Close
4

Scott II-27—58,004—4-11-46.

E. & P. H. (1947) Department.

Ms. **SERIES.** ①

G.O. NO. Ms. 2691 Edn.

Dated the 16th Decr., 1947.

[Despatch Abstract.]

ELEMENTARY EDUCATION FUND - Municipal Council, Kumbakonam - Revised scales of pay Additional expenditure - Enhancement of education tax - Payment of subsidy and advance - Orders passed.

....

Back Papers.

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

Further Papers.

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

9

No.5533/47-B.3.

Municipal Office, Kumbakonam,
Dated 5--8--1947.

(2)

From
Sri A.C. Kandappa Pillai,
Special Officer, Kumbakonam
Municipality, Kumbakonam.

To
The Secretary to Government,
Education and Public Health,
Department, Madras.

ASST. SECRETARY TO GOVERNMENT
8-AUG 1947
EDUCATION AND PUBLIC HEALTH DEPT.

64421

Sir,

Sub:--Education - Elementary Education Fund - Municipal Council, Kumbakonam - Revision of scales of pay - Additional Expenditure involved - Particulars Furnished.

Ref:--G.O.No.975, Edn., dated 10--5--1947 and Memo No.52511/47-1-C.1. Edn. dated 26--7--47.

The particulars called for in the Memo cited above and in para 5 of G.O.No.975, Edn. dated 10--5--47 are furnished hereunder:--

		Rs.
1. The actual opening balance of the Elementary Education Fund on 1-4-47	..	4
2. The additional expenditure on account of the revision of scales of pay with retrospective effect from 1--1--47	..	6,930
3. The anticipated closing balance for 1947-48 the details of which are furnished below:--		
(a) Closing balance as per orders in the budget estimate for 1947-48 under the Elementary Education Fund - Vide G.O. No. Ms.525, Edn. dated 15-3-47	...	Minus 26,934
(b) Amount of additional expenditure involved for giving effect to the revised scales of pay	..	6,930
(c) Amount diverted to the extent required from the Water and Drainage Fund during 1946-47 to the Elementary Education Fund for the payment of arrears of dearness allowance with reference to G.O.Ms.525, Edn. dated 15--3--47	..	3,330
		37,194
Deduct opening balance	..	4
Net	..	37,190

page 23 of (17)

page 21 c.f. of (17)

4. It is not possible to wipe off the deficit without the aid of Government. Government were pleased to sanction a grant of Rs.16,188/- (Rs.14,000 plus Rs.2,188) in 1946-47 to meet the deficit. I request that Government may be pleased either to sanction grant to meet the deficit of Rs.37,190 in 1947-48 or to sanction a loan from the Provincial Funds.

5. Rate of Elementary Education Tax now levied in the Municipality. .. 3 % per annum.

A.C. Kandappan
Special Officer. 6.8.47

rs.5-8.
AC

2

M.C.S. Rethnasabapathi Chettiar, B.A.,
CHAIRMAN, MUNICIPAL COUNCIL

KUMBAKONAM.

24th November '47.

SECRETARIAT, EDN. AND P.H. DEPT.
26 NOV 1947
GOVERNMENT OF MADRAS

3

③

92928

Dear Sir,

In Memorandum No.67833/47-3-C.1, Education and Public Health, dated 26th September 1947, it is stated that Government are considering the question of enhancing the rate of Education tax now levied in this municipality. In this connection I should like to place the - following facts before you.

The rate of property tax levied at present in this municipality is 25½% on the annual rental value of the buildings and lands as per details given below:

General Purposes.	...	14%
Water & Drainage purposes.		6
Scavenging tax.	...	3
Education tax.	...	2½
Total.	...	25½%

This rate itself is very high. There has been a periodical enhancement in the rate of tax year by year since 1944-45. The rate of tax prior to 1945-46 was 21¼%. This was raised to 24½% with effect from 1st April 1946. Again, with effect from 1st April 1947, in pursuance of the orders issued by Government in G.O.Ms.No.600, L.A., dated 23rd March 1947 to enhance the -- Scavenging tax by 1%, the total percentage of tax was raised to 25½%. So, any proposal for further enhancement on the already over burdened tax payers should be considered out of question.

M.C.S. Rethnasabapathi Chettiar, B.A.,
CHAIRMAN, MUNICIPAL COUNCIL
KUMBAKONAM.

The newly elected council has come into office only recently and it will be framing its budget for the ensuing year shortly. I assure you that all possible ways and means will be explored not only to wipe off the deficit, if any, but the minimum balance required will also be maintained, without recourse to any additional taxation.

In view of this, I request you to kindly order postponement of the proposal to enhance the rate of Education tax in this municipality.

The favour of early orders is -- solicited.

Yours sincerely,

M.C.S. Rathnasabapathi.
24.11.1967.

To M.V. Subramanian, Esq., I.C.S.,
Secretary to Government,
Edn.,& P.H., Department,
Madras.

~~4~~ 6

E&P.H.(C1)

Please see the letter of the Chairman, Mpl.Cl. Kumbakonam, on pages 1-3 ante. The main file on the subject has been sent in circulation to the H.Ms. (Edn), (L.A.) and (Finance) on 25.11.47. and has not yet been returned to section. It is proposed to enhance the rate of education Tax levied by the Council by 1 o/o. p.a. with effect from 1.10.47. This may lie over till the main file is returned to section.

27.11.47

27/11/47

7

C.No. 64421/47

34 12/12

not put up

page 1 c.f.

Issue to-day.

12.12.47

page 612 ... No. 17 (not put up)

page 1 c.f.

page 15 n.f.

page 14 n.f.

6930
3967
2963

p. 42 n.f.

7933
6930
1003

(5) Education and P.H. ~~(C1)~~ Department

Sub: Elementary Education Fund - Municipal Council Kumbakonam - Revised Scales of pay ~~and grant of advance increments~~ - Additional expenditure - Enhancement of education tax-Payment of ~~an~~ Sub and advance ~~and subsidy~~ - - ORDERS PASSED.

Ref: G.O.No. 975 Education dated 10-5-1947.
G.O.No. 1154 Education dated 5-6-47.
From the Commissioner, Kumbakonam Municipality
No. 5533/47 dated 5.8.47

ORDER/Ms. No. 2697 Edn. dated 16.12.47

Under sub-section (2) of section 35 of the Madras Elementary Education Act. 1920, as amended, the Government direct the Municipal Council, Kumbakonam to alter the rate of levy of ~~the~~ education tax in its area from Three per cent per annum to four percent per annum, on the annual rental value of properties, with effect from 1-10-47.

2. The Government ~~are pleased to~~ sanction the payment to the Municipal Council, Kumbakonam, of a subsidy of Rs. 18,000. (Rupees eighteen thousand only) towards the grant of dearness allowance to the elementary education staff in the current year. They ~~are~~ also ~~pleased to~~ sanction the payment of an advance of Rs. 3000. (Rupees Three thousand only) towards the additional expenditure on the revision of scales of pay ~~and the grant of advance increments to~~ sanctioned to the elementary education staff. Interest at 3½ percent per annum (provisional) will be charged on the advance which should be repaid in three annual instalments. Penal interest will be charged at 7½ percent per annum on all instalments over due if they are not paid before the 31st March in each year.

3. Pending the provision of funds in the budget the Accountant-General is authorised to place the amounts at the disposal of the council. The Commissioner should present the necessary bills at the Treasury to obtain ~~funds~~ payment of the amounts or to have them adjusted. The expenditure on the payment of the subsidy will be debited to " 37-I-Education-Primary-Grants to Local Bodies for Primary Education-I-A-Local Bodies -I Ordinary areas-4-Teaching " and that on the payment of advance will be debited to "XLI-Loans and Advances bearing interest-f-Miscellaneous Loans and Advances- E.-Advances to Local Bodies to cover Deficits"

-2-

4. The Commissioner , Kumbakonam Municipality is ~~requested to take immediate steps to give effect to the G.Os. read above.~~ informed that the additional expenditure on the revision of scales of pay should be met from the proceeds of the enhanced rate of education tax ordered in para. 1 above, and ~~from~~ the advance sanctioned in para. 2 of the order. No advance will be paid by the Govt., in future towards the additional expenditure, which should entirely be met by the council from its own funds.

8.12.47

9/12/47

To The Commr. Kumbako. Kum Munpty. Thro. The C.R.C.
~~T~~ A.G. thro' Finance.
" D.P.I.
" L.A. Department
" Exmr. of L.F.A.

12/12/47

A.S.II

C1

No.11044/47-B.3

Municipal Office, Kumbakonam,
Dated 19.12.1947.

(6)

20 DEC 1947

From Sri M.C.S. Rathnasabapathi
Chettiar, B.A.,
Chairman, Municipal Council,
Kumbakonam.

To The Secretary to Govt.,
Edn. & P.H., Department,
Madras.

Sir,

Tax - Education tax - Kumbakonam Municipal Council - Enhancement - Cancellation - Requested.

Ref.--G.O. No.Ms.2697, Edn. & P.H., dated 16.12.47.

100015 pp 7-8 ante.

*****

p 7 ante

Government in their order cited above directed the levy of education tax by 1 percent more per annum with effect from 1.10.1947. I represented to Government in my D.O. dated 24.11.1947 that the percentage of tax levied in this municipality is already very high compared to the rates inforce in other municipalities. So the recent increase is likely to cause great hardship to the tax payer.

pp 3-5 ante

pp 2-5 ante

Even before the receipt of the G.O. cited above I have convened an urgent meeting of the council on the 22nd December 1947 and my D.O. dated 24.11.1947 has been marked for that meeting. I shall submit the views of the council also in this regard on the 23rd instant. The levy of 1 per cent more will bring in an income of Rs.10,000 roughly per annum. There are some schools which could be closed down as the attendance of pupils in them is very low in spite of best efforts taken to improve it. Savings could be effected in other directions also. Action if taken in this regard is -- likely to result in a saving of Rs.10,000 ~~xxyx~~ per year. Steps are being taken to explore all sources to meet the additional expenditure required for the payment of enhanced -- scales of pay to the Municipal Elementary School teachers without resorting to the enhancement of taxation. I shall forward the decision of the council as soon as it is obtained. It is therefore, requested that Government may be pleased to reconsider their orders and cancel the proposed enhancement in the rate of levy of education tax.

A

M.C.S. Rathnasabapathi
19.12.47
Chairman.

vr.19.12.

A.S.IV C1

⑦

No.11044/47-B.3

Municipal Office, Kumbakonam,
DATED 19.12.1947.

20 DEC 1947

From Sri A.C. Kandappa Pillai,
Municipal Commissioner,
Kumbakonam.

To The Secretary to Government,
Edn. & P.H., Department,
Madras.

Through The Chairman, Municipal Council, Kumbakonam.

Recd 22.12.47

10D49

Sir,

ELEMENTARY EDUCATION FUND - Kumbakonam Municipal Council - Revised scales of pay - Enhancement of education tax - Revision of rate - Orders requested.

pp 7-8 ante

Ref.--G.O. Ms. No. 2697, Education, dated 16.12.1947.

*****

In the order cited above Government have directed this council to alter the rate of levy of education tax in the area of Kumbakonam Municipality from 3 per cent per annum to 4 per cent per annum.

p. 1 ante

2. In my letter No.5533/47, dated 5.8.1947, submitted to Government, the existing rate of education tax levied in this Municipality was furnished as 3 per cent per annum, while it is only 2½ per cent per annum. The rate of 3 per cent mentioned in my letter is a mistake for 2½ per cent, which is regretted. I request that Government may be pleased to modify the orders for the revision of the rate from 2½ per cent to 3½ per cent only instead of from 3 per cent to 4 per cent per annum.

A.C. Kandappan
19.12.47
Commissioner.

Forwarded.

M.C.S. Ramasabapathi
19.12.47
Chairman.

vr.19.12.

ASII Cy

No.11044/47-B.3

Municipal Office, Kumbakonam,
Dated 22.12.1947.

(8)

ASST. SECRETARY TO GOVERNMENT
24 DEC 1947
EDUCATION AND PUBLIC HEALTH DEPT.

From Sri A.C. Kandappa Pillai,
Municipal Commissioner,
Kumbakonam.

To The Secretary to Government,
Edn.& P.H., Department,
Madras.

Through The Chairman, Municipal Council, Kumbakonam.

100596

Sir,

Elementary Education Fund - Kumbakonam Municipal Council - Enhancement of Education tax by 1% - Resolution of the Council - Copy submitted.

p. 7 ante

p. 11 ante
p. 9 ante

Ref.--G.O.Ms.No.2697, Education, dated 16.12.1947, my letter R.C.No.11044/47-B.3 dated 19.12.1947 and that of the Chairman, Municipal Council, No.11044/47-B.3 dated 19.12.1947.

****

pp 7-8 ante

p. 14 infra

In continuation of my letter cited above, I submit that the Council considered the G.O.Ms.No.2697, Education, dated 16.12.1947 along with a resolution given notice of by a -- Councillor already in respect of the increase of the rate of Education tax by 1% which came before the meeting of the Council held to-day. I enclose a copy of the resolution of the -- Municipal Council, No.508, dated 22.12.1947. The council considered the question of the enhancement of education tax by 1% and resolved that Government be requested to cancel their orders raising the percentage of tax. The council has also decided to send a deputation to wait on the Hon'ble the Minister for Education in this connection.

Vide p. 17 infra

I request that a date may kindly be fixed to receive the deputation and be communicated as early as possible.

Commissioner. 22.12.47

Forwarded.

M.C.S. Rathnasabapathy
Chairman. 22-12-47

vr.22.12.

Copy of the Municipal Council's Resolution No.508, dated 22nd December 1947.

Letter, dated 16.12.1947 of Sri K.Rm.S. Chockalingam Chettiar, giving notice of his intention to move the following resolution at the next meeting of the council:

"This council views with great concern the intention of the Government to enhance the rate of education tax of this municipality in view of the fact that the existing rate of 25½% is probably the highest rate levied in the Presidency, and that any further increase will add to the already heavy burden of taxation which the rate payers are groaning under, and therefore request that Government may be pleased to drop the proposal."

Resolution: Before the above resolution is moved the Government Order Ms.No.2697, Education, dated 16.12.1947 enhancing the rate of education tax by 1% more and the Chairman's letter, dated 19.12.1947 to Government are read to the council. p. 7 ante

After discussion the following resolution was moved by Sri K.Rm.S. Chockalingam Chettiar.

"This council views with great concern the levy of 1% more of education tax of this municipality per annum by Government, in view of the fact that the existing rate of 25½% of property tax is probably the highest rate levied in any other municipality in this Presidency and that any further increase will add to the already heavy burden of taxation which the rate payers are groaning under, and therefore, requests the Government to cancel their orders raising the percentage of tax.

This council further submits to Government that the council has got schemes to make a substantial savings and also expect to get additional revenue by the recent revision to meet the deficit.

This council further resolves to request the Government to permit the following members of the council to wait in deputation on the Hon'ble Minister for Education to represent the matter in this regard.

The Chairman, The Vice Chairman, Sri C. Ramaswamy Mudaliar, B.A.,B.L., Sri M.R. Subramania Moopanar and Sri K.Rm.S. Chockalingam Chettiar."

Seconded by Sri T. Sampathiyengar.

The deputationists have gladly accepted to wait in deputation at their own expenses.

CARRIED UNANIMOUSLY.

*****

(True Copy)

Commissioner. 22.12.47

vr.22.12.

D.O. (4)

M.C.S. Rathnasabapathi Chettiar, B.A.,
Chairman.

Municipal Office, Kumbakonam,
Dated 22.12.1947.

(9)

Hon'ble Sir,

Tax - Education tax - Reduction of rate - Deputation - Waiting of - Fixation of date - Requested.

****

p. 7 ante Government in their order Ms.No.2697, Edn., dated 16.12.1947 have directed the enhancement of the rate of education in this municipality by 1% with effect from 1.10.1947. Already the rate of property tax levied here is 25½% which is perhaps the highest in the Presidency. Any further increase in the rate of taxation will certainly give room for a strong agitation by the public, whose capacity to pay the tax has already reached its -- maximum. When this subject came before the municipal council at its meeting held this evening, it has resolved to request the Government to cancel - their orders raising the percentage of tax and has also decided to request the Government to permit the following members of the council to wait in deputation on the Hon'ble the Minister for Education to represent the matter in this regard:

(1) The Chairman
(2) The Vice Chairman
(3) Sri C. Ramaswamy Mudaliar, B.A.,B.L.,
(4) Sri M.R. Subramania Moopanar &
(5) Sri K.Rm.S. Chockalingam Chettiar.

pp 9-14 ante The Government have been separately addressed in the matter both officially by the Commissioner, Kumbakonam Municipality in his letter No.11044/47-B.3 dated 22.12.1947 and by my letter No.11044/47-B.3 dated 19.12.1947.

In these circumstances, may I request the Hon'ble Minister to kindly fix a date for the interview at an early date and intimate the fact to me, so as to enable me and the other members of this council to wait in deputation on the Hon'ble Minister and oblige?

Yours sincerely,

M.C.S. Rathnasabapathi
22-12-1947

To
The Hon'ble Sri T.S. Avanashilingam Chettiar, M.A.,B.L.,
Minister for Education, Government of Madras,
Madras.

16

Copy.

(10)

17

C1

1146.

Dear Mr. Rathnasabapathi Chettiar,

Let me thank you for your representation of the 22nd December asking for permission to wait in deputation to consider the matter of the enhancement of the rate of taxation. Unless you can immediately show ways means of ~~xx~~ meeting the extra expenditure involved in the raising of the salaries, it will not be possible for Government to reconsider the matter of enhancement. While I shall always be happy to meet you, I would be glad if you can kindly meet me after giving effect to the enhanced salaries with definite alternative proposals as to how you propose to find the money for it.

~~TSA~~ 5

Yours sincerely,

TSA
5-1-48

Sri M.C.S.Rathnasabapathi Chettiar, B.A.,
Municipal Chairman, Kumbakonam.

Copy to Secretary, E. & P.H. with the letter from the Chairman.

18

Issue to-day.
~~[illegible]~~ 12.1.48

C.No. 64421/47

page 7 c.f.

pp 7-8 c.f.

pp 11-13 c.f.
p. 9 c.f.

page 7 c.f.

p. 612 of Bk. No. 17
([illegible])

page 11 c.f.

(11) 19 E&P.H.(a)

Tax - Edn. - Mpl.cl. Kumbakonam - Enhancement to meet additional expenditure - Para. 1 of G.O.No. 2691 Edn. d 16.12.47. - Modified.

G.O.No. 2691 Edn. d 16.12.47
From the Commr. Kumbakonam Reply No. 11044/47 d 19.12.47 & 22.12.47
" C.M.C. Kumbakonam. No. 11044/47 d 19.12.47 & 22.12.47

Memo. No. 64421/47 - 6 C1 Edn. d 12.1.48

In partial modification of the orders issued in para 1 of G.O.No. 2691 Edn. d 16.12.47, the Govt. direct ~~the~~ Mpl.cl. Kumbakonam, under section 35(2) of the Madras E.E. Act, 1920, as amended, to alter the rate of levy of education tax, in its area, from 2½ % p.a. to three and a half per cent p.a. on the annual rental value of properties, with effect from 1.10.47.

the orders regarding the enhancement of education tax will not be reconsidered
" " "

2. The Commr. Kumbakonam Municipality

P.T.O.

20

is informed that the orders in para 1 above should be given effect to without further delay.

ORM
8/1/48

[illegible]
9.1.48
of
8/1/48.

To The Commr., Kumbakonam Mplty. Thro. The C.R.C.
" The D.P.I.
" Examr. of L.F. Accts.
" L.A. Deptt.

Dspd to items one only
12/1/48

13.1.48

21

AS II

(12)

R.C.11044/47-B.3
(Encl)-One.

Municipal Office, Kumbakonam,
Dated 12-1-1948.

FROM

SRI M.C.S. RATHNASABAPATHI CHETTIAR, B.A.,
CHAIRMAN, MUNICIPAL COUNCIL, KUMBAKONAM.

TO

THE SECRETARY TO GOVERNMENT,
EDUCATION & PUBLIC HEALTH DEPARTMENT,
MADRAS.

1 JAN 1948

[illegible] - Education tax - Enhancement by 1 per cent. per annum from 1-10-1947 - G.O. Ms.No.2697, Edn., dated 16-12-1947 - Reconsideration - Suspension till 31st March 1948 - Orders solicited.

p. 7 ante

p. 9 ante

Ref.--My letter to Government R.C.No.11044/47-B.3 dated 19th December 1947 and the letter of the Commissioner, Kumbakonam Municipality, R.C.No.11044/47-B.3 dated 22nd December 1947.

2834
p. 13 ante

*****

p. 15 ante

In his D.O. reply dated 5.1.48 to my D.O., dated 22nd December 1947, the Hon'ble Minister for Education, stated that it would not be possible for the Government to reconsider the matter of enhancement of the rate of taxation unless ways and means are shown immediately to meet the extra expenditure involved in giving effect to the revised scales of pay to the teachers in the municipal elementary schools. So I called for an urgent meeting of the council on 10th January 1948 to consider and decide the matter. I enclose herewith a copy of the draft revised budget for 1947-48 as prepared by the Municipal Commissioner for the Elementary Education Fund Account of this municipality. Provisions made include for payments to the teachers at the revised scales of pay. Further the Commissioner has therein taken credit for an additional income under the Elementary Education tax with reference to the orders of Government in their Ms.No.2697, Education, dated 16th December '47. The amount so taken credit for the increased rate of taxation is Rs.6,250/-. The revised budget closes with a balance of Rs.1,054/-. If the increased rate of tax is not given effect to for the second half of 1947-48, then the revised budget will close with a deficit balance of Rs.5,196/-. The council is in a position to meet this small deficit from its general funds by curtailing the expenditure in that fund so as to enable the council to contribute an equivalent amount to the Elementary Education Fund during the current year. The council has therefore, resolved in its resolution No.534, dated 10th January 1948 to request the Government to suspend the enhanced rate of levy till 31st March 1948. During the course of the discussion which the council had at its meeting on 10th January 1948, the members felt that some more time was necessary to find out ways and means for

p. 7 ante

meeting the extra expenditure involved in the matter for the year 1948-49. So the council has resolved to submit to Government its definite proposals in this regard before 31st March 1948. It is, therefore, requested that the Government will be pleased to suspend the enhanced rate of levy of taxation till 1.4.1948. A copy of the resolution of the council is enclosed.

M. C. S. Rathnasabapathi
Chairman. 12.1.48

12.1

Copy of the Municipal Council's resolution No. 534, dated 10th January 1948.

Resolved unanimously that the sum equivalent to the ~~xx~~ amount that is required to meet the deficit in the Elementary Education Fund which has been caused on -- account of giving effect to the revised scales of pay to the teachers be contributed from the general fund by curtailing the expenditure in that fund during the current year. This council further resolves to explore in the meanwhile further ways and means so as to limit the -- expenditure under the Elementary Education Fund during 1948-49 and on subsequent years to the level of the receipts under that account without resorting to additional taxation. The council, therefore, requests the Government to suspend the enhancement of taxation till 31.3.48 before which the council will submit concrete proposals.

(True Copy)

M. C. S. Rathnasabapathi
Chairman. 12.1.48

12.1

vr.12.1.

Kumbakonam Municipality.

Head of Account.	Budget estimate for 1947-48.	Draft Revised estimate for 1947-48.
	Rs.	Rs.
C. ELEMENTARY EDUCATION ACCOUNT.		
Receipts - Ordinary.		
Opening balance--	...	94
1. Education tax--		
Gross collection. ...	25,300	32,930
Deduct collection charges.	...	1,550
Net. ...	...	31,380
2. Fines and penalties under the Ely. Education Act. ...	100	100
3. Income from investments, etc.,	350	300
4. School fees. ...	1,200	450
5. Govt. grant to meet the deficit.	9,616	9,620
6. Other receipts. ...	550	1,000
7. Government grant--		
(i) Under section 37 of the Ely. Education Act.	25,000	25,260
(ii) Under proviso to section 37 of the Ely. Edn. Act.	14,080	14,080
8. Contribution from the General Fund.	11,330	11,330
9. Profession tax compensation.	4,100	4,100
10. Government grant to meet the deficit.	...	18,000
Advances from Government.	...	3,000
Deduct Refunds. ...	300	100
Total	91,326	1,18,520
Grand total including opening Balance.	91,326	1,18,614
Expenditure - Ordinary.		
1. Staff--		
Salaries & allowances--		
Masters. ...	96,650	97,500
Clerks and servants ...	4,400	3,600
Contribution to provident fund.	3,600	3,600
Contingencies--		
House rent. ...	2,600	3,350
Other items ...	2,500	2,500
Equipment--		
Furniture & apparatus...	500	500
Library books and maps.	300	300
Other items. ...	700	700
Prizes & scholarships...	170	170
Repairs to buildings ...	4,000	4,000
Interest on and repayment of debt.	1,340	1,340
Grand total.	1,18,260	1,17,560
Closing balance.	-26,934	1,054
Grand total including closing Bal.	91,326	1,18,614.

Municipal Office, Kumbakonam,
Dated 12.1.1948.

M. C. S. Rathnasabapathi
Chairman. 12.1.48

vr.12.1

24

25

9

(14)

M. C. S. Rathnasabapathi Chettiar, B. A.,
CHAIRMAN, MUNICIPAL COUNCIL.

KUMBAKONAM.

Date 12.1.1948.

SECY., E.& P.H.
The matter may be put up. [illegible]
20.1.48
H.M.EDN.

Hon'ble Sir,

Tax - Education tax - Municipal Council, Kumbakonam - Enhancement of rate from 1st October 1947 - Suspension till 31st March 1948 Requested.

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p.17 ante

I thank you very much for your kind reply of the 5th instant. The revised scales of pay have been given effect to already in the case of all the teachers immediately after the receipt of the orders of Government and I am sorry it escaped my notice and it was -- omitted to be made mention of in my previous letter.

ASSISTANT SECRETARY TO GOVERNMENT
22 JAN 1948
EDUCATION AND PUBLIC HEALTH DEPARTMENT
5179

p.28 infra

I convened an urgent meeting of the council on 10th January 1948 to consider the subject as instructed by you. A copy of the resolution is enclosed.

pp 21-22 ante

I have also communicated a copy of it officially to-day in my letter R.C.11044/47-B3 dated 12th January 1948 (copy enclosed). For the reasons stated therein, I request you to kindly arrange to issue urgent orders suspending the enhancement of the rate till 31.3.1948.

Yours sincerely,

M.C.S. Rathnasabapathi
12.1.1948

To The Hon'ble Sri,
T.S. Avanasilingam Chettiar, M.A., B.L.,
Minister for Education,
Government of Madras,
Madras.

SECRETARY, EDN. AND P.H. DEPT.
21 JAN 1948
GOVERNMENT OF MADRAS

26

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R.C.11044/47-B.3
(Encl)-One.

Municipal Office, Kumbakonam,
Dated 12-1-1948.

(15)

FROM
SRI M.C.S. RATHNASABAPATHI CHETTIAR, B.A.,
CHAIRMAN, MUNICIPAL COUNCIL, KUMBAKONAM.

TO
THE SECRETARY TO GOVERNMENT,
EDUCATION & PUBLIC HEALTH DEPARTMENT,
MADRAS.

Sir,

TAX - Education tax - Enhancement by 1 per cent. per annum from 1-10-1947 - G.O. Ms.No.2697, Edn., dated 16-12-1947 - Reconsideration - Suspension till 31st March 1948 - Orders solicited.

Ref.--My letter to Government R.C.No.11044/47-B.3 dated 19th December 1947 and the letter of the Commissioner, Kumbakonam Municipality, R.C.No.11044/47-B.3 dated 22nd December 1947.

*****

In his D.O. reply dated 5.1.48 to my D.O., dated 22nd December 1947, the Hon'ble Minister for Education, stated that it would not be possible for the Government to reconsider the matter of enhancement of the rate of taxation unless ways and means are shown immediately to meet the extra expenditure involved in giving effect to the revised scales of pay to the teachers in the municipal elementary schools. So I called for an urgent meeting of the council on 10th January 1948 to consider and decide the matter. I enclose herewith a copy of the draft revised budget for 1947-48 as prepared by the Municipal Commissioner for the Elementary Education Fund Account of this municipality. Provisions made include for payments to the teachers at the revised scales of pay. Further the Commissioner has therein taken credit for an additional income under the Elementary Education tax with reference to the orders of Government in their Ms.No.2697, Education, dated 16th December '47. The amount so taken credit for the increased rate of taxation is Rs.6,250/-. The revised budget closes with a balance of Rs.1,054/-. If the increased rate of tax is not given effect to for the second half of 1947-48, then the revised budget will close with a deficit balance of Rs.5,196/-. The council is in a position to meet this small deficit from its general funds by curtailing the expenditure in that fund so as to enable the council to contribute an equivalent amount to the Elementary Education Fund during the current year. The council has, therefore, resolved in its resolution No.534, dated 10th January 1948 to request the Government to suspend the enhanced rate of levy till 31st March 1948. During the course of the discussion which the council had at its meeting on 10th January 1948, the members felt that some more time was necessary to find out ways and means for meeting the extra expenditure involved in the matter for the year 1948-49. So the council has resolved to submit to Government its definite proposals in this regard before 31st March 1948. It is, therefore, requested that the Government will be pleased to suspend the enhanced rate of levy of taxation till 1.4.1948. A copy of the resolution of the council is enclosed.

sd. M.C.S.Rathnasabapathi. [illegible].

Chairman.

12.1.

Copy of the Municipal Council's resolution No. 534, dated 10th January 1948.

Resolved unanimously that the sum equivalent to the amount that is required to meet the deficit in the Elementary Education Fund which has been caused on account of giving effect to the revised scales of pay to the teachers be contributed from the general fund by curtailing the expenditure in that fund during the current year. This council further resolves to explore in the meanwhile further ways and means so as to limit the expenditure under the Elementary Education Fund during 1948-49 and on subsequent years to the level of the receipts under that account without resorting to additional taxation. The council, therefore, requests the Government to suspend the enhancement of taxation till 31.3.48 before which the council will submit concrete proposals.

(True Copy)

M. C. S. Rathnasabapathi
Chairman. 12.1.48.

vr.12.1.

12.1

Kumbakonam

Head of Account.	Budge estimate for 1947-48.	for 1947-48.
	Rs.	Rs.
C. ELEMENTARY EDUCATION ACCOUNT.		
Receipts - Ordinary.		
Opening balance--	...	94
1. Education tax--		
Gross collection. ...	25,300	32,930
Deduct collection charges.	...	1,550
Net. ...	...	31,380
2. Fines and penalties under the Ely. Education Act. ...	100	100
3. Income from investments, etc.,	350	300
4. School fees. ...	1,200	450
5. Govt. grant to meet the deficit.	9,616	9,620
6. Other receipts. ...	550	1,000
7. Government grant--		
(i) Under section 37 of the Ely. Education Act.	25,000	25,260
(ii) Under proviso to section 37 of the Ely. Edn. Act.	14,080	14,080
8. Contribution from the General Fund.	11,330	11,330
9. Profession tax compensation.	4,100	4,100
10. Government grant to meet the deficit.	...	18,000
Advances from Government.	...	3,000
Deduct Refunds. ...	300	100
Grand Total total including opening Balance.	91,326 91,326	1,18,520 1,18,614
Expenditure - Ordinary.		
1. Staff--		
Salaries & allowances--		
Masters. ...	96,650	97,500
Clerks and servants ...	4,400	3,600
Contribution to provident fund.	3,600	3,600
Contingencies--		
House rent. ...	2,600	3,350
Other items ...	2,500	2,500
Equipment--		
Furniture & apparatus...	500	500
Library books and maps.	300	300
Other items. ...	700	700
Prizes & scholarships...	170	170
Repairs to buildings ...	4,000	4,000
Interest on and repayment of debt.	1,340	1,340
Grand total.	1,18,260	1,17,560
Closing balance.	-26,934	1,054
Grand total including closing Bal.	91,326	1,18,614.

Municipal Office, Kumbakonam,
Dated 12.1.1948.

M. C. S. Rathnasabapathi
Chairman. 12.1.48

vr.12.1

9 31

(17)

No.11044/47-B.3 Municipal Office, Kumbakonam,
Dated 21.1.1948.

ASST. SECRETARY TO GOVERNMENT, EDUCATION AND PUBLIC HEALTH DEPT.
23 JAN 1948

From Sri A.C. Kandappa Pillai,
Municipal Commissioner,
Kumbakonam.

To The Secretary to Government,
Education & Public Health
Department, Madras.

Through The Chairman, Municipal Council, Kumbakonam.

Sir,

TAX - Education - Municipal Council, Kumbakonam - Alteration in the rates of - Given effect to from 1-10-1947 - Informed.

pp. 7-8 ante

545

p. 19 ante

Ref.--(1) G.O.Ms.No.2697, Education, dated 16.12.1947 &
(2) Government Memorandum No.64421/47-6 C.1, -- Education, dated 12.1.1948.

*****

In accordance with the direction issued by Government in their orders cited above, the alteration in the rates of the education tax from 2½ per cent to 3½ per cent per annum on the annual rental value of all buildings and lands occupied by or appurtenant to buildings situated within the limits of this municipality has been duly given effect to and education tax is levied in this municipality at that rate with effect from 1.10.1947.

Commissioner. 21.1.48.

~~Forwarded.~~

~~Chairman.~~ 21.1.48

Advance copy submitted to the Secretary to Govt., Edn. & P.H., Department, Madras.

vr.21.1.

C. No. 64421/47

Issue to-day.
U

page 7 c.f.
pages 19-20 c.f.
pp. 21-22 c.f.

Tax - Edn. - Ml. cl., Kumbakonam - Revised Scales of pay - Addl. expenditure - Enhancement.

G.O. No. 2691 Edn. d 16.12.47
Memo. No. 64421/47-6 C 1 Edn. d 12.1-48
From the C.M.C. Kumbakonam No. 11044/47 d 12.1.48

Memo. No. 64421/47-7 C 1 Edn. dated, 26.1.48.

The Chairman, Ml. cl. Kumbakonam, is informed that in the absence of the Budget Estimate of the Council for 1948-49, it is not possible to state whether the general funds of the Council can contribute further to avoid the deficit in the E.E. Fund, ~~And~~ and until that is satisfied, the original orders referred to in Govt. Memo. read above must stand.

26/1/48

To
The C.M.C.
Kumbakonam.

27.1.48

26.1.48

Notes (19) E 8.4 (ii)

page 1c f.
C. No. 64421/47

From the Commr. Kumbakonam Mply. No. 5533/ d. 5.8.47.
E. E. Fund - Mpl. cl. Kumbakonam -
Revision of scales of pay - Additional expenditure

page 23 of (M) page 23 of (M) page 1c f. page 21c f (M) 14,000 page 21c f (M)

The E. E. Fund budget of the Mpl. cl., Kumbakonam, for 1947-48 was expected to open with a 'Nil' balance and to close with a deficit of Rs. 26,934. The actual opening balance on 1-4-47 was Rs. 4. ~~Last year~~ the Council was paid a ~~grant~~ subsidy of Rs. ~~14,000~~ 16,188 towards the cost of payment of dearness allowance to E. E. staff ~~and a subsidy of Rs. 2188 to cover the deficit in the budget~~. As the opening balance on 1-4-47 is negligible the Council need not be asked to refund the amount. Revised with reference to the opening balance, the deficit will be reduced to Rs. 26,930.

Z

page 23 c f (M) page 1c f. page 1c f. not put up

2. The Council incurs an expenditure of Rs. 96,650 on payment of salaries and allowances of teachers. An additional provision of Rs. 6930 has to be made ~~for~~ to meet the expenditure ~~on~~ giving effect to the revised scales of pay sanctioned in G.O. No. 975 Edn. d. 10.5.47 and G.O. No. 1154 Edn. d. 5.6.47. The increase in expenditure comes to roughly 7%. If provision is made for the additional expenditure, the deficit will be raised to Rs. 33,860.

26,930
6,930
33,860

para 2 (ii) on page 21 of (M)

3. In G.O. No. 525 Edn. d. 15.3.47, the Mpl. cl. was permitted to divert, temporarily, a sum of Rs. 6205 from its Water Supply and Drainage Account to its E. E. Fund Account towards the payment of arrears of dearness allowance to E. E. staff. If the diversion has to be made good now, the deficit will be further increased to Rs. 37,190, i.e. Rs. 33860 plus Rs. 3330 which is the amount so far diverted from the W. S & D. Account.

p. 1c f.

4. The Council levies education cess at 3% p.a. on the annual rental value of propert

page 1c f.

26,930

and ~~the~~ derives a net income of Rs. 23,800. If the rate of education tax is enhanced by 1%. with effect from 1-10-47, it would fetch an additional income of Rs. 3967 during the current year and an annual income of Rs. 7933. The Council levies property tax at 25 3/4 %. p.a. on the annual rental values, which is beyond the reasonable limit for a municipality of this type. ~~It is doubtful whether the rate of education tax can be enhanced further.~~ L. A. may be requested to advise whether the rate of ~~education may be enhanced by 1%~~

page 29 (M)

23800/3 = 7933

X

(20% in this case

B

5. L.A. have already stated that it would not be possible either to make any further adjustment from the Arrear Toll Compensation grant sanctioned to the Cl. during the current year or to make any additional contribution from its general funds to the E.E. Fund. The deficit in the budget, after due provision is made for the payment of dearness allowance will be Rs. 26,930. The council incurs an expenditure of Rs. 35,400 on payment of dearness allowance to the E.E. staff. Hence it is eligible for a subsidy of Rs. 26,930. An advance subsidy equal to 2/3 of this amount may now be paid to the council from the Provincial funds.

para 1 on page 1
p 7 of (M)

M

6. The additional expenditure on account of the revision of salaries is Rs. 6930. If the rate of education tax cannot be enhanced as suggested in para. 4 above, an advance ~~from the~~ of ~~Provincial funds~~ Rs. 6930 may be paid from the Prol. funds for this year. The advance may, ~~if possible~~, be recovered from the council, by five annual ~~equal~~ instalments beginning from 1948-49.

page 10

N

7. L.A. and Finance may see for remarks.

5/9/47 S

6/9

L.A.

17.8.47

LOCAL ADMINISTRATION DEPT.
33219
9 SEP 1947
SECRETARIAT, MADRAS

9/9

E & P.H. U.O. No. 64421-1 e1 6.9.47

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(20)

LA Dept. C

'B' on p2 above

There is no scope for further taxation in this mty as the rate now levied is far higher than the conventional maximum for a mty of this Type.

The file may be passed on to Fin. Dept.

13.9.47

13.9.47

14-9-47

15.9.47

LA No 33219-1C 15.9.47

Fin.

Fin (Exp. A)

Fin 15/8
55370
16 SEP 1947
FINANCE DEPARTMENT

Please see the notes on pp. 1-3 above.

The proposals at M & N on p. 2 above may be accepted.

21.9.47

22.9.47

How is the Mply expected to be able to pay back a loan of Rs. 6,930 in 5 annual instalments from E.E. Fund, when it is already running at a heavy annual deficit? What is the advantage & justification of giving a loan in such a case? Have loans been given in other similar cases? It appears to me that such loans will naturally have to be written off sooner or later, & that it is really quite misleading to call them loans.

DWD
24.9.47

E & P.H.

Please submit through A.S.I. X

With reference to Secretary's remarks above, the original of G.O. No.975, E & P.H., dated 10-5-47 has since been obtained from E & P.H. and is put up below. (I)

P 35 cf (I)

In paragraph 5 of the above G.O., it has been ordered that in order to enable Local bodies to meet the additional expenditure involved in paying teachers in Elementary ~~Educati~~ schools on the revised scales of pay the Government would give them advances from Provincial funds for one year to the extent to which they are unable to bear the cost from their own funds. It was also made clear that all possibilities of enhancing the receipts under the E.E.Fund account of each local body will be explored in due course and the advances recovered as far as possible.

2. Proposals for the grant of such advances to cover the anticipated deficits are just coming up and this is the first of its kind.

3. In the present case, the additional expenditure on account of the revision of the scales of pay ~~of~~ the E.E. staff is expected to ~~cost~~ be about Rs.6,930/- . The Council is at present levying Education tax at 3% per annum and the total property tax ~~at~~ is 25¾% per annum. L.A. has stated that there is no scope for further taxation as the rate of property tax now levied is far higher than the conventional maximum ~~for the~~ municipality of this type.

x (P.3, 1)

4. It is understood from L.A. that they have recommended the grant of ~~an~~ advances in such cases with reference to the orders in Paragraph 5 of G.O.No.975, E & P.H., dated 10-5-47, ~~and~~ that they propose to investigate, ~~in~~ in the course of ~~the~~ examination of their budgets for 1948-9, ways and means by which the ~~funds of the~~ local ~~board~~ bodies concerned could be made to work without a deficit either by cutting down some items of expenditure or by finding additional sources like additional contributions from general funds etc., and that, if ~~any~~ none of these alternatives is ~~not~~ possible, they propose to direct the new councils to be elected shortly to increase the tax suitably.

5 It does not appear that any advances can be granted to the municipal council without finding some means to repay the advances. L.A. may perhaps be requested to consider whether the rate of education tax in the present case ~~cannot~~ may not be increased by 1% with effect from 1-10-47. If this is done, there will be an additional income of Rs.7,934 p.a. and Rs 3967 in the current year. The advance to be given will then amount to ~~and the advance in the current year may be restricted to~~ Rs.2,963/- or Rs.3,000/- roundly. This advance can be recovered in 3 annual instalments of Rs.1,000 each from the additional income of Rs.7,934 p.a. (after providing for the recurring expenditure of Rs.6,930 per annum being the cost of revised scales of pay).

A.S.
4.x.47

~~A.S./S.~~
LA.

Cal. Sal. Com. Ref.
— ar (2)

para 4, pp 2 above
p 3 above

(I) P.35

Cr x vide p 2 above

6930
½ (7933) 3967
2963

(1) In para 5 of GO 975 E&PH, a definite promise was made by the Govt. that they would give advances to local bodies from provincial funds to the extent to which they were unable to bear the cost of revision of pay of teachers of elementary schools. It was also stated therein that all possibilities of enhancing the receipts under the Elementary Education Act of each local body would be explored in due course and the advances recovered as far as possible.

(G.O. 975 E&PH, 10.5.47 [illegible])

The case was not properly exam^d^ by Fin. regarding the proposal for advances in para. 5 of the order. Fin. Dept. must be more careful. Such an important novel proposal as that for these advances should have been seen by Fin. Secy. DWD

These papers were not seen by the Fin Secy before the issue of orders. If advances are made now to local bodies whose Ele. Edn Fund Accts. are in deficit and whose general accts are not also in a position to make a contribution to cover the deficit, without any decision as to the means by which they are to be enabled to repay the advances, the so-called advances will be converted into subsidies, especially as the L.A. Dept. seem to consider that neither the Ele. Edn. tax nor the general property tax can be raised further (in this and in the two linked cases). This view of the L.A. Dept. seems to be based on certain maxima adopted for the total property tax in respect of types of municipalities. These maxima are not statutory. They are referred to by L.A. as "conventional maxima". It is not known on what basis these maxima have been fixed and whether they have been fixed with the concurrence of this dept. and the approval of the Govt. (including H.M. Fin.). In any case, it seems essential that the means by which the local body concerned is to repay the advances proposed should be decided before making the advances, as otherwise the advances are almost certain to get converted into subsidies. There is no justification for adding to the liabilities of the Govt. by way of new subsidies to local bodies, when the condition of Govt. finances is far from satisfactory. Every effort should be made to enable the local bodies concerned to meet the extra expenditure involved from their own funds in whole or in part, and to repay the advances to be given for this purpose. If neither the rate of Ele. Edn. tax nor that of general property tax is to be raised it is not clear by what other means the receipts under the Ele. Edn. Acct are to be enhanced as contemplated in para 5 of GO 975 E&PH dated 10.5.47. As schemes for expansion of elem

N

DWD

education (are being progressively introduced,) no retrenchment in the expenditure relating to the Ele. Edn funds will be possible. In the circumstances, Finance would strongly urge that the rate of Edn. tax should be raised to the extent necessary in each case in the current year to enable the local body concerned to meet the extra cost due to revision of pay of teachers in the schools in whole or in part in the current year and in full in future years and/or repay the advance to be made over a period not exceeding five years at the most.

DWD

In this case, the rate of Edn tax may be raised from 1.10.47 by 1 p.c. (as suggested in para 5 on p.4 above) and an advance of Rs 3,000 may be given to be repaid in a period not exceeding five years. (Repayment over 5 years will leave a small margin of safety.)

DWD

Kv
6/10/47

I agree entirely with ADS.

DWD
7.X.47
L.A.

L A Dept

[Previous note of this Dept at p. 3 ante]

Fin U.O. 55370 EA-1
7.X.47

(L.F 56081 EA-1/7.X.47
55230 EA-1/7.X.47)

LOCAL ADMINISTRATION DEPT.
37452
1947
SECRETARIAT, MADRAS

Based on certain amenities provided by mcls to the residents such as water supply, drainage, lighting etc., this Dept has been following certain maximum limits up to which taxes can be levied. These maximum rates are arrived at having in view the principle of higher rate of tax for ~~better~~ greater amenities. Thus the conventional maximum for Kumbakonam mcly comes to 21%. (including the enhanced rate of scavenging tax) while the Cl is now levying tax at 25¾%. which is indeed a very high rate. Very few mcls in this province are levying tax at such a high rate.

AN 9/10

Attention is also invited to the notes on pp 18–21 N.F. of G.O. No 1332 LA of 16.6.45 wherein the conventional limits up to which Govt may raise the rate of tax were laid down with the acceptance of Fin Dept. Govt all along have been guided by this maxima wherever increase in the rate of tax was involved. Finance have ~~not~~ also been agreeing to such a procedure.

This Dept may therefore adhere to the original view that there is no scope for increasing the rate of tax. The file may be returned to Fin now.

Re
14.X.47

15.10.47

(L)
Note with the file
Return to L.A. [illegible]
27/X

This dept may agree with Fin that no advance shd be sanctioned to a local body which will be unable to repay it. However this dept cannot agree to any increase in the rate of Edn tax in this case, as the total rate of the taxes on property already levied in the town ~~is~~ viz 25¾% is very high, though the town has no drainage scheme and an addl tax will ~~have~~ have to be levied in future for the scheme. ~~A~~ This dept may suggest that a special grant of Rs 6,930 may be sanctioned, as a special case to wipe off the deficit and that advance increments shd not be sanctioned

16/10

P

16/10

A

16/10

8

to the Edn Staff with this suggestion [illegible] E & P.H. [illegible] be requested to ~~take orders in circulation~~ including ~~circulation to~~ H.M (L.A)

16/10/47

E & P.H.

E & P.H. (G.)

Finance may see the case again, before circulation, with reference to the suggestion of L.A. at 'A' on page 7 ante.

22.10.47

23/10/47

26/10/47 (Finance)

Asst. Secretary to Government
83278
20 OCT 1947
Education and Public Health Dept.

L.No. 37452-IC

16.10.47

E&P.H. No. 64421
27.10

63641 E.A
27 OCT 1947
Finance Department

Finance(Exp.A)Deptt.

Please see the previous Finance note on pp.3-6 above and the L.A. note on pp.6-8 above.

2. While agreeing with this Department that no advance should be ~~sanction~~ sanctioned to a local body which will be unable to repay it, L.A. are opposed to any increase in the rate of Education tax in this case, as they consider that the total rate of taxes on property already levied in the municipality, viz., 25¾%, is very high. L.A. therefore suggest that a special grant of Rs.6,930 may be sanctioned as a special case, to wipe off the deficit and that advance increments should not be sanctioned to the staff in the Municipality (L.A. perhaps mean that the special grant will be an outright subsidy).

p. 7 above

A on p 7 above

3. The additional expenditure that is now being incurred by the municipality is ~~one~~ of a recurring nature, as it is due to the revision of scales of pay of the staff in question. If the ~~xxxx~~ local body is not able to meet this additional expenditure, sanctioning a subsidy in the current year, as a special case, will not be a permanent solution of the problem. ~~Otherwise~~ The Government will practically be committed ~~xxxx~~ to ~~xx~~ giving subsidies to ~~the~~ municipalities in such cases every year to enable them to meet the additional expenditure on account of the revision of scales of pay, if they once give such a subsidy. ~~[illegible]~~

~~[illegible]~~

The Cabinet Salaries Committee's recommendation was definite that before the Government order any revision of salary scales for Municipal

A. cf. p. 159 of the Report placed below

(23)

and Local Board services, they should investigate the financial effect as regards each local authority, with a view to finding out how its financial resources could be increased in case it could not bear the additional expenditure involved in revising the salaries and that the month from which the new scales of pay should be given effect to for such of the local bodies as could afford a revision, without seeking financial aid from the Government should be decided by the Government in the E & P.H. and L.A. Departments in each individual case after an investigation of the finances of the Municipal council or local board. In accordance with the above recommendation, the question whether the Municipalities and the District Boards could afford to meet the extra cost without any aid from Provincial Funds was examined when the L.A. Department proposed the introduction of the revised scales of pay for the staff paid from General Funds and the Government ordered the introduction of the revised scales of pay only in the case of 51 ~~41~~ Municipal Councils and 16 District Boards who could afford to meet the extra expenditure. But in G.O.No.975 Edn., dated 10-5-47, the Government have already ordered the introduction of the revised scales of pay for the teachers employed in the Elementary Schools without investigating ~~into~~ the finances of the Local Bodies in each individual case and the possibility of increasing their financial resources.

M cf. p. 6 of the Addendum to the Cabinet Committee's Report placed below

pp 33-39 of (1)

p 7 above

In the circumstances if, as ~~considered~~ is maintained by L.A., the rate of Education tax cannot be increased, the only alternative courses that can be adopted ~~is that~~ are either (i) the order sanctioning the grant of the revised scales of pay to the staff in ~~xxxxxof~~ those municipalities ~~xxxxxxxxxxxxxx~~ which cannot bear the additional expenditure themselves should be cancelled or (ii) the Government should undertake to pay recurring subsidies to the necessary extent to these local bodies. If ~~a~~ recurring grants are to be given, the maximum cost ~~to~~ the Government will be Rs.51 lakhs per annum at the end of five years and Rs.80 lakhs per annum based on average salary (this would be on the presumption that there would be no expansion ~~and~~ of the number of elementary schools and no additional teachers would be employed). The Government cannot obviously undertake this additional recurring commitment in view of the present state of their finances. In the circumstances, E & P may be requested to take orders in circulation ~~whetherxthexcirculationxxxxx~~ including H.M (Finance) (1) whether ~~the~~ local bodies should be compelled to raise the Education tax, even though it is higher than the conventional maximum referred to by L.A. so as to cover the extra expenditure on account of the revision of the salaries, or

These are estimates of total cost for existing staff. The Govt would not meet it all in any case, but only such portion as could not be met by the municipalities by raising Educn. Tax to the extent possible.
Dw

B cf. p 7 A 15 addendum to Report

(2) whether the Government should undertake to

give a recurring subsidy towards the cost of revision of salaries in the case of those local bodies [illegible] which cannot afford to meet the extra expenditure,

or (3) whether the orders already issued directing the introduction of the revised scales of pay may be cancelled in the case of those local bodies [illegible] which cannot ~~ka~~ afford to meet the extra cost. ~~If~~

If the course suggested in Item (2) above is to be adopted, the proposal will have to be placed before the Standing Finance Committee and the Cabinet, and a supplementary grant will have to be obtained in due course, as it is a 'new service' ✓

1-11-47 1. 11. 47

3. 11. 47

A.S./ s

In this and in the three linked files below, the Local Administration Department have proposed that the Government should make special outright grants to the following municipalities to cover in whole or in part the deficit anticipated in their Elementary Education Account in the current year on account of the revision of pay scales of teachers as indicated below:-

Name of the Municipality	Additional expenditure on account of revision of pay per annum.	Additional receipts, if any, to be realised from enhancement of education tax		Government grant proposed for 1947-48.	Remarks.
		Ultimate	1947-8		
(1)	(2) Rs	(3) Rs	(4) Rs	(5) Rs	(6)
(1) Kumbakonam	6,930 *	..	..	6,930	The Municipality is levying property tax at $25\frac{3}{4}$ % including education tax (3 %). L.A. consider that this rate cannot be enhanced; as it already exceeds the conventional maximum for this type of municipality. Finance suggested enhancement of the rate of tax by 1 per cent.
(2) Walajahpet	3,660 (a)	1,600	800	3,000	The total property tax including education tax (1 per cent) is 21 per cent, which is the conventional maximum. L.A. propose to raise the education tax only by 2 per cent against 5 per cent suggested by Finance.
(3) Chicacole.	2,300 (a)	--	--	2,300	The total property tax including education tax ($1\frac{1}{4}$ per cent) is $24\frac{1}{4}$ per cent against the conventional maximum of 16 per cent. L.A. consider that No further enhancement is possible. Finance suggested enhancement by $1\frac{3}{4}$ per cent.
(4) Conjeevaram.	11,000 plus 3,920 (advance increment)	7,114	3,557	7,440	The total property tax levied including education tax (2 1/3 per cent) is 23 5/6 per cent. Enhancement of education tax by 1 per cent only is suggested by L.A., against enhancement by 2 per cent suggested by Finance.

p 7 above

para 5 p4 above and p6 above

p 5 NA LF I

p.7 NA ibid

para 5 p4 NA in LF I

p. 5 NA in LF II

'M' on p. 4 NA in LF II

para 2 p. 7 NA LF III

p6 NA in LF III

p. 6 NA in LF III

p. 5 NA in LF III

~~(3) Chicacole~~

* Presumably this does not include expr on account of advance increments - See the note on pages 7-8 above

(a) L.A. propose that Advance increments ~~is not to~~ be not sanctioned in these two cases.

24

The L.A. Department have proposed a special grant only for 1947-8 in regard to items (1), (3) and (4). They have made no suggestion as to how the extra expenditure on account of revision of pay is to be met in 1948-9 and subsequent years in these three cases. In regard to item (2), they have suggested the payment of a grant of Rs 1,500 per annum for 1948-9 and subsequent years ~~after~~ till the question of abolition of the municipality now under consideration is decided.

p. 7 NA in LF I

2. As already stated in this department note on pages 5-6 above, the Provincial finances, in their present condition, cannot undertake fresh liabilities by way of new subsidies to local bodies of the kind proposed in this case. Further, as pointed out in paragraph 3 of the note on page 8 above, the suggestion of L.A. for payment of a special grant for 1947-8 [illegible]

special grant for 1947-8 alone for items (1), (3) and (4) above will not solve the problem, as the question of covering the deficit in 1948-9 and in subsequent years will still remain. The total recurring grant for the four municipalities mentioned above comes to about Rs 19,000 per annum. Once the Government agree to make an outright grant in these cases, it is likely that proposals for grants in other similar cases will be put forward and the total additional liability will be large. There does not seem to be adequate justification for grants to be made from Provincial revenues when it is possible to raise the education ~~the~~ tax to cover the extra expenditure. On page 6 N.F. in the linked file, the L.A. Department have stated that the rates of property tax adopted as conventional maxima observed by them were accepted in Finance; but they have not put up the papers containing the discussions and decisions on the subject. It has been possible to get only an extract of the L.A. Department note from the proceedings - see flag (T). This does not contain the views of the Finance Department or the decisions of the Government. Even if there was a decision of the Government in 1945 to adopt the maxima referred to, they cannot be held to apply for all times. Since that decision was reached, large extra liabilities had to be undertaken by local bodies on account of payment of dearness allowance to staff and revision of pay of staff. The Government are paying grants to local bodies to enable them to meet the extra cost on account of payment of dearness allowance wherever the local bodies concerned are unable to meet it from their own resources. The Government cannot be expected to make further grants on account of revision of pay of staff. The resources of the Provincial Government are not unlimited. With the introduction of prohibition the Government have to face a heavy loss of revenue. This coupled with the additional expenditure on ameliorative

6930
2060
2300
7806
19096
~ 19000
[illegible]

(Already one such cost has been met [illegible])

LF I

measures included in the post-war development plan and others has already caused a great strain on the Provincial resources, and Revenue deficits are anticipated in each of the years during the quinquennium 1947-8 to 1951-2. Finance cannot therefore agree to outright grants being made from Provincial funds to enable local bodies to meet the extra expenditure on account of revision of pay of Elementary School teachers. Finance would adhere to the view already expressed by it, namely, that education tax should be raised to the extent necessary to cover the extra expenditure referred to above and that advances may be given, if necessary & to the extent necessary, to meet the deficit in the current year on account of the fact that the full additional revenue from enhancement of education tax will not be realised in the current year.

R

Dwd

S

3. If L.A. consider that education tax cannot be raised as suggested, Finance must urge that revision of pay need not be given effect to in cases where local bodies are unable to meet the extra cost involved without raising the education tax or getting a grant from the Government. It is stated that the Walajapet Municipality dealt with in linked file I is very poor and that the question of converting it into a panchayat is under consideration. In this case particularly there seems to be no justification for giving effect to the revised scales of pay.

Dwd

Fin. U.O. 6364/E.A-1
7.11.47

5.11.47

I agree with A.D.S.
Dwd
7.11.47

7.11.47

ASST. SECRETARY TO GOVERNMENT
87250
10 NOV 1947
EDUCATION AND PUBLIC HEALTH DEPT.

E.P.H.

E & P.H. (C1)

The file relates to the question as to how the municipal council, Kumbakonam, should meet the additional expenditure on the revision of scales of pay sanctioned for Teachers in elementary schools in the municipality.

2. Without taking into consideration the additional expenditure on the revision of

salaries, the Elementary Education Account of the council is expected to close with a deficit of Rs. 26,930,x which is due to the payment of dearness allowance to the teachers. The expenditure incurred by the council on the payment of dearness allowance is Rs. 35,400. As usual, it is proposed to pay an advance subsidy equal to 2/3 of the anticipated deficit i.e. Rs. 18,000. Finance agree to this.

'Z' on page 1 ante

page 9 of (M)

W

'Y' on page 3 ante (J)

3. The council has not yet been permitted to pay advance increments to the E.E. staff. The additional expenditure on this concession will be Rs. 4248. In view of the unsatisfactory financial position of the council both under the E.E. and General Accounts the question of extending the concession may be deferred as suggested by L.A.

x G.O. 2035 Edn 19-9-47

x Ascertain from L.A

W

'A' on page 7 ante

4. The expenditure on the revision of scales of pay alone is Rs. 6930. The principle so far followed in regard to the revision of salaries is that the rate of education tax may, if necessary, be increased to the extent necessary to meet the additional expenditure on this account. In consonance with this principle this Department proposed the enhancement of the rate of education tax levied by the council by 1% p.a. with effect from 1-10-47. L.A. oppose this on the ground that the total rate of property tax already levied, i.e. 25 3/4 %, is very high. They suggest that a special grant (i.e. subsidy) may be paid from the Provincial funds as the council will not be able to repay any advance that might be paid to it for the purpose. Finance oppose the grant of subsidies for such purposes for the reasons stated in para. 2 of their note on pages 11-13 ante. They suggest that, if the rate of education tax cannot be increased as insisted upon by them, revision of salaries need not be given effect to in this and other similar cases.

page 1 c.f.

'B' on page 2 ante

'P' on page 7 ante

'A' on page 7 ante

6930
3967
2963 ✓

'R' on p.13 ante

7933
6930
1003 ✓

para 3 on p.13 ante

5. The Municipal Councils, Kumbakonam, Chicacole and Conjeevaram have already given effect to the revised scales of pay with effect from 1-1-1947. The Commissioner, Walajapet Municipality was informed that, pending the receipt of the orders on the question as to how the additional expenditure should be met, revised scales of pay should be given effect to without any delay. It does not seem to be desirable to withdraw, at this stage, the concession granted after matured consideration to pacify the incessant agitation from the ill-paid elementary school teachers. In the circumstances it is for consideration whether the rate of education tax levied by the council may be enhanced by 1% p.a. with effect from 1-10-47 or whether a special subsidy of Rs. 6930 may be paid from the Provincial funds for this year. This Department may, perhaps, press for the enhancement of taxation. The view expressed by Finance at 'R' on p13 ante may be accepted.

(Reports received in B2 Section)

(Memo. put up in a file of B2 Section)

This would be most undesirable & need not be thought of. W

We may press for this. We have gone beyond the "conventional maxima" in the case of District Board levy & there is no reason why we should not proceed similarly in the case of Municipal taxes. W

6. The case may be circulated to H.M. (Edn), H.M. (L.A.) and H.M. (Finance.)

Kl
24.11.47

BSM
24/11/47

S W

25/11/47

26/11

H.M. (Edn.) ✓
H.M. (L.A.) ✓ 30/11
H.M. (Fin.)

27.11.47

3.12

3 DEC 1947

Linked files I, II and III have not been seen by H.M. (L.A) and H.M. (Finance). ~~The files may be~~ It is for orders whether the files should be circulated to them ~~for orders~~ or whether it may be taken for granted that they have accepted the proposals of this dept and Finance and orders

Kl
4.12.47

16

Issue accordingly.

4/12/47 S

May be re-circulated to H.M. (L.A.) & (Fin). for orders on the linked files also.

4/12/47

H.M. (L.A.) 4/12
H.M. (Fin)

Nothing that we are doing this year, need be quoted by the Councils as a precedent. Deficit grants should not be an annual affair.

For a major work, we may give them half-grants or full grants, but they should not expect grants to meet their normal expenditure.

All these Councils may be asked to balance their budgets for next year. They should not expect any grant for next year under deficits.

B.G.R.
7.XII

1P

8 DEC 19

E22.4 (a)

A draft order is submitted for approval.

2. At present the following kinds of payments are made to local bodies in aid of the elementary schools, under them.

(1) Subsidies to meet deficit in the Ele.Edn.Fund which is the result of the payment of dearness allowance to the elementary education staff.

(2) Subsidies ~~(or grants)~~ for the construction of school buildings, etc., ~~which are~~ on the basis of half of the net cost of ~~the~~ construction.

(3) Advances-(recoverable with the usual interest) to meet the deficit in the Elementary Education fund, on account of the introduction of revised scales of pay, and the grant of advance increments to the Elementary Education Staff.

17

27

(E)

'A' on p. 19 (E)

'P' on p. 16 ante

page 19 (Y)

ITEM (1) on page 16 ante.:- In G.O.No.1173 L.A., dated 28-5-45, the Government undertook the liability to pay subsidies, from Provincial funds, to such of the local bodies as are unable to meet from their own funds, the whole of the extra-expenditure involved in the payment of dearness allowance to the staff in their employ. This commitment was based on a decisio of the then ~~existing of~~ Cabinet. It is presumed that H.M.(Finance) does not intend that this policy should be reversed from next year.

ITEM (2) ~~above:-~~ on p. 16 ante:- H.M.(Finance) has minuted that subsidies ~~(or grants)~~ for the construction of buildings, etc. would be continued, in future.

ITEM (3) ~~above:~~ on p.16 ante:- In para 5 of G.O.No. 975 Education, dated 10-5-47, it has been specifically stated that advances towards the additional cost of introduction of revised scales of pay would be paid by the Government for the current year only. Education tax has been enhanced, whereever necessary, to enable local bodies to meet the entire additional cost of the introduction of revised scales of pay, from their own funds. There will be no necessity to pay advances for the purpose, from next year. Apparently H.M.(Finance) desires that local bodies should be told that no advances will be paid to them in future to meet this additional expenditure. In the draft orders, in this and the linked cases the Municipal Councils are being informed accordingly. A draft memo will be put up separately informing other local bodies also, of this decision.

4. On the other hand if it is intended that no subsidy(or grant) should be paid to any local body to meet the deficit in its budget on account of the payment of dearness allowance to its staff ~~on on account of any other reason~~ expenditure, the question will have to be examined separately as a general one, after the issue of the draft orders.

5. For orders as to the recirculation of the case to H.M.(Educati H.M.(L.A.) and H.M.(Finance).

10/12/47 S

10/12/47

10.12.47

H.M. (Edn.)
H.M. (L.A.)
H.M. (Fin)

I do not think that H.M. Finance means that all the commitments that we have promised them in these many years are to be denie ~~continued~~ to local boards immediately, but only to the advances began making for implementing revision of salaries. Now we are giving the local boards and municipalities advances for their revision of salaries. That was necessary because we had to introduce these salaries immediately. Time

8

ad to be given to the Municipalities and District Boards to re-adjust their finances and impose fresh taxation if necessary for doing it. H.M. Finance only means that the District Boards and Municipalities should not expect further advances from Government for the continuance of these revised scales of pay from next year + that may be agreed to

TSA
11-12-47

H M (LA)
H M (Fin)

I agree with H.M finance but this should not be a bar to hard cases for applying to Govt either for grants or loans as and when the finances of the Govt permit ~~and~~ in deserving cases

13/12

SECRETARY, EDN. AND P.H. DEPT.
11 DEC 1947
GOVERNMENT OF MADRAS

3) If they are recoverable advances, I don't object.

2) Preference should be given to rural areas more than to Mcl councils and more so to backward areas and taluks.

1) Here again, preference to deficit boards than Councils.

15.12

E&PH

SECRETARY, EDN. AND P.H. DEPT.
16 DEC 1947
GOVERNMENT OF MADRAS

No separate action is called for now with reference to the minutes of H.M. (Edn.) H.M. (L.A) and H.M. (Finance) above, which will be borne in mind for guidance in dealing with the applications from local bodies for the grant of subsidies and loans.

2. The draft order may issue ~~L.A. may see after issue~~. The file may be recirculated to H.M (Edn) & H.M (LA) after issue

16/12/47

E&PH U.O. No.
96472-20
3.1.48

SECRETARY, EDN. AND P.H. DEPT.
2 JAN 1948
GOVERNMENT OF MADRAS

TSA
29-12-47

1/ (28) Bud II 19

pp 7-8 c.f.

[Issued as G.O. No. 2691 Edn. d 16.12.47]

C. No. 10004 5/47. From The C.M.C. Kumbakonam d 19.12.47

p. 9 c.f.

p. 11 c.f.

From The Commr Kumbakonam Mply. No. 11044/47 d 19.12.

Please see the letter of the chairman, Mcl. Cl. Kumbakonam, at page 9 c.f. The retrenchments suggested by the Chairman cannot be effected immediately as the D.P.I. will have to be consulted in the matter. It is therefore doubtful whether savings to the extent of Rs. 10,000 can be effected in the current year. Further the E.E. Acct. of the council depends on a contribution of Rs. 9616 from the Arrear Toll Compensation grant which will not be available from 1949-50. In view of this it ~~does not seem~~ may not be possible to meet the additional expenditure on the ~~revised~~ grant of scales of pay without resorting to additional taxation.

A on p. 9 c.f.

p. 23 of (M)

If it is found that the enhancement results in surplus funds at the end of the current year, the council may, perhaps, be permitted, to reduce the rate of education tax from next year. For orders whether

p 7 c.f.

1. The chairman may be informed that the orders in G.O. No. 2691 Edn. d 16.12.47 will not be reconsidered.

2. Para 1 of the G.O. at p. 7 c.f. may be modified suitably with reference to the letter of the Mcl. Commr at page 11 c.f.

3. L.A. may see the notes from page 8 ante.

LOCAL ADMINISTRATION DEPT.
375
5 JAN 1948
SECRETARIAT

3.1.48

5/1/48 S

5/1/48

L.A.

E&PH U.O. No.
64421-5el
5-1-48

1505

[Previous notes of this Dept at pp 3 + 6-8 ante] L.A. Dept

The notes from page 8 ante may be perused and the file returned to E&PH.

G.O. Bud I
L.F. I+II S.N

The Govt 7-8 cf was not seen by this Dept before issue.

7.1.48

7.1.48

7.1.48

7/1/48

E&PH.

L.A. 375-1 Bud II
7/1/47.

E.P.H. (Cl)

The letters since received from the Commr. ~~k~~and the Chairman Mcl. Cl., Kumbakonam, and a copy of the reply of the H.M. (Edn.) to the Chairman, at pp. 13-17 c.f. may be perused.

2. A draft memo. modifying the orders in para. 1 of G.O. No. 2691 Edn. d 16-12-47 is submitted for approval. The Commr. may be instructed to give effect to the revised orders without further delay. No separate reply to the Chairman seems to be necessary.

p.c.f

9.1.48

9/1/48

9/1/48 S

9/1/48 M. (Edn.)

333 9/1

ISA 11/1/48

[Issued as Memo. No. 64421/47-6 Cl Edn. d 12-1-48] — pp 19-20 c.f

SECRETARY, EDN. AND P.H. DEPT.
12 JAN 1948
GOVERNMENT OF MADRAS

Please see the letter of the Chairman Mcl. Cl. Kumbakonam, on pages 21-22 c.f. In view of the orders already issued in the Memo. at pp. 19-20 c.f. no further action seems to be necessary in this case. The papers may be put away.

17.1.48

17/1/48

19/1/48 S

Send a [illegible] inviting attention to these orders.
20/1/48.

A draft memo. is submitted for approval.

20.1.48

21/1/48

21/1/48 S

If they have actually made a contribution from General Funds, why cannot they be prepared to defer taxation be accepted?
21/1/48.

Submitted.

2. It is understood from L.A. that the General Fund budget of the Council has not yet been received by them. In the absence of ~~specific proposals of the Council in~~ the Budget Estimate of the Council for 1948-49 it ~~may~~ is not possible to state whether the General Funds can contribute further to avoid the deficit in the E.E. Acct. L.A. may, however, see the case

D

[illegible] will contain R.E for 1947-48

Bond II

With reference to the letter of the ~~Cl~~ Chairman, Mcl. Cl. $\frac{21}{}$ on pages 21-23 c.f.

(29)

21.1.48

21/1/48 S

21/1/48

L.A.

E.P.H. G.O. No.
64421/47-Cl
22.1.48

L.A. Dept
(Bond II)

The R.E for 1947-48 and the B.E for 1948-49 ~~The B.E~~ of this Ml. Cl ~~for 1948-49~~ have not yet been received. It is therefore not possible to say now (as desired by E&PH) whether the General fund can make any additional contribution to the E.E. Acct in the current year to avoid the deficit in the latter acct.

The file may be returned to E&PH. no.

22.1.48. E&PH

LOCAL ... DEPT.
22 ... 1948
2667
SECRETARIAT, MADRAS

D on p.20 ante

22.1.48

22.1.48

22/1

L.A. No 2667-1 Bond II
22/1/48.

22.1.48

E.P.H (Cl)

For orders as to the issue of the draft memo. below. (No/s put up : 20 ante).

22/1/48 S

22/1/48 M (Edn.)

M (L.A.)

22.

The memo does not make things clear. It may be more explanatory. The memo may be as follows:-

" In the absence of the budget estimate of the Council for 1948-49, it is not possible to state whether the general funds can contribute further to avoid deficit in the elementary education fund. And so, till that is satisfied, the original orders referred to in Govt. memorandum No.64421/47 d/12.1.48 must stand".

A revised draft is submitted for approval.

26.1.48

JSM
26/1/48

TSA
26.1-48

26/1
HM (LA)

SECRETARY, EDN. AND P. H. DEPT.
26 JAN
GOVERNMENT OF MADRAS