M.R.O. 1—77,006—8-6-37.

(1) Number of pages_____

(2) Date of repair_____

(3) Initials of the Referencer_____

CF

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 1072 Press —Mis.—

227-228

Dated 26-6-1874.

8/9

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
26th June 1874.

No. 227. Read the following Proceedings of the Board of Revenue, dated 27th March 1874, No. 691 :—

Read the following letter from the Hon. D. ARBUTHNOTT, President of the Local Fund Boards, Tanjore District, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Vallam, 11th March 1874, No. 55 :—

I have the honour to forward, for the orders of Government, copy of a letter from the Vice-President of the Negapatam Municipality regarding the contribution payable to the Commissioners by the Local Fund Board of the Negapatam Circle for the maintenance of that portion of Road No. 36 which lies within the limits of the Municipality.

2. In order to enable the Board fully to understand this subject a reference to the correspondence which has already taken place is necessary.

3. Under the old classification of roads into imperial and local this road was placed in the former class and maintained out of Imperial Funds. Soon after the introduction of the Municipal Act into the town of Negapatam the Commissioners agreed to take charge of the portion of the road lying within Municipal limits, provided the maintenance allowance hitherto allotted to it were paid to them, and Government acceded to this request and directed that as the road was a railway feeder the allowance should be paid out of the District Road-cess.

4. The amount of this allowance was after some correspondence fixed at Rupees 4,990, and the Commissioners continued to receive it till the year 1871. In the beginning of that year Local Fund Boards were organized, and the District Road-cess was incorporated with the Land-cess and placed at their disposal. In that year however, being the first in the Local Fund administration, the previously existing arrangements with regard to the maintenance of roads were allowed to continue, but when the budget of the Negapatam Circle for the year 1872-73 was under preparation the question as to the propriety of granting the allowance was discussed, and it was settled that the Commissioners ought to receive henceforth only Rupees 1,200.

5. The Commissioners considered, however, the reduced allowance was totally inadequate, and represented that it ought to be increased. The matter came again under the consideration of the Local Fund Board, and it was decided that the contribution ought to be raised to Rupees 3,000. Provision has accordingly been made for this sum in the budget submitted for the year 1874-75. One of the members present at the Meeting, Mr. O'Shaughnessy, the Range Officer, however, dissented from this decision, and was of opinion that the Commissioners were entitled to no contribution at all on account of Road No. 36.

6. Previous to this the inadequacy of the Local Fund contribution was noticed in the report of the Negapatam Municipality for the year 1872-73, and Government in reviewing this report remarked as follows :—

"Regarding the decrease in the Local Fund contribution for roads from Rupees 4,990, formerly paid by Government, to Rupees 1,200 the Vice-President reports that the Commissioners consider the amount altogether insufficient. The Government observe, however, that the whole expenditure on communications, including a proportionate share of the cost of Public Works Establishment, amounted to Rupees 8,630, or about Rupees 1,200 less than the income from tolls, and under these circumstances they are of opinion that not only the Commissioners have no just cause for complaint, but that the Local Fund contribution for roads should cease altogether; Negapatam being in fact a depôt for sea-borne trade, and the tolls on the traffic falling on a wide area beyond the town."

7. As the resolution of the Local Fund Board, fixing the contribution at Rupees 3,000, was passed before the above order of Government was received I communicated it to them in view to their modifying their resolution if they thought proper in accordance with the views of Government. The Local Fund Board simply passed a resolution in reply, stating that "they understand that this question is at present under reference from the Negapatam Municipality to Government." The reference alluded to is contained in the letter of the Vice-President, copy of which I now forward, and it is clear that the Local Fund Board agree with the Commissioners

and adhere to their former resolution. It should, however, be observed that all the members present except one, when the resolution was passed, were also Municipal Commissioners and that *that* gentleman dissented from the decision.

8. In his present letter Mr. Stokes, on behalf of the Commissioners, requests a re-consideration of the opinion expressed by Government in the order above referred to for the following reasons:—

(1.) In estimating the expenditure on roads, account should be taken of the Road Cooly Establishment, the Overseer's salary, the lighting and watering. Moreover, the expenditure on roads in the year 1872-73 was small, not because a small amount only was needed, but because the repair of roads was considered by the then Vice-President as of secondary importance.

(2.) There is nothing in the Act to show that it is the intention of the legislature that the whole of the income from tolls should be expended on roads alone. On the other hand from Section 38 it would appear that it may be expended on any of the purposes of the Act. Government themselves have been paying the contribution for five years since the establishment of the Municipality, although the entire income from tolls was not expended on communications alone.

(3.) It is true that Negapatam is a depôt for sea-borne trade, but it is not true that on this account it is in a better position in regard to tolls than other inland towns of the same size and population. In fact a sea-port is at a disadvantage in this respect, and at Negapatam the principal traffic is carried on by railway, and the salt brought down by the canal pays no toll to the Municipality.

(4.) The maintenance of Road No. 36 is very expensive, and requires an allowance of nearly Rupees 1,000 a mile.

9. These arguments do not seem to establish the right of the Commissioners to the contribution from Local Funds which they have applied for. Mr. Stokes has doubtless conclusively shown that the income from tolls derived by the Negapatam Municipality is much less than the income derived from the same source by other towns of about the same size and population, and that the maintenance of the road is very expensive; but this does not amount to proving that any deficit in their income should be made good by a contribution from Local Funds. There is nothing in the Act it is true which lays down imperatively that the income from tolls should be expended on roads alone, but it is evidently only reasonable that each particular class of tax-payers should have their particular requirements attended to out of the tax they pay before it is applied for other purposes. Mr. Stokes observes that Government have been paying the maintenance for five years after the Municipality was formed, but the reason for this is to be found in the distinction made by the old and new Municipal Act regarding the liability of the Commissioners to maintain roads situated within the limits of their town. Under Section 11 of the old Act all thoroughfares, except such as were private property or were repaired and kept under the control of Government, were to be considered the property of the Commissioners and to be maintained from Municipal Funds. Road No. 36 was at the time under the control of the Government, and when the Commissioners undertook to have charge of it they stipulated with Government that the maintenance allowance allotted to it should be paid to them, and this was allowed in G. O., dated 11th May 1867, No. 1,438, Public Works Department. Under Section 13 of the new Act, however, all public streets, which term includes all the roads and thoroughfares, are to be considered the property of the Commissioners, and if it is desired to exempt any road from the operation of the Act it should be done by a Government notification. It therefore clearly follows that the maintenance of the roads situated within the Municipality to the extent of their means is now a duty cast upon them by law, and no contribution is therefore claimable by them on this account, save under the very exceptional circumstance contemplated in Section 27 of the Local Fund Act.

10. The only ground on which the assistance of the Local Fund Board can at all be claimed by the Municipality for Road No. 36 is that the traffic of the circle passes over the road in question, but it is clear that it is this traffic that pays the toll, and it cannot be said that the amount of this tax is less than the sum required for keeping the road in good order.

Proceedings of the Madras Government, Financial Department,
26th June 1874.

11. It must also be observed that no contribution is paid by the Commissioners to the Local Fund Board towards maintaining the roads outside the limits of the Municipality, and no toll is levied by the Local Fund Board on traffic leaving the town.

12. Mr. Stokes states that if allowed to collect tolls from carts leaving the railway yards, and from salt boats at a rate calculated on their capacity compared with that of carts, and to have a share of the Port Fund, the Municipality will be content to give up claims to aid from the Local Fund Board. This proposal is clearly untenable. To levy a toll on carts leaving the railway yards, which are situated within the limits of the Municipality, will be altogether contrary to the provisions of the Municipal Act, and before the Commissioners put in a claim for levying a toll on salt boats, or to have a share in the Port Fund, they will have to undertake the maintenance of the salt canal and the improvement of the Negapatam harbour, and if they do so they will find that their financial position will not be bettered by the arrangement.

13. Though I cannot admit that the Commissioners have any *claim* to aid from Local Funds on account of Road No. 36, still as the road extends to nearly six miles within the Municipality and passes through a portion of the town which does not pay much in the way of taxes to the Commissioners, and as the Local Fund Board have already agreed to pay Rupees 3,000 per annum, and looking to the present reduced income of the Municipality, I would not have objected; but I have just now learned that the Commissioners, in order to make good the deficit caused in their income by the abolition of the professional tax as ordered by Government with the view of lightening the pressure of local taxation, propose to levy the tolls for the coming year at double the present rates, or in other words at the maximum rates allowed by law. This must have the effect of raising the amount of tax paid by the traffic of the circle when entering the town to double the present amount. Under these circumstances I cannot recommend that the claim of the Commissioners should be allowed.

14. As this matter concerns both the Local Fund Board and the Municipality I have made this reference through the Board of Revenue instead of direct to Government as I originally intended.

ENCLOSURE No. 1.

From H. J. STOKES, Esq., Vice-President, to the Hon. D. ARBUTHNOTT, President of the Municipal Commission, Tanjore District, dated Negapatam, 1st December 1873, No. 217.

In forwarding a copy of a resolution passed at the last Meeting of the Municipal Commission, I have the honour to address you on the subject of the Local Fund grant towards the maintenance of Road No. 36 in this Municipality.

2. Before the receipt of the resolution of Government the Local Fund Board, of which I am Vice-President, had already increased the grant for this road for 1874-75 from Rupees 1,200 to Rupees 3,000; one member (who was the only member present who did not also belong to the Negapatam Municipal Board) objecting on the grounds now taken by Government. I shall state the reasons why the Municipality thinks these grounds to be untenable, in the hope that when the Government have the question clearly before them their opinion may be modified.

3. The Government observe that the whole expenditure on communications amounted to only Rupees 8,600, or about Rupees 1,200 less than the income from tolls, and are of opinion therefore that this Commission should cease to receive aid from Local Funds, particularly as Negapatam is a depôt for sea-borne trade, and the tolls thus fall on the traffic of a wide area beyond the town.

4. These three arguments can, I think, be answered satisfactorily. You will observe that the amount provided in the budget for repairs was Rupees 9,360, and had this been expended it would have been nearly what we actually realized by tolls; but instead of this Rupees 5,862 only was spent on repairs. The reason of this was that my *locum tenens*, Mr. Happell, treated the roads in a manner which differed from that which had been in vogue up to his arrival. He found them in pretty good order, and thinking, I presume, that they needed little repair restricted expen-

diture on them. In the months of April, May, and June, I find from the Ledger that Rupees 2,605-5-0 was spent on road repairs. Mr. Happell arrived in July, and from that month till the following January, after which I resumed charge, Rupees 2,225-2-6 only was expended on this account. During my absence also (as part of the same policy) the permanent Road Cooly Establishment was reduced from Rupees 224 to Rupees 150 per mensem, and the consequence was that the roads were considerably impaired, and enhanced expenditure afterwards necessitated. This is the reason of the actual figure being so much less than the budget; and it was not so because the amount budgeted for was not required. The amount (Rupees 5,862) spent on repairs does not include the Road Cooly Establishment, on which Rupees 2,150 was expended within the year. This amount appears under "Other items," but has been expended on the roads, and by far the greater part of it on Road No. 36, so that it is fairly debitable along with the repairs against the income from tolls, supposing the latter applicable exclusively for road purposes. If this figure be added we have an actual expenditure of Rupees 8,012 on repairs of roads (to which a share of the Overseer's salary should be added), against Rupees 9,876 received from tolls. The cost of lighting, too, and of watering (the latter of which is so essential on our roads in the hot weather to prevent the laterite being blown away) should be taken into account in any estimate of the expenditure on a road.

5. But there is no reason to suppose that the income derived from tolls is to be applied exclusively or mainly to expenditure on roads. The Municipal Act (Section 38) authorizes tolls to be levied "for the purposes of the Act," and the funds required for the purposes of the Act may be raised from all or any one or more of the sources named in the section, so that it is clearly not intended by the Act that the income derived from tolls should be applied mainly to roads, but on the contrary such income may be the sole source of funds for all the expenses of the Municipality, nor has Government ever laid down that the income from tolls was to be spent mainly on roads. On the contrary, for five years after this Municipality had begun to collect tolls, the Government sanctioned the full grant of Rupees 4,000 towards the maintenance of Road No. 36, and did not consider that, because the full income from tolls was not spent on roads, this was any reason for decreasing the grant. The Commissioners are of opinion that the tolls, as the other rates and taxes, are applicable for the general purposes of the Act, and look to an increase in them as one of the means which may be used to fill up the deficit which will arise from the abolition of the professional tax.

6. As to Negapatam being a depôt for sea-borne trade, and the tolls thus falling on the traffic of a wide area beyond the town, the Commissioners do not think that this represents the true state of the case. It may be observed generally that the tolls in every town fall on the traffic of a wide area beyond the town, but that inland this area surrounds the town on all sides; whereas in a sea-port half the area is cut away. The Government probably think that the goods brought to Negapatam for export give it an advantage over inland towns. Our chief export is paddy and rice, and the great bulk of this is brought into the town by rail and consequently pays no toll. It is questionable also whether if all the goods brought in for export did pay toll, this would give a sea-port town any great advantage over an inland one; for the latter is equally a distributing centre, and distributes by means of vehicles which have to pay toll on entering before they can return from it with their loads of produce; whereas a sea-port town has not the same advantage of carts entering to return with produce, because it distributes mainly by ships which pay no toll. That these arguments are not illusory is best shown by a comparison of the average amount of tolls collected of the last three years at the same rates as in this Municipality, in Tanjore and Combaconum towns of nearly equal population.

Tanjore (population	52,356)	collected Rupees	1,567	per mensem.
Combaconum (,,	43,162)	,, ,,	1,257	,,
Negapatam (,,	48,689)	,, ,,	836	,,

7. I have above endeavoured to answer the arguments of the Government resolution in favour of stopping the Local Fund contribution, and will proceed to show why the Municipality thinks itself entitled to this contribution.

Proceedings of the Madras Government, Financial Department,
26th June 1874.

8. Road No. 36, extending for six miles from the west gate to the Karikal frontier, is peculiar in two ways. It is extremely expensive, and a great part of it is not in a town. It is made of sand veneered over with a coating of six inches of laterite. This metalling has to be brought by rail from Tanjore and costs Rupees 2-8-3 per cubic yard. We estimate that on an average to keep up the roads as they should be kept up would cost 1,000 Rupees a mile per annum, and we have about twelve miles of road in the Negapatam Municipality. A laterite road of this kind requires constant attention, as if once allowed to deteriorate its destruction follows rapidly, and hence the necessity of keeping up a permanent road establishment. Of the six miles of Road No. 36 about two miles and a half do not pass any houses, but are in fact district road connecting separate towns (Nagore, Velipalayam, Negapatam), and not passing through income-yielding places.

9. The road is an important railway feeder, and carries more traffic than any single road of its length in the district. It is a much better and more expensive road than would be required for purely Municipal purposes, particularly as the trade from Nagore is of small amount in the wet weather. At other times a sand road, such as those all over the district, would suffice, and will have to suffice, I think, if the Government withdraw the Local Fund contribution. The metal road, particularly after the abolition of the professional tax, will be beyond the means of the Municipality.

10. The large amount of betel-nut imported yearly at Nagore passes to the railway for distribution to the district and elsewhere, and the salt from Vedarniem is carried to the north and west of the district along this road but neither pays any toll, the one entering by sea and the other by the canal.

11. This question was before the Government (though not perhaps as prominently as now) in 1867, and their Proceedings, Nos. 295 and 414, dated the 11th and 27th of May of that year, fully recogni[illegible] railway feed[illegible] properly maintainable from Municipal funds. The C[illegible]mission remains of the same opinion, and is confident that if the facts are placed before Government it will not appear that there is no just cause for complaint as to the insufficiency of the Local Fund grant. If, however, allowed to collect tolls from carts leaving the railway yard and from salt boats at a rate calculated on their capacity compared with that of carts, and to have a share of the Port Fund, the Municipality will be content to give up claims to aid from the Local Fund Board.

(True Copy.)

(Signed) D. ARBUTHNOTT,
President.

Submitted to Government with reference to Board's Proceedings, dated 26th February 1874, No. 435, paragraph 53.

2. The question is whether the Negapatam Local Fund Board should contribute Rupees 3,000 to the Negapatam Municipality for a road.

3. The arguments *pro* and *con* are stated clearly by the President, and the Board agree with him that the contribution cannot be fairly claimed and should not be allowed.

(True Copies and Extract.)

(Signed) J. GROSE,
Secretary.

No. 228. ORDER THEREON, 26th June 1874, No. 1072.

The Government concur with the Board of Revenue and the President, and decline to modify their previous orders on the subject.

(True Extract.)

Acting Chief Secretary.

To the Board of Revenue.

Exd. J. Tulloch.

Govt. of [1874] Madras

FINANCIAL.

To

THE BOARD OF REVENUE.

Dated June, 26th.

Recd.

G.O., 26th June 1874, No. 1072.

JUNE.

Nos. 227-228.

Negapatam Local Fund Board.—Concurrence expressed with the Board of Revenue that the contribution by the Local Fund Board to the Negapatam Municipality of Rupees 3,000 for a road cannot be fairly claimed and should not be allowed, and the previous orders on the subject declined to be modified.

No. 691.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 27th March 1874.

Read the following letter from the Hon. D. ARBUTHNOTT, President of the Local Fund Boards, Tanjore District, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Vallam, 11th March 1874, No. 55 :—

I HAVE the honour to forward, for the orders of Government, copy of a letter from the Vice-President of the Negapatam Municipality regarding the contribution payable to the Commissioners by the Local Fund Board of the Negapatam Circle for the maintenance of that portion of Road No. 36 which lies within the limits of the Municipality.

2. In order to enable the Board fully to understand this subject a reference to the correspondence which has already taken place is necessary.

3. Under the old classification of roads into imperial and local this road was placed in the former class and maintained out of Imperial Funds. Soon after the introduction of the Municipal Act into the town of Negapatam the Commissioners agreed to take charge of the portion of the road lying within Municipal limits, provided the maintenance allowance hitherto allotted to it were paid to them, and Government acceded to this request and directed that as the road was a railway feeder the allowance should be paid out of the District Road-cess.

4. The amount of this allowance was after some correspondence fixed at Rupees 4,990, and the Commissioners continued to receive it till the year 1871. In the beginning of that year Local Fund Boards were organized, and the District Road-cess was incorporated with the Land-cess and placed at their disposal. In that year however, being the first in the Local Fund administration, the previously existing arrangements with regard to the maintenance of roads were allowed to continue, but when the budget of the Negapatam Circle for the year 1872-73 was under preparation the question as to the propriety of granting the allowance was discussed, and it was settled that the Commissioners ought to receive henceforth only Rupees 1,200.

5. The Commissioners considered, however, the reduced allowance was totally inadequate, and represented that it ought to be increased. The matter came again under the consideration of the Local Fund Board, and it was decided that the contribution ought to be raised to Rupees 3,000. Provision has accordingly been made for this sum in the budget submitted for the year 1874-75. One of the members present at the Meeting, Mr. O'Shaughnessy, the Range Officer, however, dissented from this decision, and was of opinion that the Commissioners were entitled to no contribution at all on account of Road No. 36.

6. Previous to this the inadequacy of the Local Fund contribution was noticed in the report of the Negapatam Municipality for the year 1872-73, and Government in reviewing this report remarked as follows :—

"Regarding the decrease in the Local Fund contribution for roads from Rupees 4,990, formerly paid by Government, to Rupees 1,200 the Vice-President reports that the Commissioners consider the amount altogether insufficient. The Government observe, however, that the whole expenditure on communications, including a proportionate share of the cost of Public Works Establishment, amounted to Rupees 8,680, or about Rupees 1,200 less than the income from tolls, and under these circumstances they are of opinion that not only the Commissioners have no just cause for complaint, but that the Local Fund contribution for roads should cease altogether ; Negapatam being in fact a depôt for sea-borne trade, and the tolls on the traffic falling on a wide area beyond the town."

7. As the resolution of the Local Fund Board, fixing the contribution at Rupees 3,000, was passed before the above order of Government was received I communicated it to them in view to their modifying their resolution if they thought proper in accordance with the views of Government. The Local Fund Board simply passed a resolution in reply, stating that "they understand that this question is at present under reference from the Negapatam Municipality to Government." The reference alluded to is contained in the letter of the Vice-President, copy of

which I now forward, and it is clear that the Local Fund Board agree with the Commissioners and adhere to their former resolution. It should, however, be observed that all the members present except one, when the resolution was passed, were also Municipal Commissioners and that *that* gentleman dissented from the decision.

8. In his present letter Mr. Stokes, on behalf of the Commissioners, requests a re-consideration of the opinion expressed by Government in the order above referred to for the following reasons:—

(1.) In estimating the expenditure on roads, account should be taken of the Road Cooly Establishment, the Overseer's salary, the lighting and watering. Moreover, the expenditure on roads in the year 1872-73 was small, not because a small amount only was needed, but because the repair of roads was considered by the then Vice-President as of secondary importance.

(2.) There is nothing in the Act to show that it is the intention of the legislature that the whole of the income from tolls should be expended on roads alone. On the other hand from Section 38 it would appear that it may be expended on any of the purposes of the Act. Government themselves have been paying the contribution for five years since the establishment of the Municipality, although the entire income from tolls was not expended on communications alone.

(3.) It is true that Negapatam is a depôt for sea-borne trade, but it is not true that on this account it is in a better position in regard to tolls than other inland towns of the same size and population. In fact a sea-port is at a disadvantage in this respect, and at Negapatam the principal traffic is carried on by railway, and the salt brought down by the canal pays no toll to the Municipality.

(4.) The maintenance of Road No. 36 is very expensive, and requires an allowance of nearly Rupees 1,000 a mile.

9. These arguments do not seem to establish the right of the Commissioners to the contribution from Local Funds which they have applied for. Mr. Stokes has doubtless conclusively shown that the income from tolls derived by the Negapatam Municipality is much less than the income derived from the same source by other towns of about the same size and population, and that the maintenance of the road is very expensive ; but this does not amount to proving that any deficit in their income should be made good by a contribution from Local Funds. There is nothing in the Act it is true which lays down imperatively that the income from tolls should be expended on roads alone, but it is evidently only reasonable that each particular class of tax-payers should have their particular requirements attended to out of the tax they pay before it is applied for other purposes. Mr. Stokes observes that Government have been paying the maintenance for five years after the Municipality was formed, but the reason for this is to be found in the distinction made by the old and new Municipal Act regarding the liability of the Commissioners to maintain roads situated within the limits of their town. Under Section 11 of the old Act all thoroughfares, except such as were private property or were repaired and kept under the control of Government, were to be considered the property of the Commissioners and to be maintained from Municipal Funds. Road No. 36 was at the time under the control of the Government, and when the Commissioners undertook to have charge of it they stipulated with Government that the maintenance allowance allotted to it should be paid to them, and this was allowed in G. O., dated 11th May 1867, No. 1,438, Public Works Department. Under Section 13 of the new Act, however, all public streets, which term includes all the roads and thoroughfares, are to be considered the property of the Commissioners, and if it is desired to exempt any road from the operation of the Act it should be done by a Government notification. It therefore clearly follows that the maintenance of the roads situated within the Municipality to the extent of their means is now a duty cast upon them by law, and no contribution is therefore claimable by them on this account, save under the very exceptional circumstance contemplated in Section 27 of the Local Fund Act.

10. The only ground on which the assistance of the Local Fund Board can at all be claimed by the Municipality for Road No. 36 is that the traffic of the circle passes over the road in question, but it is clear that it is this traffic that pays the toll, and it cannot be said that the amount of this tax is less than the sum required for keeping the road in good order.

11. It must also be observed that no contribution is paid by the Commissioners to the Local Fund Board towards maintaining the roads outside the limits of the Municipality, and no toll is levied by the Local Fund Board on traffic leaving the town.

12. Mr. Stokes states that if allowed to collect tolls from carts leaving the railway yards, and from salt boats at a rate calculated on their capacity compared with that of carts, and to have a share of the Port Fund, the Municipality will be content to give up claims to aid from the Local Fund Board. This proposal is clearly untenable. To levy a toll on carts leaving the railway yards, which are situated within the limits of the Municipality, will be altogether contrary to the provisions of the Municipal Act, and before the Commissioners put in a claim for levying a toll on salt boats, or to have a share in the Port Fund, they will have to undertake the maintenance of the salt canal and the improvement of the Negapatam harbour, and if they do so they will find that their financial position will not be bettered by the arrangement.

13. Though I cannot admit that the Commissioners have any *claim* to aid from Local Funds on account of Road No. 36, still as the road extends to nearly six miles within the Municipality and passes through a portion of the town which does not pay much in the way of taxes to the Commissioners, and as the Local Fund Board have already agreed to pay Rupees 3,000 per annum, and looking to the present reduced income of the Municipality, I would not have objected ; but I have just now learned that the Commissioners, in order to make good the deficit caused in their income by the abolition of the professional tax as ordered by Government with the view of lightening the pressure of local taxation, propose to levy the tolls for the coming year at double the present rates, or in other words at the maximum rates allowed by law. This must have the effect of raising the amount of tax paid by the traffic of the circle when entering the town to double the present amount. Under these circumstances I cannot recommend that the claim of the Commissioners should be allowed.

14. As this matter concerns both the Local Fund Board and the Municipality I have made this reference through the Board of Revenue instead of direct to Government as I originally intended.

ENCLOSURE No. 1.

From H. J. STOKES, Esq., Vice-President, to the Hon. D. ARBUTHNOTT, President of the Municipal Commission, Tanjore District, dated Negapatam, 1st December 1873, No. 217.

IN forwarding a copy of a resolution passed at the last Meeting of the Municipal Commission, I have the honour to address you on the subject of the Local Fund grant towards the maintenance of Road No. 36 in this Municipality.

2. Before the receipt of the resolution of Government the Local Fund Board, of which I am Vice-President, had already increased the grant for this road for 1874-75 from Rupees 1,200 to Rupees 3,000 ; one member (who was the only member present who did not also belong to the Negapatam Municipal Board) objecting on the grounds now taken by Government. I shall state the reasons why the Municipality thinks these grounds to be untenable, in the hope that when the Government have the question clearly before them their opinion may be modified.

3. The Government observe that the whole expenditure on communications amounted to only Rupees 8,600, or about Rupees 1,200 less than the income from tolls, and are of opinion therefore that this Commission should cease to receive aid from Local Funds, particularly as Negapatam is a depôt for sea-borne trade, and the tolls thus fall on the traffic of a wide area beyond the town.

4. These three arguments can, I think, be answered satisfactorily. You will observe that the amount provided in the budget for repairs was Rupees 9,360, and had this been expended it would have been nearly what we actually realized by tolls ; but instead of this Rupees 5,862 only was spent on repairs. The reason of this was that my *locum tenens*, Mr. Happell, treated the

roads in a manner which differed from that which had been in vogue up to his arrival. He found them in pretty good order, and thinking, I presume, that they needed little repair restricted expenditure on them. In the months of April, May, and June, I find from the Ledger that Rupees 2,605-5-0 was spent on road repairs. Mr. Happell arrived in July, and from that month till the following January, after which I resumed charge, Rupees 2,225-2-6 only was expended on this account. During my absence also (as part of the same policy) the permanent Road Cooly Establishment was reduced from Rupees 224 to Rupees 150 per mensem, and the consequence was that the roads were considerably impaired, and enhanced expenditure afterwards necessitated. This is the reason of the actual figure being so much less than the budget; and it was not so because the amount budgeted for was not required. The amount (Rupees 5,862) spent on repairs does not include the Road Cooly Establishment, on which Rupees 2,150 was expended within the year. This amount appears under "Other items," but has been expended on the roads, and by far the greater part of it on Road No. 36, so that it is fairly debitable along with the repairs against the income from tolls, supposing the latter applicable exclusively for road purposes. If this figure be added we have an actual expenditure of Rupees 8,012 on repairs of roads (to which a share of the Overseer's salary should be added), against Rupees 9,876 received from tolls. The cost of lighting, too, and of watering (the latter of which is so essential on our roads in the hot weather to prevent the laterite being blown away) should be taken into account in any estimate of the expenditure on a road.

5. But there is no reason to suppose that the income derived from tolls is to be applied exclusively or mainly to expenditure on roads. The Municipal Act (Section 38) authorizes tolls to be levied "for the purposes of the Act," and the funds required for the purposes of the Act may be raised from all or any one or more of the sources named in the section, so that it is clearly not intended by the Act that the income derived from tolls should be applied mainly to roads, but on the contrary such income may be the sole source of funds for all the expenses of the Municipality, nor has Government ever laid down that the income from tolls was to be spent mainly on roads. On the contrary, for five years after this Municipality had begun to collect tolls, the Government sanctioned the full grant of Rupees 4,990 towards the maintenance of Road No. 36, and did not consider that, because the full income from tolls was not spent on roads, this was any reason for decreasing the grant. The Commissioners are of opinion that the tolls, as the other rates and taxes, are applicable for the general purposes of the Act, and look to an increase in them as one of the means which may be used to fill up the deficit which will arise from the abolition of the professional tax.

6. As to Negapatam being a depôt for sea-borne trade, and the tolls thus falling on the traffic of a wide area beyond the town, the Commissioners do not think that this represents the true state of the case. It may be observed generally that the tolls in every town fall on the traffic of a wide area beyond the town, but that inland this area surrounds the town on all sides; whereas in a sea-port half the area is cut away. The Government probably think that the goods brought to Negapatam for export give it an advantage over inland towns. Our chief export is paddy and rice, and the great bulk of this is brought into the town by rail and consequently pays no toll. It is questionable also whether if all the goods brought in for export did pay toll, this would give a sea-port town any great advantage over an inland one; for the latter is equally a distributing centre, and distributes by means of vehicles which have to pay toll on entering before they can return from it with their loads of produce; whereas a sea-port town has not the same advantage of carts entering to return with produce, because it distributes mainly by ships which pay no toll. That these argurments are not illusory is best shown by a comparison of the average amount of tolls collected of the last three years at the same rates as in this Municipality, in Tanjore and Combaconum towns of nearly equal population.

Tanjore	(population	52,356)	collected Rupees	1,567	per mensem.
Combaconum	(,,	43,162)	,, ,,	1,257	,,
Negapatam	(,,	48,689)	,, ,,	836	,,

7. I have above endeavoured to answer the arguments of the Government resolution in favour of stopping the Local Fund contribution, and will proceed to show why the Municipality thinks itself entitled to this contribution.

8. Road No. 36, extending for six miles from the west gate to the Karikal frontier, is peculiar in two ways. It is extremely expensive, and a great part of it is not in a town. It is made of sand veneered over with a coating of six inches of laterite. This metalling has to be brought by rail from Tanjore and costs Rupees 2-8-3 per cubic yard. We estimate that on an average to keep up the roads, as they should be kept up would cost 1,000 Rupees a mile per annum, and we have about twelve miles of road in the Negapatam Municipality. A laterite road of this kind requires constant attention, as if once allowed to deteriorate its destruction follows rapidly, and hence the necessity of keeping up a permanent road establishment. Of the six miles of Road No. 36 about two miles and a half do not pass any houses, but are in fact district road connecting separate towns (Nagore, Velipalayam, Negapatam), and not passing through income-yielding places.

9. The road is an important railway feeder, and carries more traffic than any single road of its length in the district. It is a much better and more expensive road than would be required for purely Municipal purposes, particularly as the trade from Nagore is of small amount in the wet weather. At other times a sand road, such as those all over the district, would suffice, and will have to suffice, I think, if the Government withdraw the Local Fund contribution. The metal road, particularly after the abolition of the professional tax, will be beyond the means of the Municipality.

10. The large amount of betel-nut imported yearly at Nagore passes to the railway for distribution to the district and elsewhere, and the salt from Vedarniem is carried to the north and west of the district along this road but neither pays any toll, the one entering by sea and the other by the canal.

11. This question was before the Government (though not perhaps as prominently as now) in 1867, and their Proceedings, Nos. 295 and 414, dated the 11th and 27th of May of that year, fully recognize that this road is a railway feeder, and as such not properly maintainable from Municipal funds. The Commission remains of the same opinion, and is confident that if the facts are placed before Government it will not appear that there is no just cause for complaint as to the insufficiency of the Local Fund grant. If, however, allowed to collect tolls from carts leaving the railway yard and from salt boats at a rate calculated on their capacity compared with that of carts, and to have a share of the Port Fund, the Municipality will be content to give up claims to aid from the Local Fund Board.

(True Copy.)

(Signed) D. ARBUTHNOTT,
President.

SUBMITTED to Government with reference to Board's Proceedings, dated 26th February 1874, *No. 435, paragraph 53.*

2. The question is whether the Negapatam Local Fund Board should contribute Rupees 3,000 to the Negapatam Municipality for a road.

3. The arguments *pro* and *con* are stated clearly by the President, and the Board agree with him that the contribution cannot be fairly claimed and should not be allowed.

(True Copies and Extract.)

J Grole
Secretary.

To the Acting Chief Secretary to Government, Financial Department.
,, the President of the Local Fund Boards, Tanjore District.

Exd. J. Tulloch.

1072

Home Dept.

1874.

Board of Revenue,

MADRAS.

PROCEEDINGS, 27TH MARCH 1874, No. 691.

Dept. 10 April 1874. Encl.

No 832

Received 13 April 74.

MARCH.

No. 691.

Road No. 36—in Tanjore District.—Letter from President, Local Fund Boards, forwarding copy of one from Vice-President of Negapatam Municipality on question of contribution to be made to Municipality by Negapatam Local Fund Board for maintenance of that portion of—which lies within Municipal limits, submitted to Government; and concurrence expressed with Local Fund Board's President that no contribution should be made.

Note Order

Govt. of {1874} Madras.

Financial.

To
The Board of Revenue.

G.O. June 26, 1874. No. 1072.

Nos. 227. 228.

Rajapalaim L.F. Bd. Concurrence expressed with the Bd. of Rev. that the Contribution of the L.F. Bd. to the Rajapalaim Munsy. of Rs. 3800 for a road cannot be fairly claimed & shd. not be allowed. & the various orders on the subject declined to be modified.