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MADRAS RECORD OFFICE.

Government of Madras.

Police DEPARTMENT.

G.O. No.	255	Press
		~~Mis.~~
Dated	3-3-	1870

Not to be folded or roughly handled

PUBLIC DEPARTMENT

No. 255.

FROM

J. I. MINCHIN, Esq.,

Acting Chief Secretary to the Government of Fort Saint George,

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,

HOME DEPARTMENT.

SIR,

I am directed in reply to Mr. Under Secretary Geoghegan's letter, No. 4448, dated 6th November 1868, to state that no octroi or town duties on goods are levied in this Presidency; but tolls on laden carts and animals entering Municipal limits have been authorized under Act X. of 1865 (Madras) in almost all Municipalities.

2. I am to state that the Government of Madras is of opinion that it is not practicable at present to dispense with this source of Municipal revenue, and that it will be still less so when the revised Municipal Bill which has been introduced into the Local Legislative Council shall have become law. Provision is, however, made in the Bill for remedying the chief of the abuses which have attended the operation of the present law. (*Vide* paragraph 8 of the Statement of Objects and Reasons enclosed.)

3. The letter under reply has remained unanswered as the whole subject of Municipal taxation has been under consideration in connexion with the proposed revision of the law.

I have the honour to be,

FORT SAINT GEORGE,
3rd March 1870.

Sir,
Your most obedient servant,

Acting Chief Secretary.

Exd. J. Wright.

Home 1870 Dept.

From Government of

Fort Saint George.

Dated 3rd March 1870. No.

Enclosures

R.

Spare copies

D. No.

Procs.

L. No. 255.

No.

MARCH.

Nos. 6-7.

Intimating that no octroi or town duties on goods are levied in this Presidency; but tolls on laden carts and animals entering Municipal limits have been authorized under Act X. of 1865 in almost all Municipalities.

Extract from the Proceedings of the Government of India, in the Home Department, (Public) dated Simla, 6th November 1868, No. 4440-47.

RESOLUTION:- The Governor General in Council desires to call the attention of Local Governments and Administrations to the subject of Municipal taxation, and more especially to that portion of it which is levied under the name of octroi or town duties.

2. In the Resolution of the Government of India in the Financial Department, published in the Gazette of India on the 14th September 1864, it was stated as follows:-

" Town duties are very effective for raising money. They existed under the native regime; under the name of choongee, or handful, implying that everything that passed had to pay a small contribution, and in some parts of India they are more popular than direct taxes of any kind. If they could be confined to things consumed in the town without interfering with the transit trade, they would be only open to the objection that they fall in undue proportion upon the poor. But after a full trial of this tax in Bengal and the North Western Provinces, it was abolished in 1835 as being alike injurious to the general trade and to the towns immediately affected and as not being capable of effectual remedy by any contrivances of bonded warehouses or drawbacks. Town duties have ^{been} lately re-established as a Municipal tax in many places in the North Western Provinces, Oudh, and the Punjab, and the old vice of interference with the general trade immediately re-appeared with the additional aggravation that this time the public at large were mulcted for the advantage of local interests. It was proposed to build a bridge over the Jumna at Agra at a cost of £80,000 out of Municipal funds. The ample resources of the new Municipality were explained by the Table of Duties. Among them was a duty upon all the cotton brought to Agra to be sent to Calcutta by rail or river. Soon after the Commanding Officer at Cawnpore, as the head of the local Municipality was reported to have ordered a similar duty to be levied. The unchecked multiplication of these local exactions would soon reproduce the worst evils

of the old transit and town duties.

"The town duties which were abolished in 1835 were levied only upon eight articles of local consumption, but there appears to be no limit to the number of articles upon which they are exacted since they have been revived as a Municipal tax. There are 197 articles many of which branch out into numerous subdivisions, upon which town duties are levied in Zillah Serampore, in Cudd; and at Brouch they amount to 188 under the head of "articles imported for consumption;" 5 under "raw material imported to be manufactured," and 51 under "articles (the produce or manufacture of the place) exported", or 238 in all without including subdivisions. This multiplication of petty exactions is open to great objection. The tax ought to be confined to a few articles of local consumption such as ghee fire-wood, fruit, vegetables, fowls, eggs, and animals for slaughter, which do not enter into the general trade of the country, and which, being recognisable at first sight, do not involve the stoppage and search of other commodities."

3. In the foregoing extract the proper principles on which octroi duties should be levied are clearly defined. Such duties should be restricted to articles actually consumed in ~~the~~ towns and should not be imposed upon articles of general commerce, or interfere with the natural course of transit trade.

4. The Government of India has reason to believe that these sound principles, the truth of which has been established by the prolonged experience of those countries of Europe in which octroi duties form commonly a source of Municipal revenue, have been frequently lost sight of and that to meet the burden of an annually increasing expenditure upon police, education, or sanitary improvements, a wide-spread system of taxation has been introduced, injurious to interests on which the burden in a great measure falls, and standing in the way of the proper development of the commerce of the country. It is to little purpose that the Imperial Government reduces or abolishes customs duties in the interests of trade, if Municipalities are permitted to levy duties on articles of commerce passing through their limits.

5. In all parts of India Municipal taxation is largely on the increase, and there is a growing tendency to overlook, for the sake of small local improvements, the real injury that is being inflicted upon important general interests.

6. The Government of India does not consider it necessary to recapitulate here any of the standard arguments against transit duties. Such duties have long since been condemned by universally-accepted maxims of policy, and it will be more to the purpose to give a few out of the many instances that might be chosen to show how fundamentally these maxims have been violated, and how necessary the interference of the Supreme Government has become.

7. At Murrachee a large proportion of the Municipal revenue has for some years been derived from duties which are in fact transit duties on the trade passing through that town and port. Propositions have lately been made to authorize this system by fresh legislation and to impose, for local purposes, taxes on metals, cotton, piece-goods, cloth, wool, grain, hides, indigo, timber and many other commodities entering into the wholesale general trade of the country. There is reason to believe that much of the produce that is taxed is not even taken into the town, but is carried directly from the railway station to the ship by which it is exported.

8. At Bombay the Municipality has lately proposed a scheme for levying transit duties in the most naked form on cotton, opium, and metals passing through the town.

9. At Madras, an Act has been passed containing a provision for enabling the Municipality to levy a sea-toll, at the rate of four annas per ton, on every boat or raft carrying merchandise or baggage to or from the town. In giving his assent to this Act on the 5th September 1867, His Excellency the Governor General issued the following instructions:- " This toll appears to the Governor General to be a mere impost on trade for the purpose of the Municipality in return for no service whatever. It is in fact an almost undisguised transit duty, and under circumstances in which such an impost is least excusable. x x x Such a Bill is, moreover, generally contrary to public policy:

it defeats the object which the Government of India has in view in the interest of trade, in reducing and abolishing customs duties and therefore, while the Governor General is unwilling to withhold his assent to the Act on the account of the provisions in question he thinks it right to desire that the power of levying sea-tolls conferred by them may not be exercised. "

10. In the Central Provinces town duties are collected in all the principal towns, and it has been found impossible to prevent them from occasionally degenerating into transit duties on some of the articles taxed.

11. The same is true in the North Western Provinces. In Agra, one of the great ~~entrepôts~~ ^{entrepôts} of the trade, between the British territories and Gwalior and Rajputana, sugar is taxed by the Municipality, although not intended for consumption in the town, and although the day after its arrival it may change hands and be sent off to Rajputana.

12. The principle on which these duties are levied in Oudh and the Punjab is the same. In Oudh, during the prevalence of the late famine in Behar, Tirhoot, and Bengal, when an immense exportation of grain was going on to supply the wants of the latter provinces, duties which could not properly be called anything but transit duties, were systematically levied in several places on every cart-load and boat-load of grain that was exported. Similar transit duties were levied not long ago on timber brought from the Oudh forests for exportation to distant markets.

13. It is believed that Bengal is the only province in this Presidency to which similar remarks would not be more or less applicable.

14. That this system of taxation should in so short a time have acquired such wide-spread development is easily accounted for. No imposts are so generally popular among the more influential classes in towns. They yield large revenues, they provide the means for carrying out many improvements, and in so far as they are really transit duties, they enable the townspeople to make others bear the burden of taxation which should properly fall upon themselves.

benefit they are levied, and that they should on no account be extended to any article belonging to the transit or general trade ought to be jealously guarded. "

19. If these principles be strictly acted upon, and the duties be moderate in amount, the Governor General in Council is of opinion that there is in many parts of India nothing objectionable in this system of taxation for local purposes.

20. In wealthy communities, like those of Europe, it may be admitted that the balance of argument is in favour of rising ~~Munis~~ Municipal revenues by direct taxation only, and leaving the local trade entirely free. But in so poor a country as India, it will, in the judgment of the Governor General in Council, be more commonly the best course to combine direct with indirect taxation; for by this means alone can a sufficiently broad base be secured for raising a sufficient income without undue pressure on individuals. So long as octroi duties on grain and other articles of consumption are kept at a moderate rate, they do not injuriously affect small retail transactions with which the poorer classes are mainly concerned. That such duties are commonly ~~for~~ more popular in India than any direct taxation, is a strong argument in their favour, and the prejudice against them founded on the common practice of England should not be allowed to prevent their introduction under suitable limitations, where there is reason to think that the general feeling would be to prefer them to other forms of taxation.

21. The Government of India also desires to point out that a Municipal body can have no claim to take tolls on traffic entering its boundaries by roads or canals. Such imposts are merely a means of raising money from the commerce of the country for the benefit of the town in which they are levied. It may be quite legitimate for a Municipality to levy a toll on a road or bridge constructed within its own limits and for the convenience of the town; but when the cost of the work has been recovered, the road or bridge should be thrown open to the public, or the toll reduced to the minimum necessary to keep the work in proper repair.

III. -- No such duty shall be levied, excepting on things brought into a town for actual use or consumption therein. No such duty shall be levied on goods which being brought into a town, shall be again exported, even though such goods shall have changed owners in the town. On the exportation of dutiable goods, the exporter shall be entitled to a refund of the amount of duty proved to have been paid on the import of those goods; a minimum sum, below which no refund shall be so claimable, being fixed with the approval of the Local Government.

IV. -- Every Municipality by which such duties are ~~levied~~ levied, will provide in such a manner as the ~~the~~ Local Government may think fit, proper accommodation for the storing in warehouses, or otherwise of articles in transit, liable to duty, but not intended for use or consumption within the limits of the Municipality. Reasonable fees may be charged on articles stored in places provided under this rule for the accommodation of traders.

V. -- No duties shall be levied on sales, or other trade transactions, of the kind known under the name of Choonsee &c., nor any imposts on trade other than duties authorized under these rules.

VI. -- No toll shall be levied by the Municipality on any person animal or thing on entering the Municipal limits or passing along any road, canal or river within those limits; provided that this rule shall not prevent the levy of special payments, under lawful authority, for the use of any bridge, quay, wharf, lock or other work constructed or ~~maintained~~ maintained at the cost of the Municipality.

VII.

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VII.-- No town duty or toll shall be levied on goods, vehicles, &c., bona fide the property of the Government, brought within the Municipal limits for the exclusive and direct use of Government. When ~~the~~ Government takes delivery of goods from a dealer or contractor within Municipal limits, the above exemption shall not apply.

Government of Bengal.	}	Ordered that a copy of the above Resolution be communicated to the Governments and Administrations noted in the margin,
„ of North Western Provinces.		
„ of Punjab.		
Chief Commissioner of Central Provinces.		
„ „ of Oudh.		
„ „ of British Burma.		
Commissioner of Coorg.		
Resident at Hyderabad.		

for information and guidance.

(True Extract)

(Signed) A. P. Howell,

Offg. Secy. to the Govt. of India.

Ex. 141

N^o. 4440From, J. Geoghegan Esq^r,
Under Secy to Gov^t of India.To, The Secy to Gov^t of Madras.D^y Circular. 6 November 1868Home Dept. Cir.
Public.

I am directed to forward for the information of the Government of Madras the accompanying copy of a Resolution N^o. 4440/47 of this date on the subject of Municipal Taxation.

I have the honor to be,

Sir,

Your most obed^t Servant.

J. Geoghegan

Under Secy to Gov^t of India

Recd 1/11/68

No. 255

To

The Secretary to the Government
of India.

Home Department.

Sir,

I am directed in
reply to Mr. Under Secretary
Lyons' letter No. 4448
dated 6th November 1868, to
state that no octroi or town
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entering municipal limits
have been authorized un-
der Act I of 1855 (Madras)
in almost all Municipalities.

I am to state that the Government of Madras is of opinion that it is not practicable

I don't think
improving it.
better. I would
wait at all events
until our new Bill
has been passed.

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Public 1885 September
Y. No 3 March 1885
Harden May 1885
Harden Sept. 1885

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 No 2035rd 4th 1797
 I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the subject of the petition of the colored people of the city of New York for the abolition of the slave trade. I have the honor to inform you that the petition has been referred to the Committee on the subject of the petition of the colored people of the city of New York for the abolition of the slave trade. I have the honor to inform you that the petition has been referred to the Committee on the subject of the petition of the colored people of the city of New York for the abolition of the slave trade.

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law. Provision is how-
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for remedying the
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(Vide paragraph 8 of the
statement of objects and
reasons enclosed).

3. The letter under reply
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Municipal taxation has
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laws on

Fort George
3 March 190

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No. 255

To
The Secretary to the
Government of
Department

Dated 3d March 1870.

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