M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 270 Press ~~Mis.~~

216-217

Dated 11 - 2 - 1862

Not to be folded or roughly handled

No. 216. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 26th December 1861, No. 14,694:—

Read the under-mentioned letters, &c., on the subject of the amount and distribution of the 1 per cent. Income Tax to be devoted to the construction of re-productive Public Works:—

Estimate of the Accountant General to the Government of India, dated 23rd August 1861.

Letters of the Government of Bengal, No. 1,007*b*, dated 24th August 1861, and No. 1,059*a*, dated 8th October 1861, enclosing three statements of amount collected.

Letters of the Government of the North-Western Provinces—

No. 2,680, dated 12th August 1861.

„ 307*b*, dated 23rd August 1861.

„ 327*a*, dated 2nd September, enclosing statement of collections.

„ 2,683*a*, dated 14th September.

Letter of the Government of the Punjab, No. 1,444, dated 7th September 1861.

Letters from the Government of Madras—

No. 1,767, dated 6th September 1861, with an estimate.

„ 1,967, dated 11th October.

Letter from the Government of Bombay, No. 4,388, dated 11th October 1861, with a Memorandum of collections.

Letters from the Commissioner of Pegu—

No. 15, dated 16th August 1861, and

„ 17, dated 27th August, with an estimated return.

Letters from the Commissioner of Tenasserim and Martaban Provinces—

No. 194, dated 13th August 1861, enclosing an estimated return.

„ 210, dated 30th August, enclosing a supplementary estimated return.

Letter from the Governor, P. W. Island, No. 170, dated 1st October 1861, with a statement of sums realized.

Endorsement from Foreign Department, No. 4,611, dated 19th August 1861, on letter from Agent Governor General for Central India, No. 270-622, dated 1st August 1861, covering a return of amounts realized.

Ditto Ditto, No. 5,058, dated 5th September 1861, on letter from Political Agent Governor General, Rewah, No. 497, dated 27th August 1861, covering estimated return.

Letter from the Commissioner, Nagpore, No. 16, dated 4th July 1861.

Endorsement from the Foreign Department, No. 5,173, dated 9th September 1861, on the statement of collections of the Hyderabad Residency, dated 19th August 1861.

Ditto Ditto, No. 5,422, dated 20th September 1861, on a letter from the Resident of Hyderabad, No. 109, dated 5th September 1861, covering statement of sums realized in the Hyderabad Districts.

Ditto from Ditto, No. 5,393, dated 19th September 1861, on a letter from the Commissioner of Mysore, No. 196, dated 29th August 1861.

Ditto from Ditto, No. 5,695, dated 30th September 1861, on a letter from the Commissioner of Coorg, No. 15, dated 9th September 1861.

Ditto from Military Department, No. 582, without date, on a letter from the Military Accountant, No. 1,302*a*, dated 5th August 1861, covering statement of collections.

Letter from Military Finance Department, No. 1,235*a*, dated 8th November 1861.

Resolution.—His Excellency the Governor General in Council has had under consideration the proposals made by the several local Governments and Administrations for the appropriation of the sums which have accrued in respect of the 1 per cent. Income Tax. It appears, however, that in no one instance are the returns in so clear and complete a state as to render it possible for His Excellency to ascertain what sum is under the Clauses of the Act available for distribution locally.

In *Bengal* the amount reported is Rupees 11,45,864, but it is stated by the Accountant that the return, though purporting to be to July 1860, contains particulars for August 1860, and that

there are such evident discrepancies in the returns between the sums levied on account of the 1 and 3 per cent. duty that no reliance can be placed on them for the purposes of the Government Resolution, and the Lieutenant-Governor refrains from making any recommendation in respect to the disposal of the sums collected pending the receipt of a more correct return from the Board. The return comprises Rupees 1,383 deductions from salaries of the Benares Opium Agency, and other deductions from salaries of officers of other Presidencies paid at the General Treasury, and there is reason to believe that deductions from interest on Government debt are included in the amounts returned by the up-country Treasuries of all the Presidencies.

In the *North-Western Provinces* the Government report the amount as Rupees 5,65,405+ Rupees 8,658=Rupees 5,74,063, but this addition is probably a mistake, wholly or in part. It is described as the realizations of the Controller and Examiner of Public Works Accounts; whereas the amount Rupees 5,65,405, which is the sum given by the Officiating Deputy Auditor and Accountant General as the entire proceeds of 1 per cent. Tax, includes, under the title of "Engineer Department," Rupees 6,928, which is probably a portion of the said Rupees 8,658. The Rupees 5,65,405 again includes the quota of Nimar Rupees 702, and Neemuch Rupees 321, which do not belong to the North-Western Provinces; these must be deducted, and Rupees 1,383 for Benares added.

The Government of the *Punjab* reports that the collections are expected to amount to Rupees 81,472 in the Punjab Territories, but that the Deputy Auditor and Accountant General has not been able to distribute the total amount under the several Schedules.

The *Madras* Government place the collections at the approximate sum of Rupees 3,65,000, but this includes amounts levied in Hyderabad, East and West Berar, Nagpore, Saugor, Mysore, Coorg, Pegu, Cuttack, Belgaum, the Straits, China, and Travancore. There is no explanation of the item, "other sources Rupees 1,45,230," nor does it appear whether or not the deductions on account of the Public Works Department have been included, and therefore it is impossible to fix the amount applicable to Madras Proper.

The return since sent gives Rupees 3,67,567.

	Rs.		Rs.
Hyderabad	7,396	Pegu	639
East and West Berar ..	286	The Straits ...	477
Nagpore	3,522	China ...	324
Saugor	417	Cuttack ...	346
Mysore	6,970	Belgaum ...	8
Coorg	33	Department.	
Travencore ...	661		

The Government of *Bombay* gives Rupees 6,85,079 as the approximate amount to be applied to local purposes. But this includes the quota arising from taxation in Cutch, Kattywar, Bushire, Aden, Sind, Nagpore, Nimar, Baroda, Central India, Commissioner of Salt and Opium, and all the General Departments, on account of these places, the returns for Aden and Bushire are estimated, and the return of the Post Master General is only up to April 1861.

	Rs.	
Cutch	456	
Kattywar	700	
Bushire	658	
Aden	3,620	
Sind	49,114	(wrong cash.)
Nagpore	23,872	
Nimar	1,037	
Baroda	840	
Central India ..	3,292	
Salt and Opium Departments.		

The Resident at *Hyderabad* reports the amount as Rupees 1,547, which, it is presumed, is independent of the sum given in the Madras return.

The same remark applies to East and West Berar, in which Rupees 1,475 are reported by the Resident to have been collected, and for which 286 Rupees are shown in the return from Madras.

The Commissioner of *Mysore* reports that that province is exempt from the operation of Schedules 1, 2 and 3 of Act XXXII of 1860, and that the whole amount of Income Tax levied is realized under Schedule 4, and as this Schedule only includes the salaries of the British Officers and others serving in the province who are paid out of the revenues of British India, the whole of the amount realized is carried at once to the credit of the Imperial Revenues, in the accounts kept with the Madras Government.

The Commissioner of *Coorg* reports the amount at Rupees 718, which is supposed to be distinct from the amount Rupees (33) reported by the Madras Government.

The Political Agent at *Nagode and Rewah* reports the approximate amount as Rupees 2,188, but states that it is very probable that the figures given may be altered by revision.

The Governor of the *Straits Settlements* reports the collections as 358 Rupees in the three Settlements. The Madras return gives 477 Rupees.

The Commissioner of *Pegu* reports Rupees 19,650, the Madras return gives for Pegu 6,391, and it is tolerably certain that deductions on account of salaries of officers in Pegu have been entered in the return for Bengal.

By the Commissioner of *Tenasserim* the collections in those Provinces are estimated at Rupees 31,049.

For *Oude* the return shows 63,252 Rupees.

The Agent for *Central India* gives Rupees 3,291, the Bombay return gives 3,292 Rupees under the same head.

The Commissioner of *Nagpore* reports that it is estimated that about 35,000 Rupees will be realized from all sources (including the Military salaries of the officers of the Nagpore Force at Kamptee) as abstracted on the margin. The Madras returns gives 3,522 Rupees for Nagpore, and the Bombay return gives 23,872 Rupees.

Under Schedule	I.	Rs.	3,000
Do.	II.	,,	13,000
Do.	III.	,,	25
Do.	IV.	,,	19,000
		Total...	35,025

The return for the *Government of India* refers only to loans. The amount is Rupees 2,08,479, but this return is supposed to include deductions in the Treasuries of the other Presidencies which have been entered as well in the local returns.

The *Military Department in Bengal* report 1,29,249 Rupees, which is supposed to include deductions from the whole of the Bengal Army.

It will be clear from the above that the present returns are not such as to admit of the amount to be given to each Presidency, Lieutenant-Governorship, and Province under a Chief Commissioner being properly assigned.

Under the provisions of Sections 190 to 194 of the Act four statements are necessary, *viz.*:—

Firstly. The "Income Tax Account" required by Section 190 of Act XXXII of 1860.

Secondly. A separate account of all sums paid in on account of the one per cent. duty.

Thirdly. An account of the one per cent. duty paid in Presidency Towns and in the stations of the Straits Settlements.

Fourthly. An account of the dividends or interest paid upon the Government debt, and from the salaries of Public Officers, and from the profits of any Railway or other Public Company, whose profits may be derived from different parts of India, or of which any part of the profits is derived from a place other than that at which its head office is situate.

But it has to be determined what collections are to be included in the account of *the whole amount of duty raised under the Act* referred to at the end of Section 193 in any particular division of the Empire, whether, that is, it should include deductions from all Annuities, Pensions, Salaries, Interest, &c., *paid* in such division and included in the general "Income Tax Account," prepared under Rule 190, or whether it should include deductions from items of that description only in so far as they appear as charges against each division of the Empire. For instance, in the Punjab should deductions from interest on Imperial Loans, and from disbursements on account of the regular Army paid in the Punjab be taken into the account of the Punjab, or should *the whole amount of duty to be raised* under the Act in the Punjab be held to be confined to the sums raised under Schedules 1 and 2 and to such sums as may have been deducted from Annuities, Interest, Pensions or salaries chargeable against the Punjab Revenues.

His Excellency the Governor General in Council decides that the latter interpretation is the correct one, and in accordance with that determination the accompanying Forms* of Returns have been drawn out in extenso for one Presidency, Madras. When filled up they will contain all the information that is necessary to the ascertainment of the sum available and its local appropriation.

* Marked A & B.

The first section gives the quota for the Town of Madras, the second that of the Collectorates, the third that of Civil Departments, and the fourth that of Military Departments. The three last items under the head "to be adjusted" represent deductions made by the Madras authorities on account of Cuttack (Bengal) and Belgaum and Saugor (Bombay.)

It is to be distinctly understood that these returns are to contain all the transactions of the Treasuries which are subordinate to the several Deputy Auditors and Accountants General expressing the transactions of the lately transferred Treasuries* and the other political Treasuries (Mysore and Travencore) as set forth in the Forms A and B., and that any deduction realized on account of other Presidencies and Administrations not subordinate to the Deputy Auditor and Accountant General, are to be clearly set forth as in the cases of Cuttack, Belgaum and Saugor.

* Hyderabad, East and West Berar, Coorg.

In the meantime, however, it is obviously necessary if any benefit is to be derived from these Funds during the current year, that some approximate assignment should be made to each Government.

This involves the question of the total amount which the finances of the State will allow to be devoted to Civil Public Works, in the year 1861-62, as in the event of financial difficulties making it imperative to limit expenditure under this head to a certain sum, it is evident that any allotment under the 1 per cent. Clause of the Income Tax Act would have had to be met by a corresponding reduction of the ordinary Budget Grant.

This Clause could not create money where none existed, and to avoid misconstruction and useless complication, it may be desirable to amend it hereafter, as it is clear that if there was no surplus revenue or sufficient cash balance, and if over-ruling considerations prevented a loan, there would be no alternative but to adopt the course pointed out in the preceding paragraph.

Fortunately, however, the improved prospect of the finances is such as to enable the Government to extend its advances for Public Works of an useful character considerably beyond the limit of the Budget in April. The Budget contemplated a total outlay on Civil Public Works in 1861-62 of £3,604,629, *viz.*, £3,098,629 from Imperial assignment, and £506,000 from local Funds as compared with £3,059,778 from both sources in the preceding year 1860-61; but of the amount of Imperial assignment in 1861-62 £500,000 was expected to be made up from new local taxes.

This expectation will not be realized within the Financial year, partly owing to delays consequent upon the recent change in the mode of legislating for India, and partly owing to the local Governments having met a portion of their quota of local taxation by reductions of expenditure or otherwise.

Deducting this amount, the expenditure on Civil Public Works provided by the Budget for 1861-62 would be £3,104,629 as against £3,059,778 in 1860-61.

Having regard to the improved state of the finances and to the vital importance of accelerating the completion of roads and other useful works, especially in the Cotton Districts, and in connection with Railways about shortly to open, His Excellency the Governor General in Council has decided to increase this sum by £1,000,000, or, in other words, to raise the amount devoted to Civil Public Works in 1861-62 to £4,104,629.

This will be done—

1st. By maintaining the original Budget Grants at £3,604,629, notwithstanding the failure to provide the £500,000 by new local taxes.

2ndly. By adding to this the supplemental assignment of £120,000 given as per margin in Proceedings of the Public Works Department, dated 9th October 1861.

3rdly. By assuming £380,000 as the total amount of the 1 per cent. Fund, and allotting it in the following proportions, which affords the nearest approximation that can now be made, to the correct result, viz. :—

Bengal	...	... 11 lacs.
North-Western Provinces	...	... 6 ,,
Punjab	...	... 1 ,,
Madras	...	... 4 ,,
Bombay	...	... 8 ,,
Hyderabad, East and West Berar, Mysore, Coorg, Rewah, Straits, Pegu, Tenasserim, Oude, Central India, and Nagpore.	...	... 8 lacs., to be distributed in the manner that may appear to be most desirable to the Public Works Department.

Ordered, that a copy of this Resolution with Forms A. and B. be sent to the Auditor General of India, with a request that he will call for the return in the prescribed form from the several Deputy Auditors and Accountants General concerned, and submit them to this Department with all possible despatch, and give such further orders upon the subject of this Resolution as may be necessary.

Also, that copies, for information, guidance and the issue of such further orders as may be necessary, be sent to the Foreign Department, the Home Department, and the Public Works Department, in which last-named Department the works proposed for execution from the Fund will be considered and approved. On the communication of such approval, the amount will be available for expenditure.

To Government of Bengal.
,, North-Western Provinces.
,, Punjab.
,, Madras.
,, Bombay.
Governor P. W. Island.
Resident Hyderabad.
,, Travancore.
,, Baroda.
Chief Commr., Oude.
Commissioner Sind.
,, Pegu.
,, Tenasserim and Martaban.
,, Nagpore.
,, Mysore.
,, Coorg.
Agent Governor General, Central India.
,, Rewah.

(A true Extract.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

No. 217. Order thereon, 11th February 1862, No. 270.

1. Ordered to be communicated to the Board of Revenue and Public Works Department.

2. The Accountant General will be requested to furnish this Government with a copy of the Return which he is now required to submit to the Auditor General of India.

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

3rdly. By assuming £380,000 as the total amount of the 1 per cent. Fund, and allotting it in the following proportions, which affords the nearest approximation that can now be made, to the correct result, *viz.*:—

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To Government of Bengal
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„ Punjab
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„ Tenasserim and Martaban
„ Nagpore
„ Mysore
„ Coorg
Agent Governor General, Central India
„ Rewah

(A true Extract)

Secretary to the Government of India.

R. 6th September /61 N. 44
R. 11 October /61 — 150-
157.

From Sy. to Act. Govt.
of 30 June /62 C. No. 1895

N. 216 & 217.

Revenue 1862 Oct. 4th
Proc. of Govt. for February
No. 136-

Extract from the
Proc. of the Govt.
of India Finc.
Dept.

Dated 26th Decr. /61-
Received 15th Jany. 1862.

No. 14694-

Instructions
on the subject of
the 1% Income
Tax to be devoted
to the construction
of re-productive P.W.
and requisite Forms
of Returns made

A. & B. 270 - 11 Feb.
With an Order

No. 270.

ordered to be comm-
municated to the Board of Rev
and Public Works Departmen

2 The Accountant G
eneral will be requested to f
nish this Government with
copy of the Return which h
is now required to submit
Auditor General of India

From Govt. George
11th Feby /62
to the
Board of Revenue

P W Dept. v

3 Accountt. Genl. v