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Government {1899} of Madras. LOCAL AND MUNICIPAL

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G.O., No. 1725-A M., 20th November 1899.

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Madras Drainage.

Passing orders on the proposals of the Municipal Commissioners of Madras for raising the funds required for carrying out the drainage scheme for the city.

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—again the following paper:—

G.O., No. 1966 M., dated 11th September 1897.

ABSTRACT.—Informing the Municipal Commissioners of Madras, with remarks, that Government cannot hold out, at present, any promise of further grant from Provincial funds for carrying out the drainage scheme for the City of Madras; disapproving their proposals for raising the funds required for the execution of the work, except the increase in the rate of the tax on vehicles and animals; and stating that the only suitable way of obtaining the necessary funds is by levying additional taxation on houses and lands; and requesting the Commissioners to favour the Government with their views on the proposal.

READ—also the following papers:—

From Lieutenant-Colonel Sir GEORGE MOORE, Kt., C.I.E., President, Municipal Commission, Madras, to the Secretary to Government, Local and Municipal Department, dated 3rd November 1897, G. No. 332.

With reference to G.O., No. 1966 M., dated 11th September 1897, I have the honour to forward an extract from the proceedings of an adjourned special meeting of the Commissioners held on the 1st November 1897.

2. After the circulation of the above-quoted Government Order to the Commissioners, a special meeting was held on the 11th October 1897, when Mr. Theagaroya Chetti made certain suggestions which the Commissioners requested me to report upon.

3. Mr. Theagaroya Chetti's remarks and my report are appended.

4. In the report of the Committee (paragraph 16) embodied in G.O., No. 209 M., dated 12th February 1897, it was suggested to commence the work with the high level main with an allotment of 12 lakhs. The resolution of the Commissioners gives effect to this recommendation.

5. With regard to financial proposals in that resolution, in the original proposals submitted by the Commissioners for increasing the revenue, by an oversight the tax on carts and other vehicles without springs (section 164) was omitted. This accounts for the discrepancy pointed out in paragraph 3 of G.O., No. 1966 M., dated 11th September 1897, the amount realized by increasing the tax in both sections 153 and 164 would be Rs. 37,000.

6. The Commissioners propose to increase the license fees leviable under section 341 to the maximum. At present it is levied at Rs. 3 per ton on timber and Rs. 3 per ton on firewood. This is calculated to realize Rs. 70,000. A Government Order revising the rates in the schedule of fees chargeable under section 420 is all that is necessary, and it is hoped that Government will view this proposal favourably.

7. With regard to the enhancement of the rates on tolls, I would invite a reference to Mr. Theagaroya Chetti's remarks.

8. At present the Municipality is levying tolls at a certain rate. I cannot see how the enhancement of that rate entitles the District Board of Chingleput to any contribution. If, as a matter of principle, they should receive compensation, surely they should have been getting it all along. However, as pointed out, the contribution could be but a small one and the Commissioners would be prepared to meet it. I, therefore, hope that Government will reconsider their decision on this point.

9. Adverting to that part of the resolution which refers to the increase of the compensation paid under section 99 of Act I of 1884, when I wrote my report I was

not in possession of figures to justify my offering any remarks. I have since been kindly furnished by the Board of Revenue with a statement, from which I find that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896-97 to Rs. 3,30,550. Of this Rs. 3,30,550, Rupees 46,525 is derived from toddy shops for which compensation amounting to Rs. 6,155 was allowed when the levy of the tax on toddy shops was withheld in 1888 (G.O., No. 41 M., dated 17th January 1888).

10. G.O., Mis. No. 621, dated 20th March 1885, withheld the levy of the tax upon places used for the sale of spirituous and intoxicating liquors except toddy shops and Rs. 7,452 was granted as compensation. The income derived by Government from that source in 1896-97 was Rs. 2,84,025.

11. As a matter of law, of course, the Commissioners received what they were entitled to in 1885 and 1888 respectively. But what would their income have been if the right to levy what is practically a town-duty had not been taken away from them?

12. In the face of these figures, I trust that the Government of India may be moved on the subject.

13. The compensation paid to the Corporation of Bombay in 1895-96 was Rupees 1,43,750—10 times that paid to the Municipality of Madras. Is it to be supposed that the income derived from that source by the Government of Bombay is thirty-three lakhs—that would be the proportion it should bear to the compensation compared with the ratio in Madras. At least let the Madras Municipality be compensated on the scale which obtains in Bombay.

	RS.
Vehicles and animals tax	37,000
Tolls	20,000
Timber and firewood	70,000
Compensation for license fees on places for sale of spirituous and intoxicating liquors	86,400
Total	2,13,400

14. A loan of 12 lakhs would require about Rs. 60,000 per annum for interest and sinking fund. The proposals of the Commissioners amount to Rs. 2,13,400.*

15. Although I am averse to the ultimate saving of Rs. 60,000 over conservancy drainage being calculated as an asset, I think that the Rs. 37,600 for conservancy in the total estimate may be eliminated as it would not be required until the Rupees 60,000 were liberated. We then have almost all that is required.

ENCLOSURES.

Extract from the Proceedings of an adjourned special meeting of the Commissioners held on the 1st November 1897.

G.O., No. 1966 M., dated 11th September 1897, proposing means for financing the New Drainage Scheme for the City of Madras.

Proposed by M.R.Ry. P. Theagaroya Chetti Garu and seconded by M.R.Ry. Salla Guruswami Chetti Garu:—“That Government be informed that the Commissioners are prepared to undertake the construction of the main at a cost of 12 lakhs and that to provide the necessary funds they propose to increase the timber and firewood tax to the maximum under section 341, thereby realizing Rs. 70,000, to raise the vehicles and animals tax under section 153 and the tax under section 164, thereby realizing an additional Rs. 37,550, and they would ask Government to reconsider their decision as to the tax on tolls and allow the Commissioners to increase it by 50 per cent. as originally proposed, thereby increasing the revenue by Rs. 20,000. That the President address Government on the subject of the compensation under section 179 which the Commissioners are of opinion ought to be very considerably increased in view of the income of Rs. 3,30,550 derived by Government from that source, the compensation now paid being only Rs. 13,600. The Commissioners do not consider it unreasonable to ask that the compensation be raised to one lakh.”

Carried unanimously.

Remarks of M.R.Ry. P. Theagaraya Chetti Garu.—Just 27 months since we submitted for the favourable consideration of Government a scheme of taxation for raising a lakh and forty thousand rupees to finance our drainage scheme, the initial outlay on which was estimated at nearly 32 lakhs, and the annual maintenance charge for pumping and conservancy at about Rs. 1,27,000. On the 31st March 1896, we submitted our final scheme to Government and pointed out that if sanction was granted for raising a loan of 12 lakhs we could, with the 3,50,000 rupees already granted by Government, at once start the Mylapore drainage and the high level main, and thereby cleanse the Coom to some extent by diverting the sewage now flowing into it to the Black Town sewage farm. To-day we are met to consider the orders passed by Government on the above proposals. Gentlemen, like the case of the mountain in labour, the product of their prolonged incubation in the Government Office has been most disappointing to us. We are told that the long-looked-for contribution from Provincial Revenues cannot be granted, thanks to the famine which afflicted the Presidency and to the recent revision of the Provincial contract by the Government of India, by which our benighted Presidency as usual fared worst. It has been the misfortune of this unfortunate Presidency that the "squeezing" process is always applied to it with relentless vigour, and it is forced to contribute a disproportionately larger share of its hard-earned revenue to the Imperial Exchequer than is the case with the other Provinces of the Empire. We are next told, gentlemen, that all our proposals for raising additional revenue must be rejected with the exception of one petty item relating to the enhancement of the tax on vehicles and animals. We may probably be told sooner or later, gentlemen, that the Members of Council and of the Secretariat have betaken themselves to Guindy or Kathivak and will not be liable to pay profession tax, thanks to the example set by Sir Arthur Havelock. Finally we are told, gentlemen, that we had better gird up our loins and bravely face the inevitable and raise our house tax from 15½ to 21¼ per cent. (an increase of 6 per cent.). There is no option left to us of giving up the long-wished-for drainage scheme and of remaining "Benighted" for ever. This, gentlemen, is briefly the position to which we have been reduced after several months of waiting and hoping. The position seemed to me, at first sight, to be gloomy enough in all conscience, but a careful study of the Government Order and of some reports kindly placed at my disposal by our President has convinced me that the objections raised by Government are more or less untenable, if not fallacious, and that we may yet hope to overcome our financial difficulties without making the house-owners of Madras pay their pound of flesh. Before discussing the question, however, I wish to draw your attention to two items which, by an unfortunate oversight, we omitted to take into account when framing our proposals for finding ways and means; one is the saving in expenditure that must follow on the completion of the drainage scheme, and the other is the additional income that must accrue from sewage farms. As I understand the drainage scheme, I believe that after its completion, all our side drains and cess-pools will disappear, and with them the establishment which is maintained for flushing and cleaning and removing silt. All that would then be required is a sufficient complement of coolies to flush the house connections, and this has been provided for in the estimates prepared by Mr. Ellis for working the scheme. The savings indicated above have, however, I fear, not been taken into account. Our budget for the current year provides 20 maistries, 539 men, 110 boys and girls, 219 pairs of bullocks with drivers for cleaning the drains and cess-pools, and removing silt, and the cost including supervision amounts to Rs. 1,06,800. Deducting Rs. 35,700 for the cost of the coolies, supervision, &c., for the 2nd and 3rd divisions, where the drainage scheme will not be carried out, there will be a saving of Rs. 71,000 per annum in round numbers. I may here mention that the eleven house connections which were recently introduced as an experimental measure in Parish Vencatachala Aiyar Street have not been flushed for the past ten months, as it has been found that the little sewage flowing from houses was sufficient to flush the connections and keep them perfectly clean without emitting any stench. With this experience before us we might reasonably hope that it would be possible to effect a considerable reduction in the estimate framed by Mr. Ellis for 400 coolies for flushing the 28,000 house-connections at the rate of 70 a head. If this cost is reduced the saving referred to above will be proportionately increased. As regards the second item, *i.e.*, additional income from sewage farms, we find from Mr. Ellis' memorandum on the drainage scheme that an additional 208 acres, or nearly 160 cawnies of land, will be required for the sewage farm to utilise all the sewage that will be diverted into it. This additional 160 cawnies ought to give us a pretty good sum. Our present sewage farms comprising only 53 cawnies of land yield under present contract Rs. 34,500, or an average of Rs. 650 per cawnie. Lately we have added 10 cawnies which, according to the terms of the contract, yield Rs. 3,000 a year, at Rs. 300 a cawnie. At this low rate the additional 160 cawnies that may be added to the farm ought to give us a further income of Rs. 160 × 300 or Rs. 48,000 a year. Our President is of opinion that our sewage farms should yield Rs. 1,00,000 at least when the drainage system is complete. Thus, gentlemen, there will be an additional income of Rs. 48,000 *plus* Rs. 3,000 (not included in the budget) and a saving of Rs. 71,000 or a total of Rs. 1,22,000. Deducting this sum from our estimates for working the drainage scheme with interest and sinking fund at Rs. 2,66,000 we shall require only Rs. 1,44,000 and not Rs. 2,66,000 as we first thought. Gentlemen, in the Government Order before us the Government has approved of our suggestion to raise the wheel and animal tax by 50 per cent., but remarked that our figures are pitched too high by Rs. 7,200.

Gentlemen, I am responsible for the figures (Rs. 37,000) given in our resolution of 8th July 1895. On page 35 of our budget for the current year you will find in column 4 the demand as finally settled:—

	RS.
Taxes on vehicles with springs	30,300
" on animals	28,700
" on carts and other vehicles	19,500
Total	78,500
Deduct remissions on vehicles with springs	1,900
Animals	1,500
Net	75,100

Fifty per cent. of this sum will give us Rs. 37,550, which is Rs. 550 more than the amount actually proposed. I now turn to the objections raised by Government to the other taxes proposed by us. We are told, gentlemen, that "the enhancement of the rates of tolls which are levied on outside traffic does not, however, commend itself to Government," and that "if it were carried out the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which, unlike other mofassil District Boards, receives at present no share of the municipal tolls, although it maintains the roads on which the tolls are levied." It appears to me that these remarks are based on a complete misapprehension. It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our toll-bar on the Northern trunk road near the Red Hills Tank the District Board of Chingleput owns a toll-bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of As. 4 and the same vehicle on its return to Madras has to pay another As. 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar toll-bar on the Western trunk road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these toll bars? We may take it for granted that the first As. 4 is for allowing the vehicle to go over the Chingleput District Board roads. But why is the other As. 4 charged on coming into the town? Is it not for the use of the roads between our toll bars and those of the Chingleput District Board roads? Now let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads, and there is no reason whatever for asserting that any portion of the additional tolls of Rs. 20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingleput District Board. I must here mention one fact and that is that on the Kathivakam road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Boards, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakam road maintenance being about Rs. 300 a year, at Rs. 50 a mile, and the Saidapet road about Rs. 300 a year, at Rs. 200 a mile, and we might gladly undertake to pay a portion of their maintenance charges. The next tax objected to by Government is the profession tax. The Government is strongly opposed to any increase under this head on the ground that it will be a further encroachment on the field of the Imperial income tax, and that it will press with particular hardship on the upper classes of the population. The Government has overlooked the fact that the profession tax provided by the Municipal Act has been in existence from a period long anterior to the introduction of the income tax. It is not the Municipality therefore that can be charged with attempting to encroach upon the field of Imperial taxation, but it is the Government that is endeavouring by its power of veto to trench upon our just rights and privileges and deprive the Municipality of its lawful resources. As regards the alleged hardship upon the upper classes I need only observe that out of the population of 4,50,000 in this city not more than 175 persons at the outside (excluding companies) will be called on to pay a tax of more than Rs. 100 per annum, and of those not more than 60 will have to pay the maximum rate, a little more than Re. 1 per cent. I leave it to you, gentlemen, to say whether this is at all heavy, considering the immense advantage which the upper classes enjoy for carrying on their professions within Municipal limits. There is no doubt some inequality in the incidence of the tax under the different classes, but this exists more in the present classification. On some earning Rs. 100 a month has to pay As. 6-8 per cent. If some cases to As. 11 per cent. A person earning Rs. 200 a month has to pay As. 3-4 per cent. If the income rises to Rs. 500 a month the incidence dwindles down to As. 3-4 per cent. If the income begins with Rs. 200 he has to pay As. 6-8, but when it rises to Rs. 500 his taxation falls

To As. 2-8 per cent. To obviate this inequality in the incidence I would suggest for your consideration whether it would not be better to propose a uniform rate of Re. 1 per cent. on all incomes above Rs. 50 a month? I do not think that this is at all excessive considering the great benefits that will be derived by the people from the improved method of drainage and the consequent immunity from diseases. The Government too cannot decently object to this taxation when it is levying 2 to 2½ per cent. as income tax for the so-called famine fund, the benefits of which do not reach the townspeople. Let us now see what this taxation of 1 per cent. will give us. The Imperial income tax at pias 4 per rupee on incomes up to Rs. 2,000 and pias 5 per rupee on incomes exceeding this limit or at 2 to 2½ per cent. yields a revenue of more than Rs. 4,50,000 for the Madras City. At 1 per cent., the realisation might be taken at Rs. 2,00,000. For purposes of the income tax, however, house valuations are also included and also incomes between Rs. 500 and Rs. 600 a year. Deducting Rs. 20,000 for these items we may safely expect Rs. 1,80,000 from the proposed profession tax of Re. 1 per cent. as against Rs. 68,000 now derived from this source. This leaves a gain of Rs. 1,12,000 which will go partly towards the cost of maintenance of the new drainage scheme and partly towards the proposed water-works improvement scheme. Gentlemen, it may be urged that the Imperial income tax already involves much inquisitorial enquiry and that the profession tax will be equally inquisitorial in its working. To avoid this double infliction upon the ratepayers we might ask the Income tax department of Government to undertake the administration of the Municipal profession tax also. This they can do without any difficulty on terms which can be mutually agreed upon. We now come to the last item of tax objected to by Government, i.e., the tax on liquor shops. Under schedule E attached to section 179 of the Municipal Act, liquor shops are licensed under annum (Rs. 6,170 from toddy and Rs. 7,430 from arrack shops). In that year the Government changed the then existing dowie system and introduced the tree-tax system for toddy shops and excise system for arrack shops. In the dowie system the Government only got the value of arrack supplied to arrack shops and a certain rate per diem for each class of toddy shops and nothing more. The Municipality collected its license fees direct from the shopkeepers. In the year 1887, the Government compounded with us under the powers vested in section 99 of the Municipal Act to pay a sum of Rs. 13,600 per annum for all the arrack and toddy shops in Madras and introduced its own system of tree-tax and shop licenses by which its revenue from toddy was raised from Rs. 3,84,830 in 1886-87 to Rs. 5,75,584 in 1896-97, an increase of over Rs. 1,90,700. The figures include "License fees" which amounted to Rs. 69,099 in 1896-97, while the Government has been paying us only Rs. 6,170 since 1887 on account of toddy licenses. Under the old system the Government was simply getting the dowie amount from the toddy shops according to their classification but no license fees. In lieu of the dowie, a tree-tax was substituted and from this alone the Government is now deriving Rs. 1,21,000 more than it did under the dowie. The imposition of the shop licenses was, I hold, a distinct encroachment on the rights of the Municipality, and I see no reason why the Government should not be called upon to make good to the Municipality the greater portion, if not the whole, of the amount of Rs. 69,997 collected by Government under this head. I must here mention that the Government has almost doubled its license fees this year. As regards arrack I regret that the information given in the Abkari administration reports is not sufficient to enable me to institute a proper comparison between the revenue under the old and the new system, nor to find out what amount is realised from license fees under this head. I find, however, that the total revenue from country spirits (putta arrack) and foreign spirits (Colombo arrack) rose from Rs. 5,34,646 in 1887-88 to Rs. 7,36,967 in 1896-97, an increase of Rs. 2,02,300. I do not think that I shall be far wrong in assuming that the income from arrack license fees will be much less than similar amount derived from toddy licenses, i.e., about Rs. 70,000. The total amount under this about Rs. 20,000 as revenue for the Saidapet taluk included in the Madras circle we have Rs. 1,20,000 as the amount of license fees levied by Government within Municipal limits and which should properly go to the credit of the Municipality. With these facts before us I feel not a little astonished that Government should have grudged to pay us twice Rs. 13,600 we begged for when the true facts of the case were not known to us. In this connection it will be interesting to know what amount the Bombay Government pays to the Bombay Municipality and what amount the Bombay Municipality realises as town duty on liquors. The administration report of the Bombay Municipality for 1895-96, which was kindly placed at my disposal by our President, gives the following startling figures:—

	RS.	A.	P.
Wines and spirits at As. 4 per imperial gallon deducting refunds	2,10,364	0	1
Beer at Pice 6 per gallon deducting refunds	11,139	10	5
Liquor licenses received from Government	1,43,750	0	0
Total	3,65,253	10	6

Gentlemen, comment on these figures would seem to be perfectly unnecessary. I leave it to you to judge why Madras should be treated so differently from our Western Sister. Now that we are in possession of solid facts we shall be wanting in our duty to the rate-payers if we do not assert our rights to levy license fees which would yield us at least ½ of the income which Bombay enjoys. Our requirements for the new drainage scheme in the shape of interest, sinking fund and working charges are Rs. 2,66,000, towards which I have pointed out savings to the extent of Rs. 1,22,000, and we want only Rs. 1,44,000. We lately sent an estimate for Rupees 16,00,000 for the improvement of the water-supply for the approval of Government and for the interest, sinking fund and maintenance. On this account we may require another Rs. 1,00,000. We shall thus want Rs. 2,44,000 for both the drainage and water-work schemes. If the views put forward now are accepted we may hope to realise the following sums:—

	RS.
Increase from vehicle and animal taxes	37,550
Additional tolls (present toll income being Rs. 42,000)	21,000
Increase from profession tax at 1 per cent.	1,12,000
Increase under license on liquor shops as originally proposed	13,600
by us	
Total	1,84,150 or in

round numbers say Rs. 1,84,000. This leaves only Rs. 60,000 to be provided for which we can easily raise without enhancing the house-tax as proposed by Government. Our Act under section 341 provides a maximum of As. 6 per ton on firewood and under the same section a maximum of Rs. 5 per ton on timber is provided for. Our collections from firewood at present at As. 3 per ton is Rs. 20,000 and from timber at Rs. 3 per ton is Rs. 74,382. If these two taxes are raised to their maximum limit we can get an additional income of Rs. 20,000 from firewood and Rs. 50,000 nearly from timber, in all Rs. 70,000 which will meet all our requirements. I shall now make a few remarks on the suggestion made by Government regarding the enhancement of the house tax. As already stated the Government proposes to enhance our house tax by 6 per cent. or from 15½ per cent. to 21½ per cent., and tells us that this increased rate will still be less than what is paid in Bombay. Here again I find that the Government is mistaken in its assumption. It states that the property tax in that Presidency town is 12 per cent. This is the maximum provided for in the Act, while the rate actually levied is only 8 per cent. as shown by the administration report of the Bombay Municipality for 1895-96. Even this rate is levied only on the net value after deducting 10 per cent. for repairs, whereas in Madras the tax is levied at 10 per cent. on the gross value. Again in Bombay in the case of rented houses a "draw back" of ½ of the assessed value is allowed for the possible contingency of portions of houses being left vacant; in Madras no such deduction is made. Further in Bombay a remission of two-thirds of the property tax is granted for vacant houses, whereas in Madras the remission does not exceed one-half. In Bombay water and halalcore taxes are fully remitted on vacant houses, while in Madras only half the water and lighting taxes are remitted. There is no lighting tax in Bombay. Bearing these facts in mind we find that the taxation in Bombay is much less than it is in Madras. The assessed value of land and house property as given on page 20 of the administration report of Bombay for 1895-96 is Rs. 2,82,390,000.

	RS.
Property tax at 8 per cent. and fire brigade tax at ½ per cent. on the above is	19,57,704
Water tax at 4 per cent.	6,12,233
Halalcore tax at 3 per cent.	5,35,770
Total	31,05,707

which comes to only 11 per cent. on the value as compared with Rs. 14-15-0 per cent. for Madras after allowing for remissions. If due allowance is made for the fact that in Madras the citizens have to pay separately for their own scavenging, which is not the case in Bombay, and for the fact that we do not require fire brigades here, it will be found that our taxation is really greater than the figures given above. In 1882 when the Government proposed to raise the house tax in this city the Commissioners entered a very strong protest and pointed out the great hardship that would be caused to the poorer classes especially. The taxes on house property then yielded an income of Rs. 5,24,000. This has now risen to Rs. 7,82,600, or an increase of 50 per cent., which is chiefly due to enhancement in the valuation of houses. It would be cruel, therefore, I submit, to add to this heavy burden by still further raising the taxes. The only effect of this measure will be to greatly increase overcrowding, which is already prevailing to a frightful extent, and thereby endanger the health of the city which it is attempted to improve at an enormous outlay. In support of its proposal to raise the house tax in this city the Government finds out particulars that the incidence of taxation here is only Rs. 2-2-3 a head as compared with Rs. 6-12-7 in Bombay, Rs. 6-11-6 in Calcutta and Rs. 3-12-2 in Rangoon. I regret that

I am unable to obtain statistics for Calcutta and Rangoon. As regards Bombay, I find from the Administration report that the average rental value per each house is Rs. 628, and the rental value per head of population is Rs. 34-6-0. In Madras the figures do not exceed Rs. 133 and Rs. 11-8-0, respectively. Again the income-tax levied in Bombay City averages Rs. 2-8-0 per head, whereas in Madras it is only one Rupee. The rates of wages in the two towns also exhibit considerable variations. In Bombay an able-bodied labourer earns Rs. 11 per mensem, whereas Madras pays only Rs. 6 for him. A Madras syce or horse-keeper gets Rs. 6 a month, whereas a Bombay syce gets Rs. 9-8-0. A common mason, carpenter, &c., earns from Rs. 27 to Rs. 42 a month in Bombay, whereas the Madras man gets Rs. 13 to Rs. 16 a month. There can thus be no proper comparison between these two Presidency towns. Gentlemen, Bombay with its immense trade and shipping and with 101 cotton mills and 25 silk and other mills necessarily enjoys advantages which places her far ahead of benighted Madras. Gentlemen, I much regret that I have been forced to take up so much of your time, but I trust that the importance of the questions involved will be accepted as a sufficient excuse for the infliction. I shall now simply leave the further discussion of the subject to abler hands, so that any errors into which I might have fallen owing to want of fuller information might be corrected before we send up our reply to the Government order. I venture to think, however, that my estimates cannot be far wrong, but even if they are eventually found to fall short of our requirements, I feel sanguine that if our difficulties are properly represented to him, His Excellency Sir Arthur Havelock will see his way to granting us further contributions from Provincial revenues, rather than force us to raise the tax on houses. Those of us who have seen the sympathetic orders issued by His Excellency in connection with the famine administration and forest conservancy need not despair of receiving equally sympathetic treatment at his hands in the matter of municipal contribution.

REPORT by the President on Mr. Theagaroya Chetti's remarks at the special meeting, held on the 11th October 1897, regarding means for financing the new draining scheme for Madras.

1. Mr. Theagaroya Chetti states that we are to raise our house-tax from 15½ to 21½ per cent. This is not quite correct. Government propose to legislate so that the Commissioners shall have the power to raise the tax by 6 per cent. if necessary.

2. With regard to the two items which are omitted to be taken into consideration in framing the proposals, the saving in expenditure on drainage conservancy and increased revenue from sewage farms, Mr. Theagaroya Chetti estimates the former at Rs. 71,000 and the latter at Rs. 51,000.

3. It is true that when the scheme is completed there will be a saving in expenditure and probably an increase in revenue.

4. I estimate the saving in expenditure at Rs. 60,000 on the following basis.

5. The present annual expenditure on drainage conservancy is Rs. 97,696-8-0, when the scheme is completed only Rs. 37,042-8-0 will be required, liberating a sum of Rs. 60,654.

6. Mr. Theagaroya Chetti makes it Rs. 71,000, as he adds a certain amount for supervision. This difference is immaterial.

7. With regard to the increase in revenue of Rs. 51,000, undoubtedly there ought to be and will be an increase from the sewage farms, but how much that will be it is impossible to say. I do not think Mr. Theagaroya Chetti's figures are exaggerated, but they may not be realized.

8. I do not think that this should be taken into account. I think it would be better to face the actual outlay and, when everything is completed and the actual saving in expenditure and increase in revenue is known, the taxation can be proportionately reduced.

9. I cannot, therefore, agree with Mr. Theagaroya Chetti that we only require Rs. 1,44,000 instead of Rs. 2,66,000.

10. With regard to the vehicle and animals tax, by an oversight section 153 (tax on vehicles with springs and on animals) only was entered whereas our proposals included the tax under section 164 (tax on carts and other vehicles without springs). This accounts for the discrepancy and would raise the increased revenue to Rs. 37,000.

11. With regard to Mr. Theagaroya Chetti's remarks on the increase in tolls, I go further than him. I do not see that the rate at which they are levied affects the principle. If we pay nothing to the District Board at the present rate, I do not see why we should pay anything at an increased rate, but even if we should do so, out of quixotic generosity, it would be but a trifle.

12. I do not propose to touch upon the increase to the profession-tax proposed by Mr. Theagaroya Chetti. His figures speak for themselves. In this connection I would quote from the Government of India Review of Municipal Administration for 1894-95 " . . . paragraph

17. It is only in Madras, Coorg and the Hyderabad Assigned Districts that the tax on professions and trades forms a considerable proportion of the income from taxation The essential difference between the tax as levied in the Madras Presidency and elsewhere is that in

the former the profession-tax . . . is in effect a graduated income-tax, whereas in the other large Provinces it is in the nature of a fixed license tax. There are, as has been observed above, material objections to any municipal rate which covers precisely the same ground as an Imperial tax." The italics are mine.

13. Mr. Theagaroya Chetti's proposal seems to me to make it still more of an income-tax.

14. Coming to the liquor tax—I regret that I am not in possession of information I asked for regarding the income Government derived in 1885 and what it derives now. I have no reason to question Mr. Theagaroya Chetti's figures more especially considering that the licenses for which the Municipality charged Rs. 75, 50, 25 and 12, Government now charges Rs. 250, 200, 150 and 100, as I am given to understand. I consider the request for an increase to the Rs. 13,000 odd now paid by Government to be anything but unreasonable, especially when compared with the sum of Rs. 1,43,750 paid to Bombay for the same licenses.

15. Besides this contribution from Government, Bombay has a town duty or octroi on wines, spirits and beer. This town duty together with the town duties on grain of all sorts, flour of all sorts, petroleum, sugar, molasses and gur, ghee, timber exclusive of railway sleepers and firewood amounted to 52.4 per cent. of the total income in 1894-95.

16. With regard to the proposed increase on timber and firewood, I see no reason why the maximum rate should not be levied and an additional Rs. 70,000 obtained.

17. With regard to Mr. Theagaroya Chetti's comparison between Bombay and Madras, it is difficult to form any real comparison. The conditions are totally different. The higher rate of wages in Bombay may be met by higher prices.

18. In Bombay the taxes are 15½ per cent. of the assessed value, Calcutta 19½ per cent. of the assessed value; Rangoon 21 per cent. of the assessed value.

19. Mr. Theagaroya Chetti amalgamates the drainage scheme with the water-supply scheme. I think they ought to be treated separately.

20. Mr. Theagaroya Chetti shows savings of Rs. 1,22,000. I do not think they ought to be anticipated but be used, when they do occur, as a means of reducing taxation.

21. I cannot accept the Rs. 1,12,000 from profession-tax, though I think the increase under licenses on liquor shops might very fairly be increased. Under these conditions I can only see the way to an actual increase of Rs. 1,42,150 (including the increase on timber and firewood) against the required Rs. 2,65,840.

22. My reason for not taking up the water-supply scheme is that I think it can wait till the 1869-73 loan of 14 lakhs falls in in 1903, when the interest and sinking fund now payable on that loan will be available for a new loan. There is no use in extending the water-supply until the drainage is completed—in fact it is to the extension of water-supply that the Sanitary Commissioner attributes the prevalence of fever in Madras, there not being sufficient drainage to carry off the surplus water.

(Signed) G. M. J. MOORE, Lt.-Col.,
President, Madras Municipal Commission.
MADRAS,
22nd October 1897.

From the Hon'ble Lieutenant-Colonel Sir GEORGE MOORE, Kt., C.I.E.,
President, Municipal Commission, Madras, to the Secretary to Government,
Local and Municipal Department, dated 4th January 1899, G. No. 1101.

In forwarding the accompanying extract from the proceedings of a general meeting of the Commissioners held on 16th December 1898, together with the memorandum referred to, I have the honour to state that, from the opinion expressed by the Government of India in their letter embodied in G.O., Mis. No. 2215 M., dated 21st December 1898, there would appear to be little hope of any assistance being received from that Government.

2. But although they may not be prepared to give the loan themselves they might allow the Municipality to raise it in the market; this, of course, would be useless unless they are prepared to sanction the liquidation of the existing debt at once.

ENCLOSURE.

Extract from the Proceedings of a general meeting of the Commissioners held on the 16th December 1899.

READ—Memorandum of the President, dated 28th November 1898, on the water-works loan of 1869-73, proposing measures for meeting the expenditure for the new drainage.

Proposed by M.R.Ry. P. Theagaroya Chetti Garu and seconded by M.R.Ry. R. N. Pragasa Mudaliyar Averal—

"That the President's memorandum be adopted and submitted to Government in continuation of their resolution of the 29th August 1898."

Carried.

Memorandum.

In 1883 the Government of India sanctioned an arrangement by which the time for repayment of the Madras Municipal Water-Works Loan of 1869-73 was extended to 1919.

2. The conditions were that interest at 4 per cent. (Rs. 57,200) and the sinking fund of Rs. 28,600 should continue to be paid—the interest from that sinking fund at 4 per cent. accruing to the Municipality. By this means the municipal revenue was increased by Rs. 1,144 (interest on Rs. 28,600 at 4 per cent.) annually.

3. This continued until 1894 when the 4 per cent. paper was converted into $3\frac{1}{2}$ per cent. The Municipality since then have only received an annual increase of Rs. 1,001 (interest on Rs. 28,600 at $3\frac{1}{2}$ per cent.). On 1st April 1884 the sinking fund amounted to Rs. 4,23,400. Since 1884 Rs. 4,00,742-0-3 have been paid into the sinking fund and invested in Government paper representing Rs. 3,88,900, so that the Municipality has lost Rs. 11,842-0-3 in that period in purchase of Government paper. The sinking fund stood at Rs. 8,22,300 on 1st April 1898. It is estimated to be Rs. 8,50,000 on 1st April 1899, but with Government paper at 93 that would only represent Rs. 7,90,500 cash.

4. The principle of the transfer to posterity of a portion of the burdens of the present generation that obtained in 1883 is equally—if not more strongly—applicable now.

5. I would not only ask the Government of India to allow the Municipality to take the Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for 50 years from 1899, that is, up to 1949, but to renew it at $3\frac{1}{2}$ per cent. instead of 4 per cent. and the sinking fund to be Rs. 10,900 per annum, accumulating with compound interest at $3\frac{1}{2}$ per cent. The pecuniary result would be as follows:—The Municipality would pay Rs. 50,050 per annum interest instead of Rs. 57,200—a saving of Rs. 7,150 per annum. They would pay Rs. 10,900 per annum sinking fund instead of Rs. 28,600—a saving of Rs. 17,700 per annum.

6. They would lose the interest, accruing from existing sinking fund, amounting to Rupees 29,000 in 1898-99 and increasing by Rs. 1,001 every succeeding year; taking it at Rs. 30,000, the total loss of income to the Municipality by the transaction would be Rs. 30,000 (Rs. 7,150 + 17,700) or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

7. Supposing the Government of India did not agree to reduce the interest, the loss would be Rs. 12,300 in 1899-1900 and in 1919 Rs. 32,300. To raise Rs. 8,50,000, it would cost Rs. 34,000 per annum interest and Rs. 6,460 sinking fund, a total of Rs. 40,460.

8. Another method would be to leave the sinking fund as it will stand in 1899, viz., Rs. 8,50,000, and convert the existing annual payment of Rs. 28,600 into one of Rs. 20,000 which accumulating with compound interest at $3\frac{1}{2}$ per cent. would amount in 20 years (1919) to 6 lakhs, the balance required to liquidate the total loan of Rs. 14,30,000. Supposing the interest is reduced from 4 to $3\frac{1}{2}$ per cent. the result would be that the Municipality would save Rs. 7,150 per annum on interest and Rs. 8,600 on sinking fund, a total of Rs. 15,750.

9. A third plan would be to continue the interest at 4 per cent. but convert the future sinking fund as in the former method—the result would be a saving of Rs. 8,600.

10. To summarize the three plans—
1st. Appropriate the Rs. 8,50,000 accumulated sinking fund, renew the loan of Rupees 14,30,000 for 50 years at $3\frac{1}{2}$ per cent. with a sinking fund of Rs. 10,900 accumulating with compound interest at $3\frac{1}{2}$ per cent. which would entail an annual loss of Rs. 5,150 but give a sum of Rs. 8,50,000 in hand—or renew the loan at 4 per cent. which would entail an annual loss of Rs. 12,300 but still give Rs. 8,50,000 in hand.

2nd. Leave the sinking fund intact but convert future payments into Rs. 20,000 accumulating with compound interest at $3\frac{1}{2}$ per cent. to 6 lakhs in 20 years, reduce the interest to $3\frac{1}{2}$ per cent. with a resulting saving of Rs. 15,750 per annum.

3rd. Continue the interest at 4 per cent. but convert future payments of sinking fund to Rs. 20,000 as above, resulting in a saving of Rs. 8,600 annually.

11. In G.O., No. 1966 M., dated 11th September 1897, Government approved of the increase in the rate of the tax on vehicles and animals, realizing Rs. 37,000 per annum.

12. No reply has been received to the proposal submitted with my letter, No. 332, dated 3rd November 1897, to increase the revenue derived under section 341 by Rs. 70,000. If that method (Rs. 12,300) and leave Rs. 94,700 revenue which would meet the maximum loss in the first raise 20 lakhs.

13. We should thus have Rs. 28,50,000 for drainage expenditure.

14. The total estimate approved of in G.O., No. 209 M., dated 12th February 1897, is exclusive of Mylapore Rs. 28,81,000.

15. In the abstract of the drainage estimate referred to, the construction for Chintadripet and Egmore and Komaleeswarenpet amounts to Rs. 14,52,500.

16. At present the drainage of these districts flows to a great extent into the Coom.

17. The question of cleansing the Coom has long been a burning one. My opinion is that the purification of the Coom depends entirely on the removal of sewage from it. Any canal between it and the Harbour would only tend to extend the area of pollution. The last state would be worse than the first.

18. Government has recognized the cleansing of the Coom to be a Provincial question. It would not be too much to ask for the amount that is estimated for the cleansing of the Coom to be given towards the drainage of Chintadripet, Egmore and Komaleeswarenpet.

19. It is not unreasonable to ask the Government of India for assistance, which even if they agree to the reduction of the interest from 4 to $3\frac{1}{2}$ per cent. will only entail a loss of Rs. 7,150 per annum. This is merely a case of the history of 1883 repeating itself in 1898.

20. It may be said that this proposal is similar to that vetoed by the Government of India in 1888—G.O., dated 1st November 1888, No. 1239 M.

21. But I think that there is a difference. The Municipality asks the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt.

22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.

(Signed) G. M. J. MOORE, Lt.-Col.,
MADRAS, President, Municipal Commission, Madras.
28th November 1898.

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2779,
dated 12th July 1898.

Read—Official Memorandum from the Government of Madras, Revenue Department,
No. 132, dated 18th June 1898.

Resolution—Mis. No. 2779, dated 12th July 1898.

Replying to official memorandum from Government, No. 132, Revenue, dated 18th June 1898, the Board begs to report that it sees no objection to the proposal of the President of the Madras Municipal Commission in the matter of enhanced compensation on account of liquor shops except the legal one referred to by him in paragraph 11 of his letter arising out of section 15 of Act VII of 1884. What enhancement, if any, should be given can only be matter of grace, and the Board is hardly at liberty to make any proposals on the point.

(True Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3864, dated
30th September 1898.

Read—Official Memorandum from Government, Revenue Department, No. 175, dated
3rd August 1898.

Read—also letter from J. J. BRINDLEY, Esq., Inspector of Salt, Abkari and Customs Department, Madras Town Circle, dated 22nd August 1898, No. 1970, submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

Read—also letter from the same officer, dated 29th August 1898, No. 2039, furnishing certain information regarding the foreign liquor retail shops, &c., within the municipal limits of Madras Town.

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In 1883 the Government of India sanctioned an arrangement by which the time for repayment of the Madras Municipal Water-Works Loan of 1869-73 was extended to 1919.

2. The conditions were that interest at 4 per cent. (Rs. 57,200) and the sinking fund of Rs. 28,600 should continue to be paid—the interest from that sinking fund at 4 per cent. accruing to the Municipality. By this means the municipal revenue was increased by Rs. 1,144 (interest on Rs. 28,600 at 4 per cent.) annually.

3. This continued until 1894 when the 4 per cent. paper was converted into $3\frac{1}{2}$ per cent. The Municipality since then have only received an annual increase of Rs. 1,001 (interest on Rs. 28,600 at $3\frac{1}{2}$ per cent.). On 1st April 1884 the sinking fund amounted to Rs. 4,23,400. Since 1884 Rs. 4,00,742-0-3 have been paid into the sinking fund and invested in Government paper representing Rs. 3,88,900, so that the Municipality has lost Rs. 11,842-0-3 in that period in purchase of Government paper. The sinking fund stood at Rs. 8,22,300 on 1st April 1898. It is estimated to be Rs. 8,50,000 on 1st April 1899, but with Government paper at 93 that would only represent Rs. 7,90,500 cash.

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5. I would not only ask the Government of India to allow the Municipality to take the Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for 50 years from 1899, that is, up to 1949, but to renew it at $3\frac{1}{2}$ per cent. instead of 4 per cent. and the sinking fund to be Rs. 10,900 per annum, accumulating with compound interest at $3\frac{1}{2}$ per cent. The pecuniary result would be as follows:—The Municipality would pay Rs. 50,050 per annum interest instead of Rs. 57,200—a saving of Rs. 7,150 per annum. They would pay Rs. 10,900 per annum sinking fund instead of Rs. 28,600—a saving of Rs. 17,700 per annum.

6. They would lose the interest, accruing from existing sinking fund, amounting to Rupees 29,000 in 1898-99 and increasing by Rs. 1,001 every succeeding year; taking it at Rs. 30,000, + 17,700 or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

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12. No reply has been received to the proposal submitted with my letter, No. 332, dated 3rd November 1897, to increase the revenue derived under section 341 by Rs. 70,000. If that is approved of we have Rs. 1,07,000 increase which would meet the maximum loss in the first method (Rs. 12,300) and leave Rs. 94,700 revenue which would enable the Commissioners to raise 20 lakhs.

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17. The question of cleansing the Coom has long been a burning one. My opinion is that the purification of the Coom depends entirely on the removal of sewage from it. Any canal between it and the Harbour would only tend to extend the area of pollution. The last state would be worse than the first.

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22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.
(Signed) G. M. J. MOORE, Lt.-Col.,
President, Municipal Commission, Madras.

MADRAS,

28th November 1898.

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dated 12th July 1898.

Read—Official Memorandum from the Government of Madras, Revenue Department,
No. 132, dated 18th June 1898.

Resolution—Mis. No. 2779, dated 12th July 1898.

Replying to official memorandum from Government, No. 132, Revenue, dated 18th June 1898, the Board begs to report that it sees no objection to the proposal of the President of the Madras Municipal Commission in the matter of enhanced compensation on account of liquor shops except the legal one referred to by him in paragraph 11 of his letter arising out of section 15 of Act VII of 1884. What enhancement, if any, should be given can only be matter of grace, and the Board is hardly at liberty to make any proposals on the point.

(True Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3864, dated
30th September 1898.

Read—Official Memorandum from Government, Revenue Department, No. 175, dated
3rd August 1898.

Read—also letter from J. J. BRINDLEY, Esq., Inspector of Salt, Abkari and Customs Department, Madras Town Circle, dated 22nd August 1898, No. 1970, submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

Read—also letter from the same officer, dated 29th August 1898, No. 2039, furnishing certain information regarding the foreign liquor retail shops, &c., within the municipal limits of Madras Town.

Resolution—Mis. No. 3864, dated 30th September 1898.

With reference to the official memorandum from Government No. 175, Revenue, dated 3rd August 1898, the Board begs to report that the amount of revenue that would accrue to the Madras Municipality, if it were now to levy upon places used

throughout the City of Madras for the retail sale of spirituous and intoxicating liquors, a tax at the rates specified in schedule E to the City of Madras Municipal Act, 1884, works out to Rs. 14,230 against Rs. 13,607 now paid to it. The details are given below:—

	RS.
Puttai arrack shops	1,125
Toddy shops	4,080
Foreign liquor shops	9,025
Total	14,230

A statement showing the particulars is submitted for reference.

(True Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

ORDER—No. 1725-A M., dated 20th November 1899.

In G.O., No. 209 M., dated 12th February 1897, a scheme for the drainage of Madras, estimated to cost Rs. 31,81,100, was approved and the Municipal Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore and the construction of pipe sewers along the Ice House road and Sydenham's road at a total cost of Rs. 3,50,000, appropriating for the purpose the Provincial grant of the same amount sanctioned for sanitary improvements. To enable them to carry out the rest of the scheme, the estimated cost of which was Rs. 28,31,100, the Municipal Commissioners requested the Government to aid them with a grant of ten lakhs and proposed to raise an additional revenue of Rs. 1,40,500 towards meeting the annual charges of the entire scheme from the following sources:—

	RS.
(1) By increasing the rate of tolls by 50 per cent.	20,000
(2) By increasing the tax on vehicles and animals (section 153 of Act I of 1884) by 50 per cent.	37,000
(3) By recasting schedule A appended to Act I of 1884 (Profession tax)	70,000
(4) By doubling the compensation paid by Government under section 99 of the Act	13,500
Total	1,40,500

2. The Government, however, stated that it could not hold out any hope of a grant within any definite period and that the Commissioners should rely on their own resources to provide sinking fund and interest on the loan which they would have to raise in the open market to carry out this work; and while rejecting as unsuitable the first, third and fourth of the proposals for raising additional revenue made by the Municipal Commissioners, observed that the extra income which might be expected from the second source, viz., the enhancement of the rate of the tax on vehicles and animals, was only Rs. 29,800 and not Rs. 37,000 as anticipated by the Commissioners, and that the only way of obtaining the balance of the funds required for the liquidation of the loan and for meeting the annual maintenance charges of the scheme, viz., Rs. 2,36,140, was by some mode of municipal taxation other than those above referred to, preferably one in the shape of a tax on buildings and lands. The Government accordingly suggested the desirability of substituting for the present water-tax of 4 per cent. a water and sanitation tax of 10 per cent., and, before taking steps to institute legislation in the matter, requested the Commissioners to give their opinion on the proposal.

3. With the first letter read above, the President forwards an extract from the Proceedings of the Municipal Commissioners of the 1st November 1897, in which they propose to undertake at first the construction of the iron main, which forms the principal part of the scheme at a cost of twelve lakhs and to provide the necessary funds for meeting the annual expenditure on account of the scheme from the following sources:—

	RS.
(a) By raising the rate of the taxes on vehicles, animals and carts by 50 per cent. (sections 153 and 164)	37,550
(b) By increasing the rate of tolls by 50 per cent.	20,000
(c) By enhancing the compensation paid by Government under section 99 of the Act to one lakh	86,400
(d) By increasing the timber and firewood tax to the maximum rates under section 341 of Act I of 1884	70,000
Total	2,13,950

4. With reference to the remark of Government that the increase in the rate of the taxes on vehicles and animals by 50 per cent. cannot be calculated to yield an extra income of more than Rs. 29,800, it was explained by the President that in the estimate of the additional income from these taxes only section 153 was quoted by an oversight, whereas the estimate included also the anticipated revenue from the tax on carts and other vehicles without springs under section 164, and that as the estimated demand of these taxes in 1897-98 was Rs. 75,100, an increase in their rate by 50 per cent. would yield an additional revenue of Rs. 37,550, or Rs. 37,000 in round figures. The proposal to increase the rates of the taxes on vehicles, animals and carts was, therefore, approved in G.O., No. 209 M., dated 16th February 1899, and the provisions of the City of Madras Municipal Act I of 1884 have been modified accordingly.

5. In paragraph 3 of its order No. 1966 M., dated 11th September 1897, the Government, while disapproving the proposed increase in the rate of tolls, observed that even if the rate should be increased, the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which unlike other District Boards received at present no share of the municipal tolls, although it maintained the roads on which the tolls were levied. The President now contends that he cannot see how the enhancement of the rate of tolls entitles the District Board of Chingleput to any contribution, that if, as a matter of principle, the Board should receive any compensation it should have been getting it all along, but that the Commissioners would nevertheless be prepared to meet the contribution which could be but a small one, and he therefore requests that the Government may reconsider its decision in the matter. The proposal to increase the rate of tolls as a means of raising funds for financing the drainage scheme cannot, however, be approved, as water-supply or drainage schemes should be paid for by the inhabitants of the town who benefit by the schemes and not by outside traffic.

6. The Commissioners request a reconsideration of the orders in G.O., No. 1966 M., dated 11th September 1897, declining to increase the compensation paid by Government under section 99 of Act I of 1884 for withholding sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors, and submit that the amount of the compensation should be increased from Rs. 13,600 to one lakh, seeing that so large a revenue as Rs. 3,30,550 is derived by Government from this source. The President also states that from a statement furnished by the Board of Revenue it appears that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896-97 to Rs. 3,30,550, Rs. 46,525 having been obtained from toddy shops for which a compensation of Rs. 6,155 was allowed in G.O., No. 41 M., dated 17th January 1888, and Rs. 2,84,025 from places used for the sale of spirituous and intoxicating liquors other than toddy for which a compensation of Rs. 7,452 was granted in G.O., No. 621, Financial, dated 20th March 1885, that the compensation now paid is what the Commissioners were entitled to in the years 1888 and 1885, respectively, when sanction to the levy of the tax on these places was withheld, but that their income would have been considerably

larger if the right to levy "what is practically a town duty" had not been taken away from them. He accordingly requests that the Government of India may be moved on the subject and that as the compensation paid to the Corporation of Bombay in 1895-96 was ten times that paid to the Madras Municipality, the latter may be compensated at least on the scale in force in Bombay. Section 99 of the City of the Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, says that "if the Commissioners determine to levy a tax on places used for the retail sale of spirituous and intoxicating liquors, the Governor in Council may, by notification in the *Fort St. George Gazette*, withhold his sanction to the levy of such tax or any part thereof, and shall in such case assign to the Commissioners in lieu thereof a sum equal to the average amount realized by such tax or part thereof during the last three years in which it was levied prior to the notification withholding sanction for such tax or part thereof." A notification under this section was issued in 1888 in respect of toddy shops, in addition to the previous notification of 1885 in respect of wine and arrack shops, and it is admitted that the compensation which is now being paid to the Commissioners is what they were then entitled to under the law. The Commissioners now argue that as Government realized a revenue of Rs. 3,30,550 from this source in 1896-97, it is not unreasonable to ask that the compensation paid by them should be increased to one lakh. It is, however, observed that this sum represents the excise revenue realized by Government and the Municipality has no claim whatever to any portion of it. The Municipality is entitled only to levy license fees, and as the total number of wine, arrack and toddy shops now existing in the City of Madras is 351, the amount of revenue that would accrue to the Municipality, if it were now to levy upon these shops a tax at the rates specified in schedule B appended to the City of Madras Municipal Act, will be Rs. 14,230 as shown below:—

Wine and Arrack Shops.		Municipal Tax.	
Class	Number.		Rs.
I—114	..	..	8,550
II—18	..	..	900
III—16	..	..	400
IV—25	..	..	300
Totally Shops.			
Class	Number.		Rs.
I—32	..	..	1,600
II—56	..	..	1,400
III—90	..	..	1,080
Total		..	14,230

The request of the Municipal Commissioners that the compensation should be increased to one lakh is thus quite inadmissible. Nor have they just cause for complaining of the inadequacy of the present compensation, for, even if the sanction to the levy of the tax were only now withheld, so that they might have the advantage of the improvements of recent years, it would benefit them only to the extent of Rs. 623. But even this increase cannot be granted as the Act does not authorize a periodical revision of the compensation once fixed by Government.

7. The proposal of the Commissioners to increase the license fees on timber and firewood to the maximum rates prescribed in section 341 of the Act has already been approved in G.O., No. 191 M., dated 14th February 1899.

8. It will thus be seen that although the Commissioners expected to raise an additional revenue of Rs. 2,13,950 from the sources specified by them, no more than Rs. 1,07,000 can be unobjectionably realized therefrom as against the required sum of Rs. 2,65,940. It is, however, pointed out that the present annual expenditure on drainage conservancy is Rs. 97,700, that when the drainage scheme

is completed, only Rs. 37,600 will be required, that there will thus be a saving of about Rs. 60,000, which may be utilized in providing for the annual cost of the drainage scheme, and that an additional revenue of Rs. 51,000 may also be realized from sewage farms. The President, while observing that the estimate of the extra income from sewage farms is problematical and that it should not be taken into account in financing the drainage scheme, states that although he is averse to the ultimate saving of Rs. 60,000 under drainage conservancy being calculated as an asset, the provision of Rs. 37,600 for conservancy in the total estimate of the working charges of the drainage scheme may be eliminated for the present. As observed by the President, it seems to be undesirable to take credit for the anticipated saving of Rs. 60,000 under drainage conservancy, since this amount will not be available until the whole of the works is completed, while the payments to the sinking fund and interest will have to be made from the year next following that in which the loan is taken. There is, however, no objection to reducing the estimate of working charges by Rs. 37,600, as suggested by him, and eliminating this sum, the annual maintenance charges will be Rs. 90,000, while the annual payment for sinking fund and interest on the loan will amount to Rs. 1,38,340 or Rs. 2,28,340 in the aggregate.

9. With the second letter read above, the President forwards a resolution of the Commissioners containing certain further proposals for financing the drainage scheme. Between the years 1869 and 1873, the Madras Municipality received from the Government of India a loan of Rs. 14,30,000 for water-works. The Municipality was to pay interest on this sum at 4 per cent. per annum and also a sum of Rs. 28,600, i.e., 2 per cent. on the capital of the loan towards a sinking fund by which the loan was to be eventually extinguished in the year 1899. The sinking fund which was invested in Government securities bore interest at 4 per cent. per annum and the interest thus realized was likewise invested. Under this arrangement, the Commissioners paid annually Rs. 57,200 for interest, besides Rs. 28,600 for investment as sinking fund, or Rs. 85,800 in all. But in 1883 the Municipal Commissioners proposed that the interest on the sinking fund should be handed over to the Municipality as part of their ordinary income and that only the fixed annual payment of Rs. 28,600 should be credited to the fund. The result of this alteration which was approved by the Government of India was that the extinction of the loan was deferred from 1899 to 1918. The sinking fund in favour of this loan is expected to amount to Rs. 8,50,000 on the 1st April 1899 and it will give the Municipality an interest of Rs. 29,000 in the ensuing year. The Commissioners now propose—

(1) to appropriate the accumulated sinking fund of Rs. 8,50,000 and to renew the loan of Rs. 14,30,000 for fifty years with interest at $3\frac{1}{2}$ or 4 per cent., the annual payment of Rs. 10,900 towards the sinking fund being invested and allowed to accumulate with compound interest at $3\frac{1}{2}$ per cent., or

(2) to leave the sinking fund intact, but to allow all future payments to the sinking fund, which may be fixed at Rs. 20,000 instead of Rs. 28,600 as at present, to accumulate with compound interest at $3\frac{1}{2}$ per cent., so that the balance of the loan, viz., 6 lakhs, may be extinguished in the remaining twenty years, and to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent., or

(3) to allow the arrangement as to the future payments of sinking fund referred to in the second proposal, even though the rate of interest on the loan is not reduced from 4 to $3\frac{1}{2}$ per cent.

The proposal to appropriate the accumulated sinking fund cannot be entertained, as a similar proposal made in 1888 was rejected by the Government of India in its letter, No. 4903, Finance and Commerce, dated 5th September 1888, communicated with G.O., No. 1239 M., dated 1st November 1888, on the ground that it was wrong in principle, as the accumulations of a sinking fund held and invested in Government securities for the purpose of ultimate payment to Government were "held in trust for, and practically the property of, Government, and the Municipality should not be allowed to regard them as appropriable to any other purpose." The President argues that the present proposal differs from that made in 1888 in that the Municipal Commissioners now ask the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt—a course which he

says is authorized by section 211 of the Act. But it is not clear how the two proposals differ. In both cases the question is one of appropriating the accumulated sinking fund and of commencing repayments. The proposal is not at all likely to receive countenance from the Government of India.

As regards the second and third proposals, the Commissioners desire, while continuing to credit the interest (Rs. 29,000) on the sinking fund as it now stands, viz., Rs. 8,50,000, to general revenues, to reduce the annual payment towards the sinking fund for the future from Rs. 28,600 to Rs. 20,000, and to allow the interest on that sum to accumulate every year and further to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent. The annual payment at present made to the sinking fund is Rs. 28,600, but if the future payments are allowed to accumulate with compound interest as proposed, the annuity will be Rs. 20,000. The saving that may be effected by this arrangement is thus Rs. 8,600, and if the rate of interest is reduced from 4 to $3\frac{1}{2}$ per cent., there will be a further saving of Rs. 7,150 under interest or a total saving of Rs. 15,750. Even if the rate of interest is not reduced, as proposed, there will still be a saving of Rs. 8,600 annually; but the President states, that as the Government, it is not unreasonable to ask the Government of India for this assistance. The proposal to reduce the rate of interest cannot be entertained, as it is not likely that the Government of India will agree to it; but the other part of the proposal seems to be unobjectionable and the Government of India are pressed in the

10. The Commissioners also state that in the abstract of the estimate for the drainage scheme the cost of the construction of drains for Chintadripet, Egmore and Komaleeswaranpet is given as Rs. 14,25,000, that at present the drainage of these districts flows to a great extent into the Cooum, that the purification of the Cooum depends entirely on the removal of sewage from it, and that as the Government has recognized the cleansing of the Cooum to be a Provincial question, it would not be too much to ask for the amount which is estimated as the cost of cleansing the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleeswaranpet. It is, however, observed that the diversion of the drainage of the three districts above referred to from the Cooum cannot be considered to be a work the immediate object of which is the purification of the Cooum. The work in question may make the Cooum somewhat less insanitary, but cannot be expected to purify it completely and even if the drainage of these parts of the town is carried out, a large expenditure will still have to be incurred for the purification of the Cooum. The Government cannot, in these circumstances, undertake to promise any aid from Provincial funds towards the drainage of the parts of the town above referred to.

11. As the proposal of the Commissioners to appropriate the sinking fund of Rs. 8,50,000 has been disapproved in paragraph 9 *supra*, they will have to raise the whole of the required sum of Rs. 28,31,000 in the open market and will have to pay annually Rs. 1,38,340 (Rs. 25,100 for sinking fund and Rs. 1,13,240 for interest). Adding to this the annual working charges of the scheme, viz., Rs. 90,000, referred to in paragraph 8 *supra*, the total annual expenditure on account of the scheme will be Rs. 2,28,340. As against this sum the Commissioners can raise an additional revenue of only Rs. 1,07,000 from increased taxation, which has already been sanctioned, while a saving of Rs. 8,600 may be effected in the annual payments to the water-works loan of 1869-73, if the Government of India sanctions the proposal to allow all future sinking fund investments on account of this loan to accumulate with compound interest. The Commissioners will therefore have still to find Rs. 1,12,740 (Rs. 2,28,340—Rs. 1,15,600). In G.O., No. 1966 M., dated 11th September 1897, it was proposed to raise the additional funds required in connection with the drainage works by substituting a water and sanitation tax of 10 per cent. on the annual value of buildings and lands for the existing water-tax of 4 per cent., and it was observed that this increase of taxation would not be unduly onerous, considering the disparity in the incidence of municipal taxation in Madras as compared with its sister presidency towns. The Municipal Commissioners protest against this measure on the ground that house and land property in Madras is already heavily taxed and that any

further increase of taxation would press hard, especially on the poorer classes. The Government, however, considers that this is the only feasible means of raising the balance of the required funds, and His Excellency the Governor in Council therefore resolves to substitute for the present water-tax of 4 per cent. a water and sanitation tax of $6\frac{1}{2}$ per cent. on the annual value of buildings and lands. The amendment of the Act in order to provide for this increased taxation will accordingly be taken up before long.

12. It had been suggested to Government that the best way of raising the funds required for meeting the cost of the drainage scheme would be by the levy of a terminal tax as is done in Cawnpore. But the Government of India sanctioned the levy of a terminal tax at Cawnpore under circumstances altogether exceptional and is opposed to any extension of this system of taxation.

13. The proposal of the Commissioners to undertake at first the construction of the iron main costing twelve lakhs has been approved in G.O., No. 389 M., dated 17th March 1899. The drainage of Chintadripet, Egmore and Komaleeswaranpet should be taken up as soon as the iron main is completed, so as to prevent the drainage from these parts flowing into the Cooum. In view of the magnitude and importance of the drainage scheme and of the advantage of placing the execution of the works under the supervision of a competent officer, the Municipal Commissioners will be requested to consider whether a full-time officer may not be appointed to be in independent charge of the works. The additional expenditure which this measure may involve will, in the opinion of Government, be more than counterbalanced by increased efficiency in the execution of the works.

(True Extract.)

for Ag. Secretary to Government.

To the President, Municipal Commission, Madras.
Revenue Department.
Financial Department.
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