

Financial (1897) Department.

ORDINARY MS.

G.O., No. 846

Dated 11-10-97

3/4

[Despatch Abstract.]

Recording proceedings,
L & M dept, informing the Municipal
Commissioners of Madras that Govt
cannot hold out, at present, any promise
of further grants from Provincial Funds
for carrying out the drainage scheme for
the city of Madras, and requesting them
to favour Govt with their views on the
proposal of levying a new "water taxa-
tion" tax.

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
4274/97							

C.F. 73.

Financial Dept

CURRENT NO 3141
 Government (1897) of Madras.
 LOCAL AND MUNICIPAL.

C.S.
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Order u. 8467 11 Oct '97

Recorded

Cm. 7. 92 11/10/97

Recd.

Regd.

7th Oct 1897.

Enclosures

Spare copies

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

SEPTEMBER.

Madras Drainage.

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

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—again the following paper:—

G.O., No. 209 M., dated 12th February 1897.

ABSTRACT.—Approving, with remarks, the scheme for the drainage of Madras now proposed by the Commissioners; sanctioning the proposals to undertake at once the drainage of Mylapore on the house-connection system and to lay pipe-sewers along Ice House road and Sydenham's road; requesting the President, Municipal Commission, Madras, to arrange for the commencement of the works without delay; and stating that the question of financing the main scheme will be dealt with later on.

READ—also the following papers:—

From the Secretary to the Chief Commissioner, Burma, dated 21st January 1896, No. 515.

ABSTRACT.—Forwarding a memorandum showing the methods, rates and incidence of taxation obtaining in the Municipality of Rangcon.

From the Secretary to the Government of Bengal, dated 4th February 1896, No. 428 M.

ABSTRACT.—Furnishing information regarding the methods, rates and incidence of taxation obtaining in the Municipality of Calcutta.

From the Secretary to the Government of Bombay, dated 14th February 1896, No. 728.

ABSTRACT.—Forwarding copy of a statement furnished by the Municipal Commissioners of Bombay showing the methods and rates of taxation obtaining in the municipality.

ORDER—No. 1966 M., dated 11th September 1897.

In the Government Order read above a scheme for the drainage of Madras, proposed by the Municipal Commissioners and estimated to cost Rs. 31,81,000, was sanctioned, and the proposal of the Commissioners to undertake immediately the subsidiary scheme for the drainage of Mylapore costing 3 lakhs and to construct pipe-sewers along the Ice House road and Sydenham's road at a cost of Rs. 50,000, appropriated for these works the Provincial grant for sanitary improvements of 3½ lakhs was approved by the Government. The question of financing the main scheme has now to be considered. The cost of this scheme, excluding the three works above referred to, for which funds have already been provided, is estimated at Rs. 28,31,000, and the annual working and maintenance charges of the entire scheme at Rs. 1,27,600.

2. In their resolution of the 8th July 1895, passed with reference to G.O., No. 1651 M., dated 7th November 1894, in which the Government recommended the adoption of Mr. Cousin's water-supply scheme, as modified by the Chief Engineer, Public Works Department, the Municipal Commissioners expressed the opinion that the provision of a proper system of drainage should have precedence of a water-supply scheme, and while, therefore, proposing to undertake at first a drainage scheme and some improvements to the existing water-supply, they stated that the additional amount of revenue which they could raise towards meeting the cost of the water-supply and drainage schemes by increasing taxation to the "utmost limit" was only Rs. 1,40,500. As this sum was insufficient to provide for the annual payment on account of the

sinking fund of the loans which it would be necessary to raise for these objects, together with the annual maintenance charges, the Commissioners solicited the Government to aid them with a grant of ten lakhs. Since the date of this resolution of the Commissioners, the Government has made a total grant of five lakhs towards the cost of carrying out several measures of sanitary reform, and, as matters stand at present in regard to the Provincial finances, the Government cannot hold out any hope of any further grant within any definite period. The Commissioners must therefore rely on their own resources to provide interest and sinking fund for the loan which they will have to raise in the open market in order to carry out the works necessary for the proper drainage of the city. If a loan of Rs. 28,31,000 is so raised on condition of repayment in 50 years with interest at 4 per cent., the amount of sinking fund, which, if invested in 3 per cent. Government securities, will, with the accumulations of compound interest, extinguish the loan within the stipulated period is about Rupees 25,100, while the annual payment on account of interest will amount to Rs. 1,13,240. The total annual payment required for the liquidation of the loan will thus be Rs. 1,38,340, which, together with the maintenance and working charges of Rupees 1,27,600, will bring the total annual expenditure on account of the scheme to Rs. 2,65,940. But the Commissioners propose to raise an additional revenue of only Rs. 1,40,500 from the following sources:—

	RS.
(a) By increasing the rate of tolls by 50 per cent.	20,000
(b) By increasing tax on vehicles and animals by 50 per cent. (section 153 of Act I of 1884)	37,000
(c) By re-casting schedule A appended to Act I of 1884 (profession-tax)	70,000
(d) By doubling the compensation paid by Government under section 179 of Act I of 1884	13,500
Total	1,40,500

3. The proposal to increase the rate of the tax on vehicles and animals by 50 per cent. is approved; but it is not understood how the Commissioners anticipate an additional revenue of Rs. 37,000 from this source. The net current demand in 1895-96 was Rs. 59,609 and the intended increase in the rate cannot be calculated to yield an extra income of more than Rs. 29,800. The enhancement of the rates of tolls, which are levied on outside traffic, does not, however, commend itself to Government; and if it were carried out, the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which, unlike other mufassal district boards, receives at present no share of the municipal tolls, although it maintains the roads on which the tolls are levied.

Nor can the proposed increase of the profession-tax be approved. The modified schedule recommended by the Commissioners, while including among those liable to the tax persons with monthly salaries between Rs. 50 and Rs. 100, a class which is now exempt, would almost double the rate leviable on those now liable under the present schedule, and would press with particular hardship upon the upper classes of the population and throw upon them in a disproportionate degree a burden which should be shared by all according to their means, since the scheme is for the benefit of all and indeed more for the benefit of the poorer than of the wealthier classes. Moreover, it is not expedient that this tax should be extended so as to encroach farther on the field of the Imperial income-tax. For these reasons, the project of enhancing the profession-tax must be rejected.

Finally there is the proposal that the Government should double the compensation paid from the public treasury under section 99 of the City of Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, in respect of its sanction being withheld to the taxation under section 179 of places used for the sale of spirituous and intoxicating liquors. This proposal cannot be entertained. Three-quarters of the compensation falls upon the Imperial treasury, and it is hopeless to expect that the Government of India would agree to the payment.

4. It will thus be seen that the resources to which the Commissioners looked for the required increase of their revenues are, with a comparatively trifling exception, open to objection, and are not such as His Excellency the Governor in Council considers that he would be justified in approving as the means for raising the necessary funds. The total sum required is Rs. 2,65,940, and deducting Rs. 29,800, the amount which may reasonably be expected from the enhancement of the vehicle and animal tax, the Commissioners have to find the balance of Rs. 2,36,140. As already stated, the Government is unable to promise any further assistance from Provincial revenues. Accordingly, the only way of obtaining the needed funds is by some mode of municipal taxation other than those criticized above. In the opinion of the Government this should be in the form of taxation on houses and lands as being that which will press most equitably on the population. The taxes of this description which are now levied in Madras are the buildings and land tax of 10 per cent., the water-tax of 4 per cent., and the lighting tax of $1\frac{1}{4}$ per cent., on the annual value of buildings and lands. In the mufassal, the Madras District Municipalities Act IV of 1884, as amended by Act III of 1897, authorizes the levy of a water and drainage tax of 8 per cent. on the annual value of buildings and lands, for the special purpose of enabling the municipal councils to provide for the construction and maintenance of water and drainage works. Following this precedent the Government is of opinion that the existing water-tax should be converted into a "water and drainage tax" or perhaps better into a "water and sanitation tax," the purposes of which might be so described as to include the objects of the "halalkhor tax" in Bombay. This Bombay tax is a 3 per cent. tax on the annual value of buildings and lands and is raised for the purpose of meeting the expense of the removal and disposal of sewage and the maintenance of the municipal sewers; and it is levied in addition to the general tax on buildings and lands, which has a maximum of 12 per cent. on annual value, and also in addition to the water-tax of 4 per cent. on the same—*vide* Bombay Act III of 1888. In the present case the Government would fix the maximum rate of the new water and sanitation tax at 10 per cent., or an extra burden not exceeding 6 per cent. on the annual value of the property in question.

5. His Excellency in Council regrets that additional taxation to the extent indicated should be required, but in view of the paramount necessity for the introduction of an adequate supply of wholesome water and of an efficient system of drainage and for the improvement of the general sanitary condition of the city, this measure is, in the opinion of Government, essential. Compared with the other Presidency cities and with Rangoon the total incidence of municipal taxation in Madras is light. While in 1894-95 the incidence in Calcutta and Bombay was Rs. 6-11-6 and Rs. 6-12-7, respectively, and in Rangoon Rs. 3-12-2, in Madras it was only Rs. 2-2-3. Even if in those cities there be a higher standard of wealth and a larger and more prosperous mercantile and trading community, the difference is not, in the opinion of the Government, represented by the large difference in the municipal taxation. His Excellency in Council accordingly believes that the additional taxation proposed will not be unduly onerous. Before, however, taking steps for amending Act I of 1884 so as to provide for this additional taxation, the Commissioners will be requested to be good enough to favour the Government with their views in the matter.

(True Extract.)

[Signature]
Secretary to Government.

To the President, Municipal Commission, Madras.
" Sanitary Board.
" Sanitary Commissioner.
" Public Works Department.
" Financial Department.

Ed. C. M. Thambuswamy.

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READ AGAIN G.O., No.

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WATER

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH DUTY

PAPERS NOT FILED UP, BRING MEANT FOR DESPATCH
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