application of the loan, and for the punctual repayment of the same, according to the terms of the certificate, is demanded from him, I hereby mortgage to Government the immoveable property mentioned in the schedule below as a collateral security, and agree that if he fails to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment 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 failure to comply with the conditions of the certificate, may be due from me.

(Signed) M. FINUCANE,
Secy. to the Govt. of Bengal.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, Revenue Department, dated Calcutta, the 24th February 1897, No. 662-F.—118-3 :—

In continuation of Circular No. 14-F.—59-2, dated 12th February 1897, I am directed to forward, for the information of the Governor in Council and for guidance, a copy of a letter addressed to the Government of Bombay regarding the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity.

No. 644-F., dated 22nd February 1897.

Enclosure.

From T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Chief Secretary to the Government of Bombay, dated Calcutta, the 22nd February 1897, No. 644-F.—118-2.

I am directed to acknowledge the receipt of your letter, No. 321, Famine, dated 28th January 1897, to the Government of India in the Finance and Commerce Department, in which it is stated that His Excellency the Governor in Council is not inclined to advise any modification of the existing rules relating to the period of repayment of loans for land improvement, but that advances for seed will, as far as possible, be recovered out of the crop grown with such aid.

2. The letters marked in the margin have now placed the Government of Bombay in possession of the views of the Government of India as to the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity, and have informed it of the special rules made in accordance with that policy by the Governments of Bengal and of the North-Western Provinces and Oudh. Briefly speaking, these rules limit the period of recovery to five years in Bengal and to three years in the North-Western Provinces and Oudh; they make no charge on account of interest; and they provide for the remission of a portion of the principal in all cases in which the work costs or is estimated to cost more than its actual value were it done under ordinary conditions. The rules further lay down as a leading principle that no funds are at present available for the purposes of ordinary land improvement as distinct from the relief or prevention of distress, and that advances to agriculturists for land improvement should therefore be made only in tracts in which relief may be needed, and then only under conditions that will ensure the money advanced being spent in wages to those for whom it would otherwise be necessary to provide relief in some other form.

Circular No. 11-F., dated 8th February 1897.
Circular No. 12-F.—53-2, dated 8th February 1897.
Circular No. 14—59-2, dated 12th February 1897.

3. The sum of 23 lakhs has been placed this year at the disposal of the Government of Bombay for takavi advances in the distressed districts. A portion of this has presumably been set apart for advances for seed under the Agriculturists' Loans Act, and as to this portion no question arises. But as to the remainder the Government of India would desire to have an assurance that it is being advanced in accordance with the principles which they have laid down, and that it is being employed primarily in relief or prevention of distress. As regards the period of repayment, the Government of India are of opinion that a short period is preferable for these advances to a long one, so that the account may be cleared before the recurrence of drought and distress. The condition as to exemption from interest and remission of a portion of the principal amply compensate the grantee for any strictness in the matter of the term for repayment.

4. These remarks will indicate to the Government of Bombay that in the opinion of the Government of India the ordinary rules under the Land Improvement Loans Act in force in the Bombay Presidency should be replaced for the present emergency by special rules similar to those made under the Act by the Government of Bengal. The Government of India trust that His Excellency the Governor in Council will have no objection to this course being adopted.

5. It will be observed that all such advances should, in the first instance, be brought to account as "Famine Relief" expenditure and should not be mixed up either in the accounts of the Government or in the administrative accounts of the Revenue officers with ordinary takavi advances.

No. 645 F.—118-2.

Copy forwarded to the Finance Department for information.

(Signed) T. W. HOLDERNESS,
Deputy Secy. to the Govt. of India.

Order—No. 219, Revenue, dated 30th March 1897.

Miscellaneous.

The special rules adopted in Bengal are not suited to the circumstances of this Presidency where land is held mostly in small plots on ryotwari tenure. Loans will continue to be made under the ordinary rules in the affected districts.

2. The Board of Revenue will take steps to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam; advances for the conversion of dry lands under the Periyár into wet for which a special grant was made by the Government of India need not, however, be stopped.

3. The Board of Revenue is requested to afford special facilities for the taking of loans by ryots in the affected districts for purposes of the kind mentioned in paragraph 2 of the Government of India letter, dated 8th January 1897.

4. Ordered that the following letter be despatched to the Government of India.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Revenue Settlement, Land Records and Agriculture).
,, the Financial Department.

Exd. Md. Pahilvan.

60 Copies.

[F. 30]
500—6-3-96.

CHIEF SECRETARIAT. MADRAS.

Financial Department.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following paper :—

Proceedings of the Revenue Department, No. 219, dated 30th March 1897

Order, ~~R.~~ No. 364, dated 1st May 1897.

Recorded.

(True Extract.)

for Chief Secretary.

To the Accountant-General,
,, Public Works Department.
with a spare copy of Revenue Proc. current.

F.
10

Govt. of {189.} Madras.

FINANCIAL.

To

THE ACCOUNTANT-GENERAL.

Dated
Recd.
Encl.

G.O., R. No. , 189 .

SUBJECT.

Recording proceedings of the _____ Department regarding _____

Government {1897} of Madras.

REVENUE.

Read. *Regd.* } 1897. *Enclosures* *Spare copies*

G.O., No. 219, 30th March 1897.

MARCH.

Loans.

Stating that the special rules adopted in Bengal for the grant of — to agriculturists are not suited to this Presidency, and instructing the Board of Revenue to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 8th February 1897, Cir. No. 11-F—27-1 :—

I am directed to forward, for the information of the Governor in Council, extracts from the correspondence noted in the margin, with regard to the grant of advances for agricultural loans in Bengal, in connection with the prevailing scarcity. The Government of India desire to draw attention to the following principles which they think should be observed at the present time in dealing with proposals for such loans, viz. :—

1. From the Government of Bengal, No. 5183, Agriculture, dated 12th December 1896 (paragraphs 5 and 6).
2. To the Government of Bengal, No. 8-F., dated 22nd December 1892 (paragraphs 3 to 7).

(1) that no money is at present available for the purposes of ordinary land improvement as distinct from the relief of distress;

(2) that advances, such as are under consideration, should therefore be made only in tracts in which relief is required, and spent in wages to those for whom it would otherwise be necessary to provide relief in some other form;

(3) that all such advances, even though partly recoverable and made under the one or other of the Loans Acts, should, in the first instance, be brought to account as "Famine relief" expenditure;

(4) that only such portion of them should be recovered as roughly represents the value of the work done, the excess cost, due to the need for the relief of distress, being borne by the State.

2. These instructions are not intended to prohibit or to apply to advances for the construction of temporary wells, for the purchase of seed, or for other similar measures in tracts where they may be required in order to avert distress and to save the cultivators from the necessity of applying for Government relief.

Enclosures.

Extract from a letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India, Department of Revenue and Agriculture, dated 12th December 1896, No. 5183, Agriculture.

* * * * *

5. The Conference which met at Muzaffarpur suggested that advances should be given by Government free of interest in the distressed areas to zamindars and others for excavation of tanks and wells and for the execution of other petty works in their own villages. The Lieutenant-Governor accepts this suggestion (paragraph 19 of the Resolution) on the understanding

that care must be taken that the works for which the advances are given are really executed, and that the money advanced is not spent on purposes other than those for which it is advanced, and that the works are really required for, and suitable as relief works, especially such as those by which the supply of water for drinking and irrigation purposes will be increased. I am to explain that the works for which these advances are proposed to be given will ordinarily be tanks, village reservoirs for storage of water and irrigation channels (pynes), and that they must be approved by the officers of Government before they are undertaken. The labourers to be employed upon them will receive not more than the maximum and not less than the minimum wage, calculated according to the principles laid down in the Famine Code.

6. The Lieutenant-Governor is unable to authorise the grant of these advances free of interest without the sanction of the Government of India. These advances will ordinarily be made under the Agriculturists' Loans Act (XII of 1884). Rules under that Act have been framed by the Government of Bengal, with the previous sanction of the Governor-General in Council, a copy of which is enclosed for ready reference. These rules already give power to the Local Government to sanction loans at reduced rates of interest, or without interest; but the Lieutenant-Governor now requests the sanction of the Government of India to a general relaxation of the rule regarding interest. In the famine of 1873–74, Rule 35 of the rules then in force under the Land Improvement Act of that time (XXVI of 1871) was relaxed under the authority given by paragraph 17 of the Resolution recorded by His Excellency the Governor-General in Council on the 7th November 1873, by a notification, dated the 20th November 1873, of which a copy is annexed, in so far that no interest was charged on advances of less than Rs. 500 till after the expiration of one year. The Lieutenant-Governor apprehends that the remission of interest for one year only would not be sufficient inducement to the parties to take such loans, and therefore proposes to go further and altogether to forego interest on these loans; but does not desire to relax generally the other conditions which now govern the grant of advances such as the condition of repayment by instalments in five years. The Lieutenant-Governor would, however, in order to avoid unnecessary delays, give to the Board of Revenue discretion to relax these conditions in particular cases in which it may be found desirable to do so.

Rules 13 of the Rules under the Agriculturists' Loans Act.

* * * * *

Extract from a letter from DENZIL IBBETSON, Esq., C.S.I., I.C.S., Secretary to the Government of India, to the Secretary to the Government of Bengal, dated Calcutta, the 22nd December 1896, No. 8 F.—45-14.

* * * * *

3. With regard to the advances for excavation of village tanks and other similar objects which it is proposed in paragraphs 5 and 6 of your letter to make under the Agriculturists' Loans Act (XII of 1884) free of interest to zemindars and others in the distressed area, on the condition that the labourers employed upon them will receive neither more than the maximum nor less than the minimum wage prescribed by the Famine Code, I am, in the first instance, to point out that they cannot apparently be legally made under the Act in question, since that Act excludes (section 4) all the purposes specified in the Land Improvement Loans Act (XIX of 1883), under section 4 (2) (*a*), of which the proposed works would appear to fall.

4. I am further to explain that at the present juncture money cannot be spared for advances for land improvement in the ordinary way, unless it is applied to the purpose of famine relief and expended on the principles you state, on wages to people who would otherwise drift to relief-works.

It is understood that this is the intention of His Honour the Lieutenant-Governor, and that he will take such measures as he deems sufficient, to satisfy himself that this condition is fulfilled. The whole of the money should, in the first instance, be brought to account as famine-relief expenditure, and in no other way; though with reference to the question of recovery, which will be discussed presently, the recoverable portion of it, when ascertained, may afterwards be adjusted upon the accounts as "Advances recoverable." Any such adjustment in the way of bringing the recoverable portion under a head other than of famine relief is, however, a matter of account which can be settled later on. The object of Government in making the advances is, in the first place, famine relief, and not land improvement, and outlay should therefore be dealt with for the present as famine-relief expenditure.

5. The question of recovery is a difficult one. As just remarked, the money in question is to be spent primarily for the purpose of famine relief; and the liability of the public purse

for the provision of such relief has repeatedly been affirmed by Government. The Governor-General in Council doubts whether we either could or should propose to a landowner that he should bear the whole cost of such relief on the ground that the work to be done will result in improvement or advantage to his estate; and the more so, because it is notorious that work done (as it is essential that this work should be done) under relief conditions is more costly than it would be if done at ordinary market rates. His Excellency in Council thinks that this excess cost at least must be borne by the State, and that the liability of the zamindar to recoup Government, whether wholly or according to a stipulated proportion, must be measured, not by the cost of the relief given, but by the real value of the work done.

6. In most cases it will probably be easy to settle roughly at the time of the advance the portion of the loan which the landowner may fairly be called on to repay, three-quarters, two-thirds, or one-half, according to the nature of the local conditions. The procedure necessary to secure the recovery of this portion by summary process it will be for His Honour the Lieutenant-Governor to consider. There is, first of all, the plan of giving the entire advance under the Improvement Loans Act with a proviso that, if the work is carried out on the conditions imposed, a remission will be made of one-fourth, one-third, or one-half, as the case may be. There is the alternative of giving under the Act only so much as it is decided to recover, but this method leaves little security that the work will be executed at all. And there is a third plan of giving the loan under an agreement somewhat after the pattern attached, which is enclosed for information in case Sir Alexander Mackenzie should wish to make use of a similar document in these cases. Any question as to the legal validity of any such agreements could be very readily solved by an Act on lines similar to those of Bengal Act IV of 1875. It is entirely for His Honour to decide what procedure he will adopt. But whatever procedure may be decided upon in this respect will of course be only as between the Government and the borrower, and will not affect the manner (already explained in paragraph 4) in which Government deals with the expenditure in its own accounts and with reference to its famine-relief policy.

7. Subject to the above remarks, all the proposals of your letter regarding these advances are approved. It is understood that you will make a separate communication on the subject of the amount of grant to be made for the purposes indicated.

* * * * *

AN AGREEMENT made the day of 1896 between the Secretary of State for India in Council (hereinafter referred to as the Secretary of State) of the one part and [A.B., son of of (residence)]

[C.D., son of of and so on.]

of the other part.

Whereas the Secretary of State considers it expedient to grant a loan to the said A. B (*C. D., &c.,*) in connection with the pending famine operations for the purposes and on the conditions hereinafter appearing:

Now this agreement witnesseth as follows:—

1. The Secretary of State hereby grants a loan of Rs. to the said A. B. for the purpose of (*here describe the work to be carried out*).

2. The said A. B. shall use and apply the loan solely for the purpose specified in the last preceding clause.

3. The said A. B. shall carry out all directions which the Collector of the district, or any other person duly authorized in this behalf, may give to him with respect to—

(*a*) the manner in which the work shall be executed;
(*b*) the classes of labourers to be employed on the same;
(*c*) the wages to be paid to the labourers; and
(*d*) the periodical returns to be furnished.

4. In the event of a breach by the said A. B. of any of the conditions contained in the second and third clauses, the loan shall be deemed to have been misapplied, and all sums which may have been paid to the said A. B. on account of the loan shall thereupon become due and recoverable at once without interest.

5. If the said A. B., duly observing and carrying out all the conditions hereinbefore contained, completes the work to the satisfaction of the Collector, the Secretary of State will remit * of the total amount of the loan and hold the said A. B. free and discharged from all liability in respect of the repayment of the same.

* The proportion (*one-quarter, one-half*, as the case may be) should be entered here.

6. When a portion of the loan is remitted under the provisions of the fifth clause, the balance, *viz.*, Rs. , being of the total amount of the loan, shall be repaid by the said A. B. to the Secretary of State without interest at the place and by the instalments specified below:—

—	Place.	Date.	Amount.
1			
2			
&c.			

Provided that the Collector may postpone the dates on which such instalments shall become due at his discretion.

7. All sums due by the said A. B. under this agreement shall be recoverable from him as if they were arrears of land revenue due by the said A. B.

8. * The said A. B., C. D., &c., hold themselves jointly and severally responsible for the repayment of the loan according to the conditions hereinbefore contained.

* Note.—This clause should be struck out when the loan is made to a single person.

In witness whereof the parties hereto have hereunto set their hands the day and year above written.

Signed by Collector on behalf of Secretary of State.

Witnesses.

Signed by A. B.

[„ C. D., &c.]

Note.—This agreement, not being of the nature of a mortgage, will not require to be registered. The Government of India has been asked to exempt it from stamp duty.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 12th February 1897, Cir. No. 14-F—59-2:—

In continuation of Circular letter No. 11-F—27-1, dated 8th February 1897, I am directed to forward, for the information of the Governor in Council, a copy of certain modified rules, under the Land Improvement Loans Act XIX of 1883, issued by the Government of Bengal, with a view to encouraging proprietors and occupiers of land in distressed tracts to take advances for the purpose of executing works in their own villages and thus giving employment to labour.

Enclosures.

REVENUE DEPARTMENT (AGRICULTURE—FAMINE).

NOTIFICATION No. 69.

(*To be substituted for the notification of 5th January* 1897, *published at pages* 21 *to* 23, *Part I of the* Calcutta Gazette *of the 6th idem.*)

MODIFIED RULES UNDER THE LAND IMPROVEMENT LOANS ACT, XIX OF 1883, FOR TRACTS AFFECTED BY SCARCITY OR FAMINE.

The 5th January 1897.—With a view to encouraging proprietors and occupants of land, in tracts affected by scarcity or famine, to take advances under the Land Improvement Loans Act, XIX of 1883, for the purpose of excavating tanks and executing other works in their own

villages and giving employment to labourers thereon, the Lieutenant-Governor, with the previous sanction of the Governor-General in Council, is pleased to make temporarily the following modified rules under that Act.

These rules shall have effect in such tracts as may be declared by the Collector, with the sanction of the Commissioner, to be affected by scarcity or famine.

Sums to be allotted by Government.

1. Loans under these rules will be made, from such sums as the Local Government may from time to time allot to the Board, for works to be carried out in the manner approved by the Collector or by any officer subordinate to him who may be authorised for that purpose, and the wages to be paid on such works shall not be less than the minimum, nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code.

Estimate.

2. Commissioners will submit at once an estimate of the requirements for loans under these rules for each of the districts of their divisions affected by scarcity or famine for the current and the ensuing financial year; and when orders thereon are received from Government and an allotment is made, the Board will distribute as funds are available. It will be in the power of the Commissioners to divide the sum so allotted among the districts of their divisions at their discretion, and to transfer assignments from one district to another, but expenditure in the division must be kept within the amount assigned.

In case of emergency when the allotment has been exhausted, or no allotment has been made, the Commissioner of the Division may authorise loans to be given in anticipation of an allotment which should be applied for at once.

Definition of Collector.

3. In these rules "Collector" has the meaning defined for it by section 3 of the Act.

Powers of sanction.

4. Subject to the provisions of these rules, the Collector may sanction loans not exceeding Rs. 5,000, provided the district allotment is not exceeded, without the sanction of the Commissioner of the Division. Loans exceeding Rs. 5,000 require the sanction of the Commissioner, and exceeding Rs. 10,000, the sanction of the Board. In such cases the Commissioner or the Board may call for such detailed plans and estimates, or for such professional opinion on the project as may seem necessary.

Applications.

5. Applications for loans may be presented to the Relief Circle Officer, to the Superintendent of Relief, or to any Revenue Officer, of or above the rank of a Kanungo or Sub-Deputy Collector, for transmission to the Collector.

Form of application.

6. The application shall be made in writing as nearly as possible in the annexed Form A.

Local enquiry.

7. The Collector shall either make a local enquiry himself, or cause one to be made by a Relief Circle Officer or Superintendent of Relief, for the purpose of ascertaining the particulars mentioned on the reverse of Form A.

Security.

8. (*a*) When the applicant's interest in the land on which the work is to be executed is sufficient to cover the loan, no collateral security need be required. (*b*) When the sureties are a body of village residents who bind themselves jointly and severally as provided in section 9 of the Act, their personal security shall be sufficient. (*c*) In all cases not covered by clause (*a*) or clause (*b*) of this rule, immoveable property shall be hypothecated by the applicant as collateral security.

Procedure.

9. If the proposed work is approved by the Collector and the security offered is good and sufficient, he may, on completion of the local enquiry, sanction the loan himself, if empowered to do so. Otherwise he shall forward the application with his report to his superior officer for disposal.

Certificate.

10. If the loan be sanctioned the applicant shall be required to sign a certificate in the annexed Form B, and when his interest in the land on which the work is to be executed is not sufficient to cover the loan, to execute, together with his sureties, if any, a bond in the annexed form C or Form D, as the case may be.

Payment where to be made.

11. On the certificate required under rule 10 being signed, a copy of it shall be given to the applicant, with orders for payment at the District or Sub-divisional Treasury or at the office of the Superintendent of Relief, as may be convenient to him; provided that payment of the advance shall in all cases be made in such

instalments as the Collector may determine, and that after the payment of the first instalment no subsequent instalment shall be paid until the Superintendent of Relief is satisfied that the previous instalment has been expended on the work for which it was given.

12. No interest shall be charged, except in case of misapplication of the loan as provided for in rule 17 below.

Repayment.

13. The loan shall be repaid in instalments. The first instalment shall be paid on or before the last day of February 1898. The subsequent repayments shall be made in equal half-yearly instalments till the debt is discharged in five years from the last day of February 1898.

Suspension of intalments.

14. Instalments may be suspended by order and at the discretion of the Collector on proof of failure of crops or other exceptional calamity. The Collector shall report the suspension through the Commissioner to the Board, who shall pass such orders on the case as may seem proper.

Inspection.

15. The Collector shall make provision for the inspection from time to time of works undertaken under these rules, and if after any inspection it is found that any instalment of the advance has not been spent properly, no further instalments of the advance shall be paid.

Misapplication of loan.

16. If at any time it is proved to the satisfaction of the Collector that any part of the loan has been misapplied, or that it is not being spent on the work for which it was intended, he may, after recording in writing the grounds of his decision, and subject to the control of the superior revenue authorities, proceed to recover the whole amount of the loan with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

17. If the work for which the loan is made is carried out to the satisfaction of the Collector and in accordance with the conditions imposed by these rules, one-third of the loan will be remitted.

Irrecoverable balance.

18. When any portion of a loan made under these rules is found to be irrecoverabe, a special report shall be made to the Board.

Returns and registers.

19. The Board shall regulate the forms of all returns, registers and accounts relating to loans under these rules.

Form A of application.

[See rule 6.]

Name, residence, &c., of applicant.	Amount of loan required.	Nature of security, whether personal or otherwise.	Nature of proposed work.	Situation of the land on which the work is to be executed.	Applicant's rights in the land.	Dates of repayment (to be filled up in the Collector's office).
1	2	3	4	5	6	7

Applicant's signature.

(Reverse of Form A.)

Particulars to be filled in by Inspecting Officer.

I.—Mehal, field number, area of land on which work is to be executed.

II.—Status of applicant, *i.e.*, proprietor or tenant. If a tenant, and the landlord's consent is required, 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 work—

(1) Its estimated utility and value.
(2) Objections, if any, of third parties.

V.—Dates on which the instalments of the loan should be received by the applicant.

Recommendations of Inspecting Officer.

N.B.—Where a record of rights has been made, it will be sufficient to refer to the applicant's and his co-sureties' interest as entered in the record of rights.

FORM B.

(See rule 10.)

Certificate granted under the Land Improvement Loans Act, 1883.

son of *of*

1. On production of this certificate the aforesaid is entitled to receive from the Collector of the following sums, on the dates noted against them, as a loan to be expended on (here describe clearly the nature of the work).

Date.	Amount.
,,	,,
&c.	&c.
,,	,,

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

(*a*) That it shall be repayable on the dates and by the amounts specified below :—

Date.	Amount.
,,	,,
,,	,,

(*b*) That it shall be applied solely to the carrying out of the work specified above in such manner as may be approved by the Collector, and that if it shall be proved to the satisfaction of the Collector that any part of the loan has been misapplied, or is not being spent on the work, the whole amount of the loan shall be deemed to at once become due with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

(*c*) That unless the wages paid on the work above specified are neither less than the minimum nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code, and (here enter any conditions as to the period or periods appointed for completing the work) the work has been completed by (date) the loan shall be held to have been misapplied.

(*d*) That for the repayment of the loan the immoveable property specified in the margin is, in addition to the land on which the work is to be carried out, hypothecated to Government.

This clause is to be used only when needed.

(*e*) That if any instalment is not paid on the due date, the whole amount of the loan shall be deemed to at once become due.

(*f*) That if the work is carried out to the satisfaction of the Collector, one-third of the loan will be remitted.

Signature of Collector.

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

Signature of the applicant.

FORM C.

[See rule 10.]

Security Bond to be used when Applicant proffers Personal Security.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, in virtue of which he is entitled te receive the aggregate sum of Rs. as a loan from Government, we hereby agree that if the said shall fail to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment on the due date fixed for its payment, 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.

FORM D.

[See rule 10.]

Hypothecation Bond to be used when immoveable property is proffered by Collateral Surety.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, of , in virtue of which he is entitled to receive the aggregate sum of Rs. as a loan from Government; and whereas security for the due application of the loan, and for the punctual repayment of the same, according to the terms of the certificate, is demanded from him, I hereby mortgage to Government the immoveable property mentioned in the schedule below as a collateral security, and agree that if he fails to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment 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 failure to comply with the conditions of the certificate, may be due from me.

(Signed) M. FINUCANE,
Secy. to the Govt. of Bengal.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, Revenue Department, dated Calcutta, the 24th February 1897, No. 662-F.—118-3 :—

In continuation of Circular No. 14-F.—59-2, dated 12th February 1897, I am directed to forward, for the information of the Governor in Council and for guidance, a copy of a letter addressed to the Government of Bombay regarding the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity.

No. 644-F., dated 22nd February 1897.

Enclosure.

From T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Chief Secretary to the Government of Bombay, dated Calcutta, the 22nd February 1897, No. 644-F.—118-2.

I am directed to acknowledge the receipt of your letter, No. 321, Famine, dated 28th January 1897, to the Government of India in the Finance and Commerce Department, in which it is stated that His Excellency the Governor in Council is not inclined to advise any modification of the existing rules relating to the period of repayment of loans for land improvement, but that advances for seed will, as far as possible, be recovered out of the crop grown with such aid.

2. The letters marked in the margin have now placed the Government of Bombay in possession of the views of the Government of India as to the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity, and have informed it of the special rules made in accordance with that policy by the Governments of Bengal and of the North-Western Provinces and Oudh. Briefly speaking, these rules limit the period of recovery to five years in Bengal and to three years in the North-Western Provinces and Oudh; they make no charge on account of interest; and they provide for the remission of a portion of the principal in all cases in which the work costs or is estimated to cost more than its actual value were it done under ordinary conditions. The rules further lay down as a leading principle that no funds are at present available for the purposes of ordinary land improvement as distinct from the relief or prevention of distress, and that advances to agriculturists for land improvement should therefore be made only in tracts in which relief may be needed, and then only under conditions that will ensure the money advanced being spent in wages to those for whom it would otherwise be necessary to provide relief in some other form.

Circular No. 11-F., dated 8th February 1897.
Circular No. 12-F.—53-2, dated 8th February 1897.
Circular No. 14—59-2, dated 12th February 1897.

3. The sum of 23 lakhs has been placed this year at the disposal of the Government of Bombay for takavi advances in the distressed districts. A portion of this has presumably been set apart for advances for seed under the Agriculturists' Loans Act, and as to this portion no question arises. But as to the remainder the Government of India would desire to have an assurance that it is being advanced in accordance with the principles which they have laid down, and that it is being employed primarily in relief or prevention of distress. As regards the period of repayment, the Government of India are of opinion that a short period is preferable for these advances to a long one, so that the account may be cleared before the recurrence of drought and distress. The condition as to exemption from interest and remission of a portion of the principal amply compensate the grantee for any strictness in the matter of the term for repayment.

4. These remarks will indicate to the Government of Bombay that in the opinion of the Government of India the ordinary rules under the Land Improvement Loans Act in force in the Bombay Presidency should be replaced for the present emergency by special rules similar to those made under the Act by the Government of Bengal. The Government of India trust that His Excellency the Governor in Council will have no objection to this course being adopted.

5. It will be observed that all such advances should, in the first instance, be brought to account as "Famine Relief" expenditure and should not be mixed up either in the accounts of the Government or in the administrative accounts of the Revenue officers with ordinary takavi advances.

No. 645 F.—118-2.

Copy forwarded to the Finance Department for information.

(Signed) T. W. HOLDERNESS,
Deputy Secy. to the Govt. of India.

Order—No. 219, Revenue, dated 30th March 1897.

Miscellaneous.

The special rules adopted in Bengal are not suited to the circumstances of this Presidency where land is held mostly in small plots on ryotwari tenure. Loans will continue to be made under the ordinary rules in the affected districts.

2. The Board of Revenue will take steps to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam; advances for the conversion of dry lands under the Periyár into wet for which a special grant was made by the Government of India need not, however, be stopped.

3. The Board of Revenue is requested to afford special facilities for the taking of loans by ryots in the affected districts for purposes of the kind mentioned in paragraph 2 of the Government of India letter, dated 8th January 1897.

4. Ordered that the following letter be despatched to the Government of India.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Revenue Settlement, Land Records and Agriculture).
,, the Financial Department.

Exd. Md. Pahilvan.

30 Copies.

Government {1897} of Madras.

REVENUE.

Recd. / *Read.* } 1897. *Enclosures* / *Spare copies*

G.O., No. 219, 30th March 1897.

MARCH.

Loans.

Stating that the special rules adopted in Bengal for the grant of — to agriculturists are not suited to this Presidency, and instructing the Board of Revenue to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 8th February 1897, Cir. No. 11-F—27-1 :—

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1. From the Government of Bengal, No. 5183, Agriculture, dated 12th December 1896 (paragraphs 5 and 6).
2. To the Government of Bengal, No. 8-F., dated 22nd December 1892 (paragraphs 3 to 7).

(1) that no money is at present available for the purposes of ordinary land improvement as distinct from the relief of distress;

(2) that advances, such as are under consideration, should therefore be made only in tracts in which relief is required, and spent in wages to those for whom it would otherwise be necessary to provide relief in some other form;

(3) that all such advances, even though partly recoverable and made under the one or other of the Loans Acts, should, in the first instance, be brought to account as "Famine relief" expenditure;

(4) that only such portion of them should be recovered as roughly represents the value of the work done, the excess cost, due to the need for the relief of distress, being borne by the State.

2. These instructions are not intended to prohibit or to apply to advances for the construction of temporary wells, for the purchase of seed, or for other similar measures in tracts where they may be required in order to avert distress and to save the cultivators from the necessity of applying for Government relief.

Enclosures.

Extract from a letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India, Department of Revenue and Agriculture, dated 12th December 1896, No. 5183, Agriculture.

* * * * *

5. The Conference which met at Muzaffarpur suggested that advances should be given by Government free of interest in the distressed areas to zamindars and others for excavation of tanks and wells and for the execution of other petty works in their own villages. The Lieutenant-Governor accepts this suggestion (paragraph 19 of the Resolution) on the understanding

that care must be taken that the works for which the advances are given are really executed, and that the money advanced is not spent on purposes other than those for which it is advanced, and that the works are really required for, and suitable as relief works, especially such as those by which the supply of water for drinking and irrigation purposes will be increased. I am to explain that the works for which these advances are proposed to be given will ordinarily be tanks, village reservoirs for storage of water and irrigation channels (pynes), and that they must be approved by the officers of Government before they are undertaken. The labourers to be employed upon them will receive not more than the maximum and not less than the minimum wage, calculated according to the principles laid down in the Famine Code.

6. The Lieutenant-Governor is unable to authorise the grant of these advances free of interest without the sanction of the Government of India. These advances will ordinarily be made under the Agriculturists' Loans Act (XII of 1884). Rules under that Act have been framed by the Government of Bengal, with the previous sanction of the Governor-General in Council, a copy of which is enclosed for ready reference. These rules already give power to the Local Government to sanction loans at reduced rates of interest, or without interest; but the Lieutenant-Governor now requests the sanction of the Government of India to a general relaxation of the rule regarding interest. In the famine of 1873–74, Rule 35 of the rules then in force under the Land Improvement Act of that time (XXVI of 1871) was relaxed under the authority given by paragraph 17 of the Resolution recorded by His Excellency the Governor-General in Council on the 7th November 1873, by a notification, dated the 20th November 1873, of which a copy is annexed, in so far that no interest was charged on advances of less than Rs. 500 till after the expiration of one year. The Lieutenant-Governor apprehends that the remission of interest for one year only would not be sufficient inducement to the parties to take such loans, and therefore proposes to go further and altogether to forego interest on these loans; but does not desire to relax generally the other conditions which now govern the grant of advances such as the condition of repayment by instalments in five years. The Lieutenant-Governor would, however, in order to avoid unnecessary delays, give to the Board of Revenue discretion to relax these conditions in particular cases in which it may be found desirable to do so.

Rules 13 of the Rules under the Agriculturists' Loans Act.

* * * * *

Extract from a letter from DENZIL IBBETSON, Esq., C.S.I., I.C.S., Secretary to the Government of India, to the Secretary to the Government of Bengal, dated Calcutta, the 22nd December 1896, No. 8 F.—45-14.

* * * * *

3. With regard to the advances for excavation of village tanks and other similar objects which it is proposed in paragraphs 5 and 6 of your letter to make under the Agriculturists' Loans Act (XII of 1884) free of interest to zemindars and others in the distressed area, on the condition that the labourers employed upon them will receive neither more than the maximum nor less than the minimum wage prescribed by the Famine Code, I am, in the first instance, to point out that they cannot apparently be legally made under the Act in question, since that Act excludes (section 4) all the purposes specified in the Land Improvement Loans Act (XIX of 1883), under section 4 (2) (*a*), of which the proposed works would appear to fall.

4. I am further to explain that at the present juncture money cannot be spared for advances for land improvement in the ordinary way, unless it is applied to the purpose of famine relief and expended on the principles you state, on wages to people who would otherwise drift to relief-works.

It is understood that this is the intention of His Honour the Lieutenant-Governor, and that he will take such measures as he deems sufficient, to satisfy himself that this condition is fulfilled. The whole of the money should, in the first instance, be brought to account as famine-relief expenditure, and in no other way; though with reference to the question of recovery, which will be discussed presently, the recoverable portion of it, when ascertained, may afterwards be adjusted upon the accounts as "Advances recoverable." Any such adjustment in the way of bringing the recoverable portion under a head other than of famine relief is, however, a matter of account which can be settled later on. The object of Government in making the advances is, in the first place, famine relief, and not land improvement, and outlay should therefore be dealt with for the present as famine-relief expenditure.

5. The question of recovery is a difficult one. As just remarked, the money in question is to be spent primarily for the purpose of famine relief; and the liability of the public purse

for the provision of such relief has repeatedly been affirmed by Government. The Governor-General in Council doubts whether we either could or should propose to a landowner that he should bear the whole cost of such relief on the ground that the work to be done will result in improvement or advantage to his estate; and the more so, because it is notorious that work done (as it is essential that this work should be done) under relief conditions is more costly than it would be if done at ordinary market rates. His Excellency in Council thinks that this excess cost at least must be borne by the State, and that the liability of the zamindar to recoup Government, whether wholly or according to a stipulated proportion, must be measured, not by the cost of the relief given, but by the real value of the work done.

6. In most cases it will probably be easy to settle roughly at the time of the advance the portion of the loan which the landowner may fairly be called on to repay, three-quarters, two-thirds, or one-half, according to the nature of the local conditions. The procedure necessary to secure the recovery of this portion by summary process it will be for His Honour the Lieutenant-Governor to consider. There is, first of all, the plan of giving the entire advance under the Improvement Loans Act with a proviso that, if the work is carried out on the conditions imposed, a remission will be made of one-fourth, one-third, or one-half, as the case may be. There is the alternative of giving under the Act only so much as it is decided to recover, but this method leaves little security that the work will be executed at all. And there is a third plan of giving the loan under an agreement somewhat after the pattern attached, which is enclosed for information in case Sir Alexander Mackenzie should wish to make use of a similar document in these cases. Any question as to the legal validity of any such agreements could be very readily solved by an Act on lines similar to those of Bengal Act IV of 1875. It is entirely for His Honour to decide what procedure he will adopt. But whatever procedure may be decided upon in this respect will of course be only as between the Government and the borrower, and will not affect the manner (already explained in paragraph 4) in which Government deals with the expenditure in its own accounts and with reference to its famine-relief policy.

7. Subject to the above remarks, all the proposals of your letter regarding these advances are approved. It is understood that you will make a separate communication on the subject of the amount of grant to be made for the purposes indicated.

* * * * *

AN AGREEMENT made the day of 1896 between the Secretary of State for India in Council (hereinafter referred to as the Secretary of State) of the one part and [A.B., son of of (residence)]

[C.D., son of of and so on.]

of the other part.

Whereas the Secretary of State considers it expedient to grant a loan to the said A. B (*C. D., &c.,*) in connection with the pending famine operations for the purposes and on the conditions hereinafter appearing:

Now this agreement witnesseth as follows:—

1. The Secretary of State hereby grants a loan of Rs. to the said A. B. for the purpose of (*here describe the work to be carried out*).

2. The said A. B. shall use and apply the loan solely for the purpose specified in the last preceding clause.

3. The said A. B. shall carry out all directions which the Collector of the district, or any other person duly authorized in this behalf, may give to him with respect to—

(*a*) the manner in which the work shall be executed;
(*b*) the classes of labourers to be employed on the same;
(*c*) the wages to be paid to the labourers; and
(*d*) the periodical returns to be furnished.

4. In the event of a breach by the said A. B. of any of the conditions contained in the second and third clauses, the loan shall be deemed to have been misapplied, and all sums which may have been paid to the said A. B. on account of the loan shall thereupon become due and recoverable at once without interest.

5. If the said A. B., duly observing and carrying out all the conditions hereinbefore contained, completes the work to the satisfaction of the Collector, the Secretary of State will remit * of the total amount of the loan and hold the said A. B. free and discharged from all liability in respect of the repayment of the same.

* The proportion (*one-quarter, one-half,* as the case may be) should be entered here.

6. When a portion of the loan is remitted under the provisions of the fifth clause, the balance, *viz.*, Rs. , being of the total amount of the loan, shall be repaid by the said A. B. to the Secretary of State without interest at the place and by the instalments specified below:—

—	Place.	Date.	Amount.
1			
2			
&c.			

Provided that the Collector may postpone the dates on which such instalments shall become due at his discretion.

7. All sums due by the said A. B. under this agreement shall be recoverable from him as if they were arrears of land revenue due by the said A. B.

8. * The said A. B., C. D., &c., hold themselves jointly and severally responsible for the repayment of the loan according to the conditions hereinbefore contained.

* Note.—This clause should be struck out when the loan is made to a single person.

In witness whereof the parties hereto have hereunto set their hands the day and year above written.

Signed by Collector on behalf of Secretary of State.

Witnesses.

Signed by A. B.

[„ C. D., &c.]

Note.—This agreement, not being of the nature of a mortgage, will not require to be registered. The Government of India has been asked to exempt it from stamp duty.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 12th February 1897, Cir. No. 14-F—59-2:—

In continuation of Circular letter No. 11-F—27-1, dated 8th February 1897, I am directed to forward, for the information of the Governor in Council, a copy of certain modified rules, under the Land Improvement Loans Act XIX of 1883, issued by the Government of Bengal, with a view to encouraging proprietors and occupiers of land in distressed tracts to take advances for the purpose of executing works in their own villages and thus giving employment to labour.

Enclosures.

REVENUE DEPARTMENT (AGRICULTURE—FAMINE).

NOTIFICATION No. 69.

(*To be substituted for the notification of 5th January* 1897, *published at pages* 21 *to* 23, *Part I of the* Calcutta Gazette *of the 6th idem.*)

MODIFIED RULES UNDER THE LAND IMPROVEMENT LOANS ACT, XIX OF 1883, FOR TRACTS AFFECTED BY SCARCITY OR FAMINE.

The 5th January 1897.—With a view to encouraging proprietors and occupants of land, in tracts affected by scarcity or famine, to take advances under the Land Improvement Loans Act, XIX of 1883, for the purpose of excavating tanks and executing other works in their own

villages and giving employment to labourers thereon, the Lieutenant-Governor, with the previous sanction of the Governor-General in Council, is pleased to make temporarily the following modified rules under that Act.

These rules shall have effect in such tracts as may be declared by the Collector, with the sanction of the Commissioner, to be affected by scarcity or famine.

Sums to be allotted by Government.

1. Loans under these rules will be made, from such sums as the Local Government may from time to time allot to the Board, for works to be carried out in the manner approved by the Collector or by any officer subordinate to him who may be authorised for that purpose, and the wages to be paid on such works shall not be less than the minimum, nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code.

Estimate.

2. Commissioners will submit at once an estimate of the requirements for loans under these rules for each of the districts of their divisions affected by scarcity or famine for the current and the ensuing financial year; and when orders thereon are received from Government and an allotment is made, the Board will distribute as funds are available. It will be in the power of the Commissioners to divide the sum so allotted among the districts of their divisions at their discretion, and to transfer assignments from one district to another, but expenditure in the division must be kept within the amount assigned.

In case of emergency when the allotment has been exhausted, or no allotment has been made, the Commissioner of the Division may authorise loans to be given in anticipation of an allotment which should be applied for at once.

Definition of Collector.

3. In these rules "Collector" has the meaning defined for it by section 3 of the Act.

Powers of sanction.

4. Subject to the provisions of these rules, the Collector may sanction loans not exceeding Rs. 5,000, provided the district allotment is not exceeded, without the sanction of the Commissioner of the Division. Loans exceeding Rs. 5,000 require the sanction of the Commissioner, and exceeding Rs. 10,000, the sanction of the Board. In such cases the Commissioner or the Board may call for such detailed plans and estimates, or for such professional opinion on the project as may seem necessary.

Applications.

5. Applications for loans may be presented to the Relief Circle Officer, to the Superintendent of Relief, or to any Revenue Officer, of or above the rank of a Kanungo or Sub-Deputy Collector, for transmission to the Collector.

Form of application.

6. The application shall be made in writing as nearly as possible in the annexed Form A.

Local enquiry.

7. The Collector shall either make a local enquiry himself, or cause one to be made by a Relief Circle Officer or Superintendent of Relief, for the purpose of ascertaining the particulars mentioned on the reverse of Form A.

Security.

8. (*a*) When the applicant's interest in the land on which the work is to be executed is sufficient to cover the loan, no collateral security need be required. (*b*) When the sureties are a body of village residents who bind themselves jointly and severally as provided in section 9 of the Act, their personal security shall be sufficient. (*c*) In all cases not covered by clause (*a*) or clause (*b*) of this rule, immoveable property shall be hypothecated by the applicant as collateral security.

Procedure.

9. If the proposed work is approved by the Collector and the security offered is good and sufficient, he may, on completion of the local enquiry, sanction the loan himself, if empowered to do so. Otherwise he shall forward the application with his report to his superior officer for disposal.

Certificate.

10. If the loan be sanctioned the applicant shall be required to sign a certificate in the annexed Form B, and when his interest in the land on which the work is to be executed is not sufficient to cover the loan, to execute, together with his sureties, if any, a bond in the annexed form C or Form D, as the case may be.

Payment where to be made.

11. On the certificate required under rule 10 being signed, a copy of it shall be given to the applicant, with orders for payment at the District or Sub-divisional Treasury or at the office of the Superintendent of Relief, as may be convenient to him; provided that payment of the advance shall in all cases be made in such

instalments as the Collector may determine, and that after the payment of the first instalment no subsequent instalment shall be paid until the Superintendent of Relief is satisfied that the previous instalment has been expended on the work for which it was given.

12. No interest shall be charged, except in case of misapplication of the loan as provided for in rule 17 below.

Repayment.

13. The loan shall be repaid in instalments. The first instalment shall be paid on or before the last day of February 1898. The subsequent repayments shall be made in equal half-yearly instalments till the debt is discharged in five years from the last day of February 1898.

Suspension of instalments.

14. Instalments may be suspended by order and at the discretion of the Collector on proof of failure of crops or other exceptional calamity. The Collector shall report the suspension through the Commissioner to the Board, who shall pass such orders on the case as may seem proper.

Inspection.

15. The Collector shall make provision for the inspection from time to time of works undertaken under these rules, and if after any inspection it is found that any instalment of the advance has not been spent properly, no further instalments of the advance shall be paid.

Misapplication of loan.

16. If at any time it is proved to the satisfaction of the Collector that any part of the loan has been misapplied, or that it is not being spent on the work for which it was intended, he may, after recording in writing the grounds of his decision, and subject to the control of the superior revenue authorities, proceed to recover the whole amount of the loan with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

17. If the work for which the loan is made is carried out to the satisfaction of the Collector and in accordance with the conditions imposed by these rules, one-third of the loan will be remitted.

Irrecoverable balance.

18. When any portion of a loan made under these rules is found to be irrecoverabe, a special report shall be made to the Board.

Returns and registers.

19. The Board shall regulate the forms of all returns, registers and accounts relating to loans under these rules.

Form A of application.

[See rule 6.]

Name, residence, &c., of applicant.	Amount of loan required.	Nature of security, whether personal or otherwise.	Nature of proposed work.	Situation of the land on which the work is to be executed.	Applicant's rights in the land.	Dates of repayment (to be filled up in the Collector's office).
1	2	3	4	5	6	7

Applicant's signature.

(Reverse of Form A.)

Particulars to be filled in by Inspecting Officer.

I.—Mehal, field number, area of land on which work is to be executed.

II.—Status of applicant, *i.e.*, proprietor or tenant. If a tenant, and the landlord's consent is required, 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 work—

(1) Its estimated utility and value.
(2) Objections, if any, of third parties.

V.—Dates on which the instalments of the loan should be received by the applicant.

Recommendations of Inspecting Officer.

N.B.—Where a record of rights has been made, it will be sufficient to refer to the applicant's and his co-sureties' interest as entered in the record of rights.

FORM B.

(See rule 10.)

Certificate granted under the Land Improvement Loans Act, 1883.

son of *of*

1. On production of this certificate the aforesaid is entitled to receive from the Collector of the following sums, on the dates noted against them, as a loan to be expended on (here describe clearly the nature of the work).

Date.	Amount.
,,	,,
&c.	&c.
,,	,,

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

(*a*) That it shall be repayable on the dates and by the amounts specified below :—

Date.	Amount.
,,	,,
,,	,,

(*b*) That it shall be applied solely to the carrying out of the work specified above in such manner as may be approved by the Collector, and that if it shall be proved to the satisfaction of the Collector that any part of the loan has been misapplied, or is not being spent on the work, the whole amount of the loan shall be deemed to at once become due with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

(*c*) That unless the wages paid on the work above specified are neither less than the minimum nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code, and (here enter any conditions as to the period or periods appointed for completing the work) the work has been completed by (date) the loan shall be held to have been misapplied.

(*d*) That for the repayment of the loan the immoveable property specified in the margin is, in addition to the land on which the work is to be carried out, hypothecated to Government.

This clause is to be used only when needed.

(*e*) That if any instalment is not paid on the due date, the whole amount of the loan shall be deemed to at once become due.

(*f*) That if the work is carried out to the satisfaction of the Collector, one-third of the loan will be remitted.

Signature of Collector.

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

Signature of the applicant.

FORM C.

[See rule 10.]

Security Bond to be used when Applicant proffers Personal Security.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, in virtue of which he is entitled te receive the aggregate sum of Rs. as a loan from Government, we hereby agree that if the said shall fail to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment on the date fixed for its payment, 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.

FORM D.

[See rule 10.]

Hypothecation Bond to be used when immoveable property is proffered by Collateral Surety.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, of , in virtue of which he is entitled to receive the aggregate sum of Rs. as a loan from Government; and whereas security for the due application of the loan, and for the punctual repayment of the same, according to the terms of the certificate, is demanded from him, I hereby mortgage to Government the immoveable property mentioned in the schedule below as a collateral security, and agree that if he fails to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment 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 failure to comply with the conditions of the certificate, may be due from me.

(Signed) M. FINUCANE,
Secy. to the Govt. of Bengal.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, Revenue Department, dated Calcutta, the 24th February 1897, No. 662-F.—118-3 :—

In continuation of Circular No. 14-F.—59-2, dated 12th February 1897, I am directed to forward, for the information of the Governor in Council and for guidance, a copy of a letter addressed to the Government of Bombay regarding the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity.

No. 644-F., dated 22nd February 1897.

Enclosure.

From T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Chief Secretary to the Government of Bombay, dated Calcutta, the 22nd February 1897, No. 644-F.—118-2.

I am directed to acknowledge the receipt of your letter, No. 321, Famine, dated 28th January 1897, to the Government of India in the Finance and Commerce Department, in which it is stated that His Excellency the Governor in Council is not inclined to advise any modification of the existing rules relating to the period of repayment of loans for land improvement, but that advances for seed will, as far as possible, be recovered out of the crop grown with such aid.

2. The letters marked in the margin have now placed the Government of Bombay in possession of the views of the Government of India as to the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity, and have informed it of the special rules made in accordance with that policy by the Governments of Bengal and of the North-Western Provinces and Oudh. Briefly speaking, these rules limit the period of recovery to five years in Bengal and to three years in the North-Western Provinces and Oudh; they make no charge on account of interest; and they provide for the remission of a portion of the principal in all cases in which the work costs or is estimated to cost more than its actual value were it done under ordinary conditions. The rules further lay down as a leading principle that no funds are at present available for the purposes of ordinary land improvement as distinct from the relief or prevention of distress, and that advances to agriculturists for land improvement should therefore be made only in tracts in which relief may be needed, and then only under conditions that will ensure the money advanced being spent in wages to those for whom it would otherwise be necessary to provide relief in some other form.

Circular No. 11-F., dated 8th February 1897.
Circular No. 12-F.—53-2, dated 8th February 1897.
Circular No. 14—59-2, dated 12th February 1897.

3. The sum of 23 lakhs has been placed this year at the disposal of the Government of Bombay for takavi advances in the distressed districts. A portion of this has presumably been set apart for advances for seed under the Agriculturists' Loans Act, and as to this portion no question arises. But as to the remainder the Government of India would desire to have an assurance that it is being advanced in accordance with the principles which they have laid down, and that it is being employed primarily in relief or prevention of distress. As regards the period of repayment, the Government of India are of opinion that a short period is preferable for these advances to a long one, so that the account may be cleared before the recurrence of drought and distress. The condition as to exemption from interest and remission of a portion of the principal amply compensate the grantee for any strictness in the matter of the term for repayment.

4. These remarks will indicate to the Government of Bombay that in the opinion of the Government of India the ordinary rules under the Land Improvement Loans Act in force in the Bombay Presidency should be replaced for the present emergency by special rules similar to those made under the Act by the Government of Bengal. The Government of India trust that His Excellency the Governor in Council will have no objection to this course being adopted.

5. It will be observed that all such advances should, in the first instance, be brought to account as "Famine Relief" expenditure and should not be mixed up either in the accounts of the Government or in the administrative accounts of the Revenue officers with ordinary takavi advances.

No. 645 F.—118-2.

Copy forwarded to the Finance Department for information.

(Signed) T. W. HOLDERNESS,
Deputy Secy. to the Govt. of India.

Order—No. 219, Revenue, dated 30th March 1897.

Miscellaneous.

The special rules adopted in Bengal are not suited to the circumstances of this Presidency where land is held mostly in small plots on ryotwari tenure. Loans will continue to be made under the ordinary rules in the affected districts.

2. The Board of Revenue will take steps to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam; advances for the conversion of dry lands under the Periyár into wet for which a special grant was made by the Government of India need not, however, be stopped.

3. The Board of Revenue is requested to afford special facilities for the taking of loans by ryots in the affected districts for purposes of the kind mentioned in paragraph 2 of the Government of India letter, dated 8th January 1897.

4. Ordered that the following letter be despatched to the Government of India.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Revenue Settlement, Land Records and Agriculture).
„ the Financial Department.

Exd. Md. Pahilvan.

30 Copies.

Government {1897} of Madras.

REVENUE.

Recd. } 1897. *Enclosures*

Regd. } *Spare copies*

G.O., No. 219, 30th March 1897.

MARCH.

Loans.

Stating that the special rules adopted in Bengal for 'the grant of — to agriculturists are not suited to this Presidency, and instructing the Board of Revenue to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 8th February 1897, Cir. No. 11-F—27-1 :—

I am directed to forward, for the information of the Governor in Council, extracts from the correspondence noted in the margin, with regard to the grant of advances for agricultural loans in Bengal, in connection with the prevailing scarcity. The Government of India desire to draw attention to the following principles which they think should be observed at the present time in dealing with proposals for such loans, viz. :—

1. From the Government of Bengal, No. 5183, Agriculture, dated 12th December 1896 (paragraphs 5 and 6).
2. To the Government of Bengal, No. 8-F., dated 22nd December 1892 (paragraphs 3 to 7).

(1) that no money is at present available for the purposes of ordinary land improvement as distinct from the relief of distress;

(2) that advances, such as are under consideration, should therefore be made only in tracts in which relief is required, and spent in wages to those for whom it would otherwise be necessary to provide relief in some other form;

(3) that all such advances, even though partly recoverable and made under the one or other of the Loans Acts, should, in the first instance, be brought to account as "Famine relief" expenditure;

(4) that only such portion of them should be recovered as roughly represents the value of the work done, the excess cost, due to the need for the relief of distress, being borne by the State.

2. These instructions are not intended to prohibit or to apply to advances for the construction of temporary wells, for the purchase of seed, or for other similar measures in tracts where they may be required in order to avert distress and to save the cultivators from the necessity of applying for Government relief.

Enclosures.

Extract from a letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India, Department of Revenue and Agriculture, dated 12th December 1896, No. 5183, Agriculture.

* * * * *

5. The Conference which met at Muzaffarpur suggested that advances should be given by Government free of interest in the distressed areas to zamindars and others for excavation of tanks and wells and for the execution of other petty works in their own villages. The Lieutenant-Governor accepts this suggestion (paragraph 19 of the Resolution) on the understanding

that care must be taken that the works for which the advances are given are really executed, and that the money advanced is not spent on purposes other than those for which it is advanced, and that the works are really required for, and suitable as relief works, especially such as those by which the supply of water for drinking and irrigation purposes will be increased. I am to explain that the works for which these advances are proposed to be given will ordinarily be tanks, village reservoirs for storage of water and irrigation channels (pynes), and that they must be approved by the officers of Government before they are undertaken. The labourers to be employed upon them will receive not more than the maximum and not less than the minimum wage, calculated according to the principles laid down in the Famine Code.

6. The Lieutenant-Governor is unable to authorise the grant of these advances free of interest without the sanction of the Government of India. These advances will ordinarily be made under the Agriculturists' Loans Act (XII of 1884). Rules under that Act have been framed by the Government of Bengal, with the previous sanction of the Governor-General in Council, a copy of which is enclosed for ready reference. These rules already give power to the Local Government to sanction loans at reduced rates of interest, or without interest; but the Lieutenant-Governor now requests the sanction of the Government of India to a general relaxation of the rule regarding interest. In the famine of 1873–74, Rule 35 of the rules then in force under the Land Improvement Act of that time (XXVI of 1871) was relaxed under the authority given by paragraph 17 of the Resolution recorded by His Excellency the Governor-General in Council on the 7th November 1873, by a notification, dated the 20th November 1873, of which a copy is annexed, in so far that no interest was charged on advances of less than Rs. 500 till after the expiration of one year. The Lieutenant-Governor apprehends that the remission of interest for one year only would not be sufficient inducement to the parties to take such loans, and therefore proposes to go further and altogether to forego interest on these loans; but does not desire to relax generally the other conditions which now govern the grant of advances such as the condition of repayment by instalments in five years. The Lieutenant-Governor would, however, in order to avoid unnecessary delays, give to the Board of Revenue discretion to relax these conditions in particular cases in which it may be found desirable to do so.

Rules 13 of the Rules under the Agriculturists' Loans Act.

* * * * *

Extract from a letter from DENZIL IBBETSON, Esq., C.S.I., I.C.S., Secretary to the Government of India, to the Secretary to the Government of Bengal, dated Calcutta, the 22nd December 1896, No. 8 F.—45-14.

* * * * *

3. With regard to the advances for excavation of village tanks and other similar objects which it is proposed in paragraphs 5 and 6 of your letter to make under the Agriculturists' Loans Act (XII of 1884) free of interest to zemindars and others in the distressed area, on the condition that the labourers employed upon them will receive neither more than the maximum nor less than the minimum wage prescribed by the Famine Code, I am, in the first instance, to point out that they cannot apparently be legally made under the Act in question, since that Act excludes (section 4) all the purposes specified in the Land Improvement Loans Act (XIX of 1883), under section 4 (2) (*a*), of which the proposed works would appear to fall.

4. I am further to explain that at the present juncture money cannot be spared for advances for land improvement in the ordinary way, unless it is applied to the purpose of famine relief and expended on the principles you state, on wages to people who would otherwise drift to relief-works.

It is understood that this is the intention of His Honour the Lieutenant-Governor, and that he will take such measures as he deems sufficient, to satisfy himself that this condition is fulfilled. The whole of the money should, in the first instance, be brought to account as famine-relief expenditure, and in no other way; though with reference to the question of recovery, which will be discussed presently, the recoverable portion of it, when ascertained, may afterwards be adjusted upon the accounts as "Advances recoverable." Any such adjustment in the way of bringing the recoverable portion under a head other than of famine relief is, however, a matter of account which can be settled later on. The object of Government in making the advances is, in the first place, famine relief, and not land improvement, and outlay should therefore be dealt with for the present as famine-relief expenditure.

5. The question of recovery is a difficult one. As just remarked, the money in question is to be spent primarily for the purpose of famine relief; and the liability of the public purse

for the provision of such relief has repeatedly been affirmed by Government. The Governor-General in Council doubts whether we either could or should propose to a landowner that he should bear the whole cost of such relief on the ground that the work to be done will result in improvement or advantage to his estate; and the more so, because it is notorious that work done (as it is essential that this work should be done) under relief conditions is more costly than it would be if done at ordinary market rates. His Excellency in Council thinks that this excess cost at least must be borne by the State, and that the liability of the zamindar to recoup Government, whether wholly or according to a stipulated proportion, must be measured, not by the cost of the relief given, but by the real value of the work done.

6. In most cases it will probably be easy to settle roughly at the time of the advance the portion of the loan which the landowner may fairly be called on to repay, three-quarters, two-thirds, or one-half, according to the nature of the local conditions. The procedure necessary to secure the recovery of this portion by summary process it will be for His Honour the Lieutenant-Governor to consider. There is, first of all, the plan of giving the entire advance under the Improvement Loans Act with a proviso that, if the work is carried out on the conditions imposed, a remission will be made of one-fourth, one-third, or one-half, as the case may be. There is the alternative of giving under the Act only so much as it is decided to recover, but this method leaves little security that the work will be executed at all. And there is a third plan of giving the loan under an agreement somewhat after the pattern attached, which is enclosed for information in case Sir Alexander Mackenzie should wish to make use of a similar document in these cases. Any question as to the legal validity of any such agreements could be very readily solved by an Act on lines similar to those of Bengal Act IV of 1875. It is entirely for His Honour to decide what procedure he will adopt. But whatever procedure may be decided upon in this respect will of course be only as between the Government and the borrower, and will not affect the manner (already explained in paragraph 4) in which Government deals with the expenditure in its own accounts and with reference to its famine-relief policy.

7. Subject to the above remarks, all the proposals of your letter regarding these advances are approved. It is understood that you will make a separate communication on the subject of the amount of grant to be made for the purposes indicated.

* * * * *

AN AGREEMENT made the day of 1896 between the Secretary of State for India in Council (hereinafter referred to as the Secretary of State) of the one part and [A.B., son of of (residence)]

[C.D., son of of and so on.]

of the other part.

Whereas the Secretary of State considers it expedient to grant a loan to the said A. B (*C. D., &c.,*) in connection with the pending famine operations for the purposes and on the conditions hereinafter appearing:

Now this agreement witnesseth as follows:—

1. The Secretary of State hereby grants a loan of Rs. to the said A. B. for the purpose of (*here describe the work to be carried out*).

2. The said A. B. shall use and apply the loan solely for the purpose specified in the last preceding clause.

3. The said A. B. shall carry out all directions which the Collector of the district, or any other person duly authorized in this behalf, may give to him with respect to—

(*a*) the manner in which the work shall be executed;
(*b*) the classes of labourers to be employed on the same;
(*c*) the wages to be paid to the labourers; and
(*d*) the periodical returns to be furnished.

4. In the event of a breach by the said A. B. of any of the conditions contained in the second and third clauses, the loan shall be deemed to have been misapplied, and all sums which may have been paid to the said A. B. on account of the loan shall thereupon become due and recoverable at once without interest.

5. If the said A. B., duly observing and carrying out all the conditions hereinbefore contained, completes the work to the satisfaction of the Collector, the Secretary of State will remit * of the total amount of the loan and hold the said A. B. free and discharged from all liability in respect of the repayment of the same.

* The proportion (*one-quarter, one-half,* as the case may be) should be entered here.

6. When a portion of the loan is remitted under the provisions of the fifth clause, the balance, *viz.*, Rs. , being of the total amount of the loan, shall be repaid by the said A. B. to the Secretary of State without interest at the place and by the instalments specified below:—

—	Place.	Date.	Amount.
1			
2			
&c.			

Provided that the Collector may postpone the dates on which such instalments shall become due at his discretion.

7. All sums due by the said A. B. under this agreement shall be recoverable from him as if they were arrears of land revenue due by the said A. B.

8. * The said A. B., C. D., &c., hold themselves jointly and severally responsible for the repayment of the loan according to the conditions hereinbefore contained.

* Note.—This clause should be struck out when the loan is made to a single person.

In witness whereof the parties hereto have hereunto set their hands the day and year above written.

Signed by Collector on behalf of Secretary of State.

Witnesses.

Signed by A. B.

[„ C. D., &c.]

Note.—This agreement, not being of the nature of a mortgage, will not require to be registered. The Government of India has been asked to exempt it from stamp duty.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 12th February 1897, Cir. No. 14-F—59-2:—

In continuation of Circular letter No. 11-F—27-1, dated 8th February 1897, I am directed to forward, for the information of the Governor in Council, a copy of certain modified rules, under the Land Improvement Loans Act XIX of 1883, issued by the Government of Bengal, with a view to encouraging proprietors and occupiers of land in distressed tracts to take advances for the purpose of executing works in their own villages and thus giving employment to labour.

Enclosures.

REVENUE DEPARTMENT (AGRICULTURE—FAMINE).

NOTIFICATION No. 69.

(*To be substituted for the notification of 5th January* 1897, *published at pages* 21 *to* 23, *Part I of the* Calcutta Gazette *of the 6th idem.*)

MODIFIED RULES UNDER THE LAND IMPROVEMENT LOANS ACT, XIX OF 1883, FOR TRACTS AFFECTED BY SCARCITY OR FAMINE.

The 5th January 1897.—With a view to encouraging proprietors and occupants of land, in tracts affected by scarcity or famine, to take advances under the Land Improvement Loans Act, XIX of 1883, for the purpose of excavating tanks and executing other works in their own

villages and giving employment to labourers thereon, the Lieutenant-Governor, with the previous sanction of the Governor-General in Council, is pleased to make temporarily the following modified rules under that Act.

These rules shall have effect in such tracts as may be declared by the Collector, with the sanction of the Commissioner, to be affected by scarcity or famine.

Sums to be allotted by Government.

1. Loans under these rules will be made, from such sums as the Local Government may from time to time allot to the Board, for works to be carried out in the manner approved by the Collector or by any officer subordinate to him who may be authorised for that purpose, and the wages to be paid on such works shall not be less than the minimum, nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code.

Estimate.

2. Commissioners will submit at once an estimate of the requirements for loans under these rules for each of the districts of their divisions affected by scarcity or famine for the current and the ensuing financial year; and when orders thereon are received from Government and an allotment is made, the Board will distribute as funds are available. It will be in the power of the Commissioners to divide the sum so allotted among the districts of their divisions at their discretion, and to transfer assignments from one district to another, but expenditure in the division must be kept within the amount assigned.

In case of emergency when the allotment has been exhausted, or no allotment has been made, the Commissioner of the Division may authorise loans to be given in anticipation of an allotment which should be applied for at once.

Definition of Collector.

3. In these rules "Collector" has the meaning defined for it by section 3 of the Act.

Powers of sanction.

4. Subject to the provisions of these rules, the Collector may sanction loans not exceeding Rs. 5,000, provided the district allotment is not exceeded, without the sanction of the Commissioner of the Division. Loans exceeding Rs. 5,000 require the sanction of the Commissioner, and exceeding Rs. 10,000, the sanction of the Board. In such cases the Commissioner or the Board may call for such detailed plans and estimates, or for such professional opinion on the project as may seem necessary.

Applications.

5. Applications for loans may be presented to the Relief Circle Officer, to the Superintendent of Relief, or to any Revenue Officer, of or above the rank of a Kanungo or Sub-Deputy Collector, for transmission to the Collector.

Form of application.

6. The application shall be made in writing as nearly as possible in the annexed Form A.

Local enquiry.

7. The Collector shall either make a local enquiry himself, or cause one to be made by a Relief Circle Officer or Superintendent of Relief, for the purpose of ascertaining the particulars mentioned on the reverse of Form A.

Security.

8. (*a*) When the applicant's interest in the land on which the work is to be executed is sufficient to cover the loan, no collateral security need be required. (*b*) When the sureties are a body of village residents who bind themselves jointly and severally as provided in section 9 of the Act, their personal security shall be sufficient. (*c*) In all cases not covered by clause (*a*) or clause (*b*) of this rule, immoveable property shall be hypothecated by the applicant as collateral security.

Procedure.

9. If the proposed work is approved by the Collector and the security offered is good and sufficient, he may, on completion of the local enquiry, sanction the loan himself, if empowered to do so. Otherwise he shall forward the application with his report to his superior officer for disposal.

Certificate.

10. If the loan be sanctioned the applicant shall be required to sign a certificate in the annexed Form B, and when his interest in the land on which the work is to be executed is not sufficient to cover the loan, to execute, together with his sureties, if any, a bond in the annexed form C or Form D, as the case may be.

Payment where to be made.

11. On the certificate required under rule 10 being signed, a copy of it shall be given to the applicant, with orders for payment at the District or Sub-divisional Treasury or at the office of the Superintendent of Relief, as may be convenient to him; provided that payment of the advance shall in all cases be made in such

instalments as the Collector may determine, and that after the payment of the first instalment no subsequent instalment shall be paid until the Superintendent of Relief is satisfied that the previous instalment has been expended on the work for which it was given.

12. No interest shall be charged, except in case of misapplication of the loan as provided for in rule 17 below.

Repayment.

13. The loan shall be repaid in instalments. The first instalment shall be paid on or before the last day of February 1898. The subsequent repayments shall be made in equal half-yearly instalments till the debt is discharged in five years from the last day of February 1898.

Suspension of intalments.

14. Instalments may be suspended by order and at the discretion of the Collector on proof of failure of crops or other exceptional calamity. The Collector shall report the suspension through the Commissioner to the Board, who shall pass such orders on the case as may seem proper.

Inspection.

15. The Collector shall make provision for the inspection from time to time of works undertaken under these rules, and if after any inspection it is found that any instalment of the advance has not been spent properly, no further instalments of the advance shall be paid.

Misapplication of loan.

16. If at any time it is proved to the satisfaction of the Collector that any part of the loan has been misapplied, or that it is not being spent on the work for which it was intended, he may, after recording in writing the grounds of his decision, and subject to the control of the superior revenue authorities, proceed to recover the whole amount of the loan with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

17. If the work for which the loan is made is carried out to the satisfaction of the Collector and in accordance with the conditions imposed by these rules, one-third of the loan will be remitted.

Irrecoverable balance.

18. When any portion of a loan made under these rules is found to be irrecoverabe, a special report shall be made to the Board.

Returns and registers.

19. The Board shall regulate the forms of all returns, registers and accounts relating to loans under these rules.

Form A of application.

[See rule 6.]

Name, residence, &c., of applicant.	Amount of loan required.	Nature of security, whether personal or otherwise.	Nature of proposed work.	Situation of the land on which the work is to be executed.	Applicant's rights in the land.	Dates of repayment (to be filled up in the Collector's office).
1	2	3	4	5	6	7

Applicant's signature.

(Reverse of Form A.)

Particulars to be filled in by Inspecting Officer.

I.—Mehal, field number, area of land on which work is to be executed.

II.—Status of applicant, *i.e.*, proprietor or tenant. If a tenant, and the landlord's consent is required, 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 work—

(1) Its estimated utility and value.
(2) Objections, if any, of third parties.

V.—Dates on which the instalments of the loan should be received by the applicant.

Recommendations of Inspecting Officer.

N.B.—Where a record of rights has been made, it will be sufficient to refer to the applicant's and his co-sureties' interest as entered in the record of rights.

FORM B.

(See rule 10.)

Certificate granted under the Land Improvement Loans Act, 1883.

son of *of*

1. On production of this certificate the aforesaid is entitled to receive from the Collector of the following sums, on the dates noted against them, as a loan to be expended on (here describe clearly the nature of the work).

Date.	Amount.
"	"
&c.	&c.
"	"

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

(*a*) That it shall be repayable on the dates and by the amounts specified below :—

Date.	Amount.
"	"
"	"

(*b*) That it shall be applied solely to the carrying out of the work specified above in such manner as may be approved by the Collector, and that if it shall be proved to the satisfaction of the Collector that any part of the loan has been misapplied, or is not being spent on the work, the whole amount of the loan shall be deemed to at once become due with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

(*c*) That unless the wages paid on the work above specified are neither less than the minimum nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code, and (here enter any conditions as to the period or periods appointed for completing the work) the work has been completed by (date) the loan shall be held to have been misapplied.

(*d*) That for the repayment of the loan the immoveable property specified in the margin is, in addition to the land on which the work is to be carried out, hypothecated to Government.

This clause is to be used only when needed.

(*e*) That if any instalment is not paid on the due date, the whole amount of the loan shall be deemed to at once become due.

(*f*) That if the work is carried out to the satisfaction of the Collector, one-third of the loan will be remitted.

Signature of Collector.

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

Signature of the applicant.

FORM C.

[See rule 10.]

Security Bond to be used when Applicant proffers Personal Security.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, in virtue of which he is entitled te receive the aggregate sum of Rs. as a loan from Government, we hereby agree that if the said shall fail to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment on the due date fixed for its payment, 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.

FORM D.

[See rule 10.]

Hypothecation Bond to be used when immoveable property is proffered by Collateral Surety.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, of , in virtue of which he is entitled to receive the aggregate sum of Rs. as a loan from Government; and whereas security for the due application of the loan, and for the punctual repayment of the same, according to the terms of the certificate, is demanded from him, I hereby mortgage to Government the immoveable property mentioned in the schedule below as a collateral security, and agree that if he fails to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment 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 failure to comply with the conditions of the certificate, may be due from me.

(Signed) M. FINUCANE,
Secy. to the Govt. of Bengal.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, Revenue Department, dated Calcutta, the 24th February 1897, No. 662-F.—118-3 :—

In continuation of Circular No. 14-F.—59-2, dated 12th February 1897, I am directed to forward, for the information of the Governor in Council and for guidance, a copy of a letter addressed to the Government of Bombay regarding the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity.

No. 644-F., dated 22nd February 1897.

Enclosure.

From T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Chief Secretary to the Government of Bombay, dated Calcutta, the 22nd February 1897, No. 644-F.—118-2.

I am directed to acknowledge the receipt of your letter, No. 321, Famine, dated 28th January 1897, to the Government of India in the Finance and Commerce Department, in which it is stated that His Excellency the Governor in Council is not inclined to advise any modification of the existing rules relating to the period of repayment of loans for land improvement, but that advances for seed will, as far as possible, be recovered out of the crop grown with such aid.

2. The letters marked in the margin have now placed the Government of Bombay in possession of the views of the Government of India as to the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity, and have informed it of the special rules made in accordance with that policy by the Governments of Bengal and of the North-Western Provinces and Oudh. Briefly speaking, these rules limit the period of recovery to five years in Bengal and to three years in the North-Western Provinces and Oudh; they make no charge on account of interest; and they provide for the remission of a portion of the principal in all cases in which the work costs or is estimated to cost more than its actual value were it done under ordinary conditions. The rules further lay down as a leading principle that no funds are at present available for the purposes of ordinary land improvement as distinct from the relief or prevention of distress, and that advances to agriculturists for land improvement should therefore be made only in tracts in which relief may be needed, and then only under conditions that will ensure the money advanced being spent in wages to those for whom it would otherwise be necessary to provide relief in some other form.

Circular No. 11-F., dated 8th February 1897.
Circular No. 12-F.—53-2, dated 8th February 1897.
Circular No. 14—59-2, dated 12th February 1897.

3. The sum of 23 lakhs has been placed this year at the disposal of the Government of Bombay for takavi advances in the distressed districts. A portion of this has presumably been set apart for advances for seed under the Agriculturists' Loans Act, and as to this portion no question arises. But as to the remainder the Government of India would desire to have an assurance that it is being advanced in accordance with the principles which they have laid down, and that it is being employed primarily in relief or prevention of distress. As regards the period of repayment, the Government of India are of opinion that a short period is preferable for these advances to a long one, so that the account may be cleared before the recurrence of drought and distress. The condition as to exemption from interest and remission of a portion of the principal amply compensate the grantee for any strictness in the matter of the term for repayment.

4. These remarks will indicate to the Government of Bombay that in the opinion of the Government of India the ordinary rules under the Land Improvement Loans Act in force in the Bombay Presidency should be replaced for the present emergency by special rules similar to those made under the Act by the Government of Bengal. The Government of India trust that His Excellency the Governor in Council will have no objection to this course being adopted.

5. It will be observed that all such advances should, in the first instance, be brought to account as "Famine Relief" expenditure and should not be mixed up either in the accounts of the Government or in the administrative accounts of the Revenue officers with ordinary takavi advances.

No. 645 F.—118-2.

Copy forwarded to the Finance Department for information.

(Signed) T. W. HOLDERNESS,
Deputy Secy. to the Govt. of India.

Order—No. 219, Revenue, dated 30th March 1897.

Miscellaneous.

The special rules adopted in Bengal are not suited to the circumstances of this Presidency where land is held mostly in small plots on ryotwari tenure. Loans will continue to be made under the ordinary rules in the affected districts.

2. The Board of Revenue will take steps to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam; advances for the conversion of dry lands under the Periyár into wet for which a special grant was made by the Government of India need not, however, be stopped.

3. The Board of Revenue is requested to afford special facilities for the taking of loans by ryots in the affected districts for purposes of the kind mentioned in paragraph 2 of the Government of India letter, dated 8th January 1897.

4. Ordered that the following letter be despatched to the Government of India.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Revenue Settlement, Land Records and Agriculture).
,, the Financial Department.

Exd. Md. Pahilvan.

30 Copies.

Government {1897} of Madras.

REVENUE.

Read. *Regd.* } 1897. *Enclosures* *Spare copies*

G.O., No. 219, 30th March 1897.

MARCH.

Loans.

Stating that the special rules adopted in Bengal for the grant of — to agriculturists are not suited to this Presidency, and instructing the Board of Revenue to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 8th February 1897, Cir. No. 11-F—27-1 :—

I am directed to forward, for the information of the Governor in Council, extracts from the correspondence noted in the margin, with regard to the grant of advances for agricultural loans in Bengal, in connection with the prevailing scarcity. The Government of India desire to draw attention to the following principles which they think should be observed at the present time in dealing with proposals for such loans, viz. :—

1. From the Government of Bengal, No. 5183, Agriculture, dated 12th December 1896 (paragraphs 5 and 6).
2. To the Government of Bengal, No. 8-F., dated 22nd December 1892 (paragraphs 3 to 7).

(1) that no money is at present available for the purposes of ordinary land improvement as distinct from the relief of distress;

(2) that advances, such as are under consideration, should therefore be made only in tracts in which relief is required, and spent in wages to those for whom it would otherwise be necessary to provide relief in some other form;

(3) that all such advances, even though partly recoverable and made under the one or other of the Loans Acts, should, in the first instance, be brought to account as "Famine relief" expenditure;

(4) that only such portion of them should be recovered as roughly represents the value of the work done, the excess cost, due to the need for the relief of distress, being borne by the State.

2. These instructions are not intended to prohibit or to apply to advances for the construction of temporary wells, for the purchase of seed, or for other similar measures in tracts where they may be required in order to avert distress and to save the cultivators from the necessity of applying for Government relief.

Enclosures.

Extract from a letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India, Department of Revenue and Agriculture, dated 12th December 1896, No. 5183, Agriculture.

* * * * *

5. The Conference which met at Muzaffarpur suggested that advances should be given by Government free of interest in the distressed areas to zamindars and others for excavation of tanks and wells and for the execution of other petty works in their own villages. The Lieutenant-Governor accepts this suggestion (paragraph 19 of the Resolution) on the understanding

that care must be taken that the works for which the advances are given are really executed, and that the money advanced is not spent on purposes other than those for which it is advanced, and that the works are really required for, and suitable as relief works, especially such as those by which the supply of water for drinking and irrigation purposes will be increased. I am to explain that the works for which these advances are proposed to be given will ordinarily be tanks, village reservoirs for storage of water and irrigation channels (pynes), and that they must be approved by the officers of Government before they are undertaken. The labourers to be employed upon them will receive not more than the maximum and not less than the minimum wage, calculated according to the principles laid down in the Famine Code.

6. The Lieutenant-Governor is unable to authorise the grant of these advances free of interest without the sanction of the Government of India. These advances will ordinarily be made under the Agriculturists' Loans Act (XII of 1884). Rules under that Act have been framed by the Government of Bengal, with the previous sanction of the Governor-General in Council, a copy of which is enclosed for ready reference. These rules already give power to the Local Government to sanction loans at reduced rates of interest, or without interest; but the Lieutenant-Governor now requests the sanction of the Government of India to a general relaxation of the rule regarding interest. In the famine of 1873–74, Rule 35 of the rules then in force under the Land Improvement Act of that time (XXVI of 1871) was relaxed under the authority given by paragraph 17 of the Resolution recorded by His Excellency the Governor-General in Council on the 7th November 1873, by a notification, dated the 20th November 1873, of which a copy is annexed, in so far that no interest was charged on advances of less than Rs. 500 till after the expiration of one year. The Lieutenant-Governor apprehends that the remission of interest for one year only would not be sufficient inducement to the parties to take such loans, and therefore proposes to go further and altogether to forego interest on these loans; but does not desire to relax generally the other conditions which now govern the grant of advances such as the condition of repayment by instalments in five years. The Lieutenant-Governor would, however, in order to avoid unnecessary delays, give to the Board of Revenue discretion to relax these conditions in particular cases in which it may be found desirable to do so.

Rules 13 of the Rules under the Agriculturists' Loans Act.

* * * * *

Extract from a letter from DENZIL IBBETSON, Esq., C.S.I., I.C.S., Secretary to the Government of India, to the Secretary to the Government of Bengal, dated Calcutta, the 22nd December 1896, No. 8 F.—45-14.

* * * * *

3. With regard to the advances for excavation of village tanks and other similar objects which it is proposed in paragraphs 5 and 6 of your letter to make under the Agriculturists' Loans Act (XII of 1884) free of interest to zemindars and others in the distressed area, on the condition that the labourers employed upon them will receive neither more than the maximum nor less than the minimum wage prescribed by the Famine Code, I am, in the first instance, to point out that they cannot apparently be legally made under the Act in question, since that Act excludes (section 4) all the purposes specified in the Land Improvement Loans Act (XIX of 1883), under section 4 (2) (*a*), of which the proposed works would appear to fall.

4. I am further to explain that at the present juncture money cannot be spared for advances for land improvement in the ordinary way, unless it is applied to the purpose of famine relief and expended on the principles you state, on wages to people who would otherwise drift to relief-works.

It is understood that this is the intention of His Honour the Lieutenant-Governor, and that he will take such measures as he deems sufficient, to satisfy himself that this condition is fulfilled. The whole of the money should, in the first instance, be brought to account as famine-relief expenditure, and in no other way; though with reference to the question of recovery, which will be discussed presently, the recoverable portion of it, when ascertained, may afterwards be adjusted upon the accounts as "Advances recoverable." Any such adjustment in the way of bringing the recoverable portion under a head other than of famine relief is, however, a matter of account which can be settled later on. The object of Government in making the advances is, in the first place, famine relief, and not land improvement, and outlay should therefore be dealt with for the present as famine-relief expenditure.

5. The question of recovery is a difficult one. As just remarked, the money in question is to be spent primarily for the purpose of famine relief; and the liability of the public purse

for the provision of such relief has repeatedly been affirmed by Government. The Governor-General in Council doubts whether we either could or should propose to a landowner that he should bear the whole cost of such relief on the ground that the work to be done will result in improvement or advantage to his estate; and the more so, because it is notorious that work done (as it is essential that this work should be done) under relief conditions is more costly than it would be if done at ordinary market rates. His Excellency in Council thinks that this excess cost at least must be borne by the State, and that the liability of the zamindar to recoup Government, whether wholly or according to a stipulated proportion, must be measured, not by the cost of the relief given, but by the real value of the work done.

6. In most cases it will probably be easy to settle roughly at the time of the advance the portion of the loan which the landowner may fairly be called on to repay, three-quarters, two-thirds, or one-half, according to the nature of the local conditions. The procedure necessary to secure the recovery of this portion by summary process it will be for His Honour the Lieutenant-Governor to consider. There is, first of all, the plan of giving the entire advance under the Improvement Loans Act with a proviso that, if the work is carried out on the conditions imposed, a remission will be made of one-fourth, one-third, or one-half, as the case may be. There is the alternative of giving under the Act only so much as it is decided to recover, but this method leaves little security that the work will be executed at all. And there is a third plan of giving the loan under an agreement somewhat after the pattern attached, which is enclosed for information in case Sir Alexander Mackenzie should wish to make use of a similar document in these cases. Any question as to the legal validity of any such agreements could be very readily solved by an Act on lines similar to those of Bengal Act IV of 1875. It is entirely for His Honour to decide what procedure he will adopt. But whatever procedure may be decided upon in this respect will of course be only as between the Government and the borrower, and will not affect the manner (already explained in paragraph 4) in which Government deals with the expenditure in its own accounts and with reference to its famine-relief policy.

7. Subject to the above remarks, all the proposals of your letter regarding these advances are approved. It is understood that you will make a separate communication on the subject of the amount of grant to be made for the purposes indicated.

* * * * *

AN AGREEMENT made the day of 1896 between the Secretary of State for India in Council (hereinafter referred to as the Secretary of State) of the one part and [A.B., son of of (residence)]

[C.D., son of of and so on.]

of the other part.

Whereas the Secretary of State considers it expedient to grant a loan to the said A. B (*C. D., &c.,*) in connection with the pending famine operations for the purposes and on the conditions hereinafter appearing:

Now this agreement witnesseth as follows:—

1. The Secretary of State hereby grants a loan of Rs. to the said A. B. for the purpose of (*here describe the work to be carried out*).

2. The said A. B. shall use and apply the loan solely for the purpose specified in the last preceding clause.

3. The said A. B. shall carry out all directions which the Collector of the district, or any other person duly authorized in this behalf, may give to him with respect to—

(*a*) the manner in which the work shall be executed;
(*b*) the classes of labourers to be employed on the same;
(*c*) the wages to be paid to the labourers; and
(*d*) the periodical returns to be furnished.

4. In the event of a breach by the said A. B. of any of the conditions contained in the second and third clauses, the loan shall be deemed to have been misapplied, and all sums which may have been paid to the said A. B. on account of the loan shall thereupon become due and recoverable at once without interest.

5. If the said A. B., duly observing and carrying out all the conditions hereinbefore contained, completes the work to the satisfaction of the Collector, the Secretary of State will remit * of the total amount of the loan and hold the said A. B. free and discharged from all liability in respect of the repayment of the same.

* The proportion (*one-quarter, one-half,* as the case may be) should be entered here.

6. When a portion of the loan is remitted under the provisions of the fifth clause, the balance, *viz.*, Rs. , being of the total amount of the loan, shall be repaid by the said A. B. to the Secretary of State without interest at the place and by the instalments specified below:—

—	Place.	Date.	Amount.
1			
2			
&c.			

Provided that the Collector may postpone the dates on which such instalments shall become due at his discretion.

7. All sums due by the said A. B. under this agreement shall be recoverable from him as if they were arrears of land revenue due by the said A. B.

8. * The said A. B., C. D., &c., hold themselves jointly and severally responsible for the repayment of the loan according to the conditions hereinbefore contained.

* Note.—This clause should be struck out when the loan is made to a single person.

In witness whereof the parties hereto have hereunto set their hands the day and year above written.

Signed by Collector on behalf of Secretary of State.

Signed by A. B.

[„ C. D., &c.]

Witnesses.

Note.—This agreement, not being of the nature of a mortgage, will not require to be registered. The Government of India has been asked to exempt it from stamp duty.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, dated Calcutta, the 12th February 1897, Cir. No. 14-F—59-2:—

In continuation of Circular letter No. 11-F—27-1, dated 8th February 1897, I am directed to forward, for the information of the Governor in Council, a copy of certain modified rules, under the Land Improvement Loans Act XIX of 1883, issued by the Government of Bengal, with a view to encouraging proprietors and occupiers of land in distressed tracts to take advances for the purpose of executing works in their own villages and thus giving employment to labour.

Enclosures.

REVENUE DEPARTMENT (AGRICULTURE—FAMINE).

NOTIFICATION No. 69.

(*To be substituted for the notification of 5th January* 1897, *published at pages* 21 *to* 23, *Part I of the* Calcutta Gazette *of the 6th idem.*)

MODIFIED RULES UNDER THE LAND IMPROVEMENT LOANS ACT, XIX OF 1883, FOR TRACTS AFFECTED BY SCARCITY OR FAMINE.

The 5th January 1897.—With a view to encouraging proprietors and occupants of land, in tracts affected by scarcity or famine, to take advances under the Land Improvement Loans Act, XIX of 1883, for the purpose of excavating tanks and executing other works in their own

villages and giving employment to labourers thereon, the Lieutenant-Governor, with the previous sanction of the Governor-General in Council, is pleased to make temporarily the following modified rules under that Act.

These rules shall have effect in such tracts as may be declared by the Collector, with the sanction of the Commissioner, to be affected by scarcity or famine.

Sums to be allotted by Government.

1. Loans under these rules will be made, from such sums as the Local Government may from time to time allot to the Board, for works to be carried out in the manner approved by the Collector or by any officer subordinate to him who may be authorised for that purpose, and the wages to be paid on such works shall not be less than the minimum, nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code.

Estimate.

2. Commissioners will submit at once an estimate of the requirements for loans under these rules for each of the districts of their divisions affected by scarcity or famine for the current and the ensuing financial year; and when orders thereon are received from Government and an allotment is made, the Board will distribute as funds are available. It will be in the power of the Commissioners to divide the sum so allotted among the districts of their divisions at their discretion, and to transfer assignments from one district to another, but expenditure in the division must be kept within the amount assigned.

In case of emergency when the allotment has been exhausted, or no allotment has been made, the Commissioner of the Division may authorise loans to be given in anticipation of an allotment which should be applied for at once.

Definition of Collector.

3. In these rules "Collector" has the meaning defined for it by section 3 of the Act.

Powers of sanction.

4. Subject to the provisions of these rules, the Collector may sanction loans not exceeding Rs. 5,000, provided the district allotment is not exceeded, without the sanction of the Commissioner of the Division. Loans exceeding Rs. 5,000 require the sanction of the Commissioner, and exceeding Rs. 10,000, the sanction of the Board. In such cases the Commissioner or the Board may call for such detailed plans and estimates, or for such professional opinion on the project as may seem necessary.

Applications.

5. Applications for loans may be presented to the Relief Circle Officer, to the Superintendent of Relief, or to any Revenue Officer, of or above the rank of a Kanungo or Sub-Deputy Collector, for transmission to the Collector.

Form of application.

6. The application shall be made in writing as nearly as possible in the annexed Form A.

Local enquiry.

7. The Collector shall either make a local enquiry himself, or cause one to be made by a Relief Circle Officer or Superintendent of Relief, for the purpose of ascertaining the particulars mentioned on the reverse of Form A.

Security.

8. (*a*) When the applicant's interest in the land on which the work is to be executed is sufficient to cover the loan, no collateral security need be required. (*b*) When the sureties are a body of village residents who bind themselves jointly and severally as provided in section 9 of the Act, their personal security shall be sufficient. (*c*) In all cases not covered by clause (*a*) or clause (*b*) of this rule, immoveable property shall be hypothecated by the applicant as collateral security.

Procedure.

9. If the proposed work is approved by the Collector and the security offered is good and sufficient, he may, on completion of the local enquiry, sanction the loan himself, if empowered to do so. Otherwise he shall forward the application with his report to his superior officer for disposal.

Certificate.

10. If the loan be sanctioned the applicant shall be required to sign a certificate in the annexed Form B, and when his interest in the land on which the work is to be executed is not sufficient to cover the loan, to execute, together with his sureties, if any, a bond in the annexed form C or Form D, as the case may be.

Payment where to be made.

11. On the certificate required under rule 10 being signed, a copy of it shall be given to the applicant, with orders for payment at the District or Sub-divisional Treasury or at the office of the Superintendent of Relief, as may be convenient to him; provided that payment of the advance shall in all cases be made in such

instalments as the Collector may determine, and that after the payment of the first instalment no subsequent instalment shall be paid until the Superintendent of Relief is satisfied that the previous instalment has been expended on the work for which it was given.

12. No interest shall be charged, except in case of misapplication of the loan as provided for in rule 17 below.

Repayment.

13. The loan shall be repaid in instalments. The first instalment shall be paid on or before the last day of February 1898. The subsequent repayments shall be made in equal half-yearly instalments till the debt is discharged in five years from the last day of February 1898.

Suspension of intalments.

14. Instalments may be suspended by order and at the discretion of the Collector on proof of failure of crops or other exceptional calamity. The Collector shall report the suspension through the Commissioner to the Board, who shall pass such orders on the case as may seem proper.

Inspection.

15. The Collector shall make provision for the inspection from time to time of works undertaken under these rules, and if after any inspection it is found that any instalment of the advance has not been spent properly, no further instalments of the advance shall be paid.

Misapplication of loan.

16. If at any time it is proved to the satisfaction of the Collector that any part of the loan has been misapplied, or that it is not being spent on the work for which it was intended, he may, after recording in writing the grounds of his decision, and subject to the control of the superior revenue authorities, proceed to recover the whole amount of the loan with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

17. If the work for which the loan is made is carried out to the satisfaction of the Collector and in accordance with the conditions imposed by these rules, one-third of the loan will be remitted.

Irrecoverable balance.

18. When any portion of a loan made under these rules is found to be irrecoverabe, a special report shall be made to the Board.

Returns and registers.

19. The Board shall regulate the forms of all returns, registers and accounts relating to loans under these rules.

Form A of application.

[See rule 6.]

Name, residence, &c., of applicant.	Amount of loan required.	Nature of security, whether personal or otherwise.	Nature of proposed work.	Situation of the land on which the work is to be executed.	Applicant's rights in the land.	Dates of repayment (to be filled up in the Collector's office).
1	2	3	4	5	6	7

Applicant's signature.

(Reverse of Form A.)

Particulars to be filled in by Inspecting Officer.

I.—Mehal, field number, area of land on which work is to be executed.

II.—Status of applicant, *i.e.*, proprietor or tenant. If a tenant, and the landlord's consent is required, 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 work—

(1) Its estimated utility and value.
(2) Objections, if any, of third parties.

V.—Dates on which the instalments of the loan should be received by the applicant.

Recommendations of Inspecting Officer.

N.B.—Where a record of rights has been made, it will be sufficient to refer to the applicant's and his co-sureties' interest as entered in the record of rights.

FORM B.

(See rule 10.)

Certificate granted under the Land Improvement Loans Act, 1883.

son of *of*

1. On production of this certificate the aforesaid is entitled to receive from the Collector of the following sums, on the dates noted against them, as a loan to be expended on (here describe clearly the nature of the work).

Date.	Amount.
,,	,,
&c.	&c.
,,	,,

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

(*a*) That it shall be repayable on the dates and by the amounts specified below :—

Date.	Amount.
,,	,,
,,	,,

(*b*) That it shall be applied solely to the carrying out of the work specified above in such manner as may be approved by the Collector, and that if it shall be proved to the satisfaction of the Collector that any part of the loan has been misapplied, or is not being spent on the work, the whole amount of the loan shall be deemed to at once become due with interest at the rate of 12 per cent. per annum from the date on which the loan was made to the date of recovery.

(*c*) That unless the wages paid on the work above specified are neither less than the minimum nor more than the maximum wage fixed by the Collector in accordance with the provisions of the Bengal Famine Code, and (here enter any conditions as to the period or periods appointed for completing the work) the work has been completed by (date) the loan shall be held to have been misapplied.

(*d*) That for the repayment of the loan the immoveable property specified in the margin is, in addition to the land on which the work is to be carried out, hypothecated to Government.

This clause is to be used only when needed.

(*e*) That if any instalment is not paid on the due date, the whole amount of the loan shall be deemed to at once become due.

(*f*) That if the work is carried out to the satisfaction of the Collector, one-third of the loan will be remitted.

Signature of Collector.

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

Signature of the applicant.

FORM C.

[See rule 10.]

Security Bond to be used when Applicant proffers Personal Security.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, in virtue of which he is entitled te receive the aggregate sum of Rs. as a loan from Government, we hereby agree that if the said shall fail to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment on the date fixed for its payment, 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.

FORM D.

[See rule 10.]

Hypothecation Bond to be used when immoveable property is proffered by Collateral Surety.

Whereas has on received from the Collector of a certificate under the Land Improvement Loans Act, 1883, of , in virtue of which he is entitled to receive the aggregate sum of Rs. as a loan from Government; and whereas security for the due application of the loan, and for the punctual repayment of the same, according to the terms of the certificate, is demanded from him, I hereby mortgage to Government the immoveable property mentioned in the schedule below as a collateral security, and agree that if he fails to comply with the terms on which the loan has been granted, either by misapplying the same or by failing to pay any instalment 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 failure to comply with the conditions of the certificate, may be due from me.

(Signed) M. FINUCANE,
Secy. to the Govt. of Bengal.

Read—the following letter from T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Secretary to the Government of Madras, Revenue Department, dated Calcutta, the 24th February 1897, No. 662-F.—118-3 :—

In continuation of Circular No. 14-F.—59-2, dated 12th February 1897, I am directed to forward, for the information of the Governor in Council and for guidance, a copy of a letter addressed to the Government of Bombay regarding the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity.

No. 644-F., dated 22nd February 1897.

Enclosure.

From T. W. HOLDERNESS, Esq., I.C.S., Deputy Secretary to the Government of India, Department of Revenue and Agriculture (Famine), to the Chief Secretary to the Government of Bombay, dated Calcutta, the 22nd February 1897, No. 644-F.—118-2.

I am directed to acknowledge the receipt of your letter, No. 321, Famine, dated 28th January 1897, to the Government of India in the Finance and Commerce Department, in which it is stated that His Excellency the Governor in Council is not inclined to advise any modification of the existing rules relating to the period of repayment of loans for land improvement, but that advances for seed will, as far as possible, be recovered out of the crop grown with such aid.

2. The letters marked in the margin have now placed the Government of Bombay in possession of the views of the Government of India as to the policy which should be followed in granting advances to agriculturists in connection with the prevailing scarcity, and have informed it of the special rules made in accordance with that policy by the Governments of Bengal and of the North-Western Provinces and Oudh. Briefly speaking, these rules limit the period of recovery to five years in Bengal and to three years in the North-Western Provinces and Oudh; they make no charge on account of interest; and they provide for the remission of a portion of the principal in all cases in which the work costs or is estimated to cost more than its actual value were it done under ordinary conditions. The rules further lay down as a leading principle that no funds are at present available for the purposes of ordinary land improvement as distinct from the relief or prevention of distress, and that advances to agriculturists for land improvement should therefore be made only in tracts in which relief may be needed, and then only under conditions that will ensure the money advanced being spent in wages to those for whom it would otherwise be necessary to provide relief in some other form.

Circular No. 11-F., dated 8th February 1897.
Circular No. 12-F.—53-2, dated 8th February 1897.
Circular No. 14—59-2, dated 12th February 1897.

3. The sum of 23 lakhs has been placed this year at the disposal of the Government of Bombay for takavi advances in the distressed districts. A portion of this has presumably been set apart for advances for seed under the Agriculturists' Loans Act, and as to this portion no question arises. But as to the remainder the Government of India would desire to have an assurance that it is being advanced in accordance with the principles which they have laid down, and that it is being employed primarily in relief or prevention of distress. As regards the period of repayment, the Government of India are of opinion that a short period is preferable for these advances to a long one, so that the account may be cleared before the recurrence of drought and distress. The condition as to exemption from interest and remission of a portion of the principal amply compensate the grantee for any strictness in the matter of the term for repayment.

4. These remarks will indicate to the Government of Bombay that in the opinion of the Government of India the ordinary rules under the Land Improvement Loans Act in force in the Bombay Presidency should be replaced for the present emergency by special rules similar to those made under the Act by the Government of Bengal. The Government of India trust that His Excellency the Governor in Council will have no objection to this course being adopted.

5. It will be observed that all such advances should, in the first instance, be brought to account as "Famine Relief" expenditure and should not be mixed up either in the accounts of the Government or in the administrative accounts of the Revenue officers with ordinary takavi advances.

No. 645 F.—118-2.

Copy forwarded to the Finance Department for information.

(Signed) T. W. HOLDERNESS,
Deputy Secy. to the Govt. of India.

Order—No. 219, Revenue, dated 30th March 1897.

Miscellaneous.

The special rules adopted in Bengal are not suited to the circumstances of this Presidency where land is held mostly in small plots on ryotwari tenure. Loans will continue to be made under the ordinary rules in the affected districts.

2. The Board of Revenue will take steps to restrict the grant of fresh loans in all the districts except the Deccan Districts, Ganjám and Vizagapatam; advances for the conversion of dry lands under the Periyár into wet for which a special grant was made by the Government of India need not, however, be stopped.

3. The Board of Revenue is requested to afford special facilities for the taking of loans by ryots in the affected districts for purposes of the kind mentioned in paragraph 2 of the Government of India letter, dated 8th January 1897.

4. Ordered that the following letter be despatched to the Government of India.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Revenue Settlement, Land Records and Agriculture).

" the Financial Department.

Exd. Md. Pahilvan.

30 Copies.