

Revenue Department

No 456

Dated 1-4-1859

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Fort Saint George, Revenue Consultation of 1st April 1859.

No. 131. Read the following letter from CECIL BEADON, Esq., Secretary to the Government of India ; to T. PYCROFT, Esq., Chief Secretary to the Government of Fort Saint George ; dated Fort William, the 21st March 1859, No. 550.

SIR,

With a view to the improvement of the finances of India and to provide the means of meeting the increased expenditure in the Military Department consequent on the mutinies, His Excellency the Governor General in Council deems it expedient that early consideration should be given to the imposition of a tax on Native grown tobacco throughout India.

2. As to the way in which this object may best be effected several methods have suggested themselves to the Governor General in Council, to all of which objections of more or less weight may be made. The points to be kept in view are, that the tax should be so levied as effectually to bring under contribution the whole consumption of this almost universally used article of luxury, and at the same time to reduce official interference to a minimum, and to lay no greater burden on the people than is absolutely necessary for the collection of the revenue.

3. In the absence of sure and complete data on which to base a measure of the nature contemplated, the Governor General in Council is disposed to think that the least objectionable mode of levying a tax on tobacco in India is by licensing the cultivation of the plant. The chief objection to this mode of taxation is that the tax must be paid in advance before the article is prepared for consumption. On the other hand, the tax is more easy of collection in this manner ; it may be collected by means of existing establishments and with little increase of expense ; and it involves no interference with the article when once it is grown and manufactured, and no coercive process for the recovery of arrears, as arrears cannot from the nature of the case accrue.

4. The mode of carrying out a system of cultivation under license would, it is conceived, be somewhat as follows.

The cultivation of the tobacco plant except under license from the Collector would be prohibited throughout India.

Unlicensed cultivation would be subject to penalty.

Licenses would be granted by the several Collectors for the cultivation of Tobacco on payment of a fee calculated at so much for a given area.

The fee should be calculated by the English acre and its parts. Thus, if four Rupees an acre were the general rate of tax determined on, the fee might be calculated at one Rupee for every quarter of an acre, or fraction of a quarter, up to one acre, and four Rupees for every acre or fraction of an acre above one acre.

The amount of the tax that might properly be imposed on an acre of Tobacco cultivation would have to be determined with due advertence to the value of the produce.

Several persons might perhaps be allowed to take up a joint license for lands in the same village : but lands in different villages should not be included in the same license, though cultivated by the same person.

The cultivation of the Tobacco plant should not be allowed to commence even in its earliest stages till the fee had been paid.

Some arrangement will have to be made with the Rulers of Native States either to impose a similar tax in their several territories, or to prevent the exportation of Tobacco into British Territory without payment of duty to the British Government.

It may be necessary to make some change in the rate of duty charged on the import of Tobacco by sea and in the method of charging it, and possibly to allow some remission or drawback of excise duty on native grown Tobacco exported by sea to foreign countries.

5. The other methods in which it would be practicable to raise a revenue from Tobacco are :

1st. By entirely suppressing the cultivation of the plant throughout India and relying on the importation of the article from foreign countries, and the payment of an import duty thereon. This is the plan adopted in the United Kingdom but it is inapplicable to the circumstances of India, and it could scarcely be adopted without grave injury to the agricultural interests.

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2d. By monopolizing the manufacture and sale of Tobacco. This plan to be effectual must be carried out thoroughly: that is to say the plant must be grown on Government account and under Government supervision, stored in Government Warehouses, and sold by Government officers: cultivation must be prohibited except in certain districts: and a large preventive Establishment must be maintained to prevent not only illicit cultivation but the disposal of the plant by the Government ryots before it reaches the Warehouse.

3d. By an Excise on the sale of the article. This to be effectual must be managed very much in the same way as if a monopoly were established. The plant must be cultivated only in specified districts and under Government supervision and stored in Government Warehouses, whence it would be removeable only on payment of the fixed duty. This also would necessitate the employment of a numerous preventive force to prevent illicit cultivation and sale of the plant, and neither under an Excise system nor under a monopoly would it be possible to prevent the untaxed consumption of the article by the large class of persons engaged in producing it, and scarcely by persons residing at and near the places of cultivation.

6. It seems therefore to the Governor General in Council that the plan of licensing the cultivation of Tobacco is the one least open to objection, and at the same time best calculated to produce a considerable amount of revenue, and it is to this plan that I am especially directed to invite attention, in order that the subject may be carefully considered and the views of the local Government and its most competent officers expressed as to the plan itself and the detailed measures necessary for carrying it out.

7. At the same time if it should appear preferable to adopt any one of the other plans referred to, or any modification thereof, it is not intended to confine the local Government to a consideration of the plan which, at the first, has recommended itself to the judgment of the Governor General in Council.

8. I am directed in conclusion to request that the Government of India may be favored with a reply to this letter as soon as may be possible.

No. 132.

ORDER THEREON, No. 456; dated 1st April 1859.

Ordered to be referred to the Board of Revenue for early report.

(Signed) J. D. BOURDILLON,
Secretary to Government.

Cashier to Attendant E.
of 15th June 1859 & 19.

21-11-93

52/58
445-700
4-11-10 ✓

10/31/4/32.

28th March

Revenue 1859 Recd.
June: 1st April.

No. 523

From the Secretary to the
Govt of India.

Letter 21st March 1859.
Recd. 28th

From the Secy of Sec.
of 21st March 1859 No 720
and no 1720

suggesting the
early consideration of this
question to the imposition of
a tax on native grown
cottons throughout the
India.

10th 1st April 1859
With an order

No. 456

Forwarded to the Secy
- for early report -

1st April 1859.

Secy to Secy

Recd. 2nd April 1859

April 1859.

Secretary

To the Board of Secy. Engrs & Co.