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[Despatch Abstract.]

MADRAS DRAINAGE.

Passing orders on the proposals of the Municipal Commissioners of Madras for raising the funds required for carrying out the drainage for the city.

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 of Madras.

LOCAL AND MUNICIPAL DEPARTMENT.

Recd. } 1899. *Enclosures*

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G.O., No. 1725-A M., 20th November 1899.

Madras Drainage.

Passing orders on the proposals of the Municipal Commissioners of Madras for raising the funds required for carrying out the drainage scheme for the city.

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—the following papers:—

I

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

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

II

Letter—from Lieutenant-Colonel Sir GEORGE MOORE, Kt., C.I.E., President, Municipal Commission, Madras.
To—the Secretary to Government, Local and Municipal Department.
Dated—the 3rd November 1897.
No.—G. 332.

With reference to G.O., No. 1966 M., dated 11th September 1897, I have the honour to forward an extract from the proceedings of an adjourned special meeting of the Commissioners held on the 1st November 1897.

2. After the circulation of the above-quoted Government Order to the Commissioners, a special meeting was held on the 11th October 1897, when Mr. Theagaroya Chetti made certain suggestions which the Commissioners requested me to report upon.

3. Mr. Theagaroya Chetti's remarks and my report are appended.

4. In the report of the Committee (paragraph 16) embodied in G.O., No. 209 M., dated 12th February 1897, it was suggested to commence the work with the high level main with an allotment of 12 lakhs. The resolution of the Commissioners gives effect to this recommendation.

5. With regard to financial proposals in that resolution, in the original proposals submitted by the Commissioners for increasing the revenue, by an oversight the tax on carts and other vehicles without springs (section 164) was omitted. This accounts for the discrepancy pointed out in paragraph 3 of G.O., No. 1966 M., dated 11th September 1897, the amount realized by increasing the tax in both sections 153 and 164 would be Rs. 37,000.

6. The Commissioners propose to increase the license fees leviable under section 341 to the maximum. At present it is levied at Rs. 3 per ton on timber and As. 3 per ton on firewood. This is calculated to realize Rs. 70,000. A Government Order revising the rates in the schedule of fees chargeable under section 420 is all that is necessary, and it is hoped that Government will view this proposal favourably.

7. With regard to the enhancement of the rates on tolls, I would invite a reference to Mr. Theagaroya Chetti's remarks.

8. At present the Municipality is levying tolls at a certain rate. I cannot see how the enhancement of that rate entitles the District Board of Chingleput to any contribution. If, as a matter of principle, they should receive compensation, surely they should have been getting it all along. However, as pointed out, the contribution could be but a small one and the Commissioners would be prepared to meet it. I therefore, hope that Government will reconsider their decision on this point.

9. Adverting to that part of the resolution which refers to the increase of the compensation paid under section 99 of Act I of 1884, when I wrote my report I was not in possession of figures to justify my offering any remarks. I have since been kindly furnished by the Board of Revenue with a statement, from which I find that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896–97 to Rs. 3,30,550. Of this Rs. 3,30,550, Rupees 46,525 is derived from toddy shops for which compensation amounting to Rs. 6,155 was allowed when the levy of the tax on toddy shops was withheld in 1888 (G.O., No. 41 M., dated 17th January 1888).

10. G.O., Mis. No. 621, dated 20th March 1885, withheld the levy of the tax upon places used for the sale of spirituous and intoxicating liquors except toddy shops and Rs. 7,452 was granted as compensation. The income derived by Government from that source in 1896–97 was Rs. 2,84,025.

11. As a matter of law, of course, the Commissioners received what they were entitled to in 1885 and 1888 respectively. But what would their income have been if the right to levy what is practically a town-duty had not been taken away from them?

12. In the face of these figures, I trust that the Government of India may be moved on the subject.

13. The compensation paid to the Corporation of Bombay in 1895–96 was Rupees 1,43,750—10 times that paid to the Municipality of Madras. Is it to be supposed that the income derived from that source by the Government of Bombay is thirty-three lakhs—that would be the proportion it should bear to the compensation compared with the ratio in Madras. At least let the Madras Municipality be compensated on the scale which obtains in Bombay.

	Rs.
* Vehicles and animals tax ...	37,000
Tolls	20,000
Timber and firewood	70,000
Compensation for license fees on places for sale of spirituous and intoxicating liquors	86,400
Total ...	2,13,400

14. A loan of 12 lakhs would require about Rs. 60,000 per annum for interest and sinking fund. The proposals of the Commissioners amount to Rs. 2,13,400.*

15. Although I am averse to the ultimate saving of Rs. 60,000 over conservancy drainage being calculated as an asset, I think that the Rs. 37,600 for conservancy in the total estimate may be eliminated as it would not be required until the Rupees 60,000 were liberated. We then have almost all that is required.

ENCLOSURES.

Extract from the Proceedings of an adjourned special meeting of the Commissioners held on the 1st November 1897.

G.O., No. 1966 M., dated 11th September 1897, proposing means for financing the New Drainage Scheme for the City of Madras.

* * * * *

Proposed by M.R.Ry. P. Theagaroya Chetti Garu and seconded by M.R.Ry. Salla Gurnswami Chetti Garu:—"That Government be informed that the Commissioners are prepared to undertake the construction of the main at a cost of 12 lakhs and that to provide the necessary funds they propose to increase the timber and firewood tax to the maximum under section 341, thereby realizing Rs. 70,000, to raise the vehicles and animals tax under section 153 and the tax under

section 164, thereby realizing an additional Rs. 37,550, and they would ask Government to reconsider their decision as to the tax on tolls and allow the Commissioners to increase it by 50 per cent. as originally proposed, thereby increasing the revenue by Rs. 20,000. That the President address Government on the subject of the compensation under section 179 which the Commissioners are of opinion ought to be very considerably increased in view of the income of Rs. 3,30,550 derived by Government from that source, the compensation now paid being only Rs. 13,600. The Commissioners do not consider it unreasonable to ask that the compensation be raised to one lakh."

Carried unanimously.

Remarks of M.R.Ry. P. Theagaroya Chetti Garu.—Just 27 months since we submitted for the favourable consideration of Government a scheme of taxation for raising a lakh and forty thousand rupees to finance our drainage scheme, the initial outlay on which was estimated at nearly 32 lakhs, and the annual maintenance charge for pumping and conservancy at about Rs. 1,27,000. On the 31st March 1896, we submitted our final scheme to Government and pointed out that if sanction was granted for raising a loan of 12 lakhs we could, with the 3,50,000 rupees already granted by Government, at once start the Mylapore drainage and the high level main, and thereby cleanse the Cooum to some extent by diverting the sewage now flowing into it to the Black Town sewage farm. To-day we are met to consider the orders passed by Government on the above proposals. Gentlemen, like the case of the mountain in labour, the product of their prolonged incubation in the Government Office has been most disappointing to us. We are told that the long-looked-for contribution from Provincial Revenues cannot be granted, thanks to the famine which afflicted the Presidency and to the recent revision of the Provincial contract by the Government of India, by which our benighted Presidency as usual fared worst. It has been the misfortune of this unfortunate Presidency that the "squeezing" process is always applied to it with relentless vigour, and it is forced to contribute a disproportionately larger share of its hard-earned revenue to the Imperial Exchequer than is the case with the other Provinces of the Empire. We are next told, gentlemen, that all our proposals for raising additional revenue must be rejected with the exception of one petty item relating to the enhancement of the tax on vehicles and animals. We may probably be told sooner or later, gentlemen, that the Members of Council and of the Secretariat have betaken themselves to Guindy or Kathivak and will not be liable to pay profession tax, thanks to the example set by Sir Arthur Havelock. Finally we are told, gentlemen, that we had better gird up our loins and bravely face the inevitable and raise our house tax from 15¼ to 21¼ per cent. (an increase of 6 per cent.). There is no option left to us of giving up the long-wished-for drainage scheme and of remaining "Benighted" for ever. This, gentlemen, is briefly the position to which we have been reduced after several months of waiting and hoping. The position seemed to me, at first sight, to be gloomy enough in all conscience, but a careful study of the Government Order and of some reports kindly placed at my disposal by our President has convinced me that the objections raised by Government are more or less untenable, if not fallacious, and that we may yet hope to overcome our financial difficulties without making the house-owners of Madras pay their pound of flesh. Before discussing the question, however, I wish to draw your attention to two items which, by an unfortunate oversight, we omitted to take into account when framing our proposals for finding ways and means; one is the saving in expenditure that must follow on the completion of the drainage scheme, and the other is the additional income that must accrue from sewage farms. As I understand the drainage scheme, I believe that after its completion, all our side drains and cess pools will disappear, and with them the establishment which is maintained for flushing and cleaning and removing silt. All that would then be required is a sufficient complement of coolies to flush the house connections, and this has been provided for in the estimates prepared by Mr. Ellis for working the scheme. The savings indicated above have, however, I fear, not been taken into account. Our budget for the current year provides 20 maistries, 539 men, 110 boys and girls, 219 pairs of bullocks with drivers for cleaning the drains and cess-pools, and removing silt, and the cost including supervision amounts to Rs. 1,06,800. Deducting Rs. 35,700 for the cost of the coolies, supervision, etc., for the 2nd and 3rd divisions, where the drainage scheme will not be carried out, there will be a saving of Rs. 71,000 per annum in round numbers. I may here mention that the eleven house-connections which were recently introduced as an experimental measure in Parish Venkatachala Aiyar Street have not been flushed for the past ten months, as it has been found that the little sewage flowing from houses was sufficient to flush the connections and keep them perfectly clean without emitting any stench. With this experience before us we might reasonably hope that it would be possible to effect a considerable reduction in the estimate framed by Mr. Ellis for 400 coolies for flushing the 28,000 house-connections at the rate of 70 a head. If this cost is reduced the saving referred to above will be proportionately increased. As regards the second item, *i.e.*, additional income from sewage farms, we find from Mr. Ellis' memorandum on the drainage scheme that an additional 208 acres, or nearly 160 cawnies of land, will be required for the sewage farm to utilise all the sewage that will be diverted into it. This additional 160 cawnies ought to give us a pretty good sum. Our present sewage farms comprising only 53 cawnies of land yield under present contract Rs. 34,500, or an average of Rs. 650 per cawnie. Lately we have added 10 cawnies which, according to the terms of the contract, yield Rs. 3,000 a year, at Rs. 300 a cawnie. At this low rate the additional 160 cawnies that may be added to the farm ought to

give us a further income of Rs. 160 × 300 or Rs. 48,000 a year. Our President is of opinion that our sewage farms should yield Rs. 1,00,000 at least when the drainage system is complete. Thus, gentlemen, there will be an additional income of Rs. 48,000 *plus* Rs. 3,000 (not included in the budget) and a saving of Rs. 71,000 or a total of Rs. 1,22,000. Deducting this sum from our estimates for working the drainage scheme with interest and sinking fund at Rs. 2,66,000 we shall require only Rs. 1,44,000 and not Rs. 2,66,000 as we first thought. Gentlemen, in the Government Order before us the Government has approved of our suggestion to raise the wheel and animal tax by 50 per cent, but remarked that our figures are pitched too high by Rs. 7,200. Gentlemen, I am responsible for the figures (Rs. 37,000) given in our resolution of 8th July 1895. On page 35 of our budget for the current year you will find in column 4, the demand as finally settled—

	Rs.
Taxes on vehicles with springs	30,300
" on animals	28,700
" on carts and other vehicles	19,500
Total ...	78,500
	Rs.
Deduct remissions on vehicles with springs	1,900
Animals	1,500
	3,400
Net ...	75,100

Fifty per cent. of this sum will give us Rs. 37,550, which is Rs. 550 more than the amount actually proposed. I now turn to the objections raised by Government to the other taxes proposed by us. We are told, gentlemen, that "the enhancement of the rates of tolls which are levied on outside traffic does not, however, commend itself to Government," and that "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 mafussal District Boards, receives at present no share of the municipal tolls, although it maintains the roads on which the tolls are levied." It appears to me that these remarks are based on a complete misapprehension. It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our toll-bar on the Northern trunk road near the Red Hills Tank, the District Board of Chingleput owns a toll-bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of As. 4 and the same vehicle on its return to Madras has to pay another As. 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar toll-bar on the Western trunk road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these toll-bars? We may take it for granted that the first As. 4 is for allowing the vehicle to go over the Chingleput District Board roads. But why is the other As. 4 charged on coming into the town? Is it not for the use of the roads between our toll-bars and those of the Chingleput District Boards? Is this allowing our wheel traffic free of charge on the Chingleput District Board roads? Now let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads, and there is no reason whatever for asserting that any portion of the additional tolls of Rs. 20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingleput District Board. I must here mention one fact and that is that on the Kathivakam road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Boards, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakam road maintenance being about Rs. 300 a year, at Rs. 50 a mile, and the Saidapet road about Rs. 300 a year, at Rs. 200 a mile, and we might gladly undertake to pay a portion of their maintenance charges. The next tax objected to by Government is the profession tax. The Government is strongly opposed to any increase under this head on the ground that it will be a further encroachment on the field of the Imperial income tax, and that it will press with particular hardship on the upper classes of the population. The Government has overlooked the fact that the profession tax provided by the Municipal Act has been in existence from a period long anterior to the introduction of the income tax. It is not the Municipality therefore that can be charged with attempting to encroach upon the field of Imperial taxation, but it is the Government that is endeavouring by its power of veto to trench upon our just rights and privileges and deprive the Municipality of its lawful resources. As regards the alleged hardship upon the upper classes I need only observe that out of the population of 4,50,000 in this city not more than 175 persons at the outside (excluding companies) will be called on to pay a tax of more than Rs. 100 per annum, and of those not more than 60 will have to pay the maximum rate, a little more than Re. 1 per cent. I leave it to you, gentlemen, to say whether this is at all heavy, considering the immense advantage which the upper classes enjoy for carrying on their professions within Municipal limits. There is no doubt some inequality in the incidence of the tax under the different classes, but this exists

more in the present classification. On some the incidence comes to As. 2-8 per cent., rising in some cases to As. 11 per cent. A person earning Rs. 100 a month has to pay As. 6-8 per cent. If his income rises to Rs. 200 a month the incidence dwindles down to As. 3-4 per cent. If the income begins with Rs. 200 he has to pay As. 6-8, but when it rises to Rs. 500 his taxation falls to As. 2-8 per cent. To obviate this inequality in the incidence I would suggest for your consideration whether it would not be better to propose a uniform rate of Re. 1 per cent. on all income above Rs. 50 a month? I do not think that this is at all excessive considering the great benefits that will be derived by the people from the improved method of drainage and the consequent immunity from diseases. The Government too cannot decently object to this taxation when it is levying 2 to 2½ per cent. as income tax for the so-called famine fund, the benefits of which do not reach the townspeople. Let us now see what this taxation of 1 per cent. will give us. The Imperial income tax at pies 4 per rupee on incomes up to Rs. 2,000 and pies 5 per rupee on incomes exceeding this limit or at 2 to 2½ per cent. yields a revenue of more than Rs. 4,50,000 for the Madras City. At 1 per cent. the realisation might be taken at Rs. 2,00,000. For purposes of the income tax, however, house valuations are also included and also incomes between Rs. 500 and Rs. 600 a year. Deducting Rs. 20,000 for these items we may safely expect Rs. 1,80,000 from the proposed profession tax of Re. 1 per cent. as against Rs. 68,000 now derived from this source. This leaves a gain of Rs. 1,12,000 which will go partly towards the cost of maintenance of the new drainage scheme and partly towards the proposed water-works improvement scheme. Gentlemen, it may be urged that the Imperial income tax already involves much inquisitorial enquiry and that the profession tax will be equally inquisitorial in its working. To avoid this double infliction upon the ratepayers we might ask the Income tax department of Government to undertake the administration of the Municipal profession tax also. This they can do without any difficulty on terms which can be mutually agreed upon. We now come to the last item of tax objected to by Government, *i.e.*, the tax on liquor shops. Under schedule E attached to section 179 of the Municipal Act, liquor shops are licensed under four classes, and the revenue derived by us from that source up to 1887 averaged Rs. 13,600 per annum (Rs. 6,170 from toddy and Rs. 7,430 from arrack shops). In that year the Government changed the then existing dowle system and introduced the tree-tax system for toddy shops and excise system for arrack shops. In the dowle system the Government only got the value of arrack supplied to arrack shops and a certain rate per diem for each class of toddy shops and nothing more. The Municipality collected its license fees direct from the shopkeepers. In the year 1887 the Government compounded with us under the powers vested in section 99 of the Municipal Act to pay a sum of Rs. 13,600 per annum for all the arrack and toddy shops in Madras and introduced its own system of tree-tax and shop licenses by which its revenue from toddy was raised from Rs. 3,84,830 in 1886-87 to Rs. 5,75,584 in 1896-97, an increase of over Rs. 1,90,700. The figures include "License fees" which amounted to Rs. 69,099 in 1896-97, while the Government has been paying us only Rs. 6,170 since 1887 on account of toddy licenses. Under the old system the Government was simply getting the dowle amount from the toddy shops according to their classification but no license fees. In lieu of the dowle, a tree-tax was substituted and from this alone the Government is now deriving Rs. 1,21,000 more than it did under the dowle. The imposition of the shop licenses was, I hold, a distinct encroachment on the rights of the Municipality, and I see no reason why the Government should not be called upon to make good to the Municipality the greater portion, if not the whole, of the amount of Rs. 69,997 collected by Government under this head. I must here mention that the Government has almost doubled its license fees this year. As regards arrack I regret that the information given in the Abkári administration reports is not sufficient to enable me to institute a proper comparison between the revenue under the old and the new system, nor to find out what amount is realised from license fees under this head. I find, however, that the total revenue from country spirits (putta arrack) and foreign spirits (Colombo arrack) rose from Rs. 5,34,646 in 1887-88 to Rs. 7,36,967 in 1896-97—an increase of Rs. 2,02,300. I do not think that I shall be far wrong in assuming that the income from arrack license fees will be much less than similar amount derived from toddy licenses, *i.e.*, about Rs. 70,000. The total amount under license fees from toddy and arrack may thus safely be taken at Rs. 1,40,000. Deducting from this about Rs. 20,000 as revenue for the Saidapet taluk included in the Madras circle we have Rs. 1,20,000 as the amount of license fees levied by Government within Municipal limits and which should properly go to the credit of the Municipality. With these facts before us I feel not a little astonished that Government should have grudged to pay us twice Rs. 13,600 we begged for when the true facts of the case were not known to us. In this connection it will be interesting to know what amount the Bombay Government pays to the Bombay Municipality and what amount the Bombay Municipality realises as town duty on liquors. The administration report of the Bombay Municipality for 1895-96, which was kindly placed at my disposal by our President, gives the following startling figures :—

	RS.	A.	P.
Wines and spirits at As. 4 per imperial gallon deducting refunds	2,10,364	0	1
Beer at pice 6 per gallon deducting refunds	11,139	10	5
Liquor licenses received from Government	1,43,750	0	0
Total ...	3,65,253	10	6

Gentlemen, comment on these figures would seem to be perfectly unnecessary. I leave it to you to judge why Madras should be treated so differently from our Western Sister. Now that we are in possession of solid facts we shall be wanting in our duty to the rate-payers if we do not assert our rights to levy license fees which would yield us at least ½ of the income which Bombay enjoys. Our requirements for the new drainage scheme in the shape of interest, sinking fund and working charges are Rs. 2,66,000, towards which I have pointed out savings to the extent of Rs. 1,22,000, and we want only Rs. 1,44,000. We lately sent an estimate for Rupees 16,00,000 for the improvement of the water-supply for the approval of Government and for the interest, sinking fund and maintenance. On this account we may require another Rs. 1,00,000. We shall thus want Rs. 2,44,000 for both the drainage and water-work scheme. If the views put forward now are accepted we may hope to realise the following sums :—

	RS.
Increase from vehicle and animal taxes	37,550
Additional tolls (present toll income being Rs. 42,000)	21,000
Increase from profession tax at 1 per cent.	1,12,000
Increase under license on liquor shops as originally proposed by us	13,600
Total ...	1,84,150 or in

round numbers say Rs. 1,84,000. This leaves only Rs. 60,000 to be provided for which we can easily raise without enhancing the house-tax as proposed by Government. Our Act under section 341 provides a maximum of As. 6 per ton on firewood and under the same section a maximum of Rs. 5 per ton on timber is provided for. Our collections from firewood at present at As. 3 per ton is Rs. 20,000 and from timber at Rs. 3 per ton is Rs. 74,382. If these two taxes are raised to their maximum limit we can get an additional income of Rs. 20,000 from firewood and Rs. 50,000 nearly from timber, in all Rs. 70,000 which will meet all our requirements. I shall now make a few remarks on the suggestion made by Government regarding the enhancement of the house-tax. As already stated the Government proposes to enhance our house tax by 6 per cent. or from 15½ per cent. to 21¼ per cent. and tells us that this increased rate will still be less than what is paid in Bombay. Here again I find that the Government is mistaken in its assumption. It states that the property tax in that Presidency town is 12 per cent. This is the maximum provided for in the Act, while the rate actually levied is only 8 per cent. as shown by the administration report of the Bombay Municipality for 1895-96. Even this rate is levied only on the net value after deducting 10 per cent. for repairs, whereas in Madras the tax is levied at 10 per cent. on the gross value. Again in Bombay in the case of rented houses a "draw back" of ⅓ of the assessed value is allowed for the possible contingency of portions of houses being left vacant; in Madras no such deduction is made. Further in Bombay a remission of two-thirds of the property tax is granted for vacant houses, whereas in Madras the remission does not exceed one-half. In Bombay water and halalcore taxes are fully remitted on vacant houses, while in Madras only half the water and lighting taxes are remitted. There is no lighting tax in Bombay. Bearing these facts in mind we find that the taxation in Bombay is much less than it is in Madras. The assessed value of land and house property as given on page 20 of the administration report of Bombay for 1895-96 is Rs. 28,23,90,000.

	RS.
Property tax at 8 per cent. and fire brigade tax at ½ per cent. on the above is	19,57,701
Water tax at 4 per cent.	6,12,233
Halalcore tax at 3 per cent.	5,35,770
Total ...	31,05,707

which comes to only 11 per cent. on the value as compared with Rs. 14-15-0 per cent. for Madras after allowing for remissions. If due allowance is made for the fact that in Madras the citizens have to pay separately for their own scavengering, which is not the case in Bombay, and for the fact that we do not require fire brigades here, it will be found that our taxation is really greater than the figures given above. In 1882 when the Government proposed to raise the house tax in this city the Commissioners entered a very strong protest and pointed out the great hardship that would be caused to the poorer classes especially. The taxes on house property then yielded an income of Rs. 5,24,000. This has now risen to Rs. 7,82,600, or an increase of 50 per cent., which is chiefly due to enhancement in the valuation of houses. It would be cruel, therefore, I submit, to add to this heavy burden by still further raising the taxes. The only effect of this measure will be to greatly increase overcrowding, which is already prevailing to a frightful extent, and thereby endanger the health of the city which it is attempted to improve at an enormous outlay. In support of its proposal to raise the house tax in this city the Government finds out particulars that the incidence of taxation here is only Rs. 2-2-3 a head as compared with Rs. 6-12-7 in Bombay, Rs. 6-11-6 in Calcutta and Rs. 3-12-2 in Rangoon. I regret that I am unable to obtain statistics for Calcutta and Rangoon. As regards Bombay, I find from the Administration report that the average rental value per each house is Rs. 628, and the rental

value per head of population is Rs. 34-6-0. In Madras the figures do not exceed Rs. 133/4 and Rs 11-8-0, respectively. Again the income-tax levied in Bombay City averages Rs. 2-8-0 per head, whereas in Madras it is only one Rupee. The rates of wages in the two towns also exhibit considerable variations. In Bombay an able-bodied labourer earns Rs. 11 per mensem, whereas Madras pays only Rs. 6 for him. A Madras syce or horse-keeper gets Rs. 6 a month, whereas a Bombay syce gets Rs. 9-8-0. A common mason, carpenter, etc., earns from Rs. 27 to Rs. 42 a month in Bombay, whereas the Madras man gets Rs. 13 to Rs. 16 a month. There can thus be no proper comparison between these two Presidency towns. Gentlemen, Bombay with its immense trade and shipping and with 101 cotton mills and 25 silk and other mills necessarily enjoys advantages which places her far ahead of benighted Madras. Gentlemen, I much regret that I have been forced to take up so much of your time, but I trust that the importance of the questions involved will be accepted as a sufficient excuse for the infliction. I shall now simply leave the further discussion of the subject to abler hands, so that any errors into which I might have fallen owing to want of fuller information might be corrected before we send up our reply to the Government order. I venture to think, however, that my estimates cannot be far wrong, but even if they are eventually found to fall short of our requirements, I feel sanguine that if our difficulties are properly represented to him, His Excellency Sir Arthur Havelock will see his way to granting us further contributions from Provincial revenues, rather than force us to raise the tax on houses. Those of us who have seen the sympathetic orders issued by His Excellency in connection with the famine administration and forest conservancy need not despair of receiving equally sympathetic treatment at his hands in the matter of municipal contribution.

REPORT by the President on Mr. Theagaroya Chetti's remarks at the special meeting, held on the 11th October 1897, regarding means for financing the new draining scheme for Madras.

1. Mr. Theagaroya Chetti states that we are to raise our house-tax from 15½ to 21¼ per cent. This is not quite correct. Government propose to legislate so that the Commissioners shall have the power to raise the tax by 6 per cent. if *necessary*.

2. With regard to the two items which are omitted to be taken into consideration in framing the proposals, the saving in expenditure on drainage conservancy and increased revenue from sewage farms, Mr. Theagaroya Chetti estimates the former at Rs. 71,000 and the latter at Rs. 51,000.

3. It is true that when the scheme is completed there will be a saving in expenditure and probably an increase in revenue.

4. I estimate the saving in expenditure at Rs. 60,000 on the following basis.

5. The present annual expenditure on drainage conservancy is Rs. 97,696-8-0; when the scheme is completed only Rs. 37,042-8-0 will be required, liberating a sum of Rs. 60,654.

6. Mr. Theagaroya Chetti makes it Rs. 71,000, as he adds a certain amount for supervision. This difference is immaterial.

7. With regard to the increase in revenue of Rs. 51,000, undoubtedly there ought to be and will be an increase from the sewage farms, but how much that will be it is impossible to say. I do not think Mr. Theagaroya Chetti's figures are exaggerated, but they may not be realised.

8. I do not think that this should be taken into account. I think it would be better to face the actual outlay and, when everything is completed and the actual saving in expenditure and increase in revenue is known, the taxation can be proportionately reduced.

9. I cannot, therefore, agree with Mr. Theagaroya Chetti that we only require Rs. 1,44,000 instead of Rs. 2,66,000.

10. With regard to the vehicle and animals tax, by an oversight section 153 (tax on vehicles with springs and on animals) only was entered, whereas our proposals included the tax under section 164 (tax on carts and other vehicles without springs). This accounts for the discrepancy and would raise the increased revenue to Rs. 37,000.

11. With regard to Mr. Theagaroya Chetti's remarks on the increase in tolls, I go further than him. I do not see that the rate at which they are levied affects the principle. If we pay nothing to the District Board at the present rate, I do not see why we should pay anything at an increased rate, but even if we should do so, out of quixotic generosity, it would be but a trifle.

12. I do not propose to touch upon the increase to the profession tax proposed by Mr. Theagaroya Chetti. His figures speak for themselves. In this connection I would quote from the Government of India Review of Municipal Administration for 1894-95 "* * * paragraph 17. It is only in Madras, Coorg and the Hyderabad Assigned Districts that the tax on professions and trades forms a considerable proportion of the income from taxation * * *. The essential difference between the tax as levied in the Madras Presidency and elsewhere is that in the former the profession-tax * * * is in effect a graduated income tax, whereas in the other large Provinces it is in the nature of a fixed license tax. *There are, as has been observed above, material objections to any municipal rate which covers precisely the same ground as an Imperial tax.*" The italics are mine.

13. Mr. Theagaroya Chetti's proposal seems to me to make it still more of an income-tax.

14. Coming to the liquor tax—I regret that I am not in possession of information I asked for regarding the income Government derived in 1885 and what it derives now. I have no reason to question Mr. Theagaroya Chetti's figures more especially considering that the licenses for which the Municipality charged Rs. 75, 50, 25 and 12, Government now charges Rs. 250, 200, 150 and 100, as I am given to understand. I consider the request for an increase to the Rs. 13,000 odd now paid by Government to be anything but unreasonable, especially when compared with the sum of Rs. 1,43,750 paid to Bombay for the same licenses.

15. Besides this contribution from Government, Bombay has a town duty or octroi on wines, spirits and beer. This town duty together with the town duties on grain of all sorts, flour of all sorts, petroleum, sugar, molasses and gur, ghee, timber exclusive of railway sleepers and firewood amounted to 52·4 per cent. of the total income in 1894-1895.

16. With regard to the proposed increase on timber and firewood, I see no reason why the maximum rate should not be levied and an additional Rs. 70,000 obtained.

17. With regard to Mr. Theagaroya Chetti's comparison between Bombay and Madras, it is difficult to form any real comparison. The conditions are totally different. The higher rate of wages in Bombay may be met by higher prices.

18. In Bombay the taxes are 15½ per cent. of the assessed value, Calcutta 19½ per cent. of the assessed value; Rangoon 21 per cent. of the assessed value.

19. Mr. Theagaroya Chetti amalgamates the drainage scheme with the water-supply scheme. I think they ought to be treated separately.

20. Mr. Theagaroya Chetti shows savings of Rs. 1,22,000. I do not think they ought to be anticipated but be used, when they do occur, as a means of reducing taxation.

21. I cannot accept the Rs. 1,12,000 from profession-tax, though I think the increase under licenses on liquor shops might very fairly be increased. Under these conditions I can only see the way to an actual increase of Rs. 1,42,150 (including the increase on timber and firewood) against the required Rs. 2,65,840.

22. My reason for not taking up the water-supply scheme is that I think it can wait till the 1869—73 loan of 14 lakhs falls in in 1903, when the interest and sinking fund now payable on that loan will be available for a new loan. There is no use in extending the water-supply until the drainage is completed—in fact it is to the extension of water-supply that the Sanitary Commissioner attributes the prevalence of fever in Madras, there not being sufficient drainage to carry off the surplus water.

MADRAS,
22nd October 1897.

G. M. J. MOORE, Lt.-Col.,
President, Madras Municipal Commission.

III

Memorandum, No. 132, Revenue, dated 18th June 1898.

The Board of Revenue is requested to favour the Government with its opinion on the request of the Municipal Commissioners, Madras City, contained in paragraphs 9 to 13 of the President's letter for an enhancement of the compensation paid by Government to them for withholding sanction to the levy of taxes on liquors.

G. S. FORBES,
Acting Secretary.

To the Board of Revenue (Land Revenue),
with paragraphs 9 to 13 of the President's letter and enclosures to be returned.

IV

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2779, dated 12th July 1898.

Replying to official memorandum from Government, No. 132, Revenue, dated 18th June 1898, the Board begs to report that it sees no objection to the proposal of

the President of the Madras Municipal Commission in the matter of enhanced compensation on account of liquor shops except the legal one referred to by him in paragraph 11 of his letter arising out of section 15 of Act VII of 1884. What enhancement, if any, should be given can only be matter of grace, and the Board is hardly at liberty to make any proposals on the point.

(True Extract.)

C. G. Todhunter,
Acting Secretary.

V

Memorandum, No. 175, Revenue, dated 3rd August 1898.

With reference to its Proceedings, No. 2779, dated 12th July 1898, the Board of Revenue is requested to be good enough to ascertain as nearly as possible and report what sum the Madras Municipality would receive, if it were now to levy upon places used throughout the City of Madras for the sale of spirituous and intoxicating liquors a tax at the rates specified by Schedule E to the City of Madras Municipal Act, 1884.

G. S. Forbes,
Acting Secretary.

To the Board of Revenue (Separate Revenue).

VI

Proceedings of the Board of Revenue (Separate Revenue), Mis., No. 3864, dated 30th September 1898.

Read—the following papers :—

Letter—from J. J. Brindley, Esq., Inspector of Salt, Abkári and Customs Department, Madras Town Circle.
Dated—the 22nd August 1898.
No.—1970.

Abstract.—Submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

Letter—from the same officer.
Dated—the 29th August 1898.
No.—2039.

Abstract.—Furnishing certain information regarding the foreign liquor retail shops, etc., within the municipal limits of Madras Town.

Resolution—Mis. No. 3864, *dated* 30*th September* 1898.

With reference to the official memorandum from Government, No. 175, Revenue, dated 3rd August 1898, the Board begs to report that the amount of revenue that would accrue to the Madras Municipality, if it were now to levy upon places used throughout the City of Madras for the retail sale of spirituous and intoxicating liquors, a tax at the rates specified in schedule E to the City of Madras Municipal Act, 1884, works out to Rs. 14,230 against Rs. 13,607 now paid to it. The details are given below :—

	Rs
Puttai arrack shops	1,125
Toddy shops	4,080
Foreign liquor shops	9,025
Total ...	14,230

A statement showing the particulars is submitted for reference.

(True Extract.)

C. G. Todhunter,
Acting Secretary.

VII

Letter—from the Hon'ble Lieutenant-Colonel Sir George Moore, *Kt.*, c.i.e., President, Municipal Commission, Madras.
To—the Secretary to Government, Local and Municipal Department.
Dated—the 4th January 1899.
No.—G. 1101.

In forwarding the accompanying extract from the proceedings of a general meeting of the Commissioners held on 16th December 1898, together with the memorandum referred to, I have the honour to state that, from the opinion expressed by the Government of India in their letter embodied in G.O., Mis. No. 2215 M., dated 21st December 1898, there would appear to be little hope of any assistance being received from that Government.

2. But although they may not be prepared to give the loan themselves they might allow the Municipality to raise it in the market; this, of course, would be useless unless they are prepared to sanction the liquidation of the existing debt at once.

Enclosures.

Extract from the Proceedings of a general meeting of the Commissioners held on the 16*th December* 1899.

Read—Memorandum of the President, dated 28th November 1898, on the water-works loan of 1869—73, proposing measures for meeting the expenditure for the new drainage.

Proposed by M.R.Ry. P. Theagaroya Chetti Garu and seconded by M.R.Ry. R N. Pragasa Mudaliyar Avargal—

"That the President's memorandum be adopted and submitted to Government in continuation of their resolution of the 29th August 1898."

Carried.

Memorandum.

In 1883 the Government of India sanctioned an arrangement by which the time for repayment of the Madras Municipal Water-works Loan of 1869—73 was extended to 1919.

2. The conditions were that interest at 4 per cent. (Rs. 57,200) and the sinking fund of Rs. 28,600 should continue to be paid—the interest from that sinking fund at 4 per cent. accruing to the Municipality. By this means the municipal revenue was increased by Rs. 1,144 (interest on Rs. 28,600 at 4 per cent.) annually.

3. This continued until 1894 when the 4 per cent. paper was converted into 3½ per cent. The Municipality since then have only received an annual increase of Rs. 1,001 (interest on Rs. 28,600 at 3½ per cent). On 1st April 1884 the sinking fund amounted to Rs. 4,33,400. Since 1884 Rs. 4,00,742-0-3 have been paid into the sinking fund and invested in Government paper representing Rs. 3,88,900, so that the Municipality has lost Rs. 11,842-0-3 in that period in purchase of Government paper. The sinking fund stood at Rs. 8,22,300 on 1st April 1898. It is estimated to be Rs. 8,50,000 on 1st April 1899, but with Government paper at 93 that would only represent Rs. 7,90,500 cash.

4. The principle of the transfer to posterity of a portion of the burdens of the present generation that obtained in 1883 is equally—if not more strongly—applicable now.

5. I would not only ask the Government of India to allow the Municipality to take the Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for 50 years from 1899, that is, up to 1949, but to renew it at 3½ per cent. instead of 4 per cent. and the sinking fund to be Rs. 10,900 per annum, accumulating with compound interest at 3½ per cent. The pecuniary result would be as follows :—The Municipality would pay Rs. 50,050 per annum interest instead of Rs. 57,200—a saving of Rs. 7,150 per annum. They would pay Rs. 10,900 per annum sinking fund instead of Rs. 28,600—a saving of Rs. 17,700 per annum.

6. They would lose the interest, accruing from existing sinking fund, amounting to Rupees 29,000 in 1898-99 and increasing by Rs. 1,001 every succeeding year; taking it at Rs. 30,000,

the total loss of income to the Municipality by the transaction would be Rs. 30,000—(Rs. 7,150 + 17,700) or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

7. Supposing the Government of India did not agree to reduce the interest, the loss would be Rs. 12,300 in 1899-1900 and in 1919 Rs. 32,300. To raise Rs. 8,50,000, it would cost Rs. 34,000 per annum interest and Rs. 6,460 sinking fund, a total of Rs. 40,460.

8. Another method would be to leave the sinking fund as it will stand in 1899, viz., Rs. 8,53,000, and convert the existing annual payment of Rs. 28,600 into one of Rs. 20,000 which accumulating with compound interest at 3½ per cent. would amount in 20 years (1919) to 6 lakhs, the balance required to liquidate the total loan of Rs. 14,30,000. Supposing the interest is reduced from 4 to 3½ per cent. the result would be that the Municipality would save Rs. 7,150 per annum on interest and Rs. 8,600 on sinking fund, a total of Rs. 15,750.

9. A third plan would be to continue the interest at 4 per cent. but convert the future sinking fund as in the former method—the result would be a saving of Rs. 8,600.

10. To summarise the three plans—

1*st*. Appropriate the Rs. 8,50,000 accumulated sinking fund, renew the loan of Rupees 14,30,000 for 50 years at 3½ per cent. with a sinking fund of Rs. 10,900 accumulating with compound interest at 3½ per cent. which would entail an annual loss of Rs. 5,150 but give a sum of Rs. 8,50,000 in hand—or renew the loan at 4 per cent. which would entail an annual loss of Rs. 12,300 but still give Rs. 8,50,000 in hand.

2*nd*. Leave the sinking fund intact but convert future payments into Rs. 20,000 accumulating with compound interest at 3½ per cent. to 6 lakhs in 20 years, reduce the interest to 3½ per cent. with a resulting saving of Rs. 15,750 per annum.

3*rd*. Continue the interest at 4 per cent. but convert future payments of sinking fund to Rs. 20,000 as above, resulting in a saving of Rs. 8,600 annually.

11. In G.O., No. 1966 M., dated 11th September 1897, Government approved of the increase in the rate of the tax on vehicles and animals, realizing Rs. 37,000 per annum.

12. No reply has been received to the proposal submitted with my letter, No. 332, dated 3rd November 1897, to increase the revenue derived under section 341 by Rs. 70,000. If that is approved of we have Rs. 1,07,000 increase which would meet the maximum loss in the first method (Rs. 12,300) and leave Rs. 94,700 revenue which would enable the Commissioners to raise 20 lakhs.

13. We should thus have Rs. 28,50,000 for drainage expenditure.

14. The total estimate approved of in G.O., No. 209 M., dated 12th February 1897, is exclusive of Mylapore Rs. 28,81,000.

15. In the abstract of the drainage estimate referred to, the construction for Chintadripet and Egmore and Komaleswarenpet amounts to Rs. 14,52,500.

16. At present the drainage of these districts flows to a great extent into the Cooum.

17. The question of cleansing the Cooum has long been a burning one. My opinion is that the purification of the Cooum depends entirely on the removal of sewage from it. Any canal between it and the Harbour would only tend to extend the area of pollution. The last state would be worse than the first.

18. Government has recognized the cleansing of the Cooum to be a Provincial question. It would not be too much to ask for the amount that is estimated for the cleansing of the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleswarenpet.

19. It is not unreasonable to ask the Government of India for assistance, which even if they agree to the reduction of the interest from 4 to 3½ per cent. will only entail a loss of Rs. 7,150 per annum. This is merely a case of the history of 1883 repeating itself in 1898.

20. It may be said that this proposal is similar to that vetoed by the Government of India in 1888—G.O., No. 1239 M., dated 1st November 1888.

21. But I think that there is a difference. The Municipality asks the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt.

22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.

MADRAS,
28th November 1898.

G. M. J. MOORE, Lt.-Col.,
President, Madras Municipal Commission.

No. 61.

MADRAS RAILWAY COMPANY.

STATEMENT showing the approximate total quantity in maunds of goods imported into and exported from the city of Madras and the total number of first, second and third class passengers who arrived in Madras during the official year 1896-97.

Particulars.		Imported into Madras.	Exported from Madras.
Passengers arriving in Madras	No.	1,187,000	
*Goods imported into	Mds.	5,302,700	
*,, exported from	,,		6,614,900
*Includes—			
(1) Coal	,,	54,796	2,910,073
(2) Cotton	,,	436,397	2,335
(3) Firewood and timber	,,	609,922	407,110
(4) Bark and other dyes (except indigo, myrabolams, cutch, turmeric and aniline dyes).		257,656	18,952
(5) Hides	,,	65,135	34,475
(6) Skins	,,	468,063	24,691

N.B.—A separate record of (3) firewood and (4) bark is not kept.

VIII

Letter—from the Agent and Manager, Madras Railway.
To—the Consulting Engineer for Railways.
Dated— the 19th January 1899.
No.—11481/67.

With reference to your telephone message of the 12th instant, I have the honour to state the Chief Auditor informs me that he has not readily recorded the number of passengers for each class separately. To extract this information a reference to the stations' detailed returns will have to be made and this will necessitate a somewhat considerable amount of clerical labour. The number of passengers in the first and second class will be comparatively small. I shall be obliged, therefore, if you will kindly let me know if the information already supplied will not suffice.

Endorsement No. 32 R.M., dated 21st January 1899.

Transferred to the Local and Municipal Department with reference to its No. 24, dated 10th January 1899.

2. The information for the South Indian Railway will be forwarded on receipt from the Agent to whom a second reminder has been issued.

F. J. E. SPRING,
Consulting Engineer for Railways.

IX

Memo. No. 231, dated 27th February 1899.

Will the Public Works Department (Railway Branch) kindly obtain from the Madras Railway information as to the number of first, second and third class passengers separately?

H. TREMENHEERE,
Ag. Secretary to Government.

the total loss of income to the Municipality by the transaction would be Rs. 30,000—(Rs. 7,150 + 17,700) or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

7. Supposing the Government of India did not agree to reduce the interest, the loss would be Rs. 12,300 in 1899-1900 and in 1919 Rs. 32,300. To raise Rs. 8,50,000, it would cost Rs. 34,000 per annum interest and Rs. 6,460 sinking fund, a total of Rs. 40,460.

8. Another method would be to leave the sinking fund as it will stand in 1899, viz., Rs. 3,53,000, and convert the existing annual payment of Rs. 28,600 into one of Rs. 20,000 which accumulating with compound interest at 3½ per cent. would amount in 20 years (1919) to 6 lakhs, the balance required to liquidate the total loan of Rs. 14,30,000. Supposing the interest is reduced from 4 to 3½ per cent. the result would be that the Municipality would save Rs. 7,150 per annum on interest and Rs. 8,600 on sinking fund, a total of Rs. 15,750.

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10. To summarise the three plans—

1*st.* Appropriate the Rs. 3,50,000 accumulated sinking fund, renew the loan of Rupees 14,30,000 for 50 years at 3½ per cent. with a sinking fund of Rs. 10,900 accumulating with compound interest at 3½ per cent. which would entail an annual loss of Rs. 5,150 but give a sum of Rs. 8,50,000 in hand—or renew the loan at 4 per cent. which would entail an annual loss of Rs. 12,300 but still give Rs. 8,50,000 in hand.

2*nd.* Leave the sinking fund intact but convert future payments into Rs. 20,000 accumulating with compound interest at 3½ per cent. to 6 lakhs in 20 years, reduce the interest to 3½ per cent. with a resulting saving of Rs. 15,750 per annum.

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16. At present the drainage of these districts flows to a great extent into the Cooum.

17. The question of cleansing the Cooum has long been a burning one. My opinion is that the purification of the Cooum depends entirely on the removal of sewage from it. Any canal between it and the Harbour would only tend to extend the area of pollution. The last state would be worse than the first.

18. Government has recognized the cleansing of the Cooum to be a Provincial question. It would not be too much to ask for the amount that is estimated for the cleansing of the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleswarenpet.

19. It is not unreasonable to ask the Government of India for assistance, which even if they agree to the reduction of the interest from 4 to 3½ per cent. will only entail a loss of Rs. 7,150 per annum. This is merely a case of the history of 1883 repeating itself in 1898.

20. It may be said that this proposal is similar to that vetoed by the Government of India in 1888—G.O., No. 1239 M., dated 1st November 1888.

21. But I think that there is a difference. The Municipality asks the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt.

22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.

MADRAS,
28th November 1898.

G. M. J. MOORE, Lt.-Col.,
President, Madras Municipal Commission.

No. 61.

MADRAS RAILWAY COMPANY.

STATEMENT showing the approximate total quantity in maunds of goods imported into and exported from the city of Madras and the total number of first, second and third class passengers who arrived in Madras during the official year 1896-97.

Particulars.		Imported into Madras.	Exported from Madras.
Passengers arriving in Madras	No.	1,187,000	
*Goods imported into	Mds.	5,302,700	
*,, exported from	,,		6,614,900
*Includes—			
(1) Coal	,,	54,796	2,910,073
(2) Cotton	,,	436,397	2,335
(3) Firewood and timber	,,	609,922	407,110
(4) Bark and other dyes (except indigo, myrabolams, cutch, turmeric and aniline dyes).		257,656	18,952
(5) Hides	,,	65,135	34,475
(6) Skins	,,	468,063	24,691

N.B.—A separate record of (3) firewood and (4) bark is not kept.

VIII

Letter—from the Agent and Manager, Madras Railway.
To—the Consulting Engineer for Railways.
Dated— the 19th January 1899.
No.—11481/67.

With reference to your telephone message of the 12th instant, I have the honour to state the Chief Auditor informs me that he has not readily recorded the number of passengers for each class separately. To extract this information a reference to the stations' detailed returns will have to be made and this will necessitate a somewhat considerable amount of clerical labour. The number of passengers in the first and second class will be comparatively small. I shall be obliged, therefore, if you will kindly let me know if the information already supplied will not suffice.

Endorsement No. 32 R.M., dated 21st January 1899.

Transferred to the Local and Municipal Department with reference to its No. 24, dated 10th January 1899.

2. The information for the South Indian Railway will be forwarded on receipt from the Agent to whom a second reminder has been issued.

F. J. E. SPRING,
Consulting Engineer for Railways.

IX

Memo. No. 231, dated 27th February 1899.

Will the Public Works Department (Railway Branch) kindly obtain from the Madras Railway information as to the number of first, second and third class passengers separately?

H. TREMENHEERE,
Ag. Secretary to Government.

Endorsement No. 726, *dated 2nd March* 1899.

Forwarded to the Agent and Manager, Madras Railway, for compliance.

F. J. E. Spring,
Consulting Engineer for Railways.

X

Letter—from the Agent, South Indian Railway.
To—Consulting Engineer for Railways.
Dated—the 4th February 1899.
No.—108.

In compliance with the request contained in your letter No. 3473, dated 15th December 1898, I have the honour to forward a statement giving the required information regarding the importation and exportation of *goods* by rail into, and from the city of Madras, as well as the number of passengers arriving at the city, during 1896-97.

Enclosure.

SOUTH INDIAN RAILWAY.

Statement showing the total quantity of goods imported into and exported from the city of Madras by rail during the official year 1896-97 and the total number of first, second and third class passengers that arrived in Madras by rail during the same period.

Goods imported into Madras.						Goods exported from Madras.						Passengers arrived in Madras.		
Total quantity of goods.	Coal.	Cotton.	Firewood.	Bark.	Hides and skins.	Total quantity of goods.	Coal.	Cotton.	Firewood.	Bark.	Hides and skins.	First.	Second.	Third.
MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	MDS.	NO.	NO.	NO.
2,341,046	182	32,185	6,956	62,484	52,753	1,307,777	10,818	201,589	19,557	31,377	27,205	2,087 *6,840	22,608 *42,080	687,686 *49,260

* Season tickets (trips).

Endorsement No. 58 *R.M., dated 6th February* 1899.

Transferred to the Local and Municipal Department in continuation of this office Endorsement No. 32 R.M., dated 21st January 1899.

(By Order.)

J. C. Lyle,
Under Secy. to Govt. P.W.D. (Ry.)

XI

Memorandum No. 1379, dated 14th December 1898.

The Public Works Department (Irrigation Branch) is requested to furnish at an early date a statement showing the total quantity in maunds, of goods imported into, and exported from, the city of Madras, by canal during the year 1896-97, the statistics relating to coal, cotton, firewood, bark, hides and skins being given separately in the statement.

(By Order.)

A. Edgington,
Asst. Secretary to Government.

To the Public Works Department (Irrigation Branch).

Endorsement No. 59 *C., dated 3rd January* 1899.

Forwarded to the Superintending Engineer, V Circle, with a request that he will be so good as to furnish the statement required at an early date.

(By Order.)

F. J. Wilson,
Under Secy. to Govt., P.W.D. (Irrgn.).

Endorsement No. 10 *C.N./C., dated 12th January* 1899.

Forwarded to the Executive Engineer, Chingleput Division, for compliance and return.

C. C. Rawson, Colonel, R.E.,
Superintending Engineer, V Circle.

XII

Letter—from J. E. Paul, Esq., Executive Engineer, Chingleput Division.
To—the Superintending Engineer, V Circle.
Dated—the 24th January 1899.
No.—4024 S.E.

In returning your endorsement No. 10 C.N/C., dated the 12th January 1899, I have the honour to forward herewith the statement called for by the Chief Engineer.

Enclosure.

Statement showing the total quantity in maunds of goods imported into and exported from the city of Madras by the Buckingham Canal during the year 1896-97.

Item number.	Name of cargo.	Import.	Export.	Total.
		MDS.	MDS.	MDS.
1	Bark	167,490	270	167,760
2	Coal	2,999,250	1,530	3,000,780
3	Cotton, raw	75,600	1,170	76,770
4	,, manufactured	270	220,770	221,040
5	Firewood	5,584,050	360	5,584,410
6	Hides and skins	6,030	....	6,030
7	Miscellaneous articles	14,969,700	2,453,760	17,423,460
	Total ..	23,802,390	2,677,860	26,480,250

Endorsement No. 36 *E.I., dated 30th January* 1899.

Forwarded to the Chief Engineer for Irrigation with reference to his No. 59 C., dated 3rd January 1899, herewith returned.

C. C. Rawson, Colonel, R.E.,
Superintending Engineer, V Circle.

Endorsement No. 839 *C., dated 7th February* 1899.

Forwarded to the Secretary to Government, Local and Municipal Department, with reference to his Memorandum No. 1379, dated 14th December 1898.

(By Order.)

F. J. Wilson,
Under Secy. to Govt., P.W.D. (Irrgn.).

XIII

Letter—from the Agent and Manager, Madras Railway,
To—the Consulting Engineer for Railways.
Dated—the 25th April 1899.
No.—11481/476.

With reference to your endorsement No. 726, dated the 2nd ultimo, on Local and Municipal Department Memorandum No. 231, dated the 27th February last, I have the honour to give below separately the numbers of the first, second and third class passengers travelling into the city of Madras during the year 1896-97 :—

	No.
First class	6,560
Second class	19,137
Third class	1,036,809
Total ...	1,062,506

The original documents forwarded by you are returned herewith.

Endorsement No. 175 *R.M., dated* 27*th April* 1899.

Forwarded to Local and Municipal Department with reference to its Memorandum No. 231, dated 27th February 1899 (herewith returned).

(By Order.)

J. C. LYLE,
Under Secy. to Govt., P.W.D. (Ry.).

XIV

Order, Mis. No. 576 M., dated 27th April 1899.

The following letter will be addressed to the Government of North-Western Provinces and Oudh.

(True Extract.)

M. HAMMICK,
Secretary to Government.

XV

Letter—from M. HAMMICK, Esq., I.C.S., Secretary to the Government of Madras, Local and Municipal Department.
To—the Secretary to the Government of North-Western Provinces and Oudh, Legislative Department.
Dated—the 27th April 1899.
No.—Mis 577 M.

Adverting to the correspondence ending with your letter No. 57, Legislative Department, dated 16th September 1898, I am directed to request that, with the permission of His Honour the Lieutenant Governor, this Government may be furnished at your convenience with copies of the further reports or papers, if any, relating to the "Terminal tax" which have been issued since those furnished with your letter above referred to, and with information as to how the tax is now working at Cawnpore.

XVI

Letter—from the Secretary to the Government of North-Western Provinces and Oudh, Legislative Department.
To—the Secretary to the Government of Madras, Local and Municipal Department.
Dated—the 30th May 1899.
No.—69/XVII-IIL.

(1) Proceedings of this Government in the Municipal Department for October 1898, Nos. 1 to 15.
(2) Bill No. 1 of 1898 as passed by the Lieutenant-Governor, North-Western Provinces and Oudh in Council and assented to by the Governor-General.
(3) Letter No. 898, dated 29th April 1899, to the Government of India, Home Department.

I am directed to acknowledge the receipt of your letter, Mis. No. 577 M., of the 27th April last, and in reply to forward for the information of His Excellency the Governor in Council a copy of the papers marginally noted on the subject of the collection in certain cases of municipal and other taxes by railway administrations.

ENCLOSURES.

Letter—from A. W. CRUICKSHANK, Esq., Commissioner, Allahabad Division.
To—the Secretary to Government, N. W. Provinces and Oudh.
Dated—the 23rd October 1897.
No.—14217/258.

I have the honour to forward, for the orders of Government, copy of a letter, No. 777, of the 2nd instant, and its enclosures, from the Magistrate and Chairman, Municipal Board, Cawnpore, in connection with the enhancement of the terminal tax, and to state that, in my opinion, the Municipal Board have chosen the only additional source of income which can be realized without considerable friction, and that their proposals deserve favourable consideration.

Letter—from A. W. TRETHEWY, Esq., Magistrate, and Chairman, Municipal Board, Cawnpore.
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2. The necessity for raising an additional income of about Rs. 75,000 was shown in my No. 266, dated 30th March 1897. The question of ways and means has been before the Board for some months. At first certain proposals were framed by the finance sub-committee. These were referred by the Board to the Chamber of Commerce for advice. The Committee of the Chamber after long consideration proposed another scheme, recommending an enhancement of the terminal tax, of the tax on loaded carts, and of the octroi on animals. The Board approved of this alternative scheme as far as it related to the terminal tax, but demurred to the enhancement of the other two taxes, on the grounds that the octroi was already very high, and that a tax on loaded carts would chiefly consist in taxing food grains, an inexpedient measure in the present state of prices. To make up the deficiency, the Board proposed to extend the terminal tax by the inclusion of certain other articles. To this course the Committee of the Chamber of Commerce agreed, see the Secretary's letter dated 11th September 1897, a copy of which is enclosed. The revised proposals were duly notified for objection. Two objections were received, one on behalf of the East Indian Railway Company and the other on behalf of certain residents of Cawnpore, mostly cloth merchants. In the first objection it was represented that cart traffic was being unduly favoured at the expense of railway traffic, by the tax being increased for the latter and not for the former. This objection was, however, withdrawn when the difficulties of increasing the tax on cart traffic had been explained. The Company, however, suggested two modifications in the published proposals, to one of which the Board agreed. The objection preferred by the residents of Cawnpore—Sri Nath, Shankar Nath, and others—was rejected altogether for the reasons mentioned in the Board's Resolution No. I (*a*), dated 23rd September 1897. The Board are convinced that the additional articles can well bear the proposed taxation.

XIII

Letter—from the Agent and Manager, Madras Railway,
To—the Consulting Engineer for Railways.
Dated—the 25th April 1899.
No.—11481/476.

With reference to your endorsement No. 726, dated the 2nd ultimo, on Local and Municipal Department Memorandum No. 231, dated the 27th February last, I have the honour to give below separately the numbers of the first, second and third class passengers travelling into the city of Madras during the year 1896-97 :—

	No.
First class	6,560
Second class	19,137
Third class	1,036,809
Total ...	1,062,506

The original documents forwarded by you are returned herewith.

Endorsement No. 175 *R.M., dated* 27*th April* 1899.

Forwarded to Local and Municipal Department with reference to its Memorandum No. 231, dated 27th February 1899 (herewith returned).

(By Order.)

J. C. Lyle,
Under Secy. to Govt., P. W. D. (Ry.).

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Order, Mis. No. 576 M., dated 27th April 1899.

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3. The Resolution of August 24th, 1897, clearly shows the alterations in taxation which the Board propose to make, with this exception that in Resolution II (*b*) the item No. 3, "*Judr, bájrá*, and other grains not above mentioned," must be taken out of class I of the articles taxable at 6 pies and put at the end with the articles taxable at 3 pies. This is the alteration made in deference to the views of the East Indian Railway Company, see Resolution of September 23rd. A statement is now submitted in the form of a draft notification, containing the final proposals of the Board.

4. It is not to be expected that additional taxation can be imposed without somebody objecting. The present proposals have this to recommend them that they were carried by the Board without a division, and that they are accepted by the Committee of the Chamber of Commerce. This extent of unanimity is remarkable in a place with so many interests as Cawnpore. The Board and the Chamber are entitled to congratulate themselves on the result. A great difficulty and cause of dissension will be removed if the proposals are sanctioned. No other scheme has been discovered for raising the money without provoking a storm of opposition. The taxation of food grains, reversion to octroi, introduction of a water-rate, imposition of high duties on the cotton and leather manufactories would all meet with much more resistance than the present scheme.

5. The objection on the part of Sri Nath, Shankar Nath, and others, discussed in the Resolution of the 23rd September, is not a serious one. It is directed rather to general criticism of the Board's administration than to opposition of these particular proposals. The principal persons who have a grievance are the cloth dealers; some of them have signed the petition, but it does not put their case forcibly. From my own experience I can say that these proposals are not very distasteful to native traders, for no complaints have reached me. It may be stated that lately I have been deciding a number of income-tax objections of city traders. If they thought the new taxation a grievance, they would then have had an excellent opportunity of grumbling, but not a word has been said.

6. When the terminal tax was first devised, it was proposed to include piece-goods, but sanction was refused on the part of the Government of India. Circumstances have changed since then. The Cawnpore mills are now taxed through the Cotton Duties Act II of 1896, on cloth produced by them. The Secretary of the Chamber of Commerce, in his letter dated 23rd September 1897 (copy enclosed), has drawn my attention to the fact that piece-goods are taxed by the following municipalities:—

(1) Allahabad,	(4) Agra, and
(2) Benares,	(5) Meerut,
(3) Lucknow,	

which get a considerable income in this way. The Cawnpore Board may reasonably ask to be allowed to follow their example, considering the taxation of piece-goods to be the least objectionable way of obtaining the extra income required for the maintenance of water works.

7. It is calculated that the additional taxation now proposed will produce an income of Rs. 90,000 as follows:—

		RS.
For articles already taxed.	Total imports worked on average of seven years.	51,000
	Do. exports do. do.	23,000
	Income from imports, piece-goods, yarn, textile fabrics, leather and leather goods, manufactured jute	16,000
	Total ...	90,000

Deducting from this total the cost of collection, 3 per cent. due to the railways and the share of the Cantonment Committee, there remains the sum of Rs. 75,000 for the Municipal Board. This calculation is of course only an approximate estimate, but no more reliable one can be framed, as exact data are not available.

Copy of Resolution No. I passed by the Cawnpore Municipal Board at a Special Meeting held on 24th August 1897.

READ Board's Resolution No. III, dated 4th August 1897, *re* the proposal for increasing the scope of the terminal tax.

Resolved, that the following scheme for the enhancement and alterations of the terminal tax be published under section 42, sub-section 2, of Act XV of 1883:—

I. That manufactured jute piece-goods and textile fabrics, yarn of all sorts, leather and articles made of leather be added to Schedule A.

II. That the tax on the following articles mentioned in Schedule A be increased to six pies per maund:—

CLASS I.

1. Barley and oats.
2. *Suji* of all kinds.
3. *Judr, bájrá*, and other grains not above mentioned.
4. *Mahua.*
5. Sugarcandy.
6. Crystallized sugar, *chini, shakkar.*
7. *Gur, shirá, ráb*, and treacle.
8. *Ghee* and butter.
9. Groceries, including dried and Kabul fruits, arrowroot, coffee, corn flour, confectionery, oilman's stores, and tinned provisions.
10. Vinegar.
11. *Dahu.*
12. *Khoa.*
13. Eggs, fowls, ducks, geese, and other birds intended or fit for use.
14. Meat of all kinds.

CLASS II.

15. Oil, country.
16. Oil seeds, country.
17. Soaps of all kinds.
18. Candles and wax.
19. Matches.

CLASS III.

20. Hemp and other ropes and strings not otherwise provided for.
21. Lime whitewashing made outside the municipal limits.
22. Timber of all sorts.
23. Furniture and articles made of wood.
24. Glass, china ware, and crockery.
25. Betel nuts.

CLASS IV.

26. *Pán* leaves.
27. Drugs, chemicals, perfumery, and essential oils.
28. Lac and *chapra.*
29. Dyes.

CLASS V.

30. Native tobacco, raw of finer sort.
31. Ditto. common sort.
32. Cigars, cigarettes imported, and tobacco cured by the European or American method.

CLASS VI.

33. Haberdashery.
34. Millinery.
35. Fancy goods.
36. Tinsels, gold and silver lace.

CLASS VII.

37. Brass vessels.
38. Copper and *phul* vessels.
39. Copper, *kaskut*, and pewter sheets.
40. Lead and zinc sheets.
41. Iron vessels.
42. Iron of all kinds.
43. Block tin ingots and *kansa.*

CLASS VIII.

44. Cotton, raw, ginned and unginned (country).
45. Hides and skins (country).
46. Jute (country).
47. Wool (country).
48. Piece-goods and textile fabrics.
49. Yarn of all sorts.
50. Manufactured jute.
51. Leather and articles of leather.

The following articles will continue to be taxed at 3 pies per maund, except firewood and bark, which will be charged at 1 pie per maund :—

1. Headloads of goods per headload.
2. Wheat.
3. Pulses.
4. Gram.
5. Rice.
6. *Karbi.*
7. *Reh.*
8. Firewood, except headloads.
9. *Uplás.*
10. *Munj, baghai, bad,* and hemp.
11. Lime (common), *surkhi,* and chalk.
12. Bricks, *pakká.*
13. Ditto, *kachchá.*
14. Tiles, small.
15. Ditto, large.
16. Ditto, Goodwyn.
17. Stone other than ballast, marble, articles made of stone.
18. *Sirkhi,* palm leaves, matting and *pankhas.*
19. Bamboos, large.
20. Do. small.
21. Bark, country.
22. Indigo seed.

III. That the rate of schedule "B" taxation on exports by rail be changed to six pies per maund for the articles to be taxed on imports under Schedule A at that rate subject to the exceptions noted below. The articles to be taxed at three pies per maund under Schedule A will be taxed at three pies per maund under Schedule B, subject to the exceptions noted below :—

Exceptions.—The following articles will not be taxed on export by rail : wheat, pulse, gram, rice, oil-seeds, piece-goods and textile fabrics, yarn of all sorts, sugar, raw and manufactured leather and articles of leather, manufactured jute.

Copy of Resolution No. I passed by the Cawnpore Municipal Board at an adjourned Special Meeting held on 23rd September 1897.

I. (*a*) Read an objection presented by Sri Nath, Shankar Nath and others, under section 42 (3) of Act XV of 1883, to the proposals regarding the alterations to, and the enhancement of, the terminal tax published for general information in the *Exchange Gazettes* dated respectively the 30th August and 6th September 1897 under the Board's Resolution No. I, dated 24th August 1897.

(*b*) Read an objection to above proposals presented on behalf of the East Indian Railway Company, with a telegram withdrawing the said objection and suggesting that the rate on articles Nos. 3 and 16 be not raised.

(*c*) Read letter, dated 11th September 1897, from the Secretary to the Upper India Chamber of Commerce, Cawnpore, accepting the Resolution No. I passed by the Board at a special meeting held on 24th August 1897 regarding the alteration and enhancement of the terminal tax.

Resolved, with reference to the objection of Sri Nath and Shankar Nath and others,—

(1) That the plea regarding the absence of a signature on the Hindi slips is frivolous. The proposal was duly notified over the Secretary's signature in the Town Hall and in two newspapers. The Hindi slips were merely prepared for the convenience of some Hindi-knowing traders and did not constitute part of the publication.

(2) That the necessity of the extra taxation has been made clear to the Board, and that the Board are the proper judges of the necessity.

(3) That the Board will represent to Government the case for the taxation of imported yarn and textile fabrics, etc.; that the proposal to tax the same articles when exported has been considered and abandoned.

(4) That the tax on exported sugar is being abolished, because it is considered oppressive to the sugar manufacturers.

(5) That it is inexpedient to mix up with these proposals for enhancing the income derived from the terminal tax, proposals for correcting the schedules in minor points, as discussion may be thus prolonged. Grievances existing under the present system can be taken up subsequently.

(6) That it has been carefully considered what articles can bear extra taxation, and the Board are satisfied of the fairness of the proposals, which, indeed, agree in many respects with the suggestion of the objectors.

II. *Resolved*, with reference to the objection preferred by the East Indian Railway Company, that the Board tender their thanks to the East Indian Railway Company for withdrawing the objection, and in deference to the views of the Company decide not to increase the tax on article 3 of schedule A—*bájrá, judr* and other grains not mentioned above but regret that they do not see their way to keep the rate on article 16, oil-seeds, at 3 pies per maund, as, in the opinion of the Board, oil-seeds can pay more without injury to the trade and money is urgently required.

III. *Resolved* that the proposal for the enhancement of the terminal tax as modified above in Resolution II be submitted through the Commissioner to the Local Government.

IV. *Resolved* that the Board abolish the terminal tax on exported sugar with effect from the date on which this resolution may be confirmed by the Local Government.

Letter—from the Secretary to the Upper India Chamber of Commerce, Cawnpore.
To—the Secretary to the Municipal Board, Cawnpore.
Dated—the 11th September 1897.

With reference to your letter No. 632, dated 25th ultimo, I am directed to state that the Committee of the Chamber accept the Resolution No. I passed by the Board at a special meeting held on 24th August 1897 regarding the enhancement and alteration of the terminal tax as the most satisfactory solution of the question which appears practicable at the present time.

[*Translation.*]

Objection—presented by certain residents of City, Cawnpore.
To—the Secretary to the Municipal Board, Cawnpore.
Dated—the 13th September 1897.

With reference to the notice of the Municipal Board regarding the enhancement of the terminal tax, we the residents and merchants of the city of Cawnpore beg to make the following objections.

1. That the said notice which we have received in Nagri has not been signed by anybody; so that it looks suspicious.

2. That prior to the introduction of the water-works, the income of the Municipality was sufficient for the expenditure; that by opening the water-works, which were completed at an expense of Rs. 14,50,000, it was declared that an expenditure of Rs. 1,50,000 would be required annually for its maintenance; that to meet this expenditure, the octroi duty was introduced and levied, which was subsequently succeeded by the terminal tax; that the income derived from the octroi duty proved to be over and above the Board's financial requirements, while the income from the terminal tax also amounted to about Rs. 2,00,000 annually, so that with regard to the previous and recent expenditure in connection with the water-works maintenance, the Board would have a surplus income of Rs. 50,000; that the sum of Rs. 5,00,000 representing the Government grant had now been repaid to Government in part-payment of the loan, which had certainly done away with the necessity of repayment of the loan by Rs. 5,00,000 consisting of principal and interest; that under these circumstances it appeared that the Municipal Board did not stand in need of additional income required for any work, other than extravagance which the Board wished to indulge in, until it was proved, and shown as to by how much the previous income had fallen short of and as to what was the new expenditure which the Board had considered to be absolutely necessary; that the enhancement of the terminal tax would be unfair until the above was proved to be the case.

We therefore object to the said enhancement of the tax, as we consider it unnecessary.

3. That the tax on piece goods (imports) was proposed to be 6 pies per maund—*vide* the notice in question; that this proposal is unfair, because the Government of India, at the time of sanctioning the levy of the terminal tax, exempted piece goods on the ground of its being subject to the payment of the customs duty; that the Board's proposal to tax piece goods and yarn, in spite of the same having been exempted by the Government of India from the terminal tax duty, is not fair; that in the event of taxing these things, then they ought to be taxed both on imports and exports, because there is no reason whatever as to why piece goods and yarn should be exempted from duty on export.

4. That there is no reason whatever to exempt sugar on export, considering the fact that terminal tax duty was levied under the present schedule of the terminal tax both on imports and exports.

5. That *karbi, uplá, kharo,* and *jhao* be exempted, because, if a tax is levied on these articles at the rate of 3 pies per headload, then these articles will be subject to pay the tax at the rate of Rs. 25 per cent., which will be very unfair, as it will prevent the poor from earning their

livelihood, because the poor classes of people bring these articles from the other side of the Ganges, which are not worth more than 4 pice, out of which one pice is paid as a bridge toll, and if they are to pay one pice for the terminal tax, this will leave them only two pice.

6. That if it has been found necessary to enhance the terminal tax, then it should be raised by six pies, which ought to be levied on such articles as were valued at more than Rs. 20 per maund.

Sri Nath, Shankar Nath,
And others.

Letter—from the District Traffic Superintendent, East Indian Railway, Allahabad.
To—the Secretary, Municipal Board, Cawnpore.
Dated—the 12th September 1897.

I have this day received a copy of the *Cawnpore Gazette* in which appears the scheme for the enhancement and alteration of the terminal tax at Cawnpore.

It is noticed that in this scheme no provision is made for the enhancement on similar lines of the tax on loaded cart traffic, and as we do not see why cart traffic should be exempted from the general scheme of enhancement, I beg, on behalf of the East Indian Railway Company, to hereby formally object to the proposed scheme on these grounds, and trust the objection will receive the careful attention of the Municipal Board.

Telegram—from the Acting Agent, East Indian Railway, Calcutta.
To—the Collector of Cawnpore.
Dated—the 20th September 1897.

No. 128. My demi-official letter of 17th instant regarding proposed increase in terminal tax. I have authorized withdrawal of protest, but suggest elimination of items 3 and 16 of list published in *Cawnpore Exchange Gazette* of 30th August 1897.

DRAFT NOTIFICATION.

Municipal Department.

Under section 42, Act XV of 1883, the Lieutenant-Governor and Chief Commissioner, with the previous sanction of the Governor-General in Council, is pleased to authorize the Municipal Board of Cawnpore to impose the undermentioned taxes on imports and exports subject to the exceptions noted in the margin with effect from the 1st of 189 .

Articles exempted from taxation.

1. Personal luggage of railway passengers.
2. Parcels less than 15 *sérs* in weight carried by passenger train.
3. Articles received or despatched through the Post Office.
4. Articles the property of Government or imported or exported on behalf of the Government.

1. A tax at the following rates on goods brought within municipal limits when conveyed to Cawnpore on consignment to that place by rail or by boat or when carried in as a headload :—

(*a*) On goods specified in Schedule A (I), conveyed by rail or boat ... ... 6 pies per maund.
(*b*) On goods specified in Schedule A (II), conveyed by rail or boat ... ... 3 pies „
(*c*) On goods specified in Schedule A (III), conveyed by rail or boat ... ... 1 pie „
(*d*) On headloads of goods specified in Schedules A (I), A (II), and A (III), except firewood ... ... 3 pies „

Provided that no tax shall be leviable in the case of headloads of goods carried in from the cantonment of Cawnpore.

2. A tax at the rate of six pies per maund on goods indicated in Schedule B (I) consigned from Cawnpore to other places and exported by rail from within municipal limits.

3. A tax at the rate of three pies per maund on goods indicated in Schedule B (II) consigned from Cawnpore to other places and exported by rail from within municipal limits.

William Moor,
Secretary, Municipal Board, Cawnpore.

Schedule A (I) of articles taxed on import at the rate of six pies per maund.

Class I.

1. Barley and oats.
2. *Suji* of all kinds.
3. *Mahua.*
4. Sugar-candy.
5. Crystallized sugar, *chini*, and *shákkar*.
6. *Gur*, *shirá*, *ráb*, and treacle.
7. *Ghee* and butter.
8. Groceries, including dried and Kabul fruits, arrowroot, coffee, corn flour, confectionery, oilman's stores, and tinned provisions.
9. Vinegar.
10. *Dahi.*
11. *Khoa.*
12. Eggs, fowls, ducks, geese, and birds intended or fit for use.
13. Meat of all kinds.

Class II.

14. Oil (country).
15. Oilseeds (country).
16. Soap of all kinds.
17. Candles and wax.
18. Matches.

Class III.

19. Hemp ropes and string and other ropes and string not otherwise provided for.
20. Lime whitewash made outside municipal limits.
21. Timber of all sorts.
22. Furniture and articles made of wood.
23. Glass, china ware, and crockery.
24. Betel nuts.

Class IV.

25. *Pán* leaves.
26. Drugs, chemicals, perfumery, and essential oils.
27. Lac and *chapra.*
28. Dyes.

Class V.

29. Native tobacco, raw, of finer sort.
30. Native tobacco, raw, of common sort.
31. Cigars, cigarettes, imported, and tobacco cured by the European or American method.

Class VI.

32. Haberdashery.
33. Millinery.
34. Fancy goods.
35. Tinsel, gold, and silver lace.

Class VII.

36. Brass vessels.
37. Copper and *phul* vessels.
38. Copper, *kaskut*, and pewter sheets.
39. Lead and zinc sheets.
40. Iron vessels.
41. Iron of all kinds.
42. Block tin ingots and *kansa.*

Class VIII.

43. Cotton, raw, ginned and unginned (country).
44. Hides and skins (country).
45. Jute (country).
46. Wool (country).
47. Piece goods and textile fabrics.
48. Yarn of all sorts.
49. Manufactured jute.
50. Leather and articles of leather.

William Moor,
Secretary, Municipal Board, Cawnpore.

Schedule B (I) of articles taxed on export at six pies per maund.

The same articles as those enumerated in Schedule A (I) with the exception of—

Sugar, raw and manufactured.
Sugar-candy.
Crystallized sugar, *chini*, and *shakkar*.
Oilseeds (country).
Piece goods and textile fabrics.
Yarn of all sorts.
Manufactured jute.
Leather and articles of leather.

WILLIAM MOOR,
Secretary, Municipal Board, Cawnpore.

Schedule A (II) of articles taxed on import at the rate of three pies per maund.

CLASS I.

1. Wheat.
2. Pulses.
3. *Juár, bájrá*, and other grains not mentioned above.
4. Gram.
5. Rice.
6. *Karbi.*

CLASS II.

7. *Reh.*
8. *Uplás.*

CLASS III.

9. *Munj, bagai, badh*, and hemp.
10. Lime (common), *surkhi*, and chalk.
11. Bricks, *pakká* and *kachchá*.
12. Tiles, large, small and Goodwyn.
13. Stone, other than ballast, marble, and articles made of stone.
14. *Sirkhi*, palm leaves, matting, and *pankhas*.
15. Bamboos, large and small.
16. Indigo seed.

WILLIAM MOOR,
Secretary, Municipal Board, Cawnpore.

Schedule B (II) of articles taxed on export at three pies per maund.

The same articles as those enumerated in Schedule A(II) with the exception of—

Wheat.
Pulses.
Gram.
Rice.

WILLIAM MOOR,
Secretary, Municipal Board, Cawnpore.

Schedule A (III) of articles taxed on import at the rate of one pie per maund.

(1) Firewood.
(2) Bark (country).

WILLIAM MOOR,
Secretary, Municipal Board, Cawnpore.

Letter—from the Secretary to the Upper India Chamber of Commerce, Cawnpore.
To—the Collector of Cawnpore.
Dated—the 23rd September 1897.

With regard to the resolution passed by the Municipal Board on the 24th August 1897, "to add to the terminal tax schedule A 'jute, piece-goods, and textile fabrics, yarns of all sorts, leather and articles of leather,'" I find, on reference to the annual reports of Allahabad, Benares, Lucknow, Agra and Meerut for the year ending 31st March 1897, that these Municipalities levied octroi on the above-named commodities (Form C), Class VII, and under the circumstances it seems hardly likely that Government can object to our following suit on the very modified scale of six pies per maund which we propose.

I send you herewith the Municipal reports (five) in question, which kindly return after perusal.

Letter—from T. W. HOLDERNESS, Esq., Commissioner, Allahabad Division.
To—the Secretary to Government, North-West Provinces and Oudh.
Dated—Allahabad, the 7th December 1897.
No.—$\frac{1588\text{9}}{258}$.

In continuation of this office No. $\frac{14217}{258}$, dated the 23rd October 1897, in connection with the enhancement of the terminal tax at Cawnpore, I have the honor to submit for information and necessary action copy of Resolution No. 1 of the proceedings of an adjourned special meeting of the Cawnpore Municipal Board, held on the 22nd November 1897, regarding the exemption of sugar from duty on export.

ENCLOSURE.

Proceedings of an adjourned special meeting of the Board held on Monday, the 22nd November 1897, at 8-15 a.m.

PRESENT:

Surgeon-Lieutenant-Colonel J. Armstrong ...	*Vice-Chairman (in chair).*
Háji Abdul Karim	*Members.*
Sheikh Abdul Rahim	
William Moor, Esq.	*Secretary.*

I.—Read Resolution No. IV, dated 23rd September 1897, with a draft resolution prepared by the Chairman to make the former resolution more precise.

Resolved—That the draft resolution be passed as follows:—

That the Board abolish the terminal tax on export of the following articles—

(9) Sugarcandy | (10) Crystallized sugar, *chini* and *shakkar*

with effect from the date on which this resolution may be confirmed by the Local Government, and that in the draft schedule B (1) submitted to the Commissioner with the Municipal office No. 777, dated 2nd October 1897, the words "sugar, raw and manufactured" be changed to "sugarcandy, crystallized sugar, *chini* and *shakkar*.

Letter—from J. O. MILLER, Esq., Secretary to Government, North-West Provinces and Oudh.
To—the Commissioner, Allahabad Division.
Dated—Naini Tal, the 7th July 1897.
No.—$\frac{55}{\text{XI}-37\text{-A}}$.

I am directed to acknowledge the receipt of your letter No. $\frac{14214}{258}$, dated 23rd October 1897, forwarding, for the orders of Government, correspondence regarding the enhancement of the terminal tax at Cawnpore.

2. In reply, I am to say that the Government of India have been addressed on the subject. I am at the same time to enquire whether the assent of the Cantonment Committee to the introduction of the revised schedule in cantonments, in the event of their being sanctioned by the Government of India for the Municipality, has been obtained.

Letter—from the Secretary to Government, North-West Provinces and Oudh.
To—the Secretary to the Government of India, Home Department (Municipal).
Dated—Allahabad, the 7th January 1898.
No.—56.

With reference to the correspondence ending with the letters noted on the margin, I am directed to forward, for the consideration of the Government of India, a copy of a letter, No. 14217, dated the 23rd October 1897, from the Commissioner of Allahabad, and of its enclosures, making certain proposals for the revision of the terminal tax on imports and exports imposed in the Municipality of Cawnpore with the sanction of the Governor-General in Council.

Home Department No. 58, dated 18th April 1895.
Military Department No. 1262 C., dated 8th July 1896.

2. Since the substitution of the terminal tax for octroi at Cawnpore, the question whether the income of the Municipality would be sufficient for its requirements has become a matter of very serious importance. In submitting the budget for the current year, the Chairman expressed an opinion that a deficit of about Rs. 75,000 a year must be anticipated, and the Board has since had under consideration the measures that should be taken to improve its income. The estimate made has been confirmed by the financial results of the year 1896-97, the first year during the whole of which the terminal tax was in force. The total income of the Board during that year was Rs. 3,46,925, as compared with Rs. 4,09,493 in the previous year. Towards this the terminal tax and tolls, and the octroi on animals for slaughter, contributed Rupees 1,77,000 (after deducting refunds and cantonment share of the tax), as compared with a net income of Rs. 2,03,000 from octroi for eleven months and the terminal and other taxes for one month in the previous year. The expenditure, apart from the sum of five lakhs repaid to Government, amounted to Rs. 4,37,043, and was thus Rs. 90,118 in excess of the receipts. The expenditure will, however, be less in the immediate future by about Rs. 29,000, owing to the revised calculations of interest and sinking fund payments, made after the repayment of the sum of five lakhs already referred to; but, on the other hand, the receipts included over Rs. 12,000 on account of arrears of the tax on trades and professions. Owing to these and other items, the accounts of the year do not furnish an accurate measure of the Board's position in the future; but the estimate that an increase of Rs. 75,000 in income is required to secure the solvency of the Board may, in the opinion of the Government, be accepted as sufficiently accurate. It is possible that the receipts of the terminal tax may improve with better seasons for trade, but the Board, after a comparison of statistics of railway traffic in 1896 and previous years, is inclined to take the view that the receipts in 1896-97 were not seriously affected by the scarcity. It is a matter of urgent importance therefore to improve the financial position of the Board, apart altogether from the additional expense that may be thrown on the Municipality by the decision as to the best method of improving its drainage, a matter that is at present under consideration.

3. Various proposals for raising additional income have been considered by the Board, and its final decision has been to endeavour to obtain the necessary increase by enhancement and revision of the terminal tax schedule.

4. The proposals now made by the Board involve the following changes in existing taxation:—

I.—Taxation on Imports.

At present the highest rate is 3 pies per maund. It is proposed, in the case of the majority of articles which are now entered in Schedule A (I), to double this rate. On certain articles, entered in Schedule A (II), the existing rate of 3 pies remains unaltered.

Schedule A (I) includes the following goods, which were formerly not taxed at all and which it is now proposed to rate at 6 pies per maund:—

Piece-goods and textile fabrics.
Yarn of all sorts.
Manufactured jute.
Leather, and articles of leather.

In other respects, though the form of the lists is slightly altered, there are no changes in taxation of imports.

Taxation of Exports.

Gram and certain saccharine articles have been added to the list of articles exempt from taxation on export. The former may have been held to be included under the general term "Pulses" used in the original schedule; while the latter, instead of paying three pies on import and three on export, will now pay six pies on import only. The four classes of articles mentioned above as having been added to the schedule are also exempt from taxation on export. Bark and firewood, which pay one pie per maund, will also, in the form in which the notification is now drawn up, be exempt from taxation on export.

5. In regard to the raising of the rate on certain articles the Lieutenant-Governor has few remarks to make. An increased income must be obtained by the Board, and the terminal tax appears to have worked smoothly and to have given rise to much less friction and interference with trade than the octroi. The differentiation of articles to be taxed at three pies and six pies respectively has been made by the Board after giving due publicity to the proposals and considering all objections made, and after communication with the Chamber of Commerce.

6. The additions to the schedule require further notice, more especially with reference to piece-goods. In the letter from the Home Department referred to in paragraph 1 above, it was said that the Governor-General in Council was unable to agree to the imposition of the proposed new tax on goods liable to customs duty and not already included in the Cawnpore octroi schedule; and in a telegram quoted in the margin of that letter the taxation of piece-goods was specially disallowed. The Board now ask for a reconsideration of these orders, pointing out that in other Municipalities such taxation is permitted.

7. The question of allowing the continuance of octroi on piece-goods generally is understood to be under the consideration of the Government of India; for the present it exists in the great majority of Municipalities, which have taken advantage of former orders of the Government of India, excepting piece-goods from the general prohibition against the levy of octroi on goods liable to customs duty. The fact that piece-goods were not in the Cawnpore octroi schedule does not appear to the Lieutenant-Governor to be by itself a sufficient reason for putting this Municipality on a different footing from all others. The local mills are, as the Board point out, already taxed under Act II of 1896.

8. Twist and yarn are not taxed under the import tariff attached to Act III of 1896, and there is apparently no objection to the entry of yarn in the schedule; while manufactured jute is not necessarily imported. Leather and articles of leather appear in the import tariff schedule and have not been specially exempted from the general prohibition against taxation of such articles. They fall also to only a slight extent within the categories of articles on which octroi taxation is allowed, and if their inclusion in the terminal tax schedule is considered objectionable, the Lieutenant-Governor would not press for their addition.

9. The Lieutenant-Governor has carefully considered the proposals of the Board, because even if it should prove that the estimate of the deficiency in income is overstated with reference to the present requirements of the city, there can be no doubt that further expenditure on its sanitation, involving an increase in the annual charges, will eventually be necessary. It is difficult in a city where so many interests have to be consulted to secure the consent of all to any scheme of taxation, and as the present proposals have met with no substantial opposition from any quarter, the Lieutenant-Governor recommends them for the sanction of the Governor-General in Council under section 41 (2) of Act XV of 1883. The principle of a low terminal charge in place of an octroi with an elaborate procedure for obtaining refunds on export is no doubt open to theoretical objections, both as operating as a transit duty and as possibly having a protective effect on local industries. These objections become stronger as the rate is raised; but if the experiment which is being tried in Cawnpore is to be carried to a successful issue, the income from the tax must be increased. Up to the present the various sections of the trading community concerned appear to have a decided preference for taxation in this form to the establishment of an octroi with its

opportunities for interference with traffic, and the Lieutenant-Governor considers that full opportunity should be given to the Board of making its experiment a success. He would therefore ask sanction to the proposal as stated in the draft notifications prepared by the Board with the omission—if this should be considered advisable—of "Leather and leather articles" in schedules A (1) and B (1).

10. I am to add that enquiry has been made as to whether the Municipal Board has taken the necessary steps to obtain the assent of the Cantonment Committee to the changes now proposed in the schedule.

Petition—from the owners of certain Cotton-ginning Mills, Cawnpore.
To—His Honor the Lieutenant-Governor, North-West Provinces and Chief Commissioner of Oudh.
Dated—the 30th December 1897.
No.—76.

We most humbly and respectfully beg to bring to your Honor's notice that the Municipal Board, Cawnpore, have proposed to raise an additional tax of Rupees 75,000 by enhancing the rate of terminal tax, and the Board have submitted the proposal for your Honor's sanction. With reference to the above proposal of the Municipal Board, now under the consideration of your Government, we crave leave to submit that, in substituting the octroi by terminal tax and terminal toll, the Municipal Board and the Government had taken into consideration the cheap price of certain articles which were charged at low rates, and certain articles of low price were also exempted from the terminal tax in export. In fact, the only principle that was observed in substituting the terminal tax and toll for octroi was that the rate must be imperceptible. Now in the new proposal the principle observed by the Municipal Board is that the things manufactured within Municipal limits should not be liable to terminal tax at the time of export. On this principle "sugar", which is under the existing rule liable to terminal tax on import and export, has been proposed to be exempted at the time of export. The principle adopted in proposing the additional tax is open to question, and under the circumstances cannot be enforced with justice to all, for the manufactured articles of one mill may be called raw materials for the other; for instance, raw cotton (or kapás) is a raw material for a ginning mill; but as soon as the cotton and seed are separated by the ginning mills they become manufactured articles and according to that principle they should be exempted. But the cotton manufactured in the ginning mills may be considered raw material for the spinning and weaving mills. In fact the manufactured article of one mill is the raw material of the other. We further beg to put the following calculation before your Honor's perusal. At present a terminal tax of three pies per maund is fixed on raw cotton (kapás), under which kapás, cotton seed and cotton alike, is charged. That means that we, ginning factory owners and exporters, have to pay on machine-ginned cotton one anna six pies per maund, viz., to produce one maund machine-ginned cotton we have to use three maunds of kapás or raw cotton, out of which, as stated, we receive one maund of clean cotton and two maunds of cotton seed. So we have to pay—

	Rs.	A.	P.
On importing three maunds kapás or raw cotton	0	0	9
On exporting one maund manufactured cotton out of above ...	0	0	3
On exporting two maunds cotton seed out of above	0	0	6
	0	1	6

These charges on one maund cotton make it very difficult for us, ginning factory owners and exporters, to compete with other places in Calcutta or Bombay, and in case of raising the terminal tax we will be thrown out of the market. If the principle observed by the Municipal Board in proposing the additional terminal tax to exempt the manufactured articles at the time of export be approved by the Government, we, the owners of the cotton-ginning mills, most humbly submit that the outturn of our ginning mills, *i.e.*, cotton and cotton seed (which is besides also of very low price), be also exempted on the same principle and we hope and pray that your Honor will order accordingly.

For this act of kindness we as in duty bound shall ever pray.

Endt. No. $\frac{201}{\text{XI—237 A-2}}$, *Municipal, dated Allahabad, the 28th January* 1898.

Serial No. 223 forwarded in original (*return requested*) to the Commissioner, Allahabad Division, for early report, with the remark that the petition is not understood as cotton seeds do not appear to be taxable on export.

(By Order, etc.)

R. BURN,
Under Secy. to Govt., N.-W.P. and Oudh.

Letter—from F. L. PETRE, Esq., C.S., Offg. Commissioner, Allahabad Division.
To—the Secretary to Government, N.-W. Provinces and Oudh.
Dated—the 5th February 1898.
No.—1385/258.

In reply to your letter No. $\frac{55}{\text{XI—237-A}}$, dated the 7th ultimo, I have the honor to submit for the information of Government extract from the proceedings of a special meeting of the Cantonment Committee, Cawnpore, held on the 26th January 1898, in connection with the enhancement of the terminal tax at Cawnpore.

ENCLOSURE.

Extract from the proceedings of a special meeting of the Cantonment Committee, Cawnpore, held in the Cantonment Magistrate's Office at 11 A.M., *on the 26th January* 1898.

Enhancement of Terminal tax.

1. Read correspondence from the Secretary of the Municipal Board forwarding G.O., No. $\frac{55}{\text{XI—23-A}}$, dated Allahabad, 7th January 1898, regarding the enhancement of the terminal tax in Cawnpore. The Local Government enquire whether in the event of the revised schedule being sanctioned by the Government of India, who have been addressed on the subject for the Municipality, the Cantonment Committee agree to their introduction in cantonments. The proposal submitted by the Municipal Board to Government consists of the following:—

(1) The addition to schedule A of manufactured jute, piece-goods and textile fabrics, yarn of all sorts, leather and articles made of leather; (2) the enhancement to six pies per maund of certain articles mentioned in schedule A, and detailed in the Board's resolution, dated 24th August 1897, and revised in resolutions dated 23rd September and 22nd November 1897. Unanimously resolved that the Secretary of the Municipal Board be informed that the Cantonment Committee agree to the introduction of the revised schedules in Cantonment in the event of their being sanctioned by the Government of India, for the Municipality.

Letter—from F. L. PETRE, Esq., Offg. Commissioner, Allahabad Division.
To—the Secretary to Government, N.-W. Provinces and Oudh.
Dated—the 21st February 1898.
No.—1934/258.

In reply to your endorsement No. $\frac{20}{\text{XI—237 A}}$, dated the 28th ultimo, I have the honor to forward for the information of Government copy of a letter No. 1135, dated the 4th instant, from the Magistrate and Chairman, Municipal Board, Cawnpore, reporting on the petition, dated the 30th December 1897, from the owners of the Cawnpore cotton-ginning mills praying for exemption of the terminal tax on cotton and cotton-seed, and to say that I do not understand how "cotton seeds" can be taxed under head 64, class VIII, which is "cotton ginned and unginned." Ginning is, I understand, the separation of the seeds from the cotton and the cotton from which seeds have been so removed is called "ginned cotton." If this is so, I cannot think that the refuse, which the seeds are said by the Chairman to be, is taxable.

2. The petition received with your endorsement under reply is herewith returned.

opportunities for interference with traffic, and the Lieutenant-Governor considers that full opportunity should be given to the Board of making its experiment a success. He would therefore ask sanction to the proposal as stated in the draft notifications prepared by the Board with the omission—if this should be considered advisable—of "Leather and leather articles" in schedules A (1) and B (1).

10. I am to add that enquiry has been made as to whether the Municipal Board has taken the necessary steps to obtain the assent of the Cantonment Committee to the changes now proposed in the schedule.

Petition—from the owners of certain Cotton-ginning Mills, Cawnpore.
To—His Honor the Lieutenant-Governor, North-West Provinces and Chief Commissioner of Oudh.
Dated—the 30th December 1897.
No.—76.

We most humbly and respectfully beg to bring to your Honor's notice that the Municipal Board, Cawnpore, have proposed to raise an additional tax of Rupees 75,000 by enhancing the rate of terminal tax, and the Board have submitted the proposal for your Honor's sanction. With reference to the above proposal of the Municipal Board, now under the consideration of your Government, we crave leave to submit that, in substituting the octroi by terminal tax and terminal toll, the Municipal Board and the Government had taken into consideration the cheap price of certain articles which were charged at low rates, and certain articles of low price were also exempted from the terminal tax in export. In fact, the only principle that was observed in substituting the terminal tax and toll for octroi was that the rate must be imperceptible. Now in the new proposal the principle observed by the Municipal Board is that the things manufactured within Municipal limits should not be liable to existing rule liable to terminal tax on import and export, has been proposed to be exempted at the time of export. The principle adopted in proposing the additional tax is open to question, and under the circumstances cannot be enforced with justice to all, for the manufactured articles of one mill may be called raw materials for the other; for instance, raw cotton (or kapás) is a raw material for a ginning mill; but as soon as the cotton and seed are separated by the ginning mills they become manufactured articles and according to that principle they should be exempted. But the cotton manufactured in the ginning mills may be considered raw material for the spinning and weaving mills. In fact the manufactured article of one mill is the raw material of the other. We further beg to put the following calculation before your Honor's perusal. At present a terminal tax of three pies per maund is fixed on raw cotton (kapás), under which kapás, cotton seed and cotton alike, is charged. That means that we, ginning factory owners and exporters, have to pay on machine-ginned cotton one anna six pies per maund, viz., to produce one maund machine-ginned cotton we have to use three maunds of kapás or raw cotton, out of which, as stated, we receive one maund of clean cotton and two maunds of cotton seed. So we have to pay—

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For this act of kindness we as in duty bound shall ever pray.

Endt. No. $\frac{201}{\text{XI}-237\ \text{A-2}}$, *Municipal, dated Allahabad, the* 28*th January* 1898.

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(By Order, etc.)

R. BURN,
Under Secy. to Govt., N.-W.P. and Oudh.

Letter—from F. L. PETRE, Esq., C.S., Offg. Commissioner, Allahabad Division.
To—the Secretary to Government, N.-W. Provinces and Oudh.
Dated—the 5th February 1898.
No.—1385/258.

In reply to your letter No. $\frac{55}{\text{XI}-237\text{-A}_2}$, dated the 7th ultimo, I have the honor to submit for the information of Government extract from the proceedings of a special meeting of the Cantonment Committee, Cawnpore, held on the 26th January 1898, in connection with the enhancement of the terminal tax at Cawnpore.

ENCLOSURE.

Extract from the proceedings of a special meeting of the Cantonment Committee, Cawnpore, held in the Cantonment Magistrate's Office at 11 A.M., *on the* 26*th January* 1898.

1. Read correspondence from the Secretary of the Municipal Board forwarding G.O., Enhancement of Terminal tax. No. $\frac{55}{\text{XI}-23\text{-A}_2}$, dated Allahabad, 7th January 1898, regarding the enhancement of the terminal tax in Cawnpore. The Local Government enquire whether in the event of the revised schedule being sanctioned by the Government of India, who have been addressed on the subject for the Municipality, the Cantonment Committee agree to their introduction in cantonments. The proposal submitted by the Municipal Board to Government consists of the following:—

(1) The addition to schedule A of manufactured jute, piece-goods and textile fabrics, yarn of all sorts, leather and articles made of leather; (2) the enhancement to six pies per maund of certain articles mentioned in schedule A, and detailed in the Board's resolution, dated 24th August 1897, and revised in resolutions dated 23rd September and 22nd November 1897. Unanimously resolved that the Secretary of the Municipal Board be informed that the Cantonment Committee agree to the introduction of the revised schedules in Cantonment in the event of their being sanctioned by the Government of India, for the Municipality.

Letter—from F. L. PETRE, Esq., Offg. Commissioner, Allahabad Division.
To—the Secretary to Government, N.-W. Provinces and Oudh.
Dated—the 21st February 1898.
No.—1934/258.

In reply to your endorsement No. $\frac{20}{\text{XI}-237\ \text{A}_2}$, dated the 28th ultimo, I have the honor to forward for the information of Government copy of a letter No. 1135, dated the 4th instant, from the Magistrate and Chairman, Municipal Board, Cawnpore, reporting on the petition, dated the 30th December 1897, from the owners of the Cawnpore cotton-ginning mills praying for exemption of the terminal tax on cotton and cotton-seed, and to say that I do not understand how "cotton seeds" can be taxed under head 64, class VIII, which is "cotton ginned and unginned." Ginning is, I understand, the separation of the seeds from the cotton and the cotton from which seeds have been so removed is called "ginned cotton." If this is so, I cannot think that the refuse, which the seeds are said by the Chairman to be, is taxable.

2. The petition received with your endorsement under reply is herewith returned.

ENCLOSURE.

Letter—from A. W. TRETHEWY, Esq., Magistrate and Chairman, Municipal Board, Cawnpore.

To—the Commissioner, Allahabad Division.

Dated—the 14th February 1898.

No.—1135.

In reply to your letter No. 1110 XI—258/1, dated the 3rd February 1898, I have the honour to report as follows:—

(1) Cotton-seed is taxed under item cotton in the terminal tax schedules both on import and export. The petitioners have never objected to its inclusion in head No. 64, Class VIII. If they had done so, their objection would have been considered.

(2) Petitioners did not object to the proposals for enhancing the terminal tax when they were notified for objection.

(3) The Chamber of Commerce suggested the principle of taxing factories on raw material and exempting manufactured products, and the Board adopted their suggestion.

It is a pity that the petitioners did not bring their grievance to light when the principle was being discussed. Cotton-seed, however, can hardly be considered a manufactured product, it is refuse. There is an omission also in the statement of petitioners' case which may be noticed. When calculating the duty paid on import and export per maund, they make no allowance for local consumption. On the large quantity of cotton and cotton-seed consumed locally, of course no export duty is paid. The enclosure of your letter under reply is returned herewith.

Letter—from J. O. MILLER, Esq., Secretary to Government, North-West Provinces and Oudh.

To—the Secretary to the Government of India, Home Department.

Dated—Allahabad, the 4th February 1898.

No.—395-XI—237/A.-2.

In continuation of my letter No. 56, dated the 7th January 1898, submitting for sanction proposals for the revision of the terminal tax on imports and exports imposed in the Cawnpore Municipality and with reference to paragraph 10 thereof, I am directed to state, for the information of His Excellency the Governor-General in Council, that the Cantonment Committee of Cawnpore agree to the changes proposed in the schedule.

Letter—from F. L. PETER, Esq., Officiating Commissioner, Allahabad Division.

To—the Secretary to Government, North-West Provinces and Oudh.

Dated—the 9th August 1898.

No.—6705/XIII—85.

I have the honour to forward, for the information and orders of Government, copy of letter No. 392, dated the 5th instant, and of its enclosure from the Magistrate and Chairman, Municipal Board, Cawnpore, in connection with the financial condition of the Cawnpore Municipality, and to say that I trust Government may be able to issue orders at a very early date. The delay in sanctioning the proposals for the extension and enhancement of the terminal tax has, as pointed out, already caused heavy loss to the Municipality, and if the matter is not settled soon the financial position of the Municipality is likely to become very serious.

ENCLOSURES.

Letter—from A. W. TRETHEWY, Esq., Magistrate and Chairman, Municipal Board, Cawnpore.

To—the Commissioner, Allahabad Division.

Dated—the 5th August 1898.

No.—392.

I have the honour to submit, for favour of transmission to the Local Government, a copy of Resolution No. VII, passed by the Municipal Board of Cawnpore on August 3rd, 1898. This resolution relates to the financial condition of the Municipality. The Board have not exaggerated the facts of the case.

Copy of Resolution No. VII, passed by the Cawnpore Municipal Board at an ordinary meeting held on the 3rd August 1898.

READ accounts for the month of July 1898, showing:—

	Rs.	A.	P.
Income	74,585	15	6
Opening balance...	2,136	11	2
Total ...	76,722	10	8
Expenditure	31,015	14	10
Closing balance	45,706	11	10

This closing balance of Rs. 45,706-11-10 includes a sum of Rs. 28,454 paid by the Railway as compensation for land at Couperganj taken up by them, half of which will have to be invested in Government promissory notes and the other half refunded to Government.

Resolved—that owing to the delay on the part of Government in sanctioning the proposals for the extension and enhancement of the terminal tax the Municipal finances are in an unsatisfactory condition. In preparing the budget for the present year the Board anticipated that the additional taxation would be sanctioned by April 1st, and depended on the income accruing therefrom to meet their obligations. The Board must now represent to Government that, owing to causes beyond their control, they will be unable to pay in full the interest on the Government loan during the current year, they hope that they will be excused for the default, as they have done their best to provide funds for the Municipal administration. The additional taxation was estimated to yield Rs. 90,000 in the whole year, the sum of Rs. 29,032 was provided for the closing balance; about half the additional income must now be lost for ever; if the proposals are sanctioned at once, it will take some weeks to complete the necessary formalities for imposing the additional taxation. The Board respectfully draw the attention of Government to the serious consequences of this delay which seems likely to involve the Municipality in financial difficulties necessitating an appeal to Government for pecuniary assistance.

Letter—from Secretary to Government, North-West Provinces and Oudh.

To—the Secretary to the Government of India, Home Department.

Dated—Naini Tal, the 25th August 1898.

No.—2153/XI—237-A./2.

With reference to correspondence ending with my letter No. 395, dated the 24th February 1898, regarding the proposed revision of the terminal tax on imports and exports imposed in the Cawnpore Municipality, I am directed to report, for the information of His Excellency the Governor-General in Council, that the Municipal Board of Cawnpore has brought to the notice of this Government the necessity for an early decision on the proposals made for enhancing the terminal tax in order to avert a failure on the part of the Board to meet its liabilities.

2. The Municipal Board prepared the budget for the current year on the assumption that the enhanced taxation would take effect from the 1st April, and it appears from the correspondence now submitted that the delay will involve the Municipality in financial difficulties which may prevent the punctual settlement of its liabilities, including the payment of its instalments of principal and interest due on the Government loan.

3. In these circumstances I am to say that His Honor the Lieutenant-Governor and Chief Commissioner would be glad if early orders could be issued on the proposals submitted with my letter No. 56, dated the 7th January 1898, or if this Government could be informed whether the consideration of the questions raised is likely to involve further delay in the imposition of increased taxation.

4. I am to add that the possibility of the Municipal Board's being unable to pay its loan instalments has already been brought to the notice of the Government of India in the Finance and Commerce Department in paragraph 3 of my letter No. 1944, dated the 4th August 1898; but as the Municipal Board has now strongly represented its difficulties the Lieutenant-Governor feels constrained to make this further reference.

Letter—from H. LUSON, Esq., Deputy Secretary to the Government of India.
To—the Secretary to Government, North-West Provinces and Oudh.
Dated—Simla, the 24th August 1898.
No.—145.

I am directed to acknowledge the receipt of your letter No. 56, dated the 7th January last, in which certain proposals are made for the revision of the terminal tax on imports and exports imposed in the Municipality of Cawnpore under the orders conveyed in the letter from this Department No. 58, dated the 18th April 1895. It is stated that since the substitution of this tax for octroi at Cawnpore, the question whether the income of the Municipality would be sufficient for its requirements has become a matter of serious importance. It is estimated that an increase of Rs. 75,000 a year in the income of the Board is required to secure the solvency of the Municipal Fund. Various proposals for raising the necessary additional income have been considered by the Board, and their final decision has been to endeavour to obtain the increase by enhancement and revision of the terminal tax schedule.

2. The revised scheme proposed by the Board is contained in the draft notification forwarded with your letter. It involves, so far as the taxation of imports is concerned, the enhancement of the rate, in the majority of the articles which are now subject to the terminal tax from three pies to six pies per maund, and the addition to the list of taxable articles of (*a*) piece-goods and textile fabrics, (*b*) yarn of all sorts, (*c*) manufactured jute, and (*d*) leather and articles of leather. The doubling of the maundage rate is also proposed in regard to the majority of exports now liable to the tax.

3. The terminal tax is reported to have worked smoothly and to have given rise to much less friction and interference with trade than the octroi which it has superseded; and the differentiation of articles to be taxed at three pies and six pies respectively has been made by the Board after giving due publicity to the proposals and considering all objections made, and after communication with the Chamber of Commerce. In these circumstances the Governor-General in Council has no objection to the proposed enhancement of the rate, so far as regards the articles contained in the existing terminal tax schedule, in order to provide an enhanced income which must be obtained by the Board.

4. The taxation of (*a*) piece-goods and textile fabrics, (*b*) yarn of all sorts, (*c*) manufactured jute, and (*d*) leather and articles of leather which it is proposed to add to the schedule of taxable articles is, however, contrary to the general policy of the Government of India stated in my letter No. 80, dated the 27th August 1894, *viz.*, that local taxation is not permissible on articles imported by sea, which are subject to customs duties, or which have been relieved of such duties. As regards piece-goods, it is urged in your letter that octroi is at present levied on them in the great majority of municipalites, which have taken advantage of the orders issued by the Government of India in 1871 exempting such goods and certain other articles from the general prohibition against the levy of octroi on articles liable to customs duty. The statements forwarded with your letter No. 2703, dated the 19th October 1895, show, however, that since the octroi system was introduced in 1892 into the Cawnpore Municipality, octroi has been levied on the following forbidden articles which were in the tariff if 1875, *viz.*, groceries, vinegar, cocoanut-oil, soap, candles, matches, hemp rope, glass, China, betelnuts, drugs, chemicals, perfumery, dyes, tobacco and cigars. The octroi income from these articles amounted in 1893–94 (the last year given in the statements) to a considerable portion of the whole octroi income of the municipality. The Government of India have accepted the existing schedule of taxable articles pending the settlement of the general question whether the levy of octroi on articles liable to customs duty is to be absolutely prohibited or not, and have allowed the terminal tax to be levied on these prohibited articles. But if the matter is to be in abeyance on the one side, so must it be on the other; and the Government of India cannot in the circumstances accept the argument that the taxation of piece-goods and textile fabrics should be allowed now because the Cawnpore Municipality might have imposed octroi on these articles under the orders of 1871. The Governor-General in Council regrets, therefore, that he is unable to reconsider the orders contained in my letter No. 58, dated the 18th April 1895.

5. Leather and articles of leather are taxed under the import tariff attached to Act III of 1896, and the Lieutenant-Governor does not press the recommendation of the Board for their inclusion in the schedule of taxable articles. Nor does His Honor support the proposals to tax twist, but it is said in your letter that there is apparently no objection to the entry of yarn in the schedule. As regards yarn, I am to point out that this article was included in schedule A-12 and 16 of Act XVI of 1875, and with reference to the proposal regarding manufactured jute, I am to observe that "articles made of jute" are shown in entry No. 68 of schedule IV of the Act of 1896.

12. *Coir and articles made of coir.*	
Yarn of all sorts	5 per cent.
16. *Cotton and articles made of cotton.*	
Twist	3½ per cent.
Cotton goods, all other sorts ...	5 "

6. For the above reasons, the Governor-General in Council regrets that he is unable to sanction the levy of the terminal tax on piece-goods and textile fabrics yarn, manufactured jute, and leather and articles of leather, as proposed by the Cawnpore Municipal Board. It appears from paragraph 7 of Mr. Trethewy's letter No. 777, dated the 2nd October 1897 (enclosed with your letter), that the proposed additional income from these articles is roughly estimated at Rs. 16,000. It would seem that the further income of about this amount could be obtained if the maundage rates were increased to 7 pies in those cases in which it is now proposed to raise them from 3 pies to 6 pies, and the Government of India, I am to say, would not object to sanctioning that increase or some similar method of getting the requisite income. I am to suggest, for the consideration of His Honor the Lieutenant-Governor and Chief Commissioner, whether this course could be adopted without objection.

7. I am to take the opportunity to refer to the rules for the assessment and collection of the terminal tax at Cawnpore which were made by the Lieutenant-Governor and Chief Commissioner, and published with the Local Government's Notification No. $\frac{2637}{XI-257A\ 2}$, dated the 20th October 1896, and to say that it appears that goods imported by road, canal or river are only exempted from the tax if they are exported or reach the railway station by sunset of the day in which they passed the barrier on entry into Cawnpore, whilst refunds are allowed only in the cases of goods consigned to Cawnpore by rail if they are rebooked for re-exportation without leaving the railway station yard. Goods imported by railway and exported otherwise than by railway must be passed out of the taxable area under the supervision of a guard on the day on which they leave the station yard, or pay the tax. The effect of these rules appears to be that the tax acts as a transit duty upon imported goods which are afterwards exported unless the exportation takes place immediately. This, I am to say, is opposed to the policy which has been consistently laid down by the Government of India and the Secretary of State, *viz.*, that an octroi tax shall not be allowed to degenerate into a transit duty. I am accordingly to enquire to what extent the terminal tax at Cawnpore so acts at present, and to request that, unless His Honor the Lieutenant-Governor and Chief Commissioner has anything to urge to the contrary, the rules in question may be amended so as to provide for the grant of exemption or of refund in all cases in which the terminal tax is levied on goods imported into Cawnpore and afterwards exported from that place.

Letter—from J. O. MILLER, Esq., Secretary to Govt., North-West Provinces and Oudh.
To—the Commissioner, Allahabad Division.
Dated—Allahabad, the 13th September 1898.
No.—$\frac{2272}{XI-237A-2}$.

I am directed to acknowledge the receipt of your letter No. $\frac{6785}{XIII-85}$, dated the 9th August 1898, submitting for orders a copy of a letter and of its enclosure from the Chairman, Municipal Board, Cawnpore, in connection with the financial condition of the Cawnpore Municipality. It is reported that the delay in sanctioning the proposals for the revision and enhancement of the terminal tax may prevent the punctual payment by the Board of the instalments due on account of principal and interest on the Government loans.

2. In reply, I am to forward, for information and communication to the Municipal Board, a copy of a letter No. 145, dated the 24th August 1898, from the Deputy Secretary to the Government of India, Home Department, sanctioning, with some modifications, the proposal made by the Board for the revision of the terminal tax, and to say that a notification is under issue authorizing the imposition of the revised tax as sanctioned by the Government of India. A copy of the notification will be forwarded to you in the usual course and the Municipal Board should be directed to impose the revised tax at a special meeting at as early a date as can be arranged for.

3. I am to invite attention to paragraph 6 of the letter from the Government of India quoted above, and to request that the Municipal Board may be asked to consider, at a very early date, the suggestion made therein to raise the maundage rate in certain cases from 6 pies to 7 pies, as a set-off against the loss of income caused by the decision of the Government of India not to sanction the addition of piece-goods and textile fabrics, yarn, manufactured jute, and leather and articles of leather to the schedule.

4. With reference to the remarks made by the Government of India in paragraph 7 of their letter referred to above, I am to request that the Board may be asked to report fully, at an early date, on the points raised. The manner in which goods imported into Cawnpore and not immediately re-exported are dealt with in the case of eventual export should be clearly stated. The Board should also consider the direction of the Government of India that, unless there are any reasons to the contrary, the rules for the assessment and collection of the terminal tax should be amended so as to provide for refunds in such cases and should submit the necessary amendment or report whether there are any matters requiring further consideration before the proposal is given effect to.

5. I am to add that the Government of India in the Military Department has been asked to sanction the issue of the necessary notification for cantonments.

Notification of the Municipal Department, No. $\frac{2273}{\text{XI—237A-2}}$, *dated 13th September 1898.*

In supersession of Notification No. $\frac{84}{\text{XI—237A-2}}$, dated the 16th January 1895, and under section 42, Act XV of 1883, the Lieutenant-Governor and Chief Commissioner, with the previous sanction of the Governor-General in Council, is pleased to authorize the Municipal Board of Cawnpore to impose immediately the undermentioned taxes on imports and exports subject to the exceptions noted in the margin:—

Articles exempted from taxation.

(1) Personal luggage of railway passengers.
(2) Parcels less than 15 seers in weight carried by passenger train.
(3) Articles received or despatched through the Post office.
(4) Articles the property of Government, or imported or exported on behalf of the Government.

1. A tax at the following rates on goods brought within municipal limits when conveyed to Cawnpore on consignment to that place by rail or by boat or when carried in as a headload:—

(*a*)	On goods specified in schedule A (I), conveyed by rail or boat.	Six pies per maund.
(*b*)	On goods specified in schedule A (II), conveyed by rail or boat.	Three pies per maund.
(*c*)	On goods specified in schedule A (III), conveyed by rail or boat.	One pie per maund.
(*d*)	On headloads of goods specified in schedules A (I), A (II), and A (III, except firewood.	Three pies per headload.

Provided that no tax shall be leviable in the case of headloads of goods carried in from the cantonment of Cawnpore.

2. A tax at the rate of six pies per maund on goods indicated in schedule B (I) consigned from Cawnpore to other places and exported by rail from within municipal limits.

3. A tax at the rate of three pies per maund on goods indicated in schedule B (II) consigned from Cawnpore to other places and exported by rail from within municipal limits.

Schedule A (I) of articles taxed on import at the rate of six pies per maund.

Class I.

1. Barley and oats.
2. *Suji* of all kinds.
3. *Mahua*.
4. Sugarcandy.
5. Crystallized sugar, *chini*, and *shakkar*.
6. *Gur*, *shira*, *ráb* and treacle.
7. *Ghee* and butter.
8. Groceries, including dried and Kábul fruits, arrowroot, coffee, cornflour, confectionery, oilman's stores, and tinned provision.
9. Vinegar.
10. *Dahi*.
11. *Khoa*.
12. Eggs, fowls, ducks, geese, and birds intended or fit for use.
13. Meat of all kinds.

Class II.

14. Oil (country).
15. Oil-seeds (country).
16. Soap of all kinds.
17. Candles and wax.
18. Matches.

Class III.

19. Hemp ropes and string and other ropes and string not otherwise provided for.
20. Lime whitewash made outside municipal limits.
21. Timber of all sorts.
22. Furniture and articles made of wood.
23. Glass, chinaware, and crockery.
24. Betel-nuts.

Class IV.

25. *Pán* leaves.
26. Drugs, chemicals, perfumery, and essential oils.
27. *Lac* and *chapra*.
28. Dyes.

Class V.

29. Native tobacco, raw, of finer sort.
30. Native tobacco, raw, of common sort.
31. Cigars, cigarettes, imported, and tobacco cured by the European or American method.

Class VI.

32. Haberdashery.
33. Millinery.
34. Fancy goods.
35. Tinsel, gold and silver lace.

Class VII.

36. Brass vessels.
37. Copper and *phul* vessels.
38. Copper, *kaskut*, and petwer sheets.
39. Lead and zinc sheets.
40. Iron vessels.
41. Iron of all kinds.
42. Block tin, ingots, and *kansa*.

Class VIII.

43. Cotton, raw, ginned and unginned (country).
44. Hides and skins (country).
45. Jute (country).
46. Wool (country).

Schedule B (I) of articles taxed on export at six pies per maund.

The same articles as those enumerated in schedule A (I) with the exception of—
Sugarcandy.
Crystallized sugar, *chini*, and *shakkar*.
Oil-seeds (country).

Schedule A (II) of articles taxed on import at the rate of three pies per maund.

CLASS I.

1. Wheat.
2. Pulses.
3. *Judr*, *bajra*, and other grains not mentioned above.
4. Gram.
5. Rice.
6. *Karbi*.

CLASS II.

7. *Reh*.

CLASS III.

8. *Uplas*.
9. *Munj*, *hagai*, *bddh*, and hemp.
10. Lime (common), *surkhi*, and chalk.
11. Bricks, *pakka* and *kachcha*.
12. Tiles, large, small, and Goodwyn.
13. Stone, other than ballast, marble, and articles made of stone.
14. *Sirki*, palm leaves, matting, and *pankhas*.
15. Bamboos, large and small.
16. Indigo seed.

Schedule B (II) of articles taxed on import at three pies per maund.

The same articles as those enumerated in schedule A (II) with the exception of—

Wheat.	Gram.
Pulses.	Rice.

Schedule B (III) of articles taxed on import at the rate one pie per maund.

(1) Firewood. | (2) Bark (country).

No. $\frac{2274}{\text{XI—237 A-2}}$.

Copy forwarded to Commissioner, Allahabad Division, for information with reference to correspondence ending with his letter No. $\frac{6786}{\text{XIII—86}}$, dated the 9th August 1898.

(By Order.)

R. BURN,
Under Secy. to Govt., N.W.P. & Oudh.

XVII

[Bill as passed by the Lieutenant-Governor of the North-Western Provinces and Oudh in Council.]

BILL.

No. 1 OF 1898.

A Bill to provide for the collection in certain cases of Municipal and other taxes by Railway Administrations.

WHEREAS it is expedient to provide for the collection in certain cases of municipal and cantonment taxes by railway administrations; it is hereby enacted as follows:—

1. (1) This Act extends to the territories for the time being administered by the Lieutenant-Governor of the North-Western Provinces and the Chief Commissioner of Oudh; and

Extent and commencement.

(2) It shall come into force at once.

2. (1) "Railway administration" shall have the meaning assigned to that expression in section 3 (6) of the Indian Railways Act, 1890.

Definitions.

(2) "Municipal tax" and "Cantonment tax" mean respectively any tax, toll, duty, fee, or other charge duly imposed under the North-Western Provinces and Oudh Municipalities Act, 1883, or the Cantonments Act, 1889.

3. It shall be lawful for a railway administration, with the previous sanction of the Local Government and of the Governor-General in Council, to agree with a municipal board or a cantonment committee to collect municipal or cantonment taxes leviable in respect of persons, animals, carriages, or goods conveyed to or from any station on its railway situate within municipal or cantonment limits on such terms as may be agreed upon between such railway administration and municipal board or cantonment committee respectively.

Power to make agreement to collect taxes.

4. No agreement made under this Act shall be chargeable with stamp duty.

Exemption from stamp duty.

5. Where any such tax as assessed is collected by a railway administration, the railway administration shall have all the same powers and remedies for the recovery thereof as though the same were a rate or fare which such railway administration is empowered to levy under the Indian Railways Act, 1890.

Powers to recover tax.

6. All agreements made before the commencement of this Act between any railway administration and any municipal board or cantonment committee, and all municipal taxes and cantonment taxes heretofore collected by any railway administration in pursuance of any such agreement which might have been lawfully made or collected if this Act had been in force at the time, shall be deemed to have been made or collected under the provisions of this Act.

This Bill was passed by the Council of the Lieutenant-Governor of the North-Western Provinces and Oudh for the purpose of making Laws and Regulations on the 24th January 1899.

A. P. MACDONNELL,
President.

1725-A M.—10

Schedule B (I) of articles taxed on export at six pies per maund.

The same articles as those enumerated in schedule A (I) with the exception of—
Sugarcandy.
Crystallized sugar, *chini*, and *shakkar*.
Oil-seeds (country).

Schedule A (II) of articles taxed on import at the rate of three pies per maund.

CLASS I.

1. Wheat.
2. Pulses.
3. *Judr*, *bajra*, and other grains not mentioned above.
4. Gram.
5. Rice.
6. *Karbi*.

CLASS II.

7. *Reh*.

CLASS III.

8. *Uplas*.
9. *Munj*, *bagai*, *bádh*, and hemp.
10. Lime (common), *surkhi*, and chalk.
11. Bricks, *pakka* and *kachcha*.
12. Tiles, large, small, and Goodwyn.
13. Stone, other than ballast, marble, and articles made of stone.
14. *Sirki*, palm leaves, matting, and *pankhas*.
15. Bamboos, large and small.
16. Indigo seed.

Schedule B (II) of articles taxed on import at three pies per maund.

The same articles as those enumerated in schedule A (II) with the exception of—
Wheat. | Gram.
Pulses. | Rice.

Schedule B (III) of articles taxed on import at the rate one pie per maund.

(1) Firewood. | (2) Bark (country).

No. $\frac{2274}{XI-237\ A-2}$.

Copy forwarded to Commissioner, Allahabad Division, for information with reference to correspondence ending with his letter No. $\frac{6785}{XIII-86}$, dated the 9th August 1898.

(By Order.)

R. BURN,
Under Secy. to Govt., N.W.P. & Oudh.

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Extent and commencement.

1. (1) This Act extends to the territories for the time being administered by the Lieutenant-Governor of the North-Western Provinces and the Chief Commissioner of Oudh; and

(2) It shall come into force at once.

Definitions.

2. (1) "Railway administration" shall have the meaning assigned to that expression in section 3 (6) of the Indian Railways Act, 1890.

(2) "Municipal tax" and "Cantonment tax" mean respectively any tax, toll, duty, fee, or other charge duly imposed under the North-Western Provinces and Oudh Municipalities Act, 1883, or the Cantonments Act, 1889.

Power to make agreement to collect taxes.

3. It shall be lawful for a railway administration, with the previous sanction of the Local Government and of the Governor-General in Council, to agree with a municipal board or a cantonment committee to collect municipal or cantonment taxes leviable in respect of persons, animals, carriages, or goods conveyed to or from any station on its railway situate within municipal or cantonment limits on such terms as may be agreed upon between such railway administration and municipal board or cantonment committee respectively.

Exemption from stamp duty.

4. No agreement made under this Act shall be chargeable with stamp duty.

Powers to recover tax.

5. Where any such tax as assessed is collected by a railway administration, the railway administration shall have all the same powers and remedies for the recovery thereof as though the same were a rate or fare which such railway administration is empowered to levy under the Indian Railways Act, 1890.

6. All agreements made before the commencement of this Act between any railway administration and any municipal board or cantonment committee, and all municipal taxes and cantonment taxes heretofore collected by any railway administration in pursuance of any such agreement which might have been lawfully made or collected if this Act had been in force at the time, shall be deemed to have been made or collected under the provisions of this Act.

This Bill was passed by the Council of the Lieutenant-Governor of the North-Western Provinces and Oudh for the purpose of making Laws and Regulations on the 24th January 1899.

A. P. MACDONNELL,
President.

1725-A M.—10

Schedule B (I) of articles taxed on export at six pies per maund.

The same articles as those enumerated in schedule A (I) with the exception of—
Sugarcandy.
Crystallized sugar, *chini*, and *shakkar*.
Oil-seeds (country).

Schedule A (II) of articles taxed on import at the rate of three pies per maund.

CLASS I.

1. Wheat.
2. Pulses.
3. *Juár*, *bajra*, and other grains not mentioned above.
4. Gram.
5. Rice.
6. *Karbi*.

CLASS II.

7. *Reh*.

CLASS III.

8. *Uplas*.
9. *Munj*, *hagai*, *bádh*, and hemp.
10. Lime (common), *surkhi*, and chalk.
11. Bricks, *pakka* and *kachcha*.
12. Tiles, large, small, and Goodwyn.
13. Stone, other than ballast, marble, and articles made of stone.
14. *Sirki*, palm leaves, matting, and *pankhas*.
15. Bamboos, large and small.
16. Indigo seed.

Schedule B (II) of articles taxed on import at three pies per maund.

The same articles as those enumerated in schedule A (II) with the exception of—

Wheat.	Gram.
Pulses.	Rice.

Schedule B (III) of articles taxed on import at the rate one pie per maund.

(1) Firewood. | (2) Bark (country).

No. $\frac{2274}{\text{XI—237 A-2}}$.

Copy forwarded to Commissioner, Allahabad Division, for information with reference to correspondence ending with his letter No. $\frac{6785}{\text{XIII—86}}$, dated the 9th August 1898.

(By Order.)

R. BURN,
Under Secy. to Govt., N.W.P. & Oudh.

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Definitions.

(2) "Municipal tax" and "Cantonment tax" mean respectively any tax, toll, duty, fee, or other charge duly imposed under the North-Western Provinces and Oudh Municipalities Act, 1883, or the Cantonments Act, 1889.

3. It shall be lawful for a railway administration, with the previous sanction of the Local Government and of the Governor-General in Council, to agree with a municipal board or a cantonment committee to collect municipal or cantonment taxes leviable in respect of persons, animals, carriages, or goods conveyed to or from any station on its railway situate within municipal or cantonment limits on such terms as may be agreed upon between such railway administration and municipal board or cantonment committee respectively.

Power to make agreement to collect taxes.

4. No agreement made under this Act shall be chargeable with stamp duty.

Exemption from stamp duty.

5. Where any such tax as assessed is collected by a railway administration, the railway administration shall have all the same powers and remedies for the recovery thereof as though the same were a rate or fare which such railway administration is empowered to levy under the Indian Railways Act, 1890.

Powers to recover tax.

6. All agreements made before the commencement of this Act between any railway administration and any municipal board or cantonment committee, and all municipal taxes and cantonment taxes heretofore collected by any railway administration in pursuance of any such agreement which might have been lawfully made or collected if this Act had been in force at the time, shall be deemed to have been made or collected under the provisions of this Act.

This Bill was passed by the Council of the Lieutenant-Governor of the North-Western Provinces and Oudh for the purpose of making Laws and Regulations on the 24th January 1899.

A. P. MACDONNELL,
President.

1725-A M.—10

I assent to this Bill.

A. P. MacDonnell,
Lieutenant-Governor.

10th February 1899.

I assent to this Law.

Curzon of Kedleston,
Viceroy and Governor-General.

Simla, *11th May* 1899.

XVIII

Letter—from J. S. Meston, Esq., Secretary to Government, N.-W. Provinces and Oudh.

To—the Secretary to the Government of India, Home Department.

Dated—Naini Tal, the $\frac{28}{29}$th April 1899.

No.—898 of 1899.

I am directed to acknowledge the receipt of your letter No. 145, dated 24th August 1898, on the subject of increased taxation in the Municipality of Cawnpore. The octroi schedule has now been enhanced in the manner, and to the extent, sanctioned by the Government of India; and the Municipal Board have been advised to meet the deficiency which they still expect in their income by the imposition of a house-tax. In paragraph 6 of your letter it was suggested that a further increase in the terminal tax would provide the necessary funds. But on a full consideration of the position, the Lieutenant-Governor and Chief Commissioner is unable to recommend any addition to the rates of the terminal tax as now imposed. His reasons for coming to this conclusion will be discussed at a later stage of this letter.

2. In the last paragraph of your letter under reply you enquire to what extent the terminal tax operates as a transit duty, and you request that, unless His Honor the Lieutenant-Governor and Chief Commissioner has anything to urge to the contrary, the rules for the collection of the tax may be supplemented by provision for the grant of exemption or refund in the case of goods imported on payment of the tax and subsequently exported. It was considered necessary to obtain a report from the Municipal Board on these points, and this was accordingly called for. The Board's reply, forwarded by the Commissioner of the division on the 4th instant, has only just been laid before the Lieutenant-Governor and Chief Commissioner. It is by no means a complete report, and His Honor would have been glad of an opportunity of referring back to the Board for further details. In face, however, of your telegram, dated 25th instant, His Honor does not delay the report required by the Government of India, and directs me to submit at once, for the consideration of His Excellency in Council, the following statement of his views on the point at issue.

3. In Mr. Impey's letter No. 1067, of 2nd May 1894, the Government of India was first made acquainted with the peculiar position of the Cawnpore Municipality in the matter of taxation. Unlike all the other large towns in these Provinces, Cawnpore had long remained without any octroi system. It was not until 1892, when the calls of sanitary reform could no longer be disregarded, that an octroi was imposed. The tax, unpopular from the beginning and foreign to the traditions and customs of Cawnpore, soon threatened seriously to jeopardize the trade of the city; and it became imperative on the Municipality to adopt some other and less objectionable means of raising an income adequate to its requirements. In the meantime the strain on the municipal resources had been gravely increased by the liability which, under pressure from Sir Auckland Colvin's Government, it had incurred for repayment of a loan raised for the introduction of a costly system of water-works. In these circumstances the replacement of the octroi by a terminal tax was urged on Government by the unanimous public opinion of the city—a public opinion which is perhaps the best informed in Upper India owing to the existence in Cawnpore of many important industrial enterprises conducted by very capable Europeans. The tax was a novel one, and in some respects it marked a departure from the recognised canons of taxation. But the arguments in favour of the change were too strong to be gainsaid, and the proposal was accordingly commended to the Government of India.

4. In the letter replying to these representations the Government of India offered no opposition to the principle underlying the tax; the only modification insisted on was the protection of goods passing through Cawnpore by quick transit. The provisions necessary to effect this protection were at once made by the Municipal Board, and the completion of rules for the levy of the new tax was reported by this Government in February 1895. The order finally confirming the system was conveyed in Home Department letter No. 58 of 18th April 1895, in which again I am to point out there was no note of dissent, such as that now audible in your letter under reply, from the principles on which the Board had elected to impose the tax. These principles have been followed without any variation or extension; and the nature of the tax is the same to-day as it was four years ago, when it met with the final and unconditional acceptance of the Government of India.

Home Department No. 83, dated 27th August 1894.

5. The extent to which the terminal tax operates as a transit duty was one of the points referred to the Municipal Board for report. It has been dealt with by the Board in their Resolution of the 23rd ultimo, a copy of which is submitted with this letter. The arguments of the Board are not so precise and detailed as Sir Antony MacDonnell would wish; but, as already explained, His Honor is unwilling to delay the correspondence by calling for more exact information on the subject. The rules sufficiently provide for the exemption from taxation or the provision of a full refund in the case of goods which are passed through Cawnpore by road on the same day, as well as on goods which pass through by rail, or by road and rail combined, without breaking bulk. There remain only those goods which are imported for eventual export, either in the same form or converted by manufacture into other forms. In regard to these His Honor considers that the contention of the Board is substantially correct. The quantity of raw material collected at Cawnpore for early export is comparatively small. The bulk of the raw material imported into the city is so transformed before it leaves the city that the original import duty has become an altogether negligible factor in its value. In regard to the raw material which is exported without conversion, the Board contends that the facilities for storage and the protection afforded by the municipal administration justify the payment of municipal dues. This argument is on a different plane from that on which the present discussion stands; but it is confidently submitted that it should carry weight.

6. The proposal to impose a complete system of refunds on the present method of taxation would, if carried into effect, involve much wider consequences than are at first sight apparent. The change, as has been accurately expressed by the Commissioner of the division, would be equivalent to the imposition of a very low octroi. It is true that this would not be the immediate effect of the change proposed by the Government of India. But the difficulty, and in many cases the impossibility, of accurately adjusting the refund on manufactured articles to the duty on the raw materials would steadily force the Board into the substitution of *ad valorem* rates for the maundage rates now in force, and for all practical purposes octroi would in time be re-established. The arguments against octroi generally need not be recapitulated; they were summarized by Sir Charles Crosthwaite in paragraph 7 of this Government's letter of May 1894, to which reference has already been made. But the arguments against a full octroi, besides being *pro tanto* hostile to a low octroi, are supplemented by the fatal objection that the latter would bring in an income utterly inadequate to the Board's requirements. It would be inefficient as well as intensely unpopular.

Another result, and a more immediate one, of the establishment of refunds would necessarily be a reconsideration of the whole principle on which one large section of the taxation income is levied. I refer to the tax on exports. The terminal system is a system that is defensible on grounds of practical convenience, of advantage to trade, and of the loudly expressed preference of those who are affected by municipal taxation; but not a system, as has always been admitted, that is defensible on grounds of strictly orthodox political economy. It is not only a tax on imports, but on exports as well; all articles on the import schedule, with the exception of wheat, pulses, rice, and country oilseeds, being liable to payment of duty when they leave the municipality. It is inconceivable that a reasoned scheme of refunds can logically exist side

by side with an export duty. If, therefore, a system of refunds be forced on the Municipality, the whole principle of the terminal tax will be overthrown; the position will become untenable, and the tax will have to be abandoned.

7. If the terminal tax has to be given up or the income from it materially reduced, the provision of funds for the urgent needs of the Municipality will become a very serious matter indeed. Even as matters now stand, the Municipal budget shows a deficit of Rs. 20,000. But on the expenditure side the budget makes no provision for sanitary schemes which have long been talked of and can no longer be postponed. The city has a most defective system of drainage and sewerage, the dangers from which are soon likely to be aggravated by the water-logging which must result from the rapid extension, and not always judicious use, of a pipe water-supply. The funds for an effective drainage scheme must be found without further delay, and the Lieutenant-Governor and Chief Commissioner is advised that the Board must be prepared for a capital outlay of at least five or six lakhs of rupees, involving, on interest and repayment of principal, an annual outlay of at least Rs. 40,000 on this account. The income of the Municipality must thus in the immediate future be supplemented by not less than Rs. 60,000 a year. It may be questioned whether even a reasonably efficient substitute for the very expensive drainage scheme supported by Mr. Baldwin Latham can be provided for six lakhs; but there seems to be no doubt that it cannot be provided for less.

For the provision of this sum His Honour has had various proposals under consideration. The first was an enhancement of the rates of the terminal tax, as suggested in paragraph 6 of your letter under reply. The enhancement required to raise an additional Rs. 60,000 would be a serious one: and I am to say that the Lieutenant-Governor and Chief Commissioner is unable to approve of this, or, indeed, of any further, taxation on the trade of Cawnpore.

In taking up this position, His Honor has ascertained that he has the cordial support of the Upper India Chamber of Commerce*; and he has no hesitation in saying that, in the best interests of Cawnpore, such future additional burdens as may be necessary should be laid on the inhabitants and not on the industries of the Municipality. The experience of similar imposts on the trade of Agra shows that trade abandoned that city and concentrated itself outside municipal limits to the great inconvenience of every one, and ultimately to the detriment of the commerce of the place.

There remain two other possible sources of income—a water-rate and a house-tax. These imposts are very similar in their operation, each being assesed on the rental value of houses and other buildings; but Sir Antony MacDonnell considers that, in the circumstances of Cawnpore, the latter is preferable, and he has accordingly recommended its imposition to the Board. He is doubtful, however, whether it will result in an income which will do more than cover the Rs. 60,000 that will bring the budget into equilibrium on the assumption that the terminal tax is left intact. It may be anticipated that the Municipal Board will not view with favour the proposal to increase its income by direct taxation. For reasons which are too well known to need repetition here, the objection of the native ratepayer to a direct tax in any form is almost instinctive. In the Cawnpore Municipality this objection may find support in the uneasiness which the mercantile interest feels as to the rating of its costly and extensive factory buildings; though, as the Chamber of Commerce agrees on the principle that an addition to municipal finance should not come from taxation of trade, His Honor is not without hope that a reasonable method of adjusting taxation on such buildings will be devised. These difficulties must necessarily be felt, in a greater or less degree, in connection with any alternative tax that can be suggested; but it is not without a careful survey of the whole position that the Lieutenant-Governor is constrained to urge the retention of the terminal tax in its present form as the backbone of the municipal income. That tax has now been working for over

* The agreement of the Chamber with this Government in deprecating any further taxation on trade has one exception in the matter of piece-goods. The Chamber want to see included in the octroi schedule piece-goods and other articles which the Government of India wish to remain exempt by reason of their having already paid customs duty. The Lieutenant-Governor is unable to follow the Chamber in this contention; he accepts the views of the Government of India.

three years with altogether exceptional smoothness. It has fully justified the expectations that were formed of it, combining the merits of simplicity popularity, and efficiency. Any radical modification, such as the Government of India's suggestion involves, would most seriously detract from its usefulness and would imperil the whole financial system of the Cawnpore Municipality.

Order—No. 1725-A M., dated 20th November 1899.

In G.O., No. 209 M., dated 12th February 1897, a scheme for the drainage of Madras, estimated to cost Rs. 31,81,100, was approved and the Municipal Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore and the construction of pipe sewers along the Ice House road and Sydenham's road at a total cost of Rs. 3,50,000, appropriating for the purpose the Provincial grant of the same amount sanctioned for sanitary improvements. To enable them to carry out the rest of the scheme, the estimated cost of which was Rs. 28,31,100, the Municipal Commissioners requested the Government to aid them with a grant of 10 lakhs and proposed to raise an additional revenue of Rs. 1,40,500 towards meeting the annual charges of the entire scheme from the following sources:—

	Rs.
(1) By increasing the rate of tolls by 50 per cent.	20,000
(2) By increasing the tax on vehicles and animals (section 153 of Act I of 1884) by 50 per cent.	37,000
(3) By recasting schedule A appended to Act I of 1884 (Profession-tax)	70,000
(4) By doubling the compensation paid by Government under section 99 of the Act	13,500
Total ...	1,40,500

2. The Government, however, stated that it could not hold out any hope of a grant within any definite period and that the Commissioners should rely on their own resources to provide sinking fund and interest on the loan which they would have to raise in the open market to carry out this work; and while rejecting as unsuitable the first, third and fourth of the proposals for raising additional revenue made by the Municipal Commissioners, observed that the extra income which might be expected from the second source, viz., the enhancement of the rate of the tax on vehicles and animals, was only Rs. 29,800 and not Rs. 37,000 as anticipated by the Commissioners, and that the only way of obtaining the balance of the funds required for the liquidation of the loan and for meeting the annual maintenance charges of the scheme, viz., Rs. 2,36,140, was by some mode of municipal taxation other than those above referred to, preferably one in the shape of a tax on buildings and lands. The Government accordingly suggested the desirability of substituting for the present water-tax of 4 per cent. a water and sanitation tax of 10 per cent., and, before taking steps to institute legislation in the matter, requested the Commissioners to give their opinion on the proposal.

3. With the first letter read above, the President forwards an extract from the proceedings of the Municipal Commissioners of the 1st November 1897, in which they propose to undertake at first the construction of the iron main, which forms the principal part of the scheme at a cost of 12 lakhs and to provide the necessary funds for meeting the annual expenditure on account of the scheme from the following sources:—

	Rs.
(*a*) By raising the rate of the taxes on vehicles, animals and carts by 50 per cent. (sections 153 and 164)	37,550
(*b*) By increasing the rate of tools by 50 per cent.	20,000
(*c*) By enhancing the compensation paid by Government under section 99 of the Act to 1 lakh	86,400
(*d*) By increasing the timber and firewood tax to the maximum rates under section 341 of Act I of 1884	70,000
Total ...	2,13,950

4. With reference to the remark of Government that the increase in the rate of the taxes on vehicles and animals by 50 per cent. cannot be calculated to yield an extra income of more than Rs. 29,800, it was explained by the President that in the estimate of the additional income from these taxes only section 153 was quoted by an oversight, whereas the estimate included also the anticipated revenue from the tax on carts and other vehicles without springs under section 164, and that as the estimated demand of these taxes in 1897–98 was Rs. 75,100, an increase in their rate by 50 per cent. would yield an additional revenue of Rs. 37,550, or Rs. 37,000 in round figures. The proposal to increase the rates of the taxes on vehicles, animals and carts was, therefore, approved in G.O., No. 209 M., dated 16th February 1899, and the provisions of the City of Madras Municipal Act I of 1884 have been modified accordingly.

5. In paragraph 3 of its Order No. 1966 M., dated 11th September 1897, the Government, while disapproving the proposed increase in the rate of tolls, observed that, even if the rate should be increased, the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which unlike other District Boards received at present no share of the municipal tolls, although it maintained the roads on which the tolls were levied. The President now contends that he cannot see how the enhancement of the rate of tolls entitles the District Board of Chingleput to any contribution, that if, as a matter of principle, the Board should receive any compensation it should have been getting it all along, but that the Commissioners would nevertheless be prepared to meet the contribution which could be but a small one, and he therefore requests that the Government may reconsider its decision in the matter. The proposal to increase the rate of tolls as a means of raising funds for financing the drainage scheme cannot, however, be approved, as water-supply or drainage schemes should be paid for by the inhabitants of the town who benefit by the schemes and not by outside traffic.

6. The Commissioners request a reconsideration of the orders in G.O., No. 1966 M., dated 11th September 1897, declining to increase the compensation paid by Government under section 99 of Act I of 1884 for withholding sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors, and submit that the amount of the compensation should be increased from Rs. 13,600 to 1 lakh, seeing that so large a revenue as Rs. 3,30,550 is derived by Government from this source. The President also states that from a statement furnished by the Board of Revenue it appears that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896–97 to Rs. 3,30,550, Rs. 46,525 having been obtained from toddy shops for which a compensation of Rs. 6,155 was allowed in G.O., No. 41 M., dated 17th January 1888, and Rs. 2,84,025 from places used for the sale of spirituous and intoxicating liquors other than toddy for which a compensation of Rs. 7,452 was granted in G.O., No. 621, Financial, dated 20th March 1885, that the compensation now paid is what the Commissioners were entitled to in the years 1888 and 1885, respectively, when sanction to the levy of the tax on these places was withheld, but that their income would have been considerably larger if the right to levy "what is practically a town duty" had not been taken away from them. He accordingly requests that the Government of India may be moved on the subject and that as the compensation paid to the Corporation of Bombay in 1895-96 was ten times that paid to the Madras Municipality, the latter may be compensated at least on the scale in force in Bombay. Section 99 of the City of the Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, says that "if the Commissioners determine to levy a tax on places used for the retail "sale of spirituous and intoxicating liquors, the Governor in Council may, by notifi-"cation in the *Fort St. George Gazette*, withhold his sanction to the levy of such tax or "any part thereof, and shall in such case assign to the Commissioners in lieu thereof "a sum equal to the average amount realized by such tax or part thereof during the "last three years in which it was levied prior to the notification withholding sanction "for such tax or part thereof." A notification under this section was issued in 1888 in respect of toddy shops, in addition to the previous notification of 1885 in respect of wine and arrack shops, and it is admitted that the compensation which is now being paid to the Commissioners is what they were then entitled to under the law. The Commissioners now argue that as Government realized a revenue of Rs. 3,30,550 from

this source in 1896–97, it is not unreasonable to ask that the compensation paid by them should be increased to 1 lakh. It is, however, observed that this sum represents the excise revenue realized by Government and the Municipality has no claim whatever to any portion of it. The Municipality is entitled only to levy license fees, and as the total number of wine, arrack and toddy shops now existing in the City of Madras is 351, the amount of revenue that would accrue to the Municipality, if it were now to levy upon these shops a tax at the rates specified in schedule E appended to the City of Madras Municipal Act, will be Rs. 14,230 as shown below :—

Wine and Arrack Shops.

	Number.	Municipal tax. Rs.
Class	I—114	8,550
,,	II— 18	900
,,	III— 16	400
,,	IV— 25	300

Toddy Shops.

Class	I—32	1,600
,,	II—56	1,400
,,	III—90	1,080
	Total	14,230

The request of the Municipal Commissioners that the compensation should be increased to 1 lakh is thus quite inadmissible. Nor have they just cause for complaining of the inadequacy of the present compensatian, for, even if the sanction to the levy of the tax were only *now* withheld, so that they might have the advantage of the improvements of recent years, it would benefit them only to the extent of Rs. 623. But even this increase cannot be granted as the Act does not authorize a periodical revision of the compensation once fixed by Government.

7. The proposal of the Commissioners to increase the license fees on timber and firewood to the maximum rates prescribed in section 341 of the Act has already been approved in G.O., No. 191 M., dated 14th February 1899.

8. It will thus be seen that although the Commissioners expected to raise an additional revenue of Rs. 2,13,950 from the sources specified by them, no more than Rs. 1,07,000 can be unobjectionably realized therefrom as against the required sum of Rs. 2,65,940. It is, however, pointed out that the present annual expenditure on drainage conservancy is Rs. 97,700, that when the drainage scheme is completed, only Rs. 37,600 will be required, that there will thus be a saving of about Rs. 60,000, which may be utilized in providing for the annual cost of the drainage scheme, and that an additional revenue of Rs. 51,000 may also be realized from sewage farms. The President, while observing that the estimate of the extra income from sewage farms is problematical and that it should not be taken into account in financing the drainage scheme, states that although he is averse to the ultimate saving of Rs. 60,000 under drainage conservancy being calculated as an asset, the provision of Rs. 37,600 for conservancy in the total estimate of the working charges of the drainage scheme may be eliminated for the present. As observed by the President, it seems to be undesirable to take credit for the anticipated saving of Rs. 60,000 under drainage conservancy, since this amount will not be available until the whole of the works is completed, while the payments to the sinking fund and interest will have to be made from the year next following that in which the loan is taken. There is, however, no objection to reducing the estimate of working charges by Rs. 37,600 as suggested by him, and eliminating this sum, the annual maintenance charges will be Rs. 90,000, while the annual payment for sinking fund and interest on the loan will amount to Rs. 1,38,340 or Rs. 2,28,340 in the aggregate.

	Rs.
Tax on vehicles, animals and carts ...	37,000
License fees on timber and firewood ...	70,000
Total ...	1,07,000

9. With the second letter read above, the President forwards a resolution of the Commissioners containing certain further proposals for financing the drainage scheme. Between the years 1869 and 1873, the Madras Municipality received from the Government of India a loan of Rs. 14,30,000 for water-works. The Municipality was to pay interest on this sum at 4 per cent. per annum and also a sum of Rs. 28,600, *i.e.*, 2 per cent. on the capital of the loan towards a sinking fund by which the loan was to be eventually extinguished in the year 1899. The sinking fund which was invested in Government securities bore interest at 4 per cent. per annum and the interest thus realized was likewise invested. Under this arrangement, the Commissioners paid annually Rs. 57,200 for interest, besides Rs. 28,600 for investment as sinking fund, or Rs. 85,800 in all. But in 1883 the Municipal Commissioners proposed that the interest on the sinking fund should be handed over to the Municipality as part of their ordinary income and that only the fixed annual payment of Rs. 28,600 should be credited to the fund. The result of this alteration which was approved by the Government of India was that the extinction of the loan was deferred from 1899 to 1918. The sinking fund in favour of this loan is expected to amount to Rs. 8,50,000 on the 1st April 1899 and it will give the Municipality an interest of Rs. 29,000 in the ensuing year. The Commissioners now propose—

(1) to appropriate the accumulated sinking fund of Rs. 8,50,000 and to renew the loan of Rs. 14,30,000 for fifty years with interest at $3\frac{1}{2}$ or 4 per cent., the annual payment of Rs. 10,900 towards the sinking fund being invested and allowed to accumulate with compound interest at $3\frac{1}{2}$ per cent., or

(2) to leave the sinking fund intact, but to allow all future payments to the sinking fund, which may be fixed at Rs. 20,000 instead of Rs. 28,600 as at present, to accumulate with compound interest at $3\frac{1}{2}$ per cent., so that the balance of the loan, viz., 6 lakhs, may be extinguished in the remaining twenty years, and to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent., or

(3) to allow the arrangement as to the future payments of sinking fund referred to in the second proposal, even though the rate of interest on the loan is not reduced from 4 to $3\frac{1}{2}$ per cent.

The proposal to appropriate the accumulated sinking fund cannot be entertained, as a similar proposal made in 1888 was rejected by the Government of India in its letter, No. 4903, Finance and Commerce, dated 5th September 1888, communicated with G.O., No. 1239 M., dated 1st November 1888, on the ground that it was wrong in principle, as the accumulations of a sinking fund held and invested in Government securities for the purpose of ultimate payment to Government were "held in trust for, and practically the property of, Government, and the Municipality should not be allowed to regard them as appropriable to any other purpose." The President argues that the present proposal differs from that made in 1888 in that the Municipal Commissioners now ask the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt—a course which he says is authorized by section 211 of the Act. But it is not clear how the two proposals differ. In both cases the question is one of appropriating the accumulated sinking fund and of commencing repayments. The proposal is not at all likely to receive countenance from the Government of India.

As regards the second and third proposals, the Commissioners desire, while continuing to credit the interest (Rs. 29,000) on the sinking fund as it now stands, viz., Rs. 8,50,000, to general revenues, to reduce the annual payment towards the sinking fund for the future from Rs. 28,600 to Rs. 20,000, and to allow the interest on that sum to accumulate every year and further to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent. The annual payment at present made to the sinking fund is Rs. 28,600, but if the future payments are allowed to accumulate with compound interest as proposed, the annuity will be Rs. 20,000. The saving that may be effected by this arrangement is thus Rs. 8,600, and if the rate of interest is reduced from 4 to $3\frac{1}{2}$ per cent., there will be a further saving of Rs. 7,150 under interest or a total saving of Rs. 15,750. Even if the rate of interest is not reduced, as proposed, there will still be a saving of Rs. 8,600 annually; but the President states that, as the reduction in the rate of interest will entail a loss of only Rs. 7,150 per annum on the

Government, it is not unreasonable to ask the Government of India for this assistance. The proposal to reduce the rate of interest cannot be entertained, as it is not likely that the Government of India will agree to it; but the other part of the arrangement seems to be unobjectionable and the Government of India will be addressed in the matter.

10. The Commissioners also state that in the abstract of the estimate for the drainage scheme the cost of the construction of drains for Chintadripet, Egmore and Komaleeswaranpet is given as Rs. 14,52,500, that at present the drainage of these districts flows to a great extent into the Cooum, that the purification of the Cooum depends entirely on the removal of sewage from it, and that as the Government has recognized the cleansing of the Cooum to be a Provincial question, it would not be too much to ask for the amount which is estimated as the cost of cleansing the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleeswaranpet. It is, however, observed that the diversion of the drainage of the three districts above referred to from the Cooum cannot be considered to be a work the immediate object of which is the purification of the Cooum. The work in question may make the Cooum somewhat less insanitary, but cannot be expected to purify it completely and even if the drainage of these parts of the town is carried out, a large expenditure will still have to be incurred for the purification of the Cooum. The Government cannot, in these circumstances, undertake to promise any aid from Provincial funds towards the drainage of the parts of the town above referred to.

11. As the proposal of the Commissioners to appropriate the sinking fund of Rs. 8,50,000 has been disapproved in paragraph 9 *supra*, they will have to raise the whole of the required sum of Rs. 28,31,000 in the open market and will have to pay annually Rs. 1,38,340 (Rs. 25,100 for sinking fund and Rs. 1,13,240 for interest). Adding to this the annual working charges of the scheme, viz., Rs. 90,000, referred to in paragraph 8 *supra*, the total annual expenditure on account of the scheme will be Rs. 2,28,340. As against this sum the Commissioners can raise an additional revenue of only Rs. 1,07,000 from increased taxation, which has already been sanctioned, while a saving of Rs. 8,600 may be effected in the annual payments to the water works loan of 1869—73, if the Government of India sanctions the proposal to allow all future sinking fund investments on account of this loan to accumulate with compound interest. The Commissioners will therefore have still to find Rs. 1,12,740 (Rs. 2,28,340 — Rs. 1,15,600). In G.O., No. 1966 M., dated 11th September 1897, it was proposed to raise the additional funds required in connection with the drainage works by substituting a water and sanitation tax of 10 per cent., on the annual value of buildings and lands for the existing water-tax of 4 per cent. and it was observed that this increase of taxation would not be unduly onerous, considering the disparity in the incidence of municipal taxation in Madras as compared with its sister presidency towns. The Municipal Commissioners protest against this measure on the ground that house and land property in Madras is already heavily taxed and that any further increase of taxation would press hard, especially on the poorer classes. The Government, however, considers that this is the only feasible means of raising the balance of the required funds, and His Excellency the Governor in Council therefore resolves to substitute for the present water-tax of 4 per cent. a water and sanitation tax of $6\frac{1}{2}$ per cent. on the annual value of buildings and lands. The amendment of the Act in order to provide for this increased taxation will accordingly be taken up before long.

12. It had been suggested to Government that the best way of raising the funds required for meeting the cost of the drainage scheme would be by the levy of a terminal tax as is done in Cawnpore. But the Government of India sanctioned the levy of a terminal tax at Cawnpore under circumstances altogether exceptional and is opposed to any extension of this system of taxation.

13. The proposal of the Commissioners to undertake at first the construction of the iron main costing twelve lakhs has been approved in G.O., No. 389 M., dated 17th March 1899. The drainage of Chintadripet, Egmore and Komaleeswaranpet should be taken up as soon as the iron main is completed, so as to prevent the drainage from these parts flowing into the Cooum. In view of the magnitude and importance of the drainage scheme and of the advantage of placing the execution of the

works under the supervision of a competent officer, the Municipal Commissioners will be requested to consider whether a full-time officer may not be appointed to be in independent charge of the works. The additional expenditure which this measure may involve will, in the opinion of Government, be more than counterbalanced by increased efficiency in the execution of the works.

(True Extract.)

M. Hammick,
Ag. Secretary to Government.

To the President, Municipal Commission, Madras.
,, Revenue Department.
,, Financial Department.
Editors' Table.

NOTES CONNECTED WITH G.O., No. 1725-A M., DATED 20th NOVEMBER 1899.

[Subject.—*Proposals for financing the Drainage Scheme for the City of Madras and the imposition of a terminal tax in Madras.*]

Previous papers.

G.O., Nos.	6, 7,		*dated*	*3rd March*	1870.
,, *No.*	40,	*Financial*	,,	*11th January*	1875.
,, ,,	2205-*A*	,,	,,	*15th November*	,,
,, ,,	134	,,	,,	*23rd January*	1883.
,, *Nos.*	1366, 1367	,,	,,	*3rd July*	,,
,, *No.*	2067	,,	,,	*18th September*	,,
,, ,,	621	*M.*	,,	*20th March*	1885.
,, ,,	205	*M.*	,,	*19th June*	,,
,, ,,	997	*M.*	,,	*4th October*	1887.
,, ,,	41	*M.*	,,	*17th January*	1888.
,, *Nos.*	645, 646	*M.*	,,	*15th June*	,,
,, *No.*	1239	*M.*	,,	*1st November*	,,
,, ,,	692	*M.*	,,	*3rd June*	1889.
,, ,,	948	*M.*	,,	*2nd August*	,,
,, ,,	1000	*M.*	,,	*2nd July*	1891.
,, ,,	153	*M.*	,,	*21st January*	1892.
,, ,,	913	*L.*	,,	*23rd May*	1894.
,, ,,	1861	*M.*	,,	*3rd December*	,,
,, ,,	159	*L.*	,,	*28th January*	1895.
,, *Nos.*	151, 152,	*Financial*	,,	*14th February*	,,
,, *No.*	1486	*M.*	,,	*12th September*	,,
,, ,,	952,	*Financial*	,,	*4th December*	,,
,, ,,	71	*M.*	,,	*15th January*	1896.
,, ,,	209	*M.*	,,	*12th February*	1897.
,, ,,	238,	*Financial*	,,	*8th March*	,,
,, ,,	1966	*M.*	,,	*11th September*	,,
,, *Nos.*	229, 230,	*Financial*	,,	*5th March*	1898.
,, *No.*	1864	*M.*	,,	*31st October*	,,
,, ,,	2215	*M.*	,,	*21st December*	,,
,, ,,	191	*M.*	,,	*14th February*	1899.
,, *Nos.*	576, 577	*M.*	,,	*27th April*	,,

Demi-official from the Hon'ble Sir Henry Bliss, K.C.I.E., I.C.S., to G. S. Forbes, Esq., I.C.S., Secretary to Government, Local and Municipal Department, dated 4th November 1897.

Have you a map showing the number and position of the toll-gates maintained by the Chingleput Local Board? I think such a map is sent up with the budget; but whether the map is returned, I don't know. We shall want this information when we come to consider the reply of the City Municipal Commission about extra taxation; so, if you have it not, please get it.

Please see the map put up showing the position of the toll-gates maintained by the Chingleput District Board in the vicinity of the Madras City. The gates have been marked with blue chalk and their distances from the Municipal limits are noted in the map. As regards the establishment of the gates at Maduravayal and Virungambakkam, please see the notes and orders with G.Os., No. 913 L., dated 23rd May 1894, and No. 159 L., dated 28th January 1895, from which it will be seen that

Perhaps we had better let this matter stand over until we deal with the whole question.
H. W. B[liss]—4-12-97.

the establishment of toll-gates within a distance of 10 miles from the Madras Municipal limits was allowed by Government in order to enable the Chingleput District Board to increase the allotment for its roads.

V. RAGHAVA CHARLU—1-12-97.

H. TREMENHEERE—2-12-97.

From the President, Municipal Commission, Madras, dated 3rd November 1897, *G. No.* 532.

Will the Revenue Department be good enough to give its opinion on the request of the Commissioners contained in paragraphs 9 to 12 of the President's letter for an increase in the compensation paid by Government to the Madras Municipality in respect of its sanction being withheld to taxation under section 179 of the City of Madras Municipal Act I of 1884 as amended, of places used for the sale of spirituous and intoxicating liquors? Attention is also invited to the remarks on this subject of M.R.Ry. Theagaroya Chettiyar, one of the Municipal Commissioners, contained in page 3 of the extract from the *Madras Times* of the 12th October 1897.

V. RAGHAVA CHARLU—24-12-97.

H. TREMENHEERE—3-1-98.

To the Revenue Department.

LOCAL AND MUNICIPAL DEPARTMENT.

Memorandum No. 132, *Revenue, dated* 18*th June* 1898.

From the Board of Revenue (*Separate Revenue*), *No.* 2779, *dated* 12*th July* 1898.

Memorandum No. 175, *Revenue, dated* 3*rd August* 1898.

From the Board of Revenue (*Separate Revenue*), *No.* 3864, *dated* 30*th September* 1898.

From the President, Municipal Commission, dated 4*th January* 1899, *No.* 1101.

In G.O., No. 209 M., dated 12th February 1897, a scheme for the drainage of Madras, estimated to cost Rs. 31,81,100, was approved, and the Municipal Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore and the construction of pipe sewers along the Ice House Road and Sydenham's Road at a total cost of Rs. 3,50,000, appropriating for the purpose the Provincial grant of $3\frac{1}{2}$ lakhs sanctioned for sanitary improvements. To enable them to carry out the rest of the scheme, the estimated cost of which was Rs. 28,31,100, the Municipal Commissioners requested the Government to aid them with a grant of 10 lakhs and proposed to raise an additional revenue of Rs. 1,40,500 towards meeting the annual charges of the entire scheme from the following sources :—

Vide para. 2 of G.O., No. 1966 M., dated 11th September 1897.

	Rs.
(1) By increasing the rate of tolls by 50 per cent.	20,000
(2) By increasing the tax on vehicles and animals (section 153 of Act I of 1884) by 50 per cent	37,000
(3) By recasting Schedule A appended to Act I of 1884 (Profession-tax)	70,000
(4) By doubling the compensation paid by Government under section 99 of the Act	13,500
Total ..	1,40,500

2. The Government, however, stated (*vide* G.O., No. 1966 M., dated 11th September 1897) that it could not hold out any hope of a grant within any definite period and that the Commissioners should rely on their own resources to provide sinking fund and interest on the loan which they would have to raise in the open

market to carry out this work, and while rejecting as unsuitable the first, third and fourth of the proposals for raising additional revenue made by the Municipal Commissioners, observed that the extra income which might be expected from the second source, viz., the enhancement of the rate of the tax on vehicles and animals, was only Rupees 29,800, and not Rs. 37,000 as anticipated by the Commissioners, and that the only way of obtaining the balance of the required funds, viz., Rs. 2,36,140 * was by some mode of municipal taxation other than those above referred to, preferably one in the shape of a tax on buildings and lands. The Government accordingly suggested the desirability of substituting for the present water-tax of 4 per cent. a "water and sanitation tax" of 10 per cent., and, before taking steps to institute legislation in the matter, requested the Commissioners to give their opinion on the proposal.

	Rs.
*Sinking fund on a loan of Rs. 28,31,000 repayable in 50 years	25,100
Interest on the above loan at 4 per cent	1,13,240
Annual maintenance and working charges of the scheme	1,27,600
Total ..	2,65,940
Deduct additional income expected from the enhancement of the rate of the tax on vehicles and animals	29,800
Balance ..	2,36,140

3. With the first letter read above, the President forwards an extract from the Proceedings of the Municipal Commissioners of the 1st November 1897, in which they propose to undertake at first the construction of the iron main (which forms the principal† part of the scheme) at a cost of 12 lakhs and to provide the necessary funds for meeting the annual expenditure on account of the scheme from the following sources :—

† *Vide* paras. 6 and 16 of the Committee's report on page 2 of G.O., No. 209 M., dated 12th February 1897.

	Rs.
(*a*) By raising the rate of the taxes on vehicles, animals and carts by 50 per cent. (sections 153 and 164)	37,550
(*b*) By increasing the rate of tolls by 50 per cent.	20,000
(*c*) By enhancing the compensation paid by Government under section 99 of the Act to one lakh	86,400
(*d*) By increasing the timber and firewood tax to the maximum under section 341 of Act I of 1884	70,000
Total ..	2,13,950

The Commissioners request a reconsideration of the decision of Government on their proposal to enhance the rate of tolls and state that the compensation paid by Government under section 99 of the Act ought to be very considerably increased in view of the income of Rs. 3,30,550 derived by Government from liquor shops in the City and that they do not consider it unreasonable to ask that the compensation should be raised to one lakh. The President also forwards a copy of the speech made by M.R.Ry Theagaroya Chettiyar, one of the Municipal Commissioners, at the meeting of the 11th October 1897, in support of the proposals of the Commissioners above referred to, and his own report on the remarks of this Commissioner. The proposals made by the Commissioners will now be considered.

4. *Proposals* (*a*) *and* (*b*).—In paragraph 3 of G.O., No. 1966 M., dated 11th September 1897, the Government observed as follows in regard to the proposals to increase the rate of the vehicle and animal tax and the rate of tolls by 50 per cent. :—

"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 rate 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."

The President now states that in framing the estimate of the additional income from the increase in the rate of the vehicle and animal tax, only section 153 was by an oversight entered, whereas the estimate included also the tax on carts and other vehicles without springs under section 164, and that as the estimated demand of these taxes in 1897–98 was Rs. 75,100, an increase in their rate by 50 per cent. will yield an additional revenue of Rs. 37,550, or Rs. 37,000 in round figures. This estimate may now be accepted. With reference to the remarks of Government regarding the proposed increase in the rate of tolls, the President submits that he cannot see how the enhancement of the rate of tolls entitles the District Board of Chingleput to any contribution, that if, as a matter of principle, the Board should receive any compensation it should have been getting it all along and that the Commissioners would, however, be prepared to meet the contribution which could be but a small one, and he requests that the Government may reconsider its decision in the matter.

H. TREMENHEERE.

In his minute in G.O., No. 1966 M., dated 11th September 1897, Sir Henry Bliss remarked on this proposal as follows:—

"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 mufassal 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 it should."

His Excellency the Governor was also not in favour of paying to the Municipality the proceeds of the *increased tolls* and expressed the opinion that he was "opposed altogether to raising the tolls."

In the case of mufassal Municipalities the Government have repeatedly held that water-supply or drainage schemes should be paid for by the inhabitants of the town who benefit by the schemes and not by the outside traffic. Applying this principle to the case of Madras, the proposal to increase the rate of tolls as a means of raising funds for financing the drainage scheme cannot be approved. If therefore the rate of tolls is increased as proposed, it should be only in view to enable the Commissioners to meet the contribution payable to the Chingleput District Board from the enhanced receipts, seeing that the Commissioners have now undertaken elaborate schemes of water-supply and drainage for the execution of which they have to utilize every available source of revenue and that it may embarrass them to forego any portion of the revenue which is now derived from tolls. The question of raising the rate of tolls is thus one which should be taken up for consideration along with that of paying a contribution to the Chingleput District Board. On this latter question M.R.Ry. Theagaroya Chettiyar, one of the Commissioners, states as follows:—

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 the portion marked with blue chalk in paragraph 3 of the note for orders in G.O., No. 1486 M., dated 12th September 1895.

"It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our toll-bar on the Northern Trunk Road near the Red Hills Tank the District Board of Chingleput owns a toll-bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of As. 4 and the same vehicle on its return to Madras has to pay another As. 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar toll bar on the Western Trunk Road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these toll bars? We may take it for granted that the first As. 4 is for allowing the vehicle to go over the Chingleput District Board roads. But why is the other As. 4 charged on coming into the town? Is it not for the use of the roads between our toll bars and those of the Chingleput District Boards? Is this allowing our wheel traffic free of charge on the Chingleput District Board roads? Now, let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads and

After 24 hours.

H.T.

there is no reason whatever for asserting that any portion of the additional tolls of Rs. 20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingleput District Board. I must here mention one fact and, that is, that on the Kathivakum road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Board, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakum road maintenance being about Rs. 300 a year at Rs. 50 a mile, and the Saidapet road about Rs. 300 a year at Rs. 200 a mile, and we might gladly undertake to pay a portion of their maintenance charges."

In the first place it has to be noted that the statement that the Chingleput District Board does not allow the wheel and animal traffic of Madras to go free on its roads, is incorrect. The District Board no doubt maintains toll-gates of its own on the Northern and Western Trunk roads at a distance of about five miles from the Madras Municipal limits, but there are admittedly no Local Fund toll-bars on the Saidapet road up to a distance of about 15 miles from the Municipal limits, while on the Kathivakum road and the branch line attached thereto, there are no Local Fund toll-bars at all. It is argued that because a vehicle going into the interior has to pay a toll of As. 4 on entering the toll-bar and another As. 4 on its return to cross the same bar, it may be taken for granted that the first payment of tolls is for allowing the vehicle to pass over the Chingleput District Board roads and the second for the use of the roads between the Municipal toll-bars and those of the Chingleput District Board. It must, however, be remembered that under section 90 (1) of the Local Boards Act V of 1884, no more than one payment of toll can be demanded at any toll-bar, gate or station in respect of any carriage, cart or animal in any one period of twenty-four hours counted from sunrise to sunrise, so that it is only when the carriage, cart or animal re-enters the toll-bar after twenty-four hours—a fact which gives rise to the presumption that the carriage, cart or animal has been passing over a long distance of Local Fund roads—that a double payment of tolls will have to be made. In such cases the payment of the toll while the carriage, etc., enters the Local Fund toll-bar is for the use of the roads which it will pass over in going to its destination and that on re-entering is for the use of the same roads on the return trip and not for the use of the roads between the Municipal and the Local Fund toll-gates, as stated by M.R.Ry. Theagaroya Chettiyar. If, however, the carriage returns within twenty-four hours, there is no double payment of tolls at the Local Fund toll-bar, but it is liable to the payment of tolls at the Municipal gate. Again take for instance the case of a carriage which is driven from within Madras to a place just a few yards short of the Local Fund toll-gate. While this carriage will use the roads between the Municipal and the Local Fund toll-gates without paying any tolls to the District Board, it will have to pay tolls on entering the Municipal limits. It is conceded that a reasonable compensation should be paid towards the maintenance of the Saidapet and Kathivakum roads where there are no Local Fund toll-gates, but as it has been shown above that even when there are Local Fund toll-gates not far from the Municipal gates, nothing is paid to the District Board for the use of the roads between the gates, it seems but fair that the Municipality should also contribute towards the maintenance of the portions of the Local Fund roads lying between the Municipal and the Local Fund toll-gates. Moreover, the principle on which such contributions are paid by mufassal Municipalities to the adjoining District Boards is that the levy of tolls on vehicles and animals entering Municipal limits will necessarily involve the tolling of through traffic. On this score also, the District Board of Chingleput seems to be entitled to a share of the revenue derived by the Municipality from tolls, seeing that a portion of the through traffic of the district is subjected to the Municipal impost, a part of the traffic from the Ponnéri and Saidapet taluks having to pass through the City. The amount of contribution to be paid by the Municipality is, however, one that should be settled after consulting the District Board and the Municipality.

H. TREMENHEERE.

G.O., No. 40, Financial, dated 11th January 1875.

H.T.

H.T.

5. *Proposal* (*c*).—The Commissioners request a reconsideration of the orders in G.O., No. 1966 M., dated 11th September 1897, declining to increase the compensation paid by Government under section 99 of Act I of 1884, for withholding sanction

to the levy of a tax on places used for the sale of spirituous and intoxicating liquors, and submit that the amount of the compensation should be increased from Rs. 13,600 to one lakh, seeing that so large a revenue as Rs. 3,30,550 is derived by Government from this source. The President also states that from a statement furnished by the Board of Revenue, it appears that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896-97 to Rupees 3,30,550, that of this sum Rs. 46,525 were obtained from toddy shops for which a compensation of Rs. 6,155 was allowed when the levy of the tax on these shops was withheld in G.O., No. 41 M, dated 17th January 1888, and Rs. 2,84,025 from places used for the sale of spirituous and intoxicating liquors other than toddy, for which a compensation of Rs. 7,452 was granted in G.O., No. 621, Financial, dated 20th March 1885, that, as a matter of law, the Commissioners received what they were entitled to in the years 1888 and 1885, respectively, but that their income would have been considerably larger if the right to levy "what is practically a town duty" had not been taken away from them. He accordingly requests that the Government of India may be moved on the subject and that as the compensation paid to the Corporation of Bombay in 1895-96 was ten times that paid to the Madras Municipality, the latter may be compensated at least on the scale in force in Bombay. This request of the Commissioners was referred to the Revenue Department for remarks. Section 99 of the City of the Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, says that "if the Commissioners "determine to levy a tax on places used for the retail sale of spirituous and intoxicating "liquors, the Governor in Council may, by notification in the *Fort St. George Gazette*, "withhold his sanction to the levy of such tax or any part thereof, and shall in such "case assign to the Commissioners in lieu thereof a sum equal to the average amount "realized by such tax or part thereof during the last three years in which it was levied "prior to the notification withholding sanction for such tax or part thereof." A notification under this section was issued in 1888 (*vide* G.O., No. 1167 R., dated 17th December 1887, recorded in G.O., No. 41 M., dated 17th January 1888) in respect of toddy shops, in addition to the previous notification of 1885 in respect of wine and arrack shops (G.O., No. 202 R., dated 16th February 1885, recorded in G.O., No. 621 M., dated 20th March 1885), and it is admitted that the compensation which is now being paid to the Commissioners is what they were entitled to under the law (*vide* paragraph 11 of the President's letter No. 332, dated 3rd November 1897). The Commissioners argue that as Government realized a revenue of Rs. 3,30,550 from this source in 1896-97, it is not unreasonable to ask that the compensation paid to them should be increased to one lakh. It is, however, observed that this sum represents the excise revenue realized by Government, and the Municipality has no claim whatever to any portion of this revenue. The Municipality is entitled only to levy license fees, and from the statement forwarded with Board's Proceedings, No. 3864, dated 30th September 1898, it appears that the total number of wine, arrack and toddy shops now existing in the City of Madras is 351, and that the amount of revenue that would accrue to the Madras Municipality, if it were now to levy upon these shops a tax at the rates specified in schedule E appended to the City of Madras Municipal Act, will be Rs. 14,230 as shown below:—

Vide also G.O., No. 205 M., dated 19th June 1885.

Wine and Arrack Shops.

Number.	Municipal tax.
	Rs.
Class I—114	8,550
„ II— 18	900
„ III— 16	400
„ IV— 25	300
Toddy Shops.	
Class I—32	1,600
„ II—56	1,400
„ III—90	1,080
Total ..	14,230

It will be seen from the above that the request of the Municipal Commissioners that the compensation should be increased to one lakh is quite inadmissible, and that they have no just cause for complaining of the inadequacy of this amount, for even

H. TREMENHEERE.

if the sanction to the levy of the tax were only *now* withheld, so that the Municipality might have the advantage of the improvements of recent years, it would benefit it only to the extent of Rs. 623.* This, however, cannot be done unless the Act is amended so as to authorise a periodical revision of the compensation fixed by Government, the Act as it now stands containing no such provision.

	Rs.
* Contribution now paid	13,607
Contribution which will be payable if the levy of the tax were now withheld	14,230
Difference ..	623

6. *Proposal (d).*—The only other means by which the Commissioners propose to raise an additional revenue is by increasing the license fees on timber and firewood under section 341 of the Act. This section provides a maximum fee of As. 6 on every ton of firewood brought into the city and one of Rs. 5 on every ton of timber. The fees at present charged are As. 3 per ton of firewood and Rs. 3 per ton of timber, and the income realized from these sources is stated to be Rs. 20,000 and Rs. 74,582, respectively. By raising these fees to the maximum rates, the Commissioners anticipate an additional income of Rupees 70,000. This proposal may be approved.

H. TREMENHEERE.

Approved. The Government Order may issue at once independently of the rest of the scheme.

A. T A[RUNDEL]—13-2-99.

H. M. W[INTERBOTHAM]—17-2-99.

7. It will thus be seen that although the Commissioners expected to raise an additional revenue of Rs. 2,13,950 from the sources specified by them, yet no more than Rs. 1,07,000 can be unobjectionably realized therefrom as against the required sum of Rs. 2,65,940. It is, however, pointed out that the present annual expenditure on drainage conservancy is Rs. 97,700; that when the drainage scheme is completed, only Rs. 37,600 will be required; that there will thus be a saving of about Rs. 60,000, which may be utilized in providing for the annual cost of the drainage scheme; and that an additional revenue of Rs. 51,000 may also be realized from sewage farms. The President while observing that the estimate of the extra income from sewage farms is problematic and that it should not be taken into account in financing the drainage scheme, states that although he is averse to the ultimate saving of Rs. 60,000 under drainage conservancy being calculated as an asset, the provision of Rs. 37,600 for conservancy in the total estimate of the working charges of the drainage scheme may be eliminated for the present. As observed by the President, it seems to be undesirable to take credit for the anticipated saving of Rs. 60,000 under drainage conservancy, for this amount will not be available until the whole of the works is completed, which will take at least some five or six years, while the payments to the sinking fund and interest will have to be made from the year next following that in which the loan is taken. There is, however, no objection to reducing the estimate of working charges by Rs. 37,600, as suggested by him, and eliminating this sum, the annual maintenance charges will be Rs. 90,000, while the annual payment for sinking fund and interest on the loan will amount to Rs. 1,38,340 or Rs. 2,28,340 in the aggregate.

	Rs.
Tax on vehicles, animals and carts ..	37,000
License fees on timber and firewood ..	70,000
Total ..	1,07,000

H. TREMENHEERE.

8. With the second letter read above, the President forwards a resolution of the Commissioners adopting certain suggestions made by him for financing the drainage scheme.

(i) Between the years 1869 and 1873, the Madras Municipality received from the Government of India a loan of Rs. 14,30,000 for water-works. The Municipality was to pay interest on this sum at 4 per cent. per annum and also a sum of Rs. 28,600, *i.e.*, 2 per cent. on the capital of the loan, towards a sinking fund by which the loan was to be eventually extinguished in the year 1899. The sinking fund, which was invested in Government securities,

Vide the President's and the Accountant-General's letters on pages 1 to 3 of G.O., Nos. 1366 and 1367, Financial, dated 3rd July 1883.

bore interest at 4 per cent. per annum, and the interest thus realized was likewise invested. Under this arrangement, the Commissioners paid annually Rs. 57,200 for interest, besides Rs. 28,600 for investment as sinking fund or Rs. 85,800 in all. But in 1883, the Municipal Commissioners proposed (G.O., No. 1366, Financial, dated 3rd July 1883) that the interest on the sinking fund balance should be handed over to the Municipality as part of their ordinary income and that only the fixed annual payment of Rs. 28,600 should be credited to the fund. The result of this alteration which was approved by the Government of India (G.O., No 2067, Financial, dated 18th September 1883) was that the extinction of the loan was deferred from 1899 to 1918.

(ii) In 1887, the Municipal Commissioners, in submitting proposals for financing a scheme for the water-supply of the town, requested that they might be allowed to appropriate the accumulated sinking fund which was expected to amount to Rs. 5,76,200 at the end of 1888, and to increase the annual payments towards the principal of the debt from Rs. 28,600 to Rs. 44,700, so as to provide for its liquidation in 1918. This proposal was, however, rejected by the Government of India which observed as follows :—

Vide the memorandum on page 3 of G.O., No. 997 M., dated 4th October 1887, paragraph 2 of G.O., No. 645 M., dated 15th June 1888, and G.O., No. 616 M., dated 15th June 1888.

Vide paragraphs 3 and 4 of its letter in G.O., No. 1239 M., dated 1st November 1888.

"The proposal is wrong in principle, because the accumulations of a sinking fund held and invested in Government securities for the purpose of ultimate payment to Government are held in trust for and are practically the property of Government and the Municipality should not be allowed to regard them as appropriable to any other purpose.

"It is very undesirable that the Municipality should be allowed to commence negotiations for a new loan by repudiating the terms of its existing loan, and the Governor-General in Council regrets that he cannot sanction the proposal. Any loan which the Municipality may propose to raise in the open market for the improvement of the water-works should be raised without interfering with the conditions by which they are bound to their present creditors."

(iii) The sinking fund in favour of this loan is expected to amount to Rs. 8,50,000 on the 1st April 1899, and it will give the Municipality an interest of Rs. 29,000 in 1898–99. The Commissioners now propose three alternatives—

(1) to appropriate the accumulated sinking fund of Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for fifty years with interest at $3\frac{1}{2}$ or 4 per cent, the annual payment of Rs. 10,700 towards the sinking fund being invested and allowed to accumulate with compound interest at $3\frac{1}{2}$ per cent.;

Disallowed by India.
A. T. A[RUNDEL].

(2) to leave the sinking fund *intact*, but to allow all future payments to the sinking fund, which may be fixed at Rs. 20,000 instead of Rs. 28,600 as at present, to accumulate with compound interest at $3\frac{1}{2}$ per cent, so that the balance of the loan, viz., 6 lakhs, may be extinguished in the remaining 20 years, and to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent.; or

(3) to allow the arrangement as to the future payments of sinking fund referred to in the second proposal, even though the rate of interest on the loan is not reduced from 4 to $3\frac{1}{2}$ per cent.

(iv) As a consequence of the first of these proposals, the Municipal Commissioners will have Rs. 8,50,000 in hand towards carrying out the drainage works, while they will have to provide interest and sinking fund on the loan of Rs. 14,30,000. The annual payment to the sinking fund on account of this loan will be only Rs. 10,900 as against Rs. 28,600 and that on account of interest, assuming that the rate is reduced to $3\frac{1}{2}$ per cent., will be Rs. 50,050 against Rs. 57,200. There will thus be a saving of Rs. 24,850,* but as the Municipality will lose the interest of Rs. 29,000 or say Rs. 30,000 in round figures at present realized from the sinking fund of

	Rs.	Rs.	Rs.
* Saving in the sinking fund is	(28,600 — 10,900)	or	17,700
Saving in interest is	(57,200 — 50,050)	or	7,150
Total saving ..			24,850

Rs. 8,50,000, the net result of this arrangement will be an annual loss of Rs. 5,150 to the Municipality. If, however, the rate of interest is not reduced to $3\frac{1}{2}$ per cent. as proposed, the loss will be Rs. 12,300.* But as the Municipality need not borrow Rs. 8,50,000 in the open market towards the cost of the drainage scheme and hence need not pay interest and sinking fund († Rs. 40,460) on a loan of this amount, there will be a gain annually of (Rupees 40,460 — 12,300) or Rs. 28,160 to the Municipality if the rate of interest is not reduced and one of (Rs. 40,460 — 5,150) or Rs. 35,310 if the rate of interest is reduced to $3\frac{1}{2}$ per cent.

		Rs.
* Loss of interest on the sinking fund is		30,000
Deduct saving in the annual payment to the sinking fund		17,700
Net loss ..		12,300
Vide paragraph 7 of the President's memorandum. † Interest at 4 per cent. on 8·5 lakhs.		34,000
Sinking fund .		6,460
Total ..		40,460

(v) It is, however, observed that the Government of India will not entertain the proposal to appropriate the accumulated sinking fund, as a similar proposal made in 1888 was rejected by that Government on the ground that it was wrong in principle, as the accumulations of a sinking fund held and invested in Government securities for the purpose of ultimate payment to Government were "held in trust for and practically the property of "Government and the Municipality should not be allowed to regard them as appro-"priable to any other purpose." The President states (*vide* paragraphs 20 and 21 of his memorandum) that the present proposal differs from that made in 1888, in that the Municipal Commissioners now ask the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt—a course which he says is authorized by section 211 of the Act. It is, however, not clear how the two proposals differ. In both cases the question is one of appropriating the accumulated sinking fund and of commencing repayments for a fresh loan payable within a definite period, which in the former case is 20 years, while in the latter it is 50 years. It is therefore very unlikely that this proposal will be countenanced by the Government of India

Vide paragraph 3 of the Government of India letter in G.O., No. 1239 M., dated 1st November 1888.
H. TREMENHEERE.

(vi) The second andt hird proposals may be taken together. Under the terms of the original arrangement of 1873, the sinking fund investments on account of this loan were allowed to accumulate with compound interest, but in 1883 at the request of the Commissioners the Government of India allowed them to add the interest derived from the accumulated sinking fund to the Municipal revenues, thereby extending the period of repayment of the loan by 20 years, *i.e.*, to the year 1918. The present proposal of the Commissioners is to revert to the original arrangement of allowing the sinking fund to accumulate with compound interest instead of crediting the interest to the general revenues of the Municipality and to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent., so as to obtain a saving of ‡ Rs. 15,750 per annum. Even if the rate of interest is not reduced, as proposed, there will still be a saving of Rs. 8,600 annually. The proposed reduction in the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent. will entail a loss of only Rs. 7,150 per annum on the Government, and the President states that it is not unreasonable to ask the Government of India for this assistance.

	Rs.
‡ The present annual payment to the sinking fund is	28,600
The annual payment, if the sinking fund be allowed to accumulate with compound interest is	20,000
Saving by the proposed arrangement.	8,600
Add—saving in the interest on the loan, if the rate be reduced from 4 to $3\frac{1}{2}$ per cent.	7,150
Total ..	15,750

(vii) It is, however, extremely unlikely that the Government of India will agree to reduce the rate of interest, seeing that for the temporary loan of two lakhs for plague expenses which is repayable in three months they § charged interest at $4\frac{1}{2}$ per cent. To the other part of the arrangement the Government of India can have no possible objection. It is therefore submitted that this proposal of the Commissioners may be placed before that Government for orders.

H.T.

§ *Vide* its letter in G.O., No. 2215 M., dated 21st December 1898.
H.T.

9. The Commissioners also state that in the abstract of the estimate for the drainage scheme the cost of the construction of drains for Chintadripet, Egmore and Komaleswaranpet amounts to Rs. 14,52,500, that at present the drainage of these districts flows to a great extent into the Cooum, that the question of cleansing the Cooum has long been a burning one, that the purification of the Cooum depends entirely on the removal of sewage from it, that any canal between it and the harbour would only tend to extend the area of pollution and thus make matters worse, and that as the Government has recognized the cleansing of the Cooum to be a Provincial question it would not be too much to ask for the amount that is estimated for the cleansing of the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleswaranpet. It is, however, observed that the diversion of the drainage of the three districts above referred to from flowing into the Cooum cannot be considered to be a work, the immediate object of which is the purification of the Cooum. The work in question will only make the Cooum somewhat less insanitary, but cannot be expected to purify it completely, which can only be done by providing * for its continuous or periodical flushing by a current of water, and plans and estimates for this purpose are now under preparation in the Public Works Department—*vide* G.O., No. 1864 M., dated 31st October 1898. Even if the drainage of these parts of the town is completed, a large expenditure will still have to be incurred for the purification of the Cooum, and the Government cannot, in these circumstances, undertake to promise any aid from Provincial funds towards the drainage of the parts of the town above referred to.

* *Vide* paragraph 3 of the report printed on page 5 of G.O., No. 1084/A. I., dated 14th December 1895, recorded in G.O., No. 71 M., dated 15th January 1896.

H. TREMENHEERE.

10. Thus, although the Commissioners propose to appropriate the sinking fund of Rs. 8,50,000 and borrow only 20 lakhs in the open market towards the cost of the drainage scheme, yet as the appropriation of the sinking fund is opposed to the principle enunciated by the Government of India in 1888 and cannot therefore be approved, they will have to raise the whole of the required sum of Rs. 28,31,000 in the open market and will have to pay annually Rs. 1,38,340 (Rs. 25,100 for sinking fund and Rs. 1,13,240 for interest). Adding to this the annual working charges of the scheme, viz., Rs. 90,000, arrived at in paragraph 7 *supra*, the total annual expenditure on account of the scheme will be Rs. 2,28,340. As against this sum the Commissioners can raise an additional revenue of only Rs. 1,07,000 from increased taxation, while a saving of Rs. 8,600 may be effected in the annual payments to the water-works loan of 1869—73, if the Government of India sanction the proposal to allow all future sinking fund investments on account of this loan to accumulate with compound interest. They will therefore have still to find Rs. 1,12,740 (Rs. 2,28,340 *minus* Rs. 1,15,600).

11. It has been suggested by Mr. Beauchamp, the Editor of the *Madras Mail*, that the best way of raising the funds required for meeting the cost of the drainage scheme would be by the levy of a "Terminal tax" as is done in Cawnpore. In that town it is levied at one pie per maund on firewood and bark and at three pies per maund on certain other goods brought within Municipal limits by rail or boat, and at three pies on every head-load of goods carried into the town. A tax of three pies per maund is also levied on certain goods consigned from Cawnpore to other places and exported by rail from within Municipal limits. Mr. Beauchamp states that in Madras it would be advisable to put the tax on to sea-borne goods and passengers also and to exempt road-borne goods from taxation, as if these goods were made taxable, all the evils of octroi barriers will spring up. Sir Henry Bliss was also of opinion that imports by sea, rail and canal might be taxed, drawbacks being given only on goods exported by rail and sea in material quantities, such as, cotton, hides, skins and a few others, coal being exempted from taxation, and that a small tax might be levied on passengers landing and coming by rail, at the rate of two annas on each first-class passenger, one anna on each second-class passenger, and three pies on each third-class passenger. It is not known at present how much revenue the imposition of this tax in Madras would bring in, as the information regarding the quantity of goods imported into and exported from the City and the number of passengers coming into the town, which has been called for from the Public Works Department and the Board of Revenue, has not yet been received. But even supposing that the tax would yield a revenue equal in amount to the balance of the required money, viz., Rs. 1,12,740, there are several *primâ facie* objections to its introduction in Madras—

Vide a copy of the notification issued by that Government.

Vide his letters, dated 24th July 1898 and 5th August 1898.

(i) This tax resembles an octroi inasmuch as it will be levied on necessaries, and therefore falls most hardly on the poor.

(ii) If, as is proposed, the tax is levied only on passengers and goods coming into the City by sea, canal and rail, there will be a tendency on the part of passengers and consignors of goods by canal or rail, to evade taxation by alighting or setting down their goods short of Madras and entering or carrying the goods into the City by road. Mr. Beauchamp considers that it should not be impossible to guard against this evasion, but the experience * of the past in connection with the tobacco duties shows that it is impossible to prevent smuggling in this direction.

Vide his letter, dated 3rd August 1898.

* *Vide* clause (iii) *infra*.

Smuggling only pays with *light* goods like tobacco.

A. T. A[RUNDEL].

(iii) If the tax is imposed on goods entering the City by road also, and if, as is but reasonable, drawbacks are granted on goods exported from within the Municipality by road, the imposition of the tax will be open to the same objections as those which led to the abolition of the tobacco duties and which are briefly set forth as follows in the Statement of Objects and Reasons attached to the Bill to repeal the Madras Tobacco Duties Act I of 1890:—

Vide G.O., No. 1861 M., dated 3rd December 1894.

"Experience has shown that it is quite impracticable to work it owing to the very great extent of the boundaries of Madras and the scattered nature of the City, which allow of smuggling to a very large degree. Added to this, frauds—which it is almost, if not entirely, impossible to detect and bring to justice—are daily increasing with the effect that the tax is now being worked at a loss instead of at a profit."

Moreover, the levy of a tax on passengers by road is likely to be construed as a poll tax and will therefore be very unpopular.

(iv) As goods entering the City by sea are already subject to duties under the Tariff Act (VIII of 1894), the imposition of a Municipal tax on them would be a double taxation which, even if the Government should agree to it, is open to objection on the ground that it will encroach on the field of Imperial taxation.

(v) All timber and firewood passing into the City are already subject to the payment of a license fee under section 341 of Act I of 1884. The imposition of the proposed tax will result in taxing it over again and either all timber and firewood should be exempted from this tax or the present license fee should be abolished. It is, however, observed that the abolition of the license fee is out of the question, as it is proposed to raise an additional revenue of Rs. 70,000 by increasing the rates of these fees to the maximum prescribed by the Act.

I do not note further on the Terminal tax at present; but I submit it is an octroi which would be most oppressive in its working, and would inflict a severe blow on the commerce of Madras.

H. TREMENHEERE.

For these reasons it is submitted that the introduction of the "Terminal tax" into Madras is inexpedient and undesirable and that the idea should therefore be abandoned.

12. The Municipal Commissioners should, therefore, to use the words of Theagaroya Chettiyar, "bravely face the inevitable" and make up their minds to increase the house and land taxes. In G.O., No. 1966 M., dated 11th September 1897, it was proposed to substitute a "water and sanitation" tax of 10 per cent. on the annual value of buildings and lands for the water-tax of 4 per cent. and it was observed that this increase of taxation would not be unduly onerous, considering the disparity in the incidence of Municipal taxation in Madras as compared with its sister Presidency towns. Theagaroya Chettiyar, however, attempts to make out that house and land property in Madras is already heavily taxed, that in 1882 when the Government proposed to raise the house-tax, the Commissioners entered a very strong protest

and pointed out the great hardship that would be caused especially to the poorer classes; that the tax on house property then yielded an income of Rs. 5,24,000, which, however, has now risen to Rs. 7,82,600 or an increase of 50 per cent. which is chiefly due to the enhancement in the valuation of houses; that it will be cruel to add to this heavy burden by still further raising the taxes; and that the only effect of this measure will be to increase overcrowding which is already prevailing to a frightful extent and thereby endangering the health of the City which it is attempted to improve at an enormous outlay. He also points out that the difference in the incidence of taxation between Madras and Bombay is mainly due to the difference in the annual value of houses in the two towns, the average rental value per house in Bombay being Rs. 628 and that per head of population Rs. 54-6-0 against Rs. 133 and Rs. 11-8-0, respectively, in Madras. In the accompanying statement, the incidence of the tax on buildings and lands per head of the population in the Madras City is compared with those in the other Presidency towns and in a few of the richest mufassal Municipalities in this Presidency:—

There is force in this.

A. T. A[RUNDEL].

STATEMENT showing the income from the tax on buildings and lands in Madras and some other Municipalities during the ten years ending 1896-97.

Years.	Madras.		Bombay.		Calcutta.		Rangoon.		Madura.	
	Demand.	Incidence per head of population.	Actual receipts.	Incidence.	Actual receipts.	Incidence.	Actual receipts.	Incidence.	Demand.	Incidence.
1	2	3	4	5	6	7	8	9	10	11
	Rs.	Rs. A. P.	Rs.	Rs. A. P.	Rs.	Rs. A. P.	Rs.	Rs. A. P.	Rs.	Rs. A. P.
1887-88.	3,63,571	0 14 7	17,58,766	2 4 4	13,81,975	3 3 2	*	*	40,556	0 8 5
1888-89.	3,71,263	0 14 11	18,32,531	2 5 11	13,86,344	3 3 2	*	*	43,672	0 9 1
1889-90.	3,77,281	0 14 11	18,99,082	2 7 4	20 41,022	4 11 5	*	*	45,424	0 9 5
1890-91.	3,92,054	0 13 11	19,31,745	2 8 0	18 22,010	4 3 3	*	*	56,675	0 11 9
1891-92.	4,36,961	0 15 5	21,93,537	2 10 8	18,90,760	2 12 5	*	*	57,948	0 10 7
1892-93.	4,64,225	1 0 5	22,16,387	2 11 1	18,98,949	2 12 0	4,98,568	2 6 2	59,259	0 10 11
1893-94.	4,89,351	1 1 4	21,88,029	2 10 8	18 39,763	2 11 2	5,28,532	2 8 6	59,904	0 11 0
1894-95.	4,98,948	1 1 8	21,86,719	2 10 7	18,81,372	2 12 2	5,32,436	2 8 10	60,480	0 11 1
1895-96.	5,03,572	1 1 10	22,08,751	2 11 0	19,39,217	2 13 7	5,69,414	2 11 7	63,824	0 11 8
1896-97.	5,19,889	1 2 5	21,82,313	2 10 5	19,91,701	2 14 9	5,78,027	2 12 3	64,120	0 11 9

Years.	Calicut.		Trichinopoly.		Bellary.		Negapatam.	
	Demand	Incidence.	Demand.	Incidence.	Demand.	Incidence.	Demand.	Incidence.
	12	13	14	15	16	17	18	19
	Rs.	Rs. A. P.	Rs.	Rs. A. P.	Rs.	Rs. A. P.	Rs.	Rs. A. P.
1887-88.	37 884	0 10 7	32,912	0 6 3	31,805	0 9 7	33,174	0 9 10
1888-89.	38,077	0 10 8	34,267	0 6 5	31,501	0 9 5	33,534	0 10 0
1889-90.	40,156	0 11 3	34,555	0 6 7	31,607	0 9 5	34,307	0 10 3
1890-91.	40,733	0 11 5	41,856	0 7 11	34,057	0 10 1	33,971	0 10 2
1891-92.	40,813	0 9 11	42,048	0 7 5	37,919	0 10 3	34,213	0 9 2
1892-93.	44,161	0 10 8	40,507	0 7 1	37,941	0 10 3	34,128	0 9 2
1893-94.	44,839	0 10 11	38,960	0 6 11	38,120	0 10 3	36,765	0 10 0
1894-95.	44,993	0 10 11	39,652	0 7 0	38,309	0 10 4	36,624	0 9 10
1895-96.	46,328	0 11 3	46,557	0 8 3	38,671	0 10 5	36,859	0 10 0
1896-97.	45,841	0 11 1	46,645	0 8 3	39,412	0 10 8	37,830	0 10 3

I don't understand. Are the "actual receipts" of Bombay and Calcutta not actual, but calculated at 10 per cent. and is the "demand" for other places not "actual" but at 10 per cent.

A. T. A[RUNDEL].

Yes.

H. TREMENHEERE—14-2-99.

NOTE.—The Madras rate of taxation, viz., 10 per cent. on the annual value of buildings and lands, being taken as the standard, the figures for other places have been calculated at that rate.

The figures in column 4 represent the actual income derived from a general tax on the annual value of buildings and lands and a tax for Fire Brigade charges.

In columns 4, 6 and 7 the actual receipts are given as the demand is not known.

* Information is not available.

It will be seen from this that the rate of taxation being the same, the incidence in 1896-97 of the tax on buildings and lands per head of the population in Madras (Rs. 1-2-5) is considerably less than one-half of that in Bombay, Calcutta and Rangoon—a result which is admittedly due to the low assessment of the annual value of houses in Madras, that allowing sufficient margin for the comparatively higher standard of wealth and prosperity in trade in the other towns, the revenue from this source in Madras is capable of much further development and that no particular hardship can be urged as an argument against a small enhancement of the rate.

As observed in paragraph 10 *supra*, the Municipal Commissioners have still to find Rs. 1,12,740 towards meeting the cost of the drainage scheme, and an increase in the rate of the tax on buildings and lands by say 2½ per cent. will yield the required amount.

	Rs.
Demand at 10 per cent (in 1896-97).	5,19,889
Do. at 2½ per cent.	1,29,972

H. TREMENHEERE.

13. To sum up, the proposals of the Commissioners to raise the rate of tolls and to increase the compensation paid by Government under section 99 of the Act being inadmissible, the only additional income that can be derived by increasing the rates of the tax on vehicles, animals and carts and of the license fees on timber and firewood is Rs 1,07,000 and taking credit for the saving of Rs. 8,600 in the annual payments towards the water-works loan of 1869-73, the total available funds amount to Rs. 1,15 600 against the estimated annual expenditure of Rs. 2,28,340 on the scheme (excluding the cost of drainage conservancy, viz., Rs. 37,600), that in order to provide the balance of the required amount, viz., Rs. 1,12,740, the Commissioners have no other alternative than to resort to additional taxation; and that as the "Terminal tax" suggested by Mr. Beauchamp is unsuitable, the Commissioners have "to face the inevitable" and increase the rate of the tax on buildings and lands by at least 2½ *per cent.* The Government may therefore at once decide upon increasing the rate of the tax as suggested above, and take the necessary steps to legislate on the point. If, however, it is considered necessary to consult the Commissioners again before deciding upon increasing the rate of the tax, it is submitted that the proposal of the Commissioners to undertake at first the construction of the iron * main from Triplicane to the Black Town sewage farm may be approved, as the additional income now available from the other sources above referred to, viz., Rs. 1,07,000, will be more than sufficient to provide for interest and sinking fund on a loan of 12 lakhs required for the purpose; but they should distinctly understand that this sanction is subject to the condition that the whole of the drainage scheme should be carried out, as otherwise the advantage of constructing the iron main alone will not be commensurate with the expenditure to be incurred on it. The drainage of Chintadripet, Triplicane, Egmore and Komaleswaranpet should be taken up as soon as the iron main is completed, so as to prevent the drainage from these parts from flowing into the Cooum.

H.T.

* *Vide* paragraphs 6 and 16 of the report on page 3 of G.O., No. 209 M., dated 12th February 1897.

H.T.

	Rs.
Interest on 12 lakhs at 4 per cent ..	48,000
Sinking fund	10,790
Total ..	58,790

H.T.

14. Considering the magnitude and importance of the drainage scheme and the advantage of placing the execution of the works under the supervision of a competent officer, it is for consideration whether a full-time officer may not be appointed in independent charge of the works. There is no doubt that the additional expenditure which this measure will involve, will be more than counterbalanced by the increased efficiency in the execution of the works. This question may be commended for the consideration of the Commissioners.

H.T.

V. RAGHAVA CHARLU—26-1-99.

Has the Financial Department any remarks to offer as to the financial transactions with India?

H. TREMENHEERE—27-1-99.

To the Financial Department.

FINANCIAL DEPARTMENT.

Examine.

G. STOKES—31-1-99.

The Financial Department is asked for its remarks as to the financial transactions with India. The facts and proposals in connection with this point are clearly set out in paragraph 8 of the Local and Municipal Department note, and it is submitted that there can be no doubt as to the correctness of the conclusions arrived at there, viz., that India will not agree to reduce the rate of interest from 4 to $3\frac{1}{2}$ *per cent.* or to the Municipality appropriating the accumulated balance of the sinking fund, whilst it is unlikely to object to the sinking fund accumulating at compound interest. In regard to the question of interest on loans the papers noted in the margin, which contain India's views on the point, make it quite clear that the proposal of the Municipality will not be entertained by the supreme Government.

G. STOKES—1-2-99.

G.O., Nos. 51-52, Financial, dated 14th February 1895.
G.O., No. 952, Financial, dated 4th December 1895.
G.O., No. 238, Financial, dated 18th March 1897.

2. If the Municipality can raise money in the open market at a lower rate than 4 *per cent.* it would pay it to raise a loan sufficient to pay off its debt to India, but this is doubtful. The Harbour Trust Board proposed in 1896 to issue a debenture loan at $3\frac{1}{2}$ or $3\frac{3}{4}$ *per cent.* to enable it to pay off its debt to India and undertake harbour improvements; but this proposal never came to anything, and India was averse to receiving any sudden repayment of a large sum.

3. As regards the question of the *Terminal tax* (really an octroi) advocated by Mr. Beauchamp and dealt with in paragraph 11 of the Local and Municipal Department note, the volume containing the original of G.O., Nos. 229-30, Financial, dated 5th March 1898, contains extracts from "Moral and Material Progress" on the working of *Octroi* in other provinces.

C. M. SCHMIDT—1-2-99.

In regard to the Terminal tax, it is necessary to point out that it is free from the great objection to an octroi, viz., any difficulty or uncertainty in levying it. If it be confined to goods arriving by rail and sea, it can be levied with almost complete certainty, very little expense and no friction or abuse. Its levy on passengers is not desirable or on the canals where toll is taken in another form. In it, the Municipality has a source of taxation which is valuable, but for the present purpose I agree with the note that an increase of the house-tax would be preferable.

I entirely disagree, but please see below.
H. TREMENHEERE.

G. STOKES—1-2-99.

To the Local and Municipal Department.

LOCAL AND MUNICIPAL DEPARTMENT.

Circulate. The paper was sent to Financial *for remarks on the financial relations with India.*

2. In case there is any disposition to regard favourably the suggestion of a Terminal tax, I beg I may be given an opportunity to note on it. It is a long subject, and is not necessarily connected with the present.

H. TREMENHEERE—2-2-99.

I shall be glad to have the Secretary's views on the subject. It is a tax I advocated in 1880—1885 when President of the Madras Municipality. It was intended to confine it to heavy and bulky goods (grain alone was then proposed) and to allow no drawbacks.

H. M. W[INTERBOTHAM]—17-2-99.

2. The Government Order sanctioning the raising of the timber and firewood tax may issue without further delay.

A. T. A[RUNDEL]—11-2-99.

H. M. W[INTERBOTHAM]—13-2-99.

Please issue. *

2. Then circulate.

3. Then let me have the papers on Terminal tax.

H. TREMENHEERE—14-2-99.

* Issued as G.O., No. 191 M., dated 14th February 1899.

Please see note put up.

V. RAGHAVA CHARLU—22-2-99.

II

Demi-official from Henry Beauchamp, Esq., Editor, "Madras Mail", to the Hon'ble Sir Henry Bliss, dated 15th July 1898.

You have, I believe, lately been considering the question of Municipal taxation in the City of Madras, with the object of providing means for carrying out the sanitary schemes that are so urgently required. The problem of additional taxation is always a difficult one, and, as you know full well, the raising of the house-tax always causes great opposition—even in places like Madras, where it is by no means excessive. There is, however, a form of taxation which has been a great success at Cawnpore, and which would seem admirably suited for Madras. I allude to the "Terminal tax" levied on all passengers and goods arriving by train, and collected by the Railway itself. I believe it is simply added to the amounts taken on passengers' tickets and goods' notes, and levied thus, it is hardly perceptible either to the passenger or to the consignor of goods. It seems to me specially to be commended too, because it levies a small but very justifiable contribution from "the strangers within our gates" and from goods that pass through the City, both of which escape taxation at present. As to the probable amount derivable from such a tax it is noteworthy that Cawnpore, which is not really a "Terminal" station, obtained close on two lakhs from it last year. If Madras obtained, say, only three lakhs, that would go a good way towards interest on a "sanitary" loan.

2. There is another way by which our local finance in Madras could be improved: and that is to appoint one or more authoritative "revisers" of the house assessments, such as Government appointed in the case of Kumbakónam with such good results. There is no doubt whatever that large numbers of houses have been fraudulently under-assessed in Madras. Then there is the scandal of the Assessment Appeal Committees who throw out all Safdar Hussain's proposals for enhancements on their mere *ipse dixit* (this is hardly grammar!) having no doubt been "influenced" by the appellant before ever they meet in Committee.

3. Cannot you give us something for the Cooum? It is simply terrible just now.

Demi-official from Henry Beauchamp, Esq., Editor, "Madras Mail", to the Hon'ble Sir Henry Bliss, dated 20th July 1898.

I am much obliged to you for your kind letter. The question of a "Terminal tax" attracted my attention some time ago when I saw a reference to its adoption by the Cawnpore Municipality in the *Pioneer*. A few weeks ago I saw another reference and had a talk with Moore about it. I understand that he has written to Cawnpore for fuller particulars and I had also written before that to one Allahabad man about it. I hope to have all the information shortly and shall then take your advice and set forth the whole matter in an article. It would seem advisable, of course, to put the tax on to sea-borne goods and passengers also. In this case, however, the Customs or Harbour authorities might collect it, not the carrying agency.

2. By the way, at the last meeting of the North-Western Provinces Legislative Council, a Bill was brought in to formally legalise the collection of the tax at Cawnpore by the Railway Company, as a doubt had arisen whether it was legally authorised to perform such a function. I am sure a letter from the Madras Government to the North-Western Provinces Government in the Legislative department would elicit the fullest possible particulars.

3. Regarding house-tax revisions, no doubt revising work is going on: but what is wanted is a *special* reviser above the suspicion of corruption. He need not necessarily go through the whole list, house by house: but he might check a percentage. *This would ensure to some extent honesty amongst the present revisers:* and what is more important in my humble opinion, it would put a check on the present corrupt and indiscriminate rejection of enhancements by the Appeal Committees which is really at the bottom of the slow growth of Municipal revenues. I am afraid Moore is no *financier*. Would that you could descend from your high office and come and set things right for the City, as you did for the Salt and Abkári department!

Demi-official from H. Tremenheere, Esq., I.C.S., Secretary to Government, Local and Municipal Department, to the Hon'ble Sir Henry Bliss, dated 27th July 1898.

Your note of 24th enclosing the letters received from Beauchamp, which I return.

2. I shall write to the North-West Provinces for information regarding the "Terminal tax" system.

3. Beauchamp raises some very interesting points about house assessments in Madras. But your idea of a single assessing officer and a single appellate officer seems preferable. But could not the Sub-Collector to be lent by Government be appointed by the President under section 124? So much for assessment. As for appeal, I observe Beauchamp speaks of appeal committees. But section 190 is emphatic that the appeal shall be disposed of by the President. He is merely assisted (not under amended Act) by two Commissioners whose opinion does not bind him.

4. If these views are right (and you know more about it than any one else), the means for a reform are already in the hands of Government, Moore being reasonable.

5. But if I am mistaken in them, I am quite at one with you in considering an amendment of the Act, necessary so as to allow Government to appoint an assessing and an appellate officer. There remains the safeguard of an appeal to two Magistrates under section 192.

6. Please see North-West Provinces Act, XV of 1883, section 64 (*c*). Government may make rules for the assessment and collection of taxes. Also Punjab Act XIII of 1854, section 49. Appeals against assessment lie to the Deputy Commissioner.

7. If the Municipality should become, as Beauchamp foresees, "many lakhs richer every year", there would be no need to resort to an octroi.

Demi-official from the Hon'ble Sir Henry Bliss, to the Secretary to Government, Local and Municipal Department, dated 27th July 1898.

No doubt Government could lend the President a competent officer. As regards section 190 you seem to have been consulting a copy of the Act as it stood before

amendment (why was this particular amendment made, I wonder) by Act II of 1892. The appellate decision is now that of the majority of the committee of the President and two Commissioners.

2. Better put Beauchamp's letters with the other papers which have been accumulating about the amendment of the Act. The office might make out a statement showing how the house-tax has increased in (say) the last ten years and how it compares with other places.

Demi-official from Hon'ble Sir Henry Bliss, to the Secretary to Government, Local and Municipal Department, dated 5th August 1898.

Another letter from Beauchamp with the Cawnpore rules. Now, supposing that imports by sea, rail and canal are taxed, and that drawbacks are given on exports by rail and sea, and that coal is not taxed, it remains to calculate what would be the proceeds of a terminal tax if levied in Madras. To this we might add, I think, a small tax on passengers landing and arriving by rail—say two annas for each first class, one anna for each second class and three pies for each third class.

ENCLOSURES.

Demi-official from H. Beauchamp, Esq., to Hon'ble Sir Henry Bliss, dated 3rd August 1898.

In case you can find a moment to glance through them I am sending the papers on the terminal tax at Cawnpore.

2. I cannot help thinking it would be preferable if, in Madras, the tax was levied only on rail-borne and sea-borne goods. It should not be impossible to guard against the former being set down short of Madras and carried in by road.

3. If road-borne goods were made taxable we should have all the evils of octroi barriers.

4. You should read the proceedings of the last Municipal meeting on the lighting question if you would realise the obstruction to be anticipated from house-owners with regard to any enhancement of the present house-tax, etc.

5. Hoping you will forgive my bothering you in this way.

Notification of the "North-Western Provinces and Oudh Gazette," dated 18th January 1896, *No.* $\frac{84}{\text{XI-237-A.}}{2}$

Under section 42, Act XV of 1883, the Lieutenant-Governor and Chief Commissioner, with the previous sanction of the Governor-General in Council, is pleased to authorize the Municipal Board of Cawnpore to impose the undermentioned taxes on imports and exports, subject to the exceptions noted in the margin, with effect from the 1st of March 1896:—

Articles exempted from taxation—
(1) Personal luggage of railway passengers.
(2) Parcels less than 15 seers in weight carried by passenger train.
(3) Articles received or despatched through the Post Office.
(4) Articles the property of Government or imported or exported on behalf of the Government.

1. A tax at the following rates on goods specified in schedule A brought within Municipal limits, when conveyed to Cawnpore on consignment to that place by rail or by boat, or when carried in as head-loads:—

(*a*) On goods (other than firewood and bark) conveyed by rail or boat.	Three pies per maund.
(*b*) On firewood and bark conveyed by rail or boat.	One pie per maund.
(*c*) On headloads of goods	Three pies per head-load.

Provided that no tax shall be leviable in the case of head-loads of goods carried in from the cantonment of Cawnpore.

2. A tax at the rate of three pies per maund on goods indicated in schedule B consigned from Cawnpore to other places and exported by rail from within Municipal limits.

A.—Schedule of articles taxed on import.

Description of goods.

Class I.

1. Wheat.
2. Pulses.
3. Barley and oats.
4. Gram.
5. Rice.
6. Suji of all grains.
7. Juar, bajra and other grains not mentioned above.
8. Mahua.
9. Sugarcandy.
10. Crystallized sugar, chini and shakkar.
11. Gur shira, rab and treacle.
12. Ghee and butter.
13. Groceries, including dried and Kabul fruits, arrowroot, coffee, cornflour, confectionery, oilman's store and tinned provisions.
14. Vinegar.
15. Karbi.
16. Dahi.
17. Khoa.
18. Eggs, fowls, ducks, geese and other birds intended or fit for food.
19. Meat of all kinds.

Class II.

20. Oil (country).
21. Oil-seeds, country.
22. Soap of all kinds.
23. Reh.
24. Firewood, except in head-loads.
25. Uplas large).
26. Candles and wax.
27. Matches.

Class III.

28. Munj, bagai badh and hemp.
29. Hemp and other rope and string not otherwise provided for.
30. Lime whitewash made outside Municipal limits.
31. Lime (common), surkhi and chalk.
32. Bricks, pukka.
33. Bricks, kachcha.
34. Tiles, small.
35. Tiles, large.
36. Goodwyn tiles.

Description of goods.

Class III—cont.

37. Stone other than ballast, marble and articles made of stone.
38. Timber of all sorts.
39. Sirki, palm leaves, matting and punkhas.
40. Bamboos, large.
41. Bamboos, small.
42. Furniture and articles made of wood.
43. Glass, chinaware and crockery.
44. Bark (country).
45. Betel-nuts.

Class IV.

46. Pan leaves.
47. Drugs, chemicals, perfumery and essential oil.
48. Lac and chopra.
49. Dyes.

Class V.

50. Native tobacco, raw, of finer sort.
51. Do. of common sort.
52. Cigars, cigarettes, imported tobacco and tobacco cured by the European or American method.

Cass VI.

53. Haberdashery.
54. Millinery.
55. Fancy goods
56. Tinsel and gold and silver lace.

Class VII.

57. Brass vessels.
58. Copper and phool vessels.
59. Copper kaskut and pewter sheets
60. Lead and zinc sheets.
61. Iron vessels.
62. Iron of all kinds.
63. Block tin, ingots and kansa.

Class VIII.

64. Cotton, raw, ginned and unginned (country).
65. Hides and skins (country).
66. Jute, country.
67. Wool, country.
68. Indigo seed, country.

B.—Schedule of articles taxed on export.

The same articles as those enumerated in schedule A with the exception of Nos. (1) wheat, (2) pulses, (4) gram, (5) rice, and (21) oil-seeds, country.

GOVERNMENT, N.-W. PROVINCES AND OUDH.

MUNICIPAL DEPARTMENT.

The 15th January 1896.

No. $\frac{87}{\text{XI}-237-\text{A}}{2}$.—Under section 42 of Act XV of 1883, the Lieutenant-Governor and Chief Commissioner is pleased to authorise the Municipal Board of Cawnpore to impose, subject to the exceptions noted in the margin, a tax at the following rates on vehicles loaded with goods and on loaded pack animals entering the municipality, except by way of the Cantonment of Cawnpore, with effect from the 1st of March 1896 :—

Vehicles
follow
Sa
Li
liab
al animals loaded e rely with the
articles are exempt :—
nted or spirituous liquors and drugs
excise or abkári duty.
st.
kur.
s (thatchin and fodder).
h for building purposes.
getables.
usa.
nda.
alks of kharif crops.
rsonal luggage of railway passengers.
rticles the property of Government or
imported on behalf of Government.

	As.	P.
On a loaded one-bullock cart	2	0
Do. two do.	4	0
Do. three do.	6	0
Do. four do.	8	0
Do. hand-cart (*thela*)	4	0
Half the above rates for carts loaded with fire-wood and bark only—		
On a loaded pack animal	0	9

GOVERNMENT, N.-W. PROVINCES AND OUDH.

MUNICIPAL DEPARTMENT.

The 17th January 1896.

No. $\frac{102}{\text{XI}-237-\text{A}}{2}$.—Under section 44, Act XV of 1883, the Lieutenant-Governor and Chief Commissioner is pleased to confirm the resolution of the Municipal Board of Cawnpore abolishing the octroi duty on all articles (except animals for slaughter) imported into the Municipality, with effect from the 1st March 1896.

Schedule of Rates.

No.	Description of animals.	Rate. As.	P.	Remarks.
1	Cattle over a month old	8	0	Per head.
2	Calves under a month	1	0	Do.
3	Goat and sheep	1	0	Do.
4	Pig..	4	0	Do.

Remarks of M.R.Ry. P. Theyagaroya Chetty Garu.—Just 27 months since we submitted for the favourable consideration of Government a scheme of taxation for raising a lakh and forty thousand rupees to finance our drainage scheme, the initial outlay on which was estimated at nearly 32 lakhs, and the annual maintenance charge for pumping and conservancy at about Rs. 1,27,000. On the 31st March 1896, we submitted our final scheme to Government and pointed out that if sanction was granted for raising a loan of 12 lakhs we could, with the 3,50,000 rupees already granted by Government, at once start the Mylapore drainage and the high level main, and thereby cleanse the Cooum to some extent by diverting the sewage now flowing into it to the Black Town sewage farm. To-day we are met to consider the orders passed by Government on the above proposals. Gentlemen, like the case of the mountain in labour, the product of their prolonged incubation in the Government Office has been most disappointing to us. We are told that the long-looked-for contribution from Provincial Revenues cannot be granted, thanks to the famine which afflicted the Presidency and to the recent revision of the Provincial contract by the Government of India, by which our benighted Presidency as usual fared worst. It has been the misfortune of this unfortunate Presidency that the "squeezing" process is always applied to it with relentless vigour, and it is forced to contribute a disproportionately larger share of its hard-earned revenue to the Imperial Exchequer than is the case with the other Provinces of the Empire. We are next told, gentlemen, that all our proposals for raising additional revenue must be rejected with the exception of one petty item relating to the enhancement of the tax on vehicles and animals. We may probably be told sooner or later, gentlemen, that the Members of Council and of the Secretariat have betaken themselves to Guindy or Kathivak nd will not be liable to pay profession tax, thanks to the example set by Sir Arthur Havelock. Finally we are told, gentlemen, that we had better gird up our loins and bravely face the inevitable and raise our house tax from 15¼ to 21¼ per cent. (an increase of 6 per cent.). There is no option left to us of giving up the long-wished-for drainage scheme and of remaining "Benighted" for ever. This, gentlemen, is briefly the position to which we have been reduced after several months of waiting and hoping. The position seemed to me, at first sight, to be gloomy enough in all conscience, but a careful study of the Government Order and of some reports kindly placed at my disposal by our President has convinced me that the objections raised by Government are more or less untenable, if not fallacious, and that we may yet hope to overcome our financial difficulties without making the house-owners of Madras pay their pound of flesh. Before discussing the question, however, I wish to draw your attention to two items which, by an unfortunate oversight, we omitted to take into account when framing our proposals for finding ways and means; one is the saving in expenditure that must follow on the completion of the drainage scheme, and the other is the additional income that must accrue from sewage farms. As I understand the drainage scheme, I believe that after its completion, all our side drains and cess-pools will disappear, and with them the establishment which is maintained for flushing and cleaning and removing silt. All that would then be required is a sufficient complement of coolies to flush the house connections, and this has been provided for in the estimates prepared by Mr. Ellis for working the scheme. The savings indicated above have, however, I fear, not been taken into account. Our budget for the current year provides 20 maistries, 539 men, 110 boys and girls, 219 pairs of bullocks with drivers for cleaning the drains and cess-pools, and removing silt, and the cost including supervision amounts to Rs. 1,06,800. Deducting Rs. 35,700 for the cost of the coolies, supervision, &c., for the 2nd and 3rd divisions, where the drainage scheme will not be carried out, there will be a saving of Rs. 71,000 per annum in round numbers. I may here mention that the eleven house connections which were recently introduced as an experimental measure in Parish Venkatachala Iyer Street have not been flushed for the past ten months, as it has been found that the little sewage flowing from houses was sufficient to flush the connections and keep them perfectly clean without emitting any stench. With this experience before us we might reasonably hope that it would be possible to effect a considerable reduction in the estimate framed by Mr. Ellis for 400 coolies for flushing the 28,000 house-connections at the rate of 70 a head. If this cost is reduced the saving referred to above will be proportionately increased. As regards the second item, *i.e.*, additional income from sewage farms, we find from Mr. Ellis' memorandum on the drainage scheme that an additional 208 acres, or nearly 160 cawnies of land, will be required for the sewage farm to utilise all the sewage that will be diverted into it. This additional 160 cawnies ought to give us a pretty good sum. Our present sewage farms comprising only 53 cawnies of land yield under present contract Rs. 34,500, or an average of Rs. 650 per cawnie. Lately we have added 10 cawnies which, according to the terms of the contract, yield Rs. 3,000 a year, at Rs. 300 a cawnie. At this low rate the additional 160 cawnies that may be added to the farm ought to give us a further income of Rs. 160 × 300 or Rs. 48,000 a year. Our President is of opinion that our sewage farms should yield Rs. 1,00,000 at least when the drainage system is complete. Thus, gentlemen, there will be an additional income of Rs. 48,000 *plus* Rs. 3,000 (not included in the budget) and a saving of Rs. 71,000 or a total of Rs. 1,22,000. Deducting this sum from our estimates for working the drainage scheme with interest and sinking fund at Rs. 2,66,000 we shall require only Rs. 1,44,000 and not Rs. 2,66,000 as we first thought. Gentlemen, in the Government Order before us the Government has approved of our suggestion to raise the wheel and animal tax by 50 per cent., but remarked that our figures are pitched too high by Rs. 7,200.

Gentlemen, I am responsible for the figures (Rs. 37,000) given in our resolution of 8th July 1895. On page 35 of our budget for the current year you will find in column 4 the demand as finally settled:—

	RS.
Taxes on vehicles with springs	30,300
„ on animals	28,700
„ on carts and other vehicles	19,500
Total ...	78,500

	RS.	RS.
Deduct remissions on vehicles with springs	1,900	
Animals	1,500	
		3,400
Net ...		75,100

Fifty per cent. of this sum will give us Rs. 37,550, which is Rs. 550 more than the amount actually proposed. I now turn to the objections raised by Government to the other taxes proposed by us. We are told, gentlemen, that "the enhancement of the rates of tolls which are levied on outside traffic does not, however, commend itself to Government," and that "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 mofassil District Boards, receives at present no share of the municipal tolls, although it maintains the roads on which the tolls are levied." It appears to me that these remarks are based on a complete misapprehension. It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our toll-bar on the Northern trunk road near the Red Hills Tank the District Board of Chingleput owns a toll-bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of As. 4 and the same vehicle on its return to Madras has to pay another As. 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar toll-bar on the Western trunk road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these toll bars? We may take it for granted that the first As. 4 is for allowing the vehicle to go over the Chingleput District Board roads. But why is the other As. 4 charged on coming into the town? Is it not for the use of the roads between our toll bars and those of the Chingleput District Boards? Is this allowing our wheel traffic free of charge on the Chingleput District Board roads? Now let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads, and there is no reason whatever for asserting that any portion of the additional tolls of Rs. 20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingleput District Board. I must here mention one fact and that is that on the Kathivakam road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Boards, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakam road maintenance being about Rs. 300 a year, at Rs. 50 a mile, and the Saidapet road about Rs. 300 a year, at Rs. 200 a mile, and we might gladly undertake to pay a portion of their maintenance charges. The next tax objected to by Government is the profession tax. The Government is strongly opposed to any increase under this head on the ground that it will be a further encroachment on the field of the Imperial income tax, and that it will press with particular hardship on the upper classes of the population. The Government has overlooked the fact that the profession tax provided by the Municipal Act has been in existence from a period long anterior to the introduction of the income tax. It is not the Municipality therefore that can be charged with attempting to encroach upon the field of Imperial taxation, but it is the Government that is endeavouring by its power of veto to trench upon our just rights and privileges and deprive the Municipality of its lawful resources. As regards the alleged hardship upon the upper classes I need only observe that out of the population of 4,50,000 in this city not more than 175 persons at the outside (excluding companies) will be called on to pay a tax of more than Rs. 100 per annum, and of those not more than 60 will have to pay the maximum rate, a little more than Re. 1 per cent. I leave it to you, gentlemen, to say whether this is at all heavy, considering the immense advantage which the upper classes enjoy for carrying on their professions within Municipal limits. There is no doubt some inequality in the incidence of the tax under the different classes, but this exists more in the present classification. On some the incidence comes to As. 2-8 per cent., rising in some cases to As. 11 per cent. A person earning Rs. 100 a month has to pay As. 6-8 per cent. If his income rises to Rs. 200 a month the incidence dwindles down to As. 3-4 per cent. If the income begins with Rs. 200 he has to pay As. 6-8, but when it rises to Rs. 500 his taxation falls

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Fifty per cent. of this sum will give us Rs. 37,550, which is Rs. 550 more than the amount actually proposed. I now turn to the objections raised by Government to the other taxes proposed by us. We are told, gentlemen, that "the enhancement of the rates of tolls which are levied on outside traffic does not, however, commend itself to Government," and that "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 mofassil District Boards, receives at present no share of the municipal tolls, although it maintains the roads on which the tolls are levied." It appears to me that these remarks are based on a complete misapprehension. It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our toll-bar on the Northern trunk road near the Red Hills Tank the District Board of Chingleput owns a toll-bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of As. 4 and the same vehicle on its return to Madras has to pay another As. 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar toll-bar on the Western trunk road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these toll bars? We may take it for granted that the first As. 4 is for allowing the vehicle to go over the Chingleput District Board roads. But why is the other As. 4 charged on coming into the town? Is it not for the use of the roads between our toll bars and those of the Chingleput District Boards? Is this allowing our wheel traffic free of charge on the Chingleput District Board roads? Now let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads, and there is no reason whatever for asserting that any portion of the additional tolls of Rs. 20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingleput District Board. I must here mention one fact and that is that on the Kathivakam road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Boards, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakam road maintenance being about Rs. 300 a year, at Rs. 50 a mile, and the Saidapet road about Rs. 300 a year, at Rs. 200 a mile, and we might gladly undertake to pay a portion of their maintenance charges. The next tax objected to by Government is the profession tax. The Government is strongly opposed to any increase under this head on the ground that it will be a further encroachment on the field of the Imperial income tax, and that it will press with particular hardship on the upper classes of the population. The Government has overlooked the fact that the profession tax provided by the Municipal Act has been in existence from a period long anterior to the introduction of the income tax. It is not the Municipality therefore that can be charged with attempting to encroach upon the field of Imperial taxation, but it is the Government that is endeavouring by its power of veto to trench upon our just rights and privileges and deprive the Municipality of its lawful resources. As regards the alleged hardship upon the upper classes I need only observe that out of the population of 4,50,000 in this city not more than 175 persons at the outside (excluding companies) will be called on to pay a tax of more than Rs. 100 per annum, and of those not more than 60 will have to pay the maximum rate, a little more than Re. 1 per cent. I leave it to you, gentlemen, to say whether this is at all heavy, considering the immense advantage which the upper classes enjoy for carrying on their professions within Municipal limits. There is no doubt some inequality in the incidence of the tax under the different classes, but this exists more in the present classification. On some the incidence comes to As. 2-8 per cent., rising in some cases to As. 11 per cent. A person earning Rs. 100 a month has to pay As. 6-8 per cent. If his income rises to Rs. 200 a month the incidence dwindles down to As. 3-4 per cent. If the income begins with Rs. 200 he has to pay As. 6-8, but when it rises to Rs. 500 his taxation falls

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Gentlemen, like the case of the mountain in labour, the product of their prolonged incubation in the Government Office has been most disappointing to us. We are told that the long-looked-for contribution from Provincial Revenues cannot be granted, thanks to the famine which afflicted the Presidency and to the recent revision of the Provincial contract by the Government of India, by which our benighted Presidency as usual fared worst. It has been the misfortune of this unfortunate Presidency that the "squeezing" process is always applied to it with relentless vigour, and it is forced to contribute a disproportionately larger share of its hard-earned revenue to the Imperial Exchequer than is the case with the other Provinces of the Empire. We are next told, gentlemen, that all our proposals for raising additional revenue must be rejected with the exception of one petty item relating to the enhancement of the tax on vehicles and animals. 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As I understand the drainage scheme, I believe that after its completion, all our side drains and cess-pools will disappear, and with them the establishment which is maintained for flushing and cleaning and removing silt. All that would then be required is a sufficient complement of coolies to flush the house connections, and this has been provided for in the estimates prepared by Mr. Ellis for working the scheme. The savings indicated above have, however, I fear, not been taken into account. Our budget for the current year provides 20 maistries, 539 men, 110 boys and girls, 219 pairs of bullocks with drivers for cleaning the drains and cess-pools, and removing silt, and the cost including supervision amounts to Rs. 1,06,800. Deducting Rs. 35,700 for the cost of the coolies, supervision, &c., for the 2nd and 3rd divisions, where the drainage scheme will not be carried out, there will be a saving of Rs. 71,000 per annum in round numbers. 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This additional 160 cawnies ought to give us a pretty good sum. Our present sewage farms comprising only 53 cawnies of land yield under present contract Rs. 34,500, or an average of Rs. 650 per cawnie. Lately we have added 10 cawnies which, according to the terms of the contract, yield Rs. 3,000 a year, at Rs. 300 a cawnie. At this low rate the additional 160 cawnies that may be added to the farm ought to give us a further income of Rs. 160 × 300 or Rs. 48,000 a year. Our President is of opinion that our sewage farms should yield Rs. 1,00,000 at least when the drainage system is complete. Thus, gentlemen, there will be an additional income of Rs. 48,000 *plus* Rs. 3,000 (not included in the budget) and a saving of Rs. 71,000 or a total of Rs. 1,22,000. Deducting this sum from our estimates for working the drainage scheme with interest and sinking fund at Rs. 2,66,000 we shall require only Rs. 1,44,000 and not Rs. 2,66,000 as we first thought. 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to As. 2–8 per cent. To obviate this inequality in the incidence I would suggest for your consideration whether it would not be better to propose a uniform rate of Re. 1 per cent. on all incomes above Rs. 50 a month? I do not think that this is at all excessive considering the great benefits that will be derived by the people from the improved method of drainage and the consequent immunity from diseases. The Government too cannot decently object to this taxation when it is levying 2 to 2½ per cent. as income tax for the so-called famine fund, the benefits of which do not reach the townspeople. Let us now see what this taxation of 1 per cent. will give us. The Imperial income tax at pies 4 per rupee on incomes up to Rs. 2,000 and pies 5 per rupee on incomes exceeding this limit or at 2 to 2½ per cent. yields a revenue of more than Rs. 4,50,000 for the Madras City. At 1 per cent., the realisation might be taken at Rs. 2,00,000. For purposes of the income tax, however, house valuations are also included and also incomes between Rs. 500 and Rs. 600 a year. Deducting Rs. 20,000 for these items we may safely expect Rs. 1,80,000 from the proposed profession tax of Re. 1 per cent. as against Rs. 68,000 now derived from this source. This leaves a gain of Rs. 1,12,000 which will go partly towards the cost of maintenance of the new drainage scheme and partly towards the proposed water-works improvement scheme. Gentlemen, it may be urged that the Imperial income tax already involves much inquisitorial enquiry and that the profession tax will be equally inquisitorial in its working. To avoid this double infliction upon the ratepayers we might ask the Income tax department of Government to undertake the administration of the Municipal profession tax also. This they can do without any difficulty on terms which can be mutually agreed upon. We now come to the last item of tax objected to by Government, *i.e.*, the tax on liquor shops. Under schedule E attached to section 179 of the Municipal Act, liquor shops are licensed under four classes, and the revenue derived by us from that source up to 1887 averaged Rs. 13,600 per annum (Rs. 6,170 from toddy and Rs. 7,430 from arrack shops). In that year the Government changed the then existing dowle system and introduced the tree-tax system for toddy shops and excise system for arrack shops. In the dowle system the Government only got the value of arrack supplied to arrack shops and a certain rate per diem for each class of toddy shops and nothing more. The Municipality collected its license fees direct from the shopkeepers. In the year 1887, the Government compounded with us under the powers vested in section 99 of the Municipal Act to pay a sum of Rs. 13,600 per annum for all the arrack and toddy shops in Madras and introduced its own system of tree-tax and shop licenses by which its revenue from toddy was raised from Rs. 3,84,830 in 1886–87 to Rs. 5,75,584 in 1896–97, an increase of over Rs. 1,90,700. The figures include "License fees" which amounted to Rs. 69,099 in 1896–97, while the Government has been paying us only Rs. 6,170 since 1887 on account of toddy licenses. Under the old system the Government was simply getting the dowle amount from the toddy shops according to their classification but no license fees. In lieu of the dowle, a tree-tax was substituted and from this alone the Government is now deriving Rs. 1,21,000 more than it did under the dowle. The imposition of the shop licenses was, I hold, a distinct encroachment on the rights of the Municipality, and I see no reason why the Government should not be called upon to make good to the Municipality the greater portion, if not the whole, of the amount of Rs. 69,997 collected by Government under this head. I must here mention that the Government has almost doubled its license fees this year. As regards arrack I regret that the information given in the Abkári administration reports is not sufficient to enable me to institute a proper comparison between the revenue under the old and the new system, nor to find out what amount is realised from license fees under this head. I find, however, that the total revenue from country spirits (putta arrack) and foreign spirits (Colombo arrack) rose from Rs. 5,34,646 in 1887–88 to Rs. 7,36,967 in 1896–97, an increase of Rs. 2,02,300. I do not think that I shall be far wrong in assuming that the income from arrack license fees will be much less than similar amount derived from toddy licenses, *i.e.*, about Rs. 70,000. The total amount under license fees from toddy and arrack may thus safely be taken at Rs. 1,40,000. Deducting from this about Rs. 20,000 as revenue for the Saidapet taluk included in the Madras circle we have Rs. 1,20,000 as the amount of license fees levied by Government within Municipal limits and which should properly go to the credit of the Municipality. With these facts before us I feel not a little astonished that Government should have grudged to pay us twice Rs. 13,600 we begged for when the true facts of the case were not known to us. In this connection it will be interesting to know what amount the Bombay Government pays to the Bombay Municipality and what amount the Bombay Municipality realises as town duty on liquors. The administration report of the Bombay Municipality for 1895–96, which was kindly placed at my disposal by our President, gives the following startling figures:—

	Rs.	A.	P.
Wines and spirits at As. 4 per imperial gallon deducting refunds	2,10,364	0	1
Beer at Pice 6 per gallon deducting refunds	11,139	10	5
Liquor licenses received from Government	1,43,750	0	0
Total ..	3,65,253	10	6

Gentlemen, comment on these figures would seem to be perfectly unnecessary. I leave it to you to judge why Madras should be treated so differently from our Western Sister. Now that we are in possession of solid facts we shall be wanting in our duty to the rate-payers if we do not assert our rights to levy license fees which would yield us at least 1–5 of the income which Bombay enjoys. Our requirements for the new drainage scheme in the shape of interest, sinking fund and working charges are Rs. 2,66,000, towards which I have pointed out savings to the extent of Rs. 1,22,000, and we want only Rs. 1,44,000. We lately sent an estimate for Rupees 16,00,000 for the improvement of the water-supply for the approval of Government and for the interest, sinking fund and maintenance. On this account we may require another Rs. 1,00,000. We shall thus want Rs. 2,44,000 for both the drainage and water-work schemes. If the views put forward now are accepted we may hope to realise the following sums:—

	Rs.
Increase from vehicle and animal taxes	37,550
Additional tolls (present toll income being Rs. 42,000)	21,000
Increase from profession tax at 1 per cent.	1,12,000
Increase under license on liquor shops as originally proposed by us	13,600
Total ..	1,84,150 or in

round numbers say Rs. 1,84,000. This leaves only Rs. 60,000 to be provided for which we can easily raise without enhancing the house-tax as proposed by Government. Our Act under section 341 provides a maximum of As. 6 per ton on firewood and under the same section a maximum of Rs. 5 per ton on timber is provided for. Our collections from firewood at present at As. 3 per ton is Rs. 20,000 and from timber at Rs. 3 per ton is Rs. 74,382. If these two taxes are raised to their maximum limit we can get an additional income of Rs. 20,000 from firewood and Rs. 50,000 nearly from timber, in all Rs. 70,000 which will meet all our requirements. I shall now make a few remarks on the suggestion made by Government regarding the enhancement of the house tax As already stated the Government proposes to enhance our house tax by 6 per cent. or from 15¼ per cent. to 21¼ per cent., and tells us that this increased rate will still be less than what is paid in Bombay. Here again I find that the Government is mistaken in its assumption. It states that the property tax in that Presidency town is 12 per cent. This is the maximum provided for in the Act, while the rate actually levied is only 8 per cent. as shown by the administration report of the Bombay Municipality for 1895–96. Even this rate is levied only on the net value after deducting 10 per cent. for repairs, whereas in Madras the tax is levied at 10 per cent. on the gross value. Again in Bombay in the case of rented houses a "draw back" of 1–5 of the assessed value is allowed for the possible contingency of portions of houses being left vacant; in Madras no such deduction is made. Further in Bombay a remission of two-thirds of the property tax is granted for vacant houses, whereas in Madras the remission does not exceed one-half. In Bombay water and halalcore taxes are fully remitted on vacant houses, while in Madras only half the water and lighting taxes are remitted. There is no lighting tax in Bombay. Bearing these facts in mind we find that the taxation in Bombay is much less than it is in Madras. The assessed value of land and house property as given on page 20 of the administration report of Bombay for 1895–96 is Rs. 2,82,390,000.

	Rs.
Property tax at 8 per cent. and fire brigade tax at ¼ per cent. on the above is	19,57,704
Water tax at 4 per cent.	6,12,233
Halalcore tax at 3 per cent.	5,35,770
Total ..	31,05,707

which comes to only 11 per cent. on the value as compared with Rs. 14–15–0 per cent. for Madras after allowing for remissions. If due allowance is made for the fact that in Madras the citizens have to pay separately for their own scavengering, which is not the case in Bombay, and for the fact that we do not require fire brigades here, it will be found that our taxation is really greater than the figures given above. In 1882 when the Government proposed to raise the house tax in this city the Commissioners entered a very strong protest and pointed out the great hardship that would be caused to the poorer classes especially. The taxes on house property then yielded an income of Rs. 5,24,000. This has now risen to Rs. 7,82,600, or an increase of 50 per cent., which is chiefly due to enhancement in the valuation of houses. It would be cruel, therefore, I submit, to add to this heavy burden by still further raising the taxes. The only effect of this measure will be to greatly increase overcrowding, which is already prevailing to a frightful extent, and thereby endanger the health of the city which it is attempted to improve at an enormous outlay. In support of its proposal to raise the house tax in this city the Government finds out particulars that the incidence of taxation here is only Rs. 2–2–3 a head as compared with Rs. 6–12–7 in Bombay, Rs. 6–11–6 in Calcutta and Rs. 3–12–2 in Rangoon. I regret that

to As. 2–8 per cent. To obviate this inequality in the incidence I would suggest for your consideration whether it would not be better to propose a uniform rate of Re. 1 per cent. on all incomes above Rs. 50 a month? I do not think that this is at all excessive considering the great benefits that will be derived by the people from the improved method of drainage and the consequent immunity from diseases. The Government too cannot decently object to this taxation when it is levying 2 to 2½ per cent. as income tax for the so-called famine fund, the benefits of which do not reach the townspeople. Let us now see what this taxation of 1 per cent. will give us. The Imperial income tax at pies 4 per rupee on incomes up to Rs. 2,000 and pies 5 per rupee on incomes exceeding this limit or at 2 to 2½ per cent. yields a revenue of more than Rs. 4,50,000 for the Madras City. At 1 per cent., the realisation might be taken at Rs. 2,00,000. For purposes of the income tax, however, house valuations are also included and also incomes between Rs. 500 and Rs. 600 a year. Deducting Rs. 20,000 for these items we may safely expect Rs. 1,80,000 from the proposed profession tax of Re. 1 per cent. as against Rs. 68,000 now derived from this source. This leaves a gain of Rs. 1,12,000 which will go partly towards the cost of maintenance of the new drainage scheme and partly towards the proposed water-works improvement scheme. Gentlemen, it may be urged that the Imperial income tax already involves much inquisitorial enquiry and that the profession tax will be equally inquisitorial in its working. To avoid this double infliction upon the ratepayers we might ask the Income tax department of Government to undertake the administration of the Municipal profession tax also. This they can do without any difficulty on terms which can be mutually agreed upon. We now come to the last item of tax objected to by Government, *i.e.*, the tax on liquor shops. Under schedule E attached to section 179 of the Municipal Act, liquor shops are licensed under four classes, and the revenue derived by us from that source up to 1887 averaged Rs. 13,600 per annum (Rs. 6,170 from toddy and Rs. 7,430 from arrack shops). In that year the Government changed the then existing dowle system and introduced the tree-tax system for toddy shops and excise system for arrack shops. In the dowle system the Government only got the value of arrack supplied to arrack shops and a certain rate per diem for each class of toddy shops and nothing more. The Municipality collected its license fees direct from the shopkeepers. In the year 1887, the Government compounded with us under the powers vested in section 99 of the Municipal Act to pay a sum of Rs. 13,600 per annum for all the arrack and toddy shops in Madras and introduced its own system of tree-tax and shop licenses by which its revenue from toddy was raised from Rs. 3,84,830 in 1886–87 to Rs. 5,75,584 in 1896–97, an increase of over Rs. 1,90,700. The figures include "License fees" which amounted to Rs. 69,099 in 1896–97, while the Government has been paying us only Rs. 6,170 since 1887 on account of toddy licenses. Under the old system the Government was simply getting the dowle amount from the toddy shops according to their classification but no license fees. In lieu of the dowle, a tree-tax was substituted and from this alone the Government is now deriving Rs. 1,21,000 more than it did under the dowle. The imposition of the shop licenses was, I hold, a distinct encroachment on the rights of the Municipality, and I see no reason why the Government should not be called upon to make good to the Municipality the greater portion, if not the whole, of the amount of Rs. 69,997 collected by Government under this head. I must here mention that the Government has almost doubled its license fees this year. As regards arrack I regret that the information given in the Abkári administration reports is not sufficient to enable me to institute a proper comparison between the revenue under the old and the new system, nor to find out what amount is realised from license fees under this head. I find, however, that the total revenue from country spirits (putta arrack) and foreign spirits (Colombo arrack) rose from Rs. 5,34,646 in 1887–88 to Rs. 7,36,967 in 1896–97, an increase of Rs. 2,02,300. I do not think that I shall be far wrong in assuming that the income from arrack license fees will be much less than similar amount derived from toddy licenses, *i.e.*, about Rs. 70,000. The total amount under license fees from toddy and arrack may thus safely be taken at Rs. 1,40,000. Deducting from this about Rs. 20,000 as revenue for the Saidapet taluk included in the Madras circle we have Rs. 1,20,000 as the amount of license fees levied by Government within Municipal limits and which should properly go to the credit of the Municipality. With these facts before us I feel not a little astonished that Government should have grudged to pay us twice Rs. 13,600 we begged for when the true facts of the case were not known to us. In this connection it will be interesting to know what amount the Bombay Government pays to the Bombay Municipality and what amount the Bombay Municipality realises as town duty on liquors. The administration report of the Bombay Municipality for 1895–96, which was kindly placed at my disposal by our President, gives the following startling figures:—

	Rs.	A.	P.
Wines and spirits at As. 4 per imperial gallon deducting refunds	2,10,364	0	1
Beer at Pice 6 per gallon deducting refunds	11,139	10	5
Liquor licenses received from Government	1,43,750	0	0
Total ..	3,65,253	10	6

Gentlemen, comment on these figures would seem to be perfectly unnecessary. I leave it to you to judge why Madras should be treated so differently from our Western Sister. Now that we are in possession of solid facts we shall be wanting in our duty to the rate-payers if we do not assert our rights to levy license fees which would yield us at least 1–5 of the income which Bombay enjoys. Our requirements for the new drainage scheme in the shape of interest, sinking fund and working charges are Rs. 2,66,000, towards which I have pointed out savings to the extent of Rs. 1,22,000, and we want only Rs. 1,44,000. We lately sent an estimate for Rupees 16,00,000 for the improvement of the water-supply for the approval of Government and for the interest, sinking fund and maintenance. On this account we may require another Rs. 1,00,000. We shall thus want Rs. 2,44,000 for both the drainage and water-work schemes. If the views put forward now are accepted we may hope to realise the following sums:—

	Rs.
Increase from vehicle and animal taxes	37,550
Additional tolls (present toll income being Rs. 42,000)	21,000
Increase from profession tax at 1 per cent.	1,12,000
Increase under license on liquor shops as originally proposed by us	13,600
Total ..	1,84,150

or in round numbers say Rs. 1,84,000. This leaves only Rs. 60,000 to be provided for which we can easily raise without enhancing the house-tax as proposed by Government. Our Act under section 341 provides a maximum of As. 6 per ton on firewood and under the same section a maximum of Rs. 5 per ton on timber is provided for. Our collections from firewood at present at As. 3 per ton is Rs. 20,000 and from timber at Rs. 3 per ton is Rs. 74,382. If these two taxes are raised to their maximum limit we can get an additional income of Rs. 20,000 from firewood and Rs. 50,000 nearly from timber, in all Rs. 70,000 which will meet all our requirements. I shall now make a few remarks on the suggestion made by Government regarding the enhancement of the house tax. As already stated the Government proposes to enhance our house tax by 6 per cent. or from 15½ per cent. to 21¼ per cent., and tells us that this increased rate will still be less than what is paid in Bombay. Here again I find that the Government is mistaken in its assumption. It states that the property tax in that Presidency town is 12 per cent. This is the maximum provided for in the Act, while the rate actually levied is only 8 per cent. as shown by the administration report of the Bombay Municipality for 1895–96. Even this rate is levied only on the net value after deducting 10 per cent. for repairs, whereas in Madras the tax is levied at 10 per cent. on the gross value. Again in Bombay in the case of rented houses a "draw back" of 1–5 of the assessed value is allowed for the possible contingency of portions of houses being left vacant; in Madras no such deduction is made. Further in Bombay a remission of two-thirds of the property tax is granted for vacant houses, whereas in Madras the remission does not exceed one-half. In Bombay water and halalcore taxes are fully remitted on vacant houses, while in Madras only half the water and lighting taxes are remitted. There is no lighting tax in Bombay. Bearing these facts in mind we find that the taxation in Bombay is much less than it is in Madras. The assessed value of land and house property as given on page 20 of the administration report of Bombay for 1895–96 is Rs. 2,82,390,000.

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which comes to only 11 per cent. on the value as compared with Rs. 14–15–0 per cent. for Madras after allowing for remissions. If due allowance is made for the fact that in Madras the citizens have to pay separately for their own scavengering, which is not the case in Bombay, and for the fact that we do not require fire brigades here, it will be found that our taxation is really greater than the figures given above. In 1882 when the Government proposed to raise the house tax in this city the Commissioners entered a very strong protest and pointed out the great hardship that would be caused to the poorer classes especially. The taxes on house property then yielded an income of Rs. 5,24,000. This has now risen to Rs. 7,82,600, or an increase of 50 per cent., which is chiefly due to enhancement in the valuation of houses. It would be cruel, therefore, I submit, to add to this heavy burden by still further raising the taxes. The only effect of this measure will be to greatly increase overcrowding, which is already prevailing to a frightful extent, and thereby endanger the health of the city which it is attempted to improve at an enormous outlay. In support of its proposal to raise the house tax in this city the Government finds out particulars that the incidence of taxation here is only Rs. 2–2–3 a head as compared with Rs. 6–12–7 in Bombay, Rs. 6–11–6 in Calcutta and Rs. 3–12–2 in Rangoon. I regret that

I am unable to obtain statistics for Calcutta and Rangoon. As regards Bombay, I find from the Administration report that the average rental value per each house is Rs. 628, and the rental value per head of population is Rs. 54–6–0. In Madras the figures do not exceed Rs. 133 and Rs. 11–8–0, respectively. Again the income-tax levied in Bombay City averages Rs. 2–8–0 per head, whereas in Madras it is only one Rupee. The rates of wages in the two towns also exhibit considerable variations. In Bombay an able-bodied labourer earns Rs. 11 per mensem, whereas Madras pays only Rs. 6 for him. A Madras syce or horse-keeper gets Rs. 6 a month, whereas a Bombay syce gets Rs. 9–8–0. A common mason, carpenter, &c., earns from Rs. 27 to Rs. 42 a month in Bombay, whereas the Madras man gets Rs. 13 to Rs. 16 a month. There can thus be no proper comparison between these two Presidency towns. Gentlemen, Bombay with its immense trade and shipping and with 101 cotton mills and 25 silk and other mills necessarily enjoys advantages which places her far ahead of benighted Madras. Gentlemen, I much regret that I have been forced to take up so much of your time, but I trust that the importance of the questions involved will be accepted as a sufficient excuse for the infliction. I shall now simply leave the further discussion of the subject to abler hands, so that any errors into which I might have fallen owing to want of fuller information might be corrected before we send up our reply to the Government order. I venture to think, however, that my estimates cannot be far wrong, but even if they are eventually found to fall short of our requirements, I feel sanguine that if our difficulties are properly represented to him, His Excellency Sir Arthur Havelock will see his way to granting us further contributions from Provincial revenues, rather than force us to raise the tax on houses. Those of us who have seen the sympathetic orders issued by His Excellency in connection with the famine administration and forest conservancy need not despair of receiving equally sympathetic treatment at his hands in the matter of municipal contribution.

REPORT by the President on Mr. Theagaroya Chetty's remarks at the special meeting, held on the 11th October 1897, regarding means for financing the new draining scheme for Madras.

1. Mr Theagaroya Chetty states that we are to raise our house-tax from 15¼ to 21¼ per cent. This is not quite correct. Government propose to legislate so that the Commissioners shall have the power to raise the tax by 6 per cent. if *necessary*.

2. With regard to the two items which are omitted to be taken into consideration in framing the proposals, the saving in expenditure on drainage conservancy and increased revenue from sewage farms, Mr. Theagaroya Chetty estimates the former at Rs. 71,000 and the latter at Rs. 51,000.

3. It is true that when the scheme is completed there will be a saving in expenditure and probably an increase in revenue.

4. I estimate the saving in expenditure at Rs. 60,000 on the following basis.

5. The present annual expenditure on drainage conservancy is Rs. 97,696–8–0, when the scheme is completed only Rs. 37,042–8–0 will be required, liberating a sum of Rs. 60,654.

6. Mr. Theagaroya Chetty makes it Rs. 71,000, as he adds a certain amount for supervision. This difference is immaterial.

7. With regard to the increase in revenue of Rs. 51,000, undoubtedly there ought to be and will be an increase from the sewage farms, but how much that will be it is impossible to say. I do not think Mr. Theagaroya Chetty's figures are exaggerated, but they may not be realized.

8. I do not think that this should be taken into account. I think it would be better to face the actual outlay and, when everything is completed and the actual saving in expenditure and increase in revenue is known, the taxation can be proportionately reduced.

9. I cannot, therefore, agree with Mr. Theagaroya Chetty that we only require Rs. 1,44,000 instead of Rs. 2,66,000.

10. With regard to the vehicle and animals tax, by an oversight section 153 (tax on vehicles with springs and on animals) only was entered whereas our proposals included the tax under section 164 (tax on carts and other vehicles without springs). This accounts for the discrepancy and would raise the increased revenue to Rs. 37,000.

11. With regard to Mr. Theagaroya Chetty's remarks on the increase in tolls, I go further than him. I do not see that the rate at which they are levied affects the principle. If we pay nothing to the District Board at the present rate, I do not see why we should pay anything at an increased rate, but even if we should do so, out of quixotic generosity, it would be but a trifle.

12. I do not propose to touch upon the increase to the profession-tax proposed by Mr. Theagaroya Chetty. His figures speak for themselves. In this connection I would quote from the Government of India Review of Municipal Administration for 1894–95 "* * * paragraph 17. It is only in Madras, Coorg and the Hyderabad Assigned Districts that the tax on professions and trades' forms a considerable proportion of the income from taxation * * * *. The essential difference between the tax as levied in the Madras Presidency and elsewhere is that in

the former the profession-tax * * * is in effect a graduated income-tax, whereas in the other large Provinces it is in the nature of a fixed license tax. *There are, as has been observed above, material objections to any municipal rate which covers precisely the same ground as an Imperial tax.*" The italics are mine.

13. Mr. Theagaroya Chetty's proposal seems to me to make it still more of an income-tax.

14. Coming to the liquor tax—I regret that I am not in possession of information I asked for regarding the income Government derived in 1885 and what it derives now. I have no reason to question Mr. Theagaroya Chetty's figures more especially considering that the licenses for which the Municipality charged Rs. 75, 50, 25 and 12, Government now charges Rs. 250, 200, 150 and 100, as I am given to understand. I consider the request for an increase to the Rs. 13,000 odd now paid by Government to be anything but unreasonable, especially when compared with the sum of Rs. 1,43,750 paid to Bombay for the same licenses.

15. Besides this contribution from Government, Bombay has a town duty or octroi on wines, spirits and beer. This town duty together with the town duties on grain of all sorts, flour of all sorts, petroleum, sugar, molasses and gur, ghee, timber exclusive of railway sleepers and firewood amounted to 52¼ per cent. of the total income in 1894–95.

16. With regard to the proposed increase on timber and firewood, I see no reason why the maximum rate should not be levied and an additional Rs. 70,000 obtained.

17. With regard to Mr. Theagaroya Chetty's comparison between Bombay and Madras, it is difficult to form any real comparison. The conditions are totally different. The higher rate of wages in Bombay may be met by higher prices.

18. In Bombay the taxes are 15½ per cent. of the assessed value, Calcutta 19½ per cent. of the assessed value; Rangoon 21 per cent. of the assessed value.

19. Mr. Theagaroya Chetty amalgamates the drainage scheme with the water-supply scheme. I think they ought to be treated separately.

20. Mr. Theagaroya Chetty shows savings of Rs. 1,22,000. I do not think they ought to be anticipated but be used, when they do occur, as a means of reducing taxation.

21. I cannot accept the Rs 1,12,000 from profession-tax, though I think the increase under licenses on liquor shops might very fairly be increased. Under these conditions I can only see the way to an actual increase of Rs. 1,42,150 (including the increase on timber and firewood) against the required Rs. 2,65,840.

22. My reason for not taking up the water-supply scheme is that I think it can wait till the 1869—73 loan of 14 lakhs falls in in 1903, when the interest and sinking fund now payable on that loan will be available for a new loan. There is no use in extending the water-supply until the drainage is completed—in fact it is to the extension of water-supply that the Sanitary Commissioner attributes the prevalence of fever in Madras, there not being sufficient drainage to carry off the surplus water.

MADRAS,
22nd October 1897.

(Signed) G. M. J. MOORE, Lt.-Col.,
President, Madras Municipal Commission.

From the Hon'ble Lieutenant-Colonel Sir GEORGE MOORE, *Kt.*, C.I.E., President, Municipal Commission, Madras, to the Secretary to Government, Local and Municipal Department, dated 4th January 1899, G. No. 1101.

In forwarding the accompanying extract from the proceedings of a general meeting of the Commissioners held on 16th December 1898, together with the memorandum referred to, I have the honour to state that, from the opinion expressed by the Government of India in their letter embodied in G.O., Mis. No. 2215 M., dated 21st December 1898, there would appear to be little hope of any assistance being received from that Government.

2. But although they may not be prepared to give the loan themselves they might allow the Municipality to raise it in the market; this, of course, would be useless unless they are prepared to sanction the liquidation of the existing debt at once.

ENCLOSURE.

Read MEMORANDUM of the President, dated 28th November 1898, on the water-works loan of 1869—73, proposing measures for meeting the expenditure for the new drainage.

Proposed by M.R.Ry. P. Theagaroya Chetty Garu and seconded by M.R.Ry. R. N. Pragasa Mudaliar Avergal—

"That the President's memorandum be adopted and submitted to Government in continuation of their resolution of the 29th August 1898."

Carried.

Memorandum.

In 1883 the Government of India sanctioned an arrangement by which the time for repayment of the Madras Municipal Water-Works Loan of 1869—73 was extended to 1919.

2. The conditions were that interest at 4 per cent. (Rs. 57,200) and the sinking fund of Rs. 28,600 should continue to be paid—the interest from that sinking fund at 4 per cent. accruing to the Municipality. By this means the municipal revenue was increased by Rs. 1,144 (interest on Rs. 28,600 at 4 per cent.) annually.

3. This continued until 1894 when the 4 per cent. paper was converted into 3½ per cent. The Municipality since then have only received an annual increase of Rs. 1,001 (interest on Rs. 28,600 at 3½ per cent.). On 1st April 1884 the sinking fund amounted to Rs. 4,33,400. Since 1884 Rs. 4,00,742-0-3 have been paid into the sinking fund and invested in Government paper representing Rs. 3,88,900, so that the Municipality has lost Rs. 11,842-0-3 in that period in purchase of Government paper. The sinking fund stood at Rs. 8,22,300 on 1st April 1898. It is estimated to be Rs. 8,50,000 on 1st April 1899, but with Government paper at 93 that would only represent Rs. 7,90,500 cash.

4. The principle of the transfer to posterity of a portion of the burdens of the present generation that obtained in 1883 is equally—if not more strongly—applicable now.

5. I would not only ask the Government of India to allow the Municipality to take the Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for 50 years from 1899, that is, up to 1949, but to renew it at 3½ per cent. instead of 4 per cent. and the sinking fund to be Rs. 10,900 per annum, accumulating with compound interest at 3½ per cent. The pecuniary result would be as follows:—The Municipality would pay Rs. 50,050 per annum interest instead of Rs. 57,200—a saving of Rs. 7,150 per annum. They would pay Rs. 10,900 per annum sinking fund instead of Rs. 28,600—a saving of Rs. 17,700 per annum.

6. They would lose the interest, accruing from existing sinking fund, amounting to Rupees 29,000 in 1898-99 and increasing by Rs. 1,001 every succeeding year; taking it at Rs. 30,000, the total loss of income to the Municipality by the transaction would be Rs. 30,000 (Rs. 7,150 + 17,700) or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

7. Supposing the Government of India did not agree to reduce the interest, the loss would be Rs. 12,300 in 1899-1900 and in 1919 Rs. 32,300. To raise Rs. 8,50,000, it would cost Rs. 34,000 per annum interest and Rs. 6,460 sinking fund, a total of Rs. 40,460.

8. Another method would be to leave the sinking fund as it will stand in 1899, viz., Rs. 8,50,000, and convert the existing annual payment of Rs. 28,600 into one of Rs. 20,000 which accumulating with compound interest at 3½ per cent. would amount in 20 years (1919) to 6 lakhs, the balance required to liquidate the total loan of Rs. 14,30,000. Supposing the interest reduced from 4 to 3½ per cent. the result would be that the Municipality would save Rs. 7,150 per annum on interest and Rs. 8,600 on sinking fund, a total of Rs. 15,750.

9. A third plan would be to continue the interest at 4 per cent. but convert the future sinking fund as in the former method—the result would be a saving of Rs. 8,600.

10. To summarize the three plans—

1st. Appropriate the Rs. 8,50,000 accumulated sinking fund, renew the loan of Rupees 14,30,000 for 50 years at 3½ per cent. with a sinking fund of Rs. 10,900 accumulating with compound interest at 3½ per cent. which would entail an annual loss of Rs. 5,150 but give a sum of Rs. 8,50,000 in hand—or renew the loan at 4 per cent. which would entail an annual loss of Rs. 12,300 but still give Rs. 8,50,000 in hand.

2nd. Leave the sinking fund intact but convert future payments into Rs. 20,000 accumulating with compound interest at 3½ per cent to 6 lakhs in 20 years, reduce the interest to 3½ per cent. with a resulting saving of Rs. 15,750 per annum.

3rd. Continue the interest at 4 per cent. but convert future payments of sinking fund to Rs. 20,000 as above, resulting in a saving of Rs. 8,600 annually.

11. In G.O., No. 1966 M., dated 11th September 1897, Government approved of the increase in the rate of the tax on vehicles and animals, realizing Rs. 37,000 per annum.

12. No reply has been received to the proposal submitted with my letter, No. 332, dated 3rd November 1897, to increase the revenue derived under section 341 by Rs. 70,000. If that is approved of we have Rs. 1,07,000 increase which would meet the maximum loss in the first method (Rs. 12,300) and leave Rs. 94,700 revenue which would enable the Commissioners to raise 20 lakhs.

13. We should thus have Rs. 28,50,000 for drainage expenditure.

14. The total estimate approved of in G.O., No. 209 M., dated 12th February 1897, is exclusive of Mylapore Rs. 28,81,000.

15. In the abstract of the drainage estimate referred to, the construction for Chintadripet and Egmore and Komaleeswarenpet amounts to Rs. 14,52,500.

16. At present the drainage of these districts flows to a great extent into the Cooum.

17. The question of cleansing the Cooum has long been a burning one. My opinion is that the purification of the Cooum depends entirely on the removal of sewage from it. Any canal between it and the Harbour would only tend to extend the area of polfution. The last state would be worse than the first.

18. Government has recognized the cleansing of the Cooum to be a Provincial question. It would not be too much to ask for the amount that is estimated for the cleansing of the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleeswarenpet.

19. It is not unreasonable to ask the Government of India for assistance, which even if they agree to the reduction of the interest from 4 to 3½ per cent. will only entail a loss of Rs. 7,150 per annum. This is merely a case of the history of 1883 repeating itself in 1898.

20. It may be said that this proposal is similar to that vetoed by the Government of India in 1888—G.O., dated 1st November 1888, No. 1239 M.

21. But I think that there is a difference. The Municipality asks the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt.

22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.

Madras 29th November 1898. (Signed) G. M. J. Moore, Lt.-Col. President Municipal Commissioner, Mad.

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2779, dated 12th July 1898.

Read—Official Memorandum from the Government of Madras, Revenue Department, No. 132, dated 18th June 1898.

Resolution—Mis. No. 2779, dated 12th July 1898.

Replying to official memorandum from Government, No. 132, Revenue, dated 18th June 1898, the Board begs to report that it sees no objection to the proposal of the President of the Madras Municipal Commission in the matter of enhanced compensation on account of liquor shops except the legal one referred to by him in paragraph 11 of his letter arising out of section 15 of Act VII of 1884. What enhancement, if any, should be given can only be matter of grace, and the Board is hardly at liberty to make any proposals on the point.

(True Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3864, dated 30th September 1898.

Read—Official Memorandum from Government, Revenue Department, No. 175, dated 3rd August 1898.

Read—also letter from J. J. BRINDLEY, Esq., Inspector of Salt, Abkári and Customs Department, Madras Town Circle, dated 22nd August 1898, No. 1970, submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

Read—also letter from the same officer, dated 29th August 1898, No. 2039, furnishing certain information regarding the foreign liquor retail shops, &c., within the municipal limits of Madras Town.

Resolution—Mis. No. 3864, dated 30th September 1898.

With reference to the official memorandum from Government No. 175, Revenue, dated 3rd August 1898, the Board begs to report that the amount of revenue that would accrue to the Madras Municipality, if it were now to levy upon places used

Memorandum.

In 1883 the Government of India sanctioned an arrangement by which the time for repayment of the Madras Municipal Water-Works Loan of 1869—73 was extended to 1919.

2. The conditions were that interest at 4 per cent. (Rs. 57,200) and the sinking fund of Rs. 28,600 should continue to be paid—the interest from that sinking fund at 4 per cent. accruing to the Municipality. By this means the municipal revenue was increased by Rs. 1,144 (interest on Rs. 28,600 at 4 per cent.) annually.

3. This continued until 1894 when the 4 per cent. paper was converted into 3½ per cent. The Municipality since then have only received an annual increase of Rs. 1,001 (interest on Rs. 28,600 at 3½ per cent.). On 1st April 1884 the sinking fund amounted to Rs. 4,33,400. Since 1884 Rs. 4,00,742-0-3 have been paid into the sinking fund and invested in Government paper representing Rs. 3,88,900, so that the Municipality has lost Rs. 11,842-0-3 in that period in purchase of Government paper. The sinking fund stood at Rs. 8,22,300 on 1st April 1898. It is estimated to be Rs. 8,50,000 on 1st April 1899, but with Government paper at 93 that would only represent Rs. 7,90,500 cash.

4. The principle of the transfer to posterity of a portion of the burdens of the present generation that obtained in 1883 is equally—if not more strongly—applicable now.

5. I would not only ask the Government of India to allow the Municipality to take the Rs. 8,50,000 and renew the loan of Rs. 14,30,000 for 50 years from 1899, that is, up to 1949, but to renew it at 3½ per cent. instead of 4 per cent. and the sinking fund to be Rs. 10,900 per annum, accumulating with compound interest at 3½ per cent. The pecuniary result would be as follows:—The Municipality would pay Rs. 50,050 per annum interest instead of Rs. 57,200—a saving of Rs. 7,150 per annum. They would pay Rs. 10,900 per annum sinking fund instead of Rs. 28,600—a saving of Rs. 17,700 per annum.

6. They would lose the interest, accruing from existing sinking fund, amounting to Rupees 29,000 in 1898-99 and increasing by Rs. 1,001 every succeeding year; taking it at Rs. 30,000, the total loss of income to the Municipality by the transaction would be Rs. 30,000 (Rs. 7,150 + 17,700) or Rs. 5,150 in 1899-1900, and in 1919 approximately Rs. 25,150 but they would have Rs. 8,50,000 in hand towards the drainage works.

7. Supposing the Government of India did not agree to reduce the interest, the loss would be Rs. 12,300 in 1899-1900 and in 1919 Rs. 32,300. To raise Rs. 8,50,000 it would cost Rs. 34,000 per annum interest and Rs. 6,460 sinking fund, a total of Rs. 40,460.

8. Another method would be to leave the sinking fund as it will stand in 1899, viz., Rs. 8,50,000, and convert the existing annual payment of Rs. 28,600 into one of Rs. 20,000 which accumulating with compound interest at 3½ per cent. would amount in 20 years (1919) to 6 lakhs, the balance required to liquidate the total loan of Rs. 14,30,000. Supposing the interest reduced from 4 to 3½ per cent. the result would be that the Municipality would save Rs. 7,150 per annum on interest and Rs. 8,600 on sinking fund, a total of Rs. 15,750.

9. A third plan would be to continue the interest at 4 per cent. but convert the future sinking fund as in the former method—the result would be a saving of Rs. 8,600.

10. To summarize the three plans—

1*st*. Appropriate the Rs. 8,50,000 accumulated sinking fund, renew the loan of Rupees 14,30,000 for 50 years at 3½ per cent. with a sinking fund of Rs. 10,900 accumulating with compound interest at 3½ per cent. which would entail an annual loss of Rs. 5,150 but give a sum of Rs. 8,50,000 in hand—or renew the loan at 4 per cent. which would entail an annual loss of Rs. 12,300 but still give Rs. 8,50,000 in hand.

2*nd*. Leave the sinking fund intact but convert future payments into Rs. 20,000 accumulating with compound interest at 3½ per cent to 6 lakhs in 20 years, reduce the interest to 3½ per cent. with a resulting saving of Rs. 15,750 per annum.

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11. In G.O., No. 1966 M., dated 11th September 1897, Government approved of the increase in the rate of the tax on vehicles and animals, realizing Rs. 37,000 per annum.

12. No reply has been received to the proposal submitted with my letter, No. 332, dated 3rd November 1897, to increase the revenue derived under section 341 by Rs. 70,000. If that is approved of we have Rs. 1,07,000 increase which would meet the maximum loss in the first method (Rs. 12,300) and leave Rs. 94,700 revenue which would enable the Commissioners to raise 20 lakhs.

13. We should thus have Rs. 28,50,000 for drainage expenditure.

14. The total estimate approved of in G.O., No. 209 M., dated 12th February 1897, is exclusive of Mylapore Rs. 28,81,000.

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18. Government has recognized the cleansing of the Cooum to be a Provincial question. It would not be too much to ask for the amount that is estimated for the cleansing of the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleeswarenpet.

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21. But I think that there is a difference. The Municipality asks the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt.

22. Section 211 of Act I of 1884 provides for a loan being paid off in this manner.

Madras 29th November 1898 } (Signed) G. H. J. Moore, Lt.-Col
President Municipal Commission
Mad

Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2779, dated 12th July 1898.

Read—Official Memorandum from the Government of Madras, Revenue Department, No. 132, dated 18th June 1898.

Resolution—Mis. No. 2779, dated 12th July 1898.

Replying to official memorandum from Government, No. 132, Revenue, dated 18th June 1898, the Board begs to report that it sees no objection to the proposal of the President of the Madras Municipal Commission in the matter of enhanced compensation on account of liquor shops except the legal one referred to by him in paragraph 11 of his letter arising out of section 15 of Act VII of 1884. What enhancement, if any, should be given can only be matter of grace, and the Board is hardly at liberty to make any proposals on the point.

(True Extract.)

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Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3864, dated 30th September 1898.

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Read—also letter from J. J. BRINDLEY, Esq., Inspector of Salt, Abkári and Customs Department, Madras Town Circle, dated 22nd August 1898, No. 1970, submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

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(Signed) G. M. J. Moore, Lt.-Col.
President, Municipal Commission, Madras.

Madras 28th November 1898.

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Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3864, dated 30th September 1898.

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Read—also letter from J. J. BRINDLEY, Esq., Inspector of Salt, Abkári and Customs Department, Madras Town Circle, dated 22nd August 1898, No. 1970, submitting statement of puttai arrack and toddy shops of the Madras Town Circle called for by the Board.

Read—also letter from the same officer, dated 29th August 1898, No. 2039, furnishing certain information regarding the foreign liquor retail shops, &c., within the municipal limits of Madras Town.

Resolution—Mis. No. 3864, dated 30th September 1898.

With reference to the official memorandum from Government No. 175, Revenue, dated 3rd August 1898, the Board begs to report that the amount of revenue that would accrue to the Madras Municipality, if it were now to levy upon places used

throughout the City of Madras for the retail sale of spirituous and intoxicating liquors, a tax at the rates specified in schedule E to the City of Madras Municipal Act, 1884, works out to Rs. 14,230 against Rs. 13,607 now paid to it. The details are given below :—

	Rs.
Puttai arrack shops	1,125
Toddy shops	4,080
Foreign liquor shops	9,025
Total ..	14,230

A statement showing the particulars is submitted for reference.

(True Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

To the Secretary to Government, Revenue Department.

ORDER—No. 1738 M., dated 22nd November 1899.

In G.O., No. 209 M., dated 12th February 1897, a scheme for the drainage of Madras, estimated to cost Rs. 31,81,100, was approved and the Municipal Commissioners were allowed to undertake immediately the subsidiary scheme for the drainage of Mylapore and the construction of pipe sewers along the Ice House road and Sydenham's road at a total cost of Rs. 3,50,000, appropriating for the purpose the Provincial grant of the same amount sanctioned for sanitary improvements. To enable them to carry out the rest of the scheme, the estimated cost of which was Rs. 28,31,100, the Municipal Commissioners requested the Government to aid them with a grant of ten lakhs and proposed to raise an additional revenue of Rs. 1,40,500 towards meeting the annual charges of the entire scheme from the following sources :—

	Rs.
(1) By increasing the rate of tolls by 50 per cent.	20,000
(2) By increasing the tax on vehicles and animals (section 153 of Act I of 1884) by 50 per cent.	37,000
(3) By recasting schedule A appended to Act I of 1884 (Profession tax)	70,000
(4) By doubling the compensation paid by Government under section 99 of the Act	13,500
Total ..	1,40,500

2. The Government, however, stated that it could not hold out any hope of a grant within any definite period and that the Commissioners should rely on their own resources to provide sinking fund and interest on the loan which they would have to raise in the open market to carry out this work; and while rejecting as unsuitable the first, third and fourth of the proposals for raising additional revenue made by the Municipal Commissioners, observed that the extra income which might be expected from the second source, viz., the enhancement of the rate of the tax on vehicles and animals, was only Rs. 29,800 and not Rs. 37,000 as anticipated by the Commissioners, and that the only way of obtaining the balance of the funds required for the liquidation of the loan and for meeting the annual maintenance charges of the scheme, viz., Rs. 2,36,140, was by some mode of municipal taxation other than those above referred to, preferably one in the shape of a tax on buildings and lands. The Government accordingly suggested the desirability of substituting for the present water-tax of 4 per cent. a "water and sanitation tax" of 10 per cent., and, before taking steps to institute legislation in the matter, requested the Commissioners to give their opinion on the proposal.

3. With the first letter read above, the President forwards an extract from the Proceedings of the Municipal Commissioners of the 1st November 1897, in which they propose to undertake at first the construction of the iron main, which forms the principal part of the scheme at a cost of twelve lakhs and to provide the necessary funds for meeting the annual expenditure on account of the scheme from the following sources :—

	Rs.
(*a*) By raising the rate of the taxes on vehicles, animals and carts by 50 per cent. (sections 153 and 164)	37,550
(*b*) By increasing the rate of tolls by 50 per cent.	20,000
(*c*) By enhancing the compensation paid by Government under section 99 of the Act to one lakh	86,400
(*d*) By increasing the timber and firewood tax to the maximum rates under section 341 of Act I of 1884	70,000
Total ..	2,13,950

4. With reference to the remark of Government that the increase in the rate of the taxes on vehicles and animals by 50 per cent. cannot be calculated to yield an extra income of more than Rs. 29,800, it was explained by the President that in the estimate of the additional income from these taxes only section 153 was quoted by an oversight, whereas the estimate included also the anticipated revenue from the tax on carts and other vehicles without springs under section 164, and that as the estimated demand of these taxes in 1897–98 was Rs. 75,100, an increase in their rate by 50 per cent. would yield an additional revenue of Rs. 37,550, or Rs. 37,000 in round figures. The proposal to increase the rates of the taxes on vehicles, animals and carts was, therefore, approved in G.O., No. 209 M., dated 16th February 1899, and the provisions of the City of Madras Municipal Act I of 1884 have been modified accordingly.

5. In paragraph 3 of its order No. 1966 M., dated 11th September 1897, the Government, while disapproving the proposed increase in the rate of tolls, observed that even if the rate should be increased, the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which unlike other District Boards received at present no share of the municipal tolls, although it maintained the roads on which the tolls were levied. The President now contends that he cannot see how the enhancement of the rate of tolls entitles the District Board of Chingleput to any contribution, that if, as a matter of principle, the Board should receive any compensation it should have been getting it all along, but that the Commissioners would nevertheless be prepared to meet the contribution which could be but a small one, and he therefore requests that the Government may reconsider its decision in the matter. The proposal to increase the rate of tolls as a means of raising funds for financing the drainage scheme cannot, however, be approved, as water-supply or drainage schemes should be paid for by the inhabitants of the town who benefit by the schemes and not by the outside traffic.

6. The Commissioners request a reconsideration of the orders in G.O., No. 1966 M., dated 11th September 1897, declining to increase the compensation paid by Government under section 99 of Act I of 1884 for withholding sanction to the levy of a tax on places used for the sale of spirituous and intoxicating liquors, and submit that the amount of the compensation should be increased from Rs. 13,600 to one lakh, seeing that so large a revenue as Rs. 3,30,550 is derived by Government from this source. The President also states, that from a statement furnished by the Board of Revenue, it appears that the revenue derived from the sources for which Government pays a compensation of Rs. 13,600 amounted in 1896–97 to Rs. 3,30,550, Rs. 46,525 having been obtained from toddy shops for which a compensation of Rs. 6,155 was allowed in G.O., No. 41 M., dated 17th January 1888, and Rs. 2,84,025 from places used for the sale of spirituous and intoxicating liquors other than toddy for which a compensation of Rs. 7,452 was granted in G.O., No. 621, Financial, dated 20th March 1885, that the compensation now paid is what the Commissioners were entitled to in the years 1888 and 1885, respectively, when sanction to the levy of the tax on these places was withheld, but that their income would have been considerably

larger if the right to levy "what is practically a town duty" had not been taken away from them. He accordingly requests that the Government of India may be moved on the subject and that as the compensation paid to the Corporation of Bombay in 1895–96 was ten times that paid to the Madras Municipality, the latter may be compensated at least on the scale in force in Bombay. Section 99 of the City of the Madras Municipal Act I of 1884, as amended by Acts VII of 1884 and II of 1892, says that "if the Commissioners determine to levy a tax on places used for the retail "sale of spirituous and intoxicating liquors, the Governor in Council may, by notifi- "cation in the *Fort St. George Gazette*, withhold his sanction to the levy of such tax or "any part thereof, and shall in such case assign to the Commissioners in lieu thereof "a sum equal to the average amount realized by such tax or part thereof during the "last three years in which it was levied prior to the notification withholding sanction "for such tax or part thereof." A notification under this section was issued in 1888 in respect of toddy shops, in addition to the previous notification of 1885 in respect of wine and arrack shops, and it is admitted that the compensation which is now being paid to the Commissioners is what they were then entitled to under the law. The Commissioners now argue that as Government realized a revenue of Rs. 3,30,550 from this source in 1896–97, it is not unreasonable to ask that the compensation paid by them should be increased to one lakh. It is, however, observed that this sum represents the excise revenue realized by Government, and the Municipality has no claim whatever to any portion of it. The Municipality is entitled only to levy license fees, and as the total number of wine, arrack and toddy shops now existing in the City of Madras is 351, the amount of revenue that would accrue to the Municipality, if it were now to levy upon these shops a tax at the rates specified in schedule E appended to the City of Madras Municipal Act, will be Rs. 14,230 as shown below :—

Wine and Arrack Shops.

	Number.	Municipal Tax. Rs.
Class I—114	.. ..	
„ II— 18	.. ..	8,550
„ III— 16	.. ..	900
„ IV— 25	.. ..	400
		300

Toddy Shops.

Class I—32	.. ..	1,600
„ II—56	.. ..	1,400
„ III—90	.. ..	1,070
	Total ..	14,220

The request of the Municipal Commissioners that the compensation should be increased to one lakh is thus quite inadmissible. Nor have they just cause for complaining of the inadequacy of the present compensation, for, even if the sanction to the levy of the tax were only *now* withheld, so that they might have the advantage of the improvements of recent years, it would benefit them only to the extent of Rs. 623. But even this increase cannot be granted as the Act does not authorize a periodical revision of the compensation once fixed by Government.

7. The proposal of the Commissioners to increase the license fees on timber and firewood to the maximum rates prescribed in section 341 of the Act has already been approved in G.O., No. 191 M., dated 14th February 1899.

8. It will thus be seen that although the Commissioners expected to raise an additional revenue of Rs. 2,13,950 from the sources specified by them, no more than Rs. 1,07,000 can be unobjectionably realized therefrom as against the required sum of Rs. 2,65,940. It is, however, pointed out that the present annual expenditure on drainage conservancy is Rs. 97,700, that when the drainage scheme

	Rs.
Tax on vehicles, animals and carts ..	37,000
License fees on timber and firewood..	70,000
Total ..	1,07,000

is completed, only Rs. 37,600 will be required, that there will thus be a saving of about Rs. 60,000, which may be utilized in providing for the annual cost of the drainage scheme, and that an additional revenue of Rs. 51,000 may also be realized from sewage farms. The President, while observing that the estimate of the extra income from sewage farms is problematical and that it should not be taken into account in financing the drainage scheme, states that although he is averse to the ultimate saving of Rs. 60,000 under drainage conservancy being calculated as an asset, the provision of Rs. 37,600 for conservancy in the total estimate of the working charges of the drainage scheme may be eliminated for the present. As observed by the President, it seems to be undesirable to take credit for the anticipated saving of Rs. 60,000 under drainage conservancy, since this amount will not be available until the whole of the works is completed, while the payments to the sinking fund and interest will have to be made from the year next following that in which the loan is taken. There is, however, no objection to reducing the estimate of working charges by Rs. 37,600, as suggested by him, and eliminating this sum, the annual maintenance charges will be Rs. 90,400, while the annual payment for sinking fund and interest on the loan will amount to Rs. 1,38,340 or Rs. 2,28,340 in the aggregate.

9. With the second letter read above, the President forwards a resolution of the Commissioners containing certain further proposals for financing the drainage scheme. Between the years 1869 and 1873, the Madras Municipality received from the Government of India a loan of Rs. 14,30,000 for water-works. The Municipality was to pay interest on this sum at 4 per cent. per annum and also a sum of Rs. 28,600, *i.e.*, 2 per cent. on the capital of the loan towards a sinking fund by which the loan was to be eventually extinguished in the year 1899. The sinking fund which was invested in Government securities bore interest at 4 per cent. per annum and the interest thus realized was likewise invested. Under this arrangement, the Commissioners paid annually Rs. 57,200 for interest, besides Rs. 28,600 for investment as sinking fund, or Rs. 85,800 in all. But in 1883, the Municipal Commissioners proposed that the interest on the sinking fund should be handed over to the Municipality as part of their ordinary income and that only the fixed annual payment of Rs. 28,600 should be credited to the fund. The result of this alteration which was approved by the Government of India was that the extinction of the loan was deferred from 1899 to 1918. The sinking fund in favour of this loan is expected to amount to Rs. 8,50,000 on the 1st April 1899 and it will give the Municipality an interest of Rs. 29,000 in the ensuing year. The Commissioners now propose—

(1) to appropriate the accumulated sinking fund of Rs. 8,50,000 and to renew the loan of Rs. 14,30,000 for fifty years with interest at $3\frac{1}{2}$ or 4 per cent., the annual payment of Rs. 10,900 towards the sinking fund being invested and allowed to accumulate with compound interest at $3\frac{1}{2}$ per cent., or

(2) to leave the sinking fund intact, but to allow all future payments to the sinking fund, which may be fixed at Rs. 20,000 instead of Rs. 28,600 as at present, to accumulate with compound interest at $3\frac{1}{2}$ per cent., so that the balance of the loan, viz., 6 lakhs, may be extinguished in the remaining twenty years, and to reduce the rate of interest on the loan from 4 to $3\frac{1}{2}$ per cent., or

(3) to allow the arrangement as to the future payments of sinking fund referred to in the second proposal, even though the rate of interest on the loan is not reduced from 4 to $3\frac{1}{2}$ per cent.

The proposal to appropriate the accumulated sinking fund cannot be entertained, as a similar proposal made in 1888 was rejected by the Government of India in its letter, No. 4903, Finance and Commerce, dated 5th September 1888, communicated with G.O., No. 1239 M., dated 1st November 1888, on the ground that it was wrong in principle, as the accumulations of a sinking fund held and invested in Government securities for the purpose of ultimate payment to Government were "held in trust for, and practically the property of, Government, and the Municipality should not be allowed to regard them as appropriable to any other purpose." The President argues that the present proposal differs from that made in 1888, in that the Municipal Commissioners now ask the Government of India to give them a loan of Rs. 14,30,000 on certain terms and to allow them to liquidate their present debt—a course which he

says is authorized by section 211 of the Act. But it is not clear how the two proposals differ. In both cases the question is one of appropriating the accumulated sinking fund and of commencing repayments. The proposal is not at all likely to receive any countenance from the Government of India.

As regards the second and third proposals, the Commissioners desire, while continuing to credit the interest (Rs. 29,000) on the sinking fund as it now stands, viz., Rs. 8,50,000, to general revenues, to reduce the annual payment towards the sinking fund for the future from Rs. 28,600 to Rs. 20,000, and to allow the interest on that sum to accumulate every year and further to reduce the rate of interest on the loan from 4 to 3½ per cent. The annual payment at present made to the sinking fund is Rs. 28,600, but if the future payments are allowed to accumulate with compound interest as proposed, the annuity will be Rs. 20,000. The saving that may be effected by this arrangement is thus Rs. 8,600, and if the rate of interest is reduced from 4 to 3½ per cent., there will be a further saving of Rs. 7,150 under interest or a total saving of Rs. 15,750. Even if the rate of interest is not reduced, as proposed, there will still be a saving of Rs. 8,600 annually; but the President states, that as the reduction in the rate of interest will entail a loss of only Rs. 7,150 per annum on the Government, it is not unreasonable to ask the Government of India for this assistance. The proposal to reduce the rate of interest cannot be entertained, as it is not likely that the Government of India will agree to it; but the other part of the arrangement seems to be unobjectionable and the Government of India will be addressed in the matter.

10 The Commissioners also state that in the abstract of the estimate for the drainage scheme, the cost of the construction of drains for Chintadripet, Egmore and Komaleeswaranpet is given as Rs. 14,52,500, that at present the drainage of these districts flows to a great extent into the Cooum, that the purification of the Cooum depends entirely on the removal of sewage from it, and that as the Government has recognized the cleansing of the Cooum to be a Provincial question, it would not be too much to ask for the amount which is estimated as the cost of cleansing the Cooum to be given towards the drainage of Chintadripet, Egmore and Komaleeswaranpet. It is, however, observed that the diversion of the drainage of the three districts above referred to from the Cooum cannot be considered to be a work the immediate object of which is the purification of the Cooum. The work in question may make the Cooum somewhat less insanitary, but cannot be expected to purify it completely and even if the drainage of these parts of the town is carried out, a large expenditure will still have to be incurred for the purification of the Cooum. The Government cannot, in these circumstances, undertake to promise any aid from Provincial funds towards the drainage of the parts of the town above referred to.

11. As the proposal of the Commissioners to appropriate the sinking fund of Rs. 8,50,000 has been disapproved in paragraph 9 *supra*, they will have to raise the whole of the required sum of Rs. 28,31,000 in the open market and will have to pay annually Rs. 1,38,340 (Rs. 25,100 for sinking fund and Rs. 1,13,240 for interest). Adding to this the annual working charges of the scheme, viz., Rs. 90,000, referred to in paragraph 8 *supra*, the total annual expenditure on account of the scheme will be Rs. 2,28,340. As against this sum, the Commissioners can raise an additional revenue of only Rs. 1,07,000 from increased taxation, which has already been sanctioned, while a saving of Rs. 8,600 may be effected in the annual payments to the water-works loan of 1869—73, if the Government of India sanctions the proposal to allow all future sinking fund investments on account of this loan to accumulate with compound interest. The Commissioners will therefore have still to find Rs. 1,12,740 (Rs. 2,28,340—Rs. 1,15,600). In G.O., No. 1966 M., dated 11th September 1897, it was proposed to raise the additional funds required in connection with the drainage works by substituting a "water and sanitation" tax of 10 per cent. on the annual value of buildings and lands for the existing water-tax of 4 per cent., and it was observed that this increase of taxation would not be unduly onerous, considering the disparity in the incidence of municipal taxation in Madras as compared with its sister presidency towns. The Municipal Commissioners protest against this measure on the ground that house and land property in Madras is already heavily taxed and that any

further increase of taxation would press hard, especially on the poorer classes. The Government, however, considers that this is the only feasible means of raising the balance of the required funds, and His Excellency the Governor in Council therefore resolves to substitute for the present water-tax of 4 per cent. a "water and sanitation tax" of 6½ per cent. on the annual value of buildings and lands. The amendment of the Act in order to provide for this increased taxation will accordingly be taken up before long.

12. It has been suggested to Government that the best way of raising the funds required for meeting the cost of the drainage scheme would be by the levy of a "Terminal tax" as is done in Cawnpore. But the Government of India has sanctioned the levy of a terminal tax at Cawnpore under circumstances which are altogether exceptional and is opposed to any extension of this system of taxation.

13. The proposal of the Commissioners to undertake at first the construction of the iron main costing twelve lakhs has been approved in G.O., No. 389 M., dated 17th March 1899. The drainage of Chintadripet, Egmore and Komaleeswaranpet should be taken up as soon as the iron main is completed, so as to prevent the drainage from these parts from flowing into the Cooum. In view of the magnitude and importance of the drainage scheme and of the advantage of placing the execution of the works under the supervision of a competent officer, the Municipal Commissioners will be requested to consider whether a full-time officer may not be appointed to be in independent charge of the works. The additional expenditure which this measure may involve will, in the opinion of Government, be more than counterbalanced by increased efficiency in the execution of the works.

(True Extract.)

M. Hammick.

for *Secretary to Government.*

To the President, Municipal Commission, Madras.
" " District Board, Chingleput.
" Revenue Department.
" Financial Department.
Editors' Table.

Exd. A. F. Eccleston.

[L. & M.]
150—30-6-97.

Payment of Contribution on account of Tolls Bridges &c.

36 LOCAL AND MUNICIPAL DEPARTMENT.

Papers to be read in proceedings :—

Again G.O., No. 1960 dated 16th September 1897.
Again G.O., No. dated 189 .
Current No. of 189 , dated , from
" " " 189 , " , "
" " " 189 , " , "

H.M. & Cie

Misc
ORDER.

H.M.

H.M.

H.M.
Vide notes in Jo. no 1960 d 16 Sept. 1897 vide Rep E & G 04th

S.R.

H.M. Since the above was written the City Munts have sent in their views on the general proposals about addl taxation which we sent them. I see the subject of tolls has been touched vide passage marked in printed pp. (The other proposals are being dealt with separately)

S.R. 17/1

Sir G. Moore was saying to me the other day that the Govt. L.B.s maintained

& In the case of the City of Madras has ~~even~~ the City makes no such contribution ;

(Tolls on the roads leading into the City at &c

~~The city of Madras~~
~~municipality has for a long time~~
~~past been appropriating the tolls &c.~~
The roads leading into the
~~of the revenue from tolls, tonnage~~
City of Madras have been the Municipal
~~and thereby a considerable~~
district of their maintenance entails a
~~heavy burden upon the resources of~~
~~the District Board of Chingleput~~
the Local boards of that district
~~to pay considerable sums of~~
~~help towards the cost of the~~
~~maintenance~~. Almost every mufas municipality in the Presidency contributes a fair share of its revenue from tolls to the District Board whose ~~jurisdiction~~ surrounds or adjoins the municipality and at whose expense the roads leading into the municipality are maintained and there seems to be no valid reason why ~~a similar course~~ it should ~~enjoy this exemption~~ not be followed.

[L & M.]
130—30-6-97.

LOCAL AND MUNICIPAL DEPARTMENT.

Papers to be read in proceedings :—

Again G.O., No. dated

Again G.O., No. dated 189

Current No. of 189 , dated , from

" " " 189 , " , "

" " " 189 , " , "

ORDER.

To
The President, Municipal Commissioner
Madras.

authorizing the municipal
commissioners to make such a
contribution, and to legalize such expenditure
as they have incurred the Act would
require to be amended. The Govt does not overlook
in forming of the fact that the
municipal Commissioners have
undertaken costly schemes of
water-supply and drainage for
the execution of which they have
to utilize every available
source of revenue and
it may embarrass them
likely that they will be able
willing to forego any portion
the revenue which is now de-
rived from tolls. But if legislation is undertaken
as indicated above the Govt

41

G. No. 332

MUNICIPALITY OF MADRAS.

General Department.

Madras, 3rd November 1897.

From

LIEUT.-COL. SIR GEORGE MOORE, KT., C. I. E.,

President, Municipal Commission.

3814 M

To

The Secretary to Government,

Local and Municipal Department,

Fort Saint George.

SIR,

With reference to G.O.No.1966 M, dated 11" ------ September 1897, I have the honor to forward an extract from the proceedings of an Adjourned Special Meeting of the Commissioners held on the 1st November 1897.

Enclosures 3

2. After the circulation of the above quoted G.O. to the Commissioners a Special Meeting was held on the 11" October 1897, when Mr. Theagaroya Chetty made certain ----- suggestions which the Commissioners requested me to report upon.

3. Mr. Theagaroya Chetty's remarks and my report are appended.

4. In the report of the Committee (para 16) embodied under G.O. No.209 M, dated 12" February 1897, it was suggest--ed to commence the work with the high level main with an allotment of 12 lakhs. The resolution of the Commissioners gives effect to this recommendation.

5. With regard to financial proposals in that ----- resolution - In the original proposals submitted by the Commissioners for increasing the revenue, by an oversight the tax on carts and other vehicles without springs ------ (Section 164) was omitted-This accounts for the discrepancy pointed out in para 3 of G.O. No.1966 M, 11" September 18. the amount realized by increasing the tax in both Sections 153 and 164 would be Rs.37,000.

6. The Commissioners propose to increase the lic

fees leviable under Section 341 to the maximum. At present it is levied at Rs.3 per ton on Timber and annas 3 per ton on Firewood - This is calculated to realize Rs.70,000. A Government order revising the rates in the schedule of fees chargeable under Section 420 is all that is necessary and it is hoped that Government will view this proposal favourably.

7. With regard to the enhancement of the rates on Tolls, I would invite a reference to Mr. Theagaroya Chetty's remarks.

8. At present the Municipality is levying Tolls at a certain rate - I cannot see how the enhancement of that rate entitles the District Board to any contribution. If, as a matter of principle, they should receive compensation, surely they should have been getting it all along. However, as pointed out the contribution could be but a small one and the Commissioners would be prepared to meet it. I, therefore, hope that Government will reconsider their decision on this point.

9. Adverting to that part of the resolution which refers to the increase of the compensation paid under Section 99 of Act I of 1884 - When I wrote my report I was not in possession of figures to justify my offering any remarks. I have since been kindly furnished by the Board of Revenue with a statement, from which I find that the revenue derived from the sources for which Government pays a compensation of Rs.13,600 amounted in 1896-97 to Rs.3,30,550. Of this Rs.3,30,550, Rs.46,525 is derived from Toddy Shops for which compensation amounting to Rs.6,155 was allowed when the levy of the tax on Toddy Shops was withheld in 1888 - G.O.No.41 M. Local and Municipal, dated 17th January 1888.

10. G.O.No.621 Mis, dated 20th March 1885, withheld the levy of the tax upon places used for the sale of spirituous and intoxicating liquors except Toddy Shops and Rs.7,452 was granted as compensation. The income derived by Government from that source in 1896-97 was Rs.2,84,025.-

11. As a matter of law, ofcourse, the Commissioners received what they were entitled to in 1885 and 1888 respectively - But what would their income have been if the right to levy what is practically

ly

ly a Town-duty had not been taken away from them ?

12. In the face of these figures, I trust that the Government of India may be moved on the subject.

13. The compensation paid to the Corporation of Bombay in 1895-96 was Rs.1,43,750 - IO times that paid to the Municipality of Madras - Is it to be supposed that the income derived from that source by the Government of Bombay is thirty three lakhs - that would be the proportion it should bear to the compensation compared with the ratio in Madras. At least let the Madras Municipality be compensated on the scale which obtains in Bombay.

14. A loan of 12 lakhs would require about Rs.60,000 per annum for interest and sinking fund. The proposals of the Commissioners amount to Rs.2,13,400.

Vehicles and Animals Tax Rs.	37,000
Tolls	20,000
Timber and Firewood	70,000
Compensation for license fees on places for sale of spirituous and intoxicating liquors.	86,400
Total	2,13,400

15. Although I am averse to the ultimate saving of Rs.60,000 over Conservancy Drainage being calculated as an asset, I think that the Rs.37,600 for conservancy in the total estimate may be eliminated as it would not be required until the Rs.60,000 were liberated - We then have almost all that is required.

I have the honor to be,

Sir,

Your most obedient servant,

C.W. Moore Lt.Col.

President, Muni. Comm.

Extract referred to.

G.O.No.1966 M. dated 11th September 1897, proposing means for financing the New Drainage Scheme for the City of Madras.

x x x x

Proposed by M.R.Ry P.Theagaroya Chetty garu and seconded by M.R.Ry Salla Gurusawmy Chetty garu -

"That Government be informed that the Commissioners are prepared to undertake the construction of the main at a cost of 12 lakhs and that to provide the necessary funds they propose to increase the Timber and Firewood tax to the maximum under Section 341, thereby realizing Rs 70,000, to raise the Vehicles and Animals Tax under Section 153 and the tax under Section 164, thereby realizing an additional Rs 37,550 and they would ask Government to reconsider their decision as to the tax on tolls and allow the Commissioners to increase it by 50 % as originally proposed, thereby increasing the revenue by Rs 20,000 - That the President address Government on the subject of the compensation under Section 179 which the Commissioners are of opinion ought to be very considerably increased in view of the income of Rs 3,30,550 derived by Government from that source, the compensation now paid being only Rs 13,600. The Commissioners do not consider it unreasonable to ask that the compensation be raised to 1 lakh".

Carried Unanimously.

45

"Madras Times" 12 October 1897

Remarks of M.R.R.P. Theyagaroya Chetty Avl.

GENTLEMEN,—Just 27 months since we submitted for the favourable consideration of Government a scheme of taxation for raising a lakh and forty thousand rupees to finance our Drainage Scheme, the initial outlay on which was estimated at nearly 32 lakhs, and the annual maintenance charge for pumping and conservancy at about Rs.1,27,000. On the 31st March 1896, we submitted our final scheme to Government and pointed out that if sanction was granted for raising a loan of 12 lakhs we could with the 35,000 already granted by Government at once start the Mylapore Drainage and the High Level Main, and thereby cleanse the Cooum to some extent by diverting the sewage now flowing into it, to the Black Town Sewage Farm. To-day we are met to consider the orders passed by Government on the above proposals. Gentlemen, like the case of the mountain in labour, the product of their prolonged incubation in the Government Office has been most disappointing to us. We are told that the long looked for contribution from Provincial Revenues cannot be granted, thanks to the famine which afflicted the Presidency and to the recent revision of the Provincial contract by the Government of India, by which, our Benighted Presidency as usual fared worst. It has been the misfortune of this unfortunate Presidency that the "squeezing" process is always applied to it with relentless rigour, and it is forced to contribute a disproportionately larger share of its hard earned revenue to the Imperial Exchequer than is the case with the other Provinces of the Empire. We are next told, Gentlemen, that all our proposals for raising additional revenue must be rejected with the exception of one petty item relating to the enhancement of the tax on vehicles and animals. We may probably be told sooner or later, Gentlemen, that the members of Council and of the Secretariat have betaken themselves to Guindy or Kathivak and will not be liable to pay profession tax, thanks to the example set by Sir Henry Havelock. Finally we are told, Gentlemen, that we had better gird up our loins and bravely face the inevitable and raise our House Tax from 15¼ to 21¼ per cent. (an increase of 6 per cent.). There is no option left to us of giving up the long wished for Drainage Scheme and of remaining 'Benighted' for ever. This, Gentlemen, is briefly the position to which we have been reduced, after several months of waiting and hoping. The position seemed to me, at first sight, to be gloomy enough in all conscience, but a careful study of the Government order and of some reports kindly placed at my disposal by our President has convinced me that the objections raised by Government are more or less untenable, if not fallacious, and that we may yet hope to overcome our financial difficulties without making the house owners of Madras pay their pound of flesh. Before discussing the question, however, I wish to draw your attention to two items which, by an unfortunate oversight, we omitted to take into account when framing our proposals for finding ways and means; one is the saving in expenditure that must follow on the completion of the Drainage Scheme, and the other is the additional income that must accrue from Sewage Farms. As I understand the Drainage Scheme, I believe that after its completion, all our side drains and cesspools will disappear, and with them the establishment which is maintained for flushing and cleaning and removing silt. All that would then be required is a sufficient complement of coolies to flush the house connections, and this has been provided for in the estimates prepared by Mr. Ellis for working the scheme. The savings indicated above have, however, I fear not been taken into account. Our Budget for the current year provides 20 maistries, 539 men, 110 boys and girls, 219 pairs of bullocks with drivers for cleaning the drains and cesspools, and removing silt, and the cost including supervision amounts to Rs.1,06,800. Deducting Rs.35,700 for the cost of the coolies, supervision, &c., for the 2nd and 3rd divisions, where the Drainage Scheme will not be carried out, there will be a saving of Rs.71,000 per annum in round numbers. I may here mention that the 11 house connections which were recently introduced as an experimental measure in Parish Vencatachala Iyer Street have not been flushed for the past 10 months, as it has been found that the little sewage flowing from houses was sufficient to flush the connections and keep them perfectly clean without emitting any stench. With this experience before us we might reasonably hope that it would be possible to effect a considerable reduction in the estimate framed by Mr. Ellis for 400 coolies for flushing the 28,000 house connections at the rate of 70 a head. If this cost is reduced the saving referred to above will be proportionately increased. As regards the second item, *i.e.*, additional income from Sewage Farms, we find from Mr. Ellis's Memorandum on the Drainage Scheme that an additional 238 acres, or nearly 160 cawnies of land, will be required for the Sewage Farm to utilise all the sewage that will be diverted into it. This additional 160 cawnies ought to give us a pretty good sum. Our present Sewage Farms comprising only 53 cawnies of land yield under present contract Rupees 34,500, or an average of Rupees 650 per cawnie. Lately we have added 10 cawnies which, according to the terms of the contract, yield Rupees 3,000 a year at Rupees 300 a cawnie. At this low rate the additional 160 cawnies that may be added to the farm ought to give us a further income of 160 into 300 or Rupees 48,000 a year. Our President is of opinion that our Sewage Farms should yield Rupees 1,00,000 at least when the Drainage system is complete. Thus, Gentlemen, there will be an additional income of Rupees 48,000 *plus* Rs.3,000 (not included in the Budget) and a saving of Rs.71,000 or a total of Rs.1,22,000. Deducting this sum from our estimates for working the Drainage Scheme with interest and sinking fund at Rs.2,66,000 we shall require only Rs.1,44,000 and not Rs.2,66,000 as we first thought, Gentlemen. In the G.O. before us the Government has approved of our suggestion to raise the Wheel and Animal Tax by 50 per cent, but remarked that our figures are pitched too high by Rs.7,200. Gentlemen I am responsible for the figures (Rs.37,000) given in our resolution of 9th July, 1895. On page 35 of our

1/3814 Mob 1-98
1898
REVENUE DEPARTMENT
Diary No. 2
Current No. 2185

Budget for the current year you will find in column 4 the demand as finally settled.

	Rs.
Taxes on Vehicles with Springs	... 30,300
Taxes on Animals	... 28,700
Taxes on Carts and other Vehicles	... 19,500
Total...	78,500

Deduct remissions on	Rs.	
Vehicles with Springs...	1,900	
Animals ...	1,500	
		3,400
Net...		75,100

Fifty per cent. of this sum will give us Rs.37,550, which is Rs.550 more than the amount actually proposed. I now turn to the objections raised by Government to the other taxes proposed by us. We are told, Gentlemen, that "the enhancement of the rates of tolls which are levied on outside traffic does not, however, commend itself to Government," and that "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 mofussil district boards, receives at present no share of the Municipal tolls, although it maintains the roads on which the tolls are levied." It appears to me that these remarks are based on a complete misapprehension. It is a fact that the Chingleput District Board does not take any portion of our tolls, but that is because it does not allow our wheel and animal traffic to go free on its roads. Five miles from our Toll Bar on the Northern Trunk Road near the Red Hills Tank the District Board of Chingleput owns a Toll Bar where a four-wheeled vehicle drawn by a horse going into the interior has to pay a toll of annas 4 and the same vehicle on its return to Madras has to pay another annas 4 to cross the same bar. Other vehicles and animals are charged proportionately. There is a similar Toll Bar on the Western Trunk Road about 5 miles away from our limits where tolls are similarly levied. Why are these double tolls charged at these Toll Bars? We may take it for granted that the first annas 4 is for allowing the vehicle to go over the Chingleput District Board Roads. But why is the other annas 4 charged on coming into the town? Is it not for the use of the roads between our Toll Bars and those of the Chingleput District Boards? Is this allowing our wheel traffic free of charge on the Chingleput District Board roads? Now let us see what our tolls are for: a carriage coming into the town pays a toll to enable it to go over our 200 miles of roads and when it goes out it goes out free; and the tolls paid by our carriages and animals are simply penalties for not taking out licenses in due time. We certainly do not charge tolls for traffic over Chingleput roads, and there is no reason whatever for asserting that any portion of the additional tolls of Rs.20,000 that we proposed to raise, much less the whole, shall have to be paid over to the Chingelput District Board. I must here mention one fact and that is that on the Kathivakum road of about 6 miles and on the Saidapet road leading to Guindy and the Race Course, both belonging to the Chingleput District Boards, no tolls are collected by the said Board. These two roads, however, do not cost much, the Kathivakam road maintenance being about Rs.300 a year at Rs 50 a mile and the Saidapet road about Rs.300 a year at Rs.200 a mile and we might gladly undertake to pay a portion of their maintenance charges. The next tax objected to by Government is the Profession Tax. The Government is strongly opposed to any increase under this head on the ground that it will be a further encroachment on the field of the Imperial Income Tax, and that it will press with particular hardship on the upper classes of the population. The Government has overlooked the fact that the Profession Tax provided by the Municipal Act has been in existence from a period long anterior to the introduction of the Income Tax. It is not the Municipality therefore that can be charged with attempting to encroach upon the field of Imperial Taxation, but it is the Government that is endeavouring by its power of veto to trench upon our just rights and privileges and deprive the Municipality of its lawful resources. As regards the alleged hardship upon the upper classes I need only observe that out of the population of 4,50,000 in this city not more than 175 persons at the outside (excluding companies) will be called on to pay a tax of more than Rs.100 per annum, and of those not more than 60 will have to pay the maximum rate, a little more than Rupee 1 per cent. I leave it to you, Gentlemen; to say whether this is at all heavy, considering the immense advantage which the upper classes enjoy for carrying on their professions within Municipal limits. There is no doubt some inequality in the incidence of the tax under the different classes, but this exists more in the present classification. On some the incidence comes to annas 2 pies 8 per cent.; rising in some cases to annas 11 per cent. A person earning Rs.100 a month has to pay annas 6 pies 8 per cent. If his income rises to Rs.200 a month the incidence dwindles down to annas 3 pies 4 per cent. If the income begins with Rs.200 he has to pay annas 6 pies 8, but when it rises to Rs.500 his taxation falls to annas 2 pies 8 per cent. To obviate this inequality in the incidence I would suggest for your consideration whether it would not be better to propose a uniform rate of rupee 1 per cent. on all incomes above Rs.50 a month? I do not think that this is at all excessive considering the great benefits that will be derived by the people from the improved method of drainage and the consequent immunity from diseases. The Government too cannot decently object to this taxation when it is levying 2 to 2½ per cent. as Income Tax for the so called Famine Fund, the benefits of which do not reach the Towns People. Let us now see what this taxation of 1 per cent. will give us. The Imperial Income Tax at pies 4 per Rupee on incomes upto Rs. 2,000 and pies 5 per Rupee on incomes exceeding this limit or at 2 to 2½ per cent. yields a revenue of more than Rs.4,50,000 for the Madras City. At 1 per cent., the realisation might be taken at Rs.2,00,000

For purposes of the Income-Tax, however, house valuations are also included and also incomes between Rs.500 and Rs.600 a year. Deducting Rs.20,000 for these items we may safely expect Rs.1,80,000 from the proposed Profession Tax of Re.1 per cent. as against Rs.68,000 now derived from this source. This leaves a gain of Rs.1,12,000 which will go partly towards the cost of maintenance of the new Drainage Scheme and partly towards the proposed Water-works improvement scheme. Gentlemen, it may be urged that the Imperial Income-Tax already involves much inquisitorial enquiry and that the Profession Tax will be equally inquisitorial in its working. To avoid this double infliction upon the ratepayers we might ask the Income Tax Department of Government to undertake the Administration of the Municipal Profession Tax also. This they can do without any difficulty on terms which can be mutually agreed upon. We now come to the last item of Tax objected to by Government, *i.e.* the tax on Liquor shops. Under schedule E. attached to Section 179 of the Municipal Act, liquor shops are licensed under 4 classes, and the revenue derived by us from that source up to 1887 averaged Rs.13,600 per annum (Rs.6,170 from Toddy and Rs.7,430 from Arrack shops). In that year the Government changed the then existing Dowle system and introduced the Tree Tax system for toddy shops and excise system for arrack shops. In the Dowle system the Government only got the value of arrack supplied to arrack shops and a certain rate per diem for each class of Toddy shops and nothing more. The Municipality collected its license fees direct from the shop-keepers. In the year 1887 the Government compounded with us under the powers vested in Section 99 of the Municipal Act to pay a sum of Rs.13,600 per annum for all the Arrack and Toddy shops in Madras and introduced its own system of Tree Tax and shop licenses by which its revenue from toddy was raised from Rs 3,84,830 in 1886-87 to Rs 5,75,584 in 1896-97, an increase of over Rs1,90,700. The figures include 'License Fees' which amounted to Rs 69,099 in 1896-97, while the Government has been paying us only Rs.6,170 since 1887 on account of Toddy Licenses. Under the old system the Government was simply getting the Dowle amount from the toddy shops according to their classification but no License fees. In lieu of the Dowle, a Tree tax was substituted and from this alone the Government is now deriving Rs1,81,000 more than it did under the Dowle. The imposition of the shop licenses was, I hold, a distinct encroachment on the rights of the Municipality and I see no reason why the Government should not be called upon to make good to the Municipality the greater portion, if not the whole, of the amount of Rs 69,997 collected by Government under this head. I must here mention that the Government has almost doubled its license fees this year. As regards arrack I regret that the information given in the Abkari administration reports is not sufficient to enable me to institute a proper comparison between the revenue under the old and the new system, nor to find out what amount is realised from license fees under this head. I find, however, that the total revenue from country spirits (Putta Arrack) and foreign spirits (Colombo Arrack) rose from Rs.5,34,646 in 1887-88 to Rs.7,36,967 in 1896-97, an increase of Rs.2,02,300. I do not think that I shall be far wrong in assuming that the income from Arrack License Fees will be much less than similar amount derived from Toddy Licenses, *i.e.* about Rs.70,000. The total amount under license fees from Toddy and Arrack may thus safely be taken at Rs.1,40,000. Deducting from this about Rs.20,000 as revenue for the Saidapet Taluq included in the Madras Circle we have Rs.1,20,000 as the amount of license fees levied by Government within Municipal limits and which should properly go to the credit of the Municipality. With these facts before us I feel not a little astonished that Government should have grudged to pay us twice Rs.13,600 we begged for when the true facts of the case were not known to us. In this connection it will be interesting to know what amount the Bombay Government pays to the Bombay Municipality and what amount the Bombay Municipality realises as Town duty on Liquors. The administration report of the Bombay Municipality for 1895-96, which was kindly placed at my disposal by our President, gives the following startling figures :—

Wines and spirits at annas 4 per Imperial Gallon deducting refunds.	Rs. 2,10,364	0	1
Beer at pice 6 per Gallon deducting refunds.	Rs. 11,139	10	5
Liquor licenses received from Government.	Rs. 1,43,750	0	0
Total	Rs. 3,65,253	10	6

Gentlemen comment on these figures would seem to be perfectly unnecessary. I leave it to you to judge why Madras should be treated so differently from our Western Sister. Now that we are in possession of solid facts we shall be wanting in our duty to the rate-payers if we do not assert our rights to levy license fees which would yield us at least 1-5 of the income which Bombay enjoys. Our requirements for the new Drainage Scheme in the shape of interest, sinking fund and working charges are Rs.2,66,000, towards which I have pointed out savings to the extent of Rs.1,22,000, and we want only Rs.1,44,000. We lately sent an estimate for Rs.16,00,000 for the improvement of the Water Supply for the approval of Government and for the interest, sinking fund and maintenance. On this account we may require another Rs.1,00,000. We shall thus want Rs.2,44,000 for both the Drainage and Water work schemes. If the views put forward now are accepted we may hope to realise the following sums:—

	Rs.
Increase from Vehicle and Annual Taxes	37,550
Additional Tolls (present Toll income being Rs.42,000)	21,000
Increase from Profession Tax at 1 per cent.	1,12,000
Increase under license on Liquor Shops as originally proposed by us	13,600
Total	1,84,150, or in

round numbers say Rs.1,84,000. This leaves only Rs.60,000 to be provided for which we can easily raise without enhancing the House Tax as proposed by Government. Our Act under Section 341 provides a maximum of annas 6 per ton on firewood and under the same section a maximum of Rs.5 per ton on timber is provided for. Our collections from firewood at present at annas 3 per ton is Rs.20,000 and from timber at Rs.3 per ton is Rs.74,382. If these two taxes are raised to their maximum limit we can get an additional income of Rs.20,000 from firewood and Rs.50,000 nearly from timber, in all Rs.70,000 which will meet all our requirements. I shall now make a few remarks on the suggestion made by Government regarding the enhancement of the House Tax. As already stated the Government proposes to enhance our house tax by 6 per cent. or from 15¼ per cent. to 21¼ per cent., and tells us that this increased rate will still be less than what is paid in Bombay. Here again I find that the Government is mistaken in its assumption. It states that the property tax in that Presidency Town is 12 per cent. This is the maximum provided for in the Act, while the rate actually levied is only 8 per cent. as shown by the Administration report of the Bombay Municipality for 1895-96. Even this rate is levied only on the net value after deducting 10 per cent. for repairs, whereas in Madras the tax is levied at 10 per cent. on the gross value. Again in Bombay in the case of rented houses a 'draw back' of 1-5 of the assessed value is allowed for the possible contingency of portions of houses being left vacant; in Madras no such deduction is made. Further in Bombay a remission of 2-3rds of the property tax is granted for vacant houses whereas in Madras the remission does not exceed one half. In Bombay Water and Halalcore Taxes are fully remitted on vacant houses, while in Madras only half the water and lighting taxes are remitted. There is no lighting tax in Bombay. Bearing these facts in mind we find that the taxation in Bombay is much less than it is in Madras. The assessed value of land and House Property as given on page 20 of the Administration report of Bombay for 1895-96 is Rs.282,390,000.

	Rs.
Property Tax at 8 per cent. and Fire Brigade Tax at ½ per cent. on the above is	19,57,704
Water Tax at 4 per cent.	6,12,233
Halalcore Tax at 3 per cent.	5,35,770
Total	31,05,707

which comes to only 11 per cent. on the value as compared with Rs.14-15-0 per cent. for Madras after allowing for remissions. If due allowance is made for the fact that in Madras the citizens have to pay separately for their own scavengering, which is not the case in Bombay, and for the fact that we do not require fire brigades here, it will be found that our taxation is really greater than the figures given above. In 1882 when the Government proposed to raise the House Tax in this city the Commissioners entered a very strong protest and pointed out the great hardship that would be caused to the poorer classes especially. The Taxes on house property then yielded an income of Rs.5,24,000. This has now risen to Rs.7,82,600, or an increase of 50 per cent., which is chiefly due to enhancement in the valuation of houses. It would be cruel, therefore, I submit, to add to this heavy burden by still further raising the taxes. The only effect of this measure will be to greatly increase over crowding, which is already prevailing to a frightful extent, and thereby endanger the health of the city which it is attempted to improve at an enormous outlay. In support of its proposal to raise the House Tax in this city the Government finds out particulars that the incidence of taxation here is only Rs. 2-2-3 a head as compared with Rs. 6-12-7 in Bombay, Rs.6-11-6 in Calcutta and Rs. 3-12-2 in Rangoon. I regret that I am unable to obtain statistics for Calcutta and Rangoon. As regards Bombay I find from the administration report that the average rental value per each house is Rs. 628 and the rental value per head of population is Rs.34-6-0. In Madras the figures do not exceed Rs. 133 and Rs. 11-8 respectvely. Again the Income Tax levied in Bombay City averages Rs.2-8-0 per head, whereas in Madras it is only one Rupee. The rates of wages in the two towns also exhibit considerable variations. In Bombay an able bodied labourer earns Rs.11 per mensem whereas Madras pays only Rs.6 for him. A Madras syce or horsekeeper gets Rs.6 a month whereas a Bombay syce gets Rs.9-8-0. A common mason, carpenter, &c., earns, from Rs.27 to Rs.42 a month in Bombay, whereas the Madras man gets Rs.13 to Rs.16 a month. There can thus be no proper comparison between these two Presidency Towns. Gentlemen, Bombay with its immense trade and shipping and with 101 Cotton Mills and 25 Silk and other Mills necessarily enjoys advantages which places her far ahead of Benighted Madras. Gentlemen, I much regret that I have been forced to take up so much of your time, but I trust that the importance of the questions involved will be accepted as a sufficient excuse for the infliction. I shall now simply leave the further discussion of the subject to abler hands, so that any errors into which I might have fallen owing to want of fuller information might be corrected before we send up our reply to the Government order. I venture to think, however, that my estimates cannot be far wrong but even if they are eventually found to fall short of our requirements, I feel sanguine that if our difficulties are properly represented to him, His Excellency Sir Arthur Havelock will see his way to granting us further contributions from Provincial Revenues, rather than force us to raise the Tax on houses. Those of us who have seen the sympathetic orders issued by His Excellency in connection with the Famine administration and Forest Conservancy need not despair of receiving equally sympathetic treatment at his hands in the matter of Municipal contribution.

1893
2/3814 Aug 1897

A

78p

Report by the President on Mr. Theagaroya Chetty's remarks at the Special Meeting, held on the 11th October 1897, *Re* Means for financing the New Drainage Scheme for Madras.

1. Mr. Theagaroya Chetty states that we are to raise our House Tax from 15¼ to 21¼ per cent. This is not quite correct. Government propose to legislate so that the Commissioners shall have the power to raise the tax by 6% if *necessary*.

2. With regard to the two items which were omitted to be taken into consideration in framing the proposals, the saving in expenditure on Drainage conservancy and increased revenue from Sewage Farms, Mr. Theagaroya Chetty estimates the former at Rs. 71,000 and the latter at Rs. 51,000.

3. It is true that when the scheme is completed there will be a saving in expenditure and probably an increase in revenue.

4. I estimate the saving in expenditure at Rs. 60,000 on the following basis.

5. The present annual expenditure on Drainage conservancy is Rs. 97,696-8, when the scheme is completed only Rs. 37,042-8 will be required, liberating a sum of Rs. 60,654.

6. Mr. Theagaroya Chetty makes it Rs. 71,000, as he adds a certain amount for supervision. This difference is immaterial.

7. With regard to the increase in revenue of Rs. 51,000, undoubtedly there ought to be and will be an increase from the Sewage Farms, but how much that will be it is impossible to say. I do not think Mr. Theagaroya Chetty's figures are exaggerated, but they may not be realized.

8. I do not think that this should be taken into account. I think it would be better to face the actual outlay and when everything is completed and the actual saving in expenditure and increase in revenue is known the taxation can be proportionately reduced.

9. I cannot, therefore, agree with Mr. Theagaroya Chetty that we only require Rs. 1,44,000 instead of Rs. 2,66,000.

10. With regard to the Vehicle and Animals Tax, by an oversight Sec. 153 (Tax on Vehicles with Springs and on Animals) only was entered whereas our proposals included the Tax under Sec. 164 (Tax on Carts and other Vehicles without springs). This accounts for the discrepancy and would raise the increased revenue to Rs. 37,000.

11. With regard to Mr. Theagaroya Chetty's remarks on the increase in Tolls I go further than him. I do not see that the rate at which they are levied affects the principle. If we pay nothing to the District Board at the present rate, I do not see why we should pay anything at an increased rate, but even if we should do so, out of quixotic generosity, it would be but a trifle.

12. I do not propose to touch upon the increase to the Profession Tax proposed by Mr. Theagaroya Chetty. His figures speak for themselves. In this connection I would quote from the Government of India Review of Municipal Administration for 1894-95 "* * * para 17. It is only in Madras, Coorg and the Hyderabad Assigned Districts that the tax on 'professions and trades' forms a considerable proportion of the income from taxation. * * * * The essential difference between the tax as levied in the Madras Presidency and elsewhere is that in the former the profession tax * * * is in effect a graduated income-tax, whereas in the other large Provinces it is in the nature of a fixed license tax. *There are, as has been observed above, material objections to any municipal rate which covers precisely the same ground as an imperial tax.*" The Italics are mine.

13. Mr. Theagaroya Chetty's proposal seems to me to make it still more of an income-tax.

14. Coming to the Liquor Tax—I regret that I am not in possession of information I asked for regarding the income Government derived in 1885 and what it derives now. I have no reason to question Mr. Theagaroya Chetty's figures more especially considering that the Licenses for which the Municipality charged Rs. 75, 50, 25 and 12, Government now charges Rs. 250, 200, 150 and 100, as I am given to understand. I consider the request for an increase to the Rs. 13,000 odd now paid by Government to be anything but unreasonable, especially when compared with the sum of Rs. 1,43,750 paid to Bombay for the same Licenses.

15. Besides this contribution from Government, Bombay has a Town duty or Octroi on Wines, Spirits and Beer. This Town duty together with the Town duties on Grain of all sorts, Flour of all sorts, Petroleum, Sugar, Molasses and Gur, Ghee, Timber exclusive of Railway sleepers, and firewood amounted to 52·4 per cent. of the total income in 1894-95.

16. With regard to the proposed increase on timber and firewood, I see no reason why the maximum rate should not be levied and an additional Rs. 70,000 obtained.

17. With regard to Mr. Theagaroya Chetty's comparison between Bombay and Madras, it is difficult to form any real comparison. The conditions are totally different. The higher rate of wages in Bombay may be met by higher prices.

18. In Bombay the taxes are $15\frac{1}{2}$ per cent. of the assessed value

Calcutta	...	$19\frac{1}{2}$	... „	„
Rangoon	...	21	... „	„

19. Mr. Theagaroya Chetty amalgamates the Drainage Scheme with the Water-supply Scheme. I think they ought to be treated separately.

20. Mr. Theagaroya Chetty shows savings of Rs. 1,22,000. I do not think they ought to be anticipated, but be used, when they do occur, as a means of reducing taxation.

21. I cannot accept the Rs. 1,12,000 from profession tax, though I think the increase under Licenses on Liquor Shops might very fairly be increased. Under these conditions I can only see the way to an actual increase of Rs. 1,42,150 (including the increase on timber and firewood), against the required Rs. 2,65,840.

22. My reason for not taking up the Water-supply Scheme is that I think it can wait till the 1869-73 loan of 14 lakhs falls in in 1903, when the Interest and Sinking Fund now payable on that loan will be available for a New Loan. There is no use in extending the water supply until the drainage is completed—in fact it is to the extension of water supply that the Sanitary Commissioner attributes the prevalence of fever in Madras, there not being sufficient drainage to carry off the surplus water.

MUNICIPAL OFFICE,
Madras, 22nd October 1897.

G. M. J. MOORE, LT.-COL.,
President, M. M. C.

53

Revenue (1898) Department.

CURRENT No. 5036.

From The Secretary to the Commissioner of Salt, Abkari and Separate Revenue.

Order

Mis No. 2779.

Dated 12th July 1898.

Received 18 "

Registered 19 "

Enclosures 4

Spare copies

SUBJECT.

Reporting to Government with remark that the Board sees no objection save the legal one to urge to the proposal of the President, Madras Municipal Commission, in the matter of enhanced compensation on account of liquor shops.

19/7/98

scale which obtains in Bombay.

x x x x x x

T.P.K
20.6.98

Remd 179
20-9-98

57

O. M. No. 175.

With reference to its Progo no 27 dated 12-7-98, the Board of Rev is requested to be good enough to ascertain as nearly as possible and report what sum the Madras Municipality would receive, if it were given power upon places used for the Sale of Spirituous and intoxicating liquors at the rates specified by Schedule E to the City of Madras Municipal Act, 1884. Though the 'daruli system has been discontinued, it may be possible to approximate the quantity of liquor sold per day in each shop and classify the arrack shops with reference thereto.

3/8/98

To the Board of Rev (S. R.)

KD
2/8/98

Acknd
4/8/98

Acknowledged
3rd August 1898

2

LAW
SECRETARIAT DEPARTMENT
Despatch No
Overseas No

Revenue (1898) Department.

CURRENT No. 6867

From

The Secretary to the Commissioner of Salt, Abkari and Separate Revenue, Madras.

Order

Mis. No. 3864.

Dated 30th September 1898.

Received 6 Oct.

Registered 4 "

Enclosures

Spare copies

SUBJECT.

Reporting to Government the amount of revenue that would accrue to the Municipality of Madras if it were now to levy a tax at the rates specified in Schedule E to Act I of 1884 upon places used for the retail sale of spirituous and intoxicating liquors.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Kinds of Shops	Number according to class I. of Schedule E. Act I of 1884.	Number according to class II of Schedule E, Act I of 1884	Number according to class III of Schedule E, Act I of 1884	Number according to class IV of Schedule E, Act I of 1884	Rate for class I.	Rate for class II	Rate for class III	Rate for class IV	Total compensation payable
1	2	3	4	5	6	7	8	9	10
Pattai arrack Shops	3	4	16	25	Rs 75	Rs 50	Rs 25	Rs 12	Rs 1125
Toddy Shops (a)	32	56	90	-	50	25	12	-	4080
Foreign Liquor Shops	111	14	-	-	75	50	-	-	7025
Total	146	74	106	25					11,230

(a) Toddy Shops are divided into three classes — those which are reckoned in class I, those that mark from 240 to 311 kees (kees that mark from 156 to 239 kees being reckoned in class III and (c). Columbo arrack shops are now treated as taverns and is calculated according to the fees payable for the highest class. Pattai foreign liquor shops were divided into two classes by the Municipality in Schedule E to Act I of 1884 (1st July occasional Excise (4) are reckoned as falling under class IV.

Kalkmunds
Acting Secretary
1078

62

Local & Munl. (1899) Department.

CURRENT No. 322 m

ASSIST. SECY. TO GOVT. 5-JAN.1899 MUNL. EDL. & LEG. DEPTT.

From

THE PRESIDENT,

Municipal Commission,
Madras.

Order

G. No. 1181.

Dated 4th January 1899

Received

Registered

Enclosures Two.

Spare copies

SUBJECT.

Forwarding an extract from the proceedings of a meeting of the Commissioners held on 16th December 1898, together with President's Memorandum and requesting Sanction for raising a loan to meet the expenditure on the Kero Ramapa.

1898 REVE. DEPT. 6887

propose to undertake at first the construction of the iron main, which forms the principal part of the scheme at a cost of twelve lakhs and to provide the necessary funds for meeting the annual expenditure on account of the scheme from the following sources :—

	Rs.
(*a*) By raising the rate of the taxes on vehicles, animals and carts by 50 per cent. (sections 153 and 164)	37,550
(*b*) By increasing the rate of tolls by 50 per cent.	20,000
(*c*) By enhancing the compensation paid by Government under section 99 of the Act to one lakh	86,400
(*d*) By increasing the timber and firewood tax to the maximum rates under section 341 of Act I of 1884	70,000
Total ..	2,13,950

4. With reference to the remark of Government that the increase in the rate of the taxes on vehicles and animals by 50 per cent. cannot be calculated to yield an extra income of more than Rs. 29,800, it was explained by the President that in the estimate of the additional income from these taxes only section 153 was quoted by an oversight, whereas the estimate included also the anticipated revenue from the tax on carts and other vehicles without springs under section 164, and that as the estimated demand of these taxes in 1897–98 was Rs. 75,100, an increase in their rate by 50 per cent. would yield an additional revenue of Rs. 37,550, or Rs. 37,000 in round figures. The proposal to increase the rates of the taxes on vehicles, animals and carts was, therefore, approved in G.O., No. 209 M., dated 16th February 1899, and the provisions of the City of Madras Municipal Act I of 1884 have been modified accordingly.

5. In paragraph 3 of its order No. 1966 M., dated 11th September 1897, the Government, while disapproving the proposed increase in the rate of tolls, observed that even if the rate should be increased, the whole of the additional revenue would probably have to be paid over to the District Board of Chingleput, which unlike other District Boards received at present no share of the Municipal tolls although it maintained the roads on which the tolls were levied. The President now contends that he cannot see how the enhancement of the rate of tolls entitles the District Board of Chingleput to any contribution, that if, as a matter of principle, the Board should receive any compensation it should have been getting it all along, but that the Commissioners would nevertheless be prepared to meet the contribution which could be but a small one, and he therefore requests that the Government may reconsider its decision in the matter. The proposal to increase the rate of tolls as a means of raising funds for financing the drainage scheme cannot, however, be approved, as water-supply or drainage schemes should be paid for by the inhabitants of the town who benefit by the schemes and not by the outside traffic. If therefore the rate of tolls is increased as proposed, it should be only in view to enable the Municipal Commissioners to meet from the enhanced receipts the contribution payable to the Chingleput District Board, seeing that the Commissioners have now undertaken elaborate schemes of water-supply and drainage for the execution of which they have to utilize every available source of revenue and it may embarrass them to forego any portion of the revenue which is now derived from tolls. The Commissioners concede that a reasonable compensation should be paid towards the maintenance of the Saidapet and Kathivakam roads where there are no Local fund toll-gates, but they contend that the District Board is not entitled to any such contribution on account of the other roads as that Board maintains toll-gates on them in close proximity to the Municipal toll-bars and as it does not allow the traffic passing from the Municipality to go free on its roads, tolls being levied each time a vehicle or animal crosses the Local fund toll-bar. The Government, however, observes that even when there are Local fund toll-gates not far from the Municipal gates, nothing is paid to the District Board for the use of the roads between these gates, and considers it to be but fair that the Municipality should contribute towards the maintenance of the portions of the Local fund roads lying between them.

17

17

B.7.

A.7.

Omit

Sd

6.11.99.

I am not prepared to assent to this paragraph.
There was a letter not long ago from the Pres.t Chingleput Dt. Bd. on this very matter. How was it disposed of ?
KA 26.6.99.

Note for the Secretary

Please see G.O. No. 1062 dated 4th May 1897
VR 3/11/99

The request of the Municipal Comm
increased to one lakh is thus quite inadmis
plaining of the inadequacy of the present c
levy of the tax were only *now* withheld,
the improvements of recent years, it would
But even this increase cannot be granted
revision of the compensation once fixed by

7. The proposal of the Commissioners
firewood to the maximum rates prescribed
approved in G.O., No. 191 M., dated 14th

8. It will thus be seen that althoug

	Rs.
Tax on vehicles, animals and carts ..	37,000
License fees on timber and firewood..	70,000
Total ..	1,07,000

expenditure on drainage conservancy is
is completed, only Rs. 37,600 will be
of about Rs. 60,000, which may be utili
drainage scheme, and that an additional
from sewage farms. The President, wh
income from sewage farms is problemat
account in financing the drainage schem
ultimate saving of Rs. 60,000 under dra
asset, the provision of Rs. 37,600 for cons
charges of the drainage scheme may be
the President, it seems to be undesirable
Rs. 60,000 under drainage conservancy
until the whole of the works is comple
and interest will have to be made from the
taken. There is, however, no objection t
by Rs. 37,600, as suggested by him, an
nance charges will be Rs. 90,000, whil
interest on the loan will amount to Rs. 1,

9. With the second letter read abo
Commissioners containing certain further
Between the years 1869 and 1873, the
ernment of India a loan of Rs. 14,30,00
pay interest on this sum at 4 per cent. pe
2 per cent. on the capital of the loan tow
be eventually extinguished in the year
in Government securities bore interest a
realized was likewise invested. Unde
annually Rs. 57,200 for interest, besides
Rs. 85,800 in all. But in 1883, the
interest on the sinking fund should be
their ordinary income and that only th
be credited to the fund. The result of
Government of India was that the ext
1918. The sinking fund in favour of t
on the 1st April 1899 and it will giv
in ~~1899-00.~~ The Commissioners now

(1) to appropriate the accumulat
the loan of Rs. 14,30,000 for fifty y
annual payment of Rs. 10,900 towards
to accumulate with compound interest a

ioners that the compensation should be
le. Nor have they just cause for com-
pensation, for, even if the sanction to the
that they might have the advantage of
nefit them only to the extent of Rs. 623.
s the Act does not authorize a periodical
overnment.

o increase the license fees on timber and
section 341 of the Act has already been
ebruary 1899.

the Commissioners expected to raise an
additional revenue of Rs. 2,13,950 from
the sources specified by them, no more
than Rs. 1,07,000 can be unobjectionably
realized therefrom as against the required
sum of Rs. 2,65,940. It is, however,
pointed out that the present annual
s. 97,700, that when the drainage scheme
uired, that there will thus be a saving
d in providing for the annual cost of the
evenue of Rs. 51,000 may also be realized
e observing that the estimate of the extra
al and that it should not be taken into
states that although he is averse to the
age conservancy being calculated as an
vancy in the total estimate of the working
iminated for the present. As observed by
to take credit for the anticipated saving of
since this amount will not be available
d, while the payments to the sinking fund
ear next following that in which the loan is
reducing the estimate of working charges
eliminating this sum, the annual mainte-
the annual payment for sinking fund and
,340 or Rs. 2,28,340 in the aggregate.

the President forwards a resolution of the
roposals for financing the drainage scheme.
adras Municipality received from the Gov-
for water-works. The Municipality was to
annum and also a sum of Rs. 28,600, *i.e.*,
ds a sinking fund by which the loan was to
99. The sinking fund which was invested
4 per cent. per annum and the interest thus
this arrangement, the Commissioners paid
s. 28,600 for investment as sinking fund, or
Municipal Commissioners proposed that the
handed over to the Municipality as part of
fixed annual payment of Rs. 28,600 should
this alteration which was approved by the
ction of the loan was deferred from 1899 to
s loan is expected to amount to Rs. 8,50,000
the Municipality an interest of Rs. 29,000
oposc—

sinking fund of Rs. 8,50,000 and to renew
s with interest at $3\frac{1}{2}$ or 4 per cent., the
he sinking fund being invested and allowed
$3\frac{1}{2}$ per cent., or

[L. & M.]
500 -16-3-98.

161

Papers to be read in Proceedings :—

Again G.O., No. dated 189 ,

Again G.O., No. dated 189 ,

Current No. of 189 , dated , from

" " " 189 , "

" " " 189 , "

Letter

~~ORDER~~.

To

The Secretary to the Govern
of India, Department of
Finance and Comme

Sir,

I am directed to subm
for the favourable considerat
of His Excellency the Governor Ge
in Council the following requ
made by the Municipal Co
missioners of Madras for a
consideration of the terms u
which the Madras Municipa
water works loan of 1869-1
should be paid off.

2. The loan amount
Rs 14,30,000 and under the o
terms, the Municipality w
pay interest at 4

28.600

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for signature.

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G.G. No.

190

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