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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Revenue DEPARTMENT

G.O. No.	325	Press.
B.P. No.		Mis.
Dated	28.1.1979	197-

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FINANCIAL DEPARTMENT.

13th December 1878, No. 2208.

Famine Expenditure.

Read again G.O., 20th October 1877, No. 2547.
Do. 23rd July 1878, No. 1289.

Read also the following papers:—

No. 84. *From R. P. CHAPMAN, Esq., Secretary to the Government of India, Financial Department, to the Acting Chief Secretary to Government, dated Simla, 25th September 1878, No. 3145.*

I am directed to acknowledge the receipt of your letter, No. 1290, dated 23rd July last.

2. By Resolution, No. 1137, dated 23rd February 1878, the Government of India required the Government of Madras to repay to the Imperial Treasury a debt of Rupees 2,33,860 incurred on the Provincial account before the recent famine.

3. By Resolution, No. 1826, dated 28th March 1877, the Governor-General in Council had previously promised to treat the Government of Madras after the famine as it had treated the Government of Bengal after the Bengal famine, viz., to make such a contribution from the Imperial treasury as would leave to the Government of Madras a net balance of five lakhs of rupees at its credit, including, besides Provincial Funds, all Local Funds at the unfettered disposal of the local Government.

4. In framing the estimates of the current year, the Government of India assumed that the balance of about Rupees 2,00,000 standing at the credit of the Pound Funds and the several minor balances of Rupees 1,11,000 detailed in the margin of the 6th paragraph of the order of the Government of Madras, No. 1289, dated 23rd July, were thus at the unfettered disposal of the Government of Madras.

5. Had full effect been given to this assumption, it would have been necessary, in order to fulfil the promise contained in Resolution, No. 1826, dated 28th March 1877, to provide a provincial balance of only Rupees 1,89,000 at credit of the Government of Madras at the beginning of 1878-79, which would have made up, with the aforesaid Rupees 3,11,000, the sum of Rupees 5,00,000 promised. The Government of Madras would then have been liable to repay, during the year 1878-79, the debt of Rupees 2,33,860 due to the Imperial Treasury under Resolution, No. 1137, dated 23rd July 1873, and, in the local estimates, provision has actually been made for a provincial surplus of Rupees 2,71,000 which would supply the means of repaying this debt.

6. In fact, however, the Government of India provided upon the estimates an opening balance of Rupees 4,23,000 at credit of the Government of Madras on the provincial account, making with the aforesaid Rupees 3,11,000, Rupees 7,34,000 instead of Rupees 5,00,000 as promised; and, moreover, as the Imperial Estimates now stand, no provision is yet made for the repayment of any part of the old debt of Rupees 2,33,860.

7. The Government of Madras now expresses its willingness to repay this sum of Rupees 2,33,860 thus due from it, but points out that, unless the Government of India, at the same time, foregoes its claim upon the Rupees 3,11,000 (the Local Fund balances) the promise to place five lakhs of rupees at the free disposal of the Government of Madras at the close of the famine will be virtually, in a measure, nullified. The Government of Madras, therefore, confidently relies on the Governor-General in

Council fulfilling the pledge of the Supreme Government, and remarks that provincial embarrassment must otherwise result.

8. It is understood from this that the Government of Madras would be content if the Government of India would raise the provincial balances provided at the beginning of 1878-79 from Rupees 4,23,000 to Rupees 5,00,000; in other words, if it would provide the Government of Madras with a balance of Rupees 5,00,000 in its provincial treasury alone, apart from any Local Fund balances, which are at its unfettered disposal, and that if this is done, the Government of Madras is prepared to pay during 1878-79 the sum of Rupees 2,33,860 due by it.

9. If the Government of India so far rightly apprehends the meaning of the Government of Madras, it is obvious that precisely the same financial effect would result if the opening balances on the provincial account were reduced to Rupees 2,66,140, and no further claim made upon the Government of Madras in respect to the old debt of Rupees 2,33,860 which it acknowledges to be due to the Imperial treasury.

10. In connection with this representation the Proceedings received with your letter, No. 2548, dated 20th October 1877, showing the arrangements at that time made for the adjustment of part of the famine expenditure against Local Funds have been carefully re-considered.

11. The Governor-General in Council has no desire to impose upon the Provincial or Local Funds of the Madras Presidency any greater burdens at the present time than they can properly bear. But His Excellency in Council believes that the Government of Madras will agree that it would not be right that no contribution at all should be made from Local Funds towards the means required to meet the late great exigency.

12. Upon the whole, but for the debt of Rupees 2,33,860 which burdens the Government of Madras, the Government of India would have felt compelled to ask the Government of Madras to contribute at least Rupees 1,00,000 of the local balances of Rupees 3,11,000 detailed in paragraph 4 of this letter. But, having regard to that debt which cannot but be specially onerous just now, the Government of India is willing to assent to the proposal of the Government of Madras and forego all further claims in respect to that debt, on condition that the opening balance at credit of the Provincial Government be reduced from Rupees 4,23,000 as provided upon the Regular Estimate to Rupees 2,66,140 as calculated in paragraph 9.

13. The Accountant-General will accordingly be directed to adjust the accounts of 1877-78 upon this basis, taking care, however, that the debt of Rupees 2,33,860 for the repayment of which provision is thus virtually made, does not go to swell the expenditure recorded under famine relief; that sum must be adjusted under the head of Provincial Deficits.

14. There remains, however, another question to which I am to invite the attention of the Government of Madras, viz., how far it would be legal, and if legal, expedient to require any contributions in relief of the general revenues from any of the Local Funds other than those detailed in the margin of paragraph 6 of the order of the Government of Madras, No. 1289, dated 23rd July 1878.

15. After the Bengal famine of 1874, the sum of Rupees 2,50,000 was contributed from such funds, the following funds being exempted:—

(1) Insolvent Funds.

(2) Funds belonging to districts in which no expenditure was incurred for the relief of famine.

and, of course, funds not legally liable were not called upon to contribute.

16. The Government of India has re-perused, upon this subject, the second order of the Government of Madras, No. 1449, dated 26th July 1877, and acquiesces generally in the principles therein laid down; but, at the same time, it seems desirable that the matter should be considered afresh with a view to ascertain whether any of the solvent Local Funds in the Madras Presidency might properly be made to contribute towards the general burden more than they have yet done.

17. I am to suggest, therefore, that if the balances of any District Local Fund are found to exceed on the 1st of October 1878 one quarter of a year's income of the fund, so much of any Imperial expenditure on public works undertaken in that district for the relief of the people from the effects of the famine may be written back against the Local Fund, as will reduce its balance to one-quarter of a year's income.

18. The richest Local Funds in the Madras Presidency are apparently the Village Service Funds which can by law be spent upon village service and nothing else. The only way in which relief might possibly be had for the general revenues from this source would be to charge to any such funds that could bear it any extra remuneration allowed to the village servants whose pay is a charge upon them to enable them to discharge the special or extra duties imposed on them during the famine. If such extra remuneration has any where been charged to the Imperial treasury, I am to suggest that, if practicable, it should be transferred to debit of the proper Village Service Funds.

19. I am to invite an early reply to this communication. Probably, the Government of Madras will be able to assent at once to the proposed settlement of accounts between the Provincial and Imperial Governments; if so, a telegram to this effect would be convenient. More inquiry may be necessary before the Government of Madras can say whether effect can be given to the suggestions made in paragraphs 17 and 18 concerning contributions from the separate Local Funds; but the Governor-General in Council trusts that if the Government of Madras accepts the principles of those suggestions, it will lose no time in ascertaining and reporting any practical relief to be thus obtained for the General treasury.

No. 85. Telegram to Financial Secretary, Simla, dated 14th October 1878.

Your letter 25th September, No. 3145. Presume as famine did not close 1st April last proposal to be understood as based on all subsequent famine expenditure being borne by Imperial. On that understanding, we accept proposals paragraphs 12, 13; we accept principle of proposals in paragraphs 18, 19, and will lose no time in reporting what effect can be given but anticipate little relief.

No. 86. Telegram from Financial Secretary to the Government of India, Simla, to Chief Secretary to Government, Madras, dated 15th October 1878.

Your message 14th. Yes, all famine expenditure during 1878-79 which cannot reasonably be borne by the provincial revenues will be an Imperial charge.

No. 87. ORDER THEREON, 13th December 1878, No. 2208.

His Grace the Governor in Council understands the proposals of the Government of India to be that the credit balances under Local and Special Funds, on the 31st March 1878, are to be left intact, and that the Madras Government should accept a grant of Rupees 5,00,000 to open the year 1878-79 with, minus the ascertained provincial deficit at the close of 1876-77, amounting to Rupees 2,33,860; or, in other words, that the Madras Government should receive an unencumbered grant of Rupees 2,66,140 to begin the current year with, independent and exclusive of any balances under Local and Special Funds at the commencement of the year, which are to be left at sole disposal of the Madras Government for expenditure in accordance with the provisions of the special Acts constituting such funds, or on the objects to which they are, by usage and equity, limited.

His Grace in Council further presuming that as the famine was not ended on the 1st April 1878, whilst the original intention of the Government of India in

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promising to make a clear grant of five lakhs of rupees was to enable this Government to start fair with a credit balance after the cessation of the distress; the proposals made in the letter of the 25th September were also to be understood to mean that the famine charges in the current year should be charged to Imperial, there being a provision of fifty lakhs of rupees for this purpose in the budget of the current year, resolved to despatch the telegram above read to the Government of India, and is glad to learn from their reply of the 15th instant, that this interpretation is correct. He, therefore, resolves to accept the proposals mentioned.

2. In regard to paragraphs 17 and 18, His Grace in Council gathers that it is the wish of the Government of India that in famine districts the cost of famine relief works of a character to which Local Funds raised under Act IV of 1871 are appropriable, i.e., roads and *not* irrigation works, shall be met from any balance in the Road Fund of the particular Circle concerned, remaining on the 1st October 1878, which may be in excess of a quarter's income. His Grace in Council considers the proposal unobjectionable in principle, and will refer it to the Board of Revenue for report; but he is under the impression that no such balances existed in any such Circle; for at the close of the year 1876-77 there were *minus* balances under Road Fund in no less than twenty Circles, which were estimated to outweigh the credit balance in the remaining fourteen Circles by no less than Rupees 1,68,758; and he has every reason to believe that the financial difficulties of the several Circles in the distressed districts have increased since then, and that at the close of 1877-78 the condition of these funds was considerably more embarrassed, so that the question of their claims on Provincial Funds for aid to start fair in the year 1879-80 will need consideration. He is not, however, yet in a position to discuss the matter further, as the necessary information is not yet before Government.

3. Similarly, in regard to the Village Service Fund the proposal that in any district where such fund exists, and where famine expenditure in the shape of additional remuneration to village servants has been met from Imperial Funds, such charge should be transferred from Imperial to the Special Funds concerned is reasonable in principle, and will be referred to the Board of Revenue for report.

(True Extract.)

H. B. GRIGG,
Acting Under-Secretary.

To the Revenue (Famine) Department,
" Board of Revenue.
" Public Works Department.
" Accountant-General.

Ed. F. R. Bantleman.

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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

28th December 1878, No. 2346.

Local Funds--Works.

Read the following paper:--

No. 271. *Proceedings of the Madras Government in the Public Works Department, dated 27th December 1878, No. 4858-W.*

The Governor in Council, having now had before him returns of the grants and outlay on works of the several classes up to October 31st, finds that there is a considerable amount of Local Fund Budget works still to be effected from the Local Fund allotments of the year, and resolves therefore that the Executive Engineers be instructed to carry out works so remaining as far as the amount of not exceeding one-third of the available unspent balances of local funds remaining on December 31st in each Local Fund Circle, such balance being estimated exclusive of any contribution thereto from provincial grants-in-aid, and the Examiner is authorized to issue credits for the month to that extent, pending further orders which will be issued on receipt of the whole of the revised budgets from the Superintending Engineers.

2. The expenditure on other branches remains absolutely prohibited until further orders.

3. In the mean time the Chief Engineer and the Chief Engineer for Irrigation will direct the employment of their staff on the completion of investigation of projects which have been partly carried out, and of plans and estimates for which the pause in execution of works will afford a valuable opportunity.

(True Extract.)

(Signed) E. A. FOORD, Col., R.E.,
Secy. to Govt., P.W.D.

No. 272. ORDER THEREON, 28th December 1878, No. 2346.

Communicated to the Board of Revenue.

(True Extract.)

C. G. MASTER,
Acting Chief Secretary.

To the Board of Revenue.

Ed. J. W. Fischer.

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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

8th January 1879, No. 15.

Local Funds.

Read the following paper :—

No. 12. *Proceedings of the Board of Revenue, dated 20th December 1878, No. 3466.*

Read G.O., dated 13th December 1878, No. 2208.

The Board are called upon to report upon two suggestions of the Government of India relating to the question of requiring Local Funds to contribute towards the cost of Famine Relief :—

1st, that if the balances of any District Local Fund are found to exceed on the 1st October 1878 one quarter of a year's income of the fund, so much of any Imperial expenditure on public works undertaken in that district for the relief of the people from the effects of the famine may be written back against the Local Fund as will reduce its balance to one quarter of a year's income.

2nd, that any extra remuneration allowed to the village servants whose pay is a charge on village service funds to enable them to discharge the special or extra duties imposed upon them during the famine be transferred to the debit of the proper Village Service Funds.

2. The second proposition requires no discussion ; it is equitable, and such charges must have, in fact, been already debited to the Local and Special Funds concerned if the instructions issued on the subject have been attended to (*vide* G.Os., dated 11th November 1876, No. 1669, 24th February 1877 No. 817 ; and 9th June 1877, No. 1933). The extra batta granted to servants of the Local Fund Boards has been correctly charged to the Local Funds raised under Act IV of 1871 ; but, as regards additional allowances to village servants, pound-keepers, and employes paid from the Jungle Conservancy Fund, there may have been some confusion, and Collectors of Famine Districts will now be requested to look into the matter and effect the necessary adjustments in communication with the Accountant-General if any mistake has been made. The sum involved cannot be very considerable however, for the grant of special

G.O., 31st October 1877, F.R. No. 2684.

" 14th Dec. " " 3151.

" 28th Nov. " " 2944.

money-payments to village servants was not allowed till towards the end of 1877, and seems to have been limited to Chingleput and Nellore. At least no order sanc-

tioning the indulgence generally can be traced.

3. As regards the first proposition, the Board are unable to state what will be the exact effect of such an arrangement as that suggested, as they are not in possession of adjusted figures for so recent a date as the 1st October 1878, nor is the proposal very definite ; by a year's income an average of a series of years may be intended or the revenue of the particular year 1877-78, and by expenditure on public works the total cost on the value only at normal rates may be meant ; of course balances under the Road Fund only can be appropriated, and the cost of such works as are legitimate objects of expenditure under the terms of Act IV of 1871 can alone be taken into account. It is not explained on what principle the proposal is based, but it is presumed that 1st October 1878 is taken as being the period when famine operations were being generally curtailed, and a quarter of a year's income as representing the working balance which a Local Fund in a healthy financial condition should have at credit, though, as a matter of fact, this prosperous state of affairs has not recently been

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maintained in the majority of the Local Fund Circles. The accompanying Statement A shows that at the close of 1876-77 the Road Fund of seventeen out of twenty-one circles affected by the famine closed with a deficit of Rupees 4,88,686, the surplus in the Circles where the Road Fund was solvent being only Rupees 63,703; at the close of 1877-78, for which year the Board are not yet in possession of audited results, only fourteen circles were in a state of insolvency, the aggregate deficit being Rupees 3,23,877 and the *plus* balances amounting to Rupees 1,74,568; this was, of course, owing to all expenditure on works having in the first instance been debited to famine and the adjustments against Local Funds not having been completed. The position of affairs, if the Government of India proposal be adopted, is shown by Statement B as far as figures are available, but it must be understood that for the reason above given they are really of no value whatever. The Board have taken the average of the last three years for the purpose of calculating a year's income; this includes two bad years, and the computation is therefore in favor of Imperial rather than Local Funds as it reduces the quarter's income to be retained. Taking this average as the basis of the calculation, it seems that nine circles cannot be called upon to contribute anything, whilst the amount to be surrendered by the remaining twelve circles will aggregate Rupees 2,04,612, subject, of course, to the proviso that no debit is to be raised against any circle in excess of the value of the work done. The Board consider that, as the appropriation of Local Funds is restricted by law to specific objects, the relief of distress not being included amongst them, the excess over the value of the work at normal rates cannot legally be made a charge on such funds; they are also of opinion that, before the cost of a work is thrown upon Local Funds, the Circle Boards should have an opportunity of stating whether they accept the outlay as a legitimate liability; otherwise they may be debited with the cost of works which are not, strictly speaking, Local Fund works.

4. With these reservations the Board see no objection whatever to the course proposed; it is more favorable to Local Funds than the plan which has been resolved upon as laid down in G.O., dated 17th October 1877, No. 2529, and connected orders, inasmuch as all available savings and balances under the Road Fund were to be surrendered under the terms of the order above quoted. In accordance with these instructions the Board have, in dealing with the regular estimates for 1878-79 in connection with the budgets for 1879-80, abstained from carrying forward any Road Fund balances which may be at credit of circles classed as famine-stricken in order that they may be held available to meet the charges under discussion. As the Board have no information regarding the works executed from Imperial Funds, but properly debitable to Local, and their cost at normal rates, they cannot estimate the extent to which each circle will be affected by the proposed arrangement; but, if the whole of the *plus* balances shown in the last column of Statement B are appropriated, the relief to the Imperial exchequer will be infinitesimal as compared with the vast cost of famine relief.

(True Extract.)

(Signed)

C. A. GALTON,
Acting Secretary.

To the Chief Secretary to Government.

No. 13.

ORDER THEREON, 8th January 1879, No. 15.

Recorded with reference to G.O., 28th December 1878, No. 2346, Financial Department.

(True Extract.)

H. B. GRIGG,

Acting Under Secretary.

To the Board of Revenue.

Exd. J. W. Fischer.

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THE BOARD OF DIRECTORS

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G.O., 23 January 1879, at 16

Local Trade.—Economic Journal of Toronto, supplement, articles relating to the question of gathering local trades to conduct the business of printing local trade cards, accorded with reference to C.O., Sent December 1898, No. 2010.

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(True Extract.)

(Signed) C. A. GALTON,
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To the Chief Secretary to Government.

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(True Extract.)

H. B. GRIGG,
Acting Under Secretary.

To the Board of Revenue.

Revenue Department.

Exd. J. W. Fischer.

/ True copy /
H. B. Grigg
Acting Under Secretary

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Memorandum
 No. 1879
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THE BOARD OF SEVENTEEN

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