

Revenue (1897) Department.

PRESS SERIES.

G.O., No. 38

DATED 21st Jan'y 1897.

[Despatch Abstract.]

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
C.O. 9030/97. The return has been discontinued							

FILE No. 22 OF 1897.

SERIAL No. 1.

Rev. 1897. *Depart.*

GOVERNMENT OF INDIA.

DEPARTMENT OF REVENUE AND AGRICULTURE.

GENERAL.

Currently

To

ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS
(INCLUDING BERAR).

with 10 S/one copies

Circular No. $\frac{1G.}{22-1}$

Dated Calcutta, the 9th January 1897.

SUBJECT.

PREPARATION of weekly returns shewing the movement of food-grains
between different parts of the country.

G. I. C. P. O.—No. 1071 R. & A.—9-1-97.—1,004—3. J. D'S.

Circular No. ^{1 G.}₂₂₋₁

4P

FROM

DENZIL IBBETSON, Esq., C.S., C.S.I.,
Secretary to the Government of India,

TO

The Secretary to the Government of Madras.

Department of Revenue and Agriculture.
General.

Dated Calcutta, the 9th January 1897.

SIR,

In paragraph G of my letter No. 104 F., dated 4th January 1897, to the Government of Bengal, of which a copy was forwarded with Circular No. 4—21-1, dated 6th January 1897, it is pointed out that one of the methods in which Government can properly help the mercantile community to gauge demand and supply in the matter of food-stocks is, "to assist them in verifying the facts upon which their action must depend, by placing freely, fully and promptly at the disposal of the public all the information of which it is in possession." And for this purpose nothing is of greater importance than full information regarding the movement of food-grains between different parts of the country.

2. The Government of India have no doubt that the District Officers of all affected districts have already arranged for the receipt of information, at short intervals, regarding the local import and export of grain, at any rate so far as rail-borne traffic is concerned, so as to enable them to watch the manner in which the stocks of their districts are being supplemented or depleted. But to serve efficiently the wider purpose indicated above, it is desirable that the information in question should be made available, not only for those districts in which a deficiency has to be supplied from without, but also for the exporting districts from which it is supplied.

3. I am therefore to request that with the permission of the Governor in Council arrangements may be made by which every District Officer may be supplied, on the morning of every Monday, with a statement from each Railway station in his district, showing the number of standard maunds of food-grains and pulses which have (1) arrived at, and (2) left the station from or for places outside that district during the week ending with the previous Saturday. These statements should then be totalled for the district, and the totals communicated by deferred telegram to the Director General of Statistics at Calcutta. It will be sufficient to telegraph the name of the district, the day of the month on which the week for which the figures are reported ended, and the figure imports and exports respectively in round hundreds of maunds. Thus, if during the week which ends on Saturday the 16th January, 22,443 maunds were imported into, and 110,658 exported from, the district of Surat, the telegram should run—

"To Calcutta, Director-General, Statistics. Surat sixteenth imports 224 exports 1107 hundred maunds."

and I am to ask that this form may be strictly adhered to.

Orders have already been issued by the Government of India in the Public Works Department, to all Railways under Government control; and Local Governments will doubtless be able to arrange with other Railway Administrations that the required figures shall be punctually forwarded from every Railway station direct to the Collector of the district in which the station lies.*

4. Particular attention is invited to the words which are italicised in the foregoing paragraph. Movements of grain *within the district* should be carefully excluded, or they will vitiate the figures for the purpose for which they are required.

5. The returns of grain and pulse crossing the land frontier into India will not reach the Collectors in time to be included with the Railway figures, but should be forwarded by post weekly to the Director General. As regards traffic by road within India, no general machinery exists by which it can be registered, while though the means of registering it doubtless exist at certain points, yet to include it for some districts and not for others would be inexpedient. Water-borne traffic is, however, of very great magnitude in certain parts of the country; and where this is the case, and when arrangements can be made for the collection of statistics, such as have been kindly made by the Manager of the India General Steam Navigation Company at Bankipur, this traffic should be included.

6. In order to render the statistics complete, weekly figures for the exports and imports of food-grains will be obtained from the Port authorities at Calcutta, Madras, Bombay, Rangoon and Karachi, and included in the returns that will be published. The necessary arrangements have been separately made by the Government of India in the Finance and Commerce Department. Similarly, arrangements should be made by the Collectors of coast districts to obtain the figures for export and import by sea for the ports within their jurisdiction.

I have the honour to be,

SIR,

Your most obedient servant,

Wm. J. W. W.

Secretary to the Government of India.

* It will probably save trouble and prevent mistakes if the form given below were to be printed on service post cards and supplied to Collectors for distribution to the Station Masters of Railway Stations in their Districts.

Week ending Saturday 189 .

Weight of food-grains and pulses booked from outside of the district.	Station to Stations	Maunds.
Weight of food-grains and pulses received at outside of the district.	Station from Stations	
Date 189 .	Station Master. Station.	

To be filled in and despatched to the Collector of the district by the first post on the Sunday following the week to which it refers.

Revenue (1897) Department.

CURRENT No.

*Printed at the
27/1*

The Hon. Mr. G. C. S.

His Excellency the Governor

56

Readable 376

Order (P. 138) 20th Jan 1897

Communicated to the

Board of Rev. for information and guidance.

K. S.

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From The Govt. of India,
Rev. & Agr. Departt.

No. 45
21-1.

Dated 6th January 1897.

Received 11th

Registered

Enclosures

Spare copies

SUBJECT.

Forwarding, for information and guidance, letter to the Bengal Govt. regarding the policy of Govt. of non-intervention in the grain trade.

C. 18/1/97.
R. 20/1/97

20-1/97.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

FILE No. 45 OF 1896.

SERIAL No. 15.

1897.

GOVERNMENT OF INDIA.

DEPARTMENT OF REVENUE AND AGRICULTURE.

FAMINE.

To

THE SECRETARY TO THE GOVERNMENT OF BENGAL,
REVENUE DEPARTMENT.

No. 104 F.

Dated Calcutta, the 4th January 1897.

SUBJECT.

COMMUNICATES remarks on the proposals of the Bengal Government for making advances for the purchase of food-grain and for its distribution in remote areas in affected districts.

G. I. C. P. O.—No. 975 R. & A.—4-1-97.—253.—R N. D.

Enclosure

No. 104 F.

29/1

FROM

DENZIL IBBETSON, Esq., C.S.I., I.C.S.,
Secretary to the Government of India,

To

THE SECRETARY TO THE GOVERNMENT OF BENGAL,
REVENUE DEPARTMENT.

Dept. of Rev. and Agri.
Famine.

Dated, Calcutta, the 4th January 1897.

SIR,

I AM directed to address you in continuation of my letter No. 8 F., dated the 22nd December 1896, and with reference to the proposals contained in paragraph 4 of your letter No. 5183, dated 12th December 1896.

2. That paragraph runs as follows:—

In paragraph 13 of the Resolution submitted to the Government of India it is pointed out that many gentlemen of position and local knowledge in Bihar consider that stocks, especially in the less accessible places, are likely to be depleted before private trade can supply the local deficit; and the Lieutenant-Governor desires me to submit, for the favourable consideration of the Government of India, the suggestion of the Conference that advances of money might be made by Government at a reasonable rate of interest (say, 6 per cent.) for the purchase in Calcutta of grain from over seas, and for the distribution of this grain in remote areas, it being understood that the persons to whom these loans are made will be allowed to dispose of the grain at their own risk and at their own discretion. It would be necessary to stipulate that the supplies be drawn from other countries than India, and that Government officers should be allowed to satisfy themselves by the occasional inspection of invoices that grain is really being imported into the inaccessible tracts. The Lieutenant-Governor is disposed to think that to make advances on these conditions would not constitute an interference with private trade, and would not be inconsistent with the principles approved by the Famine Commissioners in paragraph 159 of their report. One or more of the persons to whom such advances may be made in inaccessible tracts might be constituted contractors for the supply of grain on relief works, etc., under section 35 of the Code, and I am directed to request that the Government of India may be moved to sanction this proposal.

Paragraph 13 of the Bengal Government Resolution No. 5133 of the 10th December 1896, to which reference is made in the above paragraph, is also quoted below for convenience:—

It was brought to the notice of the Conference that many gentlemen of position, local knowledge and experience in Bihar, are of opinion that stocks, especially in the more inaccessible places, are likely to become depleted before private trade could supply the local deficit, and it was suggested for consideration whether, without in any way interfering with private trade, Government might unobjectionably advance money, at moderate interest, for the purchase of grain imported from Burma or elsewhere, which might be sold or distributed locally without any interference on the part of Government. The Commissioner recommends that the suggestion be accepted "as the last bulwark against depletion of stocks in

out-of-the-way places," on the condition that grain for which loans are made is in the first instance imported from beyond the seas and purchased in Calcutta or other distant markets, and that full and adequate security is forthcoming for the repayment of the loans. The Commissioner is also of opinion that such advances should only be made to well-known men who may be trusted not to compete with local bunniahs. In 1873-74 Government sanctioned arrangements whereby, in places likely to be in want, and in which there were not thought to be traders to import food, advances might be made—

- (a) to zamindars, planters or others, on the condition that they would import grain from a distance and sell it as near as possible at cost price, all expenses included;
- (b) to traders and others of safe and responsible character at a moderate interest of 6 per cent., who were to import grain from a distance without any conditions as to the rate or manner of selling it.

Proposals such as were sanctioned under head (a) in 1873-74 clearly involve interference with private trade, and cannot now be entertained; but there appears to the Lieutenant-Governor to be no strong objection to advances of money by Government at reasonable interest (say 6 per cent.) and on adequate security, for purchase in Calcutta of grain, imported or to be imported from beyond seas, and sale or distribution of it in remote areas, provided the persons to whom such loans are given are allowed to sell or otherwise dispose of it at their discretion and at their own risk. The only conditions which it would be necessary to stipulate for would be (1) that supplies are drawn from districts beyond those in which scarcity exists or is apprehended (in the present instance all India), and (2) for occasional inspection of grain invoices (chalans), in order to verify that the persons to whom advances

Page 50 of Correspondence on Famine in Bengal and Bihar of 1873, Vol. I.

are made do really import grain into the inaccessible tracts, and that it was obtained originally outside Bengal or other provinces threatened with scarcity. No maximum or minimum limit need be put on the amounts of such loans, nor need any distinction be made as to the class of persons to whom such loans may be made as long as they can give sufficient security for repayment with interest, at any time up to the end of 1897 that Government may demand repayment. If the conditions of the loan should be violated, the amounts advanced might be realised at once, but otherwise they would not be recovered before the end of 1897.

The question appears to be more one of finance than of interference with trade. It will be submitted for the orders of the Government of India, but meanwhile if, pending receipt of the orders of the Supreme Government, the Commissioner or District Officers receive any definite applications for loans for the purpose indicated, they should submit them for the orders of Government.

These proposals practically amount to a scheme for the importation of food-grains from abroad into India with funds to be supplied by Government.

3. The question of the importation by Government of food into a distressed tract is fully discussed in paragraphs 152 to 159 (pages 49-52) of Part I of the Famine Commission Report. The conclusion arrived at was that, save

will be considered presently, the only wise course was for Government to rigorously abstain from any attempt to intervene directly in, or in any way to supersede the operations of private trade. As has been frequently remarked, the only wise course was for Government to

Government may be able to do more than any one trader; but cannot do as much as all the traders of the country taken together; while the fact that it can do so much more than any one trader, must render every trader unwilling to compete with so wealthy and so powerful a rival. The inevitable effect therefore of any attempt on the part of Government to enter the market as a purchaser or an importer on its own account, is to gravely discourage, even if it does not wholly paralyse, mercantile activity; and the evil thus done is great out of all proportion to the actual magnitude of the Government operations, since the uncertainty as to their possible nature and extent creates an apprehension which is fatal to enterprise and initiative in these matters.

4. It is true that in paragraph 155 of their report the Commissioners go on to say, "a resolution to rely entirely on the ordinary operations of trade to meet the wants of the country in time of famine must unquestionably rest, not only on the expected activity of the traders, but also on the probability of the requisite supply of food being forthcoming at the critical time." And they proceed to discuss the improbability, based upon past experience, of distress ever being so wide-spread in India that the unaffected tracts should be unable to supply the surplus required by those that are affected. Unfortunately, the scarcity that now threatens, covers a larger proportion of the whole country than has ever been simultaneously affected in any previous famine of which the Government have particulars; and it is conceivable that under

certain circumstances the food supply of the country taken as a whole may prove insufficient, and that it may be necessary to supplement it from abroad. And the difficulty of so supplementing it is one, not of sources of supply, but of time; since it will take several weeks to obtain grain from any source which can be relied upon to meet large demands.

5. But while fully recognising the importance of the question and the gravity of the situation, the Government of India are of the deliberate and decided opinion that they will best serve the end that all have in view by rigidly abstaining from interference. The mercantile community has at its disposal sources of information regarding stocks and demand that is more complete and more reliable than anything which Government can command; and it controls the only machinery by which the needs of the country can be supplied. The Governor General in Council believes that the intervention of Government as a purchaser or importer would do infinitely more harm than good, as it would cripple and discourage the agency which is best able to gauge the need, which is impelled by self interest to anticipate it, and which alone is able to supply it effectively.

6. The functions of Government in the matter should therefore be confined to three directions. It should in the first instance place freely, fully and promptly at the disposal of the public all the information of which it is in possession, so as to assist the mercantile community as far as possible in verifying the facts upon which their action must depend. Secondly, it must guarantee that the demand for food in the distressed tracts shall be an effective demand. The fact that there are hungry men in a district is not in itself sufficient to induce a flow of food towards that district in the ordinary course of trade: there must also be money available with which the hungry may pay for it. And this guarantee Government provides by undertaking (as it does) to find work for all who are in danger of starvation, and to pay them at rates which will suffice to buy them a subsistence-ration at whatever prices may from time to time be locally current. In the third place, it should, to use the words of the Famine Commissioners, "take care that every possible facility is given for the free action of private trade in the business of the supply and distribution of food, and that all obstacles, material or fiscal, are, as far as practicable, removed." The inward rates for the carriage of grain have already been reduced on all railways, in many cases by the railway administrations themselves, in others by order of Government; and any other facility of the nature indicated that may suggest itself or be suggested to Government will as far as may be found possible be immediately afforded.

7. In paragraph 159 of their report the Commissioners discuss the cases in which departure from the general principle of non-interference is admissible. They practically fall under two classes, the supply of Government relief-works, and the case of remote agricultural tracts where the local machinery of trade is insufficient or inactive. To these may be added, as a third class, inaccessible tracts in which, owing to the conformation or nature of the country, the carriage of supplies on a large scale presents difficulties with which local appliances are unable to cope.

8. In the first case Government is clearly bound to arrange for the supply of its own labour. Sections 106 and 107 of the Bengal Famine Code give the necessary discretion; and the following extract from instructions that have been issued in another province are suggestive as to the best mode of action:—

The food trade on a full sized famine relief charge is greater than that in any ordinary small Indian town, and if special facilities are given to respectable local traders, they will be careful not to lose them by selling unsound food, or worrying the people with needlessly frequent changes in their prices. Following the principles of the Famine Code, the under-mentioned advantages can be offered, among others, in exchange for fair trading:—a small grass hut for a shop situated near a drinking place and within the range of the treasure or other guards; free carriage of grain from the nearest mart, if the trader is willing to sell at the current rates of that mart; prompt and free exchange of all his copper into silver paid into the local treasury to his credit. It is usually quite easy to find several respectable men who can understand the value of such advantages to their trade, and are willing to give honest goods and reasonably steady prices in exchange for them, so long as they are pretty closely looked after.

But it may occasionally occur that a relief work is situated in such a remote locality that private traders are unwilling to go there without other inducements than those noted above. In that case, or in similar exceptional cases requiring exceptional treatment, the Collector of the district would be justified in contracting with a grain dealer for the supply of grain on the works for a stated period and on terms to be mutually agreed upon.

9. In the second and third cases it may under certain circumstances become necessary to intervene, as Government was forced to do in the Kumaon Hills in 1889; and the best modes of intervention are sufficiently indicated in paragraph 159 of the Famine Commission Report. But (except in the improbable case of local combination) the action taken should always be by way of help to local traders, rather than by way of rivalry with them. As the Commissioners remark, "much caution will be required in every case lest interference should aggravate the evil which it is designed to avert, and have the effect of preventing traders from entering the market while it is being operated upon by the Government"; and the caution against the effect of such fitful intervention is repeated in paragraph 107 of the Bengal Famine Code.

10. In the tract to which your letter refers, the Government of India find no sufficient reason to believe that any part of it falls under the above description. Portions are mentioned as "remote" and "inaccessible." But no part of the tracts affected would seem to have its centre at a greater distance than 25 miles from a railway station, while it is understood that the roads in North Bihar are no worse than the ordinary roads of the level regions of the country. Should the circumstances detailed in paragraph 159 of the Famine Commission Report as justifying intervention be found to exist in these or any other localities, His Honour the Lieutenant-Governor has full discretion to take such measures as may be necessary to ensure that the local supply of food shall not run short. But such action should be strictly confined to definite localities, in which enquiry into local facts has convinced the Bengal Government that the danger is present and the necessity for some action in assistance of the local machinery established. When intervention is thus localised, its possible extent is at once defined, and that uncertainty is avoided which is the most fertile source of apprehension in the minds of traders.

11. In the present application the Governor General in Council finds no such limitations. The proposal is rather in the nature of a blank cheque presented for his signature. The object appears to be, not only to throw supplies into certain tracts, but also to secure importation of food-grains from outside India. It is true that the proposal is not that Government should import direct, but only that it should finance a scheme for importation; and that certain precautions, such as the charging of interest, and (in another reference) restriction upon underselling, are taken against interference with private trade. His Excellency in Council doubts whether these conditions would not either be evaded in practice or be found so vexatious as to defeat their own objects. But he is clearly of opinion that the scheme could not be carried into effect without involving such interference, or at any rate, without bearing the appearance and creating the apprehension of such interference. And the appearance in such a case would be almost worse than the reality, since while producing all its evils, it would carry with it none of its advantages.

12. It is of cardinal importance that no action of a general nature should be taken which might in any way tend to throw doubt upon the steadfastness with which the Government of India adhere to the policy of non-intervention, or to inspire mistrust and uncertainty in the minds of the mercantile community. For these reasons the Governor General in Council finds himself unable to accede to the proposals of the Bengal Government. He differs from its opinion with reluctance, for he heartily recognizes the admirable promptitude and thoroughness with which His Honour the Lieutenant-Governor has examined and met the situation in Bengal. But His Excellency in Council is satisfied that the need for interference in the particular localities to which the proposals refer is not established; that, should it be established, it can be met in a very much simpler manner; and that the adoption of the principle of these proposals in this limited area might, by unsettling the operations of trade, imperil the food-supply of the entire province, if not, indeed, of every affected region of India.

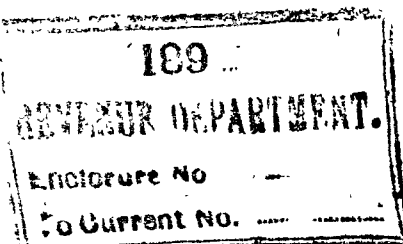
I have the honour to be,

SIR,

Your most obedient servant,

DENZIL IBBETSON,

Secretary to the Government of India.



Cir No. $\frac{47}{21-1}$

16

FROM

F. G. SLY, ESQ., C.S.,

Under-Secretary to the Government of India,

TO

The Secretary to Government, Madras.

Calcutta, the 6th January 1897.

Department of Revenue and Agriculture. SIR,

I am directed to forward for the information of (Famine.) the Governor in Council and for future guidance, a copy of the enclosed letter regarding the policy of Government To the Bengal Government No. 104 F., d/ 4.1.97. of non-intervention in the grain trade.

I have the honour to be,

Sir,

your most obedient servant,

495

Under-Secretary.

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