M.R.O. 14—10,000—21-4-29

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 859	Press ~~Mis.~~
73-74	
Dated 25-5-	18 69.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, for the month of May 1860.

No. 73. Read the following Proceedings of the Madras Government in the Political Department, dated 16th May 1860, No. 314 :—

Communicating a letter from the Government of India forwarding copy of a Despatch from the Chief Commissioner of Oudh describing the measures taken by him for taxing the Mercantile classes in Oudh, together with a copy of the reply thereto.

(Vide Political Proceedings, from 11th to 21st May 1860, No. 20-21.)

No. 74. ORDER THEREON, 25th May 1860, No. 850.

Ordered to be communicated to the Board of Revenue for information.

(Signed) C. G. MASTER,
Deputy Secretary to Government.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following letter from CECIL BEADON, Esq., Secretary to the Government of India, with the Governor General, to the Secretary to the Government of Fort Saint George, dated 17th April 1860, No. 1310.

Foreign Department.

I am directed by the Governor General to forward for the information of the Right Honorable the Governor in Council copy of a Despatch from the Officiating Secretary to the Chief Commissioner of Oudh, No. 1258, dated 5th instant, describing the measures taken by the Chief Commissioner for taxing the mercantile classes in Oudh, similar to the system adopted in the Punjab, together with a copy of my letter to the Chief Commissioner on the subject.

From CHARLES CURRIE, Esq., Officiating Secretary to the Chief Commissioner, Oudh, to CECIL BEADON, Esq., Secretary to the Government of India, with the Governor General, Foreign Department, dated Lucknow, 5th April 1860, No. 1258.

Revenue.

I have the honor to acknowledge the receipt of your letter No. 606, dated 8th December last, with enclosures, relative to the taxation of the mercantile classes in the Punjaub and to describe the measures taken by the Chief Commissioner to introduce a similar system of taxation in the Province of Oudh under the authority conveyed in your letter under reply.

2. The Chief Commissioner having observed the marked success which attended the reimposition of Octroi duties in the large Towns of the Punjaub as described in paragraph 5 &c., of the Secretary to Government Punjaub's letter, turned his attention in the first instance to a similar method of raising the Revenue of this Province. These duties are already levied for Municipal purposes at all the principal marts of the Province, and it was deemed practicable to enhance the proceeds so as to obtain an additional Revenue capable of being appropriated to imperial purposes.

3. The Chief Commissioner however did not solely or even mainly rely on this measure for the realization of any considerable Revenue; and in the circular which he issued to the Commissioners of the Province expressing his own views and inviting their opinion and suggestions previous to determining on any fixed line of action, he distinctly stated that he attached the greatest importance to the system of lump assessment, leaving the distribution of their quotas to the people themselves. In fact the Chief Commissioner was opposed to having recourse to these duties at all as they enable the wealthy to shift the burden on to the poor, and fall most heavily on the producers or the very class which it is the object of the Legislature to exempt. Moreover the levy of these duties is not indigenous in the Province; the only town in which Octroi duties properly so called are levied is Lucknow. In all other towns the duty levied is a Choongey or duty on actual sales. The extension of the levy of duties on all articles brought into towns, irrespective of any sale being effected, would have a tendency to convert the so called Octroi into a species of transit duty. The Chief Commissioner was particularly loath to introduce into the Province any system of taxation likely to lead to such results, and he therefore looked to increased Octroi duties simply as an auxiliary source of Revenue in the last resort in the event of his being unable to raise an adequate sum by the more correct principle of direct taxation.

4. On receiving from the different Commissioners a list of the towns and bazars in which Octroi duties are levied together with the rates fixed, the Chief Commissioner ascertained that these duties were already levied at every considerable mart, and at rates as high as the present depressed condition of the Province could well bear. It became evident therefore that if Octroi duties were to be resorted to for the purpose of raising an imperial, in addition to a Municipal Revenue, the rate of duty must have been increased and the levy of the duties extended to places of such trifling importance as to make the tax burdensome to the people.

5. The objections to a recourse to the levy of Octroi duties in general as stated above weighed with the Chief Commissioner in determining him not to extend them to other towns or bazaars than those at which they are already levied for Municipal purposes to which uses they will in future be strictly confined. So also it was found that the present rates of duty could not be raised without materially obstructing the development of trade which it is the Chief Commissioner's highest aim to foster and resuscitate from the depression into which it has fallen during Native rule succeeded by such a convulsion as the late rebellion.

6. It is true that the cities of Lucknow and Fyzabad might have been able to contribute a considerable sum by increased Octroi duties, but as it was never contemplated to grant the inhabitants of these towns the option of exchanging direct taxation for increased Octroi rates, the Chief Commissioner thought it would be advisable to raise the whole by one and that the soundest method of taxation. Moreover in Lucknow the only City of the Province the rate of duty already levied amounts to Rupees 4-8 per cent. ad valorem or the highest rate to which it was proposed to raise these duties in the largest towns of the Punjab. To have levied a higher rate would have made the tax very oppressive while the additional proceeds would only have amounted to one lac of Rupees.

7. The Chief Commissioner therefore abandoned the project of having recourse to the Octroi duties, even as an auxiliary source of State Revenue and determined to adhere to the principle of direct taxation alone. I now proceed to detail the method in which the principle has been applied and to report the result.

8. The Chief Commissioner's main object has been to raise a fair Revenue for the State from the non-agricultural classes of the Province by the imposition of a tax based on the principles contained in the Bill for licensing Trades and Professions lately before the Legislature. He has endeavored to impose this tax without making its assessment too inquisitorial or its distribution and collection vexatious. After mature deliberation and consultation with several of the most able Officers of the Province, the Chief Commissioner determined to have recourse to the mode of lump assessment, *i. e.*, the amount to be levied from each town and village was to be fixed by the District Officers and the distribution of the quotas was to be left to the people themselves. This was the method that had been partially followed in the Punjab and had met with the approbation of His Excellency.

9. To enable the District Officer to make his assessment it was necessary that he should have some data on which to base his calculations. Lists were therefore directed to be prepared showing the names of all persons exercising trades and occupations other than that of agricultural and their estimated gains. The District Officers were instructed to direct the Tehseeldars and other Subordinate Officers entrusted with the preparation of these returns to enter the estimated gains of individuals according to current rumour and presumption without any inquisitorial investigation into their correctness, and they were further desired to make use largely of the assistance of Táluqdars, Zemindars and Putwarees in drawing up these preliminary returns. In Táluqs indeed the work was almost entirely entrusted to the Táluqdars.

10. As the estimated gains thus obtained would necessarily form very imperfect data, the District Officers were authorized to accept them only quantum valeant and to use their own discretion in raising or lowering them according to their own judgment of their value, derived from knowledge of their districts.

11. The amount of tax to be levied was calculated at the rate of Rs. 3 per cent. on the gross estimated incomes of the non-agricultural community of the town or village. No classes were adopted. The sum so fixed was left to the people to be distributed amongst themselves, with these conditions that no persons were to be made liable to pay any quota whose names were not entered in the original list submitted to the District Officer. The Chief Commissioner having determined that no one was to be taxed who was unable to pay one Rupee per annum, the names of all such people were erased from the list by the District Officers before being returned for the distribution of the tax assessed. The aid of the Táluqdars has again been most valuable in making this distribution and has to a great extent secured the poorer classes from being sacrificed to ease the rich.

12. Exemption has been given in favor of Coolies, village Chowkeedars, Putwarries, inferior village servants, Sepoys in the employment of Government and servants generally. In this province a tax on these last would have been equivalent to a tax on their masters. Zamindars in the habit of advancing loans to persons other than their own tenants or otherwise engaging in commercial or banking transactions have been subjected to the tax.

13. The collection of the tax after distribution has been entrusted to the Táluqdars and Zemindars within the limits of their Estates. The Táluqdars have readily undertaken the task. In large towns the collection has been made through the Chowdries of the different trades. A commission of ½ an anna in the Rupee has been allowed to the parties entrusted with the collection and the payment of the whole demand being divided into two instalments, licenses in the form annexed have been granted to all persons made liable to the tax on payment of the first instalment.

14. Provision has been made for keeping a check on persons closing their shops during the year and removing to other parts of the province and also for subjecting to taxation any person setting up in trade after the assessment and distribution has been finished. It having been represented that much of the trade of the country is carried on in open-air marts, the traders resorting to these marts have been obliged to take out licenses, provided they have not already been subjected to taxation on the town or village in which they reside. The amount to be paid has been left to the discretion of the District officers who will decide according to the means of each individual.

15. The difficulties with which Mr. Carnegy has had to contend in the assessment and distribution of this tax on the large city of Lucknow, have been of no ordinary nature. The heads of guilds shewed no disposition to render any assistance. There proved to be little union between the members of the same guild and the subdivisions of each were very numerous. It was therefore found necessary to determine the lump assessment on Mahullahs or parishes and not on guilds or trades; and as the influence possessed by the heads of parishes was very small, the Government officials were compelled to undertake the duty of preparing the registers described in the 9th paragraph of this letter. This was a most difficult and laborious operation owing to the circumstances of one and the same trader often carrying on business in several quarters of the city and the necessity of bringing him under taxation in only one parish and that the one in which his principal business was transacted. Moreover in anticipation of the contingency rendered probable by the want of co-operation on the part of the leading inhabitants that it might devolve on the same officials to distribute the assessment when made, it became requisite to ascertain the incomes of the tax-payers with a greater degree of accuracy than had been thought necessary in the rural districts where no difficulty in carrying out the system of self-distribution had been experienced.

These difficulties have however been surmounted and since the declaration of the amount on each Mahullah the work of self-distribution by the inhabitants is progressing favorably and it does not seem probable that the further interference of the Government officials will be called for.

Khyrabad.	*Seetapoor*...	90,000	
	Hurdui....	70,000	
	Durriabad	70,000	
Lucknow.	*Lucknow.* *City*....	300,000	
	Lucknow. *District*...	61,991	
	Oonao....	65,000	
	Roy Barielly...	73,937	
Fyzabad.	*Pertabgurh*...	58,000	
	Sultanpore...	60,000	
	Fyzabad....	90,832	
Baraitch.	*Luckheempoor.*	75,000	
	Gondah.....	70,000	
	Baraitch.....	40,000	
		11,24,760	

16. The Financial result of the above measures is marginally shewn and exhibits an increase to the revenues of the Province of 11¼ lacs. The Chief Commissioner trusts that His Excellency the Governor General will consider this satisfactory though he admits that he originally anticipated a larger out-turn. The Chief Commissioner has lately made a tour of the whole Province and from personal observation and from the enquiries he has instituted, he is convinced that the country is too poor to bear a much higher pressure.

17. The Chief Commissioner desires me to draw His Excellency's attention to the relative positions of Oudh and the Punjab. In the former the country has been for years sinking under the oppression and misrule of Native Governors, and has but very lately been the scene of one of the most tremendous convulsions known in history. The latter has enjoyed perfect peace and repose for the past twelve years; its trade has been fostered and its resources developed by able and beneficent rulers. In the Punjaub the large commercial marts studded over the whole country mark its prosperity. In Oudh there are no commercial marts at all, and the only city of consequence Lucknow, has been raised to its present prosperity not by commercial enterprise or from being the emporium of trade, but from the assemblage of traders, artizans and craftsmen who necessarily surround the Courts of Eastern Kings. The Punjab again is so situated that a very large and important traffic passes through it. Oudh on the other hand is not on the high road of any foreign traffic, its position being such as to render the passage through its territory of any but indigenous commerce impossible. In fact Oudh and the Punjab have changed places, the pay of the Native army now flows unto the latter instead of the former province and while the Punjab has been enriched with the plunder of Hindoostan, Oudh has for three years been the seat of rapine and disorder.

18. If then the Punjab, the land revenue of which is just double that of Oudh with all the advantages above described, and with the assistance of increased Octroi duties raises a revenue from twenty-five to thirty lacs, the Chief Commissioner thinks that 11¼ lacs is not so unfavorable an out-turn for Oudh suffering as it is under many disadvantages and considering that the whole amount has been raised by direct taxation, a system the satisfactory introduction of which into India has been for many years the great problem to be solved.

19. Moreover the Chief Commissioner is of opinion that the great object of introducing the principle of direct taxation into the province rapidly and without harassment or vexation to the people would have been well attained even at the loss of some Revenue. He considers it a matter of no small importance that a tax of 11¼ lacs has been assessed under a new method, distributed over about five hundred thousand tax payers and partially collected without a murmur.

20. The Chief Commissioner has directed statistical returns to be prepared shewing the incidence of this tax on the several classes of traders throughout the Province. From a careful examination of the information that will be thus afforded he anticipates very valuable results and he hopes to be able so to classify the different trades and professions as not only to make the calculation of the assessment in future years a much easier operation than it has been this, but also to ensure a more perfect distribution of the tax according to the respective means of the rateable classes.

21. In conclusion the Chief Commissioner desires me to solicit the expression of His Excellency's approbation of the exertion of the several Commissioners and Deputy Commissioners of the Province who have all laboured zealously and strenuously to carry out his views. Where all have deserved the highest praise it is perhaps invidious to name any, but the Chief Commissioner must bring prominently to notice the names of Colonel Abbott, Commissioner of Lucknow, of Mr. Carnegy, Deputy Commissioner of that District, and of Captain Reid, Deputy Commissioner of Sultanpore. From the first named the Chief Commissioner has throughout received the most valuable advice and suggestions on the introduction of the measure. The difficulties with which Mr. Carnegy had had to contend in the assessment and distribution of this tax on the large city of Lucknow have been already described. Captain Reid collected the first instalment of the tax within six weeks of receiving the orders to enforce it.

22. The Chief Commissioner trusts that His Excellency will make allowance for the total absence of all data on which to work, as this was the first obstacle against which the district Officers had to contend. With the exception of the names of the villages there were no data whatever. The census returns of the population classified under their respective trades and occupations would have been of great assistance, but these were wanting. The Native official through whom the district Officers were obliged to work were generally but little acquainted with the province and new to their duties. When His Excellency considers that with all these drawbacks it has been necessary to prepare lists of all the non-agricultural residents of every town, village and hamlet, to test these lists when made, to correct the errors of stupid Native subordinates, to calculate the assessment of every village and to supervise its distribution, when he further considers that this has been done in addition to the regular and heavy routine work of the province with a very slight extra establishment, the Chief Commissioner thinks that he will be satisfied that three months is not a very lengthy period for the completion of so arduous a task.

From C. BEADON, Esq., Secretary to the Government of India, with the Governor General, to the Chief Commissioner of Oudh, dated Simla, 17th April 1860, No. 1309.

Foreign Department.

I have the honor to acknowledge the receipt of your Officiating Secretary's Despatch No. 1258, dated the 5th instant, describing the measures taken by you for taxing the mercantile classes in Oudh, on a system similar to that which has been generally adopted in the Punjab.

2. In reply, I am directed to acquaint you that the Governor General highly commends the admirable care and judgment with which this measure has been carried out.

3. His Excellency begs you to accept his thanks for yourself, and to convey them to the Officers who have aided you, especially Colonel Abbott, Mr. Carnegy and Captain Reid.

4. The success with which the difficult experiment of lump assessment has been applied, and the fact that a direct tax, entirely new in character, and to the extent of 11¼ lacs, has been already in part levied from half a million of tax payers without a murmur and without any show of force following closely upon considerable reductions in the Military and Police Force of the Province is in the highest degree creditable to the administration of Oudh.

5. The Governor General sees with great pleasure the use which you have successfully made of the Táluqdars in this matter. This early practical proof of the great public benefit and security to be derived from associating the higher classes of the landholders with the Government in Civil Administration is very satisfactory; especially when it is found that their aid is felt, not only in relieving the Government Officers from labor of detail, but in guarding against an undue share of the burden of the tax being placed upon the poorer classes.

(True Copies.)

(Signed) C. U. AITCHISON,
Under Secy. to the Govt. of India,
with the Govr. Genl.

ORDER THEREON, 16th May 1860, No. 314.

Ordered to be communicated to the Revenue Department for information.

(True Extract.)

Chief Secretary.

To the Revenue Department.

Exd. F. Cartledge.

Revenue 1860 Dept.
Pro. of Govt. 31st. May.

No. 1070

Proceedings of the Madras Govt. in the Political Dept.

Dated 16th
Rec'd 23rd } May 1860.

Communicating a letter from the Govt. of India forwarding Copy of a Despatch from the Chief Commissioner of Oudh describing the measures taken by him for taxing the Mercantile Class in Oudh, together with a Copy of the reply thereto.

No. 850.

Ordered to be communicated to the Board of Revenue for information.

Fort St. Geo. 25 May 1860

Despatches to the Board of Rev: Disp. 25
with Pro. Pol. Dept. No. 314.

No. 850- 25th May

Will an order

No. 873-874.