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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	34	Press / Mis.
Dated	9-1-	1873.

30/31

41-42

Not to be folded or roughly handled

3/2/40

FINANCIAL DEPARTMENT.

No. 34.

FROM

THE HON. W. HUDLESTON,
Chief Secretary to the Government of Fort St. George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FINANCIAL DEPARTMENT.

SIR,

In continuation of my letter, dated the 31st December 1872, No. 1733, I am directed to forward copy of a Minute recorded by the Hon. J. D. Sim, C.S.I., Senior Member of Council, on the subject of Provincial, Municipal, and Local Income and Taxation.

I have the honour to be,
Sir,
Your most obedient servant,

FORT ST. GEORGE,
9th January 1873.

Chief Secretary.

MINUTE by the Hon. J. D. SIM, C.S.I., dated 8th January 1873.

The letter of the Board of Revenue, and the various reports and financial statements which accompany it, supply the Supreme Government with all the information required regarding the amount and incidence of our existing taxation, and the feelings it has evoked among our people. Some of these reports are likely to excite undue apprehension or uneasiness. The Board, in my judgment, accurately appreciate our actual position, and correctly describe public feeling on the subject. There can be little doubt, I apprehend, that the present burden of taxation is about as much as the country can at present bear, and that any addition to it is greatly to be deprecated. The following is a brief abstract of our revenues in 1858-59 and in 1871-72. The increase in this space of fifteen years is £2,886,000, but some of the items—Land Revenue, for instance—are not additional taxation. There has been no general increase in the rate of the Land-tax; the additional revenue is due to increased cultivation. The rise in some other items betokens

greater wealth. But still the gross increase is very great after making allowance for these considerations and for intermediate increase of population :—

	1858-59.	1871-72.
	£	£
Land Revenue	4,014,857	4,782,955
Forests	.....	41,813
Abkari	275,206	570,892
Assessed Taxes	.....	102,655
Customs	141,575	313,229
Moturpha	106,946	.....
Salt	572,597	1,307,841
Stamps	66,433	399,025
Miscellaneous	339,890	280,130
Registration	.....	35,475
Imperial	.....	7,833,915
Local Funds	.....	498,276
Municipal Taxes	.....	71,987
Total	5,517,504	8,404,178

NOTE.—These are not *all* the items of revenue which are here realized, but are those only which enter fairly into a comparison of this nature.

Of this increase of rather more than fifty per cent. in fifteen years, £2,316,000 are items of Imperial and £570,000 of Local Revenue.

Of the former the unpopular items are Income-tax, Stamp duties, and Registration.

2. The first—Income-tax—is the only one that can be described as universally and intensely unpopular. As incomes under £100 are exempt from the tax, it necessarily falls on a very small portion of the people, and only on those who are comparatively well off. The complaints of malpractices by subordinates are, I conceive, exaggerated; but, owing to the ignorance of the people, and the practical inability of the higher officials to ascertain incomes independently of the instrumentality and information of their subordinate agency, it cannot be doubted that a tax of this nature affords peculiar scope for malpractices and especially for malicious and vexatious proceedings. The native, as a rule, makes no show of wealth, and his mode of life affords none of those indications of the possession of means which afford some guide to a discriminating officer at home. I doubt if there is so much of bribery and corrupt gains as is generally believed, but I can well understand what facilities the tax affords for vexatious and inquisitorial proceedings either in the hope of extorting money, or, what I believe is more common, from malicious and vindictive motives. It must however be admitted that the tax is not suited to the country, and that it is universally complained of. I hope, therefore, that it will be in the power of the Government of India to dispense with it. No reduction of its incidence will, I think, avail much to remove the prevalent discontent, for the wealthier classes will still be affected by it, and they are the most intelligent and influential. I would indeed rather retain the tax as it is, and strive to improve our agency for levying it, than "nibble" at it any more; but I trust the Government of India will find themselves in a position to abolish it entirely. I may add as an additional reason that, as we have no special machinery for imposing the tax, its abolition will not impede its revival at any future time should such a measure prove necessary. Experience, however, shows that the people do not become habituated or reconciled to the tax, and it can hardly be regarded as a resource in critical periods, when our strength may be tried by foreign invasion or internal revolt. It is too unwelcome to be resorted to in times of danger.

3. The Stamp Law is complained of more from its intricacy than from the pressure of the duties it imposes, though in some respects this also is severely felt. The increase in Stamp Revenue has been sixfold in fifteen years.

4. The Forest Department is also unpopular, but more from faults of administration than from any other cause. There has been a growing tendency of late years to regard the conservancy of wood as of paramount importance; petty communal privileges have been invaded; prescriptive rights of pasturage curtailed; the extension of cultivation impeded; and generally much of hardship inflicted on the poorer classes of the community. It is quite possible to introduce and maintain conservancy in a reasonable and sufficient degree without entailing discontent and hardship, but to do this the Government should be unfettered in their administration. It is difficult to reconcile the demand for a system of Forestry as rigorous as that of Germany or France with the equitable regard for prescriptive rights and usages and the tender consideration for the necessities of the people which will make the working of such a Department acceptable as well as successful. We have happily escaped the infliction of a Special Forest Law, but even under the Penal Code there is much scope for oppression. I would strongly advocate the transfer of Forestry to the list of Provincial Services, the net revenue being deducted from our gross assignment. Under this arrangement, and with the help of the new organization, I am sanguine that we should be able to administer the Department quite as successfully and much more acceptably to the people.

5. The Registration Department is still imperfectly understood, and consequently somewhat complained of. But this will wear off and its great advantages be appreciated.

6. The Salt-tax, being indirect, is but little complained of. But indications are not wanting to show that further taxation will contract consumption. The consumption of the five Fusly years, when the monopoly price of salt was Rupees 1-11-0 per Indian Maund, averaged Indian Maunds 6,688,163, while in the two years 1870-71 and 1871-72 at 2 Rupees per Indian Maund, it fell to Indian Maunds 6,489,110 notwithstanding extension of Railways and increase of population. The returns for last year have not yet been made up, but I understand that the sales show no recovery. Considering that salt is a necessary of life, and that a tax on it necessarily falls more heavily on the poor than on the rich; that consumption is not increasing as it should do; that even the present high price of salt precludes its use for cattle, for curing fish, and other purposes; and that the burden of general taxation has been so greatly increased of late years, any further enhancement of the Salt-tax seems to me highly inexpedient. Certainly anything like equalization with the Bengal rate is quite out of the question. The lighter rate of Salt-tax in Madras used to be regarded as an equitable set-off to its heavier Land-tax, and this consideration deserves weight in a country which has no manufactures and little foreign trade.

7. The export duty on paddy and rice has not affected the exportation of these grains, and though such a tax is wrong in principle, and the State spends thousands annually to maintain and extend their cultivation, I do not see any special need, in our present financial condition, to give up this item of revenue which will help to fill the vacuum which the abolition of the Income-tax will

create. The effect of the tax in enabling our rice to compete with the rice of other countries in the foreign market must, of course, be closely watched; but, as I have said, the returns of exports afford no reason to suppose that the tax has any injurious effect in this respect.

8. As regards Provincial taxation it may be said that we have none. Under the Provincial system certain Departments were handed over to us with a fixed assignment, the insufficiency of which has been made good by drawing on Local Funds, and not by special taxation. The system has worked well, and the success which has attended it fully warrants its extension. The defects of the system are the inadequacy of the assignments and the inequitable basis on which they were founded. The services which were made over to the Madras Government were allowed a net grant in 1870-71 of £794,916; the actual amount assigned for them in perpetuity under the Provincial system was only £739,488. The Government had thus by some means or other to make good this deficiency of £55,428, and also to meet the increased necessities of future years. The bargain was evidently a hard one, and was made harder by the circumstance that, owing to the known pressure on the finances, the estimates and expenditure of 1870-71 and previous years were reduced to a minimum. In 1869, for instance, when the State was believed to be verging on insolvency, Civil buildings were stopped all over the Presidency in various stages of construction; a very large portion of the first year's assignment necessarily went in the completion of these. But if, as I have no doubt, the Supreme Government gave as much as they could afford, we cannot well complain, nor indeed should we, had the grants to the several Governments been fairly apportioned according to their just claims. This, however, was not the case; the grants of the single year 1870-71 were taken as a matter of course, and all existing irregularities were perpetuated. A Government which had been fortunate in getting an exceptionally liberal grant in 1870-71, either as a continuation of former practice, or for some special reason of transitory duration, continues to get that grant in perpetuity. Such an arrangement is manifestly inequitable, and it cannot be supposed that the Governments which have suffered, and must continue to suffer by it can feel otherwise than aggrieved. I understood Lord Napier to say that as Viceroy he had brought the matter prominently before the Government of India, but no communication on the subject has yet reached us. The present is not a fitting occasion to enter fully into the subject. But I may mention that, while Madras, with a population of thirty millions and a revenue of seven, received only £740,000, or ten per cent. on its revenue, Bombay, a far richer Province, with a population of fourteen millions and a revenue of six, received £900,000, or fifteen per cent. on its revenue. Bengal is slightly better off than Madras, receiving thirteen per cent. of its revenue. The Punjab, like Bombay, has secured fifteen per cent. of its revenue, and the North-West Provinces eleven per cent. British Burmah gets thirty per cent., but it is a recently acquired and peculiar Province, and is fairly entitled to exceptional liberality at first, though not for ever; but this plea cannot be urged on behalf of the older Provinces. No one can read the early Administration Reports of the Punjab without being struck with the lavish expenditure of State funds in its improvement; the policy was eminently wise, but the Punjab surely cannot claim a continuance of such liberality for ever. Its revenue is but half that of Madras, and, owing to the necessity of keeping large bodies of troops in it, it certainly has a larger expenditure of State funds in it. I think we should take the opportunity afforded by the letter of the Supreme Government, dated 17th August 1872,

No. 2019, Financial Department, to press the matter most earnestly on the Supreme Government. Such disparities are indefensible, and we may fairly appeal to the Governor-General in Council to do us justice and right wrongs inflicted in the hurried inauguration of a new system. It is obvious that, had Madras been treated as liberally as Bombay and the Punjab, we should have been able to apply local taxation more gradually, and have thus escaped the discontent now believed to prevail. It may be impossible to raise the assignment of Madras to the level of the assignments of those Provinces, if those are continued as they are; but in this case the more favoured Provinces should year by year have their grants reduced, the reduction being rateably added to the grants of the less favoured Provinces until all are on a footing of just equality. If the State considers that 10 Rupees out of every hundred of revenue raised is a proper grant from the Imperial Treasury for the Jails, Schools, Police, &c., of Madras, on what principle can Bombay and the Punjab claim 15 Rupees out of every hundred for exactly the same purposes? If the people of Madras must make good by local taxes all that peculiar circumstances render necessary over and above these 10 Rupees, why should the people of Bombay and the Punjab be absolved from the like necessity? The sum at issue is no mere bagatelle; if ten per cent. were fixed as the contribution all round, the Imperial Treasury would gain a million sterling annually on the grants for the five old Provinces alone. If Madras got fifteen per cent. as Bombay and the Punjab do, her assignment would be a million instead of £740,000. Nor is the question one of mere theoretical justice; it cannot unfortunately be denied that, in some respects, education for instance, Madras has been behind the other Provinces, and specially needs liberal treatment.

9. Taxation for local purposes is no novelty in Madras. In 1863 an Act was passed enabling the inhabitants of any place to tax themselves for education; in 1865 the formation of Municipalities was provided for; in 1866 a road-cess was established, and so on. The inadequacy of Imperial grants and of the Provincial assignments led to the enhancement of local taxation in 1871, when many charges previously defrayed from the Imperial Treasury were of necessity met from local taxes. Ten years ago such taxation was unknown; all that is now done from funds thus obtained rested as an obligation on the State, though the work, from insufficiency of means, was often never undertaken at all, or imperfectly performed. The State was expected to make all roads, to supply education, to cleanse towns, &c. These offices have now to be met from local resources supplemented by the Provincial assignment, and, as it is in the nature of such expenditure to expand, it has been necessary to have recourse to local taxation more freely and more rapidly than would otherwise have been requisite. The people naturally enough grumble at being now required to pay specially for what hitherto the Circar was supposed to be bound to do out of the general revenues, and some of the objects for which they are required to pay—sanitation for instance—are not yet fully appreciated by them. In India, as elsewhere, taxation in any form is unwelcome, and taxation for purposes little understood or appreciated is especially so. But the feeling is gradually subsiding as the improvements effected become more patent. Of the various local taxes imposed, the House-tax and the License-tax are those to which objection is chiefly made. The former has always been especially obnoxious in this Presidency, although in many districts it formed an item of the old Moturpha impost. Under our existing law, the House-tax forms one of the items of municipal revenue in towns, and is applicable to municipal purposes generally. Out of the Municipali-

ties—some fifty in number—it is imposed only for elementary educatio. subject to the proviso that a school supported by a Government grant-in-aid already exists in the locality, or the inhabitants desire, or the Government determine, to establish one. As yet little has been done in the way of imposing this tax, and, provided the two first provisos are carefully adhered to, and the last alternative reserved for cases where an ignorant faction resist the extension of education, all cause for discontent will be removed. It must be admitted, I fear, that the Government has been somewhat over-anxious to open schools all over the country without due regard to the wishes of those who have to support them, or perhaps it is more correct to say has rendered itself liable to this supposition; but precipitancy in this direction is being checked and avoided. The abolition of the House-tax would render the education of the masses an impossibility, and, therefore, the only course open to us is to exercise care and forbearance in its imposition. The License-tax is leviable only in Municipalities, and is objected to for much the same reasons as the Income-tax. The other items of municipal and local taxation need no special notice. The growing necessities of the country render it impracticable to dispense with any of them. The gross amount is not beyond the means of the people. Good administration and experience of the beneficial results of the policy will soon remove such little irritation or dissatisfaction as now exists, and which must be looked for at the outset. With the single exception of the Income-tax, there is not, in my opinion, any tax, Imperial or Local, which with reasonably good management need cause any uneasiness, but the existing burden is as much as the country can at present bear, and further taxation should be carefully avoided. I cannot think of any branch of the service in which such reductions can be made as would admit of any reduction of taxation being made; indeed, work of every kind has so much increased and prices have so greatly risen that in some Departments—notably the Judicial—increased expenditure will soon be a necessity.

10. There is much of truth in the Board's remark that the people are disquieted by the rapid changes which have lately been made in general administration as well as taxation. The multiplication of Departments, the incessant inquiries on numberless subjects, and various measures—all undoubted improvements, but unwisely hurried on—are sources of irritation and uneasiness. We have, in fact, been moving too rapidly for the people to keep pace with us, and have been crowding the work of a decade into a year. It should now be our object to make good the position we have attained before we attempt to advance further.

11. No one who has known the country for any lengthened period can fail to be struck with the great advance it has made in every respect, or to feel otherwise than sanguine that the many measures of improvement initiated of late years will, if not marred by precipitancy, prove as acceptable as beneficial to the people.

(Signed) J. D. SIM.

Exd. J. Wright.

1873.

FINANCIAL DEPARTMENT.

From

The Chief Secretary to Government,
Fort St. George,

To

The Secretary to the Govt. of India,
Financial Department.

Dated 9th January 1873.

Recd.

No. 34.

Enclosure.

Forwarding copy of a Minute recorded by the Hon. J. D. Sim, C.S.I., on the subject of Provincial, Municipal, and Local Income and Taxation.

The letter of the Board of Rev. and the various reports and financial Statements which accompany it. Probably the Secretary of State will ask the information required regarding the amount & incidence of our existing taxation & the feelings it has excited among the people. Some of these reports are likely to require citation under the heads of

uncertainty - ~~and let the~~
The Board ~~in my~~ judgment
~~have~~ accurately ascertain
on actual position and
correctly describe public feeling
on the subject. There can be
little doubt, I think, that
that the present burden of
taxation is about as much
as the country can at present
bear - and that any additional
if it is partly to be defrayed.
The following is a brief abstract

of our revenues in 1858/9 and
in 1871/2 The increase in the
space of fifteen years is £2,886,000
but some of the items - Land
Revenue for instance - do not
admit additional taxation - There
has been no general increase
in the rate of the Land Tax -
the additional revenue is due
to increased cultivation -
The rise in other items be taken
for the worth - But while the
gross increase is very great -
after making allowance for these
considerations & for intermediate increase of

	1858/9.	1871/2
Land Rev.	£ 4,014,807 —	4,782,955
Forests	"	41,813
Abkary	275.206 —	570.892
Assessed Taxes	"	102.555
Customs	141.575 —	313.229.
Motor Cars	106.946 —	"
Salt	572.597.	1.307.
Stamps	66.433 —	399.025
Miscellaneous	339.890 —	280. "
Registration	"	35.475
Imperial	5.517.504	7,833.915
Local Funds	"	498.276
Municipal Taxes	"	71.987
	5.517.504 —	8.404.178

Note. These are not all the items of Revenue which are here realised but are those only which enter fairly into a comparison of this nature.

2/-

3

Of this increase of rather more than 50 % in 15 yrs £ 2,316.000 are items of Imperial Revenue - and £ 570.000 of Local Revenue -

Of the former the most important items are Income Tax - Stamp Duties - Customs & Excise & Registration -

The first - Income Tax - is the only one that can be described as universally and uniformly popular - As it became under

under 100£ are Exempts from the tax, it necessarily follows on a very small portion of the public and only a class who are comparatively well off. The comparative merits of Medical practices by the Irregulars are, I believe, greatly exaggerated - but owing to the ignorance of the public - and the practical inability of the higher officials to ascertain in cases in dispute the quality of the instruments and information of their subordinate agency it cannot be disputed that

peculiar

a tax of this nature attaches itself for malpractices - & especially for medicines & operations proscribed. The nation as a rule watches its state of health - and his knowledge of life & death - some of those indications & the possession of means which a Board would furnish at once to a discriminating officer. I doubt if there is so much of history and comfort given as is generally believed - It seems to me understood what facilities the Tax affords for vexatious & unjustifiable proceedings & litter difficulties

in the hope of Extinguishing money — or — what I have is mere conjecture — from malicious & vindictive motives. It must be admitted that the tax is not direct & the Country and that it is universally complained of — I hope therefore that it will be in the power of the Pt of India to diminish it with it — Whatever the reduction of its incidence will, I think, avail much to remove the present discontent — for the wealthier classes who are the most intelligent & influential will still be assisted by it — indeed I should rather retain the

3/ — tax as it is — and strike out the ... expence to impose our machinery for levying it, than "gratuitously" at it any time — but I trust the Pt of India will find them selves able to abolish it entirely — I may add as an additional reason that as we have to provide machinery for imposing the tax, its abolition will not impede its revival at any future time — I should find a measure necessary — Experience knows that at the Jubilee it is not become habituated or reconciled to

the tax - and it can hardly
be regarded as a resource in
critical periods when even
strength may be tried by foreign
invasion or internal revolt. It
is too unwelcome to be resorted to
in times of danger.

The Stamp Tax is
complained of more from
its intricacy than from the
pressure of the duties it im-
poses. Many persons
in town resent this; it is severely
felt. The increase in Bank

Receipts has been trifling. For
the last three years.

The Trust Debt is also
unpopular. It arose from fault
of administration that are pre-
sent. There has been
a growing tendency of late Con-
gress to spend the Surplus of
Revenue on Work as of Improvement in-
stances - petty Communal
privileges have been included
subscribing rights of
pasturage curtailed. The Ex-
tension of Cultivation included
and generally hard times

power
inflicted on the Forest classes
of the community. It is quite
possible to introduce & maintain
contemporary in the best made &
efficient police without entailing
discontent and hardship. If the
the police should be unfettered. and
by passing a Forest Act &
placing the police under the Magistrates
of the district for a
in their administration. It is
difficult to reconcile the claim and
for a by claim of Forestry as superior

4. to that of pasturage or
Tranquility with the equitable
regard for prescriptive rights &
usages and the tender consideration
for the necessities of the people
which will make the working of
such a Department acceptable
as well as successful. We have
habitually associated the inflation
of a special Forest Law. but
even under the Penal Code there
is much scope for protection.
I would strongly advocate the
terms for of Forestry to the list

To

of Provincial Services - the net
revenue being the Rudest fair
on post attainment - Under
this arrangement I am to the hell
of the loan of £ in London. I am
sanguine that we should be
able to administer the Debt
Scheme successfully and bring
home acceptably to the people.

The Keystone of the Debt
Settlement is imperfectly understood.
and consequently much dust
complained of - But this will
soon blow off and its part already
be appreciated -

The salt tax, being indirect, is not
little complained of - But there
indications are not wanting
to show that per the tax alone
will contract consumption -
The consumption of the 5 years
when with monopoly price of
salt - was Rs 1-11-0 per S. M.
S.M.
averaged 6,68 8#163 - while in
the 2 years 1870/1 + 1871/2 (Famine)
at 2 R per S. M. it fell to
S. M. 6,489,110 - but with standing
extension of Railways + increase
of Population. The returns
for

for that can have not yet been made out - but I understand that the sales of them is to be very - Considering that salt is a necessary of life and that a salt tax is it necessarily falls more heavily on the poor than on the rich - that consumption is not increasing as it should do - that the high price of salt as it is precludes its use for cattle - for curing fish & other purposes, and that the burden of a tax - tax has been to greatly increased of late years - any further En-

hancement of the Salt tax seems to me highly impolitic & Ex. tremely any thing like equalization with the Bengal rate is quite out of the Question - The highest rate of Salt tax in Hindostan could be regarded as an equitable set-off to the heavier and Land tax - but this Can hardly be considered as a declared height in a Country which has no manufactures & little foreign trade.

The Export Duty on Paddy
& Rice has set a Headed the
Exportation of these grains and
if such such a tax is wrong in
principle, still when the State
spends the Rents annually
to maintain & Extend Her
Cultivation & let see
any special head, in the
present financial condition,
to pierce this item of Revenue
which will help to fill the
Vacuum which the abolition

of the Income tax would create.
The effect of the tax in enabling
our Rice to compete with the
Rice of other countries in the
Foreign market must of course
be closely watched but, as I
have said, the Returns of Exports
afford us Data to substantiate
that the tax has any injurious
effect in this respect —

As regards Provincial
taxation it may be said that
we have none - Under the Provincial
System certain deductions
were made out of the

a fixed assignment. the circumstances of which has been made public by drawing on Local Funds & not by special Taxation. The system has worked well. and the success which has attended it fully warrants its extension. The defects of the system are the inadequacy of the assignment and the ineffectible basis on which they were founded. The services which have made use of the Madras pt. have allowed a not a Grant in 1869/70 1870/1 Grant their wants of £. 794.916- the actual amount

assigned for them in perpetuity under the Provincial system was only £ 739.488. The pt had then by some means or other to make good this deficiency of £ 55.428 and also to meet the increased necessities of future years. The bargain was evidently a hard one. It was made however by the circumstance that at duty to the Honble Secretary of the finances the estimates of 1870/1 and previous Years have been drawn

to a minimum. In 1869, for instance, when the State was buried & the Surveying & Attorney Civil Buildings were stabbed all over the Presidency in various stages of construction - a very large portion of the pist year's assignment necessarily went in completion of these - but. if, as I have no doubt, the Tribunes pist as much as they could a first, we cannot take one. plain - but indeed should we, look the pants to the Guard

pts. been finely abbreviated according to their pist claims. This bonus was set the rule - the rents if the Survey be Year - 1870/- been taken as a matter of course - and all existing in. qualities were perfected - & pist which had been for. timate in letting an Excepting literal grant in 1870/1 either a continuation of former practice for some special reason of transitory character - or turned out at rent in perpetuity -

3 1/2

Such an arrangement is manifestly inequitable and it cannot be doubted that the Pct. would have to bear a heavier burthen than appeared. I understood Lord Ripon to say that as Viceroy he had brought the matter before the Pct. of Madras but no communication on the subject has yet reached us. The present is but a fitting occasion to enter fully into the subject - but I may mention that while Madras with a population

// of ~~30,000~~ thirty millions and a revenue of seven or 10 per cent on its value raised only £750.000 - Bombay a far richer Province of a level as is well known for some years absorbed a large amount of Imperial revenue of with a population of four teen millions & a revenue of Bengal, raised £905.000. or 15 per cent on its value ~~[illegible]~~ is slightly better off than Madras, leaving 13 per cent of its revenue ~~[illegible]~~. The Punjab like Bombay has to

incurred 15 per cent to
its revenue. and the North
West Provinces 11 per cent -
British Burmah 6 to 30 per
cent - but it is a recently
acquired & peculiar province
and is fairly entitled to
exceptional liberality at first
We must not for ever -
cannot be urged on behalf
of the older Provinces. Nor
can I read the early administration
upon

of the Punjab without being struck
with the large expenditure of State
Funds in its improvement - the
policy was eminently wise - but
the Punjab surely cannot claim a
continuance of such liberality -
Its revenue is but half that of
Madras and only 1/3 of the Bombay
Presidency large bodies of troops in
it & it certainly has a large
expenditure of State funds on
it - I think we should take this
opportunity & guided by the
letter of the Reference put by

17 Augt 72. Rec 2019 Fin Dbt / to
press the matter most earnestly
on the Supreme Pt. Things.
possibly the practice being
for Pts parties consent to decide
their respective rights,
disputes - And
Disputants are in defiance
and we know fairly & belated
to the Pt. pub. in Connect to
do us justice and ~~the~~ rights
& wrongs in pleadings in the Journals
in an paragraph of a few lines.
It is Mrs. that last Session

87

been treated as liberally
as known by & the Knights
we should have been able to
apply local taxation here
partially - and have thereby
escaped even the little dis-
content now believed to
the evil - It may be in.
strike ~~them~~ to proclaim the
assignment of lands to
the Level of the assignments
of this Province - of those
East are entered as they
are - but in this Case

31/35

Pennies

the sum formed should
year by year bear their part
reduced, the reduction being
automatically added to the part
of the fees formed pennies, until
all are in a footing of pist
quality. If the State con-
siders that ~~10 per cent~~ ten Rupees
out of every hundred of income
raised is a sufficient part
for the Imperial Treasury
for the Mile - School - Works

of Madras - or about Twenty
crore Bounty & the Punjab claim
fifteen Rupees out of every hundred
for exactly the same purposes?
If the people of Madras cannot
make good by local taxes all
that peculiar circumstances
render necessary over & above
these ten Rupees - a levy shall
the people of Bombay & the
Punjab be stocked from
the like necessity. ~~That~~
The sum at issue is no mere
bagatelle - if 10% were fixed as

the contributions all round
the Imperial Treasury would give
a million sterling annually as
the grants for the pre old Provs.
- Prices alone - Nor is the question
one of mere theoretical politics - it
cannot wait for time alone to do.
some respects
Much but in Manitoba
for instance
& Education & Northern Ireland
Wages been behind the other
Provinces - and Specially need
liberal treatment.
Taxation for local purp.

1/ - Poor is no novelty in
London. In 1863 an Act
was passed enabling the
inhabitants of any place
to tax themselves for Educa-
tion. In Manchester - in 1865 the
formation of Municipalities
for Parish &c - in 1866 a
Poor Law was established &
so on. The inadequacy of
Imperial ~~and~~ grants and of
the Provincial assignment led
to the Enhancement of local
taxation in 1871 - when heavy

charge previously defrayed from
the Imperial Treasury necessity
necessity must from local taxes.
Fifteen Ten years ago not taxation
was unknown - all that is
now done from the funds then
obtained rested as an Hypothec
on the State - though theft
from inefficiency of means
was often never undertaken at
all or imperfectly performed.
The State was rendered to
make all roads - to publish
education - to defend towns to

Those Duties officers have now to be
met from local resources - but
supplemented by the Provincial ap-
propriation - and as it is in the
nature of such a pecuniation to
expand, it has been necessary
to have recourse to local taxation
more freely & more rapidly than
would otherwise have been requisite.
The public naturally enough grumble
at being now required to pay steadily
for what hitherto the Crown was
supposed to bound to do out
of the General revenues - although in
fact it never allegated more of its own
proper to the objects for which they

(18)

required to pay - sanitation has
in stance - not yet fully
appreciated - by them - In India
as elsewhere taxation in any
form is unwelcome - and taxa
tion for purposes little understood
or appreciated is ~~necessarily~~ es-
-pecially so - But the feeling inte
-pretation - of the various local taxes
in force, the House tax - and
the Licence Tax are ~~particularly~~ those which fall heavily
~~strongly~~ strictly made -
~~Taxation~~ - The former has always
been especially obnoxious in the

Presidency, although in
many districts it formed
an item of the old Native
Impost - Under the existing
Land, the House Tax forms one
of the items of Municipal
Revenue in towns and is rate-
-pliable to Municipal pur-
poses generally. Out of the
Municipal Institutions - three 50 in
Number - it is ~~said~~ only
for Elementary Education the Province Sub-
ject to the provision that a School
be started by a pvt. part - in - aid
already Exists in the locality - or

or the inhabitants desire
or the put determines to
establish one. As yet little
has been done in the way of
inducing the tax-and provided
the two first points are complied
with and the last alternative
~~to be~~ enacted for cases where any
ignorant factor exist the ~~desire~~
~~of~~ Education of Education. It
~~Education~~ will be remembered - It must
be admitted, I fear, that the
~~fact~~ has been true that non-assess
of free schools all over the country
without the report of the visitors of

Where we have to do about there - or
perhaps it is more correct to say
has rendered itself ~~the law~~ liable
to this imposition - but practi-
cancy in this direction is being
checked & avoided - The abolition
of the Horse Tax will render
the education of the matter an
impossibility - and therefore the
only course for us to pursue
one & for ourselves in it en-
tirety - The License Tax is
certainly only in municipalities,
and is objected to for raised the
Income or the Income Tax.

The Most serious of these evils
& Local Taxation known as Rental
Value - The growing wealth of
the ~~Public~~ Country tends to increase it enor-
-mously & to diminish in the
Proportion as it does so
any Attempt - the past amount
is not beyond the means of the
people - ~~and~~ past administration
and Experience of the best Social
results of the Policy would be to
remove most of the Existing
Taxation on Labour & Capital
which must be looked for at the outset.
In it the single Exception of the
Income Tax there is not in any

Province any tax Imperial or Local to limit
in the Natural progress of Improvement need Cause any anxiety. But the Existing burden is as much as the Country can present bear and further taxation should be carefully avoided. I cannot think of any Practical of the Taxes in which such Reductions can be made as would admit of any Reduction of Taxation being made - indeed both of every kind has so much increased and Prices have so greatly risen

that is true both - actually the judicial - is needed & the first time will be true be a necessity.

There is much of truth in the Brooks remark that the public are disgusted by the rapid changes which have lately been made in penal administration as well as taxation - the multiplication of departments - the incessant enquiries in numberless subjects

[illegible] registration of births & deaths - vaccination and various measures - all undoubted improvements - but hurried on - are sources of irritation & uneasiness. We have in fact been moving too rapidly for the public to keep pace with us and have been crowding the work of a decade into a year. It should now be our object to make the most of the position we have attained before attempting to advance further - [illegible] No one who has been in the country for any length of time can fail to be struck with the

the first advance it has
made in them as best - or
to feel thereafter than sanguine
that the many measures of
improvement initiated by
late years will - if not warned
by precipitancy - serve as
a cover to the beneficial
to the whole.

J. D. Sedgwick

8th January 1873

Financial 1873 Sept

Minute by the Hon'ble J. D. Sim.

No. 34
Dated 8th January 1873
Recd 9th "

No. 102

On the Subject
of Provincial, Municipal
and Local taxes.

Despd 12/1 - 6 copies

Financial Department.

No. 34.

To

The Secretary to Government
of India.

Financial Department.

Sir,

In continuation
of my letter dated the
31st December 1872 No 1733,
I am directed to forward
copy of a Minute re-
-corded by the Hon'ble J. D.
Sim C. S. I, Senior Member
of Council, on the subject
of Provincial, Municipal,
and Local Income and
Taxation.

Fort St. George
9th January 1873

1873, Fin. Department.

No. 34

To

The Secretary to the
Government of

Department

Dated 9th January 1873.