

Public Works (1893) Department.

RAILWAY BRANCH.

G.O., No. 1027-8 Railway.

DATED 20th July 93

[Despatch Abstract.]

Local Taxation of Railways in British India

Papers on the subject of — forwarded
to the Government of India.

Forwarding papers on the subject
of —

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
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FURTHER PAPERS.

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

20TH JULY 1893, No. 1027 R., PUBLIC WORKS.

CONFIDENTIAL.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again—

Proceedings of the Madras Government, Public Works Department, dated 3rd April 1893, No. 651 R.

Read also the following papers:—

From the Agent, South Indian Railway, to the Consulting Engineer for Railways, dated Trichinopoly, 24th April 1893, No. 551 R.

Your No. 409 of the 6th instant. The Resolution proposed to be issued by the Government of India on the subject of local taxation of railways in British India will, I consider, be generally approved.

The only suggestion I wish to offer is that the appointment to be made under section 135, sub-section (2) of the Indian Railways Act (IX) of 1890, should be the appointment of an officer stationed in Madras, and that he should be empowered to deal with applications made by Railway Administrations for the revision of taxes imposed by any municipality within the Madras Presidency.

Proceedings of the Madras Government, Local and Municipal Departments, dated 1st May 1893, Mia. No. 586 M.

From the Agent and Manager, His Highness the Nizam's Guaranteed State Railway, to the Consulting Engineer for Railways, dated Secunderabad (Deccan), 8th May 1893, No. 1009 W.

Referring to your No. 886, of the 15th ultimo, with which you transmitted to me a copy of the draft of the Resolution which the Government of India had submitted for the opinion of the Madras Government, I beg to state that I think it is much to be regretted that the Government of India have not acted on the suggestions contained in paras. 26 to 28 (pages 15 and 16) of Major Temple's report dated the 15th of November 1891, a copy of which you were kind enough to send me, instead of leaving the different railways to continue the taxes, which have already been levied on them and which are described in detail in para. 6 of the above report.

For instance, the Bezwada municipality levies a professional tax on this railway for working the Bezwada Extension Railway although the Company get no share whatever in the profits of the extension, and a long list of other charges you will find in the correspondence we have had on this subject.

The Bezwada municipality did no services whatever for this railway.

I understand that the Ellore municipality are setting up claims to levy taxes on the East Coast Railway station there. This Company cannot undertake to accept these charges as a debit against the amalgamated undertaking.

Whilst I am on this subject I think it would be a favorable opportunity of remedying what I am told was a defect in the Railway Act so far as municipalities are concerned, as regards clause 136, chapter X of the Railway Act of 1890, in which it is distinctly laid down that the rolling stock, machinery and other effects shall not be liable to be taken in execution of any decree or order of any court without the previous sanction of the Governor-General in Council.

I call attention to this because you will find that I complained to your office of the chairman of the municipality of Bezwada seizing the furniture of the waiting-room at that station because I had not paid certain taxes, which I disputed and about which I had appealed to the Government of Madras.

A reference to your endorsement, No. 1889, of the 15th of August last, will give you full particulars of the case I refer to.

From the Agent and Manager, Madras Railway, to the Consulting Engineer for Railways, dated Madras, 15th May 1893, No. 413.

I have the honour to acknowledge receipt of copy of letter, No. 0050 R.T., dated 26th January 1893, from the Government of India, Public Works Department, forwarded to me with your endorsement, No. 302, of the 6th April 1893.

I agree generally with the conclusions arrived at by the Honorable Sir C. Elliott, that it is "positively unreasonable and unjust to impose upon railways a rateable value upon their property seeing that Railway Administrations as a rule provide their own police, scavengers and lights, and that they keep up at their own cost supplies of water and the approach roads leading to their premises.

The Madras Railway has steadily protested against the imposition of land taxes levied by municipalities and in connection with this question counsel as well as the Government Solicitors have recorded their opinion that the Company is not legally liable to the payment of the tax.

The contention of the South Indian Railway, that payment of a profession tax to one municipality was sufficient, having been upheld by the High Court of Madras, would seem to show that it is illegal to levy upon railways separate taxes by each municipality through which a railway passes.

On the Madras Railway we pay profession taxes at Madras, Bangalore and Calicut, and I am of Major Temple's opinion, expressed in para. 40 of his report, that the payment of these taxes should not be insisted upon.

In other words, I would abolish both land and profession taxes so far as they affect railways.

Major Temple's conclusion, recorded in paras. 23 to 41 of his report, in respect to conservancy rates, water and house taxes and taxes levied for the upkeep of public roads, seems to me to be eminently fair and just, and I agree in the opinion he has expressed that it is possible to levy these charges equitably and wisely and to do so without causing undue injury to municipalities and without pressing too heavily upon railways.

I agree, too, in the opinion he has stated that a special officer should be deputed to visit Madras and report to Government if Major Temple's recommendations cannot be adopted by the Government without further inquiry.

If this is not practicable then it seems to me that the Supreme Government should, under the authority of the Railway Act, settle by enactment what taxes

municipalities should levy on railways, and should further, if possible, determine the maximum rates that municipalities can collect.

From the Engineer-in-Chief, East Coast Railway, to the Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Waltair, 15th May 1893, No. 3304/38.

I have left your order dated the 3rd of April go too long unanswered. That order forwarded, for consideration and report, a letter from the Government of India, Public Works Department, No. 0050 R.T., dated 26th January 1893, upon the subject of the municipal taxation of railways.

2. I have carefully studied Major Temple's report, and agree with the Government of India's draft Resolution in thinking that as a rule the assessment of these taxes is moderate. I don't think, however, that it is so much the amount of the tax that is found fault with as the uncertainty of its incidence, and the number of different ways in which it is levied, partly on the owner of the railway property and partly on his individual servants.

3. I notice that the question of the taxation of railway employes living within municipal limits on railway premises has not been touched by the report. But this is, I understand, one of the principal sources of the irritation and friction that occurs between municipalities and railway management. An outside authority comes in between the men and their masters and levies taxes from them, in a notoriously annoying manner, for expenditure upon objects from which the benefit to the men taxed is of a very intangible sort. I refer less to the taxation of officers, who, as a rule, I think, will philosophically put up with it, than to the taxation of guards, clerks, drivers, mechanics, and artizans, who are less able to see the reason of the taxation. Much of this friction and unpleasantness would disappear if a Railway Administration could commute with a municipality for such taxes, and itself recover what it thought fair from the men's salaries, towards the general sanitation of the colony.

4. At Vizagapatam it so happens that half of our railway colony is within and half without the boundaries of an isolated sort of peninsula which projects from the otherwise fairly symmetrical municipal boundary. As you are aware I have for nearly a year been trying to get this small peninsula cut off from municipal control so as to acquire sole control of our own taxation and sanitation. We derive only the most indirect benefit from the municipality in their operations outside our boundaries, and none whatever within our boundaries. The men see this and resent being taxed, which they would no longer do if we self-governed our own colony out of taxes locally levied from salaries.

5. I would gladly compound with the municipality for a sum sufficient to secure them from loss if we could be cut off from their control: sufficient reason for our contribution to municipal funds would exist in the fact of the general sanitary improvement secured through municipal agency in the neighbouring town.

6. I agree generally with the Resolution though it seems to me to have been drafted with a view rather to *quieta non movere* than to making things better than they are. The difficulties are of course very great. I think that a very useful addition might be made to the Resolution, empowering Railway Administrations to contract themselves out of all taxation, whether leviable on railway property or on employes, the fairness of the amount offered in composition being adjudicated on by the commissioner or other officer referred to in clause 2 of the draft Resolution.

7. Such a provision as this would, I believe, in the large majority of cases result in the abolition of the friction and annoyance which necessarily now arises when so large a number of very small taxes are leviable in the most irritating possible way.

From the Government of India, Public Works Department, dated 9th June 1893, No. 330 R.T.

ORDER—dated 20th July 1893, No. 1027 R., Public Works.

Ordered that the Government of India be addressed.

(True Extract.)

(Signed) F. R. UPCOTT,
Joint Secy. to Govt., P.W.D.,
Railway Branch.

RAILWAY.

Gobt. of {1893} Madras.
PUBLIC WORKS.

CONFIDENTIAL

Dated July, 20th.

Recd.

Encl.

G.O., 20th July 1893, No. 1027 R.

JULY.

Local Taxation of Railways in
British India.

Papers on the subject of — forwarded
to the Government of India.

20TH JULY 1893, No. 1023 R., PUBLIC WORKS.

CONFIDENTIAL

PUBLIC WORKS DEPARTMENT.

Railway.

LETTER—from

F. R. UPCOTT, Esq.,

Joint Secretary to the Government of Madras,

Public Works Department,

Railway Branch,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

PUBLIC WORKS DEPARTMENT.

SIR,

I am directed to forward copy of the Proceedings of the Government of Madras, No. 1027 R., dated 20th July 1893, embodying letters containing the opinions of the Agents and Managers of the railways under the Madras Government, which were called for in your letters, No. 330 R.T., of 9th June 1893, and No. 0050 R.T., of 26th January 1893, on the subject of local taxation of railways in British India.

2. [On this question] I am to say that, in the view of this Government, there is no reason whatever why railways should be exceptionally treated in the matter of local taxation, or why their payments toward local objects should be regulated with reference to the direct services rendered by local bodies to Railway Administrations. Local taxation is levied to provide not for such services as the conservancy, lighting, watering, &c., of individual premises, which are obligations falling on individual occupiers or owners of property, but for the general sanitation of the towns, for the upkeep of the public roads and streets, for the lighting thereof, for the general security, and for other purposes in which all owners and occupiers are interested in common. It cannot, in the opinion of the Governor in Council, be disputed that, in respect of these general objects, the railway benefits quite as much, and is as much interested in the general welfare of the towns it serves, as any other owner or occupier of property within the limits of the local rating. Indeed, it appears that, so far from railways being entitled to claim any exemption from local burdens or any exceptional treatment, they should be considered to be especially liable, because, as large carriers of passengers and goods and as fostering increase and agglomeration of population in the towns where they establish stations, they create special demands on the resources of local bodies. In England, it is believed, the principles advocated by this Government are fully recognized, and railway property is rated as heavily and precisely on the same system as all other property. The fact that the State owns or is largely interested in railways in India is, I am to submit, no reason for special treatment, as all other State property is fully rated. When the State undertakes commercial ventures such as railways are it should be liable to the same burdens as ventures of the same character, factories, tramways and the like, undertaken by private persons. The views expressed

by Sir Charles Elliott and Mr. Crosthwaite and cited in Major Temple's report are, in the opinion of the Governor in Council, entirely indefensible. There is one tax levied in this presidency to which special objection is taken, viz., the profession tax, and which might be specially treated. Under section 60 of the District Municipalities Act, this tax is at present payable in only one municipality in the mofussil, but Government has under consideration the propriety of repealing this provision. The Governor in Council would not object to Railway Administrations being allowed to compound for this tax for themselves and their servants.

3. If, however, the Governor-General in Council is not prepared to accept the views of this Government on the general question and desires to maintain the policy of section 135 of the Railway Act, His Excellency the Governor in Council would suggest that definite rules should be laid down for the guidance of the authorities who are to decide as to the liability of railways to local taxation, and in particular that they should be directed to take into account, not merely the proportion of the payments claimed to direct services, but also the general benefits and services rendered by the local body to Railway Administrations in common with other owners of property within the local limits. In default of such rules there will be no uniformity in the settlements made and injustice to local revenues.

4. In the Madras Presidency the authorities to decide cases as contemplated in para. 2 of the draft Resolution must be the Collectors of districts but they should be declared to be so by virtue of their offices and it is not possible or desirable to furnish a nominal list of them as desired in para. 2 of your second letter under reply.

I have the honour to be,
Sir,

Yours most obedient servant,

(Signed) F. R. UPCOTT,
Joint Secy. to Govt., P.W.D.,
Railway Branch.

OOTACAMUND,
20th July 1893.

RAILWAY.

Gobt. of {1893} Madras.
PUBLIC WORKS.

CONFIDENTIAL.

Dated July, 20th.

Recd.

Encl.

20th July 1893, No. 1028 R.

JULY.

Local Taxation of Railways in
British India.

Forwarding papers on the subject of —

[Enclosure No. 1 to Government of India letter No. 0050 R. T., dated the 26th
January 1893.]

A REPORT UPON THE LOCAL TAXATION OF RAILWAYS IN
INDIA BASED UPON ENQUIRIES MADE IN THE
PROVINCES OF BENGAL AND BURMA.

1. I was directed to fully report upon the result of my investigations during a tour over the lines of the several Railway Administrations of India and to enquire on the spot into the local taxation of Railways. My report was to be made with a view of enabling the Government of India to determine the taxes which in fairness the several Railway Administrations were to pay in aid of Municipal and other local funds in future, and to devise a policy which might be generally made applicable as far as possible to all Railways in India.

G. of I. P. W. D., No. 860 R. T.,
dated 19th November 1890.

Object of the report.

2. When it became evident to the Government of India that I should be unable to make a tour over all the Railways in India affected by local taxation I was requested to usefully advise the Government as to what I considered the best course to pursue in further dealing with the subject.

G. of I. P. W. D., No. 0051 R. T.,
dated 3rd January 1891.

Limitation of report.

3. In my original instructions my attention was drawn to "the intentions of the Government of India as set forth in a circular to the several local Governments and the Chief Railway authorities." In this circular it was declared that the "object of the Legislature was not to relieve Railways altogether from liability to local taxation, but rather to protect them from demands for payment for services not actually rendered by a Municipality or other local body."

G. of I. P. W. D., No. 860 R. T.,
dated 19th November 1890.
G. of I. P. W. D., No. 298 R. T.,
dated 25th June 1890.

General policy regarding taxation
of Railways.

This policy was substantially adopted in a despatch to the Right Hon'ble the Secretary of State for India in which it was stated that "it is not the intention of the Act (IX of 1890) to exempt Railway Administrations from all liability to Municipal taxation, but to obtain some control over the demands which may be made by local authorities, which show a tendency to make the most out of this source of revenue."

G. of I. P. W. D., No. 60 Railway of
1890, dated 9th June 1890.

In his speech on the introduction of the Railway Bill, the Hon'ble Sir A. Scoble said: "As regards Municipal taxes it is considered that such as have been levied hitherto in any Municipality or Cantonment may generally continue to be levied there though in a modified form."

Abstract of Proceedings, Governor-General in Council, 1894, pages 187 and 189.

On the same occasion the Hon'ble Sir C. Elliott said:

"It seems to me that there is something positively unreasonable and unjust in such taxation as is now imposed by some Municipalities. The *raison d'être* of Municipal taxation is that it should be a payment for services rendered in the shape of sanitation, police, lighting, water-supply, road-making, or any other such conveniences to dwellers within Municipal limits. Now a Railway Administration provides its own sanitation, police, lighting, and watering, and it is itself the largest possible contributor to the road communications of the Municipality. To tax such an Administration therefore on its rateable value, just as a house is taxed, the dwellers in which benefit by all the services abovementioned, seems to me preposterous, and I trust that we may be able to remove this anomaly altogether in future."

Two years later, in moving that the Report of the Select Committee on the Railways Bill be taken into consideration, the Hon'ble Sir A. Scoble said:

Abstract of Proceedings, Governor-General in Council, 1890, pages 83 and 88.

"I need scarcely perhaps say that the intention is not to relieve Railways altogether from Municipal and local taxation, but to restrict the liability within proper limits. A

Pls Minster

Quit so, for leaving
payment here. The
railways pay by such
value

by the limit of the

Railway Administration seems to be considered a fair subject for every sort of demand. In Madras, for instance, the South Indian Railway Company was required, under section 53 of the District Municipalities Act, to pay a profession tax to the Municipality of Negapatam, and did so for several years. Thereupon the Tuticorin Municipality demanded a similar payment. The Company paid under protest, and upon a reference to the High Court their contention was upheld that payment to one Municipality was sufficient, as otherwise the South Indian Railway Company would have to pay as many profession taxes as there are Municipal towns through which their Railway passes, although they exercise but one profession. Railways contribute so much to the prosperity of the districts which they traverse, and in this country have been so largely constructed with public funds, that their title to exemption from local cesses has already been recognized by the Legislature in Bengal. Section 8 of Bengal Act (IX of 1880) provides that no Railway or tramway which is the property of the Government of India, or the dividend of which is guaranteed by the Government, shall be liable to road cess or public works cess without the previous consent of the Governor General in Council. The present Bill gives a general application to the principle thus affirmed."

The Hon'ble Mr. R. J. Crosthwaite said:

"The provisions of section 135 regarding the taxation of Railways by local authorities will afford a very necessary protection to Railway Administration by preventing the imposition of taxes which they should not be required to pay, and by providing a method by which the amount payable by them may be assessed. Some local authorities have, it seems, imposed an excessive amount of taxation on Railways, and in the case of a Railway it is difficult to assess fairly many taxes which might be imposed, such, for instance, as taxes on houses, buildings, or lands, or on the persons occupying houses, buildings, or lands."

In the Statement of Objects and Reasons accompanying the Railway Bill it is stated that "in the opinion of the Government of India the exemption which Guaranteed and State Railways enjoy in some provinces from assessment to local rates *on land* should be extended to all Railways throughout India. As regards Municipal taxes it is considered that such as have been levied hitherto in any Municipality or Cantonment may generally continue to be levied there though possibly in a commuted form."

4. It seems clear then that the general policy of the Government of India as regards the local taxation of Railways is to permit Municipalities only to tax Railway Administrations so far as to reasonably recoup themselves for the cost of services actually rendered to the Administrations, and that in the opinion of the Government, as a general principle of assessment, it is not proper to assess Railway Administrations purely on rateable value, or to require from them payment of such demands as a profession tax or a local rate on land.

5. As regards the taxes which Railways are liable to under the law, my attention was drawn to the "very carefully prepared Schedules compiled by Mr. Wigley" in the Legislative Department. These Schedules showed that under the various enactments of the Indian Legislature, Railway Administrations in India are liable to a large number of taxes, amounting to some 30 in number, as follows:—

Land cess.
Rate on land.
Road cess.
Rates for maintenance of roads, schools, and the district post.
Shop tax.
Tax on vehicles and animals.
Sanitation rates.
Port charges.
Taxes for conservancy of rivers, &c.
Tolls on rivers, &c.
Tolls on ferries.
Tolls on roads (and bridges).
Tolls, fees, and charges in respect of the Howrah Bridge.
Chaukidari assessment.
Taxes undescribed in the Acts.

Municipal consolidated rate.
Municipal general rate.
Municipal tax on buildings and lands.
Municipal tax on places used for retail sale of liquors.
Municipal tax on persons occupying buildings or lands.
Municipal profession tax.
Municipal water tax.
Municipal lighting tax.
Municipal sewage rate.
Municipal halalkhor cess.
Municipal scavenging tax.
Latrine or conservancy cess on private latrines, premises, or compounds cleansed by Municipal servants.
Municipal fee for cleansing latrines.
Municipal cess for use of public latrines.
Municipal tax on menial and domestic servants.
Fees on registration of carts kept or used within a Municipality.
Fees on registration of cattle sold within a Municipality.
Tax on vehicles and animals kept (or used) in a Municipality.
Tax on vehicles (and animals) entering a Municipality.
Tax on boats moored in a Municipality.
Octroi duties.

Municipal tax on petroleum imported.
Municipal taxes undescribed in the Acts.

6. If however the schedule of local taxes which Railway Administrations were paying on 30th April 1890, based on the returns submitted by local Governments, Consulting Engineers, and others, is correct, only about two-fifths of these taxes have as yet been imposed on Railways; the following being at present levied:—

- (1) Taxes for conservancy of rivers.
- (2) Chaukidari assessment.
- (3) Taxes undescribed in the Acts.
- (4) Municipal consolidated rate.
- (5) Municipal general rate.
- (6) Municipal tax on buildings and lands.
- (7) Municipal tax on persons occupying buildings or lands.
- (8) Municipal profession tax.
- (9) Municipal water tax.
- (10) Municipal lighting tax.
- (11) Municipal sewage tax.
- (12) Municipal halalkhor cess.
- (13) Municipal scavenging tax.
- (14) Municipal latrine or conservancy cess on private latrines, premises, or compounds cleansed by Municipal servants.
- (15) Municipal fee for cleaning latrines.
- (16) Municipal tax on vehicles and animals kept (or used) in a Municipality.

But it is evident that this list might at any moment be extended, its length being apparently merely dependent on the extent to which Municipal Committees are aware of their powers. What therefore is not at present a comparatively serious matter might at any time become one of grave consequence to the well-being of the Indian Railways.

7. On going into the subject of the enquiry in detail I found that there was a great divergence in the practice of the various local Governments in dealing with Railway taxation. Madras, Bombay, Bengal, Burma, and Assam allow taxes on Railways in all Municipalities

and the taxation in Ajmere is also severe. That in Bengal is the most universal and severe. In the Central Provinces only the Nagpur and Jabalpur Municipalities tax the Railways, in the North-Western Provinces and Oudh only Jhansi and Naini Tal do so, and in the Punjab there is a tax on Railways only at Ferozepore. Elsewhere and otherwise there seems to be no taxation of Railways at all. One result of this divergence in practice is that Railways (like the East Indian Railway, Great Indian Peninsular Railway, Bengal and North-Western Railway), which pass through

several provinces, are severely taxed in some and pay no taxes in others. The practice of the Punjab and of the North-Western Provinces and Oudh is not to allow taxation of Railways, and it is possible that a mere reference to those local Governments of the cases of Jhansi where the Indian Midland Railway is taxed, and of Ferozepore where the North-Western Railway is being slightly taxed, and of Naini Tal where the Rohilkhand and Kumaun Railway is taxed, might move them to bring the practice in these few places into conformity with the rest of the provinces. Similarly Nagpur and Jabalpur are the only places apparently where taxation of Railways is permitted in the Central Provinces, and a similar reference might have a similar effect there. I had marked these places for a special visit to enquire into any local causes that might exist for the taxation, and regret I was unable to do so.

8. The fact that some provinces permit taxation of Railways by local bodies, while others do not, brings one to the consideration of an argument put forward by the Bengal Government in defence of the general principle of permitting Municipalities to tax Railways. This is that the contributions made by Railways are so important to Municipalities that if they "are all suddenly withdrawn, Municipal Administration in many of the towns affected will be paralysed." With a view to ascertaining how far this would be likely to be the case I compiled the following statement showing in the more serious cases in Bengal what proportion the Railway assessment bore to the entire income of the Municipality from taxation:

I.—Eastern Bengal system, 1889-90.

Name of Municipality.	Amount paid by Railway.	Total taxation of Municipality.	Percentage of Railway taxation on total taxation.	Rate per head as stated in report, 1889-90.	Rate per head excluding Railway taxes.
	Rs.	Rs.		Rs. A. P.	Rs. A. P.
South Barrackpore ...	925	12,713	7.29	0 8 11	0 8 2
Naihati ...	1,300	13,112	10.45	0 9 8	0 8 7
Kuchitua ...	294	5,204	5.43	0 8 6	0 8 1
Dinajpur ...	252	15,364	1.70	1 2 11	1 2 8
Jalpaiguri ...	410	10,292	3.98	1 4 8	1 3 11
Narayanganj ...	857	29,590	3.22	2 2 0	2 1 2
Daera ...	2,453	1,22,979	1.99	1 9 3	1 8 9
Jessore ...	395	11,443	3.45	1 4 9	1 4 1
Khulna ...	1,350	4,453	32.85	0 11 5	0 8 4
South Dum-Dum ...	334	6,613	5.05	0 9 0	0 8 7

II.—East Indian Railway, 1889-90.

Name of Municipality.	Amount paid by Railway.	Total taxation of Municipality.	Percentage of Railway taxation on total taxation.	Rate per head as stated in report, 1889-90.	Rate per head excluding Railway taxes.
	Rs.	Rs.		Rs. A. P.	Rs. A. P.
Howrah ...	31,711	239,000	14.16	2 10 10	2 6 1
Sewan-Saran ...	479	5,835	9.22	0 6 2	0 5 8
Chapra ...	360	23,386	1.11	0 7 3	0 7 2
Seraimpore ...	1,008	41,129	2.45	1 4 4	1 3 10
Baidyabati ...	667	10,927	7.93	0 11 8	0 10 7
Bhadraswar ...	292	6,750	5.07	0 9 2	0 8 8
Burdwan ...	2,984	62,369	5.69	1 9 6	1 8 5
Sahibganj ...	973	5,822	16.72	0 13 0	0 12 1
Raniganj ...	1,605	7,917	20.19	0 11 9	0 9 7
Bhagalpore ...	677	45,116	1.27	0 10 7	0 10 5
Jamalpur ...	9,240	17,711	52.17	1 1 8	0 9 2
Patna ...	1,779	92,431	1.92	0 9 7	0 9 5
Arrah ...	300	18,037	1.65	0 6 8	0 6 7
Dumraon ...	180	5,698	3.24	0 5 0	0 4 10
Buxar ...	710	5,696	12.46	0 7 0	0 6 2
Gya ...	600	39,701	1.69	0 8 1	0 9 0

From this it will be seen that, excluding Jamalpur, a peculiar case in which the taxation of the East Indian Railway's property reaches 52.17 per cent. of the whole taxation of the town, the proportions vary from 32.85 per cent., 20.19 per cent., 16.72 per cent., 14.16 per cent., 12.46 per cent., and 10.15 per cent. down to 1.11 per cent. Out of 26 cases that I tested, and these were the cases in which as far as I could judge the rates were heaviest, in 12 the proportion was below 5 per cent., so that the number of the towns whose "administration would be paralysed" would be comparatively small.

Again, granting that in some cases the withdrawal of the Railway contributions would be serious, the question arises: Would the loss be so serious as to be irreparable? Two arguments can be brought to bear on this point—

(1) As to the nature of the taxation enforced in the towns thus injured.

(2) As to the comparative fall of taxation in towns in the North-Western Provinces and Oudh, where Railways are not taxed, and that in Bengal, where they are taxed.

As to the first argument it is to be observed that under the Bengal Municipal Act, 1864, the assessed taxes to be raised in Municipalities are (section 85) either (a) a tax upon persons occupying holdings according to their circumstances and property within the Municipality, or (b) a tax on the annual value of all holdings situated within the Municipality. Under section 89 of the Act, however, the tax is, where the Government is the owner, in either case on annual rateable value; and under section 85 where the "tax upon persons" is assessed, the limit upon any one "person" for any one holding is Rs. 84 per annum.

Now the following table will show that in cases where the personal tax is enforced the local Railway Administration pays tax on annual rateable value, and in nearly all cases a sum far exceeding Rs. 84:—

Table showing places where a sum in excess of Rs. 84 per annum is charged.*

Name of Municipality.	Amount paid by Railway.	Remarks.
	Rs.	
Baidyabati ...	867	E. B. S. Ry. C. B. Ry.
Bhadreswar ...	292	
Colgong ...	96	
Arrah ...	340	
Dumraon ...	186	
Buxar ...	710	
South Dum-Dum ...	144	
Baranagore ...	190	
South Barrackpore ...	88	
North Barrackpore ...	926	
Naihati ...	116	
Kushitea ...	1,300	
Dinajpur ...	284	
Rangpur ...	252	
Pornah ...	144	
Jalpaiguri ...	136	
Naxirabad ...	410	
Khulna ...	189	
Azimganj (Lalbagh) ...	1,350	
Deoghar ...	112	
Mozufferpore ...	120	
Hajipur ...	805	
Durbhunga ...	405	
Motihari ...	433	
Bettiah ...	306	
Sewan-Saran ...	450	
Chupra ...	479	
	360	

* Chuglah, Nutter, Gobaranga, and Baraet all charge Rs. 84 each; the South Suburban Municipality charges Rs. 26-6-0 and North Dum-Dum Rs. 24.

This would seem to point to the fact that were the personal tax changed throughout the towns affected to one on annual rateable value, the loss above referred to would be rapidly recouped.

I came across a strong instance of this on my tour through Bengal at Azimganj. This place is a rich suburb of Moorshedabad, or Lal Bagh as the Municipality is called, and inhabited almost entirely by rich Marwaris and other merchants, whose large brick-houses from a casual inspection must be worth from Rs. 50,000 to more than a lakh in capital value, and whose assessment under the Bengal Act, were the tax on annual rateable value in force, would be from Rs. 420 to, say, Rs. 1,000 per annum. But the personal tax only is in force, so that not one of these wealthy holders of property in the Municipality pays more than Rs. 84 per annum, whereas the Naihati State Railway, a small concern, has its property at Azimganj assessed at Rs. 112, although the value of the Railway's property there is stated to be only Rs. 6,000. This assessment of the Railway excludes the land it occupies, but were its land and the ground on which the Marwaris' houses stand to be assessed, as they should be under section 101 of the Bengal Act, the above mentioned rates of Rs. 420 and Rs. 1,000 would be considerably enhanced. There seems therefore to be little doubt that the Azimganj ward of the Lal Bagh Municipality could be easily made to flourish without any contribution from the Railway. Here there is one solution of the problem.

I was, however, informed at Khulna that the rateable value of property was there so low that the personal tax was more productive than the tax on annual rateable value. This may be the case there and elsewhere, but, where it is so, it seems to be clear that the tax on the Railway should not be (as it is) a percentage on annual rateable value, which is itself a percentage on the capital cost plus an assessed ground rent: because the cost of Railway structures is out of all reasonable proportion high in comparison with that of the dwellings of the town population in such places in Khulna, which are apparently not rateable at a profit. The

result of the existing practice is the absurdity of one holder, as in the case of the Bengal Central Railway at Khulna, paying nearly 33 per cent. of the total taxation of the whole town.

As to the second argument I prepared a table of the fall of taxation in towns of similar size and apparently in similar economic circumstances in the North-Western Provinces and Bengal.

1888-89.

BENGAL.				NORTH-WESTERN PROVINCES.		
Name of Municipality.	Population.	Rate of taxation per head including Railway.	Rate of taxation per head excluding Railway.	Name of Municipality.	Population.	Rate of taxation per head.
		Rs. A. P.	Rs. A. P.			Rs. A. P.
Howrah ...	90,813	2 10 10	2 6 1	Allahabad ...	150,330	1 2 4
Chupra ...	51,072	0 7 3	0 7 2	Jaunpur ...	42,815	0 8 0
Sewan-Saran ...	13,499	0 6 2	0 6 8	Jalgaon ...	15,609	0 7 5
Saranpur ...	27,520	1 4 4	1 3 10	Nagina ...	20,503	0 10 4
Baidyabati ...	6,300	0 11 8	0 10 7	Dhampur ...	6,270	0 8 8
Bhadreswar ...	14,672	0 9 2	0 8 8	Hijor ...	15,141	0 9 1
Burdwan ...	32,462	1 9 6	1 8 5	Etawa ...	34,721	0 15 2
Saliganj ...	7,139	0 13 0	0 12 1	Aliganj ...	7,136	0 8 1
Kaniganj ...	10,792	0 11 9	0 9 7	Salibpur ...	10,644	0 9 11
Bhagalpur ...	68,238	0 10 7	0 10 5	Muradabad ...	67,357	0 13 4
Jamshpur ...	15,987	1 1 8	0 9 2	Khairabad ...	14,217	0 9 1
Patna ...	173,251	0 9 7	0 9 5	Benares ...	209,083	0 9 2
Arrah ...	42,998	0 6 8	0 6 7	Gazipur ...	43,232	0 8 11
Dumraon ...	18,019	0 5 0	0 4 10	Sitapur ...	18,514	0 10 11
Buxar ...	16,498	0 7 0	0 6 2	Azamgarh ...	18,523	0 10 3
Gya ...	76,415	0 8 1	0 8 0	Mirzapur ...	85,362	0 9 7

From this table it will be seen that the fall of taxation in Bengal, excluding Railway contributions, is often heavier than that in the North-Western Provinces, and yet the North-Western Provinces Municipalities appear to thrive on what they raise. This would seem to be a conclusive argument against any permanent financial injury to the Bengal Municipalities occurring in consequence of the withdrawal wholly or in part of the revenue raised from Railways, and seems to dispose of the counter-argument that in such provinces as the North-Western Provinces and Oudh, and the Punjab the Municipalities can afford not to tax Railways, as their chief source of income is an octroi duty, whereas octroi is neither raised nor likely to be adopted in Bengal: because the figures for the North-Western Provinces include whatever octroi duty is paid by the Railway populations and are even then often less than the Bengal figures excluding the Railway contributions.

But even assuming that as the law and practice now stand the financial injury caused by the withdrawal of the Railway contributions would be so great as to seriously hamper the Bengal Municipalities, the following table will show that the Municipalities in the Punjab, whose urban population cannot be argued so far as I know to be in better circumstances than that of the towns in the North-Western Provinces and Oudh and Bengal, bear a far heavier burden than the Municipalities in the three latter provinces:—

PUNJAB.			NORTH-WESTERN PROVINCES.			BENGAL.		
Town.	Popu- lation.	Incidence of taxation.	Town.	Popu- lation.	Incidence of taxation.	Town.	Popu- lation.	Incidence of taxation.
Hissar	14,107	1 2 6	Hapur	13,212	0 13 2	Haidyabati	14,672	0 11 8
Sirsa	12,292	1 13 1	Sardhana	13,313	0 11 3	Sonamukhi	13,090	0 4 11
Hansi	12,856	1 11 6	Rovkee	12,818	0 10 1	(Hattal)	12,638	0 3 3
Bhiwani	33,762	1 4 7	Hathras	38,314	0 12 1	Hogdilly	31,177	1 4 4
Bawari	23,072	1 10 10	Deshaud	22,116	0 7 8	Sranpore	27,520	1 7 10
Delhi	173,393	1 7 3	Alidhabad	150,818	1 2 4	Patina	173,251	0 9 7
Kaithal	14,264	1 1 6	Muzaffarnagar	13,080	0 10 1	Chandrakona	12,257	0 3 11
Unahalla	26,777	1 2 3	Chanderi	27,521	0 6 5	Santipur	29,687	0 9 0
Lahore	4,061	1 1 1	Bilga	6,000	0 1 7	Dichhatta	5,554	0 4 9
Hudhapur	20,684	1 4 6	Manupuri	22,736	0 9 3	Kishnaghar	27,477	0 9 11
Nakhar	8,446	1 7 8	Amphalir	8,231	0 8 8	Jessore	8,495	1 4 9
Ludhiana	41,173	1 13 3	Guzipur	43,232	0 8 11	Lalbagh	39,291	0 8 4
Ferozepore	20,670	1 6 3	Nagina	20,503	0 10 4	Saibati	21,551	0 9 8
Fazilka	6,521	1 15 3	Bilal	6,301	0 6 0	Banaleria	6,717	0 8 8
Multan	6,521	1 12 0	Koil	6,243	0 11 8	Gya	67,815	0 9 4
Montgomery	13,678	1 2 0	Atrania	12,881	0 12 1	Derbhanga	65,955	0 8 6
Lahore	8,122	1 2 4	Cawnpore	160,203	0 15 2	Sathira	64,819	0 8 0
Chunian	15,762	1 9 4	Fiah	42,815	0 8 0	Chapra	54,072	0 10 6
Aurilav	22,107	1 3 9	Agre	21,918	0 13 2	Ilugulpur	22,000	0 7 3
Sialkot	16,631	1 1 1	Bahraich	15,348	0 12 1	Sasara	8,100	0 4 10
Gujranwala	16,724	1 3 1	Bawalpur	16,479	0 13 6	Ilhabua	15,100	0 6 9
Kinshab	63,022	1 13 5	Sikandrabad	59,191	0 11 1	Ilugulpur	13,186	1 2 1
Pinl Dahan Khan	7,471	1 4 0	Salurampur	7,130	1 3 6	Parial	42,298	0 10 6
Rawal Pindi	4,881	1 7 11	Partalgarh	57,452	0 6 4	Arrah	7,650	0 6 8
Haripur	13,490	1 6 7	Micerut	99,665	0 12 8	Soory	7,650	0 9 10
Kohat	18,581	1 3 6	Salasvan	14,668	0 12 3	Naokhally	7,650	1 1 11
Dera Ismail Khan	4,462	1 9 2	Dera	18,959	0 6 6	Pacca	7,650	1 9 3
Blakkar	18,953	1 2 4	Dhaura	5,967	0 1 0	Tekari	7,650	0 6 8
Dera Ghazi Khan	4,697	1 13 6	Kharana	18,374	0 7 5	Hankooora	18,060	0 6 8
Jaunpur	2,927	1 2 11	Orai	7,738	0 11 1	Colongong	6,672	0 10 6
Rajapur	2,679	1 1 7	Nawalgarh	3,084	0 3 8	Bishnupore	18,843	0 3 7
Muzaffargarh	3,417	1 11 2	Dhanpur	6,270	0 8 8	Sectumure	6,535	0 3 0
Khangarh	2,555	1 6 2	Pikusa	6,061	0 8 8	Jhokhar	3,789	0 11 1
Alipur	2,555	1 13 10	Shahdara	6,533	0 9 9	Jhalia	4,640	0 4 6
						Sherpore	4,571	0 14 0
						Nalchitti	2,602	0 10 4

It would seem therefore that the Bengal Municipalities could be without difficulty or oppression empowered to raise their rates of taxation so as to cover any deficiency caused by the loss of the Railway contributions.

9. As there is a strong argument against any permanent injury being done to the Municipalities that now tax Railways by the withdrawal of the Railway contributions, it remains to be seen what taxes should nevertheless be levied from Railways on the lines laid down by the Government of India, as described in the earlier paragraphs of this report.

10. As will have been already seen, of the 39 taxes mentioned in paragraph 5 as payable by Railways according to law, only 16 have up to date been actually levied. The remainder cannot under section 125 of the Indian Railways Act be now levied without the sanction of the Governor-General in Council, and in any notification which may be issued in consequence of this report these might be enumerated in a schedule with a declaration that the Governor-General in Council will not sanction their being levied.

11. Of the taxes actually levied I have been only able to investigate those levied in Calcutta under Bengal Act, II of 1888; in Bengal under Bengal Act, III of 1884; and in Burma under the Burma Municipal Act, XVII of 1881, and the Upper Burma Municipal Regulation, V of 1887.

12. I found that the subject divided itself into two heads: (1) method of assessment, (2) services rendered in return for the payments made.

13. Putting Calcutta aside for the present as a special case the notes on my tour in Bengal attached hereto show that, although a clear procedure for assessment is laid down in the Bengal Act, III of 1884, section 101, sometimes even in important cases the Municipal Committees have made no attempt to follow it, and that their assessment of Railway property has been mere guess work, having practically no relation to the value of the property owned by a Railway in the Municipality, nor to its legal status, nor even to the law under which assessments are made.

14. The Bengal Municipal Act, section 114, places the power of taxation finally in the hands of the Municipal Commissioners. The result of this is that there is no such remedy against any irregular assessment as the public might be expected to use, because there is no outside authority to which an appeal can be readily made to correct any wrong done by the Commissioners. I am bound to say that my inquiries into the assessment of the property of the Railways passing through the Municipalities I visited show that those bodies have sometimes proved themselves incapable of using aright the power with which they have been entrusted.

15. The local laws on the subject vary a good deal. Municipal Committees' decision as to assessments are final in Lower Burma (sections 49 and 51 and Rules, Act XVII of 1884) and in Madras (Madras Act, IV of 1884, section 101). In the Punjab (Act XIV of 1884, section 49) and in Upper Burma (Municipal Regulation V of 1887, section 6 and Rules), Commissioners and Deputy Commissioners confirm the assessments. In the North-Western Provinces (Act XV of 1883, section 47), the Central Provinces (Act XVIII of 1889, section 129), and Bombay (Bombay Act, II of 1881, section 33) the assessments are confirmed according to Rules to which I have not had access.

16. Since the Bengal Municipalities treat all Railways as Government property whether they are so or not (a point to be discussed later on), they purport to assess them all under section 89 of the Bengal Act, III of 1884, and the procedure they should follow is clearly laid down for them. Thus: section 89.—In any Municipality in which the tax on persons is imposed no tax shall be assessed on any person

in respect of his occupation of any holding which is the property of the Government and used for the purpose of a public building, but a rate not exceeding $7\frac{1}{2}$ per cent., may be assessed on the annual value of every such holding to be ascertained in the manner prescribed by section 101, and such rate shall be payable by the Government.

Section 101.—The gross annual rent at which any holding may be reasonably expected to let shall be deemed to be the annual value thereof, and such value shall accordingly be determined by the Commissioners and entered in the valuation list: Provided that if there be one holding any building or buildings the actual cost of erection of which can be ascertained or estimated, the annual value of such holding shall in no case be deemed to exceed an amount which would be equal to $7\frac{1}{2}$ per cent., or such cost in addition to a reasonable ground-rent for the land comprised in the holding: Provided, also, that where the annual cost so ascertained shall exceed one lakh of rupees, the percentage on the annual value to be levied in respect of so much of the cost as is in excess of the lakh of rupees shall not exceed one-fourth of the percentage determined by the Commissioners: Provided, further, that in estimating the annual value of a holding under this section the value of any machinery that may be on such holding shall not be taken into consideration.

The term holding is defined thus: Section 6 (3).—"Holding" means land held under one title or agreement and surrounded by one set of boundaries; provided that where two or more adjoining holdings form part and parcel of the site or premises of a dwelling-house, manufactory, warehouse, or place of trade or business, such holdings shall be deemed to be one holding for the purposes of this Act. Holdings separated by a road or other means of communication shall be deemed adjoining within the meaning of this proviso.

The method of ascertaining and estimating capital value is laid down thus: Section 99.—The Commissioners may require the owners or occupiers of all holdings to furnish them with returns of the rent or annual value thereof, and (section 100) any one refusing to make a return or making a false return is liable to punishment.

It follows therefore that the proper procedure in Bengal is to treat the whole Railway property about the Railway station and permanent-way as a single holding, and then to ascertain, by application to the Railway Administration, the capital value of the buildings on the holding. Seven and-a-half per cent. on the capital value is to be the assumed annual rateable value and a tax up to $7\frac{1}{2}$ per cent. may be levied on the annual rateable value plus a "reasonable ground-rent." The term "reasonable ground-rent" is an unfortunate one and has led to some curious results in the taxing of the Railways.

The practice, however, as already said, sometimes has no relation to the law. For instance at Darjeeling with an educated European Committee, the assessment is admittedly guess-work leading to some startling results. At Naihati, where the buildings only and not the land are assessed, the Railway property is valued at Rs. 3,11,100, whereas its real value appears to be Rs. 5,10,000. At Baidyabati, where again only the buildings are assessed, the assessment shows a property value of Rs. 1,17,500, whereas the real value is Rs. 14,000. At Jamalpur the Municipality apportions among its assessed taxes the gross sum it succeeds in getting the Railway to pay without reference to property value or assessment. At Patna, Raniganj, and Lal Bag (Murshidabad) the assessment is admittedly pure guess-work.

I found that the tendency in Bengal among Municipal Assessment Committees is in every case for both the holding and the personal tax, to look upon each building belonging to a tax-payer as a holding (which is contrary to the provisions of the Municipal Act), and to consider the known financial position only of the occupier in levying a tax thereon. This last, too, is not contemplated nor authorized by the Act. Indeed, where the personal tax under the Act is levied, which is (section 85a) "a tax upon persons occupying buildings" within the Municipality according to their circumstances and property within "the Municipality," the assessment has in the majority of cases resolved itself

into an assessment of income pure and simple, and the levying of a rate of 1 per cent. on the known or assumed income of the person taxed.

The result of my enquiries show then that in Bengal at any rate the assessments are so often worthless as to make it desirable for the Government (which, either as a guarantor of the dividends of Railway Companies, or as a direct owner of Railways itself, is a large payer of the taxes based on these assessments) even if it decides to continue paying the taxes at present levied, to acquire an effective control over the assessments such as it does not now possess, owing to the operation of section 114 of Bengal Act, III of 1884.

17. A question which has arisen in the course of my enquiries, and which is closely connected with the Bengal system of Municipal assessment and the powers granted by the Bengal Act to Municipal Commissioners, is the habit of treating all Railways as Government property and assessing them accordingly. As a matter of fact, however, the relation of Railway Administrations in Bengal towards the Government and the Municipalities is complicated and variant. We find indeed six varieties of relationship—

- (1) The Government managing its own Railway, *e.g.*, the Eastern Bengal Railway.
- (2) The Government managing a private Railway, *e.g.*, the Bengal Central Railway, which is managed by the Eastern Bengal Railway Administration.
- (3) A private company managing a Government Railway, *e.g.*, the East Indian Railway.
- (4) A private company managing the line of another private company, *e.g.*, the Tarakeswar Railway managed by the East Indian Railway.
- (5) A private company managing its own Railway, *e.g.*, the Darjeeling-Himalayan Railway.
- (6) A private company managing partly its own Railway and partly a Government Railway, *e.g.*, the Bengal and North-Western Railway managing its own line and Tirthoot State Railway.

Now, section 89 of the Bengal Act, III of 1884, says: "In any Municipality in which the tax on persons is imposed, no tax shall be assessed on any person in respect of any holding which is the property of Government and used for the purpose of a public building, but a rate not exceeding $7\frac{1}{2}$ per cent. may be assessed on the annual value of every such holding, and such rate shall be payable by the Government."

So it is clear that in the first case mentioned above the Government is to be assessed to pay tax on annual rateable value, whether the personal or holding tax is in force, but that in all the other cases the utmost the Municipalities can urge is that they are cases in which land belonging to the Government is occupied by private persons, on the ground that a Railway Company is a person under the General Clauses Act and the land occupied by a Railway is in every instance, so I understand, Government property. Where Government is managing the line of a private company the position of that company as a private "person" is not thereby taken from it *quâ* taxation. Again, where a private company manages a Government concern its private character is not thereby lost, and clearly where private companies are managing private lines they are "persons" and not "Government." In all these cases therefore it seems to be a correct view that where the personal tax is in force in Bengal, either the Government, and not the company, must pay the tax, or that the company must be assessed as a person; *e.g.*, at Khulna and North Dum-Dum either the tax on the Bengal Central Railway premises must be fixed at Rs. 84, or the Government, and not the Railway, must pay the rate now demanded. So, again, all along the East Indian Railway, wherever the personal tax is in force, the company's tax should either be limited to Rs. 84 in each case, or the Government should pay independently of the company. The same remark applies along the Tirthoot State Railway branch of the Bengal and North-Western Railway. And in any case where one private company manages the line

of another or its own line, it can clearly be only taxed as a person, *e.g.*, at Seoraphuli Junction, where the whole property is taxed as though it belonged to the Government, and the East Indian Railway pays the tax, part of the property belongs to the Tarakeswar Railway and part to the East Indian Railway. The Tarakeswar Railway and the East Indian Railway property should either be taxed Rs. 84 each separately, or the Government pay independently for both companies.

The above view is liable to modification if any of the companies are bound under their contracts to pay any taxes levied on the Government in respect of the property they occupy, but I cannot find that such is anywhere the case.

The subject is further complicated by the wording of the Act (section 89), as the right to levy a tax on annual rateable value in lieu of a personal tax is limited to property "used for the purposes of a public building." It may be argued that no portion of a Railway's premises is a public building except perhaps a Railway station in part. Indeed, many of the buildings maintained by Railways are used for purely private purposes, such as residences for employees and so on.

The practice of raising a tax on annual rateable value in lieu of the personal tax from non-State Railways in Bengal is therefore open to question on the ground of legality. It is worth mentioning here that at Deoghur the Deoghur Railway, which is a private company, pays the personal tax in force in the town as a "person."

18. It has been already noted that the assessment of annual rateable value in Bengal includes that of a "reasonable ground-rent." The land of the Railways is therefore liable to taxation as well as their buildings, and where it has been assessed (land assessments are not, however, usual) the tax on it has occasionally been in excess of that on the buildings, costly as the latter always are where Railways are concerned.

Municipalities have assessed the annual value of land in two ways: either at a rate obtained by taking letting rates for land in the neighbourhood or by placing an assumed lump-sum value on the land and taking 7½ per cent. on that as the annual value. The sums paid in consequence of assessments thus arrived at are occasionally serious, *e.g.*, at Howrah the total tax is Rs. 20,213, and of this Rs. 15,059 are levied on the land and Rs. 5,154 on the buildings. At Manicktolla the gross tax is apparently Rs. 507 on buildings and Rs. 1,005 on land.

The system of assuming a capital value for the land and ascertaining its ground-rent by a percentage on that value does not appear to me to be a correct one, especially when it is put at 7½ per cent. as at Manicktolla, which gives only 13½ years' purchase as the selling value of land in the neighbourhood of Calcutta. The real question is: What is a "reasonable ground-rent?" This means, I take it, the rate at which similar land can be rented in the neighbourhood, and is the plan followed at Howrah. But it seemed to me during my enquiries that where the land is taxed at all, whether the former or the latter plan is adopted, the tendency has been to place the highest possible value on the land. This was the contention of the Railway Authorities; and I cannot say that my enquiries led me to any other conclusion. The answers made to me at Howrah, where the assessment is especially heavy, gave me the impression that the large Railway area was assessed on averages taken from the actual rents paid in the neighbourhood by holders prepared to pay exceptional rents for small holdings owing to certain advantages offered by situation. The result was serious over-assessment of the railway land. Such over-estimation of the value of land when held in large quantities, as in the case of Railways, is subject to the same disadvantage (section 114, Bengal Act, III of 1884) in Bengal as the Municipal taxation generally and will, if the land assessment be continued, require that control already stated in paragraph 16 to be desirable in the case of assessments generally.

19. My enquiries, however, showed that land is not commonly assessed by the Bengal Municipalities except by way of a small enhancement of the tax on the estimated rental of buildings standing on them, but it has been

just shown that the reverse is sometimes the case. Had the example set by Howrah, Manicktolla, Cossipore-Chitpur, Khulna and other places been generally followed, the result would, owing to the peculiar constitution of the Bengal Municipalities, have been a serious matter for the Railways. Howrah taxes the land on either side the permanent-way for 2½ miles. Manicktolla and Cossipore-Chitpur each tax the permanent-way itself for about the same distance. Now, under the provisions of section 11 of the Bengal Act, a Municipality usually includes a large rural area complying with the following conditions:

(1) A population of which three-fourths the adult males are chiefly employed in pursuits other than agricultural.

(2) Some part of the area is within one mile of some part of the town proper.—

The town proper is (section 10) any town or village having a population chiefly employed in pursuits other than agricultural, not less than 3,000 in number and of a density of not less than 1,000 to the square mile. The result of this law is that practically the whole of the land of the Eastern Bengal Railway from Sealdah to Kanchrapara (about 32 miles) and all the land from Howrah to Hughli (about 25 miles) on the East Indian Railway is within Municipal limits. We have also such cases as the Eastern Bengal Railway running for about 11 miles through the Naihati Municipal area with four stations, and the East Indian Railway running for about 10 miles through the Patna Municipal area with three stations. The former of these Municipalities had in 1889-90 a population of only 21,531. So that if all the Municipalities were to assess land as well as buildings, a large portion of the land occupied by the permanent-way of these and other Railways similarly circumstanced would be taxed. This in itself is a serious consideration for the Government and supports the Government opinion stated above in paragraphs 3 and 4 that rates on Railway lands generally should be disallowed.

20. In the matter of direct return for the taxes demanded the Railways in Bengal receive back only a small portion of what they pay out by way of assessed taxes. But I do not think it can be argued that they are worse off in this respect than are other large holders of property within Municipal areas, except that they do as a rule supply their own general wants in the matters of conservancy, water, and lighting to a larger extent than do ordinary owners. I would not therefore lay much stress on the amount of the direct returns as a general argument for the withdrawal of the taxes, unless the Government should hold the view that the advantages which Municipalities unquestionably gain by the passing of a Railway through them are commensurate with the indirect advantages the Railways gain from the assessed taxes raised from the people. Then indeed the argument that the Railway should be taxed in each Municipality only to the extent of the services rendered to it becomes an overwhelming one.

In this connection in Appendix B, I attach a copy of a memorandum by the Hon'ble H. J. S. Cotton on the general question of the taxation of Railways, in which he has favoured me with his views on the subject. These are not put forward as the views of the Bengal Government, but the memorandum appears to me to be of value as a clear and concise statement of the Municipal side of this question.

21. In the course of my tour, however, I came across Municipalities which practically give no return for the taxation from Railways. As regards these the Railways are merely sources of revenue which is spent on objects of little concern to them. A ready remedy could be found in such cases by the exclusion of the Railway premises from the Municipal areas, but here the Bengal Act would prove a stumbling block to reform. Section 9 says: "The local Government may, on the recommendation of the Commissioners at a meeting, by notification at any time, vary the limits of any Municipality or subdivide any Municipality into two or more Municipalities or withdraw any town, village, or land from the operation of this Act: Provided that the local

" Government may at any time by notification exclude from the limits of any Municipality any lands or buildings in the occupation of Government for military or naval purposes."

So that the proposal to exclude the Railway premises from a Municipality must come from the Municipal Commissioners, a body not likely to willingly forego so profitable a source of revenue. It would seem therefore to be desirable for the Government to assume that control in such cases as I have already advised (paragraph 16) should be assumed in the case of assessments.

22. In addition to the general assessed taxes there is a scavenging-tax commonly raised in Bengal under sections 320 and 321 of the Municipal Act, which run thus—

Section 320.—The Commissioners may issue a notice declaring that from a date to be specified in such notice they will maintain an establishment for the cleansing of public or private latrines within the limits of the Municipality or any part thereof, and the Commissioners shall make suitable provision accordingly.

Section 321.—When such provision has been made the Commissioners may levy fees to be fixed on such scale with reference to the normal value of holdings within the limits of the Municipality or such part thereof as aforesaid as the Commissioners at a meeting may from time to time direct, but the fee shall not exceed Rs. 3 per annum where the valuation of the holding amounts to or is less than Rs. 25, and the fee on any one holding shall not exceed Rs. 480: Provided that if, on the commencement of this Act, the owners or occupiers of any holding are already under engagement to pay the Commissioners an annual sum exceeding Rs. 450 for the cleansing of their premises, such sum, or such other sum as may from time to time be agreed upon between them, and the Commissioners, may be levied from them in accordance with the provisions of this Act.

So that wherever this tax is in force the Municipality is bound to do all the scavenging for the ratepayers from the cleansing of privies to the ultimate disposal of the night-soil. I found, however, that sometimes no service was rendered in return for the tax, and that sometimes the expenditure was incommensurate with the receipts. Thus, I found no return made at all at Manicktolla, Cossipore, and Naihati (Kanchrapara). At Serampore about Rs. 60 a year is returned for a tax of Rs. 200. At Khulna the tax reaches Rs. 250, whereas the expenditure of the Municipality is only Rs. 168. At Howrah the tax reaches about Rs. 5,000 and the expenditure ought not to be over Rs. 3,000.

23. As a rule scavenging is a matter which Railways are peculiarly fitted to do more effectually and cheaply for themselves than outside agency can do for them. Good conservancy is a point they are bound for their own sakes to attend to, and they often have the means both to efficiently supervise the details of the scavenging duties and to remove and dispose of night-soil. I would advise that no Municipal taxation for this purpose be permitted, and that when a Railway desires Municipal aid in the matter, the payment for it should take the form of a contract by mutual agreement, as at Burdwan on the East Indian Railway; at Muzaffarpur on the Tirhoot State Railway; at several stations on the Oudh and Rohilkhand Railway; at Cawnpore on the Rajputana-Malwa Railway; at Nowshera on the North-Western Railway; at Trichinopoly on the South Indian Railway; and at Toungoo, Letpadan, Grobingauk, and Prome on the Burma State Railway. An instructive correspondence on this point will be found in Appendix II.

24. As to water-rates: as a rule where these are raised, though Railways are bodies usually using large quantities of water the services directly rendered are not at all in accordance with the payments made and if direct returns are to be made the basis for demands for payments, a water-rate ought not to be raised as regards Railways by levying a percentage on assessed annual value. I shall however revert to this point later on with a view to showing that returns should not be made the basis of payments in this case.

25. Two other payments of the nature of taxes were I found made by Railways in Bengal: a trade license and a license for dangerous and offensive trades. Three Railways pay for trade licenses in Calcutta: the Darjeeling-Himalayan Railway, the Tarakeshwar Railway, and the Deoghur Railway. None

of these Railways have any business connection with Calcutta beyond having their registered offices there, where such work as agency and transfer of shares is carried on and permission to occupy a room occasionally for Board meetings is granted and so on. The real exercise of their trade is carried on at a distance. The work of the Darjeeling-Himalayan Railway commences at a point so far removed from Calcutta as Siliguri. Still the two first of the above Railways pay Rs. 200 under this head and the last Rs. 100. Any thing in the shape of trade license or profession tax seems to me to be indefensible in the case of a Railway, because it brings one to two untenable conclusions. Either the Government must permit a Railway to be taxed for carrying on its trade or profession by every Municipality entitled to raise such a tax along its whole length, in which case it might be called upon to pay for exercising its profession many times over, or the Government must permit one Municipality to so tax the Railway and deny the right of any other Municipality to do so, as in the case of the South Indian Railway. In the former case the result is obviously unfair to the Railway and in the latter one Municipality is allowed to gather into its coffers a sum which should be distributed amongst all Municipalities having similar rights. I would therefore strike any tax of this nature off any schedule of permissible taxes which the Government may make.

I only came across one case of a license imposed on a Railway for carrying on a "dangerous and offensive trade" (section 261, Bengal Municipal Act), and that was at Sahibganj, where the East Indian Railway is taxed for 10 lime kilns kept up to meet its own building requirements and not with a view to profit. The result of the tax, too, is startling. It amounts to Rs. 120, whereas the total value of the outturn last year was Rs. 63.

Any demand of this nature I would prohibit.

26. It remains then to consider what sums as a general rule Railway Administrations should be called on to pay to Municipalities on the lines desired by Government as described in paragraph 4 above.

In Bengal the rate on land should be withdrawn altogether, so also should licenses for trades generally and for dangerous and offensive trades. Scavenging rates should also be withdrawn and contract payments for services rendered substituted for them in all cases where the Railway Administrations do not arrange for their own scavenging.

This leaves merely the liability to water-rates and the tax on annual rateable value for consideration, as those taxes which are leviable under various laws, but not yet imposed, come under section 135 of the Indian Railways Act, and cannot be imposed without the sanction of the Governor-General in Council.

27. Where water from special works is supplied to a Railway or it can use the water so supplied to the neighbourhood, it seems fair to make it pay the tax generally levied in the Municipality. Water schemes are very costly and most beneficial directly and indirectly to all holders of property in a neighbourhood, and can only be carried out usually on borrowed money entailing the combined pecuniary assistance of all concerned. This remark would also apply to a drainage or sewage tax levied under similar circumstances in places like Rangoon, where a general and costly scheme of systematic sewage removal has been adopted, provided the area on which the Railway property stands is included in that drainage or sewage system.

28. As regards the general contribution of a Railway towards Municipal funds I think great difficulties would arise in making actual services rendered the basis of the sum to be paid. No doubt Municipalities are put to certain extra expenses as to the upkeep of roads on account of a Railway, and in such matters as lighting and in general Municipal improvements the Railway Administration is to a certain extent benefited along with the other holders of

property. Again an irreconcilable difference of opinion would be found to exist between the Railway and Municipalities as to the extent the latter rendered services to the former, and each case would have to be decided on its merits. Such cases would be very numerous and much time would be spent in deciding them, to say nothing of the voluminous and most likely acrimonious correspondence that would ensue. I think then that any general assessed tax paid in a Municipality should be paid by any Railway possessing a holding in it, but on its buildings only. The only question is as to the mode of assessment, and this I would regulate so as to approximate the taxes levied on the Railway to the services rendered it by the Municipalities as reasonably as may be.

In Bengal there are two such general taxes, either of which may be levied in any Municipality, but not both. In cases where the personal tax is levied, I would treat the Railway Administration, whatever its nature, as a person, and limit its contribution to Rs. 84 for each holding, on the understanding that the word "holding" is strictly interpreted according to the Municipal Act.

In cases where the holding tax on annual rateable value is levied, I would vary the principle of assessment by limiting the assessment on the Railway holdings to 3 per cent, instead of $7\frac{1}{2}$ per cent., on their capital value as at present, i.e., the capital value should be estimated at 33 years' purchase in place of $13\frac{1}{2}$ years' purchase as now. I would also exclude from assessment such things as platforms, overbridges, signal houses, &c. (at present usually included), limiting it strictly to houses properly so called. In this way I think a reasonable assessment would always be insured, especially if the Municipality be also obliged to accept the Railway Administration's statement as to capital value. The capital cost of all Railway structures is so heavy in comparison with that obtaining in the case of those of the same size constructed for private purpose that it seems proper to differentiate largely between them as to the ratio which annual value should bear to capital value.

29. The Indian Railways Act (section 135) enables the Government of India to carry out such suggestions as the above by a simple notification to the effect that the Governor-General in Council sanctions such and such taxes provided they are levied and assessed in such and such a manner.

30. There is a tax raised in many places in Bengal under the title of the *Chaukidari tax in Bengal*. Chaukidari Tax and imposed upon the Railways, which I have not mentioned above as I was unable to visit the places affected by it. The amount in each place is usually trifling but in a few—as at Mokameh (Rs. 263), Bongong (Rs. 66), Rajbari (Rs. 80), and Khusrupur (Rs. 45)—it reaches a considerable sum.

The object of the tax is to provide local watch-and-ward, and it is raised for that purpose under Bengal Act VI of 1870. As a matter of practice it would seem to be raised to provide for irregular police or village watchmen. It would seem also to be an indefensible tax in the case of Railways which are bound to keep up or to have kept up for them a special body of trained police, and which in addition always provide for their own ordinary watch-and-ward.

Accompaniment to P. W. D. No. 860 R. T., and Mr. Cotton's memorandum attached (Appendix B).

Manager, Eastern Bengal Railway, No. 879, dated 17th November 1890, in accompaniment to P. W. D. No. 860 R. T.

is something ludicrous in the argument put forward by the local bodies in Bengal that "where a police or chaukidari rate is levied the Railway buildings are included within the area of watch-and-ward," especially when the said protection is extended to the Railway police station itself. This chaukidari tax wherever levied on Railways may I think be fairly abolished.

31. It will be useful to show here approximately what effect my proposals, if carried out, would have upon the taxation of the Railways at a few typical places. The following table gives a rough-and-ready estimate of

Probable effect of the recommendations in Bengal

the alteration in the payments that would take place at certain Bengal:—

Name of Station.	Present demand.	
	Rs.	Rs.
Asimganj (Lalbagh)	112	84
Chapra	350	144
Sewan-Saran	479	168
Pates	1,779	330
Monghyr	274	80
Sahibganj	873	195
Gaya	600	240
Bardwan	3,091	1,089
Seraupore	1,005	336
Baidyabati	867	252
Manicktolla	1,832	235
Cossipore	1,859	824
South Barrackpore	926	618
Khulna	1,350	84
Jessore	385	66
Darjeeling	1,217	435
Naihati	1,300	845
Howrah	31,521	10,176

The Railways concerned would however, *per contra*, have to increase their conservancy charges and sometimes largely, as in the case of Baidyabati; but the increase would be settled by the Railways and not by the Municipalities. It must further be borne in mind that the chaukidari payments would disappear, and these amount to Rs. 596 in the case of the East Indian Railway and Rs. 335 in that of the Eastern Bengal Railway. The Darjeeling-Himalayan Railway, the Tarakeswar Railway, and the Deoghur Railway would also each be relieved of Rs. 200 profession tax.

32. I have left for separate consideration the Municipalities of Jamalpur and Calcutta. Jamalpur is a type of Municipality created at a large Railway depot situated in a place of no importance otherwise, and entirely dependent on the Railway for its existence. In Appendix E I show in detail what effects the creation of such a Municipality may have upon Railway property and interest, and the reasons for my conclusion as to how such cases should, as a rule, be treated, which is this: Municipalities should be created at all such places, but so constituted as to give the Railway Authorities a decidedly preponderating influence in their management and affairs.

33. In the case of Calcutta I have given in Appendix A both the cases for the Railway and that for the Municipality as stated to me in detail, and the reasons for my coming to the conclusion that in the Presidency towns,—Calcutta, Bombay, and Madras, with which I would associate Rangoon, and possibly Karachi and other important centres of trade, where Municipal operations are carried out on a large scale,—no differentiation should be made in assessing between Railway and other large properties.

In such places general operations for the public benefit, such as sewage, scavenging, drainage, lighting, water-supply, land reclamation, and even road-making, are carried out by combined efforts and by the raising of loans to acquire the large capital necessary; and it seems to me reasonable that Railways should bear their share of the general burden. The Municipal Corporations of such places would therefore be excepted from the general rules I have above advocated for adoption, regard being had to the general declaration of the Government of India that the land of Railways should not be taxed (see paragraphs 3 and 4). I would, however, restrict any schedule of them that the Government of India may think fit to make entirely to such places as carry out

expended on it. A perusal of the foregoing pages will show how utterly inapplicable such a system of rating would be under the Municipal laws of Bengal and of India generally.

Under the parochial system, firstly, Railways are liable to be rated as being occupiers of land; secondly, the company must be assessed upon an estimate of the net annual value of the hereditaments, i.e., the land on which the Railway is constructed; thirdly, they are not liable to be assessed in respect of their ability derived from stock-in-trade or any other property except land; fourthly, the rate must be upon the parochial and not upon the mileage principle; fifthly, the cost of the Railway work in the particular parish cannot be taken as an estimate on which to found the rate.

Hodges, page 662.

A clear general statement as to the English law will also be found in Redfield's Law of (American) Railways, Volume II, pages 415—419.

Mr. Justice Westrop's decision in the Bombay case above noted shows distinctly that he considered that the Railways in Bombay should be rated on the parochial principle. Thus he says:

"The principle upon which the Railway Company is liable to be rated as occupiers is to take the gross earnings of the portion of the line which is within the city (island) of Bombay and to make therefrom the following deductions: (1) the expenses of working that portion of the line; (2) the repairs of rolling-stock, &c., used on that portion of the line; (3) an allowance for removal of it; (4) an allowance for a compensation fund; (5) interest upon the capital necessary for working that portion of the line; (6) tenant's profit on that capital. A deduction in respect of income-tax has also been claimed on behalf of the Railway Company. I must hold that income-tax is not a proper deduction. If an allowance be made for depreciation of rolling-stock, the fact of such an allowance having been made should be taken into consideration in fixing the rate of tenant's profit. The letter of the 23rd March 1870 appended to the amended special case appears to have erroneously adopted the now exploded mileage principle. The principle to be adopted here is that which in England is known as the parochial principle."

Proceedings 63, page 14.

Mr. Ormiston's award in the case was based entirely on English Law and Practice.

36. That the law is in itself an unsatisfactory one, Sir W. Hodges shows at some length in his work on the Law of Railways, and he also shows that the practical application of it produces certain difficulties arising (a) from the evident unsuitability of the Parochial Assessment Act to the rating of Railway property; (b) from the extreme difficulty of distinguishing the profits of trade made by a company as carriers and by the use of engines and other personal property (in respect of which they are not rateable) from the profitable occupation of the land upon which the Railway is constructed; (c) from the embarrassment introduced by rating branch Railways independently of main or trunk lines when both are under one management, and thus raising the *terra question* as to the rateable value of the former when regarded as a feeder of traffic to the latter.

37. There remains but one more main point upon which I was directed to report, and that is the course which the enquiry into the Railway taxation of the other Indian provinces should take.

The cases of taxation in the North-Western Provinces and Oudh, the Punjab, and the Central Provinces are so few that they can be easily settled by correspondence direct on whatever lines the Government of India may adopt in consequence of this report, as already stated in paragraph 7.

The towns of Bombay, Madras, Rangoon and Karachi I would treat as I have already in paragraph 33 suggested that Calcutta should be treated, bearing in mind the arbitration case quoted in paragraph 35 as to Bombay.

It would appear from Appendix I that the case of Assam is much the same as that of Bengal, and should therefore be treated on the same lines, except that all the taxes actually now paid should apparently be abolished off-hand.

Three Cantonment Committees only tax Railways: Dibrugarh, in Assam, imposes a general tax of Rs. 72 on the Dibru-Sadiya Railway. Agra taxes the

Rajputana-Malwa Railway Rs. 252 for the conservancy arrangements of five Railway quarters in Agra (Chipitola). Mhow taxes the Rajputana-Malwa Railway Rs. 100 for road maintenance.

In these few isolated cases the taxes might either be abolished altogether or an arrangement made with the Municipal authorities. The former would appear to be the proper course in reference to Dibrugarh and Mhow.

At Bangalore there is a "house and lighting-tax," under some local regulations, on the Madras Railway amounting to Rs. 1,852. The tax, if correctly reported, is an isolated one, and is perhaps the "tax on lands and buildings" imposed under Madras Act, IV of 1884, section 17. Whatever the tax is the amount to be paid can be easily settled in accordance with whatever general orders the Government of India may finally issue on the subject.

At Sukkur, in Sindh, there is a tax on certain tugs belonging to a ferry in possession of the North-Western Railway. This is quite an isolated case, although Railway ferries are very common in India. This taxation might well form the subject of a special reference and be settled by correspondence direct.

38. The case of Ajmere is also peculiar. The taxation of the Rajputana-Malwa Railway there is exceedingly heavy and *prima facie* quite unreasonable:

	Rs.
House-tax	6,180
Water-tax	2,726
Total	8,906

The matter could not probably be settled without a visit and a personal inspection of the Municipality. The law governing the case is Act XV of 1873, and the taxes are levied under Chapter IV of that Act. Both the levy and the assessment are carried out under local rules made under the Act in question, and to these I have not had access.

Whatever enquiry is made should, I think, be a strict one, and be conducted on the lines I adopted in Bengal.

39. There remains the taxation imposed in Bombay and Madras Presidencies outside the presidency towns and Karachi. In Bombay the taxes actually raised are a house rate, a water rate, and a conservancy rate. The law under which these taxes are raised are Chapter III, Bombay Act, VI of 1873, and section 32 of Bombay Act, II of 1884. Practically all taxes in the Bombay District Municipalities are raised and assessed under rules made under section 32 (h) of Bombay Act, II of 1884, and to these rules I have not had access.

I am therefore of opinion that a personal visit to selected Municipalities in the Bombay Presidency and Sindh is necessary before the taxation of the Railways there can be correctly understood. It is not likely, however, that it differs so greatly from the taxation in Bengal as to render impracticable an enquiry on the lines of that conducted by myself in the latter province. It may be observed that a "Municipal district" under Bombay Act, II of 1884, sections 5 to 10, partakes greatly of the character of a Municipality in Bengal, so that if the Railway land in the Bombay Presidency is anywhere taxed, the effect on the Railways will be much that described in paragraphs 18 and 19 above. Land taxation of Municipalities in Bombay should therefore be carefully looked into.

40. In Madras there is a profession-tax raised in several places and a land-tax at Negapatam. Both these taxes may, I think, be well abolished at once.

Recommendations as to Madras.

APPENDIX A.

CORPORATION OF CALCUTTA.

TAXATION OF THE EASTERN BENGAL STATE RAILWAY.

I.

Case for the Railway.

For Sealdah Station and grounds the Eastern Bengal State Railway pays Rs. 15,261 as consolidated rate under section 106, Bengal Act (I) of 1888. The consolidated rate is made up of the following rates being calculated on annual value:—General rate 9½ per cent., Water Rate 6 per cent., Lighting Rate 2 per cent., Sewage Rate 2 per cent.: total 19½ per cent. Section 101 (6) of the Calcutta Municipal Act provides that if no part of a property is within 150 feet of a hydrant, the water rate shall be not more than 3 per cent. There are hydrants on the Circular Road near the Railway entrance, and hence the section is held not to apply. The Government is the owner both of the land and the Railway, and so the Railway is taxed under section 107 of the Act as both owner and occupier on behalf of the Government. The same considerations deprive the Railway of any vote in the election of Municipal Councillors under section 26 of the Act.

As regards the Water Rate paid (about Rs. 5,000), the Railway could under section 155 read with section 154 of the Act claim to be supplied for domestic purposes free of further charge with 4,000 gallons annually for every rupee of taxation paid, or $3,000 \times 5,000 = 15,000,000$ gallons, or 19,000 gallons per diem. This amount is far beyond the Railway's requirements both for domestic and non-domestic supply and shows, in the Railway's opinion, that assessment on an annual value, which is a percentage on capital cost, is inapplicable to Railway buildings and land, as the former are necessarily large and unusually costly, and the mere existence of a Railway enhances unduly the value of the surrounding properties, which is the gauge of that of its land.

The Railway receives no domestic supply whatever, though it pays on an annual value of Rs. 64,000, i.e., on about the value of 20 first class houses of an annual value of Rs. 3,000 each, or probably as much as all the properties in Chowringhee from Park Street to the Cathedral. Again it pays full rates, which are double occupier's, i.e., actual user's rates. On the other hand, the Railway property is easily connectable with the Corporation Water Works.

The actual requirements for domestic use were up to 1888, paid for under a section corresponding to the present section 165 of the Calcutta Municipal Act of 1888. The payment was for 20 *masaks* a day or about 250 gallons, and reached Rs. 112-8 per annum. It is now taxed for 40,000 gallons per diem. Notwithstanding the increase in taxation the Railway continues to be supplied in exactly the same way by keeping up a *bheestie* on Rs. 8½ per annum, also provides the amount of water formerly used from the hydrant in Circular Road. The Railway, however, requires more water than it gets now, and would be glad of hydrants for the use of native passengers.

It must, on the other hand, be said that the Municipality would be bound, and I understand is willing, to supply as much water as the Railway wants for domestic purposes direct if the Railway will make and pay for the necessary connections.

For non-domestic supply the Railway has its own works within its own premises, and from them it supplies 16 hydrants in the station and grounds and its own road-watering.

The Lighting Rate provides no lights for the Railway, which spends much money in lighting its own approaches. The surrounding roads are, however, lighted with gas.

The Railway has no connection with the public sewers, so that all the services the Corporation makes for the Sewage Rate is the removal of night-soil under section 313 of the Calcutta Municipal Act. This is done by 3 *mehatras* and a cart employed for a portion of each day at an outside cost of Rs. 480, while the tax is Rs. 1,500. The Railway's own establishment for conservancy is about Rs. 4,500 per annum. No removal of rubbish is required as the Railway burns it all itself.

The Railway, however, appears to use a Municipal storm-drain, and might at any moment if it choose connect with the Municipal sewers.

The assessment is Rs. 64,200 annual value up to 1888, the Suburban Municipality's assessment was Rs. 40,000, and it was raised to the present amount by Calcutta in 1898. The

There is also raised generally a tax on lands and buildings under Madras Act IV of 1884, section 47. The limit of the tax is 7½ per cent. on annual value, and unoccupied lands can be taxed up to 4 annas per every 80 square yards (section 63 of the Act). The assessment is fixed by the Chairman of the Municipality on "the gross annual rent at which a building or land might be reasonably expected to let," with an appeal to the Municipal Council, whose decision is final (sections 65, 97, 101 of the Act). The Chairman of a Madras Municipality would appear to be generally (sections 9, 14, and 15) a Government official, and so the assessments are likely to be reasonably worked. However, only a personal enquiry on the spot could show this.

A Municipality in Madras (section 3-i) is any town, &c., or local area which is declared to be a Municipality; and I understand the practice there is to confine the boundaries of the Municipal area strictly to that of the town. If this be correct, there is not much danger of over-taxation of land.

41. As regards further enquiry, then, I would advise special cases being made of the three presidency towns, Rangoon and Karachi. The cases of Calcutta and Rangoon are discussed in this report. Those of Madras, Bombay, and Karachi will probably necessitate personal enquiry on the spot by an officer deputed for the purpose, who might be instructed to work on the lines of the reports on Calcutta and Rangoon.

All other cases can, I think, be settled by correspondence, excepting those of the Bombay and Madras Presidencies and Ajmere, which will require personal visits by a special officer, who might be instructed to make a report on the lines I have adopted.

RANGOON:

R. C. TEMPLE, Major, B.S.C.,

The 15th November 1891.

Special duty, Government of India, P. W. D.

assessment of annual value is taken at 5 per cent. on capital value, which is put at Rs. 13,00,000, being Rs. 8,00,000 for land and Rs. 5,00,000 for buildings. No reference was made to section 122 of the Calcutta Municipal Act when it became evident that the assessment would prove excessive.

The assessment on the land is at Rs. 250 per cottah per annum, that being probably the annual value of land in the neighbourhood, which gets its chief value owing to the existence of the Railway. The cost of the land is not now traceable by the Railway, as it was taken up originally for a Guaranteed Railway Company and handed over free of cost. This Company's property has now reverted to the Government.

* Not printed.

I attach statements* and correspondence in support of the Railway case put into my hands by the Railway.

II.

Case for the Municipality.

† Not printed.

This case is contained in the correspondence† and statements attached. My remarks on it are as follows:—

As I have said in the body of my Report in cases where such operations as sewage, drainage, lighting, water-supply, etc., are carried on in large and important corporations by combined operations entailing great capital expenditure, Railways should pay their fair share of the general expenditure in the same way as other holders of real property.

In cases such as Calcutta, where both the land and the buildings of a Railway benefit by general capital works undertaken for the improvement of the town, I do not advocate any differentiation in the assessment between Railway and other large properties.

I understand that the argument which would decide the Government of India against adopting the English parochial system of Railway taxation is that, in England, the Railways are the property of private Companies working for their own commercial advantage, whereas in India the great majority of the Railways are either the property of the Government, or in some way aided by the Government, which is ultimately responsible for their liabilities; and in any case the land occupied by them is the property of the Government, and is only in the conditional occupation of the Railways. If, therefore, the parochial system of taxation were to be introduced or admitted as right in principle, the general public, as represented by the Government, would be taxed for the benefit of the Municipalities through which a Railway happened to pass.

It will be seen that the East Indian Railway is taxed for its property in Calcutta, as distinguished from that in Howrah, to the amount of Rs. 10,220-8, and that it raises no objection to this payment apparently on the same grounds as those above stated by myself.

APPENDIX B.

MUNICIPAL TAXATION OF RAILWAY PROPERTY.

By the Honourable H. J. S. Cotton, C.S.

I cannot accept the view generally expressed by the Managers of Railways that the Railway Administrations derive no advantage whatever in return for the taxation imposed on them by Municipalities. The Manager of the Eastern Bengal State Railway begs to be informed by Government of the advantage he derives. This answer is partially supplied by Messrs. Burn & Co. in the schedule* they have furnished for the Deoghur Railway: "Passengers and goods pass through the roads maintained by the Municipality." But the case can fairly be stated much more strongly than this. The largest item of expenditure incurred by Municipalities is on account of the maintenance and repairs of public thoroughfares, and everywhere where there is a Railway Station, the charges under this head are especially heavy in consequence of the wear and tear the roads are put to for the carriage of Railway traffic. No one derives such advantage from the expenditure so incurred as do the Railway Administrations, and it would be a great injustice if they did not pay their full share of Municipal taxes in return for this advantage. Generally speaking also, it may be said that in all departments in which Municipal expenditure is incurred the Railways profit. Where there is a water-rate, water is (or should be) laid on to the Railway station. Where there is a conservancy tax, conservancy arrangements extend, as a general rule, to the Railway premises. Where a police or chowkidari rate is levied, the Railway buildings are included within the area of watch and ward. Where a lighting rate is imposed, the Railway Administration derives at least as much advantage from the lighting of the streets as any other rate-payer in the Municipality. The establishment and maintenance of markets is peculiarly beneficial to Railway interests.

* Not printed.

All rate-payers have a tendency to consider that the advantages they derive from Municipal taxation are incommensurate with the amount of taxation they pay, and Managers of Railways are by no means exempt from this failing. The undertakings derive much more benefit from Municipal Administration than the departmental Railway officers are willing to admit; but whether the benefits are less or more, I cannot allow that their amount should be the ratio of Municipal assessment. To this I shall refer later on; at present I wish to dwell on another point, viz., that in comparison with the taxation levied on Government buildings, the amount of Municipal taxation paid by Railways is slight indeed, while the advantages the Railways receive are out of all proportion to those enjoyed by other departments of Government.

I have before me the statistics of Calcutta submitted in 1887, when I was Chairman of the Corporation. The total rate-receipts of that year were in round figures 26 lakhs of rupees. Of this amount Rs. 1,68,000 were paid by Government on account of the assessment on Government buildings. These large payments attracted the attention of the Finance Commission, and further enquiry was made, with a result that under section 128 of Act II (B. C.) of 1895, the Executive Engineer, First Calcutta Division, was appointed to act on behalf of Government in all matters affecting the assessment to Municipal taxation of Government buildings in Calcutta. The repudiation of the liability to assessment is, nevertheless, not, so far as I am aware, contemplated by Government. Now that the area of Calcutta has been enlarged, the amount of Municipal taxation paid by Government to the Corporation must have much increased.

The question of the liability of Government buildings to assessment in mofussil Municipalities was discussed in 1883 with special reference to jail assessments, which were objected to by the Inspector General. It was urged that, as no servants of the Municipality were allowed to enter jails or reformatories for the purpose of cleansing latrines, and that as special arrangements existed in jails for the disposal of night soil, it appeared to be doubtful whether a latrine tax could be imposed. The Advocate General, to whom the question was referred, gave an opinion that jails were liable under the law to assessment both for the latrine and other taxes, and under this ruling Municipal taxation has always been paid.

I am not in a position to state the amount of Municipal taxation paid by Government in the mofussil, but it must certainly be very large. Municipal taxation is paid without objection on the general principle that it is fair and reasonable that Government should contribute on account of its own property within Municipal limits to Municipal income. This may be a liberal policy, but it is a very necessary one to maintain in the interests of Municipal government.

Railway buildings and premises are to all intents and purposes on the same footing as Government property in this respect. Apart from other reasons, all are taxed on the broad principle that all property lying within Municipal limits must pay its fair quota to the local

MANIKTOLLA.

General Note.—This is a new Municipality, forming up to 1888 a part of the old Suburban Municipality which was not absorbed into that of Calcutta on the abolition of the Suburban Municipality. I went over most of the extensive property of the Eastern Bengal State Railway within its limits with Colonel Boughhey, R.E., the Manager of the Railway, on the 15th December 1890. We were accompanied by the Locomotive Foreman at Narcaidanga, who was, I understood, a member of the Municipal Committee.

Nature of the taxes.—The taxes in the town are according to the information given me the "holding tax" and a "latrine-fee tax." The Railway is assessed to pay Rs. 1,612 for the former and Rs. 220 for the latter.

Method of assessment.—Both buildings and land are assessed to a capital value, and apparently 7½ per cent. on that is taken as the annual value, and 7½ per cent. again on the annual value as the tax. This would not, however, produce a tax of Rs. 1,612, but of Rs. 2,016. If calculated according to the Act on the assessed capital value of the buildings, the tax on them would reach Rs. 555; and if the tax on the assessed annual value of the land be taken at 7½ per cent., as the Municipality apparently took it, the tax on the land would reach Rs. 607: the total tax would thus reach Rs. 1,162. Neither of these figures approximates to the amount actually charged. The fact is, as the attached* correspondence will show, that the whole question of the Railway taxation in this Municipality is in the greatest confusion. One thing only is clear, that the buildings have been taken at a valuation which differs from, and is much less than, that of the Railway, and that the whole land occupied by the Railway, including 2½ miles of permanent-way and a quantity of "jheels," including the engine tanks of the Railway, have been assessed to pay tax. The buildings were thus valued at Rs. 1,16,000 and the land at Rs. 1,09,000.

The assessments do not therefore seem to have been made according to the Act, and whether the result is reasonable or not it is difficult to say.

Return for the taxes.—*Conservancy.*—The Municipality removes night soil and rubbish at a cost of Rs. 300 per annum, of which Rs. 150 is chargeable to the "latrine-fee tax" for removal of night soil. No cleansing of the Railway latrines is done by the Municipality. Disinfectants were sent to the Railway for the first time in aid of latrine cleansing a few days before my visit.

Roads.—The Railway maintains its own extensive roads at a considerable cost. The Municipality has a road crossing the Railway premises at Narcaidanga, but this is not kept up in any way on account of the Railway.

Drains.—The Railway maintains its own extensive drains and does not use the Municipal drains to any appreciable extent.

Lighting.—The Railway does its own lighting, so far as any is done; but the amount is quite trifling.

Water.—The Railway keeps up its own water-works.

The return therefore for the "latrine-fee tax" is fair, but for the "personal tax" it is trifling.

Special points.—The chief point notable about the taxation at Maniktolla is that the permanent-way is avowedly taxed for 2½ miles, as also all the land of the Railway within Municipal limits. Were all the Municipalities on this line to follow this example, then nearly the whole permanent-way up to Kanchrapara, or for 32 miles, would be taxed. The method of arriving at the "reasonable ground rent" is peculiar.

It seems to have been assessed to a capital value in the same manner as the buildings.

It appears that there was a long dispute between the Calcutta Corporation and the Maniktolla Municipality as to what share of the Railway taxes belonged to the latter on its formation. A settlement was arrived at which seems to have given a free hand to the Maniktolla Municipality to assess the Railway as it thought fit. Subsequently serious disputes arose between the Railway and the Municipality as to the assessments, which do not yet

* Not printed.

appear to be settled. The attached* papers will show what these disputes are, and how the Municipality claims to assess the Railway property. It would appear that nothing short of a settlement by any outsider will reconcile the Railway and the Municipality on this point. Such settlement might be made under the orders of the Government either with strict reference to the Bengal Municipal Act or in accordance with such orders as the Government of India may issue under section 135 of Indian Railway Act, 1890.

COSSIPORE-CHITPORE.

General Note.—This is a new Municipality formed out of part of the old Suburban Municipality, when that was abolished in 1888. The property of the Eastern Bengal State Railway is extensive within Municipal limits. I went over part of the Railway property with Colonel Boughhey, R.E., Manager of the Eastern Bengal State Railway, and Mr. Nicholson, Superintendent of Way and Works, Eastern Bengal State Railway, on the 15th December 1890 and examined the maps and papers on several occasions with Colonel Boughhey.

Nature of the taxes.—The taxes in the town are, as far as I could gather, the "holding tax" and a "latrine-fee tax." The former is 7½ per cent. on annual value, but I was not informed on what principle the latter is assessed.

Method of assessment.—I found much confusion here in this matter and a long correspondence and dispute between the Railway and the Municipality. As far as I could judge, the assessment had no reference to the Bengal Municipal Act, and from the letter attached* † Not printed. hereto on the subject from the Chairman of the Municipality it would appear that the proper method of assessment is not understood there. The annual value as assessed has avowedly no reference to the capital value of buildings; but yet the main dispute between the Railway and Municipality appeared to be over the assessed capital value of both the buildings and the land occupied by the Railway. The holding tax actually raised is Rs. 1,591. This would presume a capital value of Rs. 2,75,860 at 7½ per cent. tax on an annual value taken at 7½ per cent. on capital value. But the buildings alone are assessed to a capital value of Rs. 4,08,744 and the land at Rs. 10,20,000 in addition. There is no reconciling such figures as these. The chief point for the present purpose that comes clearly out of the enquiry is that this Municipality claims to tax every inch of the Railway land within its boundaries, though this includes 2½ miles of permanent-way and an extensive station yard.

On the whole it is probable that the Railway is under-assessed according to the Bengal Municipal Act, but what the proper assessment should be could only be found out by an enquiry conducted strictly according to the Act. Many things seem to have been included in the Municipal valuation of the property that the Railway may fairly dispute as to liability to assessment.

Return for the taxes.—*Conservancy.*—The Municipality removes night soil from some of the Railway buildings at an apparent cost of about Rs. 180 per annum. The Railway removes all rubbish.

Roads.—The Railway keeps up its own roads, which are extensive. There are no approach roads kept up by the Municipality, but the Railway boundaries run up to several Municipal through traffic roads.

Drains.—The Railway maintains extensive drains, which run partly into the Hughli river, and partly into the Municipal drains, near the Barrackpore Road. Several of the Municipal drains are neither deep nor large enough for the Railway drainage. A pipe was put under the North Tallah Road to ease the Railway drains by the Railway, as the Municipality would do nothing to help in the matter.

Lighting.—None maintained by the Municipality for the Railway, but the Municipal roads are lighted.

Water.—The Railway supplies itself.

The return for the taxation charged is therefore inappreciable.

Special points.—The remarks made on the Maniktolla Municipality apply generally to this Municipality. I attach papers* showing the Municipal view of the case and more than one set of figures produced by the Railway, which are instructive as showing the confusion in which the matters in dispute between the Railway and the Municipality are, and as showing clearly the Municipality's claim to tax all the land of the Railway, whatever its nature.

* Not printed.

SOUTH DUM-DUM.

General Note.—*Eastern Bengal State Railway.*—This Municipality has two stations of the Eastern Bengal State Railway within its limits, Canal Junction and Dum-Dum Junction. The former is entirely for goods traffic.

Nature of the taxes.—The tax in the town is the "personal tax." There is also a "latrine-fee tax" in some wards, but not where the Eastern Bengal State Railway stations are situated.

Method of assessment.—The assessment seems to be reasonably and properly conducted. The "reasonable ground rent" is charged on the lands occupied by the Railway buildings only.

† Not printed.

Special points.—I attach correspondence † and statement † in support of the above notes.

General Note.—*Central Bengal Railway.*—The taxes are paid by the Eastern Bengal State Railway for reasons to be found under the notes on Khulna Municipality. The Dum-Dum Cantonment station lies within this Municipality.

Nature of the taxes.—The tax in the town is the "personal tax." There is also a "latrine-fee tax" charged in the wards in which the cantonment lies.

Method of assessment.—The assessment has here been made not according to the Bengal Municipal Act, the annual value being assessed with reference to the Railway Company. There is therefore without local enquiry, which I had not time to make, no means of ascertaining whether the assessment is right or not. The total charge under the head of "personal tax" is Rs. 295.

* Not printed.

Special points.—I attach statement * in support of the above notes.

Return for taxes on both Railways.—The total tax on the Eastern Bengal State Railway is Rs. 144 for the two stations: Rs. 60 for the Canal Junction and Rs. 84 for the Dum-Dum Junction. For the former there is no return: for the latter there is probably a full return in the matter of road repairs to the approaches. As to the Central Bengal Railway, it is not likely to get much return for the Rs. 295 "personal tax," but for the latrine fees paid, Rs. 39, no doubt a full return is made.

Special general points.—This Municipality sets a good example to Cossipore-Chitpore and Maniktolla in the matter of taxing the Railway lands. I have given my reasons in the general report for thinking that the "personal tax" on the Central Bengal Railway should be limited to Rs. 84.

BARANAGORE.

General Note.—This Municipality has a station at Belgharia on the Eastern Bengal State Railway. This Municipality is one of those in the line from Sealdah to Kanchrapara, and were it to tax the permanent-way—Maniktolla and Cossipore-Chitpore—its charges would be much higher than they are.

Nature of the taxes.—The tax in the town is the "personal tax."

Method of assessment.—The attached correspondence † shows that the assessments are properly conducted, reasonable, and fair.

† Not printed.

Return for the taxes.—This is a small station, but as the assessment is low and approach roads of sorts are maintained, the Railway probably gets a full return for the payments made.

SOUTH BARRACKPORE.

General Note.—There are four stations of the Eastern Bengal State Railway in this Municipality, Sodepore, Khurdah, Tittaghar, and Barrackpore. I frequently visited the latter station during November and December 1890.

Nature of the taxes.—The tax in the town is the "personal tax."

Method of assessment.—The assessment is reasonably and properly conducted. No "ground rent" is charged the Railway. The only dispute between the Railway and Municipality is concerning the inclusion of the platforms in the Railway "buildings." It is not a matter of much importance here, and, though I think wrong in principle, the charge for them would here be clearly easily balanced by the "reasonable ground rent" if charged.

Return for taxation.—The total tax on the four stations is Rs. 926; and though probably there is no return made by the Municipality for the tax, except in the matter of roads, the approach roads at each of the stations must be considerably used, and must cost the Municipality money to keep in repair.

Special points.—I attach correspondence ‡ showing how the assessments were arrived at.

‡ Not printed.

It is to be observed that here the land is not taxed at all, although the Railway runs for some miles through Municipal limits. This is an argument against the claims of Cossipore-Chitpore and Maniktolla.

NORTH BARRACKPORE.

General Note.—There are three small stations in this Municipality belonging to the Eastern Bengal State Railway, Nawpara, Ichhapur, and Nawabganj.

Nature of the taxes.—The tax in the town is the "personal tax."

Method of assessment.—The assessments have been made properly, in a spirit of fairness, and with an evident desire to meet the views of the Railway on the subject. It is to be noted in the correspondence § attached

§ Not printed.

that the Municipality did not propose to tax the land, and only did so on the Railway's own statement of the ground rent it thought to be due.

Return for the taxes.—Probably nothing except in the matter of approach roads; and as the total tax for the three stations only reaches Rs. 116 per annum, a full return is probably made for the taxes imposed.

Special points.—This is another Municipality with a considerable run along the line of the Eastern Bengal State Railway. Its action shows that there is little real need for that taken by the Cossipore-Chitpore and Maniktolla Municipalities in the matter of taxing the Railway lands. I attach correspondence* and statements which will show how the assessments were arrived at.

* Not printed.

NAIHATI.

General Note.—This is a long straggling Municipality, about two miles wide and 11 miles long parts of which, such as Kanchrapara, bear no resemblance to a town at all. There are four Railway stations within its limits, Shamnagar, Kankinara, Naihati and Kanchrapara. At Naihati there is also some East Indian Railway property, at present unoccupied, but taxed Rs. 72 per annum. The other four stations are on the Eastern Bengal State Railway. This Railway's property at Kanchrapara is extensive as its principal workshops adjoin the station. Indeed, it is owing to the presence of these workshops that the Bijpur ward in which they are situated could become under the Bengal Municipal Act part of the Naihati Municipality at all. I met at Kanchrapara on 3rd January 1891 the Locomotive Superintendent, Eastern Bengal State Railway, and Babu Krishna Chandra Ghatak, an employé of the Railway and Municipal Commissioner. The latter was good enough to answer my questions in detail on paper.

Nature of the taxes.—The taxes on the town are the "personal tax" and a "latrine-fee tax" in some of the wards at 5 per cent. on annual value. It is levied in the ward in which the Naihati and Kankinara stations are situated. There is no tax on the land in the Municipality.

Method of Assessment.—The Commissioner valued the Railway property without reference to the Railway's valuation then they assessed the annual value at 5 per cent. on the capital cost or at 20 years' purchase, and imposed a tax of 7½ per cent. on the annual value. The value they placed on the property was as follows:—

	Ra.
Naihati station	60,000
Shamnagar station	36,000
Kankinara station	21,400
Kanchrapara station	1,03,600
Total	3,11,000

I did not ascertain the capital value of the three former stations, but that of the last is Rs. 5,40,000. Now, had the Commissioners here assessed the annual value of the Railway property at the rate they were entitled to assess it as every other Municipality I came across has done, the annual value of the Kanchrapara property would have been assessed at Rs. 15,500 where it has been assessed at Rs. 9,650. So in any view the assessment is very low.

Return for the taxes—Conservancy.—The railway removes the night soil and rubbish of the Naihati and Kankinara stations at a cost of about what it raises as latrine-fee tax, and apparently satisfactorily. *Per contra*, at Kanchrapara the conservancy of the railway premises, which includes that of the neighbouring Municipal village, costs as much as Rs. 1,260 per annum, or almost as much as its total taxes. This the Railway does for itself, it being out of the question for Municipality to do it.

Roads.—Approach roads are maintained at Shamnagar and Naihati stations, and a long Municipal road, called the Ghorpara Road runs along the entire length of the line within Municipal limits, and it is to be noted that the length is 11 miles. There is feeder road from Kanchrapara Ghat to the station about 2 miles in length, but it can hardly be said to be "maintained." At Kanchrapara there are extensive roads maintained by the Railway at its own expense.

Lighting.—No lighting is maintained in the town so far as I know.

Drain.—At Kanchrapara the extensive Railway drains run into its side cuttings, and no Municipal drains are used.

Water.—There is no water-supply in the town. The return for the latrine fees seems to be a full one: that for the general tax is really trifling.

Special points.—This is a noteworthy case in several ways. The Municipal Commissioners have, in the first place, clearly endeavoured to treat the Railway fairly, which I did not find to be unusual among the smaller Municipalities in the neighbourhood of Calcutta. In the next place, their action shows that it is possible in Bengal to fix a larger purchase rate than the usual 13½ years' purchase on the property. In the third place, the condition of affairs at

Kanchrapara is a striking instance of the existence of a railway population, making it possible to turn what is to all intents and purposes a rural tract into a Municipality under the Bengal Municipal Act. The result is, of course, that the greatest holder of property in a ward is placed at the mercy of persons in the matter of taxation, whose interest in it is comparatively insignificant. Then, again, low though the rates of taxation imposed on it are, the Railway has here to pay many times more than any other holder of property in the matter of taxes, and its wants are so large in a Municipal sense that the general poverty of the Municipality could not possibly enable it to satisfy them. It has therefore to do so itself, and the taxation imposed on it thus becomes a burden for which it gets a trifling return.

I attach Babu Krishna Chandra Ghatak's memorandum for information hereto.

Dated 29th December 1890.

From—BABU KRISHNA CHANDRA GHATAK, Municipal Commissioner,

To—CAPTAIN R. C. TEMPLE, 10, Victoria Terrace, Calcutta.

Agreeably to the instructions left with me during your visit to this place, I have the honour to submit the following information at your disposal:—

I.—The Railway pays two taxes to the Naihati Municipality as under:—

	Ra.
(a) House tax under section 85 of Act III (B. C.) of 1894	1,170
(b) Latrine tax under section 86 (f) of Act III (B. C.) of 1894 for Naihati and Kankinara stations only	190
Total	1,360

The tax is levied at 7½ per cent. on annual value; annual value is equal to estimated cost divided by 20.

Details are given below from which it would appear that the annual value is much underestimated and is based upon no reliable data:—

	Ra.
(1) Naihati station premises—Estimated value is Rs. 60,000, $\frac{60,000}{20} = 3,000$ at 7½ per cent.	225
(2) Shamnagar station—Estimated value is Rs. 36,000, $\frac{36,000}{20} = 1,800$, at 7½ per cent.	135
(3) Kankinara station—Estimated value is Rs. 22,400, $\frac{22,400}{20} = 1,120$, at 7½ per cent.	84
(4) Buildings at Kanchrapara—Estimated value is Rs. 1,03,000, $\frac{1,03,000}{20} = 5,150$, at 7½ per cent.	720
Total House tax	1,170
Latrine tax is levied on Naihati and Kankinara at 5 per cent.	190
Total tax	1,360

II.—No ground rent is charged by the Naihati Municipality on the Railway premises.

III.—There are approach roads to the Shamnagar and Naihati stations, and they are in order. The length of the approach road from the river to the Shamnagar station is about a quarter of a mile, and that from the river to the Naihati station is about half a mile. Besides there is long road called the Ghoseparra road, about 11 miles in length, which passes through all the Railway stations in the Naihati Municipality.

IV.—The removal of filth from the Railway latrines and of refuse from the Naihati and Kankinara stations are done by the Municipality. The removal costs the Municipality about the amount realised by latrine tax. I saw the station-Master, Naihati (Mr. Little), and asked him if he had any complaints on this point. He expressed satisfaction at the arrangements made by the Municipality.

It is only at Bijpur (Kanchrapara) that the Municipality is not seen. It would be well if Government can be moved to constitute Bijpur, i.e., the village in which the Railway premises are situated, into a separate ward or unit for collection, expenditure, and election, excluding Babirbag, Mullickbag, Dangapura, and other small villages attached to it.

KHULNA.

General Note.—Khulna is the principal Railway station on the Bengal Central Railway and is one of its termini. The Bengal Central Railway Company is a private line worked on behalf of the share-holders by the Eastern Bengal State Railway, which is a Government Railway. The contract between the Railways is that the Eastern Bengal State Railway should take a percentage of the gross earnings and pay all expenses excepting maintenance charges. In this way the expenses of the Traffic and Locomotive Departments are of no consequence to the Bengal Central Railway Company's share-holders, as they fall entirely on

the Government. This fact seems to have had an effect on the continuance of the exorbitant taxation I found at Khulna, as the share-holders of the private Company ostensibly paying them had no interest in bringing them to public notice. I met at Khulna on 18th January 1891, Mr. Staples, Agent and Chief Engineer of the Bengal Central Railway, Mr. De, C.S., District Magistrate, and Dr. K. D. Ghose, Chairman of the Municipality.

Nature of the taxes.—The taxes in the town are the "personal tax" and a "latrine-fee tax" under section 325, Bengal Municipal Act.

Method of assessment.—The Railway property is taxed as being Government property under section 89, Bengal Municipal Act. The buildings are valued by the Municipality and assessed accordingly. The valuation is made independently of the Railway Company's valuation, but it approximates to the latter: the Municipal valuation being Rs. 1,77,110 as against Rs. 1,74,150, which is the Company's valuation. The land held by the Railway is 438 bighas. At the Municipal valuation the tax on the buildings would be Rs. 625 according to the "Municipal Act," so that, as the actual assessment is Rs. 1,100, the balance Rs. 475 must be the reasonable rent of the land.

I could not ascertain the method by which the "latrine fees" were assessed at Rs. 250, as the Municipality when asked to substantiate the charge referred me to a letter from the Railway agreeing to pay it.

The method of assessment seems to me to have a radical defect in it because the Railway Company, being a private Company, is a "person," and liable only to the "personal tax," limited to Rs. 84 by the Act for its gross holding. Khulna is a small town of 6,185 population, dwelling in a number of almost valueless huts, and the land in the neighbourhood cannot have much value. So the result of the assessments on the Railway has been the greatest over-taxation I came across in Bengal. The Railway pays Rs. 1,350 as Municipal taxes out of Rs. 4,453, the total income from taxation in the Municipality, or 32.95 per cent.

Return for the taxes.—*Conservancy.*—The Railway removes and disposes of its own rubbish at a cost of Rs. 1,008 per annum. The Municipality maintains two sweepers for the removal of night soil at a cost of Rs. 168 per annum. For this service it raises taxes amounting to Rs. 250 per annum.

Roads.—A district road, the Jessore road, runs past the west of the Railway station. The bazar road runs into the yard at the east, but has no wheeled traffic on it to speak of. It was in a bad condition when I saw it, and the Railway people said it had not been changed for 14 years. The Municipality said it had been repaired in 1888, and altered from a path-way 5 feet wide to its present dimensions.

Drains.—The Railway maintains its own drains, which mostly run direct into the river. It uses two Municipal drains, but complains that they are not deep enough to properly drain the surrounding properties.

Lighting.—None is maintained in the town. The Railway maintains its own.

Water.—No water-works in the town, but there is a new tank near the Railway station which was built at a cost of Rs. 4,000, of which Rs. 2,000 was supplied by Mr. Clay, late Collector, and the rest by the Municipality.

I attach a letter* and statement* from the Chairman of the Municipality which puts forward the best case that the Municipality can bring in support of its taxation of the Railway.

* Not printed.

On the whole the return that the Railway receives for the general taxation it pays is inappreciable, and that for its scavenging taxation inadequate.

Special points.—Even granting that the method of assessment is the correct one, Khulna is a striking instance of the inapplicability of section 89 of the Bengal Municipal Act to Railway property. Here we find solid and costly buildings assessed at an annual rental which is equal to 7½ per cent. of their capital value, and thus placed on a par with huts made mostly of bamboo matting and thatch.

JESSORE.

General Notes.—This is a small Railway station on the Bengal Central Railway. I visited it with Mr. Staples, Agent and Chief Engineer, on 8th January 1891.

Nature of the taxes.—The tax in the town is the "holding tax" at 7½ per cent. on annual value. The land is not taxed.

Method of assessment.—The tax on the Railway is Rs. 385, which assumes a capital value of Rs. 71,650. The land occupied by the Railway is of trifling extent, being only 5 bighas. The real value of the Railway property is Rs. 25,000. The tax is therefore nearly three times as it ought to be.

Return for the taxes.—I did not go into this in detail, as for so small a Railway station the charges of the Municipality could not be other than small.

Special points.—The assessment seems to be much heavier than it ought to be, and the return made for the taxes levied to be inappreciable.

I attach two statements† received from the Railway regarding its property at Jessore.

† Not printed.

NORTH DUM-DUM.

General Note.—The Birati Railway station of the Bengal Central Railway is in this Municipality.

Nature of the taxes.—The tax in the town is the "personal tax."

Method of assessment.—The assessment has been reasonably and fairly made.

Return for the taxes.—As the amount paid is very small—only Rs. 24—it is probable that the Municipality gives a full return in the shape of road repairs in the neighbourhood.

*Not printed.

Special points.—I attach correspondence* which shows the accuracy of the above remarks.

DARJEELING.

General Note.—I met here Mr. Carey, Manager of the Darjeeling-Himalayan Railway, and Captain Power, Vice-Chairman of the Municipality, on 12th January 1891. In the abstract of replies to Public Works Department No. 298 R. T., dated 25th June 1890, I find on page 31 that taxes are returned as payable at Darjeeling, Ghoom, and Kurseong to reach Rs. 1,175. As a matter of fact, I found that the Company pays to Darjeeling Municipality Rs. 876 for Darjeeling station and Rs. 331 for Ghoom station, and to Kurseong Municipality Rs. 296 for the station there, or altogether Rs. 1,513.

Nature of the taxes.—At Darjeeling the taxes in the town are the "holding tax" at 7½ per cent., water tax at 2½ per cent., and latrine-fee tax at 2 per cent., all on annual value.

Method of assessment.—The assessments of the Railway property are made without any reference to the Bengal Municipal Act. The buildings are valued apparently by guess work, and the land is not taken into consideration. The actual value of the buildings at Darjeeling station is Rs. 22,000, and the "holding tax" on them should be according to the Municipal Act, Rs. 119, but it is Rs. 421. The Railway holds something under 2 acres of land, and the annual value of the land in its neighbourhood is put at Rs. 12 per pole—Rs. 480 per acre per annum. So that the "reasonable ground rent" of the Railway land is about Rs. 900. The total "holding tax" should be Rs. 159. The gross total of the assessed taxes at 12 per cent. is Rs. 740, but it should be Rs. 316. So that the Railway pays more than double what it should at Darjeeling station. The method of assessment has also produced the following ludicrous results. Thus the station is assessed at an annual value of Rs. 3,000, which gives a capital value of Rs. 22,500, whereas its real capital value is Rs. 15,000. The engine-shed is assessed at an annual value of Rs. 1,000, whereas its capital cost is only Rs. 1,000. The goods-shed is assessed at an annual value of Rs. 2,000, which gives a capital value of Rs. 15,000, but its actual cost was Rs. 6,000.

I was much astonished at the unintelligent manner in which the Darjeeling assessments are made considering the *personnel* of the Municipal Committee, but from what passed at my enquiries I should say that the Railway Company is not the only "person" who is thus subjected to these haphazard assessments.

Return for the taxes.—Conservancy.—The Municipality removes the rubbish, cleans the latrines, and keeps up a public latrine near the station.

Roads.—No approach roads are made or kept up by the Municipality.

Drains.—None are required owing to the natural drainage down the mountain sides.

Lighting.—None required. The Municipality lights the town.

Water.—The Railway pays Rs. 161 for domestic supply, and Rs. 146 for non-domestic supply. But in the town no difference is made between domestic and non-domestic supply if the water-tax is paid all the year round. The only "persons" charged for non-domestic supply are the Railway and the "vegetable gardens" (*quasi-public gardens*.) This is a point worth noting. The Railway is supplied with one tap and the coolies of the station can use one public hydrant. The non-domestic supply is for the engines, though private gardens are supplied as "domestic."

The Darjeeling Municipality probably therefore gives a fair return for the taxes paid, though it should probably throw in the water-supply to the engines as "domestic" supply as long as it allows the owners of gardens to treat their garden water as "domestic."

Special points.—The Railway pays Rs. 260 as "trade license" in Calcutta. Agency and Registered Office is at Calcutta. Gillanders, Arbuthnot & Co. are the agents for a fixed payment of Rs. 500 per mensem. The only business transacted in Calcutta is connected with Company meetings and transfer of shares. The practical business of the Railway commences at Siliguri. I attach statements† showing the assessments at

† Not printed.

Darjeeling, Ghoom, and Kurseong and the Manager's statements† as to the taxation in Calcutta.

SOUTH SUBURBAN.

General Notes.—The Dhakuria Railway station of the Southern Section of the Bengal State Railway lies within this Municipality.

Nature of the taxes.—The tax in the town is the "holding tax."

Method of assessment.—A very small tax of Rs. 5-6-0 per annum is levied on the station. The amount attracted my attention, but my enquiries failed to elicit any definite information as to how it came to be assessed.

*Not printed.

Special points.—I attach correspondence* in support of the above statements.

RAJPORE.

General Notes.—The Changripata Railway station of the Southern Section of the Bengal State Railway lies within this Municipality.

Nature of taxes.—The tax in the town is the "personal tax."

Method of assessment.—The Bengal Municipal Act is clearly not understood in this Municipality, and the Railway is assessed precisely as a private person. The assessment is very small, only Rs. 21, and is apparently too low.

Return for the taxes.—The Municipality has apparently given quite a full return for the taxation in its expenditure on the feeder road.

Special points.—The Municipal Commissioners have evidently tried to meet the Railway authorities half way in the matter of taxation and have in a blundering way done their best to treat the Railway fairly. I attach correspondence † in support of the above statement.

† Not printed.

APPENDIX D.

DETAILED NOTES ON TOUR.

East Indian Connected Railways.

HOWRAH.

General Note.—The station here is the terminus of the East Indian Railway. It is a very large and valuable property, the buildings being valued at nearly Rs. 34,00,000, and the area occupied about 230 acres. The actual station yard runs about one mile along the permanent-way, and includes extensive lands near the Howrah Salt Golahs. The Railway property within Municipal limits runs further to bridge No. 6, which is at 2½ miles. The yard contains about 59 miles of rails.

I went over the yard on 3rd January 1891 with Mr. Boylan, Assistant Engineer, East Indian Railway, and afterwards met Mr. Fiddian, C. S., Magistrate of Howrah and President of the Municipality, and several members of the Municipal Committee on 6th January 1891.

Nature of taxes.—There is in the town the "holding tax" at 7½ per cent., a lighting tax at 3½ per cent., and a latrine-fee tax at 1½ per cent., all on the annual value of holdings.

Method of assessment.—This has been conducted according to the Bengal Municipal Act. The Railway Company's statement as to the capital cost of the buildings and the area occupied was accepted, and the assessment made accordingly 7½ per cent. on the first lakh of buildings and 1½ on the remaining Rs. 32,67,000. The area occupied is 691 bighas, and on the whole of this, excluding 70 bighas for "roads," a "reasonable ground rent" has been charged. As to the assessment of the property there seems to be no room for doubt, but on the question of "reasonable ground rent" the Municipality seems to have gone far astray. One result has been not only that the whole of the very extensive yard has been heavily taxed, but also that the land on either side the permanent-way has been taxed for 1½ miles beyond the yard. Another result has been that although the Railway buildings are valued at the very high figure of about Rs. 34,00,000, the "reasonable ground rent" is nearly three times as great as the tax on the buildings, the respective figures being ground rent, Rs. 15,059; tax on building Rs. 5,185; total holding tax, Rs. 20,244. The method pursued by the Municipal Committee for ascertaining the "reasonable ground rent" seems to have been to divide the station yard into belts and to place on each belt a tax based on enquiries as to the rates paid in its neighbourhood on either side the yard. An average rate for each belt was thus struck, and it was assessed accordingly. Assuming that this is a reasonable way of setting to work, the actual practice was not so. Very small holdings in the neighbourhood were selected, and not many of these, and their value per cottah ascertained and on the strength of these isolated cases the very extensive and contiguous Railway premises were assessed. There is nothing to show that the neighbouring holdings were selected as being average specimens of ground rents. Indeed the exceedingly high rents paid by several of those selected for enquiry (Rs. 6, Rs. 7, Rs. 8 per cottah per mensem = Rs. 4,320, Rs. 5,040, Rs. 5,760 per acre per annum) shows that it is impossible that they could have been average rates. No private person or enterprise could pay such rents on large areas in Howrah. In one case quoted to me which I was able to verify, viz., a cottah of land held by the Port Commissioners and rented by them at Rs. 8 per cottah per mensem just opposite the Railway entrance, was a narrow strip of land running along the main road leading to Howrah Bridge. It was clearly a case where the tenants, shopkeepers, were willing to pay exceptional rents for places of business along a crowded thoroughfare. Now I found that various belts of the Railway yard were originally assessed at rates varying from Rs. 5 per cottah per mensem to 1 annas per cottah per mensem. Large areas were assessed at the higher rates. Thus 13,820 cottahs were assessed altogether, and of these 550 were assessed at Rs. 5; 4,218 at Rs. 3-12; 2,175 at Rs. 2; 1,945 at Rs. 1-8. Thus 8,568 cottahs or nearly three-fourths of this large area were assessed at the higher rates. On remonstrances from the Railway the above rates were reduced first to Rs. 4, Rs. 3, Rs. 2 and Rs. 1-8 respectively, and finally by one-fourth of the reduced rate. The Railway would have had to pay Rs. 26,015 under the first assessment, Rs. 22,673 under the second assessment, and does now pay Rs. 15,059 under the third. To show how heavy the assessment originally was, it averaged Rs. 2-1-6 per cottah per mensem or Rs. 1,497 per acre per annum; it then averaged Rs. 1-13-2 per cottah per mensem or Rs. 1,312 per acre per annum; it now averages Rs. 1-1-4 per cottah per mensem or Rs. 768 per acre per annum.

From statements * made to me, and some of which I file* with this note, it appears that the Municipality is under the impression that it has made great concessions to the Railway. It thinks it should assess

* Not printed.

the extensive Railway area at the absurd rate of Rs. 4-8 per cottah per mensem (= Rs. 3,210 per acre per annum) which gives a tax of Rs. 59,050-8 as a "reasonable ground rent." If this be admitted, the ground rent would be over 11 times the tax on the buildings, although these latter are valued at nearly Rs. 34,00,000. It seems difficult to have patience with such a contention as this.

There is further a statement that the Railway has agreed to pay the sum now demanded which thus assumes the nature of a contract. I cannot find this to be the case. There being no appeal from the Municipal Committee's assessments to any higher authority, all the

* Not printed. The Railway could do was to come to the best terms it could extract from the Municipality when the latter body showed unreasonableness. The correspondence* attached fully shows this.

On the whole Howrah seems to be an instance in which a Municipal Committee has made an improper use of its powers of taxation, and its action shows how dangerous a power has been placed in the hands of the Bengal Municipalities by section 114 of the Municipal Act. It is difficult to say that the Howrah Municipality has acted reasonably towards the Railway and there is reason to suspect that it has not even been fair.

The Howrah Mills with lands more favourably situated than the Railway were assessed as far as I could make out from 4 annas to 12 annas per cottah per mensem, and further, so far as I could understand, the lands of several other factories and mills were not taken into account at all in assessing their holdings.

Return for the taxes.—Conservancy.—The Railway removes and disposes of most of its own rubbish and the Municipality removes the contents of two dust bins and from private houses. It also removes all the night soil and sullage.

Roads.—The Railway maintains all the approaches as they are within Municipal boundaries. A certain amount of extra traffic probably goes on to the surrounding roads of the Municipality, but assuming that the bulk of the Railway traffic goes direct to Calcutta, the passage of Railway goods over the Howrah roads cannot be very great as the entrance of the Railway yard is close by that of the Howrah Bridge.

Drains.—Two Municipal main drains are used by the Railway, the sewers on King's Road, and the drain (apparently unimportant) on the Chandmari Road. All the other drainage of the Railway yard and premises is arranged for by the Railway.

Lighting.—The Railway arranges for its own extensive lighting.

Water.—The Railway makes all the arrangements for its water-supply.

The actual return therefore for the "holding" and lighting taxes is inappreciable, considering their amount, and as far as I could ascertain that for the latrine-fee tax is quite inadequate to the demand. In the latter case, however, the Municipality seems to have entered into a general scheme of night-soil conservancy at a considerable cost, and it states that on the whole the income in 1888-89 was Rs. 57,000 and the expenditure Rs. 65,000. This of course, is no proof that the Railway is properly taxed, though it may come under the principle advocated in the general note that where a general combined scheme for drainage, water, lighting, &c., has been entered into by a Municipality, the Railway should bear its share of the combined expenditure. The Municipality in this case was unable to tell what the expenditure on the Railway conservancy was. On the other, the Railway shows that when it performed its own conservancy (and in its opinion the work was better done than now), the cost was Rs. 2,306 per annum as against Rs. 5,021 paid now.

Special points.—Several papers throwing light on the above remarks will be found in Public Works Proceedings, 1890, R. T., August, Nos. 78 to 87; and 1890, R. T., July, Nos. 49 to 63; and in Appendix A to Abstract of Replies, P. W. No. 298 R. T., dated 25th June 1890. I attach several more papers† and a map‡ to this note. I asked

† Not printed. Mr. Boylan, Assistant Engineer, East Indian Railway, to answer a series of questions, which would have made the results of my enquiries clearer than they are. If he did answer them his papers must have been mislaid. No such papers are on the files.

I think it is clear that at Howrah the Railway has been grossly over-taxed, not only by a misuse of a principle and of the Bengal Municipal Act, but with reference to the taxation imposed on similar properties in the neighbourhood. I think it is also clear that Howrah affords an example in support of the contention that Municipalities should not be empowered to force their system of conservancy on a Railway against the wishes of the administration.

SERAMPORE.

General Note.—I visited this Municipality with Mr. Boylan, Assistant Engineer, East Indian Railway, Howrah, on 3rd January 1891. The Municipal Commissioners failed to meet me according to appointment, so the information at my disposal is exceptionally meagre.

Nature of taxes.—The tax in the town is the "holding tax" at 7½ per cent. on annual value. Also a latrine-fee tax, but I was not informed as to the rate of assessment. It appears to be at 1½ per cent. on the annual value.

Method of assessment.—The Railway authorities seem to be satisfied with the assessment generally, except that a building valued at Rs. 10,000 and now demolished is still assessed. The Railway pays Rs. 805 holding tax and Rs. 200 for latrine fees.

Return for the taxes.—Conservancy.—The Municipality removes the night-soil, employing one sweeper on about Rs. 80 for the purpose, and the Railway its own rubbish.

Roads.—The Grand Trunk Road runs through the station: an old Municipal road meets it at the Railway station, and a new one runs along the station for a mile or so. Station traffic seems to be small.

Drains.—One Railway drain communicates with a Municipal drain; the remainder run into the Railway tanks and side-cuttings.

Lighting.—There are a few oil lamps kept up in the town.

Water.—The Railway supplies its own.

The return for the latrine-fee tax is therefore quite inadequate and that for the holding tax very small.

BAIDYABATI.

General Note.—I met here on 3rd January 1891 Mr. Boylan, Assistant Engineer, East Indian Railway, and Shamparshad Mukerji, Vice-Chairman of the Municipality. There are two stations in this Municipality, Baidyabati, and Sheoraphuli. This last is a junction between the East Indian and Tarakeswar Railways and is much used at times by pilgrims to the Tarakeswar shrine. The Baidyabati station belongs to the East Indian Railway, but that of Sheoraphuli is partly the property of the East Indian Railway and partly of the Tarakeswar Railway. The East Indian Railway manages the Tarakeswar Railway's line.

Nature of taxes.—The tax in the town is the "personal tax." There is a latrine-fee tax, but levied on a principle I could not ascertain, probably at a fixed rate per privy or seat.

Method of assessment.—I found the taxation of the Railway in a state of confusion. The tax in the town being the "personal tax," and the Municipality looking on the Railways as Government property proceeded to tax them under section 89 of the Bengal Municipal Act, but being unaccustomed to the assessments under the holding tax set about their work in an unintelligent manner. They apparently treated each building as a holding under the "personal tax" and assessed accordingly. The Vice-Chairman said that they used to go over the Railway property building by building and assess each as if it were occupied by a private person whose income would be assumed from his dwellings.

In this way they received detailed assessments which had no reference to the capital value of the railway buildings. The gross total of the details made up their demand from the railway. As a matter of fact the assessments were mere guess work.

On 19th June 1889 on the above method the Municipality demanded Rs. 1,240 for Sheoraphuli station, but the Railway objected, and the assessment was reduced to Rs. 645 on 24th September 1890. Meanwhile the Railway stood out for an assessment of Rs. 276 based on the capital cost of the buildings. The Commissioners never seem to have given any reasons for the higher or the lower assessments. Both parties eventually seem to have become confused as to what was to be paid, and the Railway seems to have paid for three quarters of 1889-90 Rs. 205 per quarter or at the rate of Rs. 820 per annum, which was less by a good deal than the original demand, but more than the subsequent one. The Municipality accepted these payments.

According to the Municipal Commissioners' assessment the annual value of the Railway property at Sheoraphuli would be Rs. 8,707, and the capital value Rs. 1,17,544, whereas the Railway states the capital value to have been Rs. 44,000 only, of which Rs. 28,000 belongs to the East Indian Railway and Rs. 16,000 to the Tarakeswar Railway.

At Baidyabati station the state of affairs is much the same. According to the Commissioners' assessment of Rs. 144 per annum, which was paid by the Railway up to January 1890, the annual value of the buildings is Rs. 1,944 and the capital value Rs. 26,146. But the Railway puts the capital value at Rs. 14,000 and claims to pay only Rs. 79.

The assessment here has therefore been far too high and made without reference to the Act authorizing it.

Return for the taxes.—Conservancy.—At Sheoraphuli a cart for the removal of night-soil is supplied by the Municipality. It also removes the rubbish, and employs three sweepers for a large latrine of 28 seats. At Baidyabati the Municipality removes night-soil and rubbish and employs a sweeper for a latrine of four seats.

Roads.—Three through Municipal roads run through the Sheoraphuli station and at Baidyabati the Grand Trunk Road runs through the station. The Railway traffic over them is trifling.

Drains.—The railway runs all its own drainage into its own tanks.

Lighting.—The Railway supplies its own lighting.

Water.—The Railway supplies its own water.

The return for the general taxation paid by the Railway is inappreciable, but that for the latrine fees paid is probably a full return.

Special points.—As both the East Indian Railway and the Tarakeshwar Railway are private companies, and as the town tax is the "personal tax," I have shown in the general report that they should not pay more than Rs. 84 for each of their three holdings, or Rs. 252 in all. But whether this is the right view or not, in any case, the assessments have been unintelligently worked, with the result that the Railway property has been grossly over-assessed. So much so as to amount to an abuse of the powers entrusted to the Municipality.

RANIGUNJ.

General Note.—I met here on 17th January 1891 Mr. Drysdale, Engineer, East Indian Railway, and two members of the Municipal Committee.

Nature of taxes.—The tax in the town is the "holding tax" at 7½ per cent. on annual value, and a latrine-fee tax at 1½ per cent. on annual value.

Method of assessment.—There is an Assessment Committee which assesses the annual value of buildings without reference to the capital cost. Land covered by buildings is assessed with the buildings. Uncovered land is also assessed on income supposed to be derived from it. The Commissioners claim to assess all the land occupied by the Railway (181 bighas) on this principle, but have not as yet done so. The tax levied on all annual values is 7½ per cent. The Railway buildings were assessed in the same way as other buildings in the town. The "holding tax" on the Railway is Rs. 1,284. This assumes an annual value of Rs. 17,334, and a capital value of Rs. 2,31,009. The capital value of the buildings now standing is Rs. 1,52,655. Many of the original buildings have been dismantled, but at no time was their value in excess of Rs. 1,92,543. The Railway has therefore been greatly over-assessed.

The Municipality has demanded a latrine-fee tax of Rs. 321 from the Railway, but payment was refused. Upon this refusal the Municipality suggested a contract at Rs. 60 per annum under section 325, Bengal Act III of 1884. This, too, has been refused.

Return for the taxes.—*Conservancy.*—The Railway removes its own rubbish and night-soil, sweeps its own area and disposes of its rubbish and night-soil on its own lands. The court-house is close by the Railway station latrines which are used by the public. There is no special latrine for the court-house nor any public latrine near the Railway station.

Roads.—*A district road.*—The Bankura road crosses the Railway near the station by a bridge. A Municipal road runs close to the front of the station and is much cut up by Railway traffic for a short distance.

Drains.—The Railway drains its premises into its own side drains and does not use the Municipal drains.

Lighting.—The Railway lights its own premises. There are 16 oil lamps in the town.

Water.—The Railway supplies its own water. The return for the taxes paid by the Railway is therefore inappreciable.

Special points.—Ranigunj is a case where there is over-taxation and an inappreciable return. As an instance of how the people tax themselves I was informed that the extensive and valuable premises of Messrs. Burn & Co. paid Rs. 500 per annum.

* Not printed. I attach a statement* which places beyond doubt what the real capital cost of the Railway buildings is.

BURDWAN.

General Notes.—I met here on 16th January 1891 Mr. Miller, District Engineer, East Indian Railway, and Rai Nobinakela Babu, Bahadur, Chairman of the Municipality.

Nature of the taxes.—The taxes in the town are the "holding tax" at 7½ per cent. a water rate at 5 per cent. and a latrine-fee tax at 3 per cent., all on annual value. The total tax is thus 15½ per cent.

Method of assessment.—In the town the annual value is assessed at 7½ per cent. on capital cost of buildings plus the "reasonable ground rent" of the land surrounding them. Uncovered land is not assessed in the Municipality. Tanks are, however, assessed as holdings. The Railway taxation is of long standing and in the case of the old buildings the method of assessment is not now traceable, but in that of the new ones the Railway's statement of cost is accepted. The Railway side-cuttings are assessed as tanks, but not the uncovered land. The assessment seemed to me to be on the whole reasonably made.

High-pressure water supply is maintained in the town. The rate used to be 4½ per cent. on annual value, but is now 5 per cent. The Railway, however, continues to pay 4½ per cent. under the Government of India Resolution of August 1890.

The "latrine fees" raised did not up to the time of my visit apparently cover latrine cleanings, as Part IX of the Municipal Act did not come into force in the Municipality until February 1891, and the Railway payments were by way of contract at 8 annas per mensem per privy or seat. The contract with the Railway is Rs. 20 per mensem for its privies and Rs. 10 per mensem for the cleansing of a cesspool. The Railway payments are therefore not a tax, but payments by way of contract for services rendered.

Return for the taxes.—*Conservancy.*—The Railway removes its own rubbish and the Municipality the night-soil.

Roads.—There are two through Municipal roads at each end of the station and one along its north length. Two short approach roads are also maintained by the Municipality. Railway traffic cuts these up a good deal.

Drains.—There is no Municipal surface drainage. The Railway drains its own premises into its own side cuttings and tanks.

Lighting.—The Railway lights all its own premises. There are 130 lamps maintained by the Municipality in the town.

Water.—The Railway has not connected with the water-supply, apparently because it did not wish, as it keeps up small water works of its own. There is a Municipal hydrant near the station. In the town connected holdings are entitled to about 2,200 gallons free per rupee of tax paid.

Special points.—Burdwan is a case where the Bengal Municipal Act is reasonably worked. The Railway contracts for the removal of its night-soil, and should pay its fair share of the cost of the high-pressure water works introduced into the town. The return for the general taxation paid by the Railway is, however, small.

MUZAFFARPUR.

General Note.—I met here on 18th and 19th January 1891 the Secretary to the Municipality and Mr. Montague, Executive Engineer, Tirhoot State Railway.

Nature of taxes.—The tax in the town is the "holding tax" at 7½ per cent. on annual value.

Method of assessment.—The assessment is made by the Commissioners as a body on an assumed annual value. The Railway property is assessed building by building as in the town, without ascertaining cost. In the town ground rent is taken into consideration, but apparently the land held by the Railway is not assessed. The Railway is assessed to pay Rs. 805. This assumes an annual value of Rs. 10,567 and a capital value of Rs. 1,47,704. The land held by the Railway is about 30 bighas. That in the town proper is valued at a rent of Rs. 20 to Rs. 30 per bigha, but that in the neighbourhood of the station at Rs. 7 to Rs. 10. The assessment of the Railway property seems to be reasonable.

Return for the taxes.—*Conservancy.*—The Municipality removes both night-soil and rubbish for the Railway, the former by special agreement (see below*). The Railway, however, complains that the Municipal arrangements are quite inadequate.

Roads.—A metalled road runs in front of the Railway station on the north, and two short metalled roads at each end of the station run to the town and main bazaar. To the south an unmetalled circular road crosses the Railway near the station at level crossings. Railway traffic cuts into the road leading to the main bazaar. All these roads were originally made on account of the kacheri close to the station, and not on account of the Railway.

Drains.—There is no system of drainage in the town. The Railway crosses the natural drainage of the country and that of the station runs off south, without any special aid from the Railway or the Municipality.

Lighting.—There are 260 lamps kept up in the town; those near the station also affect the kacheri.

Road-watering.—The roads are watered near the station at a cost of Rs. 600 per annum, but the much used kacheri benefits as greatly as the Railway station.

The return for the taxation paid by the Railway is probably about 35 per cent. of the taxes paid.

Special points.—The Railway here pays Rs. 3 per mensem to the Municipality for removal of night-soil from the station by way of contract.

HAIJIPUR.

General Note.—I paid a short visit here on 19th January 1891, and my remarks are from information supplied by Mr. Montague, Executive Engineer, Tirhoot State Railway. There used to be a terminus here, and there were many buildings, but since the opening of the Gandak bridge in 1887 the station has been moved to Anaspur, a mile and a half distant on the through line between Sonpur and Muzaffarpur. Anaspur is a small road side station, and the buildings at Hajipur are deserted, only a goods-shed for hand shunting being still in use there. No establishment is kept up, and the Railway gains nothing by the tax it still pays.

Nature of the taxes.—Rs. 405 under section 89, Bengal Municipal Act.

Return for the taxes.—Nil.

SEWAN-SARAN.

General Note.—I met here on 20th January 1891 the Vice-Chairman of the Municipality, the Sub-Deputy Collector and Mr Edwards, Resident Engineer, Bengal and North-Western Railway.

Nature of taxes.—The tax in the town is the "personal tax."

Method of assessment.—The Commissioners assume each Railway building to be a separate holding and assess it as if it were a building in the town without ascertaining its cost. As a matter of fact the Railway has one holding at the station and another in the town. The Commissioners further assume that the Railway is Government property, to be assessed under section 89 of the Bengal Municipal Act, whereas it is the property of a private Company. Upon these principles, both of which are wrong, the Railway is assessed to pay Rs. 450. This assumes an annual value of Rs. 6,480 and a capital value of Rs. 87,430. The actual capital cost is Rs. 50,000 including Rs. 10,000 for a water-tower and water-columns. The Railway is therefore both wrongly and over-assessed. I understood it to be willing to pay the full assessment of Rs. 94 for each of its two buildings.

Return for taxes.—Conservancy.—The Railway does all its own conservancy, both of night-soil and rubbish.

Roads.—A district road runs past the Railway station towards the maintenance of which the Municipality pays a contribution. The approach roads to the station belong to the Railway, but the traffic on them is not heavy.

Drains.—The Railway station lies to south of the town and as the general drainage runs south, the town is put to no expense for the Railway drainage. There is no drainage system in the town.

Water.—The Railway supplies its own water by pumping from wells.

Lighting.—The Railway does its own lighting. The town keeps up 63 oil lamps on its own roads.

The return for the taxation paid by the Railway is therefore inappreciable.

Special points.—According to the provincial Municipal returns the tax at Sewan is the "holding tax" and so not only is the taxation raised without intelligence, but apparently an unauthorised tax is levied in place of an authorised one. This seems to be one of the towns where an improper use of the power to tax has been made.

I attach *verbatim* a table* of the Railway property taxed at Sewan. It is useful as showing the improper method of assessment pursued there and I may add elsewhere also.

* Not printed.

CHAPRA.

General Note.—I met here on 20th January 1891 Mr. Smith, Municipal Commissioner, and Mr. Edwards, Resident Engineer, Bengal and North Western Railway.

Nature of taxes.—The tax in the town is the "holding tax" at 7½ per cent. on annual value.

Method of assessment.—The Railway buildings are taxed 7½ per cent. on their annual value, taken from the Railway Administration's statements. The annual value of the land is taken into consideration in assessing in the town, but the Railway land is not assessed. The Railway is therefore favourably treated in this town.

Return for the taxes.—Conservancy.—The Railway does all its own conservancy, both of night-soil and rubbish.

Roads.—The station is opposite the main road of the town. All the approach roads are maintained by the Railway, even the level crossings at each end of the station.

Drains.—No drainage is maintained in the town. The Railway does its own drainage away from the town, and thus helps the town drainage.

Lighting.—No lighting is maintained near the Railway.

Water.—The Railway procures its own water from wells by pumps.

The return for the taxes paid is therefore inappreciable.

PATNA.

General Note.—In this Municipality are included the Patna City, Patna Ghat and Bankipore stations of the East Indian Railway. Bankipore station is the Mithapur ward of the Municipality.

I met here on 21st January 1891 Mr. Pont, District Engineer, East Indian Railway, and Syed Fazl Imam, Khan Bahadur, President of the Municipality.

Nature of taxes.—The general tax in the town is the "holding tax" at 7½ per cent. on annual value. There is a latrine-fee tax, under section 325 of the Bengal Municipal Act, in force in two wards, including that in which the Patna City station is situated.

Method of assessment.—The Commissioners assess the taxes ward by ward, each Commissioner for his own ward. Public buildings are assessed in the same manner as private dwellings, and in no case is the cost of construction ascertained. The annual value of land is assessed by guess, and practically uncovered land is not assessed. No application has ever been made to the Railway to ascertain the value of its buildings.

The assessment on the Railway at Patna is for the Patna City and Ghat stations Rs. 1,254. This assumes an annual value of Rs. 16,819 and a capital value of Rs. 2,19,917. The actual capital value is—Patna City, Rs. 62,000; Patna Ghat, Rs. 36,000: total Rs. 98,000. If the platforms at both stations are included the capital value reaches Rs. 1,10,000. The land owned by the Railway at Patna City is 46 bighas, at Patna Ghat is 24 bighas: total 70 bighas. The annual value of land is Rs. 8 per bigha in the neighbourhood of Patna City, as admitted by the Municipality and as proved by the fact that the Municipality purchased one acre of Railway land lately for Rs. 500, which gives at 20 years' (the usual neighbouring) purchase, an annual value of Rs. 25, or Rs. 8 per bigha. The annual value of land at Patna Ghat is on one side Rs. 250 per bigha and on the other Rs. 50.

The assessment is probably not therefore excessive if ground rent is to be taken into consideration.

At Bankipore the Railway is assessed to pay Rs. 526. This assumes an annual value of Rs. 7,100, and a capital value of Rs. 95,863. The actual value of the buildings is Rs. 82,000, and if platforms and an overbridge are to be considered, is Rs. 93,000. The land occupied by the Railway is 149 bighas. The average annual value in the neighbourhood is Rs. 4½ for uncovered land and Rs. 20 to Rs. 25 for covered land per bigha.

The assessment is therefore in this case also reasonable if ground rent is to be taken into consideration.

The Railway is not assessed to pay latrine fees as no services are performed by the Municipality.

Return for taxes.—Conservancy.—At Patna the night-soil removal is arranged for by the Railway, but rubbish from the City and Ghat stations is removed by the Municipality by two carts daily. The cost is about Rs. 180 per annum.

Drains.—There is no system of drainage in the town. There is a natural flow from the town southwards into a back water of the Ganges.

Roads.—The Municipality maintains two roads at each end of the City station (north side) which require annual repair owing to the Railway traffic. No approaches to the City station are kept up, but two approach roads are kept up at the Ghat, made and maintained at a considerable cost.

Lighting.—Three or four oil lamps are maintained by the Municipality in the City station compound and the roads are lighted.

Water.—The Railway supplies its own water.

Bankipore.—Conservancy.—The Railway arranges for the removal of night-soil, and the Municipality removes rubbish at a cost of one cart per diem or Rs. 90 per annum.

Drains.—The Railway does all its own drainage into its own side-cuts and uses no Municipal drains.

Roads.—The Municipality keep up some badly and inadequately repaired roads all round the station.

Lighting.—No road lighting is maintained in the ward. The Railway supplies its own.

Water.—The Railway supplies its own water from pumps in its own tanks.

The return for the taxation raised is, therefore, probably, about 33 per cent. of the taxes.

GAYA.

General Note.—Here I met on 22nd January 1891 Abdul Halim, Barrister-at-law, Vice-Chairman of the Municipality, and Mr. Pont, District Engineer, East Indian Railway.

Nature of taxes.—The tax in the town is the holding-tax at 7½ per cent. on annual value.

Method of assessment.—The assessment in the town is made by a committee of two Commissioners per ward. Houses not for rent are assessed on capital cost, the annual value being taken at 7½ per cent. on capital cost. Uncovered land unless productive is not assessed. The Railway was asked the value of its property and stated it to be Rs. 1,33,341, which produces an annual value of Rs. 9,913 if annual value be taken at 7½ per cent. on the whole: but it produces an annual value of Rs. 8,150 if annual value be taken at 7½ per cent. on the

first lakh of capital cost and $1\frac{1}{2}$ per cent. on the balance, according to the Bengal Municipal Act. The tax on Rs. 9,813 at $7\frac{1}{2}$ per cent. would be Rs. 735, and on Rs. 9,150 it would be Rs. 600. This latter is the amount charged. No ground rent is charged to the Railway as none is charged in the town. At Gaya therefore we have an instance where the Municipal Act is reasonably and properly worked.

Return for the taxes.—Conservancy.—The Railway removes its own night-soil and rubbish on its own ground.

Roads.—No approach roads are maintained, but the Railway traffic obliges the annual repair of two roads for some distance in the town and its environs.

Drains.—No system of drainage in the town. The Railway drains its own premises into the natural drainage of the country.

Lighting.—The Municipal roads are lighted alongside the Railway premises.

Water.—The Railway pumps its water from its own wells.

The return for the taxes paid is not therefore great.

Special points.—I attach a statement* of the capital cost and annual valuation of the 34 Railway buildings at Gaya as furnished by the Vice-Chairman of the Municipality.

* Not printed.

MONGHYR.

General Note.—I met here on 23rd January 1891 General Murray, Chairman of the Municipality, Dhiraj Karan, Vice-Chairman, and Mr. Pont, District Engineer, East Indian Railway.

Nature of taxes.—The tax in the town is the "holding-tax" at 6 per cent. on annual value. A latrine-fee tax is partially in force and is in force where the Railway station is situated. The rate is half the holding-tax.

Method of assessment.—The taxes are assessed by the Ward Commissioners and confirmed by the Committee. The Railway property is assessed as other property in the town, but the administration was not asked to state its value. There is no tax on land in the Municipality and the Railway land is not taxed. The Railway buildings taxed are the Railway station and two rural buildings at Saliabad, a village distant $2\frac{1}{2}$ miles from the Railway station. These last are let at Rs. 40 each per mensem to Railway officials. The assessment on the station and these buildings is reasonable. The Railway pays Rs. 112.8 for the "holding-tax" and Rs. 56.4 for the latrine-fee tax.

Return for the taxes.—Conservancy.—The Municipality removes night-soil for the Railway and the Railway removes its own rubbish, but the Municipality would do this too, if asked. The night-soil is from a latrine used by three natives only.

Roads.—One Municipal road runs past the station.

Drains.—The Railway runs its drains into the Ganges direct, but a Municipal drainage scheme is under consideration.

Lighting.—The Municipality maintains two lamps at the Railway station.

Water.—None is required and none supplied. The return for the taxes paid by the Railway does not therefore probably exceed 10 per cent. of the payments.

Special points.—The Bengal Municipal system allows at Monghyr of the taxation of two bungalows $2\frac{1}{2}$ miles distant from the town and situated in a purely rural village, the owners of which derive no sort of benefit from the taxes raised.

SAHIBGANJ.

General Note.—I met here on 24th January 1891 Mr. Campbell, Resident Engineer, East Indian Railway, and Dr. Preonath Mukharji, Vice-Chairman of the Municipality. There are two stations in the Municipality, Sahibganj town and Sahibganj Ghat.

Nature of taxes.—The taxes in the town are the "holding-tax" at $3\frac{1}{2}$ per cent. on annual value and a latrine tax at $1\frac{1}{2}$ per cent. on annual value. Since the Government of India Resolution of August 1890 prohibiting the enhancement of Railway taxation after the 30th April 1890 the Municipality has raised the holding tax to 5 per cent., but this fact does not affect the Railway.

Method of assessment.—The assessment is made by Ward Commissioners and confirmed by the Municipal Committee. Covered land is assessed on actual or assessed rent but unproductive uncovered land is not assessed. Land round buildings is taken with the buildings and not separately assessed. Fenced or enclosed land covered or uncovered is in the town assessed at a rent varying from Rs. 80 per annum downwards. The Railway assessment has no reference to capital value nor to the assessments in the town. It is a separate special assessment

and in the opinion of the Municipal Commissioners does not reach $3\frac{1}{2}$ per cent. on the proper annual value. The Commissioners assessed the annual value of the Railway property at Rs. 21,598, but the Railway disputed the valuation and finally the Commissioners reduced it to Rs. 17,192 and levied a holding tax of $3\frac{1}{2}$ per cent. and a latrine-tax of $1\frac{1}{2}$ per cent. on that. The accepted annual value assumes a capital value of Rs. 2,32,957, whereas the actual capital value was Rs. 2,15,419. The Railway is therefore reasonably assessed if ground rent is to be taken into consideration.

Return for taxes.—Conservancy.—The latrines are cleaned and night-soil removed by the Municipality and the rubbish is also removed.

Roads.—One road runs past the town Railway station and is maintained by the Municipality, but it is not much used. A road runs into the Railway premises at the Ghat and is much used. It is partly maintained by the Railway. The maintenance by the Municipality is bad owing to want of funds.

Drains.—The Railway drains its own premises into the general drainage of the country and does not use any municipal drains.

Lighting.—Oil lamps are maintained by the Municipality along the roads to the town and there are 8 lamps near the Railway station.

Water.—The Railway supplies its own wants from its own premises.

The return made to the Railway for the taxes raised is therefore appreciable as the conservancy expenses are covered by the special latrine tax.

Special points.—There are 10 lime kilns situated on Railway land and used exclusively for Railway purposes. No lime is sold. It is made from kunkar obtained from outside; the Railway is taxed Rs. 120 per annum for burning lime at these kilns under section 261 of the Bengal Municipal Act. The rate is Rs. 12 per kiln and though the tax reaches Rs. 120 the out-put in 1889-90 was valued at Rs. 63 only. This tax is a trade license for a "dangerous and offensive trade." It would seem to be an indefensible use of the power to tax vested in the Municipality.

* Not printed.

I attach the Municipal statement* of the return made by the Municipality for the taxation raised as presented to me by the Vice-Chairman.

LALBAGH.

General Note.—This Municipality includes Murshidabad and Azimganj. Azimganj Railway station (Nalhati State Railway) is in the Ashanpur ward.

I met here on 25th January 1891 Mr. G. C. Mukharji, Manager of the Nalhati State Railway, and Amurti Lulkor, Municipal Commissioner.

Nature of taxes.—The tax in the town is the "personal tax."

Method of assessment.—The assessment in the ward is made by the Ward Commissioners who assess 1 per cent. on the known income of the occupant of each holding with a limit of Rs. 81. The Railway is assessed to pay Rs. 112. This assessment is an old one, and it is not now known how it was originally arrived at. The assessment of Rs. 112 assumes an annual rental of Rs. 1,512 and a capital value of Rs. 20,412. The assessment on the Railway includes presumably the "reasonable rent" of its land. The buildings are valued by the Railway at Rs. 6,000 and the rent of land in the neighbourhood is stated to vary from Rs. 5 per bigha on the south to Rs. 60 per bigha on the North of the station. The Railway property includes about 6 bighas. Including the land the assessment is reasonable.

Return for the taxes.—Conservancy.—The Railway does all its own conservancy, but the Municipality would remove rubbish if required.

Roads.—The Railway traffic is chiefly by the ferry over the Bhagirathi river from Azimganj to Jisgang. A Municipal metalled road crosses the line near the river, but the traffic on it is light; some road-watering is done by the Municipality.

Drains.—The Railway drains its own premises into the neighbouring hollows, and the Municipal drainage finds its way into the Railway drains which are used for it.

Lighting.—The Railway does its own lighting, but the Municipality lights its own roads, and has two lamps at the Railway ghat.

Water.—The Railway supplies its own water. The actual return for the taxes paid is therefore very small.

Special points.—The capability of the Azimganj ward to bear a much higher and different class of taxation from that raised is pointed out in the general report.

DEOGARH.

General Note.—This station is the terminus of the Deogarh Railway, a private line.

Nature of the taxes.—The tax in the town is the "personal tax."

Method of assessment.—The Railway is assessed as it should be as a "person." It also pays Rs. 36 for latrine cleaning apparently by way of contract. The Railway Company is satisfied with the demand.

Return for the taxes.—The Railway Company is satisfied with the return made.

* Not printed.
of the above statements.

Special points.—This Company pays Rs. 100 as trade license tax in Calcutta, I attach correspondence* in support

APPENDIX E.

Jamalpur Municipality.

The main interest in and importance of my enquiries here is to show how large and extremely valuable Railway depôts should be treated in the matters of taxation and Municipal constitution when situated at places of no importance otherwise.

The proper course appears to be to create these Municipalities in which the Railway authorities have a decidedly preponderating influence.

Notes made during my visit to Jamalpur, on 23rd January 1891.

General Note.—I met here Durlabh Chandar Mozumdar, Vice-Chairman of the Municipality, Mr. Pont, District Engineer, East Indian Railway, Mr. Hijest, Resident Engineer, East Indian Railway, Mr. Rendell, Locomotive Superintendent, East Indian Railway.

The town of Jamalpur depends entirely on the East Indian Railway. The total population is about 15,000 of which the Railway population is about 10,000.

The capital value of the Railway property is about Rs. 20,00,000 and that of the town excluding the Railway, about Rs. 12,00,000, as judged by the proceeds of taxation. The Railway valuation is taken from its own returns, that of the town is arrived at thus:—The total proceeds of the taxes, excluding the Railway, are Rs. 9,187. Of this sum Rs. 3,062 is levied as "latrine fees," so that the holding-tax proceeds amount to Rs. 6,125. This last sum represents a tax of 7 per cent on annual value so that the annual value must be Rs. 87,500. An annual value of that amount represents under section 101, Bengal Municipal Act, a capital value of Rs. 12,04,977.

The stake of the Railway in the Municipality is therefore nearly double that of the rest of the town.

Nature of the taxes.—The taxes in the town are the "holding tax" at 7 per cent., and a latrine fee at 3½ per cent. both on annual value. The Railway is assessed to pay Rs. 7,210 holding-tax, and Rs. 2,000 "latrine fees."

Method of assessment.—This assessment is made by ward committees and is sanctioned by the general committee. It is not carried out according to the Bengal Municipal Act. Every building, Railway or other, is assessed at an estimated annual rental without reference to capital value whether it is for rent or not. Land is not assessed unless it is productive, and lands under agriculture are not considered "productive." No assessment is made on Railway lands, but each building is looked on as a separate holding.

In this way the Railway at the latest assessment, in December 1887, was assessed to pay Rs. 10,187 "holding-tax" and Rs. 2,555 "latrine fees," but the previous assessments reached only Rs. 9,240 gross total. The Railway represented that according to the Bengal Municipal Act, section 101, the holding-tax should amount to Rs. 2,419 which would make the latrine fees Rs. 1,209, and a gross total of Rs. 3,627. (My calculations do not quite agree with this, being Rs. 3,027 holding-tax and Rs. 1,513 "latrine fees," gross total Rs. 4,540). The Railway therefore refused to pay in any case more than it had previously paid, but it agreed to pay as much. The Municipality accepted the Railway terms and then proceeded to divide the payments between the two taxes, as a matter of convenience thus: "holding-tax," Rs. 7,210; "latrine fees," Rs. 2,000. This is in itself wrong, as having accepted the Railway's terms, it should have credited the "holding-tax" with Rs. 6,160 and the "latrine fees" with Rs. 3,050.

It will be seen then that the Railway assessment was three times what it should have been and that it still pays about twice as much as it need.

Return for the taxation.—Conservancy.—I attach a statement made out by the Municipality as to the return the Railway gets for the money it pays as tax. This tax fund is credited with only Rs. 2,000, but this is wrong, and the amount should be Rs. 3,050. The total expenditure on conservancy is shown as Rs. 4,433, but of this Rs. 1,557 are for road sweeping, which are chargeable to the "holding-tax," so that only Rs. 2,876 are chargeable to "latrine fees." On the whole therefore the Railway receives a fair return for the money it pays as tax, but not more. The latrine conservancy would appear to be well done.

Roads.—Several roads are maintained which are used by the Railway, but the maintenance I found to be inadequate, bad and very extravagant in the cost of what was done. It appeared to me to require a thorough overhauling.

Drains.—The Railway makes all its own arrangements, without aid from the Municipality.

Water.—There is no Municipal supply. The Railway makes its own arrangements for its extensive requirements.

Lighting.—None maintained in the Municipality.

The Railway therefore probably receives a fair return for the "latrine fees" paid and a very inadequate one for the "holding-tax."

Special points.—The case of the Municipality is a noteworthy one and worth considering in connection with similar Railway properties elsewhere in India, especially as I understand that its experience at Jamalpur induced the East Indian Railway to successfully resist the formation of a Municipality at its more recent depôts at Asansole. A curious state of affairs is disclosed. The Railway is by far the most important holder in the town and not only that, far more than half of the population is actually dependent for its livelihood on the Railway. As regards the contest over the Municipality and consequently over the joint public expenditure, the position of the Railway is this or rather it was so at my visit, for I understand that since then the Railway has obtained a better contest over the Municipality than it then had. The Municipal Committee is 13 strong: of these 8 are Europeans and 10 Natives. The whole of the European members belong to the Railway and so do two of the Native members. The Railway has thus ten votes on the Committee to the town's eight. As a matter of fact I was informed that the Europeans have refused to attend the meetings, as they have been on several occasions out-voted by the Natives. This places the Railway and its enormous property at the mercy of the town.

The Railway officials made three representations to me during my visit. The first was that they were much dissatisfied with their representation on the Committee, on the ground that if the Railway were so placed as to command the votes of the Committee on all important general questions, it could maintain all the wants of the town at a far less cost than is at present the case. It has a proper engineering and medical staff of its own, well able to understand and arrange for the sanitary and other wants of the place in the best and most economic manner, whereas the staff at the disposal of the Municipality is wholly inadequate to carry out its requirements properly or economically.

The second was that the conservancy of the Railway premises was satisfactory, but that that of the surrounding property was exceedingly bad and that the road maintenance was both bad and extravagant in cost.

The third was that it was not on the whole desirable to abolish the Municipality, as by not having such an institution the Railway would have no voice in the sanitary control of the town which surrounded its property. This would be a serious matter as it is on the adjacent properties where the poor are apt to crowd. Hence their maintenance in a sanitary condition is a most important matter in order to keep the Railway population in a healthy state and prevent the rise and spread of epidemics. But in order to achieve this it is absolutely necessary that the Railway should have control of the Municipality.

I attach several papers* in support of my notes, one of which, the detailed statement of the assessments, is important in showing how Railway assessments are arrived at in Bengal where the Municipal Act is not followed. Another, a statement* of the Municipality as to its general expenditure on behalf of the Railway, I attach for what it is worth. It is clearly a statement designed to make the best of the Municipal case and is an instance of special pleading by statistics.

* Not printed.

APPENDIX F.

MUNICIPALITY OF RANGOON.

TAXATION OF THE BURMA STATE RAILWAY.

I.

Case for the Railway.

The enclosed letter, which is all that repeated applications for a statement of its views have succeeded in extracting from the Burma State Railway, shows that the administration has no complaint to make of its taxation at Rangoon.

No. 9510—33 A.R., dated Rangoon, 23rd November 1901.

From—The Manager and Engineer-in-Chief,

To—MAJOR R. C. TEMPLE, Rangoon.

I have the honour to reply to your letter No. 1520, dated the 26th October 1901, that a full report on Municipal taxation on this Railway was submitted to Government with my letter No. 8056—37 A.R., dated 8th October 1901, copy of which is doubtless in your file, and I have nothing to add thereto except to say that I think it should clearly be laid down that Municipalities are in no case entitled to levy taxes on land in the occupation of a Railway, but only on buildings and for such services as general conservancy, lighting, supply of water, etc. In only one instance on the Burma State Railway have we been actually taxed on land, and that is at Mandalay where we have been charged Rs. 10 per acre for uncovered land.

2. I am also of opinion that the distance within which a Municipality, as Rangoon, is bound to have a street lamp or a stand pipe to property, to entitle them to charge taxes for light and water, which at present are too great, should be reduced.

II.

Case for the Municipality.

The case for the Municipality is that contained in the papers following.

It amounts to this: that it is right in places like Rangoon where all Municipal operations are carried on by the combined efforts and mutual pecuniary assistance of the whole community to tax the Railway property, precisely in the same manner as other large properties in the town.

Note by the President, Municipality, Rangoon.

Attached hereto are:—

(1) A copy of the Secretary's note on the subject;

* Not printed.

(2) Statements* of the taxes levied on the Railway and on Government buildings and other large properties in the town.

In Rangoon there are large general works for sewage and water-supply constructed at great cost by means of loans, the repayment of which is a serious burden on the Municipal funds, and so far, the proceeds of the special taxes, raised to reimburse the Municipality for the cost incurred, have annually fallen far short of the amount necessary to cover the actual expenditure on the works. These works have been undertaken by the community at large for the general benefit, and unless the owners and occupiers of large properties pay *pro rata* for their cost without reference to actual returns individually received by them, the cost can never be repaid and the Municipal fund must inevitably become bankrupt.

The water and sewage works being spread generally over the town, every occupier, large or small, is able to take as much advantage of them as his needs require, and the Railway is precisely in the same position with regard to returns for the sums paid as any other tax-payer. In Rangoon also large works for land reclamation on sanitary grounds, improved water-supply and surface drainage are about to be undertaken, and for these loans will have to be raised and expenditure incurred at the charges of the community at large. The Railway Adminis-

tration will benefit from these additional works to precisely the same extent as will other tax-payers, and the burden will fall chiefly on the general Municipal fund, to maintain which general as well as special *ad valorem* taxes on real property will have to be levied.

I think therefore that, as in Rangoon, the Municipal works for the public benefit are general in their nature and the result of the combined efforts of the whole community, and as they are now and will in future be largely maintained by general taxation, no difference should be made between the assessment of the Railway and other similar properties.

Note prepared by the Secretary to the Municipality, Rangoon.

Railway properties in Rangoon are assessed to taxation in the same way as all other property within the Municipality, whether Government or private, the only exception being one in favour of the Railway, viz., that the actual lines and the land occupied by them are not assessed to taxation. The Municipality only taxes Railway buildings and the land actually occupied with those buildings.

The taxes charged are:—

- (1) a 5 per cent. tax, called Municipal tax, for general purposes;
- (2) a 4 per cent. water tax upon properties within 1,000 feet of a Municipal hydrant;
- (3) a 1 per cent. lighting tax upon properties within 1,000 feet of Municipal lights;
- (4) a scavenging tax assessed at 3 per cent. upon annual value in some quarters of Rangoon and at a capitation rate upon occupiers in other quarters.

The first tax is levied throughout the Municipality, the others are only levied on properties receiving specific benefit from the services rendered for the taxes. But tax-payers receive far more than they pay for, as the taxes levied for water-supply, lighting and scavenging do not cover their cost as the following statement will show:—

Cost in 1891-92.		Receipt in 1891-92.	
	Rs.		Rs.
Lighting ...	39,500	Lighting tax fund ...	39,100
Water ...	2,36,000	Water tax fund ...	1,77,000
Scavenging ...	4,00,000	Scavenging tax fund ...	1,03,000
	6,75,500		3,19,100

Total deficit Rs. 3,56,400.

As the 5 per cent. tax is used for civil works, principally road repairs, the balance of Rs. 3,56,400 has to be made good out of other Municipal receipts such as bazaar rents and license fees, etc.

The services rendered to the Railway are the same as those rendered to other tax-payers (Government and private), and in many cases they are more apparent in the case of the Railway than in that of private properties. For instance, properties on the left bank of the Pazoon-donag creek pay the 5 per cent. tax, but nothing whatever is done by the Municipality in this quarter. There are no roads there to keep up, but the owners of property there ungrudgingly pay their share towards general Municipal taxation, feeling undoubtedly that in Rangoon, as in other large towns, aggregate expenditure must be met by general taxation upon the whole community, not with reference to the specific benefit derived by each particular tax-payer or rendered to any particular property, but in accordance with the tax-payers' stake in the place as evidenced by the annual value of the property taxed.

It is extremely difficult to imagine, in the face of the facts given above, any grounds for treating Railway property exceptionally in the direction of reducing the taxes levied upon its buildings. For the 5 per cent. general purposes tax, roads are made, maintained and watered; for the lighting-tax they are lighted and the Railway through its customers, perhaps more than any other tax-payer, derives benefit from good and well lighted roads, and certainly the traffic to and from its stations causes heavy expenditure for maintenance of roads.

As regards water-supply and scavenging, the Railway cannot complain, as it receives the benefit of both, whereas the greater portion of the gross cost thereof is paid for from funds towards which the Railway contributes nothing.

APPENDIX G.

DETAILED NOTE ON TOUR.

Burma State Railway.

PEGU.

General Note.—I met here Mr. Fraser, Deputy Commissioner and President of the Municipality, and Mr. Cantopher, District Engineer of the Burma State Railway, on 15th October 1891.

Nature of taxes.—The general tax in the town is the "house-post" tax.

Method of assessment.—The tax is assessed by simply counting the posts. The tax is the same, whatever the materials of the posts and of the superstructure. Each Railway building is assessed by the number of the posts, there being no brick buildings on the Railway premises. There is a difference in the statement of the Railway and the Municipality of the amount of the tax. The Railway puts it at 59 and the Municipality at 76. One building, the passengers' rest-house, taxed at Rs. 5 per annum, seems to have been included in the schedule by mistake, as it is not a Railway building, nor in the Railway premises.

Return for taxes.—*Conservancy.*—The Railway removes and disposes of night-soil on its own premises, but the Municipality removes the rubbish from the station.

Roads.—The Pegu-Toungthoo road crosses the Railway premises and to this the Municipality maintains a short approach road. The Railway maintains a second approach road within its own premises.

Drains.—No Railway drains are maintained, but there is a system of surface drains in the town. The Railway flood water partly finds its way into these drains and partly into two streams, the Masin Khyoung and the Pangu Khyoung, direct and thence into the Pegu river.

Lighting.—There are 85 oil lamps in the town including those on the Municipal approach road. The Railway approach road was also by agreement supplied with lamps by the Municipality which are maintained by the Railway.

Water.—There is no supply in the town and the Railway makes its own arrangements. The return made to the Railway for the tax raised is therefore fair.

Special points.—I attach a statement * furnished by the Municipality showing the nature of the taxes raised and the assessment of the Railway premises.

* Not printed.

The rest-house should no doubt be omitted from all future schedules of taxable Railway buildings.

I found both the Municipal and Railway local authorities willing to come to an agreement for the removal of night-soil from the Railway premises. A point worth noting.

As regards individuals, there is no doubt that the incidence of the "house-post" tax as assessed at Pegu is unfair. For instance a thatched hut of three "posts" would be assessed as highly as a well built wooden house of the same dimensions.

TOUNGTHOO.

General Note.—Met here Mr. Carter, Deputy Commissioner, Lieutenant Sullivan, Cantonment Magistrate, and Mr. Cantopher, District Engineer, Burma State Railway, on the 16th October 1891.

The Railway premises are not in the Municipality but in the Cantonment.

There are three separate payments for the conservancy of the Railway premises of Rs. 20 each by agreement between the Railway and the Cantonment. One is for the removal of rubbish and one for that of night-soil from the premises of the Traffic Department, and one for the removal of night-soil from the premises of the Locomotive Department. There are no taxes on the Railway premises at all, and the Railway authorities are satisfied with the work done for them.

Special points.—I attach hereto a statement † from the Cantonment authorities giving data for the above facts. This is an instance of the manner in which the conservancy of a Railway station can be arranged for amicably between a Railway and local Municipal authorities.

† Not printed.

PYINMANA.

General Note.—I met here on 16th October 1891 Mr. Carnell, District Traffic Manager, Mr. Hewitt, District Engineer, Burma State Railway, and Mr. Porter, Deputy Commissioner.

Nature of taxes.—The taxation in the town rests on the orders of the Chief Commissioner under the authority of the Upper Burma Municipal Regulation. The general tax is a house tax according to materials only, except in the case of thatch and bamboo structures which are taxed according to size, 3 posts and under constituting a "small" house, all others being "large." Railway taxation is on the same principle.

Method of assessment.—The actual amount raised on the Railway buildings is Rs. 102. There is no difficulty in assessments owing to the nature of the tax. In the town, out-buildings are not assessed, and for this reason the tank-house and pumping-shed are exempted as being Railway out-buildings. The fall of the tax is light as regards the total amount levied as the accompanying table shows, but as regards individuals, the incidence is undoubtedly unfair, e.g., the gate huts are assessed as highly as the houses of the Railway officials, though the relative value of these buildings differs greatly. Another way of showing this is by reference to the annual value of the smaller buildings. A gate hut I understand costs Rs. 150 and the annual rental of it would be Rs. 14, and the tax on it is Rs. 12. So the tax and the annual value are almost equal.

Return for the taxes.—*Conservancy.*—The Railway removes and disposes of the night-soil and rubbish from its premises. There is no night-soil service in the town and no rubbish is removed for the Railway.

Roads.—The Municipality maintains a short approach road to the east of the station and there is a town road leading to it on the west. The main town roads cross the line to the north of the station.

Drains.—The Municipality maintains no drains for the station, but some of the town drainage on the west of the line runs into the Railway borrow pits, and on the east of the line both town and Railway drainage runs off down the natural slope of the country.

Lighting.—No lights are maintained in the town.

Water.—There is no water-supply in the town. The Railway makes its own arrangements. The return for the taxation levied is therefore trifling.

* Not printed.

Special points.—I attach a statement * prepared by the Municipality showing the tax levied and the authority for it.

YAMETHIN.

General Note.—I met here Mr. Bridges, Commissioner of the Eastern Division, Upper Burma, Mr. Carnell, District Traffic Superintendent, Mr. Hewitt, District Engineer of the Burma State Railway, and Mr. Carstairs, Secretary to the Municipality, on 17th October 1891.

Nature of the taxes.—The general tax in the town is a house tax raised in accordance with the orders of the Chief Commissioner under the authority of the Upper Burma Municipal Regulation. The house tax is assessed according to materials and "posts." The Railway is taxed in the same way as other properties in the town.

Method of assessment.—The amount actually raised is Rs. 315-8-0 and not Rs. 312 as the Railway states. The nature of the tax precludes any difficulty in assessment. In a minor degree the same unfairness of incidence on individuals is noticeable here as I have already noticed at Pyinmana and Pegu. The general fall of the tax is light.

Return for the taxes.—*Conservancy.*—No proper conservancy arrangements are made for the removal of rubbish and night-soil by either the Railway or the Municipality, notwithstanding the large number of Railway officials living there.

Roads.—A short approach road is maintained by the Municipality to the east of the line towards the town, and a metalled road is kept up for some distance on the west of the line.

Drains.—No drainage is maintained by the Municipality or the Railway. The borrow pits about the station premises being the general receptacle for storm, water, night-soil and rubbish alike.

Lighting.—There are 33 oil lamps in the town, but none are situated near the Railway.

Water.—Water is run into large tanks in Railway premises, dug as a famine work from the Yamethin lake, distant about a mile, by means of iron pipes. The Railway maintains a steam pump at the lake for the purpose. The water so procured is used both by the Railway and the town people.

It is clear therefore that the return for the tax raised is quite trifling.

Special points.—I append a statement † prepared by the Municipality showing the nature of the tax, method of its assessment, and the actual tax imposed on each building.

† Not printed.

KYAUKSE.

General Note.—I met here Mr. Ross, Deputy Commissioner, Mr. Carnell, District Traffic Superintendent, and Mr. Hewitt, District Engineer, Burma State Railway, on the 17th October 1891.

Nature of the taxes.—The tax in the town is a house tax amounting to a total which represents an average of four annas per house per mensem or Rs. 3 per annum. It is practically the well known "thathameda" tax of Burma. It is raised under the orders of the Chief Commissioner, given under the authority of the Upper Burma Municipal Regulation.

Method of assessment.—This house tax is raised precisely as the "thathameda." Under the thathameda tax an average per house is fixed, then the houses are numbered, and the total of the tax to be raised in the town is that sum which represents the number of the houses multiplied by the average per house. Thus if a town contains 500 houses and the average is Rs. 10, then the total of the thathameda must reach Rs. 5,000. Having ascertained the total in this way, the householders are assessed to pay their individual shares according to (assessed) income. Thus a rich man may pay as much as Rs. 25 towards the gross total, while a poor man pays only eight annas. The assessment is performed by thawadis. In the case of Railway buildings the thawadi's assessment is guess work pure and simple. By means of this guess work the Railway is assessed to pay Rs. 174 per annum. Thus Railway station and out-buildings Rs. 110: one railway official's quarter Rs. 20: one Railway official's quarter Rs. 44.

Return for the taxes.—*Conservancy.*—The Railway makes its own arrangements for the disposal of night-soil and rubbish.

Roads.—A short unmetalled approach is maintained by the Municipality.

Drains.—There is no drainage in the town or station. The storm water runs off into the country.

Lighting.—None maintained in the town.

Water.—No water-works maintained in the town.

The return for the taxes is therefore practically nil.

Special points.—The tax at Kyaukse was imposed from the 1st April 1890 and is just therefore legal under the Indian Railways Act.

MANDALAY.

General Note.—There are three stations within this Municipality, viz., Mandalay City, Myohaung and the Shore. The Railway pays taxes for Mandalay City Rs. 1,980, for Myohaung Rs. 21, and for the Shore Rs. 54; total Rs. 2,055. I met here Mr. Burne, Deputy Commissioner, Mr. Carnell, District Traffic Superintendent, Mr. Hewitt, District Engineer, Burma State Railway, and Count Calderarj, Secretary to Municipality, on 19th October 1891.

Taxes in the town.—The general tax in the town is a house and land tax on covered and uncovered land varying according to the various quarters in the town. The Railway is taxed in the same manner as the town. The tax is levied under the orders of the Chief Commissioner under the authority of the Upper Burma Municipal Regulation.

Method of assessment.—The rules of assessment are unusually intricate, but as there is an unusually complete set of plans based on an annual survey and supplementary surveys of the town there is no doubt or difficulty in the assessment, which may be taken to be accurate.

Return for the taxes.—*Conservancy.*—Municipality removes rubbish for the Railway from the Mandalay City and Shore stations at a cost of Rs. 456 per annum. But it charges the Railway by contract to remove night-soil from the Mandalay station, Rs. 276 per annum. So there is no return in the matter of night-soil conservancy for the taxes levied.

Roads.—The Municipality keeps up three metalled approach roads to the Mandalay City station; 79th Street for about a mile; 31st Street road for half a mile; and 32nd road for a short distance.

Drains.—No special arrangements are made for the Railway premises. One Railway main drain from the Mandalay City station empties into a Municipal main, but neither are of masonry.

Lighting.—Within the Railway premises at the Mandalay City station the Municipality maintains 32 lamps at Rs. 132 per annum, and all the roads round the large station-yard are well lighted.

Water.—There is no supply in the town.

For the Shore and Myohaung stations there is no return whatever except in the matter of removing rubbish at the Shore.

PAUNGDE.

General Note.—I met here Mr. Clementson, District Engineer, Mr. Baxendale, District Traffic Inspector, Burma State Railway, and Mr. Field, Assistant Commissioner, and President of the Municipal Committee, on 23rd October 1891.

Nature of the taxes.—The tax in the town is the "post" tax under section 41 of the Burma Municipal Act; that on the Railway premises is the covered "area" tax authorized by the Burma Municipal Act. The tax on the Railway premises is, however, not levied under the authority of the Act but apparently on that of a letter from the Deputy Commissioner of the Prome District which is attached hereto.

* Not printed.

Method of assessment.—The rate levied is one pie per square foot of covered area without reference to the superstructure and the assessment is merely arrived at by measurement. The amount actually raised is Rs. 114.

Return for the taxes.—*Conservancy.*—No night-soil conservancy is done for the Railway but rubbish is removed out of town limits when required.

Roads.—No approach roads are maintained by the Municipality, but one short road is kept up from the provincial funds.

Drains.—The Railway uses Municipal drains, for the storm water from its and the Municipal drains run into a tank and the Natta Khyoung.

Lighting.—The Municipality maintains lamps in the town and lights the approach road at a cost of Rs. 64 per annum.

Water.—No supply in the town. The Railway therefore gets a full return for the small tax paid.

Special points.—I attach the letters* giving "authority" to levy the tax on the Railway premises. They do not however form an "authority." The tax in the town is the "post tax" and that tax the Municipality is under the Government of India ruling quoted entitled to call upon the Railway Administration to pay; but it is obviously not entitled to ask the Railway to pay a tax which it is not authorized by law to levy. The exchange of the "post tax" for the present apparently illegal "area tax" would slightly benefit the Railway as the latter would reach Rs. 95 as against Rs. 114 now paid. I also attach a statement* showing how the assessment of the Railway premises is arrived at.

* Not printed.

PROME.

General Note.—I met here on 25th October 1891 Major Cresswell, Deputy Commissioner, Mr. Clementson, District Engineer, Mr. Baxendale, District Traffic Inspector, and Mr. Summers, Secretary to the Municipality.

I found that the total payments made by the Railway were Rs. 855 and not Rs. 487 as the Railway Administration stated in their returns. Thus the Railway pays Rs. 331 for water, Rs. 294 as taxes, and Rs. 240 for conservancy.

Nature of the taxes.—The tax in the town is the covered area tax at 1 pie per square foot under section 41 of the Burma Municipal Act. The Railway is taxed in the same manner as the town.

Method of assessment.—There is no difficulty in assessment as that depends merely on measuring the plinth area of the buildings.

Return for the taxes.—*Conservancy.*—There is no conservancy done for the Railway in return for the taxes levied. The Municipality removes and disposes of the rubbish and night-soil collected on the Railway premises for a payment of Rs. 210 per annum under a contract.

Roads.—No special roads are kept up as Railway approaches, but three town roads cross the station yard and two are parallel to each side of it.

Drains.—The Railway premises are drained by the Railway into masonry drains kept up by the town.

Lighting.—The town is lighted by oil lamps, including the roads about the Railway.

Water.—There is a water-supply in the town produced at a capital cost of Rs. 6,00,000. There is no tax for the use of the water, but it is sold to private persons who connect with the water-works. For domestic purposes the Railway has a private hydrant and pays Rs. 6 per annum, and for non-domestic purposes the Railway pays Rs. 325 per annum for water taken by measurement.

The return for the taxation is therefore limited to the use of the roads and lighting about the line, and of the Municipal drains, but as the payment is small, less than Rs. 300 per annum, the tax imposed is not unreasonable.

Special points.—I append paper† showing how the various payments made originated what the tax is, how it is assessed and in what buildings it is levied.

† Not printed.

The taxation is on the whole fair, considering the return made for it.

Special points.—I append the rules* for the assessment of the tax raised, which show that though complicated the taxation is imposed with a view to its falling as fairly as may be on the various classes inhabiting the town.

As before noted, in Burma the tax though fair as a whole does not as regards individuals fall fairly in Railway limits. Thus in addition to the taxes on their houses the station master pays Rs. 14 per mensem for night-soil removal and the District Traffic Superintendent Rs. 9 per mensem. This is not as it should be.

SAGAING.

General Note.—I visited the Railway station here on the 19th October 1891, because of a proposal to tax the Railway premises and not because of any existing tax. The Sagaing-Shwebo section of the Mu Valley State Railway had been opened about two months, and proposals for taxing the Railway property had begun to be made. I met Mr. McDermott, Deputy Commissioner, Mr. Monk, Engineer-in-Chief, Mu Valley State Railway, and Mr. Carnell, District Traffic Superintendent, Burma State Railway.

Nature of the taxes.—The general tax in the town is the *thathameila* (see notes on Kyaukse) at Rs. 12 per house, of which Rs. 10 goes to the provincial funds and Rs. 2 to the Municipality. So the Railway if taxed would only bear its share of the Rs. 2 tax. How this would be assessed by the *thamadis* may be gauged by the assessments at Kyaukse.

Special points.—As far as I could gather the position of the Railway and Municipal authorities on the question of the taxation is this:—The Railway authorities are willing to pay taxes provided a suitable return is made, but they do not think that the Municipality can make one. The Municipal authorities wish to include the Railway premises within their taxable area or to exclude them from Municipal limits and responsibility. They are not willing to perform the scavenging of the Railway premises on contract, while the Railway authorities desire this as in the end less likely to lead to friction than any other method of providing the conservancy necessary.

I do not think from what I saw that the town is for some time likely to make any return for taxation beyond conservancy. No approach road is required as the station is situated along the main district road running through the town, and no drainage, lighting or water-supply is maintained in the town likely to benefit the Railway employees.

If therefore any arrangements for conservancy are come to, it would be best for the Municipality not to impose a tax but to enter into an agreement with the Railway such as is in force at Tounoon, Letpadan and Gyobingank in Burma, and at most places on the Ouh and Rohikhand State Railway. This agreement would be that for a certain sum annually the Municipality undertakes either to collect and remove night-soil and rubbish or only to remove them, leaving the Railway to do the collection as the case may be.

LETPADAN.

General Note.—I met here on 23rd October 1891 Mr. Clementson, District Engineer, Mr. Baxendale, District Traffic Inspector, Burma State Railway, and Moung Paw Than, President of the Town Committee. There is no Municipality, but only a Town Committee, which manages municipal affairs. There are no taxes imposed on the Railway, but the Railway and town authorities have entered into a contract for the conservancy of the Railway premises. The Railway pays Rs. 100 per mensem and the Town Committee provides the entire night-soil and rubbish conservancy in return including collections and removal beyond town limits. For this purpose six sweepers at Rs. 12 each and one at Rs. 14 are maintained—Rs. 86 per mensem, and Rs. 14 are charged in addition for contingencies. The Railway authorities are satisfied with the work done.

Special points.—There are no town approach roads to the station, but the town keeps up 18 lamps in the neighbourhood of the station including 1 lamp on the Railway approach road. The town drainage goes into the Belin Khyoung and the Railway makes its own arrangements for draining its premises.

The arrangements for conservancy arose out of a letter to the Traffic Superintendent, Burma State Railway, to the Deputy Commissioner, Tharrawaddy District, asking that the conservancy of the station might be done by the town, and sending a plan showing what work was necessary. The Town Committee then with the consent of the Railway authorities entertained the establishment above mentioned for Rs. 160 per mensem from 1st February 1890.

GYOBINGAUK.

General Note.—I met here on 23rd October 1891 Mr. Clementson, District Engineer, Mr. Baxendale, District Traffic Inspector, Burma State Railway, and Moung Paw, President of the Town Committee. There is no Municipality, but, as at Letpadan, a Town Committee. There is a payment by contract of Rs. 8 per mensem for the removal of night-soil and rubbish after collection.

APPENDIX H.

Taxation and Conservancy Payments on the Oudh and Rohilkhand Railway.

The accompanying correspondence* shows under what circumstances Municipal taxation of the Oudh and Rohilkhand Railway in the North-Western Provinces and Oudh ceased, and a contract with various Municipalities which entered with reference to the conservancy requirements of the Railway.

* Not printed.

APPENDIX I.

Taxation of Railways in Assam.

The accompanying correspondence* shows that the taxation of Railways by the Municipalities in Assam is under much the same condition as that in Bengal, and that whatever course is adopted as regards the latter may be adopted there.

The taxation is enforced under Bengal Act V of 1876, which, though repealed in Bengal proper, is still in force in Assam.

As regards Municipalities, the law as to the constitution of a Municipality, its powers to tax, the nature of the taxes and the procedure on assessment are the same as in Bengal Act III of 1881, now in force in Bengal. But the older Act recognizes unions (Chapter III), and it is clear from that chapter that the main tax in a union is the chaukidari tax of other parts of India, of which, for reasons given, I have recommended the abolition in the main report.

The only places in which any tax on a Railway is actually raised in Assam at present are Jorhat Union, Dibrugarh Municipality, and Dibrugarh Cantonment.

For the reason just given the Jorhat Union tax should be abolished, and as regards the Dibrugarh Municipality there is an extraordinary correspondence† attached, from which it appears that the Municipality, although it taxes the Railway, has no concern with it. Assuming this statement to be correct, owing to the source from which it comes, it is clear that the tax, whatever it is, should be abolished.

A similar statement is made as regards the Dibrugarh Cantonment in which the tax should also be abolished; but as to this I have made a recommendation in the body of the report.

Therefore all the existing Railway taxation should be abolished, and, provided no alteration takes place in the local law, the rule in future should be that, whatever taxes and procedures may be authorized for Bengal, both should be followed in Assam.

APPENDIX J.

In this * will be found the source of much of the information contained in the general report. No further enquiry into the subject could be use-
 *Not printed. fully made without the use of this Appendix.

I attach some further correspondence regarding the East Indian Railway hereto, which has not hitherto been printed.

[*Accompaniment of the Government of India, Public Works Department, No. 860 R. T., dated the 19th November 1890].

Consig. Engr. to the Govt. of India for Rys., Calcutta, endorsement No. 2531, dated 4th December 1890.

Copy of the following letter No. 773 G., dated 1st December 1890, from the Agent, East Indian Railway Company, forwarded to the Director General of Railways, in reference to his letter No. 399 T., dated 21st October 1890, and subsequent telegrams.

No. 773 G., dated Calcutta, 1st December 1890.

From—The Agent, East Indian Railway Co.,

To—The Consulting Engineer to the Government of India for Railways, Calcutta.

With reference to your No. 2258 of the 1st ultimo, I have the honour to reply as follows to the several enquiries made by the Director General of Railways:—

Paragraph 1, clause (i):—
 How long latrine fees have been levied at Serampore, Baidyabati, Burdwan, Sahabgunge, Bhagulpore, Jamal-pore and Monghyr stations.

1. Serampore from 1st April 1879.
2. Baidyabati " 20th July 1887.
3. Burdwan " " 1872.
4. Sahabgunge " 1st August 1876.
5. Bhagulpore " 1st April 1882.
6. Jamal-pore " 1st October 1887.
7. Monghyr " 1st April 1898.

Annual cost.		And clause (ii):— What the annual cost of conservancy was while the Railway Administration did the conservancy itself at those stations.	Annual cost.
Bankipur	Rs. 54	This information is not available.	Serampore
Gya	480		Baidyabati
Fatna	156		Burdwan
Bazar	954		Sahabgunge
			Bhagulpore
			Jamal-pore
			Monghyr
			Rs. 54
			552
			Nil.

Paragraph 2.
 From the Company's schedule of taxes it would appear that at Ranee-gunje, while the Municipality charges latrine fees, the Railway Administration does the conservancy. What does the conservancy at this station cost the Company annually?

The Municipality at Ranee-gunje submitted in June 1890, for the first time, a bill for Rs. 80-4-9, being latrine fee for the quarter ending 30th June 1890, but it was returned. The cost of conservancy at Ranee-gunje is Rs. 56 per month or Rs. 672 per annum.

Paragraph 3.
 (1) Whether the East Indian Railway has at any time paid any taxes on sections of the line which traverse other provinces than Bengal; if so, the date of the abolition of such taxes with a copy of the proceedings which led up to their abolition, and

No Municipal taxes have been paid to any Municipality in provinces other than Bengal; but at Allahabad the Company's servants occupying Company's houses pay the same Municipal taxes as those living in other parts of the Municipality, and at Delhi a tax is levied on water bullocks.

(2) Who does the conservancy of the East Indian Railway stations situated in provinces other than Bengal—the Railway Administration or the Municipality? If the Municipality does the conservancy at those stations, does the Railway pay for the service and do such fees as the Company in the opinion of the Railway Administration reasonably cover the cost of services rendered?

The conservancy of stations in provinces other than Bengal is performed by the Company, but at Delhi the night-soil is removed by the Municipality free of charge.

2. It will be seen that it is only in the provinces of Bengal that the Company has to contend with these oppressive exactions on the part of those to whom legal powers have been entrusted for Municipal purposes.

[Enclosure No. 2 to the Government of India letter No. 0050 R. T., dated the 26th January 1893.]

[Draft.]

No. R.T.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY TRAFFIC.

Calcutta, the January 1893.

Local taxation of railways in British India.

Read again—

Section 135 of the Indian Railways Act (IX) of 1890.

Government of India notification No. 270, dated the 12th June 1890.

Government of India letter No. 298 R. T., dated the 25th June 1890, explaining the intention of the Legislature in the matter of the local taxation of railways, and requesting that the Government of India may be furnished with complete schedules giving information in regard to the taxes which each railway administration was paying on the 30th April 1890 to local authorities as defined in section 135 of the Indian Railways Act (IX) of 1890.

Government of India Nos. 857—59 R. T., dated the 19th November 1890, forwarding, for information, a tabulated statement of replies received from the several railway administrations, and intimating that the Government of India were pleased to depute Captain (now Major) R. C. Temple, B.S.C., to enquire locally into, and report to the Governor General in Council upon, the local taxation of railways.

Read also—

Letter, dated the 18th November 1891 (and its enclosures), from Major R. C. Temple, submitting a report upon the local taxation of railways in India, based upon enquiries made in the provinces of Bengal and Burma.

OBSERVATIONS.—The Governor General in Council has perused with much interest the report submitted by Major Temple, which deals more especially with the local taxation of railways in Bengal and Burma, although the system of taxation adopted in other provinces has also been briefly reviewed. It would appear from the facts set forth in that report and the other papers before the Government that the taxes which are now being levied from the several railway administrations under the authority of the Government of India notification No. 270, dated the 12th June 1890, are in their nature generally fair and reasonable, and that in the majority of cases the assessment of these taxes is moderate.

RESOLUTION.—The Governor General in Council having carefully considered the question is of opinion that a general revision of the existing system of local taxation in regard to railways is unnecessary.

2. Should any railway administration, however, consider that any particular tax, or its assessment, is unreasonable or disproportionate to the services rendered, the Governor General in Council is pleased to decide that an application for the revision of such tax or assessment should be made direct to the Commissioner in charge of the Division, or where there is not such a Commissioner, to the officer holding a position corresponding to that of a Commissioner (e.g., the Collector in the Presidency of Madras or the Deputy Commissioner in Sylhet or Cachar), whom it is intended to appoint under section 135, sub-section (2), of the Indian Railways Act (IX) of 1890, to enquire specially into all the circumstances of the case and determine, in communication with the contending parties, the sum, if any, which should be paid.

3. The Governor General in Council further desires to call the attention of local authorities to the Government of India notification No. 270, dated the 12th June 1890 (under which every railway administration was declared liable to pay all taxes legally in force during the year ended on the 30th April 1890), and to direct that when it is sought to impose any new tax on a railway, application should be made through the Local Government concerned for the sanction of the Governor General in Council, under section 135, sub-section (1), of the Act referred to above. In all such applications the reasons for imposing the new tax must be fully explained, and at the same time the views of the railway administration affected thereby should be obtained by the Local Government and submitted together with the application.

ORDER.—Ordered that this resolution be communicated to the Local Gov-

The Governments of Madras, Bombay, Bengal, North-Western Provinces and Oudh, and the Punjab.
The Chief Commissioners of the Central Provinces, Burma and Assam.
The Resident at Hyderabad.
The Resident in Mysore.
The Agents to the Governor General for Central India, Rajputana and Baluchistan.
The Director General of Railways.
The Consulting Engineers to the Government of India for railways, Calcutta, Assam, Lucknow and Central Division.

ernments and Administrations, and to the officers noted in the margin, for information and guidance.

Ordered, also, that this resolution be communicated to the Home Department for information.

Documents accompanying.
Nil.

CONFIDENTIAL

No. 0050 R. T.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.
RAILWAY TRAFFIC.

TO

THE JOINT SECRETARY TO THE GOVERNMENT OF MADRAS, PUBLIC WORKS DEPARTMENT, RAILWAY BRANCH.
THE SECRETARY TO THE GOVERNMENT OF BOMBAY, PUBLIC WORKS DEPARTMENT, RAILWAY BRANCH.
THE SECRETARIES TO THE GOVERNMENTS OF BENGAL, THE NORTH-WESTERN PROVINCES AND OUDH, AND THE PUNJAB, PUBLIC WORKS DEPARTMENT.
THE CHIEF COMMISSIONERS OF THE CENTRAL PROVINCES, BURMA, AND ASSAM, PUBLIC WORKS DEPARTMENT.
THE RESIDENT AT HYDERABAD, PUBLIC WORKS DEPARTMENT.
THE RESIDENT IN MYSORE, PUBLIC WORKS DEPARTMENT.
THE AGENTS TO THE GOVERNOR GENERAL FOR CENTRAL INDIA, RAJPUTANA AND BALUCHISTAN, PUBLIC WORKS DEPARTMENT.
THE DIRECTOR GENERAL OF RAILWAYS.
THE CONSULTING ENGINEERS TO THE GOVERNMENT OF INDIA FOR RAILWAYS, CALCUTTA, ASSAM, LUCKNOW AND CENTRAL DIVISION.

Calcutta, the 26th January 1893.

SIR,

In forwarding, for information, copy of a report by Major R. C. Temple upon the local taxation of railways in India based upon enquiries made by that officer in the provinces of Bengal and Burma, I am directed to say that, after a careful consideration of the various points brought to notice in the report, the Government of India propose to issue the accompanying draft resolution, but, before doing so, I am desired to ascertain whether any remarks or suggestions to make on the subject, and also whether the proposals contained in the draft resolution are generally approved.

2. I am at the same time to request that, with your reply, the Government of India may be furnished with a list giving the names of the officers who would be appointed under section 135, sub-section (2), of the Indian Railways Act, 1890, as contemplated in paragraph 2 of the draft resolution.

I have the honour to be,

SIR,

Your most obedient Servant,

[Signature]

Under Secretary.

Documents accompanying.

Report by Major R. C. Temple, and draft resolution referred to.

G. I. C. P. O.—No. 1159 P. W. D.—31-1-93—530.

To The Joint Secretary to the Government of Madras
Public Works Department (Railway Branch)

Read the following: -

Letter from the Govt. of India
P. W. Department, No. 0050 R.T.
dated 26th January 1893.

Commenced

FOR ORDERS.

May this go to E.C.R. & E.R.
for consideration & report.
(E.C.R. then to call upon A.
R.M., A.M. Rajani D., A.S.
Miyagi D. for report.)

It should also go I suppose
to the Local & Municipal Dept.
for consideration & report & opinion
on the subject of the selection
of the Officer to be appointed
under section 135 out of
(2) of the R. Act & for a
list of Officers who could
be appointed in the Madras

approved
W.H.
28/1/93

sent to E.C.R. Presidency.
A.M. A.S.
Requires 9 A.S.
Miyagi D. for
report. 24/3

W.H.
15/3

FOR ORDERS.

Confidential B. 651 R 7 3rd April 93

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following

Letter from the Govt. of India P. W. Dept. - H.E. No: 0050 R. T. of 16/2-93

Communicated to the Engineer-in-Chief East Coast Railway and to the Consulting Engineer for Railways for consideration and report. The latter Mr. will call upon the Agent South Indian Railway, the Agent & Manager Madras & the Agent & Manager S. & the Mysore Guaranteed Railway & the Agent & Manager Mysore Railway to report thereon.

2. *Copy of the Prof. will be forwarded to the Govt.*

and

C. S. D. S. S. S.

Local and Municipal Department



SERIAL

No. 44

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following paper:—

From the Public Works Department, Railway Branch, dated
3rd April 1893 N^o 1512 regarding local taxation of railways
in India.

Order: dated 1st May 1893 N^o 586 M. Muzi.

The proposals in the draft Resolution of the Government
of India are considered objectionable.

2. The second paragraph of the Resolution shows that as
regards the Madras Presidency it is intended to invest Collectors of
Districts with the powers conferred by Section 135(2) of Act IX
(The Indian Railway Act) of 1890. The Government approves of
this, but considers that the publication of a nominal list of
such officers would be neither desirable nor feasible. The appointments
may be made by name of office, and the Government of India appears
to intend this.

(True extract)

The Public Works Department
(Railway)

Whishpitt
Under Secy. 115

Dated
Received

No. 551

94.4.

189

Enclosure

To

The Consulting Engineer for

Madras.

From

Mr. Asst.

South Indian Railway.

Trichinopoly.

W.C. No. 4157
Confidential.
Govt. of 189 Madras.

Local and Municipal Department.

To

The Public Works Department
Railway branch.

Proceedings, dated 1st May 1893,
No. 5564.

Subject.

Local location of Railways
in India.

Confidential

P. W. O. No. 70-21-3-93-500.

C. G. No. 4.

No. 1009W

From

The AGENT AND MANAGER,

M. H. the Nizam's Guaranteed State Railways Co., Ltd.

To

The Consulting Engineer
for Railways
Madras

Dated Secunderabad, (Deccan) 8th May 1903

Enclosure.

REFERENCE.

Sir,

Put up letter referred to when to me
when all agents have submitted the
new
CWM 12/5

Referring to your No. 886 of the
15th ult., with which you transmitted
to me a copy of the draft of the Resolution
which the Govt. of India had submitted
for the opinion of the Madras Govt., I beg
to state that I think it is much to be
regretted that the Govt. of India have
not acted on the suggestions contained
in paras 26 to 28 (pages 15 & 16) of Major
Temple's Report of the 15th of November,
a copy of which you were kind enough
to send me, instead of leaving the
different

different Railways to continue the taxes, which have already been levied on them & which are described in detail in para 6 of the above report.

For instance the Bezwada Municipality levies a Professional tax on this Railway for working the Bezwada Extension Railway. altho the company get no share whatever in the profits of the extension and a long list of other charges you will find in the correspondence we have had on this subject.

The Bezwada Municipality did no services whatever for this Railway.

I understand that the Colaba Municipality are setting up claims to levy taxes on the East Coast Railway Station there. This company cannot undertake to accept these charges as a debit against the amalgamated undertaking.

Whilst I am on this subject I think it would be a favorable opportunity of remedying what I am told was

a defect in the Railway Act so far as Municipalities are concerned & as regards clause 136 Chapter I of the Rly. Act of 1890, in which it is distinctly laid down that the Rolling Stock, Machinery & other effects shall not be liable to be taken in execution of any decree or order of any Court without the previous sanction of the Governor General in Council.

I call attention to this because you will find that I complained to your office of the Chairman of the Municipality of Bezwada seizing the furniture of the Waiting Room at that Station because I had not paid certain taxes which I disputed and about which I had appealed to the Govt. of Madras.

A reference to your endorsement of 1889 of the 15th of August last, will give you full particulars of the case

case I refer to:

646
Have the honor to be,
Sir,
Yours most obedt. servt.

W. P. Adley
Agent and Manager.

(No. 1.)

Confidential

410
8000-15-3-55.

No. 413

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

MADRAS, 15th May 1893.

From

The Agent and Manager,

Madras Railway Company,

To

The Consulting Engineer for Railways,

Madras.

SIR,

I have the honor to acknowledge receipt of copy of letter No. 0050 W. E. dated 26th January 1893 from the Government of India, Public Works Department forwarded to me with your endorsement 302 of the 6th April 1893.

within this
limit only.

I agree generally with the conclusions arrived at by the Hon. Sir E. Elliott that it is "positively unreasonable and unjust to impose upon Railways a rateable value upon their property seeing that Railway Administrations as a rule provide their own Police, scavengers and lights and that they keep up at their own cost supplies of water and the approach roads leading to their premises."

The Madras Railway has steadily protested against the imposition of land taxes levied by

by Municipalities and in connection with this question Council as well as the Government Solicitors have recorded their opinion that the Company is not legally liable to the payment of the tax.

That not that the tax is not payable. The opinion was that the tax was payable by Govt as the legal owner of railway land.

The contention of the South Indian Railway that payment of a Profession tax to one Municipality was sufficient, having been upheld by the High Court of Madras, would seem to show that it is illegal to levy upon Railways separate taxes by each Municipality through which a Railway passes.

On the Madras Railway we pay Profession taxes at Madras, Bangalore and Calicut and I am of Major Temple's opinion expressed in para. 40 of his report that the payment of these taxes should not be insisted upon.

Under the proposed act. U.S.

In other words I would abolish both land and profession taxes so far as they affect Railways.

Major Temple's conclusion recorded in paras. 23 to 40 of his report in respect to Conservancy rates, Water and House taxes and taxes levied for the upkeep of public roads seems to me to

[Faint, mostly illegible handwritten text, likely bleed-through from the reverse side of the page.]

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and the same has been long since discontinued and it is not to be taken into consideration in the future. It has been found that the same is not to be taken into consideration in the future. It has been found that the same is not to be taken into consideration in the future.

From
The Agent and Manager,
The Consulting Engineer
for Railways,
Dated
Road

MADRAS RAILWAY

20/10/1900

M. V. S. S. S.

20/10/1900

Circulated to

SERIAL
No.

S. S. S. S.

S. S. S. S.

S. S. S. S.

I don't at all agree in the view that Railways should receive any special consideration or that in respect of local taxation, or that their payment towards local objects should be regulated solely with reference to the direct services rendered to them.

Railways are commercial undertakings, whether they be constructed by the State or by a company. They participate to the full as much as any body else in the general benefits which must be assumed to be conferred by local government on the localities in which they work. They do so even in a special degree. Every road made through a district is a local benefit in character. The railway contributes to the maintenance of town communications, the general sanitation of towns in which the railways serve as objects in which they are directly interested. I am not aware why they should not pay their share towards the cost of these things or why their contributions should be assessed on any other basis different from that adopted in the case of other contributions. It is said that they confer benefits on the localities in which they serve. So they do, but so does also every manufacturing or other private undertaking of a similar kind the exemption of which is one of the reasons for supporting them. Railways have been constructed from public funds, or that the funds are largely interested in their financial success is no reason for their special treatment. All Government property, enterprises and public buildings, public works, which are not only beneficial but absolutely essential to the existence of local society, are fully rated to local burdens. Why then should railways be exempted?

As to the argument that they do their own sanitation and that their contributions should be regulated with reference to their direct services, if any, which are rendered, I observe that they are not required to do more than any other private persons and are not to be treated as private persons, but as

No replies have come from the East Coast or Mysore Ryos -

Major Temple's report shows that Ryos are often taxed for services which are not rendered or that they are taxed out of proportion to the services rendered - I agree with Mr. Sir Charles Elliott's views - and I do not think the proposal by the f. f. c. Council in the Resolution will meet the great number of appeals which will at once arise - The Commission would have to be an unbiased judge between Municipality & Railways -

The provision of para 135 of the Indian Railways Act if applied as suggested in para 29 of Major Temple's report would meet the def.

Signed: 1900
S. S. S. S.

The Govt. of India is evidently in a healthy condition of mind upon the whole question. They have never gone to the root of it & have never laid down any general principles as to local vesting of railway property. Sec 135 of the Railway Act is a mere shuffling with the question & the notification issued thereunder is not workable.

is held to be free from all responsibility as regards local requirements which this population is supposed to supply. I think that to be fair, it should be considered to be especially liable to contribute its fair share of public local burdens. So much is this view held in England that railway companies in several parishes pay 1/3rd of the local rates on the parochial system of rating.

These remarks are of course meant to apply to the worst localities where railways may happen to be. There is no reason why they should be forced in defiance of natural boundaries into municipalities such as is the case at Mysorepetam. I have always held that railway companies could be well divided to establish their large works outside municipal limits - or in small towns where the rates are low. The large London railway are adopting this policy. When the great London first came to Paddington - they put the station in the middle of a field - but the town has grown up to & beyond them - and they have now to pay the full London assessment - and it is not a question of whether they or any other company get a discount commensurate with the amount they pay in local taxation. In fact I believe it "passes the wit of man" to measure these exactly - or approximately - divide a municipality into a number of wards for a supply of water or gas - but when it came to be a question of how much the railway benefited from having the station in the town, in which there happens to be a railway station, lighted streets & streets, I can imagine an endless amount of futile discussion. I am therefore quite prepared to recommend to the Govt. of India that railways should not be exceptionally treated in the matter of local taxation from any other class or description of property. But that if this view be not accepted - and railways are only to contribute to local funds when specially notified to that effect - are issued in each case, it should be laid down that when complaint is made under sec. 135(2) the authority who hears the complaint should take into account the general benefits & services rendered by the local body to the railway authorities in common with all other owners or occupiers of property within local limits, and not whether the tax or assessment complained of is disproportionate to the services rendered. Exception should however be made as to

the profession tax. To follow a railway into every one of the different municipalities through which it may pass, & call on it to pay in every one for a different list on its own profession hardly seems to me to be fair. If a railway company is bound on its reliable value fairly & honestly, it will, as it is, pay pretty highly - for so Major Temple points out its buildings are so very much better & more solidly built than the ordinary run of Indian buildings, that it will be very fully & easily on this basis. I don't see any objection to a railway being enabled to pay a lump sum in any municipality for itself, and its employees if it wishes - and the amount is agreed upon. If the company pays its servants' rates & taxes, it is a matter for its own arrangements with them.

60
7 July

In Reply please quote the number and date of letter.

Confidential

10/11/93

No. 3304
38

From
THE ENGINEER-IN-CHIEF,
EAST COAST RAILWAY,

To
THE Joint Secretary to Government
Public Works Department
Railways
Madras

Dated Wallair, the 15th May 1893.

I have left your order dated the 3rd of April go too long unanswered. That order forwarded for consideration and report a letter from the Government of India Public Works Department No. 10050 R.T. dated 26th January 1893, upon the subject of the Municipal Taxation of Railways.

2. I have carefully studied Major Temple's report and agree with the Government of India's draft Resolution in thinking that as a rule the Assessment of these taxes is moderate. I don't think however that it is so much the amount of the tax that is found fault with as the uncertainty of its incidence, and the number & different ways in which it is levied, partly on the Railway property and partly on the individuals, servants.

3. I notice that the question of the taxation of

Enclosures.

employees living within Municipal limits on railway premises has not been touched by the report. But this is, I understand, one of the principal sources of the irritation and friction that occurs between Municipalities and Railway Management. An outside authority comes in between the men and their masters and levies taxes from them, in a notoriously annoying manner, for expenditure upon objects from which the benefit to the men taxed is of a very intangible sort. I prefer less to the taxation of officers who as a rule, I think, will philosophically put up with it, than to the taxation of guards, clerks, drivers, mechanics, and artisans who are less able to see the reason of the taxation. Much of this friction and unpleasantness would disappear if a Railway Administration could communicate with the Municipality for such taxes; and stoically recover what it thought fair from the men's salaries, towards the general sanitation of the colony.

4 At Singapore it so happens that half of our Railway colony is within and half without the boundaries of an isolated sort of peninsula which projects from the otherwise fairly symmetrical Municipal boundary. As you are aware I have for nearly ^{half} a century been trying to get this small peninsula cut off from Municipal control so as to acquire sole control over our own taxation and sanitation. We derive only the most indirect benefit from the Municipality in

in their operations outside our boundaries, and none whatever within our boundaries. The men see this and resent being taxed, which they would no longer do if we self governed our own colony out of taxes locally levied from salaries.

5 I would gladly compound with the Municipality for a sum sufficient to secure them from loss if we could be cut off from their control: sufficient reason for our contribution to Municipal funds would exist in the fact of the general sanitary improvement secured through Municipal Agency in the neighbouring Town.

6 I agree generally with the Resolution though it seems to me to have been drafted with a view rather to quiesce non movere than to making things better than they are. The difficulties are of course very great. I think that a very useful addition might be made to the Resolution, empowering Railway Administrations to contract themselves out of all taxation, whether leviable on Railway property or on employes, the fairness of the amount offered in composition being adjudicated on by the commissioners or other officers referred to in Clause 2 of the Draft Resolution.

7 Such a provision as this would, I believe, in the large majority of cases result in the abolition of

of the friction and annoyance which necessarily
now arises when so large a number of very small
taxes are leviable in the most irritating possible
way.

I have the honor to be

Sir

Your most Obedient Servant

John W. Spring

Engineer-in-Chief

East Coast Railway

8/15/5

2. W. CURRENT No. 4798

No 1663 R 9 5. 7. 92

1977 R 13.0.92

2795 Ray 21. 11. 92.

• 3031 Rky 17.12.92

Recd. 25-5-93

I do not think that Mr. Spring's views are correct, and his proposals are to my mind impracticable. I sent him papers with the West Africans, in connection with which I have written my views.

As the $\frac{1}{2}$ mile between the station is practically
difficult, because only a portion of the
Railway land is within one mile limit
It is clear that the whole must be either
excluded or included. But Mr. Gilling
has muddled up the matter by proposing
that a quantity of adjacent land shall
also be excluded.

The Mem^o have just come up for a decision whether they can levy house taxes on the railway property there, and whether railway servants within the Municipal limits are liable to house tax. I then advised me & Mr. Capt. that the railway Govt. having been most comfortably taxable in 30 Cps 90 - not having there been in England - cannot be assessed to the house tax without the sanction of the L.G. in C.; and have left the Mem^o to apply for such a sanction under Sec 135(1). John H^d asked as to the liability of railway servants, I have said that there is nothing to exempt them. This liability is the same there as elsewhere.

ku

30/Jan

W. Spring, Secy. GENERAL
 forwarded for file
 because I think ~~it is~~
 personal - this I am
 to correct
 aware that his pro-
 posals cannot be
 carried out without
 some law enabling
 the municipality to
 alienate their land
 & houses, of taxation
 and another law to
 enable the Ry. authority
 to levy their own
 taxes for sanitation,
 lighting, water &c -

Perhaps it would be well to let Mr. Spring visit on this point tho' he will probably, as I have done, refer to the taxation which obtains on the North western Ry - levied by the Ry authorities whether illegal or not I am unable to say.

322

$$\begin{array}{r} 26 \\ \hline 6 \end{array}$$

The Report is in Circulation.

R 29/5

add 28/5.

Form No. 1.

PUBLIC WORKS DEPARTMENT.

OFFICE OF CONSULTING ENGINEER FOR RAILWAYS.

Madras, _____ 189

No

SUBMITTED

Government.

Subject.

SERIAL

No. 6

No. 330 R. T.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY TRAFFIC.

To
THE JOINT SECRETARY TO THE GOVERNMENT OF MADRAS, PUBLIC WORKS DEPARTMENT (RAILWAY BRANCH).
THE SECRETARY TO THE GOVERNMENT OF BOMBAY, PUBLIC WORKS DEPARTMENT, (RAILWAY BRANCH).
THE CONSULTING ENGINEERS TO THE GOVERNMENT OF INDIA FOR RAILWAYS, CALCUTTA, LUCKNOW AND CENTRAL DIVISION.

Simla, the 9th June 1893.

SIR,

In continuation of Gov. ment of India letter No. 0050 R. T., dated the 26th January 1893, on the subject of the local taxation of railways in India, I am directed to request that the enclosures thereof may be shewn confidentially to the Agents and Managers of the railways under your control, and that the Government of India may be furnished with an expression of their opinions on the terms of the proposed draft resolution.

I have the honour to be,

SIR,

Your most obedient Servant,

J. S. Bell
Under-Secretary.

Documents accompanying.
Nil.

To
*The Joint Secretary to the Govt. of Madras,
Public Works Department, Railway Branch.*

5722

425C

Dec 26. 6. 93

1027 R 4 20th July 1893
Confidential
PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

again
Read the following

Progs: of the Madras } H.R. no. 657 R 7 3rd April 1893
Govt. P.W. Depto: — }

Read also

Letter from the Agent } H.R. no. 761 R 7 11 April 93
Manager H.N. the Highways }

Letter from the Agent } H.R. no. 557 R 7 24 April 93
Railway — }

Progs: of the Madras } — — — 586 H.M. no 7 1st May 93
Govt. Road & Canal Depto: }

Letter from the Agent } — — — 1009 W 7 8th do
Manager H.N. the Highways }

Letter from the Agent } — — — 413 R 7 15th do
Manager Madras Rly }

Letter from the Sup. } — — — 3304 R 7 15th do
Chief Constable }

Letter from the Govt. } — — — 330 R.I. 7 9th do
of India P.W. Depto: — }

Ordered that —

Government of India
addressed

W.W. A

No. 1028 R of 20 July 1893
Joint Secretary
Post. Madras
D. Railway Branch

55/11
W.W.

To
Secretary Public Works
Dept. Post. of India

I am directed to
say, in forwarding
the Proceedings of the
Post. of Madras en-
closing ^{letter containing} the opinions
of the Agents & Managers
of the Railways under
the Madras Post. which
were called for in P.
Letter 330 R T of 9 June
1893 and 0050 R.T of
26 Jan'y 1893 on the
subject of local taxa-
tion of Railways in
British India. I am
directed to say that
His Excellency in
Council suggest that
Railways should not
be exceptionally treated
in the matter of local
taxation from any
other class or descrip-
tion of property
But that if this view
be not accepted, the
draft resolution

The Proceedings will be
forwarded to the Agents
Letter in answer

2. On this question, I am to say that in
the view of this Government there is no reason
whatever why railways should be exceptionally
treated in the matter of local taxation, or
that their payment toward local objects should
be regulated with reference to the direct business
rendered by local bodies to railway adminis-
tration. Local taxation is levied to provide
not for such services as the conveyance of
mail, lighting, watering, &c. of individual
premises, which ^{are of a private nature} ~~are of a private nature~~
for individual occupiers or owners of ~~their~~
property, but for the general sanitation of
the town, for the up-keep of the public roads
& streets, for the lighting thereof, ^{for the general security} ~~for the general security~~
other purposes in which all owners and
occupiers are interested in common.
It cannot, in the opinion of the G. in C.
be disputed that in respect of these general objects

should lay down definite rules for the guidance of the authority to whom the decision of the proportion of contribution is to be confided - The f. in C considers that in the absence of definite rules there will be no uniformity in the settlements made -

With reference to para 2 of the draft resolution I am also to say that in the opinion of the f. in C it would be advisable to lay down that, when complaint is made by any Railway administration. under sec 135 subsection 2 of the Indian Railways Act IX of 1890, the authority should take into account the general benefits & services rendered by the local body to

the railway benefits quite as much, and is as much interested in the general welfare of the town & its lands, as any other owner or occupier of property within the limits of the local rating. Indeed it appears to me that so far from railways being entitled to claim any exemption from local burdens or any exceptional treatment, they should be considered to be especially liable, because of the large amount of passenger traffic, and the further increase of population in the towns where they establish stations. They create special demands on the resources of local bodies. In England, it is believed, the principles advocated by this Government are fully recognized & railway rates are levied as heavily and precisely on the same system, as all other property. The fact that the State now or is largely interested in railways in India is I am to submit no reason for special treatment as all other State property is fully rateable. It is not because the State undertakes commercial ventures such as railways and it should be liable to the same burdens as any other property of the same character undertaken by private persons. The views expressed by Sir Charles Elliott & Sir C. H. Williams in their report of 1901 are in the opinion of the G. in C. entirely indefensible. There is no tax levied in this Presidency to which 3. If however the G. in C. is not prepared to accept these views of the Govt. on the general question & desires to maintain the policy of sec 135 of the Railway Act, 1890. The G. in C. would suggest that definite rules should be laid down for the guidance of the authorities shown to decide as to the liability of railways to local taxation, and in particular that they should take into account, not merely the proportion of the payments claimed towards direct services, but also the general benefits and services rendered by the local body to railway administrations in common with other owners of property within the local limits. In default of such rules there will be no uniformity in the settlements made, & injustice to local revenues.

which might be specially treated with special objection is taken, viz. the profession tax. Under section 65 of the British Municipalities Act, this tax is payable in only one Municipality in the Presidency, but Govt. has under consideration the propriety of repealing this provision. The G. in C. would not object to railway administrations being allowed to compound for this tax for their employees.

4. In the Madras Presidency the authorities to decide cases as contemplated in paragraph 2 of the draft resolution must be the Collector of District, but they should be declared to be so by order of this office, and it is not possible to furnish a nominal list of them as desired in para 2 of the draft resolution under reply.

W. S. 1904

The railway authorities in common with all other owners or occupiers of property within local limits and not whether the tax or assessment complained of is disproportionate to the services rendered. The profession tax might be excluded and a general rule laid down that a railway should be fairly taxed on its rateable value - and to enable it, if desired, to pay a lump sum in any municipality for itself and its servants -

With reference to para 2 of letter No 8050 RT if it would be in the opinion of the f. in C, be the Collector of each District who would be the officer who would decide cases brought before him as contemplated in para

2 of the draft resolve.
time but a nominal
list of such officers
would be neither
desirable nor feasible.

F. R. U.

17
7 93

P115

No. 1027 R.

Government of Madras.

PUBLIC WORKS DEPARTMENT
RAILWAY BRANCH.

To

THE SECT. TO THE GOVT. OF INDIA,
P. W. DEPARTMENT.

20th July 1893.

Sir,

I am directed to
forward copy of the Proce-
dings of the Government of
Madras No 1027 R, dated
20th July 1893, embodying
letters containing the opinion
of the Agents and Managers
of the railways under the
Madras Government as
were called for in your
letters 330 R.T. of 9th Jan
1893, and 0050 R.T. of 2
January 1893 on the subject
of local taxation of rail-
ways in British India.

On this question,
to say that in the
is of this Government
there is no reason what-
ever why railways should
exceptionally treated
in the matter of local tax-
ation, or why their pay-
ments toward local objects
should be regulated with
reference to the direct ser-
vices rendered by local
bodies to railway adminis-
trations. Local taxation
levied to provide not for
such services as the con-
veyance, lighting, watering
of individual premises
but are obligations falling
on individual occupiers or
owners of property, but
the general sanitation
the towns, for the repair
of the public roads
and streets, for the lighting
thereof, for the general
security

Security, and for other pur-
poses in which all owners
and occupiers are interested
in common. It cannot
in the opinion of the Board
in Council, be disputed
that in respect of these
general objects the railways
benefits quite as much
and is as much interested
in the general welfare,
the towns it serves, as
any other owner or occu-
pant of property within the
limits of the local pay-
ment. Indeed it appears the
far from railways be-
ing entitled to claim an
exemption from local
burdens or any excep-
tional treatment, they should
be considered to be respon-
sible, because as carriers of
goods and as for the
increase and general
welfare

On this question,

of population in the towns where they establish stations, they create special demands on the resources of local bodies. In England, it is believed, the principles advocated by this Government

are recognized and every property is rated fairly and precisely on the same system, as other property. The fact that the State owns property largely interested in the progress of India is, I think, to submit, no reason for special treatment as other State property is fully rated when the State undertakes commercial ventures such as railways and it should be rated on the same basis as ventures of private character, for example, tramways and the like undertaken by private individuals. The views expressed

by

P. 115

My Sir,
Mr. Crookwaite and I, in Major Temple's report, are in the opinion of the Governor in Council that it is indefensible. There is a tax levied in this Presidency to which special objection is taken, viz the Profane Tax and which might be specially treated. Under Section 60 of the District Municipalities Act, this tax is at present payable by only one Municipality, the Profane, but Government has under consideration the propriety of repealing this provision. The Governor in Council would not object to, any Administrations allowed to compound this tax for themselves and their servants.

3. If however

Gover

On this question,
shared to accept the
views of this Government
on the general question and
wishes to maintain the
policy of section 135 of
the Railway Act, His Excellency
Governor in Council
would suggest that definite
rules should be laid down
under the guidance of the
authorities who are to
decide as to the liability
of railways to local taxa-
tion, and in particular
that they should be directed
to take into account, not
only the proportion of the
expenditure claimed to direct
expenses, but also the general
profits and services rendered
to the local body to rail-
way administrations in
common with other owners
of property within the
limits. In default
of such rules there will
be uniformity in the
settlements
by

PM

settlements made
subject to local purposes.

In the Madras Pre-
sidency the authorities to
decide cases as contempla-
ted in paragraph 2 of the
draft resolution must
be the Collectors of District
but they should be declared
to be so by virtue of their
offices and it is not pro-
bable or desirable to furnish
a nominal list of them
as desired in para 2 of
your second letter under
reply.

I have &c

F. Russell.

Despatch to India from 10th
with 6 spare copies of
letter R.D. on 27-7-93
V.L.
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