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# MADRAS RECORD OFFICE.

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## Government of Madras.

Finance DEPARTMENT.

G.O. No. 864. Press ~~Mis~~

145.

Dated 18 - 6 - 1873.

11/12

**Not to be folded or roughly handled**

No. 145. Proceedings of Government, 18th June 1873, No. 864.

In reviewing the several Local Fund Budget Estimates for the current year, 1873-74, the attention of the Governor in Council has been attracted by the large and increasing opening balances apearing at credit of many of the Circles, which afford *primâ facie* grounds for presumption that a needless amount of taxation is imposed for the purposes of Act IV. of 1871.

2. The Governor in Council is aware that the non-expenditure of the available funds in one or even two years is *per se* no certain criterion that the requirements of the districts concerned have been already met, or that, under improved arrangements, all the money raised might not be expended usefully and profitably; but a constantly increasing balance indicates at least that the capabilities of the executive have been over-estimated, and that it is necessary in many instances to contemplate a longer interval of time for the fulfilment of the schemes in hand than has been allowed—in other words, that the amount of annual taxation might be reduced without injuriously affecting the welfare of the people or the improvement of the country, and with immediate relief to the tax-payers.

3. The Governor in Council is, however, also aware that, owing to the great bulk of the funds raised under Act IV. of 1871 being drawn from the land, and, being therefore, dependent, like the land revenue, on vicissitudes of season, it is necessary to have a certain reasonable reserve in hand to meet the contingency of an adverse season over and above the ordinary balances which necessarily accrue where expenditure in excess of income is strictly prohibited.

4. The Governor in Council feels very sensibly the responsibility that rests on the Government in this matter, and he desires to impress strongly on the Collectors of all Districts, as Presidents of Local Fund Boards, that the Government cannot permit useless accumulations of funds to result from taxation, and that, on each occasion of the budgets being submitted, more satisfactory explanation must be afforded than has hitherto been given of the opening balances that may appear in any Circle, or it will be incumbent on the Government to bring receipts and expenditure more nearly to an equilibrium by reducing the taxation imposed under the Act.

5. The Government are aware that one effect of this measure must be to reduce, not only the funds available for roads, in which the excess mainly appears, but also those funds which are specially applicable to educational and sanitary purposes, from which the resource of the house-tax has been lately withdrawn, and which are generally inadequate to meet the demand upon them for these important purposes, and it will, therefore, be further matter for consideration whether the whole amount of contribution which is made by Government towards the Local Funds shall not be appropriated solely to supplementing these last-mentioned funds.

6. The attention of the Collectors must be closely directed to the subject, and they must understand that they cannot rely on the continuance of the existing rate of taxes imposed under Act. IV. of 1871, or of the Government contribution towards the Road Fund, unless they can show that the amount so derived can yearly be fully and usefully employed under ordinary circumstances.

7. In conclusion, the Government would remark that the annual schemes of improvement come before the Government in an unsatisfactory manner, being

fragmentary, and unaccompanied by anything to show how the fragments fit in with any general scheme of improvement, or what has been done in past years towards its attainment.

8. The Board of Revenue will arrange with Collectors for the preparation, and submission with the annual budgets, of sketch-maps showing the annual progress in formation and improvement of roads.

(True Extract.)

W. HUDLESTON,
*Chief Secretary.*

To all Collectors.
,, the Board of Revenue.

Ed. J. H. Burns.

Govt. of [1873] Madras

FINANCIAL.

To

All COLLECTORS,

&c., &c., &c.

Dated June, 1873.

Recd.

G. O., 18th June 1873, No. 864.

JUNE.

No. 145.

Issuing certain orders with reference to the large opening balances at the credit of many of the Local Fund Circles, and to the necessity of reducing them by a reduction of taxation.

Financial Department

5

Johnston

PROCEEDINGS of the MADRAS GOVERNMENT.

dated 18 June 1873. No 864

Read the following letter

In reviewing the several Local Fund Budget Estimates for the current year 1873-74, the attention of the Governor in Council has been attracted by the large and increasing balances of credit appearing at credit of many of the Circles, which afford prima facie grounds for presumption that a needless amount of taxation is imposed for the purposes of the Act IV. of 1871.

2. The Governor in Council is aware that the non-expenditure of

of the available funds in one or even two years is "per se" no certain criterion that the requirements of the Districts concerned have been already met, or that under improved arrangements all the money raised might not be expended (~~wisely~~) usefully and profitably, but a constantly increasing balance indicates at least that the capabilities of the Executive have been over-estimated, and that it is necessary in many instances to contemplate a longer interval of time for the fulfilment of the Schemes in hand than has been allowed — in other



words that the amount of annual taxation might be reduced without injuriously affecting the welfare of the people or the improvement of the country, and with immediate relief to the tax-payers.

3. The Governor in Council is also aware that owing to the great bulk of the funds raised under Act IV of 1871 being drawn from the land and being therefore dependent like the land revenue on vicissitudes of season, it is necessary to have a certain reasonable reserve in hand to meet the contingency of an adverse season over and above the ordinary balances which necessarily accrue where

where expenditure in excess of income is strictly prohibited.

4. The Governor in Council feels very sensibly the responsibility that rests on the Govt in this matter, and he desires to impress strongly on the Collectors of all Districts as Presidents of local Fund Boards that this Govt cannot permit useless accumulations of funds to result from taxation, and that on occasion of the budgets being submitted each year satisfactory explanation must be afforded ~~when there shall exist~~ ~~of any excess~~ between the ~~two~~ sides of the ~~opening~~ balances, that may appear in any Circle, or it will be



be incumbent on the Govt to bring Receipts and expenditure more nearly to an equilibrium by reducing the taxation imposed under the Act.

5. The Govt are aware that one effect of this measure must be to reduce not only the funds available for roads – in which the excess mainly appears – but also those funds which are specially applicable to Educational and sanitary purposes, from which the resource of the House tax has been lately withdrawn, and which are generally inadequate to meet the demand upon them for these important purposes

purposes, and it will therefore be further matter for consideration whether the whole amount of contribution which is made by Govt. towards the Local Funds shall not be appropriated solely to supplementing these last-mentioned funds.

6. The attention of the Collectors must be closely directed to the subject, and they must understand that they cannot rely on the continuance of the existing rate of taxes imposed under Act IV of 1871, or of the Govt. contribution towards the Road fund, unless they can show that the amount so derived can yearly be fully and



Note
Ps. to Govt
the Kistna Valley
not to attempt
that the last
sentence should stand
as in that form it
might be construed
with the Draft Letter
attached

X I think the revenue may, can be = less minded D.O. with the Right a Circular these made at p. 4.

To all Collectors 100 copies 23/6
Board of Revenue 14 copies 23/6

150 - Copies

and usefully Employed under ordinary circumstances.

7. In conclusion the Govt. of Bombay that the annual returns of improvements, called for by the Govt. in an unsatisfactory manner being fragmentary - any accompanied by any thing like a show how the fragments fit in to any general scheme of improvements or that has been done in past years towards it attainment.

8. The Bd. of Rev. will arrange with the Collrs. for the preparation & submission with

The annual budgets of states
Taxes showing the
annual progress in
~~Construction~~ improvement
of roads.

Govt. of [illegible] Madras.

To _____

Dated
Read. } 187 , No.

Nos.

_____

Read this
Read this
Recorded
Forwarded
with Copy

C15/6 A 15/6



Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

~~Read the following letter~~

Dated June 1873.

Order thereon

In reviewing the several Local Fund Budget estimates for the current year 1873-74, the attention of the Governor in Council has been attracted by the large and increasing opening balances appearing at credit of many of the circles, which afford prima facie grounds for presumption that

that a needless amount
of taxation is imposed
for the purposes of
the Act II of 1871.

2. The Governor in
Council is aware that
the non-expenditure of
the available funds in one or even two years
is, per se,
no certain criterion that the
requirements of the dis-
tricts concerned have been
already met [~~but he has little doubt that the past indication~~] ~~that the~~
~~capabilities of the exe-~~
~~cutive have been often~~
~~over estimated in the~~
~~schemes that are pro-~~
~~posed for the year's expen-~~
~~ditures~~, (and that it is
necessary

^ or that under
the present arrange-
ments all the money
raised cannot be
expended most usefu-
fully & profitably. He
is constantly in receipt
of applications, at least
in India, that
the capabilities of
the Executive have
been over-estimated
and that a larger
amount of taxation

I think this
reference should
stand
Sir
is being annually
raised than can
be advantageously
expended.

necessary in many in-
stances to contemplate
a longer interval of time
for the fulfilment of
schemes in hand than has
been allowed ] in other
words that the amount
of annual taxation might
be reduced without in-
juriously affecting [~~the~~
~~interests of improvement~~]
with immediate relief
to the tax payers.

3. The Governor in
Council feels very sen-
sibly the responsibility
that rests on the Govt
in this matter, and he
desires to impress strongly
on the Collectors

of

the welfare of the
people or the improve
ment of the country —

The Govt in Council
is also aware that
owing to the great bulk
of the funds raised
under Act II of 1871
being drawn from the
land & being therefore
dependent in the
land revenue on ir-
rigation, &c, &c, &c
it is necessary
a certain amount of
balance in
hand to meet the con-
tingency of an adverse

of the Districts as Residents of Local Fund Boards that the Govt cannot permit useless accumulations of funds to result from taxation [~~beyond the probable needs of the year~~] and that on [~~the~~ ~~each~~ ~~year~~] occasion of the budgets being submitted, [~~such~~] satisfactory explanations must be afforded of any excessive and increased opening balances that may appear in any Circle, or it will be incumbent on the Government to bring receipts and expenditure more nearly to an equilibrium by reducing

der & above the ordinary balances which necessarily accrue, where Expenditure in excess of income is strictly prohibited.

taxation imposed under the Act

reducing the [~~rate of taxation imposed under the Act~~]

17

4. We feel are aware that the effect of this measure must be to reduce not only the funds available for roads - in which the excess mainly appears - but also those funds which are specially applicable to educational and sanitary purposes, from which the resource of the House tax has been lately withdrawn, and which are generally inadequate to meet the demand upon them for

these

these important purposes, and it will therefore be further matter for consideration whether the whole amount of contribution which is made by Govt towards the Local Funds shall not be appropriated solely to supplementing [the Grants last-mentioned] the Local Funds.

5. The attention of the Collectors must be closely directed to the subject, and they must understand that they cannot rely on the continuance of the existing rate of [the Local Taxes imposed under Act II of 1871 or



Local Taxes] or of the Govt contribution towards the Road fund unless they can show that the amount so derived [can be] fully and usefully employed [in the current year] under ordinary circumstances.

I think this should stand as in the Draft

yearly

The Govt 15th March

I would finally point out that the annual scheme of improvement comes before us in an executive policy way being for payment - and that being asking to show what to be done in next year - or how those annual payments fit in to any general scheme. Govt & Co might arrange with the Collr for the Inspection & Preparation of works showing annual progress in 2 or 3 yrs

Equalization of Income Tax Legislative Dept Local Govts Branch

Govt. of {187} Madras.

To

Dated
Recd. } 187 , No.

Nos.