Local & Munl. (1897) Department.

PRINTED.

G.O., No. 1966 M.

DATED 11-9-97.

[Despatch Abstract.]

Madras Drainage.

Informing the Municipal Commissioners of Madras, with remark that Government cannot hold out at present, any promise of future 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 requestin the Commissioners to favour the Government with their views on the proposal.

BACK PAPERS.

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

FURTHER PAPERS.

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

Government {1897} of Madras.

LOCAL AND MUNICIPAL.

Recd. } 1897. *Enclosures*

Regd. *Spare copies*

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

SEPTEMBER.

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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 Rangoon.

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, appropriating for these works the Provincial grant for sanitary improvements of $3\frac{1}{2}$ 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.

GOVERNMENT OF MADRAS.

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READ—again the following paper:—

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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:—

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(*d*) By doubling the compensation paid by Government under section 179 of Act I of 1884	13,500
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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 "halálkhor 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.)

G. S. FORBES,
Secretary to Government.

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

Exd. C. M. Thumbuswamy.

NOTES CONNECTED WITH G.O., No. 1966 M., DATED 11TH SEPTEMBER 1897.

[SUBJECT.—*Financing the scheme for the drainage of Madras.*]

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

From the Secretary to the Chief Commissioner for Burma, dated 21*st January* 1896.
" " *Government of Bengal dated* 4*th February* 1896.
" " " *of Bombay,* " 14*th* " "

In the Government order read above, a scheme for the drainage of Madras, proposed by the Municipal Commissioners and estimated to cost Rs. 31,81,100, was sanctioned, and the Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore costing three lakhs and the construction of pipe sewers along the Ice House road and Sydenham's road at a cost of Rs. 50,000, and to appropriate towards the cost of these works the Provincial grant of $3\frac{1}{2}$ lakhs which had been given to them for sanitary improvements in G.Os., No. 954 M., dated 8th June 1896, and No. 415 M., dated 13th March 1896. The question of financing the main scheme has now to be considered.

2. The estimated cost of the scheme excluding the three works above referred to, for which funds have already been provided, is Rs. 28,31,100, and the annual working and maintenance charges of the entire scheme are placed at Rs. 1,27,600.

3. In G.O., No. 1651 M., dated 7th November 1894, the Government, while practically abandoning the scheme for the drainage of Madras proposed by Mr. Cousins, requested the Commissioners to adopt his water-supply scheme, as modified by the Chief Engineer, Public Works department (Colonel Pennycuick), and to make early arrangements for financing it. The Commissioners, however, were of opinion that the provision of a proper system of drainage should have precedence over a water-supply scheme, and while therefore proposing to undertake at first a drainage scheme and some improvements to the existing water-supply, passed a resolution on the 8th July 1895, in which they stated that the amount of additional revenue, viz., Rs. 1,40,500, which they proposed to raise towards meeting the cost of the water-supply and drainage schemes, was the "utmost limit" to which in their opinion taxation could be raised, and as this sum was not sufficient to provide for the annual payment on account of the sinking fund of the loans that may have to be raised for the execution of these works and for the annual maintenance charges, etc., the Commissioners requested Government for a grant of ten lakhs in view of the position of Madras as the capital of the Presidency. The Government in its order No. 2140 M., dated 21st December 1895, deferred the subject of financing the schemes until they were worked out fully, and the question of granting any aid towards the cost of these schemes was therefore not considered at the time. This question was, however, raised incidentally in connection with the Provincial contract for the five years commencing from 1st April 1897, and the Hon'ble Sir Henry Bliss noted thereon as follows:—

G.O., No. 1672 M., dated 19th October 1895.

"The Commissioners asked for 10 (lakhs). We have already provided 5. I consider that five more is as much as we can reasonably be expected to give, that is, that it is as large a sum as the inhabitants of Madras can expect the general tax-payer to contribute for their benefit on the ground that Madras is the capital . . ."

4. As stated above, the Commissioners asked for a grant of 10 lakhs towards both the drainage and water-supply schemes. It is true that a grant of 5 lakhs has already been made to the municipality, but of this sum, one lakh was for the construction of rubbish incinerators, and Rs. 50,000 for the purchase of conservancy carts, so that only $3\frac{1}{2}$ lakhs have been given for meeting the expenditure on the drainage scheme. In the existing state of the Provincial finances, however, the Government cannot hold out any promise of a further grant on account of the drainage scheme, and the Commissioners will therefore have to borrow the whole of the requisite money in the open market. If a loan of Rs. 28,31,100 is so raised on terms of repayment in fifty 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 at the end of that period, is Rs. 25,100 per annum, 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. Adding to this the maintenance and working charges (Rs. 1,27,600), the total expenditure to the municipality on account of this scheme will be Rs. 2,65,940 per annum. The estimated receipts for 1897–98 being Rs. 14,42,070, and the charges, excluding an allotment of 3 lakhs for drainage works which was met by a special grant from Government, being Rs. 14,10,060, it is not probable that any portion of the required funds can be met from the existing current revenues. It is therefore for consideration how the resources of the municipality should be developed in order to raise the sum of Rs. 2,65,940, required annually for the execution and the maintenance of the drainage scheme.

Vide G.Os., No. 2123 M., dated 19th December 1895, No. 415 M., dated 13th March 1896 and No. 954 M., dated 8th June 1896.

And more expenditure is wanted on roads.
G. S. F[ORBES].

5. In their resolution of July 1895 referred to in paragraph 3 *supra*, the Commissioners proposed to raise an additional revenue of Rs. 1,40,500 from the following sources :—

In G.O., No. 1672 M., dated 19th October 1895.

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

The first three items of receipts will not be available, unless the City of Madras Municipal Act I of 1884 is amended so as to empower the levy of the taxes at the proposed enhanced rates. The tax on vehicles and animals and tolls are now levied at the maximum rates prescribed by schedules B and D to Act I of 1884 and it is proposed to raise them by 50 per cent. The receipts from the former source in 1895–96 having been Rs. 55,561, an increase in the rate as proposed would bring in an additional revenue of only Rs. 27,780 or roughly Rs. 28,000 and not Rs. 37,000 as anticipated by the Commissioners. As regards the enhancement of the rate of tolls for the purpose of finding funds for the drainage scheme, it is observed that the Government has been averse * to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

* *Vide* paragraph 10 of G.O., No. 948 M., dated 2nd August 1889; paragraph 2 of G.O., No. 153 M., dated 21st January 1892; and paragraph 3 of the note for orders in G.O., No. 1486 M., dated 12th September 1895.

I agree that it would be inexpedient to enhance the toll rates which are raised on outside traffic as contrasted with vehicle-tax which is imposed on the property of the inhabitants.
G.S.F.

6. Going next to the revision of the arts-tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, etc., in 1895–96 was Rs. 68,888, and the incidence of the tax per person taxed was Rs. 19–1–4. An additional income of Rs. 70,000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments, etc., yielding an income of less than Rs. 100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, etc., from which an income of Rs. 50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs. 1,000 to a minimum of Rs. 5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs. 200 and the minimum Re. 1. This enhancement of the tax will press hard upon the poorer classes of traders, etc., but apart from this, it seems to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act), viz., that it trenches on the field of imperial taxation. In the Mufassal Municipal Act, the amount of profession-tax was comparatively very small, and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequently less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax, and the Government of India withdrew its objection on the understanding that "the assessment of the municipal tax is made and maintained on so "low a scale that it shall not interfere with the decisions of the Government of "India in respect of the imperial income-tax in regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession tax will interfere with the levy of income-tax :—

Vide its letter printed in G.O., No. 63, Legislative, dated 17th July 1896.

See note below.
G. S. F[ORBES].

Class of the proposed schedule.	Incomes per annum. From	Incomes per annum. To	Profession-tax leviable under the proposed schedule.	Tax leviable. Minimum.	Tax leviable. Maximum.	Proportion per cent. of column 3 to column 4.	Proportion per cent. of column 3 to column 5.	Remarks.
1	2		3	4	5	6	7	8
	Rs.		Rs.	Rs.	Rs.			
1	*							
2	Above	60,000	1,000	1,563	..	64	..	
3	48,000	60,000	600	1,250	1,563	48	38	
4	36,000	48,000	500	938	1,250	53	40	
5	30,000	36,000	400	781	938	51	43	
6	24,000	30,000	300	625	781	48	38	
7	21,000	24,000	250	547	625	46	40	
8	18,000	21,000	200	469	547	43	37	
9	15,000	18,000	150	391	469	38	32	
10	12,000	15,000	100	313	391	32	26	
11	10,800	12,000	80	281	313	28	26	
12	9,600	10,800	70	250	281	28	25	
13	8,400	9,600	60	219	250	27	24	
14	7,200	8,400	50	188	219	27	23	
15	6,000	7,200	40	156	188	26	21	
16	4,801	6,000	30	125	156	24	19	
17	3,601	4,800	20	94	125	23	16	
18	2,401	3,600	15	62	94	24	16	
19	1,801	2,400	10	42	62	24	16	
20	1,201	1,800	$7\frac{1}{2}$	20	42	37	18	
21	600	1,200	5	10	20	50	25	

* Class 1 which relates only to Joint Stock Companies with paid-up capitals is not included in this abstract.

4. As stated above, the Commissioners asked for a grant of 10 lakhs towards both the drainage and water-supply schemes. It is true that a grant of 5 lakhs has already been made to the municipality, but of this sum, one lakh was for the construction of rubbish incinerators, and Rs. 50,000 for the purchase of conservancy carts, so that only $3\frac{1}{2}$ lakhs have been given for meeting the expenditure on the drainage scheme. In the existing state of the Provincial finances, however, the Government cannot hold out any promise of a further grant on account of the drainage scheme, and the Commissioners will therefore have to borrow the whole of the requisite money in the open market. If a loan of Rs. 28,31,100 is so raised on terms of repayment in fifty 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 at the end of that period, is Rs. 25,100 per annum, 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. Adding to this the maintenance and working charges (Rs. 1,27,600), the total expenditure to the municipality on account of this scheme will be Rs. 2,65,940 per annum. The estimated receipts for 1897–98 being Rs. 14,42,070, and the charges, excluding an allotment of 3 lakhs for drainage works which was met by a special grant from Government, being Rs. 14,10,060, it is not probable that any portion of the required funds can be met from the existing current revenues. It is therefore for consideration how the resources of the municipality should be developed in order to raise the sum of Rs. 2,65,940, required annually for the execution and the maintenance of the drainage scheme.

Vide G.Os., No. 2123 M., dated 19th December 1895, No. 415 M., dated 13th March 1896 and No. 954 M., dated 8th June 1896.

And more expenditure is wanted on roads.
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(*a*)	By increasing the rate of tolls by 50 per cent.	20,000
(*b*)	„ „ „ tax on vehicles and animals by 50 per cent. ..	37,000
(*c*)	„ recasting schedule A appended to Act I of 1884 (profession tax)	70,000
(*d*)	„ doubling the compensation paid by Government under section 179	13,500
	Total ..	1,40,500

The first three items of receipts will not be available, unless the City of Madras Municipal Act I of 1884 is amended so as to empower the levy of the taxes at the proposed enhanced rates. The tax on vehicles and animals and tolls are now levied at the maximum rates prescribed by schedules B and D to Act I of 1884 and it is proposed to raise them by 50 per cent. The receipts from the former source in 1895–96 having been Rs. 55,561, an increase in the rate as proposed would bring in an additional revenue of only Rs. 27,780 or roughly Rs. 28,000 and not Rs. 37,000 as anticipated by the Commissioners. As regards the enhancement of the rate of tolls for the purpose of finding funds for the drainage scheme, it is observed that the Government has been averse * to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

* *Vide* paragraph 10 of G.O., No. 948 M., dated 2nd August 1889; paragraph 2 of G.O., No. 153 M., dated 21st January 1892; and paragraph 3 of the note for orders in G.O., No. 1486 M., dated 12th September 1895.

I agree that it would be inexpedient to enhance the toll rates which are raised on outside traffic as contrasted with vehicle-tax which is imposed on the property of the inhabitants.
G.S.F.

6. Going next to the revision of the arts-tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, etc., in 1895–96 was Rs. 68,888, and the incidence of the tax per person taxed was Rs. 19–1–4. An additional income of Rs. 70,000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments, etc., yielding an income of less than Rs. 100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, etc., from which an income of Rs. 50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs. 1,000 to a minimum of Rs. 5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs. 200 and the minimum Re. 1. This enhancement of the tax will press hard upon the poorer classes of traders, etc., but apart from this, it seems to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act), viz., that it trenches on the field of imperial taxation. In the Mufassal Municipal Act, the amount of profession-tax was comparatively very small, and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequently less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax, and the Government of India withdrew its objection on the understanding that "the assessment of the municipal tax is made and maintained on so "low a scale that it shall not interfere with the decisions of the Government of "India in respect of the imperial income-tax in regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession-tax will interfere with the levy of income-tax :—

Vide its letter printed in G.O., No. 63, Legislative, dated 17th July 1896.

See note below.
G. S. F[ORBES].

Class of the proposed schedule.	Incomes per annum. From	Incomes per annum. To	Profession-tax leviable under the proposed schedule.	Tax leviable. Minimum.	Tax leviable. Maximum.	Proportion per cent. of column 3 to column 4.	Proportion per cent. of column 3 to column 5.	Remarks.
1	2		3	4	5	6	7	8
	Rs.		Rs.	Rs.	Rs.			
1	*							
2	Above	60,000	1,000	1,563	..	64	..	
3	48,000	60,000	600	1,250	1,563	48	38	
4	36,000	48,000	500	938	1,250	53	40	
5	30,000	36,000	400	781	938	51	43	
6	24,000	30,000	300	625	781	48	38	
7	21,000	24,000	250	547	625	46	40	
8	18,000	21,000	200	469	547	43	37	
9	15,000	18,000	150	391	469	38	32	
10	12,000	15,000	100	313	391	32	26	
11	10,800	12,000	80	281	313	28	26	
12	9,600	10,800	70	250	281	28	25	
13	8,400	9,600	60	219	250	27	24	
14	7,200	8,400	50	188	219	27	28	
15	6,000	7,200	40	156	188	26	21	
16	4,801	6,000	30	125	156	24	19	
17	3,601	4,800	20	94	125	23	16	
18	2,401	3,600	15	62	94	24	16	
19	1,801	2,400	10	42	62	24	16	
20	1,201	1,800	$7\frac{1}{2}$	20	42	37	18	
21	600	1,200	5	10	20	50	25	

* Class 1 which relates only to Joint Stock Companies with paid-up capitals is not included in this abstract.

4. As stated above, the Commissioners asked for a grant of 10 lakhs towards both the drainage and water-supply schemes. It is true that a grant of 5 lakhs has already been made to the municipality, but of this sum, one lakh was for the construction of rubbish incinerators, and Rs. 50,000 for the purchase of conservancy carts, so that only $3\frac{1}{2}$ lakhs have been given for meeting the expenditure on the drainage scheme. In the existing state of the Provincial finances, however, the Government cannot hold out any promise of a further grant on account of the drainage scheme, and the Commissioners will therefore have to borrow the whole of the requisite money in the open market. If a loan of Rs. 28,31,100 is so raised on terms of repayment in fifty 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 at the end of that period, is Rs. 25,100 per annum, 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. Adding to this the maintenance and working charges (Rs. 1,27,600), the total expenditure to the municipality on account of this scheme will be Rs. 2,65,940 per annum. The estimated receipts for 1897–98 being Rs. 14,42,070, and the charges, excluding an allotment of 3 lakhs for drainage works which was met by a special grant from Government, being Rs. 14,10,060, it is not probable that any portion of the required funds can be met from the existing current revenues. It is therefore for consideration how the resources of the municipality should be developed in order to raise the sum of Rs. 2,65,940, required annually for the execution and the maintenance of the drainage scheme.

Vide G.Os., No. 2123 M., dated 19th December 1895, No. 415 M., dated 13th March 1896 and No. 954 M., dated 8th June 1896.

And more expenditure is wanted on roads.
G. S. F[ORBES].

5. In their resolution of July 1895 referred to in paragraph 3 *supra*, the Commissioners proposed to raise an additional revenue of Rs. 1,40,500 from the following sources :—

In G.O., No. 1672 M., dated 19th October 1895.

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

The first three items of receipts will not be available, unless the City of Madras Municipal Act I of 1884 is amended so as to empower the levy of the taxes at the proposed enhanced rates. The tax on vehicles and animals and tolls are now levied at the maximum rates prescribed by schedules B and D to Act I of 1884 and it is proposed to raise them by 50 per cent. The receipts from the former source in 1895–96 having been Rs. 55,561, an increase in the rate as proposed would bring in an additional revenue of only Rs. 27,780 or roughly Rs. 28,000 and not Rs. 37,000 as anticipated by the Commissioners. As regards the enhancement of the rate of tolls for the purpose of finding funds for the drainage scheme, it is observed that the Government has been averse * to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

* *Vide* paragraph 10 of G.O., No. 948 M., dated 2nd August 1889; paragraph 2 of G.O., No. 153 M., dated 21st January 1892; and paragraph 3 of the note for orders in G.O., No. 1486 M., dated 12th September 1895.

I agree that it would be inexpedient to enhance the toll rates which are raised on outside traffic as contrasted with vehicle-tax which is imposed on the property of the inhabitants.
G.S.F.

6. Going next to the revision of the arts-tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, etc., in 1895–96 was Rs. 68,888, and the incidence of the tax per person taxed was Rs. 19–1–4. An additional income of Rs. 70,000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments, etc., yielding an income of less than Rs. 100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, etc., from which an income of Rs. 50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs. 1,000 to a minimum of Rs. 5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs. 200 and the minimum Re. 1. This enhancement of the tax will press hard upon the poorer classes of traders, etc., but apart from this, it seems to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act), viz., that it trenches on the field of imperial taxation. In the Mufassal Municipal Act, the amount of profession-tax was comparatively very small, and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequently less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax, and the Government of India withdrew its objection on the understanding that "the assessment of the municipal tax is made and maintained on so "low a scale that it shall not interfere with the decisions of the Government of "India in respect of the imperial income-tax in regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession-tax will interfere with the levy of income-tax :—

Vide its letter printed in G.O., No. 63, Legislative, dated 17th July 1896.

See note below.
G. S. F[ORBES].

Class of the proposed schedule.	Incomes per annum. From	Incomes per annum. To	Profession-tax leviable under the proposed schedule.	Tax leviable. Minimum.	Tax leviable. Maximum.	Proportion per cent. of column 3 to column 4.	Proportion per cent. of column 3 to column 5.	Remarks.
1	2		3	4	5	6	7	8
	Rs.		Rs.	Rs.	Rs.			
1 *								
2	Above	60,000	1,000	1,563	..	64	..	
3	48,000	60,000	600	1,250	1,563	48	38	
4	36,000	48,000	500	938	1,250	53	40	
5	30,000	36,000	400	781	938	51	43	
6	24,000	30,000	300	625	781	48	38	
7	21,000	24,000	250	547	625	46	40	
8	18,000	21,000	200	469	547	43	37	
9	15,000	18,000	150	391	469	38	32	
10	12,000	15,000	100	313	391	32	26	
11	10,800	12,000	80	281	313	28	26	
12	9,600	10,800	70	250	281	28	25	
13	8,400	9,600	60	219	250	27	24	
14	7,200	8,400	50	188	219	27	23	
15	6,000	7,200	40	156	188	26	21	
16	4,801	6,000	30	125	156	24	19	
17	3,601	4,800	20	94	125	23	16	
18	2,401	3,600	15	62	94	24	16	
19	1,801	2,400	10	42	62	24	16	
20	1,201	1,800	$7\frac{1}{2}$	20	42	37	18	
21	600	1,200	5	10	20	50	25	

* Class 1 which relates only to Joint Stock Companies with paid-up capitals is not included in this abstract.

7. It will be seen from the above statement that, except in the case of the first class which deals exclusively with Joint Stock Companies on which the tax is assessed with reference to the paid-up capital and not to the income, the profession-tax varies from about one-sixth to two-thirds of the income-tax. The interference of the profession-tax with the income-tax is thus perceptible. As these points will be thoroughly gone into in connection with the amendment of the Act which will be necessary if the proposed revision of the schedule is approved, it is enough for the present to remark that, as the Government of India will probably refuse sanction to the revised schedule of the profession-tax proposed by the Commissioners, the additional revenue expected from this source is highly problematical. In this connection it has also to be pointed out that in paragraph 7 of Mr. Hewett's letter printed on pages 7 and 8 of G.Os., Nos. 63 and 64, Legislative, dated 17th July 1896, the Government of India objected to the assessment of the municipal tax on salaries of officers in the Army, Royal Navy and Royal Indian Marine and directed that steps should be taken on a suitable opportunity to amend the City of Madras Municipal Act I of 1884, so as to declare them exempt from the salary tax, observing as follows:—"Such salaries are "not assessable to income-tax if they are under Rs. 500 a month, and so strong is "the objection of the Government of India to the levy of a tax on the salaries of "military and naval officers for municipal purposes that provision has been made by "Act XI of 1881 for taxes leviable from them being paid by the Government instead of being levied direct by municipalities". This point will have to be taken up along with the amendment of the Act for the purpose of providing for the additional taxation proposed by the Commissioners; but it is submitted that the revenue from the tax on arts will not be materially affected by this exemption.

This is a very small item.

G. S. F[ORBES].

8. The only other means by which the Commissioners propose to find some additional money is by doubling the compensation paid by Government for withholding, under section 99 of the Act, sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors. The amount of contribution now paid is Rs. 13,607 and is made up of Rs. 7,452 for liquor shops and of Rs. 6,155 for toddy shops. The former amount was fixed * in 1885 and the latter in 1887, with reference to the number of liquor and toddy shops then in existence and the average municipal tax realized from them during the three preceding years; but as the sale of toddy in Madras appears to have since increased considerably it is probable that the request of the Commissioners for an enhancement of the contribution will be favourably considered. This, however, is a matter for decision in the Revenue department.

* *Vide* G.Os., No. 202, Revenue, dated 16th February 1885; No. 205 M., dated 19th June 1885; and No. 41 M., dated 7th January 1888.

	Sale of toddy. RS.
1885–86	3,55,234
1895–96	5,41,280

G.S.F.

Thus although the Commissioners expected an increase in their revenue to the extent of Rs. 1,40,500 from the sources abovementioned, yet, for the above reasons, no more than Rs. 41,500 † can be unobjectionably raised therefrom as against the required sum of Rs. 2,65,940. In order therefore to raise the balance, viz., Rs. 2,24,440, some other forms of taxation have to be devised.

	RS.
† Increased revenue—from the tax on vehicles and animals	28,000
Increase in the compensation for exempting from taxation places for the sale of spirituous and intoxicating liquors	13,500
Total ..	41,500

G.S.F.

9. The methods, rates and incidence of taxation in force in Madras are compared below with those obtaining in the cities of Calcutta, Bombay and Rangoon:—

Madras.	Calcutta.	Bombay.	Rangoon.
Tax on buildings and lands.—10 per cent. of the annual value, maximum rate. *Water tax on buildings and lands.*—4 per cent. of the annual value in populous parts and 2 per cent. elsewhere the rates are maximum rates. *Lighting tax on buildings and lands.*—1½ per cent of the annual value, 2 per cent. is the maximum rate. *Taxes*—(1) On arts, professions, trades and callings, (2) On salaries and (3) On vehicles and animals. *Half-yearly.* RS. A. 2 horses, 4 wheeled .. 10 0 1 horse do. .. 5 0 2 wheeled .. .. 3 0 Horse .. .. .. 5 0 Do. under 13 hands.. 2 8 Pony .. .. .. 1 0 Bullock, etc. .. .. 0 8 *Tolls* on vehicles and animals entering the city.	*House rate or general rate on houses and lands.*—9½ per cent. of annual value, maximum rate is 13 per cent. *Water-rate on houses and lands.*—6 per cent. of the annual value, maximum rate (houses and lands, no part of which is within 150 yards of the nearest standpipe or other supply of filtered water available to the public, are charged 3 per cent. less than houses otherwise situated). *Lighting rate on houses and lands.*—2 per cent. of the annual value, maximum rate. Sewage rate on houses and lands, 2 per cent. of the annual value, maximum rate. *Taxes*—(1) On carriages and animals. *Half-yearly.* RS. 2 horses, 4 wheeled .. 12 1 horse, do. .. 6 2 wheeled vehicle .. 6 Horse .. .. .. 6 Pony .. .. .. 2 (2) On professions, trades and callings, (*i.e.*, a *license* tax on *certain* callings). (3) On petroleum (Not levied?)	*General tax on buildings and lands* (including house, police and lighting taxes).—8 per cent. of the annual value. This is the minimum rate, the maximum is 12 per cent. *Fire tax on buildings and lands.*—¼ per cent. of the annual value. The minimum rate is ⅛ per cent. and the maximum ⅜ per cent. *Water tax on buildings and lands*—4 per cent. of the annual value. In certain cases it is levied at special or compounded rates. *Halálkhor tax on buildings and lands* for the collection, removal and disposal by municipal agency of excrementitious and polluted matter from privies, urinals and cesspools and for efficiently maintaining and repairing the municipal drains — at 3 per cent. of the annual value, (maximum rate). This tax is levied on large premises, such as mills, clubs, hotels, etc., and on Government and port trust premises at special rates. The minimum rate is 4 annas per mensem. *Tax* on vehicles and animals. *Half-yearly.* RS 4 wheeled .. .. 5 2 do. .. .. 3 Horse, 12 hands .. .. .. 6 Do. under 12 hands .. .. 2 Bullock or buffalo for draft .. 1 *Tolls* on vehicles entering the city from *Salsette* only. *Town duties* on grain, flour, wines, spirits, beer, petroleum, sugar, molasses, fur, ghee, timber and firewood,	*Municipal tax on buildings and lands.*—9 per cent. of the annual value. *Scavenging tax on buildings and lands.*—7 per cent. of the annual value in districts where sewers have been provided and 4 per cent. in other parts where night-soil is removed by Municipal agency. *Water tax on buildings and lands* in the quarters supplied with water, 4 per cent. of the annual value. *Lighting tax on buildings and lands.*—One per cent. of the annual value levied on buildings and lands within 1,000 feet of a lamp post.
Incidence of taxation in 1894–95, Rs. 2–2–3.	Incidence of taxation in 1894–95, Rs. 6–11–6.	Incidence of taxation in 1894–95, Rs. 6–12–7.	Incidence of taxation in 1894–95, Rs. 3–12–2.

10. From the annexed statement it will be seen that the incidence of taxation in Madras (Rs. 2–2–3 *) is only a little above one-half † of that in Rangoon (Rs. 3–12–2) and about one-third of that in Bombay (Rs. 6–12–7) and Calcutta (Rs. 6–11–6).‡ The low incidence in Madras is probably due to the fact that Madras is perhaps the poorest of the cities, but whatever may be the relative incidence of taxation per head of the population, it is evident that the taxation on houses and lands in Madras is lighter than in any of the other cities. In Madras the maximum amount of tax leviable on immoveable property is 16 per cent. on the annual value of such property, while in Calcutta, Bombay and Rangoon it is 23, 19¾ and 21 per cent. respectively. In Rangoon the only taxes levied are the taxes on houses and lands, and this apparently accounts for the high rate of taxation on immoveable property in that city. There does not, however, appear to be any reason why property should be taxed more leniently in Madras than in Bombay and Calcutta, where it would appear, other forms of taxes also exist as in the case of the former city. The tax on buildings and lands in Madras seems therefore to be capable of much expansion and an enhancement of the existing rate is apparently the best and the simplest course of raising the funds required for the present purpose. The total amount of taxes now levied on houses and lands, is 15¼ per cent.

* Page 145, appendix I of Madras Municipal report, 1894–95.

† (3 4/10ths).

‡ See paragraph 8, bottom of p. 5 of Bengal resolution on Calcutta municipal report for 1894–95.

There is a much wealthier and larger mercantile and trading community in Bombay, Calcutta and Rangoon.

G.S.F.

But the tax on arts and callings in Madras is to a considerable extent a substitute for such taxation—see note below.

G S.F.

on the annual rental against the maximum of 16 per cent., the lighting tax being imposed at the rate of only $1\frac{1}{4}$ per cent. against 2 per cent. The net current demand of the tax on buildings and lands calculated at 10 per cent. on the annual value amounted in 1895–96 to Rs. 5,03,570 * and an additional rate of $4\frac{1}{2}$ per cent. on the annual value will yield an extra revenue of about $2\frac{1}{4}$ lakhs. The increase of municipal taxation on property is no doubt open to the objection that it will press hard on the poorer classes of house owners who themselves occupy their houses, but this might to a great extent be met by amending section 122 of the Act so as to exempt from taxation all houses and lands the annual value, whereof is less than Rs. 20 (the present limit being Rs. 14) which are the owners' sole property liable to taxation. This will no doubt cause a slight decline in the realization of house tax, but even allowing for this, the increase in the amount of tax that can be raised by an enhancement of the rate as suggested, together with such additional income as may be realized by the Municipal Commissioners from increases in the rates of taxes proposed by them, will be enough to meet the annual charges of the drainage scheme.

* The net demand at 10 per cent. of the annual value is Rs. 5,03,570.
The net demand at $4\frac{1}{2}$ per cent. of the annual value $\frac{5,03,570 \times 9}{20}$ = Rs. 2,26,606.

I do not see much use in altering the limit from Rs. 14 to Rs. 20.

G.S.F.

Nor I.

H.W.B.

11. As in Madras, a general tax on buildings and lands, a water tax and a lighting tax are levied in Calcutta and Rangoon, while in Bombay also the same taxes are in force with the difference that the general tax on buildings and lands includes the lighting tax and that a fire tax is also levied. In addition to these taxes, a sewage rate of 2 per cent. is imposed in Calcutta, a halálkhor tax of 3 per cent. in Bombay and a scavenging tax of 7 per cent. in Rangoon. The proceeds of all the taxes last named † are utilized, at least in part, towards cleansing, repairing and maintaining public sewers. Further under sections 47 and 75 of the Madras District Municipalities Act IV of 1884, as amended by Act III of 1897, a water and drainage tax of 8 per cent. on the annual value of buildings and lands can be levied in any Mufassal municipality in order to enable the Municipal Council to provide for expenses connected with the construction, maintenance, repair, extension, or improvement of water and drainage works, provided the proceeds of the tax are wholly devoted to defraying the said expenses. As a water tax of only 4 per cent. is now levied in the Madras Municipality, a drainage tax of $4\frac{1}{2}$ per cent. appears therefore to be the best form in which the proposed increase in the tax on immoveable property can be effected. This tax will have the advantage of being capable of proper assessment and of not entailing any additional expenditure for its assessment, collection, etc., as it can be dealt with in conjunction with the house, water and lighting taxes. If this suggestion is approved, it will be unnecessary to enter into the question of the expediency of introducing a scavenging cess, the consideration of which was deferred until after it has been decided what action should be taken on Mr. Cousins' schemes for the water-supply and drainage of Madras—*vide* notes and orders in G.O., No. 1949 M., dated 28th November 1892. Moreover as it was then under contemplation to levy this cess also at a certain percentage rate on the annual value of all buildings and lands in the town (*vide* paragraph 1 of G.O., No. 936 M., dated 27th May 1892), there appears to be no necessity to reopen this question, as the proposed drainage tax suits the purpose quite as well.

† Sewage rate, halálkhor tax and scavenging tax.

12. In this connection it has also to be noted that in 1893 the Municipal Commissioners of Madras proposed to levy a tax on petroleum imported into Madras for local consumption in lieu of the tobacco duties which had then been in force for a period of about eight or nine months, but which was found to work unsatisfactorily, and enquired whether the Government would be prepared to allow them to do so. The Government stated in reply that "it was not prepared to consider the suggestion

Vide G.O., No. 607 M., dated 5th May 1893.

"that a municipal duty should be levied on petroleum, except in connection with "ways and means for the contemplated improvements of the water-supply and "drainage of the city, and that this was a question which could not be entered upon "until Mr. Cousins' report was received and disposed of by all concerned". It was also observed that the fact that petroleum is already the subject of an Imperial-tax would also necessitate the consent of the Government of India to the imposition of a municipal tax upon it. The Commissioners thereupon requested that the sanction of the Government of India might be obtained in anticipation of the proceeds of the tax being devoted to the improvement of the water-supply but the Government did not think it necessary or desirable to move in the matter at the time—*vide* G.O., No. 812 M., dated 23rd June 1893. In G.O., No. 661 M., dated 10th April 1895, the Commissioners were requested to report whether they were still of opinion that a duty upon petroleum imported into Madras for *local* consumption would be a satisfactory method of raising a part of the funds required for the execution of Mr. Cousins' water-supply and drainage schemes and for the construction of incinerators, etc. The Commissioners (*vide* their Proceedings in G.O., No. 1672 M., dated 19th October 1895) were, however, not in favour of this tax, apparently as they considered that it would interfere with the trade of Madras, that an organised system of fraud would spring up as in the case of tobacco, with the result that the imposition of the tax would be a source of loss instead of profit, and that the probable revenue of the tax would be only the small sum of Rs. 45,000. The consideration of this question does not, however, appear to be necessary, unless the additional revenue expected from the proposed drainage tax and the increases in the existing taxes suggested by the Commissioners is found to be inadequate to meet present requirements.

In Calcutta though a petroleum tax is admissible under the Act, it does not seem to be levied.

G. S. Forbes

K. Rangaswami Aiyangar—30-6-97.

V. Raghava Charlu—30-6-97.

The rates levied on lands and buildings in Madras are lower than in Calcutta, Bombay and Rangoon; but it is to be remembered that in Madras the tax on arts, professions and callings and on salaries takes to a large extent the place of the property rate in these and other municipalities. No such tax is levied in Bombay or Rangoon and in Calcutta what is styled the profession-tax is a *license*-tax for the exercise of CERTAIN "professions, trades and callings"—see section 87, Act II of 1888 (Bengal), and varies from Rs. 200 to one rupee. In Madras the profession-tax is really an income-tax designed to catch every person who exercises a profession or calling and derives an income therefrom of Rs. 100 or over. And although the proportionate share of the total municipal income due to the tax in Madras and Calcutta is not so very far from being the same in each, yet Calcutta is immensely more wealthy than Madras, and the license-tax affects the population much less severely than the Madras "tax on arts, etc."; the average incidence in Calcutta per license being under Rs. 14 * against Rs. 19 † in Madras per person assessed. I agree with the conclusion in the office note that no farther extension of the tax on arts and callings in Madras is admissible. Moreover, it would be hopeless to expect the approval of the Government of India to the legislation which would be required to introduce such a revision.

* *See* table at page 79 of Calcutta Municipal Reports for 1894-95.

† *See* paragraph 6 of office note above.

As I have stated the tax on arts and callings in Madras is to a considerable extent the substitute for the higher rates imposed on immovable property in other Presidency cities; so that it is a question how far the tax on buildings and lands can be enhanced without making the total burden of taxation too severe.

There is no doubt that the incidence of total municipal taxation in Madras is far below that in Calcutta and Bombay: being in 1894-95 only Rs. 2-2-3 in the first against about Rs. 6-12-0 in the last two, per head of the population.

Does this difference represent the true difference in comparative wealth and comparative ability to bear taxation?

In its resolution on 28th June 1895 the Municipal Commissioners in proposing additional taxation to the extent of Rs. 1,40,000 regarded this as the "utmost limit to which taxation can be raised". That sum included enhanced tolls and tax on vehicles and Government compensation and allowed only Rs. 70,000 as extra income from the revised profession-tax, *i.e.*, as direct payment out of the rate-payers' pocket.

Vide G.O., No. 1672 M., dated 19th October 1895.

If, however, the money required for financing and maintaining the drainage scheme is to be raised, I can see no better way than, as suggested in the office-note, by the introduction of a $4\frac{1}{2}$ per cent. drainage tax. This, as estimated, will bring in $2\frac{1}{4}$ lakhs, and will augment the general incidence of municipal taxation in the city from Rs. 2-2-3 to, say, Rs. 2-8-0, not a severe incidence when compared with Calcutta, Bombay or Rangoon. The President might be asked confidentially what he thinks of the proposal.

G. S. FORBES—21-7-97.

No harm. It will waste a little time, but this is of no great importance in this case.

H. W. B[LISS].

I don't see what will be gained by this. If the President agrees, his agreement will become known (though communicated confidentially) and imperil his relations with the Commissioners. His disagreement will not alter the facts which seem to me to point conclusively to an increase of the house-tax.

J. G[ROSE]—27-7-97.

1. These notes are admirably prepared.
2. I do not see that anything will be gained by consulting the President confidentially. I think the proposals of Government should be at once sent officially to the municipal council, with a plain intimation that the improvement of the drainage of the city is absolutely necessary, and that, in the opinion of the Government, there are no other or better means for providing the necessary, than those now proposed.

A. E. H[AVELOCK]—28-7-97.

The five lakhs we have already given to the Madras Municipality may not all have gone (or go) on drainage works, but it all has gone (or will go) on sanitary works. Any way, it is certain that we shall not have any more money to give within any period to which it is worth while to look forward. The Commissioners must rely on their own resources, supplemented as may be necessary, to provide interest and sinking fund for the loan which they will have to raise to carry out the works necessary for the proper drainage of the city.

The Commissioner's proposals as to the way in which existing resources should be supplemented are:—

To double the Abkári compensation.—How the Commissioners were now allowed to levy a tax on liquor shops I don't know. It seems to me a mistake that compensation was paid when the right to levy the tax was withdrawn. However this may be, this proposal is that Provincial shall pay Rs. 3,375 *per annum* and Imperial Rs. 10,125 *per annum* for the benefit of the inhabitants of the city of Madras. Provincial might consent to this. But imagine the feelings of Sir J. Westland on the proposition being put to him! The proposal cannot be entertained.

To (practically) double the profession-tax.—Obviously, I think, India would not allow this. Even if it would, I could not support the proposal, which would result in throwing, to a large extent, on the upper classes of the population alone—a burden which should be shared by all, according to their means, because for the benefit of all, and indeed more for the benefit of the poorer classes than of those better-to-do.

To raise the taxes on vehicles and animals by 50 per cent.—This proposal is open to the same objection as the last, namely, that it will throw an undue burden on the upper classes. It is, however, a smaller matter and not so calculated to raise a storm of opposition. I will not object to it.

To raise the rates of tolls by 50 per cent.—This seems to be a logical consequence of the increase of 50 per cent. in the taxes on vehicles and animals, and should be done. I cannot, however, agree that the city of Madras should appropriate the increase. The whole of it, if not a part of the revenue already derived from tolls, should go to the Chingleput local board, which keeps up the roads on which the tolls are levied. All mofussil municipalities have to contribute in this way out of the proceeds of their tolls to the local boards whose areas surround them and I can see no reason why Madras city should not do the same. I have always thought that it should.

It remains that the funds required must be raised by an increase in the house-tax—at least, that is what it comes to, though the tax may be called the drainage-tax and be appropriated to the particular object. The simplest plan will be to alter the name of the existing water-tax and to turn it into a water and drainage-tax, as we have just done in the mofussil, or, perhaps better, into a water and sanitation tax the objects of which might be so described as to include the objects of the Bombay *Halalkhor* tax as given in statement A. Power should be taken to raise the rate of the tax, as thus reconstituted, to 10 per cent. I don't consider that this will press unduly heavily on the population, for two reasons:—first house-rents in Madras are notoriously very low; secondly, the general habit in Madras among the native population is for people to live in their own houses. There is thus no standard, it may be said, of rents for native houses, as there is in other large cities, and the consequence is that the assessment of houses occupied by their owners is very low. It is notorious that this is the case in mofussil municipalities also. No doubt, if this is done, there will be an outcry. But I think the outcry must be faced. The town can't be left undrained, and there is no other way, that I know of, of raising the requisite funds to drain and generally sanitate it.

H. W. B[LISS]—24-7-97.

I agree that the house-tax must be increased. Better drainage is absolutely necessary and the cost cannot be provided in any other way.

J. G[ROSE]—27-7-97.

I cannot quite follow the Hon'ble Sir H. Bliss in his objections to a tax on liquor shops: nor do I see why Sir J. Westland's feelings in the matter should be considered. But, I am willing to accept Sir H. Bliss's conclusions, on faith.

2. For the rest, I agree that drainage must be carried out, that the municipality must pay; and that the increase of the house-tax, in the manner and to the extent proposed, is the best means of raising the money. The taxation of Madras will still be light.

3. I should not object to the proposal to raise the taxes on vehicles and animals by 50 per cent.

4. For the reasons set forth by Sir H. Bliss, I could not consent to the payment to the municipality of the proceeds of *increased tolls*. I am opposed altogether to raising the tolls.

5. The raising of the *profession-tax* is quite inadmissible. The arguments against this measure are conclusive.

A. E. H[AVELOCK]—28-7-97.

[*Draft order.*]

I think this had better be circulated, for I should be glad if His Excellency would reconsider the question of raising the tolls and giving the increment to the Chingleput local board. That board has all along been very badly treated, in that the city municipality has been allowed to appropriate all the tolls levied on the roads running into Madras which are kept up by it; and, as we have to legislate, I should much like to take this opportunity of remedying this injustice. The point is one on which the Hon'ble Mr. Grose has not expressed a definite opinion.

H. W. B[LISS]—25-8-97.

From the point of view of possible injustice done to the Chingleput local board. I have no objection to again considering the question of raising the tolls. At the same time, I should prefer to deal with the matter by depriving the Madras Municipality of that portion of the tolls to which they are not justly entitled, and by transferring that portion to the Chingleput District Board. Anyhow, I would suggest that it would be more convenient to treat this matter separately, for we are agreed that the proceeds of any additional tolls would not, in any case, go to the Madras Municipality.

Perhaps, this G.O. might be approved as it stands, and the matter of the additional tolls be referred, on the basis of justice to Chingleput, to the President of the Chingleput District Board and the President of the Madras Municipality. Through a long career of administration, I have always advocated freedo n from tolls. But, I can assure Sir H. Bliss that in this, and I hope in most ma ters, I am ready to submit my own proclivities to good reasons and arguments.

A. E. H[AVELOCK]—3-9-97.

I quite agree with His Excellency that it is better to do without tolls, if we can. But I don't see how we can do so. After all it was by means of tolls, through the agency of the turnpike trusts that the net-work of English roads was made; and it is only the other day as it were that the English turnpike gates were abolished. However, this is by the way.

I understand what His Excellency would do to be: (1) issue this order and (2) call on the President of the Madras Municipal Commission to show cause why a portion of the tolls levied at the toll-gates should not be made over to the Chingleput local board as is done in the case of mofussil municipalities. The difficulty in regard to (2) is that, so far as I know, it would be a course which is not authorized by law. In the case of a mofussil municipality, section 114 of the Municipal Act enables the Government to insist on the payment of a contribution towards the funds of the local board whose territory surrounds the municipality and at whose expense the roads leading into the municipality are maintaine l. But in the case of the city of Madras there is no such provision and the Government cannot therefore compel a contribution out of the proceeds of the tolls towards the needs of the Chingleput local board. Legislation would therefore be necessary to place the city in the same position in this respect as a mofussil municipality. But, supposing legislation to be undertaken and carried through, the City Municipal Commissioners would say, and with truth, that they could not afford to relinquish any part of their revenue from tolls. The only way, therefore, to do justice to Chingleput without crippling the city Municipality is to take power to raise the tolls. If this view is adopted, it will be simplest to make a single legislative effort to do all that is required and not to make two bites at the cherry.

H. W. B[LISS]—6-9-97.

Meantime may this order issue, and have the toll question considered separately. Even if the tolls were enhanced, it is not proposed to devote the increment to the purposes contemplated in the order.

G. S. FORBES—7-9-97.

All right. If we decide to raise the tolls we can put that into the Bill we shall have to draft and explain reason in the Statement of Objects and Reasons.

H. W. B[LISS]—9-9-97.

[In G.O., No. 1966 M., dated 11th September 1897.]

Proof for approval. Revised at 5-5

Government {1897} of Madras.

LOCAL AND MUNICIPAL.

Proof for approval.

Submitted to the Secretary as desired
H. 22/9/97

Recd. } 1897. Enclosures Issue short
Regd. } Spare copies 8 B 18/9/97

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 the 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 papers:—

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 Rangoon.

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, appropriating 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 10 lakhs. Since the date of this resolution, however, the Government has made a total grant of 5 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 Rs. 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 Rs. 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, sanction 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 lands 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 ~~(sections 47 and 75)~~ the levy of a water and drainage tax of 8 per cent. on the annual value of buildings and lands, for the ~~sole and~~ 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" ~~as has been done in the case of the mufassal municipalities~~ or perhaps better into a "water and sanitation tax," the purposes of which might be so described as to include the objects of the "halálkhor 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 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 Calcutta and Bombay the incidence in 1894–95 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.)

Secretary to Government.

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

Exd. C. M. Thumbuswamy.

Local and Municipal Department.

NOTES CONNECTED WITH G.O., No. 1966 M., DATED 11th SEPTEMBER 1897.

[Subject.—*Financing the scheme for the drainage of Madras.*]

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

From the Secretary to the Chief Commissioner for Burma, dated 21*st January* 1896.
" " *Government of Bengal dated* 4*th February* 1896.
" " " *of Bombay,* " 14*th* " "
" " " " " "

In the Government order read above, a scheme for the drainage of Madras, proposed by the Municipal Commissioners and estimated to cost Rs. 31,81,100, was sanctioned, and the Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore costing three lakhs and the construction of pipe sewers along the Ice House road and Sydenham's road at a cost of Rs. 50,000, and to appropriate towards the cost of these works the Provincial grant of $3\frac{1}{2}$ lakhs which had been given to them for sanitary improvements in G.Os., No. 954 M., dated 8th June 1896, and No. 415 M., dated 13th March 1396. The question of financing the main scheme has now to be considered.

2. The estimated cost of the scheme excluding the three works above referred to, for which funds have already been provided, is Rs. 28,31,100, and the annual working and maintenance charges of the entire scheme are placed at Rs. 1,27,600.

3. In G.O., No. 1651 M., dated 7th November 1894, the Government, while practically abandoning the scheme for the drainage of Madras proposed by Mr. Cousins, requested the Commissioners to adopt his water-supply scheme, as modified by the Chief Engineer, Public Works department (Colonel Pennycuick), and to make early arrangements for financing it. The Commissioners, however, were of opinion that the provision of a proper system of drainage should have precedence over a water-supply scheme, and while therefore proposing to undertake at first a drainage scheme and some improvements to the existing water-supply, passed a resolution on the 8th July 1895, in which they stated that the amount of additional revenue, viz., Rs. 1,40,500, which they proposed to raise towards meeting the cost of the water-supply and drainage schemes, was the "utmost limit" to which in their opinion taxation could be raised, and as this sum was not sufficient to provide for the annual payment on account of the sinking fund of the loans that may have to be raised for the execution of these works and for the annual maintenance charges, etc., the Commissioners requested Government for a grant of ten lakhs in view of the position of Madras as the capital of the Presidency. The Government in its order No. 2141 M., dated 21st December 1895, deferred the subject of financing the schemes until they were worked out fully, and the question of granting any aid

towards the cost of these schemes was therefore not considered at the time. This question was, however, raised incidentally in connection with the Provincial contract for the five years commencing from 1st April 1897, and the Hon'ble Sir Henry Bliss noted thereon as follows :—

"The Commissioners asked for 10 (lakhs). We have already provided 5. I consider that five more is as much as we can reasonably be expected to give, that is, that it is as large a sum as the inhabitants of Madras can expect the general tax-payer to contribute for their benefit on the ground that Madras is the capital . . ."

4. As stated above, the Commissioners asked for a grant of 10 lakhs towards both the drainage and water-supply schemes. It is true that a grant of 5 lakhs has already been made to the municipality, but of this sum, one lakh was for the construction of rubbish incinerators, and Rs. 50,000 for the purchase of conservancy carts, so that only 3½ lakhs have been given for meeting the expenditure on the drainage scheme. In the existing state of the Provincial finances, however, the Government cannot hold out any promise of a further grant on account of the drainage scheme, and the Commissioners will therefore have to borrow the whole of the requisite money in the open market. If a loan of Rs. 28,31,100 is so raised on terms of repayment in fifty 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 at the end of that period, is Rs. 25,100 per annum, 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. Adding to this the maintenance and working charges (Rs. 1,27,600), the total expenditure to the municipality on account of this scheme will be Rs. 2,65,940 per annum. The estimated receipts for 1897–98 being Rs. 14,42,070, and the charges, excluding an allotment of 3 lakhs for drainage works which was met by a special grant from Government, being Rs. 14,10,060, it is not probable that any portion of the required funds can be met from the existing current revenues. It is therefore for consideration how the resources of the municipality should be developed in order to raise the sum of Rs. 2,65,940, required annually for the execution and the maintenance of the drainage scheme.

And more expenditure is wanted on roads.
G. S. F[ORBES].

5. In their resolution of July 1895 referred to in paragraph 3 *supra*, the Commissioners proposed to raise an additional revenue of Rs. 1,40,500 from the following sources :—

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

The first three items of receipts will not be available, unless the City of Madras Municipal Act I of 1884 is amended so as to empower the levy of the taxes at the proposed enhanced rates. The tax on vehicles and animals and tolls are now levied at the maximum rates prescribed by schedules B and D to Act I of 1884 and it is proposed to raise them by 50 per cent. The receipts from the former source in 1895–96 having been Rs. 55,561, an increase in the rate as proposed would bring in an additional revenue of only Rs. 27,780 or roughly Rs. 28,000 and not Rs. 37,000 as anticipated by the Commissioners. As regards the enhancement of the rate of tolls for the purpose of finding funds for the drainage scheme, it is observed that the

Government has been averse to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

I agree that it would be inexpedient to enhance the toll rates which are raised on outside traffic as contrasted with vehicle-tax which is imposed on the property of the inhabitants.
G.S.F.

6. Going next to the revision of the arts-tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, etc., in 1895–96 was Rs. 68,888, and the incidence of the tax per person taxed was Rs. 19–1–4. An additional income of Rs. 70,000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments, etc., yielding an income of less than Rs. 100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, etc., from which an income of Rs. 50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs. 1,000 to a minimum of Rs. 5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs. 200 and the minimum Re. 1. This enhancement of the tax will press hard upon the poorer classes of traders, etc., but apart from this, it seems to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act, viz., that it trenches on the field of imperial taxation. In the Mufassal Municipal Act, the amount of profession-tax was comparatively very small, and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequently less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax, and the Government of India withdrew its objection on the understanding that "the assessment of the municipal "tax is made and maintained on so low a scale that it shall not interfere with the "decisions of the Government of India in respect of the imperial income-tax in "regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession-tax will interfere with the levy of income-tax :—

Class of the proposed schedule.	Incomes per annum. From	Incomes per annum. To	Profession-tax leviable under the proposed schedule.	Tax leviable. Minimum.	Tax leviable. Maximum.	Proportion per cent. of column 3 to column 4.	Proportion per cent. of column 3 to column 5.	Remarks.
1	2		3	4	5	6	7	8
	Rs.		Rs.	Rs.	Rs.			
1								
2	Above	60,000	1,000	1,563	..	64	..	
3	48,000	60,000	600	1,250	1,563	48	38	
4	36,000	48,000	500	938	1,250	53	40	
5	30,000	36,000	400	781	938	51	43	
6	24,000	30,000	300	625	781	48	38	
7	21,000	24,000	250	547	625	46	40	
8	18,000	21,000	200	469	547	43	37	
9	15,000	18,000	150	391	469	38	32	
10	12,000	15,000	100	313	391	32	26	
11	10,800	12,000	80	281	313	28	26	
12	9,600	10,800	70	250	281	28	25	
13	8,400	9,600	60	219	250	27	24	
14	7,200	8,400	50	188	219	27	23	
15	6,000	7,200	40	156	188	26	21	
16	4,801	6,000	30	125	156	24	19	
17	3,601	4,800	20	94	125	23	16	
18	2,401	3,600	15	62	94	24	16	
19	1,801	2,400	10	42	62	24	16	
20	1,201	1,800	7½	20	42	37	18	
21	600	1,200	5	10	20	50	25	

* Class 1 which relates only to Joint Stock Companies with paid-up capitals is not included in this abstract.

Government has been averse to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

vide para. 10 of f.o. no. 9487 M 2.8.1889; para. 27 f.o. no. 153 M 21.1.1892; and para. 34 f. he note for orders in f.o. no. 1486 M 12.9.1895

I agree that it would be inexpedient to enhance the toll rates which are raised on outside traffic as contrasted with vehicle-tax which is imposed on the property of the inhabitants.
G.S.F.

6. Going next to the revision of the arts-tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, etc., in 1895–96 was Rs. 68,888, and the incidence of the tax per person taxed was Rs. 19–1–4. An additional income of Rs. 70,000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments, etc., yielding an income of less than Rs. 100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, etc., from which an income of Rs. 50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs. 1,000 to a minimum of Rs. 5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs. 200 and the minimum Re. 1. This enhancement of the tax will press hard upon the poorer classes of traders, etc., but apart from this, it seems to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act) viz., that it trenches on the field of imperial taxation. In the Mufassal Municipal Act, the amount of profession-tax was comparatively very small, and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequently less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax, and the Government of India withdrew its objection on the understanding that "the assessment of the municipal "tax is made and maintained on so low a scale that it shall not interfere with the "decisions of the Government of India in respect of the imperial income-tax in "regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession-tax will interfere with the levy of income-tax:—

vide its letter printed in f.o. no. 63 Legs. 17.7.1876

See note below. L.S.F. (Forbes)

Class of the proposed schedule.	Incomes per annum. From	Incomes per annum. To	Profession-tax leviable under the proposed schedule.	Tax leviable. Minimum.	Tax leviable. Maximum.	Proportion per cent. of column 3 to column 4.	Proportion per cent. of column 3 to column 5.	Remarks.
1	2		3	4	5	6	7	8
	Rs.		Rs.	Rs.	Rs.			
1								
2	Above	60,000	1,000	1,563	..	64	..	
3	48,000	60,000	600	1,250	1,563	48	38	
4	36,000	48,000	500	938	1,250	53	40	
5	30,000	36,000	400	781	938	51	43	
6	24,000	30,000	300	625	781	48	38	
7	21,000	24,000	250	547	625	46	40	
8	18,000	21,000	200	469	547	43	37	
9	15,000	18,000	150	391	469	38	32	
10	12,000	15,000	100	313	391	32	26	
11	10,800	12,000	80	281	313	28	26	
12	9,600	10,800	70	250	281	28	25	
13	8,400	9,600	60	219	250	27	24	
14	7,200	8,400	50	188	219	27	23	
15	6,000	7,200	40	156	188	26	21	
16	4,801	6,000	30	125	156	24	19	
17	3,601	4,800	20	94	125	23	16	
18	2,401	3,600	15	62	94	24	16	
19	1,801	2,400	10	42	62	24	16	
20	1,201	1,800	7½	20	42	37	18	
21	600	1,200	5	10	20	50	25	

* Class 1 which relates only to Joint Stock Companies with paid-up capitals is not included in this abstract.

7. It will be seen from the above statement that, except in the case of the first class which deals exclusively with Joint Stock Companies on which the tax is assessed with reference to the paid-up capital and not to the income, the profession-tax varies from about one-sixth to two-thirds of the income-tax. The interference of the profession-tax with the income-tax is thus perceptible. As these points will be thoroughly gone into in connection with the amendment of the Act which will be necessary if the proposed revision of the schedule is approved, it is enough for the present to remark that, as the Government of India will probably refuse sanction to the revised schedule of the profession-tax proposed by the Commissioners, the additional revenue expected from this source is highly problematical. In this connection it has also to be pointed out that in paragraph 7 of Mr. Hewett's letter printed on pages 7 and 8 of G.Os., Nos. 63 and 64, Legislative, dated 17th July 1896, the Government of India objected to the assessment of the municipal tax on salaries of officers in the Army, Royal Navy and Royal Indian Marine and directed that steps should be taken on a suitable opportunity to amend the City of Madras Municipal Act I of 1884, so as to declare them exempt from the salary tax, observing as follows:—"Such salaries are "not assessable to income-tax if they are under Rs. 500 a month, and so strong is "the objection of the Government of India to the levy of a tax on the salaries of "military and naval officers for municipal purposes that provision has been made by "Act XI of 1881 for taxes leviable from them being paid by the Government instead of being levied direct by municipalities". This point will have to be taken up along with the amendment of the Act for the purpose of providing for the additional taxation proposed by the Commissioners; but it is submitted that the revenue from the tax on arts will not be materially affected by this exemption.

This is a very small item.
G. S. FORBES.

8. The only other means by which the Commissioners propose to find some additional money is by doubling the compensation paid by Government for withholding, under section 99 of the Act, sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors. The amount of contribution now paid is Rs. 13,607 and is made up of Rs. 7,452 for liquor shops and of Rs. 6,155 for toddy shops. The former amount was fixed in 1885 and the latter in 1887, with reference to the number of liquor and toddy shops then in existence and the average municipal tax realized from them during the three preceding years; but as the sale of toddy in Madras appears to have since increased considerably it is probable that the request of the Commissioners for an enhancement of the contribution will be favourably considered. This, however, is a matter for decision in the Revenue department.

vide G.O. No. 202 Rev. 16.2.1885; 2057 19.6.1885; and 417 17.1.1888

	Sale of toddy. RS.
1885–86	3,55,234
1895–96	5,41,280

G.S.F.

	RS.
* Increased revenue—from the tax on vehicles and animals	28,000
Increase in the compensation for exempting from taxation places for the sale of spirituous and intoxicating liquors	13,500
Total ..	41,500

~~G.S.F.~~

Thus although the Commissioners expected an increase in their revenue to the extent of Rs. 1,40,500 from the sources abovementioned yet, for the above reasons, no more than Rs. 41,500 * can be unobjectionably raised therefrom as against the required sum of Rs. 2,65,940. In order therefore to raise the balance, viz., Rs. 2,24,440, some other forms of taxation have to be devised.

Stet

9. The methods, rates and incidence of taxation in force in Madras are compared below with those obtaining in the cities of Calcutta, Bombay and Rangoon :—

Madras.	Calcutta.	Bombay.	Rangoon.
Tax on buildings and lands.—10 per cent. of the annual value, maximum rate. *Water tax on buildings and lands.*—4 per cent. of the annual value in populous parts and 2 per cent. elsewhere the rates are maximum rates. *Lighting tax on buildings and lands.*—1½ per cent of the annual value, 2 per cent. is the maximum rate. *Taxes*—(1) On arts, professions, trades and callings, (2) On salaries and (3) On vehicles and animals. *Half-yearly.* Rs. A. 2 horses, 4 wheeled .. 10 0 1 horse do. .. 5 0 2 wheeled .. .. 3 0 Horse .. .. .. 5 0 Do. under 13 hands.. 2 8 Pony .. .. .. 1 0 Bullock, etc. .. .. 0 8 *Tolls* on vehicles and animals entering the city.	*House rate or general rate on houses and lands.*—9½ per cent. of annual value, maximum rate is 13 per cent. *Water-rate on houses and lands.*—6 per cent. of the annual value, maximum rate (houses and lands, no part of which is within 150 yards of the nearest standpipe or other supply of filtered water available to the public, are charged 3 per cent. less than houses otherwise situated). *Lighting rate on houses and lands.*—2 per cent. of the annual value, maximum rate. Sewage rate on houses and lands, 2 per cent. of the annual value, maximum rate. *Taxes*—(1) On carriages and animals. *Half-yearly.* Rs. 2 horses, 4 wheeled .. 12 1 horse, do. .. 6 2 wheeled vehicle .. 6 Horse .. .. .. 6 Pony .. .. .. 2 (2) On professions, trades and callings, (*i.e.*, a *license* tax on *certain* callings). (3) On petroleum. (Not levied?)	*General tax on buildings and lands* (including house, police and lighting taxes).—8 per cent. of the annual value. This is the minimum rate, the maximum is 12 per cent. *Fire-tax on buildings and lands.*—½ per cent. of the annual value. The minimum rate is ¼ per cent. and the maximum ¾ per cent. *Water tax on buildings and lands.*—4 per cent. of the annual value. In certain cases it is levied at special or compounded rates. *Halálkhor tax on buildings and lands* for the collection, removal and disposal by municipal agency of excrementitious and polluted matter from privies, urinals and cesspools and for efficiently maintaining and repairing the municipal drains — at 3 per cent. of the annual value, (maximum rate). This tax is levied on large premises, such as mills, clubs, hotels, etc., and on Government and port trust premises at special rates. The minimum rate is 4 annas per mensem. *Tax* on vehicles and animals. *Half-yearly.* Rs. 4 wheeled .. .. 5 2 do. .. .. 3 Horse, 12 hands .. .. .. 6 Do. under 12 hands .. .. 2 Bullock or buffalo for draft .. 1 *Tolls* on vehicles entering the city from *octroi* only. *Town duties* on grain, flour, wines, spirits, beer, petroleum, sugar, molasses, fur, ghee, timber and firewood,	*Municipal tax on buildings and lands.*—9 per cent. of the annual value. *Scavenging tax on buildings and lands.*—7 per cent. of the annual value in districts where sewers have been provided and 4 per cent. in other parts where night-soil is removed by Municipal agency. *Water-tax on buildings and lands* in the quarters supplied with water, 4 per cent. of the annual value. *Lighting tax on buildings and lands.*—One per cent. of the annual value levied on buildings and lands within 1,000 feet of a lamp post.
Incidence of taxation in 1894-95, Rs. 2-2-3.	Incidence of taxation in 1894-95, Rs. ~~5-12-8~~.	Incidence of taxation in 1894-95, Rs. 6-12-7.	Incidence of taxation in 1894-95, Rs. 3-12-2.

10. From the annexed statement it will be seen that the incidence of taxation in Madras (Rs. 2-2-3 *) is only a little above one-half † of that in Rangoon (Rs. 3-12-2) and about one-third of that in Bombay (Rs. 6-12-7) and Calcutta (Rs. 6-11-6).‡ The low incidence in Madras is probably due to the fact that Madras is perhaps the poorest of the cities, but whatever may be the relative incidence of taxation per head of the population, it is evident that the taxation on houses and lands in Madras is lighter than in any of the other cities. In Madras the maximum amount of tax leviable on immoveable property is 16 per cent. on the annual value of such property, while in Calcutta, Bombay and Rangoon it is 23, 19¾ and 21 per cent. respectively. In Rangoon the only taxes levied are the taxes on houses and lands, and this apparently accounts for the high rate of taxation on immoveable property in that city. There does not, however, appear to be any reason why property should be taxed more leniently in Madras than in Bombay and Calcutta, where it would appear, other forms of taxes also exist as in the case of the former city. The tax on buildings and lands in Madras seems therefore to be capable of much expansion and an enhancement of the existing rate is apparently the best and the simplest course of raising the funds required for the present purpose. The total amount of taxes now levied on houses and lands, is 15¼ per cent.

* Page 145, appendix I of Madras Municipal report, 1894-95.

† (¾ths).

‡ See paragraph 8, bottom of p. 5 of Bengal resolution on Calcutta municipal report for 1894-95.

There is a much wealthier and larger mercantile and trading community in Bombay, Calcutta and Rangoon.

G.S.F.

But the tax on arts and callings in Madras is to a considerable extent a substitute for such taxation—see note below.

G.S.F.

on the annual rental against the maximum of 16 per cent., the lighting tax being imposed at the rate of only $1\frac{1}{4}$ per cent. against 2 per cent. The net current demand of the tax on buildings and lands calculated at 10 per cent. on the annual value amounted in 1895–96 to Rs. 5,03,570 * and an additional rate of $4\frac{1}{2}$ per cent. on the annual value will yield an extra revenue of about $2\frac{1}{4}$ lakhs. The increase of Municipal taxation on property is no doubt open to the objection that it will press hard on the poorer classes of house owners who themselves occupy their houses, but this might to a great extent be met by amending section 122 of the Act so as to exempt from taxation all houses and lands the annual value, whereof is less than Rs. 20 (the present limit being Rs. 14) which are the owners' sole property liable to taxation. This will no doubt cause a slight decline in the realization of house tax, but even allowing for this, the increase in the amount of tax that can be raised by an enhancement of the rate as suggested, together with such additional income as may be realized by the Municipal Commissioners from increases in the rates of taxes proposed by them, will be enough to meet the annual charges of the drainage scheme.

* The net demand at 10 per cent. of the annual value is Rs. 5,03,570.
The net demand at $4\frac{1}{2}$ per cent. of the annual value $\frac{5,03,570 \times 9}{20}$ = Rs. 2,26,606.

I do not see much use in altering the limit from Rs. 14 to Rs. 20.

G.S.F.

Nor I.

H.W.B.

11. As in Madras, a general tax on buildings and lands, a water tax and a lighting tax are levied in Calcutta and Rangoon, while in Bombay also the same taxes are in force with the difference that the general tax on buildings and lands includes the lighting-tax and that a fire tax is also levied. In addition to these taxes, a sewage rate of 2 per cent. is imposed in Calcutta, a halálkhor tax of 3 per cent. in Bombay and a scavenging tax of 7 per cent. in Rangoon. The proceeds of all the taxes last named † are utilized, at least in part, towards cleansing, repairing and maintaining public sewers. Further under sections 47 and 75 of the Madras District Municipalities Act IV of 1884, as amended by Act III of 1897, a water and drainage tax of 8 per cent. on the annual value of buildings and lands can be levied in any Mufassal municipality in order to enable the Municipal Council to provide for expenses connected with the construction, maintenance, repair, extension, or improvement of water and drainage works, provided the proceeds of the tax are wholly devoted to defraying the said expenses. As a water tax of only 4 per cent. is now levied in the Madras Municipality, a drainage-tax of $4\frac{1}{2}$ per cent. appears therefore to be the best form in which the proposed increase in the tax on immoveable property can be effected. This tax will have the advantage of being capable of proper assessment and of not entailing any additional expenditure for its assessment, collection, etc., as it can be dealt with in conjunction with the house, water and lighting taxes. If this suggestion is approved, it will be unnecessary to enter into the question of the expediency of introducing a scavenging cess, the consideration of which was deferred until after it has been decided what action should be taken on Mr. Cousins' schemes for the water-supply and drainage of Madras—*vide* notes and orders in G.O., No. 1919 M., dated 28th November 1892. Moreover as it was then under contemplation to levy this cess also at a certain percentage rate on the annual value of all buildings and lands in the town (*vide* paragraph 1 of G.O., No. 936 M., dated 27th May 1892), there appears to be no necessity to reopen this question, as the proposed drainage tax suits the purpose quite as well.

† Sewage rate, halálkhor tax and scavenging tax.

12. In this connection it has also to be noted that in 1893 the Municipal Commissioners of Madras proposed to levy a tax on petroleum imported into Madras for local consumption in lieu of the tobacco duties which had then been in force for a period of about eight or nine months, but which was found to work unsatisfactorily, and enquired whether the Government would be prepared to allow them to do so. The Government stated in reply that "it was not prepared to consider the suggestion

vide G.O. No. 607 M 5.5.1893

"that a municipal duty should be levied on petroleum, except in connection with "ways and means for the contemplated improvements of the water-supply and "drainage of the city, and that this was a question which could not be entered upon "until Mr. Cousins' report was received and disposed of by all concerned". It was also observed that the fact that petroleum is already the subject of an Imperial-tax would also necessitate the consent of the Government of India to the imposition of a municipal tax upon it. The Commissioners thereupon requested that the sanction of the Government of India might be obtained in anticipation of the proceeds of the tax being devoted to the improvement of the water-supply but the Government did not think it necessary or desirable to move in the matter at the time—*vide* G.O., No. 812 M., dated 23rd June 1893. In G.O., No. 661 M., dated 10th April 1895, the Commissioners were requested to report whether they were still of opinion that a duty upon petroleum imported into Madras for *local* consumption would be a satisfactory method of raising a part of the funds required for the execution of Mr. Cousins' water-supply and drainage schemes and for the construction of incinerators, etc. The Commissioners (*vide* their Proceedings in G.O., No. 1672 M., dated 19th October 1895) were, however, not in favour of this tax, apparently as they considered that it would interfere with the trade of Madras, that an organised system of fraud would spring up as in the case of tobacco, with the result that the imposition of the tax would be a source of loss instead of profit, and that the probable revenue of the tax would be only the small sum of Rs. 45,000. The consideration of this question does not, however, appear to be necessary, unless the additional revenue expected from the proposed drainage tax and the increases in the existing taxes suggested by the Commissioners is found to be inadequate to meet present requirements.

In Calcutta though a petroleum tax is admissible under the Act, it does not seem to be levied.

G. S. FORBES.

K.R.—30-6-97.

V.R.—30-6-97.

~~To Honourable Member~~

The rates levied on lands and buildings in Madras are lower than in Calcutta, Bombay and Rangoon; but it is to be remembered that in Madras the tax on arts, professions and callings and on salaries takes to a large extent the place of the property rate in these and other municipalities. No such tax is levied in Bombay or Rangoon and in Calcutta what is styled the profession-tax is a *license*-tax for the exercise of CERTAIN "professions, trades and callings"—see section 87, Act II of 1888 (Bengal), and varies from Rs. 200 to one rupee. In Madras the profession-tax is really an income-tax designed to catch every person who exercises a profession or calling and derives an income therefrom of Rs. 100 or over. And although the proportionate share of the total municipal income due to the tax in Madras and Calcutta is not so very far from being the same in each, yet Calcutta is immensely more wealthy than Madras, and the license-tax affects the population much less severely than the Madras "tax on arts, etc."; the average incidence in Calcutta per license being under Rs. 14 * against Rs. 19 † in Madras per person assessed. I agree with the conclusion in the office note that no farther extension of the tax on arts and callings in Madras is admissible. Moreover, it would be hopeless to expect the approval of the Government of India to the legislation which would be required to introduce such a revision.

* *See* table at page 79 of Calcutta Municipal Reports for 1894-95.

† *See* paragraph 6 of office note above.

As I have stated the tax on arts and callings in Madras is to a considerable extent the substitute for the higher rates imposed on immovable property in other Presidency cities; so that it is a question how far the tax on buildings and lands can be enhanced without making the total burden of taxation too severe.

There is no doubt that the incidence of total municipal taxation in Madras is far below that in Calcutta and Bombay: being in 1894-95 only Rs. 2-2-3 in the first against about Rs. 6-12-0 in the last two, per head of the population.

Does this difference represent the true difference in comparative wealth and comparative ability to bear taxation?

In its resolution on 28th June 1895 the Municipal Commissioners in proposing additional taxation to the extent of Rs. 1,40,000 regarded this as the "utmost limit to which taxation can be raised".

Vide ~~slip F in the papers in~~ G.O., No. 1672 M., dated 19th October 1895.

That sum included enhanced tolls and tax on vehicles and Government compensation and allowed only Rs. 70,000 as extra income from the revised profession-tax, *i.e.*, as direct payment out of the rate-payers' pocket.

If, however, the money required for financing and maintaining the drainage scheme is to be raised, I can see no better way than, as suggested in the office-note, by the introduction of a $4\frac{1}{2}$ per cent. drainage tax. This, as estimated, will bring in $2\frac{1}{4}$ lakhs, and will augment the general incidence of municipal taxation in the city from Rs. 2-2-3 to, say, Rs. 2-8-0, not a severe incidence when compared with Calcutta, Bombay or Rangoon. The President might be asked confidentially what he thinks of the proposal.

G.S.F.—21-7-97.

No harm. It will waste a little time, but this is of no great importance in this case.

H. W. B[LISS].

I don't see what will be gained by this. If the President agrees, his agreement will become known (though communicated confidentially) and imperil his relations with the Commissioner. His disagreement will not alter the facts which seem to me to point conclusively to an increase of the house-tax.

J.G.—27-7-97.

1. These notes are admirably prepared.
2. I do not see that anything will be gained by consulting the President confidentially. I think the proposals of Government should be at once sent officially to the municipal council, with a plain intimation that the improvement of the drainage of the city is absolutely necessary, and that, in the opinion of the Government, there are no other or better means for providing the necessary, than those now proposed.

A.E.H.—28-7-97.

The five lakhs we have already given to the Madras Municipality may not all have gone (or go) on drainage works, but it all has gone (or will go) on sanitary works. Any way, it is certain that we shall not have any more money to give within any period to which it is worth while to look forward. The Commissioners must rely on their own resources, supplemented as may be necessary, to provide interest and sinking fund for the loan which they will have to raise to carry out the works necessary for the proper drainage of the city.

The Commissioner's proposals as to the way in which existing resources should be supplemented are :—

To double the Abkári compensation.—How the Commissioners were now allowed to levy a tax on liquor shops I don't know. It seems to me a mistake that compensation was paid when the right to levy the tax was withdrawn. However this may be, this proposal is that Provincial shall pay Rs. 3,375 *per annum* and Imperial Rs. 10,125 *per annum* for the benefit of the inhabitants of the city of Madras. Provincial might consent to this. But imagine the feelings of Sir J. Westland on the proposition being put to him! The proposal cannot be entertained.

To (practically) double the profession-tax.—Obviously, I think, India would not allow this. Even if it would, I could not support the proposal, which would result in throwing, to a large extent, on the upper classes of the population alone—a burden which should be shared by all, according to their means, because for the benefit of all, and indeed more for the benefit of the poorer classes than of those better-to-do.

To raise the taxes on vehicles and animals by 50 per cent.—This proposal is open to the same objection as the last, namely, that it will throw an undue burden on the upper classes. It is, however, a smaller matter and not so calculated to raise a storm of opposition. I will not object to it.

To raise the rates of tolls by 50 *per cent.*—This seems to be a logical consequence of the increase of 50 per cent. in the taxes on vehicles and animals, and should be done. I cannot, however, agree that the city of Madras should appropriate the increase. The whole of it, if not a part of the revenue already derived from tolls, should go to the Chingleput local board, which keeps up the roads on which the tolls are levied. All mofussil municipalities have to contribute in this way out of the proceeds of their tolls to the local boards whose areas surround them and I can see no reason why Madras city should not do the same. I have always thought that it should.

It remains that the funds required must be raised by an increase in the house-tax—at least, that is what it comes to, though the tax may be called the drainage-tax and be appropriated to the particular object. The simplest plan will be to alter the name of the existing water-tax and to turn it into a water and drainage-tax, as we have just done in the mofussil, or, perhaps better, into a water and sanitation tax the objects of which might be so described as to include the objects of the Bombay *Halalkhor* tax as given in statement A. Power should be taken to raise the rate of the tax, as thus reconstituted, to 10 per cent. I don't consider that this will press unduly heavily on the population, for two reasons:—first house-rents in Madras are notoriously very low; secondly, the general habit in Madras among the native population is for people to live in their own houses. There is thus no standard, it may be said, of rents for native houses, as there is in other large cities, and the consequence is that the assessment of houses occupied by their owners is very low. It is notorious that this is the case in mofussil municipalities also. No doubt, if this is done, there will be an outcry. But I think the outcry must be faced. The town can't be left undrained, and there is no other way, that I know of, of raising the requisite funds to drain and generally sanitate it.

~~Circulate.~~

H. W. B[LISS]—24-7-97.

I agree that the house-tax must be increased. Better drainage is absolutely necessary and the cost cannot be provided in any other way.

J. G[ROSE]—27-7-97.

~~See note below.~~

~~G. S. FORBES.~~

I cannot quite follow the Hon'ble Sir H. Bliss in his objections to a tax on liquor shops: nor do I see why Sir J. Westland's feelings in the matter should be considered. But, I ~~was~~ willing to accept Sir H. Bliss's conclusions, on faith.

2. For the rest, I agree that drainage must be carried out, that the municipality must pay; and that the increase of the house-tax, in the manner and to the extent proposed, is the best means of raising the money. The taxation of Madras will still be light.

3. I should not object to the proposal to raise the taxes on vehicles and animals by 50 per cent.

4. For the reasons set forth by Sir H. Bliss, I could not consent to the payment to the municipality of the proceeds of *increased tolls*. I am opposed altogether to raising the tolls.

5. The raising of the *profession-tax* is quite inadmissible. The arguments against this measure are conclusive.

A. E. H[AVELOCK]—28-7-97.

I think this had better be circulated, for I should be glad if His Excellency would reconsider the question of raising the tolls and giving the increment to the Chingleput local board. That board has all along been very badly treated, in that the city municipality has been allowed to appropriate all the tolls levied on the roads running into Madras which are kept up by it; and, as we have to legislate, I should much like to take this opportunity of remedying this injustice. The point is one on which the Hon'ble Mr. Grose has not expressed a definite opinion.

H. B[LISS]—25-8-97.

[Draft order]

~~*His Excellency the Governor*~~ ~~G. S. FORBES—26-8-97.~~

From the point of view of possible injustice done to the Chingleput local board, I have no objection to again considering the question of raising the tolls. At the same time, I should prefer to deal with the matter by depriving the Madras Municipality of that portion of the tolls to which they are not justly entitled, and by transferring that portion to the Chingleput District Board. Anyhow, I would suggest that it would be more convenient to treat this matter separately, for we are agreed that the proceeds of any additional tolls would not, in any case, go to the Madras Municipality.

Perhaps, this G.O. might be approved as it stands, and the matter of the additional tolls be referred, on the basis of justice to Chingleput, to the President of the Chingleput District Board and the President of the Madras Municipality. Through a long career of administration, I have always advocated freedom from tolls. But, I can assure Sir H. Bliss that in this, and I hope in most matters, I am ready to submit my own proclivities to good reasons and arguments.

A. E. H[AVELOCK]—3-9-97.

~~To the Hon'ble Sir H. Bliss, K.C.I.E.~~

~~G. S. FORBES—3-9-97.~~

I quite agree with His Excellency that it is better to do without tolls, if we can. But I don't see how we can do so. After all it was by means of tolls, through the agency of the turnpike trusts that the net-work of English roads was made; and it is only the other day as it were that the English turnpike gates were abolished. However, this is by the way.

I understand what His Excellency would do to be: (1) issue this order and (2) call on the President of the Madras Municipal Commission to show cause why a portion of the tolls levied at the toll-gates should not be made over to the Chingleput local board as is done in the case of mofussil municipalities. The difficulty in regard to (2) is that, so far as I know, it would be a course which is not authorized by law. In the case of a mofussil municipality, section 114 of the Municipal Act enables the Government to insist on the payment of a contribution towards the funds of the local board whose territory surrounds the municipality and at whose expense the roads leading into the municipality are maintained. But in the case of the city of Madras there is no such provision and the Government cannot therefore compel a contribution out of the proceeds of the tolls towards the needs of the Chingleput local board. Legislation would therefore be necessary to place the city in the same position in this respect as a mofussil municipality. But, supposing legislation to be undertaken and carried through, the City Municipal Commissioners would say, and with truth, that they could not afford to relinquish any part of their revenue from tolls. The only way, therefore, to do justice to Chingleput without crippling the city Municipality is to take power to raise the tolls. If this view is adopted, it will be simplest to make a single legislative effort to do all that is required and not to make two bites at the cherry.

H. B[LISS]—6-9-97.

~~*H.M.*~~

Meantime may this order issue, and have the toll question considered separately. Even if the tolls were enhanced, it is not proposed to devote the increment to the purposes contemplated in the order.

G. S. FORBES—7-9-97.

All right. If we decide to raise the tolls we can put that into the Bill we shall have to draft and explain reason in the Statement of Objects and Reasons.

H. B[LISS]—9-9-97.

[In G.O. no. 966 dated 11th September 1897]

Nil

1566 M

[9]

LOCAL AND MUNICIPAL DEPARTMENT.

Local & Municipal Dept.

N.S. CURRENT No. 351 M

2139 hl 21-12-95

2140 hl 21-12-95

2 Abstracts

From

The Secretary to the Chief Commissioner, Burma.

No. 515

Dated 21-1-96

Received 30-1-96

Enclosures /

Abstracts

SUBJECT.

Forwarding a memorandum showing the methods, rates & incidence of taxation obtaining in the Municipality of Rangoon.

To lie over pending receipt of replies from Calcutta & Bombay

WWS
6.ii-96

Sd
6.2.96.

All the Municipal taxes in Rangoon are levied upon the assessed annual value of buildings and land.

The taxes are as follows :-

(a) Municipal tax —— nine per cent.

(b) Scavenging tax —— seven per cent in the districts in which sewers are provided.

Four per cent in other districts where night soil is removed by Municipal agency.

(c) Water tax —— four per cent upon buildings and lands in the quarters supplied with water.

(d) Lighting tax — one per cent upon buildings and lands within 1,000 feet of a lamp post.

The assessments are made by the Assessor who revises the assessment list every year. Public notice is given of the day and hour upon which the assessment list will be revised in accordance with law by the Committee, and a separate notice is given to each assessee the value of whose property has been increased by the Assessor. A Sub-Committee considers all objections and gives its decision which is subject to the approval of the Municipal Committee which always meets a few days after the Sub-Committee has considered the objections.

The objections having been settled, the assessment books for each taxation circle are signed by the President and a member, and they form the basis for making tax demands for the four quarters (three calendar months each) of the following twelve months.

Tax bills are made out by the Assessor's department and by him made over to the various tax collectors who give him a stamped receipt for the amount of the bills. The Assessor at the same time gives each collector a copy in duplicate of

list-

of the assessment for his circle after signing it himself as correct.

The assessment rolls are then forwarded to the Accountant in the Secretary's office and he debits each collector with the amount of the taxes shown in the assessment roll. The stamped receipts are kept by the Secretary.

The assessment rolls are endorsed by the Accountant to the effect that the amounts shown in the rolls have been entered in the accounts against each collector and are then forwarded to the Secretary. The collectors then take the bills to the Secretary and he stamps them with his signature if the rolls have been endorsed by the Accountant, signs the rolls himself and forwards them to the President for his signature. The collectors then take the bills and one copy of the assessment roll and proceed with the collection of the taxes. The duplicate copy of the assessment roll is kept in the collection office.

The tax bills are in foil and counterfoil, the foil being a notice and the counterfoil a receipt.

Ten days after the presentation of the notice if the amount shown in it be not paid, it becomes an arrear and is recoverable as an arrear of land revenue. The revenue officer to whom application is made for recovery of taxes is the Municipal Secretary.

The Municipality is divided into twelve taxation circles and over them is an Akunwun* with the necessary establishment.

*: A Talukdar in charge of the Revenue Deptt.

The collectors are paid by commission as follows:-

Ten per cent on first Rs 1,500 provided all the taxes are collected during the quarter, but five per cent should any taxes be outstanding at the end of the quarter; ~~three~~ five per cent on the next Rs 11000, and two per cent on the balance.

It will be seen that, practically, a bonus is given for collecting taxes punctually, or it may be considered that a fine is levied in case of unpunctuality. For some years past no taxes have been

been outstanding in any circle at the close of any quarter.

The incidence per head of taxes collected during 1894-95 was Rs 3/12/2 for the whole of Rangoon, but it varies in different circles and in different parts of the same circle and it is impossible to give the various incidences.

In the town proper where water is laid on, where the streets are lighted and where sewers are provided the taxes amount to 21 % on the assessed value of buildings and lands. On the other hand in some portions of Rangoon there are neither water, sewers, scavenging or lights, and the taxes there are only 9 %.
In some places there is water but no lights or scavenging, and in others this is reversed or modified, but as the service taxes are only charged where specific service is rendered, the incidence and amount of taxation beyond 9 % is regulated by the amount of service rendered. The 9 % tax is charged everywhere within the Municipality.

No mention of the bullock cart tax has been made as it is so unimportant — only realizing Rs 309 in 1894-95.

17/1/96

Burma.

Municipal DEPARTMENT.—No. 515 12T3.
351 M

FROM The Secretary to the Chief Commissioner, Burma.

TO The Chief Secretary to the Government of Madras,
Local and Municipal Department.

Dated Rangoon, the 21st January 1896.

SIR,

In compliance with the request contained in your letter No 2139 M. Mis., dated the 21st December 1895, I am directed to forward a memorandum prepared in the Rangoon Municipal office, showing the methods, rates and incidence of taxation obtaining in the Municipality of Rangoon.

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

for Secretary.

Dupcon 1966h
11-9-97

[9]

LOCAL AND MUNICIPAL DEPARTMENT.

Local & Municipal Dept.
CURRENT No. 518 M

[illegible]

3 Abstract

From

The Secretary to the Govt. of
Bengal.

No. 428 M

Dated 4-2-96

Received 11-2-96.

Enclosures

Abstract

SUBJECT.

Furnishing information ~~Regarding~~ the methods rates and incidence of taxation obtaining in the Municipality of Calcutta.

To lie over pending receipt of reply from Bombay.

LR 14/2/96

WWD 14 ii 96

4/2

[9]

LOCAL AND MUNICIPAL DEPARTMENT.

Local & Municipal Dept.
CURRENT No. 518 M

Cr 351 of 96

3 Abstract

From

The Secretary to the Govt. of
Bengal.

No. 428 M

Dated 4-2-96

Received 11-2-96.

Enclosures

Abstract

SUBJECT.

Furnishing information ~~Regarding~~ the methods rates and incidence of taxation obtaining in the Municipality of Calcutta.

To lie over pending receipt of reply from Bombay.

[illegible]
11/2/96

WWD
14-ii-96

14/2

Municipal DEPARTMENT.

Municipal BRANCH.

Local & Municipal Dept.
CURRENT No. 518 M.

No. 428 M.

From H. T. Risley, Esqre. C.S.I.
Secretary to the Government of Bengal,

To The Chief Secretary to the Government of Madras,
Local and Municipal Department.

CHIEF SECRETARY
11. FEB. 1896
GOVERNMENT OF MADRAS

Calcutta, the 4th February 1896.

Sir,

I am directed to acknowledge the receipt of your letter No. 2139 M. this, dated the 21st December 1895, in which the Government of Madras ask for full information regarding the methods, rates and incidence of taxation obtaining in the Municipality of Calcutta.

2. In reply, I am directed to state for the information of His Excellency the Governor in Council that properties in Calcutta are valued for the purposes of Municipal taxation in accordance with the terms of section 122 of Bengal Act II of 1888, and that the rates specified in

C A P.—Reg. No. 1077F—2,000—8-6-93.

in the margin are charged on such valuation, under section 101 of the Act. The incidence of taxation per head of population in Calcutta was Rs 5-12-8, during the year 1894-95. For further information I am to refer you to Chapters III to XI of the Act, and pages 26 to 28 of Part I of the Annual Administration Report of the Calcutta Municipality for the year 1894-95. Copies of the Act and of the Report are forwarded for ready reference.

House rate	—	9½ per cent
Water rate	—	6 "
Sewage rate	—	2 "
Lighting rate	—	2 "
Total		19½ per cent

I have the honour to be,
Sir,
Your most obdt. servant,

H. H. Riley

Secretary to the Govt. of Bengal.

Info no 1966 M
11-9-97

LOCAL AND MUNICIPAL DEPARTMENT

Local & Municipal Dept.
... 597 M

H Abstract

From
The Secretary to the Govt. of Bombay

No. 728

Dated 14 } 2. 96.
Received 17 }
Enclosures 1

Abstract

SUBJECT.

Forwarding copy of a statement furnished by the Munl Commissioner of Bombay showing the method and rates of taxation obtaining in the Municipality

Cir Nos 351, 518 & 597 M

C.S. To lie over pending receipt of the report called for from the President in para 5 of GO No 2140 M of 21st December/95.

V.R. 7/4/96 W.W.S. 10.4.96 H.E. 11/4 96

Statement shewing the rates etc of taxes levied by the Bombay Municipality.

Property Taxes.

General Tax (which includes House, Police and Lighting Taxes) 8 per cent per annum, on the net assessment (rateable value) of Houses, buildings and Lands is at present levied - The is the minimum, the maximum is 12 per cent -

Tax for the entertainment of the Fire Brigade and the protection of life and property in the case of five - ½ per cent per annum on the net assessment (rateable value) of Houses buildings and lands is at present levied - the minimum is one eighth, the maximum three quarters per cent - This tax is charged with the General Tax vis 8½ per cent -

Water tax 4 per cent on net assessment. But in cases where the Standing Committee shall direct, water is supplied by measurement at rates fixed by the Committee

There -

These rates vary from 4 annas per thousand gallons, in the case of places used for religious and charitable purposes, to 12 annas per thousand gallons for places used for trade and other than domestic purposes; Milch Cattle stables and Gymkhanas are charged 10 annas per thousand gallons; Government properties are charged 10 annas per thousand gallons; Port Trust and Railway properties 12 annas per thousand gallons.

Compounded Rates (Water Tax) fixed on the report of the Water Engineer as to consumption, are charged in advance in certain cases, as Clubs at 6 annas per thousand gallons; Durgas and religious places at Rs 5 per annum where the Engineer certifies that the consumption is so trifling that it would not be worth while to fix a meter. Where the consumption is less than 20,000 gallons in a year no tax is charged.

Halal Khor Tax at 3 per cent on the net assessment (this is the maximum) - The minimum charge is four annas per month - The amount of the tax to be levied on large premises as Mills, Clubs, Hotels &c is fixed at Special Rates approved by the Standing Committee and in the case of Government and Port Trust premises, a special rate approved by the Standing Committee is fixed - These special Rates are fixed with reference to the amount of sewage tendered which is reported by the Health Officer.

Government Properties - In lieu of the General Tax Government pays

pays to the Municipality a sum which is determined every five years - The rateable value of Government buildings is fixed by a person appointed by the Governor in Council with the concurrence of the Municipal Corporation, and on this value a sum of eight tenths of the amount which would be payable by an ordinary owner of buildings or lands, is levied - The rateable value of these properties is fixed by ascertaining the Market value of the particular site and building and by applying to each a reasonable percentage, the result being the rateable value - 2½ per cent for land and six per cent for

for buildings has been fixed as reasonable interests for such properties

Port Trust Properties Their rateable value is fixed for five years by the Governor in Council and on this value nine-tenths of the amount which would be payable by an ordinary owner on account of the General Tax is levied - The rateable value is arrived at from the yearly accounts published by the Trust, the Dock and Wharf Properties being assessed on principles obtaining in England that is, on the gross receipts less certain deductions such as working expenses, interest on tenants capital depreciation etc-

Railway Properties The method of assessing these properties was

was decided by arbitration some years ago - The Buildings are divided into classes:- The 1st class including stations, goods engine and carriage sheds and Offices connected with the working of stations, is assessed at 6 per cent on actual value of the buildings: and the 2nd Class which includes workshops and the necessary offices connected therewith, at 5 per cent on the values - The 3rd Class, comprising of administrative offices and the 4th Class residences for employés are assessed on the sum at which such buildings might reasonably be expected to let from year to year if in the hands of a private owner - Land - A lump sum was agreed upon at the

at the time of the arbitration based on the measurements and valuations of the Company's and Municipal Engineers - The assessable value of the buildings includes the assessable value of the land covered by them - Land taken up since the award is assessed at 5 per cent on the market value of the land at the time of its acquisition -

Mills are assessed on superficial measurements viz main buildings at Rs 1 - a 6 - b 3 per square yard - Outhouses godowns and other buildings attached to or appurtenant to the main buildings, at 14 annas per square yard - Ground not built on in the Mill Compound and used for bonâfide Mill purposes

purposes, tanks used for mill purposes, and the area occupied by the base of the Mill chimney are not assessed. Residences within the Mill premises are assessed on their estimated letting value. This mode of assessment was fixed by arbitration.

Salt Pans These are assessed in accordance with Consel's opinion. The letting value of a Salt pan is the market value of half its produce.

Lands With Cocoanut, Brab & Date trees. These are assessed according to the number of Trees found on the lands. It is found that for Cocoanut trees Rs2 per tree per year should be the assessment value but non-yielding fruit trees are not taxed; for Brab Trees, one rupee per Tree per year is taken, and for Date Trees, one rupee eight annas per Tree per year.

Lands vacant are assessed at 4 or 5 per cent on their market value according to locality.

Houses are assessed on information from tenants, on information from owners and on estimates by Departmental Officers, having regard to the rents of the locality. Each property in the City is inspected every year and its valuation is fixed yearly. Buildings exclusively occupied for Public Worship or for Charitable purposes are not assessed for the General Tax; also buildings and lands vested in the Corporation.

Rateable Value The rateable value of a property is the amount of

purposes, tanks used for mill purposes, and the area occupied by the base of the Mill chimney are not assessed. Residences within the Mill premises are assessed on their estimated letting value. This mode of assessment was fixed by arbitration.

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Rateable Value The rateable value of a property is the amount of

of the annual rent for which such property might reasonably be expected to let from year to year, after deducting from such amount a sum equal to ten per cent of the rent; such deduction being in lieu of all allowance for repairs or on any other account whatever; The value of machinery in or upon any building or land is not included in the rateable value

Besides the above Property Taxes a tax is levied on all vehicles and animals Kept within the City - The exceptions being animals or vehicles belonging to the Municipality or the Police; Artillery horses, Carriages and Wagons, horses Kept for duty by Regimental or Volunteer Officers, vehicles and animals belonging to the Secretary of State for India in Council, Tramway vehicles and animals, vehicles Kept by bonâfide dealers; Trucks used only on a wharf, factory, workshops, Warehouse or railway; hand barrows with one wheel and Children's Perambulators -

The Taxes are as under:-

Tax on vehicles & Animals

Description of vehicle or animal	Maximum amount of Tax per Quarter			Remarks
Each four wheeled vehicle drawn or impelled by horses ponies, mules donkeys bullocks or Machinery	5	"	"	Vehicles and animals Kept for not more than seven days in a Quarter are not liable to the Quarter. Vehicles and animals Kept for less than 30 days but more than seven days are liable to one third of the Quarter's Tax, the same Kept for not less than 30 days in a Quarter are charged for the whole Quarter. Compounded sums may be charged to livery stable-Keepers and to Keepers of stables in which horses are Kept for sale or Commission or otherwise.
Each two wheeled vehicle drawn or impelled by horses ponies, mules, donkeys, bullocks or machinery	3	"	"	
Each vehicle drawn or impelled otherwise than by horses ponies mules donkeys bullocks or Machinery	2	"	"	
Each horse, pony or mule of a height of 12 hands or upwards	6	"	"	
Each horse, pony or mule of a height less than 12 hands	2	"	"	
Each bullock or buffalo Kept for draft or pack purposes	1	"	"	
Each donkey Kept for draft or pack purposes or for riding	1	"	"	

Tax

Tax on Public Conveyances Public conveyances are licensed by the Police Commissioner under Bombay Act VII of 1863, and under the Municipal Act; all fees for licenses so granted, are paid into the Municipal Fund-

Under Section 185 of the Municipal Act compounded sums are charged to persons keeping vehicles or horses or bullocks for hire- The present rates are:-

Each Labor Cart with one pair of bullocks	Rs 20 per annum, (July, August & Septr) not charged for-
Each Victoria cart & 2 horses	Rs 63 for whole year - No deduction for the monsoon months.
Each Rekla with one pair of bullocks	Rs 20 for whole year- No deduction for monsoon months.

Tolls are levied at the rate of 2 annas on each vehicle entering the City which is not liable to the above Tax-

Town Duties are levied at rates to which a maximum is fixed on Grain, Flour of all sorts, Wines, Spirits and Beer, Petroleum, Sugar, Molasses & Gur, Ghee, Timber and Firewood)-

The Maximum Rates are:-		The present Rates are:-
6 annas per Khandi	Grain of all sorts	2 annas per Khandi
75% of the rate on the grain from which prepared.	Flour of all sorts	Maximum rate
4 annas per Imperial gallon	Wines and Spirits	4 annas per Imperial gallon
6 pies do	Beer	6 pies Do
6 pies do	Petroleum	not levied
8 annas per Cwt-	Sugar, Molasses and Gur	8 annas per Cwt
10 annas per Bombay Maund	Ghee	8 annas per Bombay Maund
2½% on value	Timber exclusive of Railway Sleepers	2½% on market value
2 annas per Khandi	Firewood	1 anna per Khandi.

These duties are collected by the Port Trust and Railway Companies under arrangement with the Municipality

The Sections of the Municipal Act relating to Taxation are from 139 to 219.

True copy,

J Mustaka
Superintendent
General Department,
Secretariat.

No. 728

Local & Municipal Dept.
of 1896
CURRENT No. 597

General Department
Bombay Castle, 14th February 1896

From,

J. De C. Atkins, Esquire, I.C.S.,
Secretary to the Government of Bombay;

CHIEF SECRETARY
16 FEB. 1896
GOVERNMENT OF MADRAS

To

The Chief Secretary to the Government of Madras,
Local and Municipal Department,
Fort St. George.

Sir,

In reply to your letter No. 2139-M.-Mis., dated 21st December 1895, I am directed to forward herewith copy of a statement furnished by the Municipal Commissioner for the City of Bombay, showing the methods and rates of taxation obtaining in the Bombay Municipality. The incidence of taxation per head of population was Rs 6-12-7 in the year ending 1894-95.

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

J. De C. Atkins
Secretary to Government

WJR

597 m of 96

Sup per 1966 k
11-9-97

Notes Connected with G.O. No. 1966 M 11-9-97

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

Current No.351 M, of 1896, dated 21-1-96 from the Secy. to the Chief Com. for Burma.

Cur. No.518 M, of 1896, dated 4-2-96 from the Secy. to the Govt.of Bengal

Cur. No.597 M, of 1896, dated 14-2-96 from the Secy. to the Govt.of Bombay.

For Orders.

In the Government Order read above, a scheme for the drainage of Madras proposed by the Municipal Commissioners and estimated to cost Rs.31,81,100, was sanctioned, and the Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore costing three lakhs and the construction of pipe sewers along the Ice-House Road and Sydenham's Road at a cost of Rs.50,000, and to appropriate towards the cost of these works the Provincial grant of 3½ lakhs which had been given to them for sanitary improvements in G.Os No. 954 M, dated 8th June 1896 and No. 415 M, dated 13th March 1896. The question of financing the main scheme has now to be considered.

2. The estimated cost of the scheme, excluding the three works above referred to, for which funds have already been provided, is Rs.28,31,100, and the annual working and maintenance charges of the entire scheme are placed at Rs.1,27,600.

3. In G.O.No.1651 M, dated 7" November 1894, the Government while practically abandoning the scheme for the drainage of Madras proposed by Mr. Cousins, requested the

Commissioners

A

The 5 lakhs we have already given to the Madras Muni. may not all have gone (ago) on drainage works, but it all has gone (or will go) on sanitary works. Anyway, it is certain that we shall not have any more money to give within any period to which it is worth while to look forward. The Comrs must rely on their own resources, supplemented as may be necessary, to provide int. & sinking fund for the loan which they will have to raise to carry out the works necessary for the proper drainage of the city.

K + C

The Comrs' proposals as to the way in which existing resources should be supplemented are:—

A

Vide the abstract on page 5 of G.O. 209 M 12-2-97

D

× Vide paras 4 & 9 of the G.O.

To double the abkari compensation.

How the Comrs were ever allowed to levy a tax on liquor shops, I don't know — It seems to me a mistake that compensation was

Commissioners to adopt his water supply scheme, as modified by the Chief Engineer, Public Works Department (Colonel Pennycuick), and to make ~~te~~ early arrangements for financing it. The Commissioners, however, were of opinion that the provision of a proper system of drainage should have precedence over a water supply scheme, and while therefore proposing to undertake at first a drainage scheme and some improvements to the existing water supply, passed a resolution on the 8th July 1895, in which they stated that the amount of additional revenue viz: Rs.1,40,500, which they proposed to raise towards meeting the cost of the water supply and drainage schemes, was the "utmost limit" to which in their opinion taxation could be raised, and as this sum was not sufficient to provide for the annual payment on account of the sinking fund of the loans that may have to be raised for the execution of these works and for the annual maintenance charges &c, the Commissioners requested Government for a grant of ten lakhs in view of the position of Madras as the Capital of the Presidency. The Government in its order No. 2140 M, dated 21st December 1895, ~~hereinbefore~~, deferred the subject of financing the schemes until they were worked out fully, and the question of granting any aid towards the cost of these schemes was therefore not considered at the time. This question was, however, raised incidentally in connection with the Provincial contract for the five years commencing from 1st April 1897, and the Honourable Sir Henry ~~Mr~~. Bliss, noted thereon as follows:-

"The Commissioners asked for ten (lakhs)
"We have already provided five. I consider
"that five more is as much as we can
"reasonably be expected to give, that is,
"that it is as large a sum as the inhabit-
"-ants of Madras can expect the general
"tax-payer to contribute for their bene-
"-fit on the ground that Madras is the
capital. X X X".

4. As stated above, the Commissioners asked for a grant of ten lakhs towards both the drainage and water-supply schemes. It is true that a grant of five lakhs has already been made to the Munici-pality, but of this sum, one-lakh was for the construction of rubbish incinerators, and Rs.50,000, for the purchase of conservancy carts, so that only 3½ lakhs have been given for meeting the expenditure on the drainage scheme. In the existing state of the Provincial finances, however, the Government cannot, hold out any promise of a further grant on account of the drainage scheme, and the Commissioners will therefore have to borrow the whole of the requisite money in the open market. If a loan of Rs.28,51,100 is so raised on terms of repayment in fifty 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 at the end of that period is Rs 25,10 per annum, while the annual payment on account of interest will amount to Rs 1,15,240. The total annual payment required for the liquidation of the loan will

will thus be Rs 1,58,540. Adding to this the maintenance and working charges (Rs 1,27,600), the total expenditure to the Municipality on account of this scheme will be Rs 2,65,940 per annum. The estimated receipts for 97-98 being Rs 14,42,070, and the charges excluding an allotment of 3 lakhs for drainage works which was met by a special grant from Government, being Rs 14,10,060, it is not probable that any portion of the required funds can be met from the existing current revenues. It is therefore for consideration how the resources of the municipality should be developed in order to raise the sum of Rs 2,65,940, required annually for the execution and the maintenance of the drainage scheme.

5. In their resolution of July 1895 referred to in para-3 *supra* the Commissioners proposed to raise an additional revenue of Rs 1,40,500 from the following sources:-

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

The first three items of receipts will not be available, unless the city of Madras Municipal Act I of 1884 is amended so as to empower the levy of the taxes at the proposed enhanced rates. The tax on vehicles and animals and tolls are now levied at the maximum rates prescribed by schedules B and D to Act I of 1884 and it is proposed to raise them by 50 per cent. The receipts from the former source in 1895-96 having been Rs.55,561 an increase in the rate as proposed would bring in an additional revenue of only Rs.27,780 or roughly Rs.28,000 and not Rs.37,000 as anticipated by the Commissioners. As regards the enhancement of the rate of tolls for the purpose of finding funds for the drainage scheme it is observed that the Government has been averse to this in the case of mufassal municipalities on the ground that the scheme should be paid for by the population of the town who will benefit by it and not by the outside public. As this principle holds good equally in the case of the City of Madras Municipality, the proposal to increase the tolls cannot be entertained.

Going next to the revision of the Arts tax schedule suggested by the Commissioners, it has to be noted that the revenue from the tax on arts, professions, &c., in 1895-96 was Rs.68888 and the incidence of the tax per person taxed was Rs.19-1-4. An additional of income of Rs.70000 is expected by the proposed revision of the schedule. The schedule as it stands at present exempts all trades, callings, offices, appointments &c., yielding an income of less than Rs.100 per mensem and divides the taxable trades into seven classes, while in its revised form it brings under taxation all trades, offices, appointments, &c., from which an income of Rs.50 and above per mensem is derived and the gradation of trades into classes, of which it is proposed to have 21, is based on incomes, which differ from each other but slightly. The rates of the tax fixed under the revised schedule vary from a maximum of Rs.1,000 to a minimum of Rs.5 and are double those now existing and five times the rates in force in Calcutta, where the maximum is Rs.200 and the minimum, Re.1. This enhancement of the tax will press hard upon the poorer classes of traders &c., but apart from this it seems to

to be open to the objection so strongly urged by the Government of India against the revised schedule A to the District Municipalities Act IV of 1884 (in which the classification of the trades was based on incomes as in the present City of Madras Municipal Act), viz, that it trenches on the field of Imperial taxation. In the Mufassal Municipal Act, the amount of profession tax was comparatively very small and as the tax in respect of all the classes except the highest varied only from one-fifth to one-fifteenth of the income-tax and was consequntly less than one pie in the rupee, it was urged by Government that this tax was not likely to cause any embarrassment in the levy of the imperial tax and the Government of India withdrew its objection on the understanding that "the assessment of the Municipal tax is made and maintained on so low a scale that it shall not interfere with the decisions of the Government of India in respect of the imperial income-tax in regard to the limits or amount of their assessments". If the schedule as revised by the Commissioners is accepted, the interference with the imperial tax would be considerably greater, and it is not likely that the Government of India will accept the amended schedule as proposed. The following abstract shows the extent to which the proposed scale of profession-tax will interfere with the levy of income-tax:-

Vide para 6 of the [illegible] letter printed on page 8 of [illegible] R

No standard, it may be said, of rents for native houses, as there is in other large cities, and the consequence is that the assessment of houses occupied by their owners is very low. It is notorious that this is the case in Imperial Income tax also. No doubt if this is done there will be an outcry. But I think the outcry must be faced. The town can't be left undrained, & there is no other way, that I know of, of raising the requisite funds to drain & generally sanitate it.

[illegible] 24/7/97

Circ.

R

Vide para 9 of [illegible] 14-7-96

I agree that the house tax must be increased. Better drainage is absolutely necessary & the cost cannot be provided in any other way.

[illegible] 27/7/97

See note below

[illegible]

1. I cannot quite follow the Hon. Sir H. Bliss in his objection to a tax on liquor shops: nor do I see why Sir J. Westland's feelings in the matter should be considered. But, I am willing to accept Sir H. Bliss's conclusion, on points.

2. For the rest, I agree that drainage must be carried out, that the Municipality must pay; and that the increase of the house tax, in the manner and to the extent proposed, is the best means of raising the money. The

Class of the Proposed Schedule	Incomes per annum From	to	Profession-tax leviable under the proposed schedule	Income tax leviable Minimum	Maximum	Proportion per cent of Col 3 to Col 4	Proportion per cent of Col 3 to Col 5	Remarks
1	2		3	4	5	6	7	8
	Rs		Rs	Rs	Rs			
1	†							
2	Above Rs 60000		1000	1563	"	64	"	
3	48000	60000	600	1250	1563	48	38	
4	36000	48000	500	938	1250	53	40	
5	30000	36000	400	781	938	51	43	
6	24000	30000	300	625	781	48	38	
7	21000	24000	250	547	625	46	40	
8	18000	21000	200	469	547	43	37	
9	15000	18000	150	391	469	38	32	
10	12000	15000	100	313	391	32	26	
11	10800	12000	80	281	313	28	26	
12	9600	10800	70	250	281	28	25	
13	8400	9600	60	219	250	27	24	
14	7200	8400	50	188	219	27	23	
15	6000	7200	40	156	188	26	21	
16	4801	6000	30	125	156	24	19	
17	3601	4800	20	94	125	23	16	
18	2401	3600	15	62	94	24	16	
19	1801	2400	10	42	62	24	16	
20	1201	1800	7½	20	42	37	18	
21	600	1200	5	10	20	50	25	

† Class 1 which relates only to Joint Stock Companies with paid up capitals is not included in this abstract.

to b It will be seen from the above state-
urgement that, except in the case of the first
the r.ass which deals exclusively with joint
nici.tock companies on which the tax is assessed
clas h reference to the paid up capital and
incc t to the income, the profession-tax
Muni aries from about one-sixth to two-thirds
fiel f the income-tax. The interference of the
Muni rofession-tax with the income-tax is thus
was perceptible. As these points will be tho-
in roughly gone into in connection with the
hig amendment of the act it is enough for the
fii present to remark that as the Government
qu of India will probably refuse sanction to
wa the revised schedule of the profession-tax
no proposed by the Commissioners, the addition-
th al revenue expected from this source is
me highly problematical. In this connection
th it has also to be pointed out that in para.7
"th of Mr. Hewett's letter printed on pages 7&8
" on of G.O.No.63 & 64 Leg. dated 17th July 1896,
"fe the Government of India objected to the
" of assessment of the municipal tax on sala-
" ta ries of officers in the Army, Royal Navy and
" the Royal Indian Marine and directed that steps
by should be taken on a suitable opportunity
fe to amend the City of Madras Municipal Act
si I of 1884, so as to declare them exempt
the from the salary tax, observing as follows:-
ame "Such salaries are not assessable to in-
abs "come-tax if they are under Rs.500 a month,
pos "and so strong is the objection of the
wit "Government of India to the levy of a tax
" on the salaries of military and naval
" officers for municipal purposes that pro-
" vision has been made by Act XI of 1881
" for taxes leviable from them being paid

taxation of vehicles will fall in light.
3. I should not object to the proposal to raise the taxes on vehicles and animals by 50 p.c.
4. For the reasons set forth by Sir H. Bliss, I could not consent to the payment to the municipality of the proceeds of increased tolls. I am opposed altogether to raising the tolls.
5. The raising of the Provincial Contribution which will be necessary if the proposed revision of the Schedule is approved.
† vide minutes. The arguments against this measure are conclusive.

B.S.H
28.9.97

R

This is a very small item
8/7.

by the Government instead of being levied direct by municipalities". This point will have to be taken up along with the amendment of the act for the purpose of providing for the additional taxation proposed by the Commissioners; but it is submitted that the revenue from the tax on arts will not be materially affected by this exemption.

8. The only other means by which the Commissioners propose to find some additional money is by doubling the compensation paid by Govern-ment for withholding, under section 99 of the Act, sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors. The amount of contribution now paid is Rs.13,607 and is made up of Rs.7,452 for liquor shops and of Rs.6,155 for toddy shops. The former amount was fixed in 1885 and the latter in 1887 with reference to the number of liquor and toddy shops then in existence and the average municipal tax realized from them during the three preceding years; but as the sale of ~~liquor and~~ toddy in Madras appears to have since increased considerably it is probable that the request of the Commissioners for an enhancement of the contribution will be favourably considered. This, however, is a matter for decision in the Revenue Department.

T V V

Sale of toddy
Rs
1885-86 - 355234
1895-96 - 571280

8/7

Thus although the Commissioners expected an increase in their revenue to the extent of Rs.140500 from the sources above mentioned for the above reasons, yet the increase can be objectionably raised by them is more than Rs.41,500 as against the required sum of Rs.265,940. In order therefore to raise the balance viz, Rs.224440 some other forms of taxation have to be devised.

	Rs
Increased revenue from the tax on vehicles & animals -	28000
Increase in the Compensation for the sale of spirituous & toddy liquors	13500
	41500

9. The methods, rates and incidence of taxation in force in Madras are compared below with those

those obtaining in the cities of Calcutta Bombay and Rangoon:-

(Vide statement A ~~annexed~~)

10 - From the ~~above~~ annexed statement it will be seen that the incidence of taxation in Madras(Rs.2.2.3) is only a little above one-half of that in Rangoon(Rs.3-12-2) and ~~about~~ about one-third of that in ~~Calcutta~~ Bombay (Rs.6.12.7) ~~one-third of that in~~ Calcutta P and ~~Bombay~~ (Rs. ~~6.12.8~~ 6-11-6). The low incidence in Madras is probably due to the fact that Madras is perhaps the poorest of the Cities, but whatever may be the relative incidence of taxation perhead of the population, it is evident that the taxation on houses and lands in Madras is lighter than in any of the other cities. In Madras the maximum amount of tax leviable on immoveable property is 16 per cent on the annual value of such property, while in Calcutta, Bombay and Rangoon it is 23, 19¾ and 21 per cent respectively. In Rangoon the only taxes levied are the taxes on houses and lands, and this apparently accounts for the high rate of taxation on immoveable property in that city. There does not however appear to be any reason why property should be taxed more leniently in Madras than in Bombay and Calcutta, where it would appear, other forms of taxes also exist as in the case of the former city. The tax on buildings and lands in Madras seems therefore to be capable of much expansion and an enhancement of the existing rate is apparently the best and the simplest course of raising the funds required for the present purpose. The total amount of taxes now levied on houses and lands, is 15¼ per cent on the annual

rental

× p. 145 App. I of Mad Mun Report 1894/95

× (34/60 ths)

† (6.12.7)

† ([illegible])

P. see para 8 bottom of p. 5 of Bengal Resoln. on Cal. Mun Report for 94/95

There is a much wealthier & larger mercantile & trading community in Bombay, Calcutta & Rangoon

S.T.

But the tax on arts & callings in Madras is to a considerable extent a substitute for such taxation – see note below. J.R.

× Tax on buildings and lands 10 per cent

Water tax on Do 4 per cent

Lighting tax on Do 1¼ per cent

Total 15¼ per cent

6

A

Madras.

Tax on buildings and lands - 10 p.C. of the annual value - maximum rate 7

Water tax on buildings and lands - 4 p.C of the annual value in populous parts and 2 p.C. elsewhere - the rates are maximum rates

Lighting - tax on buildings and lands - 1¼ p.C. of the annual value - 2 p.C. is the maximum rate

Taxes (1) on arts professions, trades & callings
(2) on Salaries and
(3) On vehicles and animals

Tolls on vehicles and animals entering the city - half yearly

	Rs
2 horse 4 wheeled	10
1 " "	5
2 wheeled [illegible]	3
Horse	5
Pony under 13 hands	2-8
Pony	1-
Bullock &c	0-8

Calcutta.

House rate or General rate on houses & lands - 9½ p.C of annual value - maximum rate is 13 p.C.

Water-rate on houses and lands - 6 p.C of the annual value - maximum rate (Houses and lands, no part of which is within 150 yds. of the nearest stand-pipe or other supply of filtered water available to the public, are charged 3 p.C. less than houses otherwise situated).

Lighting rate on houses & lands - 2 p.C of the annual value - maximum rate

Sewerage rate on houses and lands - 2 p.C of the annual value - maximum rate.

Taxes - (1) on Carriages & animals
(2) On professions, trades & callings (i.e. a license tax on certain callings)
(3) On petroleum.

	Half yearly Rs
2 horse 4 wheeled	6
1 " "	6
2 wheeled vehicle	6
Horse	6
Pony	2

Bombay.

General tax on buildings and lands (including house, police & lighting taxes) - 8 p.C. of the annual value. This is the minimum rate, the maximum is 12 p.C.

Fire-tax on buildings and lands - ½ p.C. of the annual value. The minimum rate is ¼ p.C. and the maximum ¾ p.C.

Water-tax on buildings and lands - 4 p.C. of the annual value. In certain cases it is levied at special or compounded rates

Halálkhor tax on buildings & lands for the collection, removal and disposal by municipal agency of excrementitious and polluted matter from privies, urinals and cesspools and for efficiently maintaining and repairing the municipal drains - at 3 p.C of the annual value (minimum rate). This tax is levied on large premises such as mills, clubs, Hotels &c and on Govt & port trust premises at special rates. The minimum rate is 4 Annas per annum.

Tax on vehicles and animals

Tolls on vehicles entering the city from Calcutta only

Town duties on grain, flour, wines, spirits, Beer, Petroleum, Sugar, molasses, Gunjhee, Timber and Firewood.

	Rs	
4 wheeled	5	half yearly
2 "	3	
Horse 12 hands & under	6	
"	2	
Bullock or buffalo for draft	1	

Rangoon

Municipal tax on buildings and lands - 9 p.C. of the annual value.

Scavenging tax on buildings & lands - 7 p.C of the annual value in districts where sewers have been provided and 4 p.C. in other parts where night soil is removed by municipal agency.

Water-tax on buildings and lands in the quarters supplied with water - 4 p.C. of the annual value

Lighting tax on buildings & lands - One p.C. of the annual value levied on buildings & lands within 1000 feet of a lamp post.

Incidence of taxation in 1894-95. Rs 6-12-7

Incidence of taxation in 1894-95. Rs 3-12-2

88

rental against the maximum of sixteen per cent, the lighting tax being imposed at the rate of only $1\frac{1}{4}$ per cent against two per cent. The net current demand of the tax on buildings and lands calculated at ten per cent on the annual value amounted in 1895-96 to Rs. 5,03,570 and an additional rate of four and a half per cent on the annual value will yield an extra revenue of about $2\frac{1}{4}$ lakhs. The increase of Municipal taxation on property is no doubt open to the objection that it will press hard on the poorer classes of house owners who themselves occupy their houses, but this might to a great extent be met by amending section 122 of the act so as to exempt from taxation all houses and lands the annual value whereof is less than Rs.20 (the present limit being Rs.14) which are the owners' sole property liable to taxation. This will no doubt cause a slight decline in the realization of house-tax, but even allowing for this, the increase in the amount of tax that can be raised by an enhancement of the rate as suggested, together with such additional income as may be realized by the Municipal Commissioners from increases in the rates of taxes proposed by them, will be ~~more than~~ enough to meet the annual charges of the drainage scheme.

[Margin notes:]

× Vide statt in para 24 of the administration Report for 1895-96, (page 7)

The net demand at 10% of the annual value is Rs 5,03,570

Do - at $4\frac{1}{2}$% = $\frac{503570 \times 9}{20}$ = 2,26,606

making a deduction of say R 1600 for the probable decrease in the tax in consequence of raising the limit of exemption, the extra income is taken at Rs 225000.

I do not see much use in altering the limit from R14 to R20. [signature] Mr [initials]

The total annual expre on account of the drainage scheme is (Vide para 3 of this note)	Rs 2,65,940
The additional income that may be raised by increasing the rate of taxes etc as proposed by the Commissioners is (Vide para 8 of this note)	41,500
Income from the proposed drainage tax	2,25,000
Total	2,66,500

11. As in Madras, a general tax on buildings and lands, a water tax, and a lighting tax, are levied in Calcutta and Rangoon, while in Bombay also the same taxes are in force, with the difference ~~that~~ that the general tax on buildings and lands includes the lighting tax and that ~~a fire-tax is substituted for the lighting tax.~~ a fire tax is also levied. In addition to these taxes, a sewage-rate of two per cent is imposed in Calcutta, a halálkhor tax of three per cent in Bombay and a scavenging tax of seven per cent in

Rangoon

Rangoon. The proceeds of all the taxes last named* are utilized, at least in part, towards cleansing, repairing and maintaining public sewers. Further under sections 47 & 75 of the Madras district Municipalities Act IV of 1884, as amended by Act III of 1897, a water and drainage tax of 8 per cent on the annual value of buildings and lands can be levied in any mufassal municipality in order to enable the Municipal Council to provide for expenses connected with the construction, maintenance, repair, extension, or improvement of water and drainage works, provided the proceeds of the tax are wholly devoted to defraying the said expenses. As a water-tax of only four per cent is now levied in the Madras Municipality, a drainage tax of four and a half per cent appears therefore to be the best form in which the proposed increase in the tax on immoveable property can be effected. This tax will have the advantage of being capable of proper assessment and of not entailing any additional expenditure for its assessment, collection, &c., as it can be dealt with in conjunction with the house, water, and lighting taxes. If this suggestion is approved, it will be unnecessary to enter into the question of the expediency of introducing a scavenging cess, the consideration of which was deferred until after it has been decided what action should be taken on Mr. Cousins' schemes for the water supply and drainage of Madras-vide notes and orders in G.O.No.1949 M, dated 28th November 1892. Moreover as it was then under

* Sewage-rate, Halâl Khor tax and Scavenging-Tax.

under contemplation to levy this cess also at a certain percentage rate on the annual value of all buildings and lands in the town (vide para.1 of G.O.No.936 M, dated 27th May 1892) there appears to be no necessity to re-open this question, as the proposed drainage-tax suits the purpose quite as well. In this connection it has also to be noted that in 1893, the Municipal Commissioners of Madras proposed to levy a tax on petroleum imported into Madras for local consumption in lieu of the tobacco duties which had then been in force for a period of about eight or nine months, but which was found to work unsatisfactorily, and enquired whether the Government would be prepared to allow them to do so. The Government stated in reply that "it was not prepared to consider the "suggestion that a Municipal duty should be "levied on petroleum, except in connection with "ways and means for the contemplated improve-"ments of the water supply and drainage of the "city, and that this was a question which could "not be entered upon until Mr. Cousins' report was received and disposed of by all concerned". It was also observed that the fact that petroleum is already the subject of an Imperial-tax would also necessite the consent of the Govern-ment of India to the imposition of a Municipal tax upon it. The Commissioners thereupon requested that the sanction of the Government of India might be obtained in anticipation of the proceeds of the tax being devoted to the improvement of the water supply, but the Govern-ment did not think it necessary or desirable to move in the matter at the time-vide G.O.No. 812 M, dated 23rd June 1893. In G.O.No.661M, dated

grant within any definite period. The Commissioners must therefore rely on their own resources [illegible] 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. 2,83,000 is so raised on condition of repayment in fifty years with interest at 4 per cent, the amount of sinking fund, which, if invested in three per cent Govt. securities, will with the accumulations of compound interest, extinguish loan within the stipulated [illegible] is about Rs. 25,100, while the

have to draft & explain reason in of O. & R.

[initials] 9/9/87

M

14

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 Rs. 127,600, will bring the total annual expenditure on account of the scheme to Rs. 2,65,940. But the Comrs. propose to raise an additional revenue of Rs. 1,40,500, ~~is proposed to be raised by the commissioners~~ from the following sources

	Rs
(a) By increasing the rate of tolls by 50 percent	20,00[0]
(b) " " tax on vehicles & animals by 50 p.c. (Sec. 153 of Act I of 1884)	37,[illegible]
(c) By recasting Schedule A appended to Act I of 1884. (Profession tax)	70,00[0]
(d) By doubling the compensation paid by Govt. under Section 79 of Act I of 1884	[illegible]
Tot.	[illegible]

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 Commrs. anticipate an additional revenue of Rs. 37,000 from this source. The net current demand in 1895-96 was Rs 59,609, & 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 Govt; and if it were carried out the whole of the additional revenue wd. probably have to be paid over to the D. Bd. of Chingleput, which, unlike other mufassal D. Boards, receives at present no share of the municipal tolls, although it maintains the roads on wh. the tolls are levied.

... proposed increase of the ... ssion tax be approved ... the modified schedule recommended by the commissioners, while including among those liable to the tax persons with monthly salaries between R50 & R100, 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 & throw upon them in a disproportionate ... 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 shd 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 Govt. shd double the ... compensation ...

compensation paid ~~by Govt~~ from the public treasury for withholding, under section 99 of the City of Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, sanction to the ~~levy of~~ taxation under sec. 179 of ~~[illegible]~~ places used for the sale of spirituous and intoxicating liquors. ~~(section [illegible])~~ This proposal cannot ~~be~~ be entertained, as three quarters ~~Two thirds~~ of the compensation falls upon the Imperial treasury and it is hopeless to expect that the Govt. of India ~~will~~ would agree to the payment.

4. It will thus be seen that the resources to which the Comrs. looked ~~[illegible]~~ for the required increase of their revenues ~~[illegible]~~ are, with a comparatively trifling exception, ~~[illegible]~~ open to objection, & are not such as H.E. the Govr. in C. ~~[illegible]~~ considers that he wd. be justified in ~~[illegible]~~ approving as the means for raising ~~[illegible]~~ the necessary funds. The total sum ~~[illegible]~~ required is R 2,65,940, & deducting ~~[illegible]~~ 29,800, the amount wh. may reasonably ~~[illegible]~~ be expected from the enhancement of the ~~[illegible]~~ vehicle & animal tax, ~~[illegible]~~ the Commissioners have

Sent to Press 15 . . .

have ~~thus~~ ~~still~~ to find the balance of Rs. 2,36,140 as already stated ~~above~~. The Govt. is unable to promise ~~to raise this [illegible]~~ any further assistance from provincial ~~[illegible]~~ revenues. Accordingly the only ~~way~~ additional taxation. ~~The [illegible]~~ of ~~funding~~ obtaining the needed funds is by ~~[illegible]~~ mode of ~~taxation~~ municipal taxation ~~can be done [illegible]~~ other than those ~~[illegible]~~ ~~enhancement of [illegible]~~ above. In the opinion of the Govt. this ~~property [illegible] in Madras~~ be in the form of taxation ~~affecting~~ ~~considerably higher than~~ buildings & lands ~~immovable property~~, as being the ~~Bombay [illegible]~~ which will press most equitably ~~least heavily~~ on ~~only taxes of this descrip~~ the population. The taxes of this ~~[illegible]~~ which are now levied in ... are the ~~taxes~~ buildings a... of ten per cent, the water ... of four per cent, and the lighting tax of 1¼ per cent, on the value of ~~[illegible]~~ buildings lands. ~~In Bombay a ... called the "halalkhor" of three per cent, the ... of which is to provide the collection, removal~~ of

Among other considerations ~~that which~~ recommend such taxation are in the 1st place the fact that house rents in Madras are notoriously low, & in the 2nd place the ~~most~~ general habit in Madras of the native population to live in their own houses.

I have struck out these reasons, for giving reasons will only open the door to argument. W.S.

~~posal, by Municipal agency,~~ [on]
~~of all excrementitious and~~
~~polluted matter from privies,~~
~~urinals and cesspools and for~~
~~ficiently maintaining and~~
~~pairing the Municipal drains~~
~~erected or used for the~~
~~tion or conveyance of~~
~~matter, is levied in ad~~
~~to a water tax of four per~~

In the Mufassal ~~Sections 47 and 75~~ of the Madras District Municipalities Act IV of 1884 as amended by (ss 47 & 75) Act III of 1897, authorizes the of a water and drainage of 8 per cent on the annual of buildings and lands, sole & special purpose of ~~[illegible]~~ enabling the Municipal councils to provide for ~~[illegible]~~ the tion & maintenance ~~[illegible]~~, ~~[illegible]~~ of and drainage works, pro- ~~vided~~

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GAIN G.O., No.
1897

NUMBER OF COPIES REQUIRED. { Order complete. 70 | Letter only. | Order complete with Letter. }

Vide Bo. Act III of 1888

This Bombay tax is a 3 percent tax on the annual value of buildings & lands & is raised for the purpose of meeting the expense of the removal & disposal of sewage & the maintenance of municipal sewers; & it is levied in addition to the general tax on buildings & lands wh. has a maxm. of 12% on annual value, & the water tax of 4% on the same. In the present case the Govt. wd. fix

the ...
show...
water ...
been don...
Mufassal ...
haps better ...
sanitation tax
of which might
cribed as to inclu...
of the "halálkhór tax,
~~and that~~ the maximum of the new water & sanitation tax ~~should be f~~
at ten per cent, or an extra burden (not exceed...) on the annual value of the property ...

5. His Exc. regrets ~~[illegible]~~ that the to the extent indicated & ditional taxation ~~will~~ required ~~[illegible]~~, be...
of the paramount n...
the introduction o...
supply of wholesome wate...
efficient system

Act I of 1884

x Compared with the other Presidency cities & with Rangoon the total incidence of municipal taxation in Madras is [illegible] While in Calcutta of incidence in 1894/95 R6·11·6 & R6·12·9 & in Rangoon R3·12·2, Madras it was only [illegible]. Even if in those cities there a higher standard of [illegible] & a larger & more prosperous mercantile & trading community the difference ~~[illegible]~~ is not in the opinion of [illegible] Govt. represented by the [illegible] difference in the municipal [illegible] H.E. in C. accordingly believes that the additional taxation proposed will not be unduly onerous

..ras Dist

S.R. 21/8/97

To
The President, M. Comm.
" Sanitary Board
" Sanitary Commissioner.
" ~~Sanitary Engineer~~
" ~~Revenue Deptt.~~
" Public Works Deptt.
" Financial Deptt.

Desp. 6/10/97

Sent to Press 15·9·97

[illegible]ed for signature. 5-10-97

Despatched in print. 6-10-97

Number of copies required. { Order complete. 70
Letter only.
Order complete with Letter.

[illegible]gain G.O., No. 2094 M dated } P
1897

[illegible] No. 3[illegible] M of 96
8 M "
597 M " } - P

[illegible] to G. No.

[illegible] Government

[illegible] of Government.

[illegible] with ditto.

Not filed up, being meant for despatch in original.

[illegible]—
A = Print in full.
B = Not to be printed.
P = Print abstract only.
Q = Print heading only.