

Public Works (1898) Department.

G.O., No.

313

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DATED

8th February 1898

[Despatch Abstract.]

Compensation for dearness of food: Pros: Revenue Dept, reporting for opinion, paper relative to the proposed revision of the rules regulating the grant of — to Govt. employees in the Civil Department, consulted too officers of the P.W.D. for favour of early opinion.

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BACK PAPERS.

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

Public Works (1898) Department

Current no: 974

Government {1898} of Madras.

REVENUE.

Recd. 3. 2. } 1898.
Regd. 3. 2. }

Enclosures *

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G.O., Mis. No. 295, 19th January 1898.

for 313 No. 82.98
Concerning issued to
officers of the Public
Works Dept. for an
JANUARY. early expressions of
opinion.
C. G. G. are referred to
R. S. for this office with
The C. G. G. and C. G. G.
C. G. G. 4 opinions in
C. G. G. the subject
S. G. G. after consultation
with select
officers in
their circles

Referring to the departments of the Secretariat, the Board of Revenue and the Superintendent, Madras Survey, for opinion, papers relative to the proposed revision of the rules regulating the grant of compensation for dearness of food to Government employés in the Civil Department.

W. H. S.
7.2.98

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Resolution of the Government of India (Finance and Commerce Department—Salaries, Establishments, &c.—Compensation), dated Calcutta, 5th January 1898, No. 4-Ex.:—

Read—

Resolution by the Government of India in the Finance and Commerce Department, No. 1648, dated 28th March 1888.

Resolution by the Government of India in the Finance and Commerce Department, No. 3332, dated 2nd August 1893.

Letter from the Government of Madras, No. 136, dated 4th March 1897.

Letter to the Government of Madras, No. 2287, dated 20th May 1897.

Letter from the Government of Madras, No. 802, dated 22nd September 1897.

Resolution.—The correspondence with the Government of Madras read in the preamble and printed as an appendix to this resolution, and other references received by the Government of India during the recent famine have suggested the necessity of considering whether the rules regulating the grant of compensation for dearness of food to Government employes in the Civil Department, which in their present form are embodied in article 72, Volume I, of the Civil Account Code, might not with advantage be made more clear as to their application and possibly modified in other respects also. But before coming to any final decision, the Governor-General in Council desires to be in possession of the views of the various Provincial Governments, and all Local Governments and Administrations which have lately been affected by famine are accordingly requested to report at an early date as to whether experience has shown that the rules require alteration, and, if so, in what directions.

2. The following are indicated as salient points to be specially considered and answered:—

(1) Are the limits of 12 and 10 seers per rupee of the common staple food-grain of the district, which must be reached before the rates of compensation at present admissible can be drawn, suitable, having regard to the normal prices of these grains in ordinary times? If not, what modification of the rule should be made, and on what grounds?

(2) Would it be fairer, and equally consistent with economy, to substitute for the price of the common staple food-grain of the district a test based on an average of the prices of the principal food-grains in common use?

(3) Is it necessary to extend the benefits of the compensation allowance as widely as is done at present, *i.e.*, do not the existing limits—Rs. 16 in ordinary cases, and Rs. 25 in the case of men who have to keep a horse or camel—include Government servants who ought to be in a position to meet the extra expenses caused by the vicissitudes of seasons, without special allowances? If so, what limits of pay should be substituted?

(4) It has already been ruled by the Government of India (*vide* Notification in this department, dated 17th May 1870, No. 465), that grain compensation allowance should not be given to men absent on leave. Should not the same principle be extended to part-time servants who are only engaged by Government for specific duties which do not prevent their earning money in other ways? On the other hand, should it not be made clear that the allowance is admissible to acting men and temporary hands, provided always that they are drawing rates of pay which have been fixed with reference to normal circumstances?

(5) In the case of Government servants drawing consolidated rates of pay, part of which has been expressly granted for the upkeep of a horse or camel, should not the question whether they are eligible for grain compensation be decided according as their net pay, excluding the above-mentioned allowance, falls within or without the limit prescribed for ordinary Government servants? Thus, taking the present rates, if a man has to maintain a horse for the performance of his ordinary duties, but does not receive any special allowance therefor as part of his consolidated pay, he would fall under the Rs. 25 limit; but if he receives a horse allowance, such allowance should be excluded, and the test to be applied for determining his eligibility for the allowance is whether his remaining net pay is in excess of Rs. 16 or not.

3. In replying to this reference, Local Governments and administrations are requested to keep the following general principles in view:—

First.—Rules for the grant of compensation for dearness of food must be as definite as possible. If they are vague or indefinite, any temporary pressure will inevitably give rise to numerous claims and to unnecessary additional expenditure. Government employes should not be encouraged to think that their pay is liable to increase in years of high prices any more than it is liable to decrease in years in which prices fall below the average; and it is only in entirely exceptional cases that any claim for a special compensation allowance really arises. The problem is therefore how to give an accurate and workable definition of these exceptional circumstances.

Second.—The rules must in any case be such as to leave with the Local Governments the discretion of pronouncing whether in any districts the exceptional circumstances above mentioned exist or not, and at the same time to ensure that the various Governments will on the whole (though not necessarily in all details) proceed on the same lines in doing so.

4. It is further necessary to guard against the fallacy that the wages of menial servants have a definite relation to the ordinary price of the staple food of the particular district in which they are employed, and are therefore inadequate when this rises. The Government of India do not consider that such an assumption has any adequate foundation. Wages in the case of petty servants are largely determined by the custom and practice of the Local Government as a whole. The Government is therefore under no obligation to give compensation to a man merely because he will otherwise be getting for the time less real remuneration than his brethren elsewhere.

Order.—Ordered, that a copy of the foregoing resolution be forwarded to all Local Governments and Administrations, and to all Departments of the Government of India.

(By order.)

(Signed) W. S. MEYER,
Offg. Depy. Secy. to the Govt. of India.

ENCLOSURES.

From the Hon'ble Mr. G. STOKES, I.C.S., Acting Secretary to the Government of Madras, Revenue Department, to the Secretary to the Government of India, Finance and Commerce Department, dated 4th March 1897, No. 136.

I am directed to forward copy of the marginally-noted Proceedings of this Government, in which His Excellency the Governor in Council has sanctioned the grant of famine batta to Government servants in Ganjám in accordance with the provisions of article 72 of the Civil Account Code, Part I, Volume I, and to invite your attention to paragraphs 4 and 5 of the Board's Proceedings printed therein, pointing out that the adoption of a fixed price for all grains and all districts alike as indicative of a general scarcity and distress gives rise to anomalous results, and suggesting a modification of the present rules regulating the compensation for dearness of provisions.

2. The Government of India has directed that the grain to be adopted for regulating the grant of compensation should be the cheapest grain of any kind commonly used by the people, that is, the common staple food of the people of the district (*vide* paragraph 9 of the Government of India Resolution No. 1648, dated 28th March 1888, Finance and Commerce), and it has been explained in Mr. Sinkinson's letter, No. 3040, dated 18th June 1889, that the basis of this rule is that "if in any district the common food of the people has risen in price beyond a certain point, the fact indicates a general scarcity and pressure in the district causing such distress to Government servants there employed as to warrant an increase to their pay sufficient to mitigate the hardship caused by high prices." The staple-grains adopted by this Government for the different districts in accordance with the above resolution of 1888 are given in the annexed statement, from which it will be seen that the normal prices of these grains as determined from the averages of ordinary years vary evidently from 13.4 seers per rupee in Malabar to 33 seers in North Arcot. It will be obvious from an examination of these normal prices (column 3 of the statement) that the fact that the price of the staple adopted has risen to 13 seers per rupee in any district does not necessarily show that there is scarcity or pressure in the district, and that where it *does* indicate distress, the limiting price is reached at different stages of distress in different districts. Thus, in Malabar and South Canara a small rise in prices over the normal entitles Government employes therein to famine batta, and in the districts of Ganjám, Nilgiris and Tinnevely the grant of such batta is permissible long before scarcity rates are reached. On the other hand, in North Arcot, Salem and the Deccan districts no compensation will be payable till prices exceed scarcity rates considerably and till probably very severe distress has set in. The Government has till now avoided inequalities in the working of the rules by the exercise of the discretion vested in it by article 72 of the Account Code, but this discretion only enables it to withhold compensation where it is permissible under the rules and not to grant it in cases where there is undoubted distress, though the staple grain has not risen in price above 12 seers per rupee.

3. Second-sort rice is the staple-grain adopted for Ganjám, and as the price of this grain has been for months past higher than 12 seers per rupee, and has now risen beyond the scarcity rate of 10.2 seers, orders have been issued directing the grant of famine batta to Government employes in the district. As yet, however, only test works have been opened in the district on which about 1,629 persons are employed, and the distress, though undoubted, is not so severe as in the Deccan districts, where regular relief works have been opened in various parts and where over 50,000 persons are in receipt of State relief. Government servants in these districts in receipt of small salaries are certainly in greater need of help from Government than those in Ganjám, but as the staple-grain of these districts, viz., cholum, is still cheaper than 12 seers per rupee, they are not entitled to any concession under the rules. This is an undoubted inequality in the working of the rules which the Local Government cannot rectify.

4. The object of the Government of India in framing the rules being to mitigate the hardship caused to its employes by high prices in times of general scarcity and pressure, it appears to His Excellency the Governor in Council, for the reasons set forth above, that definite percentage increases over normal prices are a fairer and surer gauge of such scarcity and pressure than a fixed price for all grains and places alike. The warning and scarcity rates adopted for the various districts are based on the principle of percentage increases, and I am to suggest that the same principle may also be adopted in article 72 of the Civil Account Code.

Months.	Seers per rupee.
November	10.4
December	10.3
January	10.2
February (average of the first three weeks) ..	10.2

Week ending 20th February 1897.

Districts.	Seers per rupee.
Kurnool	14.2
Bellary	13.1
Anantapur	13.7
Cuddapah	14.5

Districts.	Grain.	Normal price.	Scarcity rates.	Percentage rise above normal prices when compensation will be allowed.	Percentage rise above scarcity rates before compensation may be allowed.
Ganjám	Rice, 2nd sort ..	17.0	10.2	41.7	..
South Canara		14.0	8.4	16.7	..
Malabar		13.4	8.0	11.7	..
Vizagapatam		28.0	14.0	133.3	16.7
Gódvári		28.0	14.0	133.3	16.7
Madras	Ragi	24.0	12.0	100.0	0.0
Chingleput		24.0	12.0	100.0	0.0
North Arcot		32.0	16.0	166.7	33.3
Tanjore		28.0	14.0	133.3	16.7
Nilgiris		21.0	10.5	75.0	..
Salem	Cholum	31.0	15.5	158.3	29.2
Kistna		26.0	13.0	116.7	8.3
Nellere		26.0	13.0	116.7	8.3
Cuddapah		30.0	15.0	150.0	25.0
Anantapur		30.0	15.0	150.0	25.0
Bellary	Cumbu	24.0	12.0	100.0	0.0
Kurnool		24.0	12.0	100.0	0.0
Trichinopoly		28.0	11.5	91.7	..
Madura		26.0	13.0	116.7	8.3
Tinnevely		26.0	13.0	116.7	8.3
South Arcot					
Coimbatore					

From W. S. MEYER, Esq., Officiating Deputy Secretary to the Government of India, Finance and Commerce Department, to the Secretary to the Government of Madras, Revenue Department, dated 20th May 1897, No. 2287-Ex.

I am directed to acknowledge the receipt of your letter, No. 136, dated the 4th March 1897, on the subject of the modification of the rules regarding the grant of compensation for dearness of provisions to servants of Government on civil establishments.

2. Under the rules, as they now stand, grain compensation is not admissible until the selling price of the cheapest grain of any kind commonly used by the people of the district is dearer than 12 seers a rupee. It is explained, however, that the normal prices of the staple food-grains in different districts in the Madras Presidency vary considerably, so that in some districts a slight increase in the price of the staple food-grain "entitles" Government servants to compensation, while in others no relief is admissible even when the prices have risen very largely. Inequalities such as these in the working of the rules are, it is stated, a source of great hardship, and a remedy is suggested by the adoption of percentage increases over normal prices as the basis of compensation.

3. In reply, I am directed to refer to the letter from this Department, No. 3040, dated the 18th June 1889, and to observe that the price limits stated in the present rules should not be regarded as those beyond which Government employes are entitled to compensation. They are merely laid down as the rates at which discretion is given to Local Governments to grant it. Most of the inequalities, which the Government of Madras urge in the operation of the present limits, can therefore be met and avoided by the discretion vested in the Local Government as regards the application of the rules. Compensation for dearness of food should not be given, that is, merely because the case falls technically within the limits of article 72, Volume I, of the Civil Account Code; there must be at the same time such a pressure on the resources of the inferior Government servants that a temporary increase in their pay is urgently required. As the Madras Government justly observe, the discretion vested in them enables them to withhold compensation in cases where, though permissible by rule, it is not really required.

4. I am to add that, in the opinion of the Government of India, a departure from the present rule to that of a standard fixed by a ratio of increase over normal rates would open the door to so many difficulties in the establishment of rates that it would give rise to more doubts and correspondence over the settlement of cases than the present rule of fixed rates tempered in their application by the discretion allowed to Local Governments. The Government of India are also of opinion that, as a general rule, it is reasonable to hold that, until the pressure of scarcity has reached the point indicated by a price of 12 seers the rupee, the need has not arisen for resorting to the exceptional step of increasing, temporarily, the pay of Government servants on account of the dearness of food.

5. In these circumstances the Governor-General in Council does not consider it desirable to amend the rules in the manner suggested, and accordingly regrets his inability to sanction

the proposals of the Madras Government. If, however, the exceptional circumstances of any district give rise to cases of such hardship that the Government of Madras consider special intervention to be necessary, the Government of India will be prepared to consider any proposal of the Madras Government to admit compensation in such cases, although it may not fall within the terms of the rule.

From the Hon'ble Mr. G. STOKES, Acting Secretary to the Government of Madras, Revenue Department, to the Secretary to the Government of India, Finance and Commerce Department, dated 22nd September 1897, No. 802.

I am directed to acknowledge the receipt of Mr. Meyer's letter, No. 2287-Ex., dated 20th May 1897, in which the Government of India declines to accept the modification suggested by this Government in the rules regulating the grant of compensation for dearness of provisions to Government servants. The adoption of a fixed price for all grains and for all districts alike as the test of scarcity often defeats the benevolent object of the Government of India in framing these rules, and the feeling of hardship among the poorer paid Government servants at the unequal results which the working of the present rule necessarily involves is so considerable that His Excellency the Governor in Council desires to make a further representation to that Government on the subject.

2. As already pointed out in my letter of the 4th March last, the normal prices of the cheapest of the food-grains commonly used by the people vary from 13·4 seers to 32 seers per rupee in several districts of the Presidency, and the limit of 12 seers per rupee prescribed in article 72 of the Civil Account Code, represents a condition of things but little removed from the normal in some of the districts, while it indicates an advanced stage of distress in others. The grant of compensation therefore becomes permissible in the case of the former districts long before there is any need for it, while it is not allowable in the case of the latter till long after it is absolutely necessary. This inequality cannot be fully rectified by the discretion vested in Local Governments, which only enables them to withhold compensation, where it is allowable under the rule; not to grant it in cases where there is undoubted distress, though the staple-grain may not have risen in the price above 12 seers per rupee. As an illustration of the unequal treatment which has necessarily to be accorded to different districts under the present rule, it was pointed out in the above letter that, while the inferior Government servants in Ganjam who were severely distressed were drawing famine batta at the time, those employed in the Deccan districts, where the distress was considerably more severe and the need for compensation considerably greater, could not be shown any concession, as the prices in these districts were then cheaper than 12 seers. It was also pointed out that definite percentage increases over normal prices were a fairer and surer test of general scarcity and pressure than a fixed price for all grains and districts alike, and that the warning rates intended to warn district officers of the possibility of distress and the scarcity rates indicating the stage at which it is necessary to open relief works were being calculated on the principle of proportionate increases over the normal, and it was suggested that the same principle should be adopted in article 72 of the Civil Account Code.

3. In declining to accept the above suggestion, the Government of India says (a) that a departure from the present rule to that of a standard fixed by a ratio of increase over normal rates would open the door to so many difficulties in the establishment of rates that it would give rise to more doubts and correspondence in the settlement of cases than the present rule of fixed rates tempered in their application by the discretion allowed to Local Governments, and further remarks that (b), as a general rule, it is reasonable to hold that, until the pressure has reached the point indicated by the present limit, the need has not arisen for resorting to the exceptional step of temporarily increasing the pay of Government servants on account of dearness of provisions, but (c) that it would be prepared to consider any proposal of this Government for special intervention in exceptional cases not covered by the present rule.

4. With reference to this last remark (c), I am to say that, since the receipt of Mr Meyer's letter, the prices of the staple food-grains have become dearer than 12 seers per rupee in the four Deccan districts, the circumstances of which were specially brought to the notice of the Government of India in paragraph 3 of my letter of the 4th March, and in Vizagapatam to which distress has since extended. This enabled the Local Government to sanction the payment of famine batta for some time in these five districts also without a special reference to the Government of India, but not, I am to add, till after distress had become very severe in them and the inferior servants employed therein had been put to great hardship for several months owing to the prevalent high prices.

5. In reference to remark (b), I am to observe that, under the rules laid down by the Government of India, the grains that regulate the grant of compensation are not the grains used as food by the Government servants interested nor necessarily the staples consumed by the majority of the labouring population, but the cheapest and the coarsest grains used by any considerable section of the community, the aggregate demand for which is consequently comparatively limited. The prices of these grains rise much less rapidly in the times of scarcity than those of staples largely consumed by the people, and it is doubtful whether it can be safely

assumed that, as a general rule, the need for the grant of compensation does not arise till these prices rise from two to three times their normal level; on the other hand, it is to be feared that in this Presidency the exceptions to be allowed to such a rule will be far more numerous than the cases covered by it, as will be apparent from the statement appended to my letter of the 4th March last, from which it will be seen that in twelve out of the twenty-two districts of this Presidency the price fixed in article 72 of the Civil Account Code is higher than the scarcity rates, and in the case of seven of them considerably higher. These scarcity rates determined by the Local Government from time to time under fixed rules are (*vide* section 2 of the Madras Famine Code) taken as a sure indication of the existence of severe scarcity calling for the immediate introduction of relief measures, and it appears to His Excellency in Council that it may be reasonably assumed that when the state of the season and of prices is such as to render it necessary for Government to undertake special measures for the relief of the general population, the need has also arisen for affording relief to such of its own servants as are put to hardship by the prevalent high prices, and that it is therefore unsafe in this Presidency to act on the principle laid down by the Government of India. This was fully exemplified in the famine of 1891-92, when prices never rose to 12 seers per rupee in any of the affected districts, though relief works on a large scale had to be opened in some of them and by the course of prices in the early part of the current year. It would only seem natural that when the reason for granting famine batta is scarcity, the scarcity rates should be referred to as the gauge of that scarcity and not an arbitrary universal rule.

6. The scarcity rates represent a rise of 100 per cent. over normal prices in the case of dry grains and of 66 $\frac{2}{3}$ per cent. in the case of rice; the normal prices are fixed for each district from time to time by the Board of Revenue with the previous sanction of the Local Government, for the purposes of section 2 of the Famine Code, with due regard to the average prices of previous non-famine years; the present normals adopted in 1896 being subject to revision at the end of five years. The scarcity rates thus represent a very high percentage of increase over normal prices, and, on considering the question in the light of the criticisms in the letter now under reply, His Excellency the Governor in Council is of opinion that they may also be adopted for regulating the grant of famine batta. These rates are less arbitrary than the present fixed price of 12 seers per rupee, and will greatly reduce the inequalities in the treatment of the different districts. If their adoption makes the grant of batta permissible in some cases at an earlier stage than at present, it also puts off the grant till a considerably later stage in others, and the increased cost, if any, to the State which would result from it must be inconsiderable.

7. It is not understood why the adoption of the principle of percentage increases over normal prices should give rise to doubts and correspondence in the settlement of particular cases, nor what difficulties the Government of India anticipates in the establishment of rates. The normal rates are capable of easy determination from the records of prices, and the percentage of rise indicative of severe scarcity can be settled with reference to the circumstances of each tract; and when these two elements are fixed, the point at which the grant of batta becomes permissible is determined at once. It is not proposed that compensation should be paid as a matter of course when the prices reach the scarcity rates, but only that the Local Government should be vested with discretion to grant it at this stage instead of at the stage prescribed by the present rule.

8. With these remarks, I am to resubmit the question for the consideration of the Government of India. The change proposed is so desirable that in the opinion of this Government it should be given effect to even at some increased cost to the State; but if the slight increase in cost which might ensue is a serious objection to the change, I am to suggest that it may be met by lowering the superior limit of the pay of servants to whom compensation is payable.

ORDER—Mis. No. 295, Revenue, dated 19th January 1898.

Referred to the Departments of the Secretariat, the Board of Revenue and the Superintendent, Madras Survey, for favour of an early expression of opinion.

(True Extract.)

Ag. Secretary to Government.

To the Departments of the Secretariat.
 „ the Board of Revenue (all departments).
 „ the Superintendent, Madras Survey.

Exd. Shaik Karim.

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