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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

REV

DEPARTMENT

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From J. GROSE, Esq., Acting Secretary to the Board of Revenue,
To the Chief Secretary to Government, Public Department.

Sir,

With reference to Government Order, dated 28th October 1870 No. 2389, I am directed to submit the Reports by Collectors on the amended Local Funds' Bill, which have been received up to this date. The remainder* will be forwarded in due course.

* Vizagapatam and Chingleput.

2. The first points to which particular attention is drawn by Government are the extent of the Circles in which the Local Funds are to be collected and expended, and the powers of the Committees who are to share in the administration of them.

3. On both these points the greatest hesitation and difference of opinion prevail, and the Board are satisfied that this proceeds mainly, if not entirely, from the incongruity of the objects for which the Circles and Committees are designed. It is simply impossible to devise any machinery which will be adapted at the same time to a scheme for roads and a scheme for education, and the attempt to do so must necessarily result in a compromise of ways and means which will injure both. It is even unjust to deal with the elementary education of the amended Bill, which, it must be admitted, will be confined to the establishment of a limited number of village schools, useful only to their immediate neighbourhood, as if it benefitted the general community in the same way that roads undoubtedly do.

4. Talook Circles are too small for road administration and too large for village schools. The Committee that manages a Road Fund can only frame budgets and watch results, leaving the collection of the large funds that are required to the State, and the execution of engineering works to a special establishment. Any Committee which would really interest itself in a village school must be composed of individuals residing within two or three miles of it, and the whole administration, including the levy of taxes and the management of the school, could be and ought to be confided to them.

5. It is pointed out by some Collectors that an enhancement of the Road Cess, and the imposition of tolls, both well known forms of taxation, would be borne (if the State stopped there) almost without a murmur. It is the imposition of other taxes at the same time that is so hateful to the people. The land cess and tolls are the proper sources from which a Road Fund should be drawn, and it will be a sufficient task and achievement for the Legislature to deal with them now.

6. Education may be dealt with afterwards, and when the subject is taken up again the Bill should be drawn after the fashion of Madras Act VI. of 1863, but giving the Governor in Council power to order the introduction of the Act compulsorily in any village or circle of villages sufficiently rich and populous to support a school. In each village circle there should be a Committee with power to collect rates, (either on houses or trades as they might elect,) pay expenses, and make rules for the school, subject to an obligation to render an annual report to the Director of Public Instruction, and to admit such inspection as Government may see fit to prescribe. The Board believe that the funds provided by the house-tax or trade-tax would be sufficient wherever a school ought to be established; for, though the history of the Moturpha abundantly proves that these taxes, when administered by the State, are odious, unproductive, and difficult to collect, their character would be changed entirely if they were placed in the hands of Village Committees and spent on the education of the children of the tax-payers. It would be possible then to have the house-tax fairly rated on value instead of determined by an arbitrary schedule.

7. This postponement of education would palliate or remove all the chief objections to the measure now before the Legislature. The taxation would be more tolerable, the Committee system would be more practicable, the power over Committees reserved to Government might be made less absolute, and the funds provided would be more sufficient for the express objects of the Bill.

In discussing this question the Board have left the purposes of the Bill which relate to sanitation and public health out of consideration, because it has been sufficiently proved, and is admitted, that the funds will only allow of occasional efforts in this direction. Provision may be made in very general terms, as will be shown hereafter.

The Board are so convinced that the subject of Circles and Committees must be treated differently with respect to roads and education, that in discussing this part of the question they will assume that education is left for a subsequent Bill.

If the Legislature decide to have Committees for "the construction, repair, and maintenance of roads and communications" they should, in the Board's opinion, be District Committees, with Divisional Sub-Committees at the head quarters of each Divisional Officer. It will be impossible to give them "administrative" powers in the sense of substituting them for the Collectors and Superintending Engineers, because the work is such as must necessarily be carried on by a strong professional establishment, which in its turn must be watched and controlled by a responsible Executive Officer. A Committee of numerous individuals, many apathetic and most irresponsible, could not possibly perform this duty effectively. On the other hand the expressions in the amended Bill, that the Committees are to *advise* regarding the administration and *record such remarks as they may deem it proper to make* on the annual report, are unfortunate, and it has naturally been pointed out that a law is not needed to enable men to *advise and criticise*. The only power such a Committee can have, and it is a most important one, is the power of preparing the budget of charges and of reporting on results. The Collector should in the first instance prepare his budget in communication with the Superintending Engineer as he does now. Copies should then be sent to the Divisional Sub-Committees, and when their Proceedings have been received by the District Committee the budget should be revised and submitted to Government by them. Power must of course be reserved for the Board and Government to revise the budget, as they do now, but they should not have the power either to transfer allotments from one division to another, or to transfer funds from road works to miscellaneous public improvements, sanitation, education or any other purpose whatever, far less to transfer funds from one district to another. Similarly when the time comes for submitting the annual report, it should be drafted by the Collector, copies should then be sent to the Divisional Sub-Committees, and finally the report should be submitted to the Board as passed by the Central Committee.

11. If the Collector differs from the Committee either as to the budget or the report, he should send in his remarks separately.

12. Talook Circles are too restricted and Talook Committees must be failures, because it would be impossible in many places to find Commissioners who will take part in their work, or an officer competent to preside at their meetings. The reason given in favour of them is the justice of expending Local Funds amongst those who contribute them. This argument is a strong one, but it may be pushed too far. It would be stronger if the collection and expenditure of Local Funds were now to begin for the first time, but this is not so. When Imperial Funds were spent on roads now called "local" and afterwards when Local Funds first became available, it was natural that the wants of the most important parts of a district should be first attended to. Thus the expenditure in the richer talooks has often swallowed up the funds of poorer talooks, and now that they are provided for comparatively well, it would be unfair in the extreme not to lay out their surplus or a portion of it in the more neglected talooks, which are in many cases so poor that the funds raised in them are altogether inadequate to their requirements. Against this restriction of the Circles is the unanswerable argument that "union is strength" and that harmony and co-operation must be secured between all parts of a district. It is contended by some officers who have given much attention to the details of the Bill that it would not be more difficult for the authorities at the seat of Government to review 156 talook budgets than to review 20 district budgets because the number of works would be the same, but the Board cannot admit this. In the first place each budget is formed on some principle or principles, and the principles must be ascertained before the budget can be properly criticised. In the second place one great road passing through, say, four talooks, appears in a district budget as one work. In a set of talook budgets it would appear as four works. If the Road

Fund Circles are limited to talooks nothing—not even the absolute authority of Government—by the Bill—can secure the requisite uniformity of principle and adoption of the results of experience, or prevent a shameful waste and misappropriation of public money.

13. The Board cannot see the advantage of having more than one Committee in a district or part of a district. It will be far better to make the one Committee strong, and it is often difficult if not impracticable to do this.

14. As to the incidence of the tax in Zemindaries there are three opinions stated in the papers now before the Board which require consideration, viz. :—

- (1). That the Zemindars should pay the whole cess, their tenants paying nothing.
- (2). That their tenants should pay the whole cess, the Zemindars paying nothing.
- (3). That the Zemindars and their tenants should each pay half the cess.

15. In favour of the proposition that the Zemindars should pay the whole of the cess it is argued that in taking half the gross produce they take away all of the tenant's profits that is not needed for bare subsistence, but the fairest calculations that can be made seem to show that the Zemindary ryot's profits are about one-third of the assessment he pays his landlord, and the fact that he has paid the tax hitherto is a sufficient proof that he can pay at least a portion of it, and that it is unnecessary to give up this source of revenue altogether, though its incidence should certainly be lightened.

16. In favour of making the tenants pay the whole it is argued that the tax being a tax on rent, the accidental circumstance that one ryot pays less rent than another, does not affect the principle, but the Board understand that the intention of the tax is that it should be levied on profits. It is chiefly because the assessment paid by a ryotwary land-holder is a rough and readily ascertainable index to his profits that it is selected as the basis of taxation. If the actual profit could be estimated it is admitted that it would be a sounder basis of taxation. It follows, then, that if the Zemindary ryot's profit is universally and materially less in proportion to his assessment than that of the Government ryot he should be taxed less in proportion to it or, which comes to the same thing, he should pay the full rate only on a portion of the assessment which he pays the Zemindar.

17. It is also pointed out that it is the custom of the country that the Zemindar should collect any thing he may be called upon to pay from his tenants, and that this custom is too strong to be broken through by law. This is a real difficulty, but it is an incident of social life which the Legislature can only recognize by prescribing penalties (as in Section 84 of the amended Bill), and it will no doubt gradually disappear.

18. The third proposal which is the one now embodied in the Bill, viz., that Zemindar and tenant should each pay half the rate on rent, is an improvement in the right direction, but it scarcely goes far enough. The proposed rate is still too high for the tenant, who should only be called on to pay a third of the rate thus calculated, whilst as regards the Zemindar it is fixed on a wrong principle.

19. When it is considered whether the Zemindar should be charged the half rate—or any other amount—an entirely new element is introduced. The tax, as has already been shown, is or ought to be one on profits, and it would be unjust to charge the Zemindar on the whole rent collected by him unless it all belongs to him; but this is not the case: a large portion of the collection, varying considerably in different estates, is paid to Government as peshcush, and it is only after this peshcush is deducted that the remainder of the collections becomes a measure of the Zemindar's profits. When the peshcush was first fixed at the time of the permanent settlement it was generally calculated at a stated proportion of the assets, though in some estates it was fixed more arbitrarily, as in Calastry and Vencatagerry. Now, however, that prices have risen enormously, and cultivation has extended for sixty or seventy years, the peshcush bears no fixed proportion to the annual revenue. As long as the only tax that is collected for the Road Fund is called a tax on occupied land there is some apparent reason for requiring a Zemindar to help his tenants to pay it, since they cannot pay the whole of it themselves, but this is a mere matter of verbal definition. Call the tax "a rate on landed profits" and it immediately becomes clear that the Zemindar should be taxed on the rent value of his estate minus the peshcush, (or peshcush and water-rate,) and the percentage at which the rate shall be calculated is the only

20. The whole the Board think it will be fair and just to fix the maximum rate at one anna, or half an Anna in the Rupee. This rate will be light compared with that levied on the ryots, but it is a new rate, and under the peculiar circumstances which characterize the relation between Zemindars and their tenants the Board are not prepared to propose that it should be heavier.

21. The next question for discussion is the expediency of rating the tax on the money value of the ryots' share of the produce of lands held under a ryotwary settlement, instead of on the Government assessment. After giving their best consideration to this subject the Board admit that the attempt to discover actual rent value under present conditions is so difficult as to be to all intents and purposes impracticable. The Collectors are unanimous on this point.

22. I am now to notice in their order the sections of the Bill which the Board wish to see altered. For the sake of reference I send a copy of the Bill with the proposed alterations shown in the margin, but the Board do not wish it to be supposed that the alterations which they recommend are absolutely complete. More time than they have now at their disposal must be devoted to the details of the measure.

23. *Preamble.*—For the reasons given in paragraphs 3 to 7 the words from "Communications" to "Municipality" should be struck out and the following substituted:—"And for other objects of public utility should be increased, and whereas it is expedient that the administration of such funds should be subject to the direction of Local Commissioners."

24. *Section 1.*—The following definitions should be substituted for that of "Circle":—"The term 'Revenue Division of a district' shall denote a portion of a district placed in the immediate charge of an officer having by law the powers of a Collector of Land Revenue, provided that such portion of a district shall have been declared a Revenue Division thereof by the Governor in Council.

"The term 'District Committee' shall denote the body of Local Fund Commissioners created for any district under this Act, and the term 'Divisional Sub-Committee' shall denote the subsidiary body of Local Fund Commissioners created for any Revenue Division of a district under this Act."

25. The necessity for introducing these definitions follows from the adoption of the argument set out in paragraphs 10 to 12. The effect of the definition of a Revenue Division will be to limit the term to the Principal Division under the Collector, the Sub-division under the Sub-Collector, the Head Assistant's Division under the Head Assistant Collector, and the Deputy Collector's Division under the Deputy Collector in general charge.

26. In the definition of the term "land-holder" the words "holding or farming lands from the above persons or" should be omitted. They apply to tenants, and the importance of the omission will be seen in dealing with Section 39 *et seq.*

27. The definitions of "house," "marriage," "expenses of marriage," and "persons chargeable for the expenses of marriage" should be omitted, but if the Legislature determine to retain the house tax and Schedule A. the meaning of the term "house" should certainly be restricted. As the Bill stands at present every kitchen, godown, stable, and dove-cot detached from a human habitation is liable to a separate and additional schedule rate.

28. *Section 2.*—The words "the Madras Education Act No. VI. of 1863" should be omitted.

29. *Section 3.*—For the words from "any talook" to "such circle" should be substituted "the provisions of this Act applicable to any district and to any Revenue Division of such district, and the Act shall come into force in such District and Revenue Divisions of a district."

30. *Section 4.*—The following should be substituted for the first sentence:—"In every district to which the operation of this Act shall have been extended the Governor in Council shall appoint not less than six persons being owners or occupiers of land or houses in such district, or carrying on business therein, or residing in such district, to be a District Committee under this Act; and in every Revenue Division of a district to which the operation of the Act has been extended, the Governor in Council shall appoint not less than three persons being owners or occupiers of land or houses in such Revenue Division of a district, or carrying on business therein, or residing in such Revenue Division of a district, to be a Divisional Sub-Committee under this Act." In the last sentence substitute "District Committee or Divisional Sub-Committee" for "Committee."

31. *Section 5.*—For "every Local Fund Committee" substitute "the District Committee and the Divisional Sub-Committees," for "any or all of the Local Fund Committees appointed under this Act" "the District Committee and the Divisional Sub-Committees," and for "one Local Fund Committee," "District Committee or Divisional Sub-Committee."

32. *Section 6* should be omitted. The Board have already given their reasons for believing it would be inexpedient to have more than one Committee for any district or part of a district.

33. *Section 7.*—Omit the words from "Local Fund Committee" to the end and substitute "District Committee or Divisional or Sub-Committee" to "be Vice-President of such Committee or Sub-Committee."

34. *Sections 8 to 18.*—The Board do not see the necessity of retaining these sections which were meant to meet the abandoned project of giving the Committees the disposal of Local Fund property. If the Collector is to have all the executive power, and the Committees are only to be consultative bodies, it would be more consistent to let the property vest in Government as it does at present. Still the sections, if they are retained, can do no harm. In *Section 8* for "Local Fund Committees" should be substituted "District Committee and Divisional Sub-Committees." In *Section 9* for "several Local Fund Committees" should be substituted "District Committee and Divisional Sub-Committees" and for "Circle" should be substituted "Revenue Division of the district." In *Section 10* the word "Circle" should be similarly altered, and for the words "Circle Local Fund Committees" to "communications" should be substituted "District Committee and Divisional Sub-Committees." *Section 11* should be omitted altogether. In *Section 12* the word "schools" should be omitted. "Revenue Division of a district" should be substituted for "Circle," and for the words from "Circle Local Fund Committee" to "Section 25 of this Act" should be substituted "Divisional Sub-Committee." In *Section 13* "Sub" should be inserted before "Committee." *Section 14* should be omitted. Under the proposed constitution a special seal is unnecessary, and the proviso for the execution of contracts exceeding twenty Rupees is an unfortunate extract from the law for Municipalities. If the Bill becomes law the most important contracts must still be made as they are now by the Department of Public Works, and funds must be transferred to them from time to time as they are now. In *Section 15* for the words from "Local Fund" to "Circle" should be substituted "a Divisional Sub-Committee," and the description "situated with such Division" should be entered after "street," the word "such" before "road" being omitted. In *Section 17* strike out "by the Committee." In *Section 18* for "Local Fund Committee" substitute "District Committee and Divisional Sub-Committees."

35. *Section 19.*—For "each Local Fund Committee" should be substituted "the District Committees and Divisional Sub-Committees."

36. *Section 23.*—Substitute "No business shall be transacted at a meeting of a District Committee unless at least three Commissioners be present, nor at a meeting of a Divisional Sub-Committee unless at least two Commissioners be present."

37. *Section 25.*—For clauses II. and III. should be substituted "II. Any object of public utility, calculated to promote the public health or the welfare, comfort, or convenience of the inhabitants of places not included within the limits of any Municipality." The reasons why the Board would exclude the subject of elementary education from the Bill have already been stated at length. The clause which it is proposed to substitute for Clauses II. and III. is sufficiently general and avoids the parade of objects for which the funds will be insufficient.

38. *Section 26.*—For "Local Fund" substitute "District," for "to advise and it shall be competent to the Government" "with the consent of Government," for "Circle" "Revenue Division," for "Circle constituted under this Act" "Revenue Division to which this Act has been made applicable," for "Circle" (15th line) "Division," and strike out the proviso.

39. These alterations will give the power of transferring funds from one division to another to the District Committee subject to the orders of Government. If this power is reserved to Government, the position of the Committees will be such that no men of character and independence will care to hold it. Nor do the Board think anything will be lost by this concession, for if the District Com-

in fact, influenced as it must be by the Collector and the other Government officials who form part of it, persist in believing a transfer to be injudicious they are more likely to be right than authorities at the Presidency.

Sections 27, 28, and 29.—Under the scheme which the Board have proposed these sections must be altered as follows:—

"The Collector of the district shall annually communicate to the District Committee and the Divisional Sub-Committees a budget estimate of the probable gross receipts and charges of collection of the rates and tolls levied under this Act in each Revenue Division of the district to which the Act is applicable; and he shall at the same time communicate to such Committees a budget estimate showing the manner in which he proposes to expend the Local Fund accruing within each such division."

"Each Divisional Sub-Committee shall thereupon examine and if necessary revise such part of the budget estimate as shows the manner in which the Collector proposes to expend the Local Fund belonging to its division, and forward the budget estimate thus examined or revised with a copy of its proceedings on the subject to the District Committee at such time as the Governor in Council may direct."

"The District Committee shall then take the proceedings of the Sub-Committees into consideration, and after finally examining and if necessary revising the budget estimate relating to the expenditure of the Local Fund of the district, submit it with a copy of their proceedings at such time as the Governor in Council may direct to Government through the Board of Revenue. *Provided*.

I.—That if the said Sub-Committees do not forward the said budget estimate and their proceedings regarding it to the District Committee at the time fixed by the Governor in Council the District Committee shall nevertheless proceed to examine, revise, and submit the said budget estimate.

II.—That if the District Committee do not submit the said budget estimate and proceedings to Government at the time prescribed by the Governor in Council, the Collector shall submit the said budget estimate himself.

III.—That the said budget estimate shall be framed so as to propose that two-thirds of the rates on landed profits and all the tolls collected under this Act in each Revenue Division of a district shall be applied to the construction, repair and maintenance of roads and communications within that division."

"It shall be lawful for the Governor in Council to pass such orders as he shall think fit upon the budget estimate so submitted to him, and such orders shall be binding on the Collector of the district who shall carry them out so far as the means at his disposal will permit. *Provided*

I.—That the funds specified in the third proviso of the last preceding section shall be exclusively applied to the purposes therein set forth.

II.—That funds shall not be transferred from one district to another under any circumstances whatever, nor from one Revenue Division of a district to another without the consent of the District Committee.

III.—That no work shall be undertaken unless it is either entered in the budget estimate, or the District Committee have expressly consented to it."

"It shall be the duty of the Collector on the receipt by him of the orders of the Governor in Council on the estimates referred to in sections — of this Act, to communicate such orders to the District Committee and the Divisional Sub-Committees."

"The Collector shall, after the close of each official year, and in such form as the Governor in Council may direct, furnish to the District Committee and the Divisional Sub-Committees of his district, a report accompanied by detailed statements, giving an account of all the works executed and measures carried out and of all sums received and expended for the purposes of this Act: the Divisional Sub-Committees shall thereupon examine, and if necessary revise such portion of the report as refers to its Revenue Division and forward the report thus examined or revised with a copy of its proceedings to the District Committee at such time as the Governor in Council may direct: the District Committee shall then take the proceedings of the Sub-Committees into consideration, and

after finally examining and if necessary revising such report, submit it with a copy of its proceedings to Government through the Board of Revenue at such time as the Governor in Council may direct. *Provided*

That if the Divisional Sub-Committees do not forward the said Report and their proceedings regarding it to the District Committee at the time fixed by the Governor in Council, the District Committee shall nevertheless proceed to consider, and revise the report, and that if the District Committee do not submit the report to Government within the time prescribed by the Governor in Council, the Collector shall submit the said report himself."

"The Local Fund accounts shall be audited in such manner as the Governor in Council shall direct. The annual Report referred to in Section 32 of this Act shall be published both in English and in one of the Vernacular languages of the district in the District Gazette."

40. Most of these alterations in the Bill follow from the adoption of the scheme of District Committees with Divisional Sub-Committees which the Board have proposed. The reservation of one-half of the rates for roads has been changed into two-thirds, because in the first place the house tax, trades tax, and marriage tax have been struck out, and because in the second place the Board believe that it is *proved* in their Proceedings of the 20th May 1870; No. 3,449, and the Minutes submitted therein, that at least this proportion of the rates must be reserved. The provisos in the proposed section which takes the place of Section 30 leave the Governor in Council all the power which the Board's experience in revising Local Fund Budgets shows them to be necessary, whilst they secure to the Committees real power and position. As the executive administration of the Road Fund must be left to the Engineering Department, and that of the rest of the Local Fund to the Collector as an officer of Government, the audit of the accounts must be left with the Board or some other central authority as at present.

41. Section 33.—The word "taxes" may be left out, as also the reference to Act III. of 1857, for which Act I. of 1871, devoting the funds raised under it to miscellaneous public purpose, has been recently substituted. For "Circle" should be substituted "Revenue Division of a District," and for "Local Fund Committees" "District Committee and Divisional Sub-Committees."

42. Section 34.—Instead of the words from "Circle Local Fund" to the end, enter "Local Fund of the Revenue Division of a district in which they accrue."

43. Section 35.—As the funds will be kept in Government Treasuries and expended by Government officers this section seems to be useless. The provision for signing cheques is not applicable to this state of affairs.

44. Section 36.—The view which the Board have taken of the principles on which the rates on landed profits should be levied necessitates a radical alteration of this section. In the opening sentence the term "Revenue Division of a District" should be substituted for "Circle," and the words "all or any one or more" and "and taxes" should be omitted. In Clause I. for the words beginning "rent value" should be substituted the words "profits of all land-holders holding land on ryotwary tenure direct from Government and on the landed profits of all land-holders holding land on any other tenure direct from Government and occupied solely by the land-holder." For Clauses II., III., and IV. should be substituted—

II. A rate or cess not exceeding one Anna in the Rupee on the landed profits of all tenants of all land-holders holding land on any tenure other than ryotwary.

III. A rate or cess not exceeding half an Anna in the Rupee on the landed profits of all land-holders holding land on any tenure other than Ryotwary whose land is occupied wholly or partially by tenants.

The Proviso should be omitted.

45. In Section 37 the words "Revenue Division of a District" should be substituted for "Circle" and the word "tax" should be omitted.

46. For Section 38 and 39 should then be substituted the following:—

"The landed profits of land-holders holding land on ryotwary tenure direct from Government shall be calculated for the purposes of this Act to be equal to the assessment payable to Government for the land, together with any water-rate which may be payable for its irrigation."

"The landed profits of land-holders holding land direct from Government on any tenure other than ryotwary, which land is occupied solely by such land-holder, shall be calculated for the purposes of this Act, to be equal to the full assessment which such lands would bear if they were held on ryotwary tenure, together with any water-rate payable for the irrigation thereof, and such full assessment and water-rate if not already fixed and known shall be determined by the Collector for the district under the general orders of the Board of Revenue."

"The landed profits of tenants of land-holders holding land on any tenure other than ryotwary, shall be calculated for the purposes of this Act as follows:—

I. If the land be held as Inam or wholly or partially free from the full rent paid on similar lands on the land-holder's estate, the landed profits shall be taken to be equal to one-third of the full rent and water-rate which would be payable to such land-holder if they were not so held on favourable tenure.

II. If the land be not held on favourable terms as described in the last preceding clause of this section of the Act, and the tenant pay full rent to the land-holder, the said tenants' landed profits shall be taken to be equal to one-third the full rent and water-rate so paid."

"The landed profits of land-holders holding land on any tenure other than ryotwary, whose land is occupied wholly or partially by tenants, shall be calculated for the purposes of this Act as follows:—

From the sum of the full rent and water-rate paid to such land-holder by tenants not holding their land on favourable terms, and the full rent and water-rate which would be paid by tenants holding their lands on favourable terms if they were not so held, shall be deducted the peshcush and other payments made to Government by such land-holder on account of the land and the irrigation thereof, and the remainder shall be held to be the landed profits of such land-holder."

47. Section 40 should be retained.

48. Section 41.—For "Circle," should be substituted "Revenue Division of a District," and for "a rate on the annual rent-value of occupied lands" "rates on the landed profits of occupants of land," and for "rent-value" in the last line but one "landed profits."

49. Sections 42, 43, and 44.—For "rent-value of land" substitute "landed profits of land-holder."

50. Section 45.—Omit "or the local rate due on his estate." For "rent-value" substitute "landed profits."

51. Section 48.—For "the local rate due under this Act upon his lands whether occupied by his tenants or himself" substitute "the rates due under this Act on landed profits whether due by his tenants or by himself," and for the words from "tenants" to the end "the rate on landed profits payable by them under this Act."

52. These alterations result from the following postulates:—

(1.) That the rate should be levied on landed profits.

(2.) That in ryotwary tracts, the ryotwary assessment may be taken to be equal to such profits.

(3.) That in estates really or for all practical purposes permanently assessed, the landed profits of the tenant may be taken to be equal to one-third of the assessment paid by him to the land-holder, and the landed profits of the land-holder to be the rent received by him minus his payments to Government on account of the land.

53. The fact that landed profits in Malabar and South Canara are much greater than the assessment paid to Government is patent, and the Collectors of those districts are strongly in favour of fixing the rate on the real landed profits, but the Board are not at present prepared with definite proposals on the subject. It may be dealt with in a subsequent Act.

54. As regards permanently settled estates, taking the peshcush to be Rupees 52,27,724, and the reputed rent-roll Rupees 136,01,801, (which is near the truth,) the effect of the proposed law (taking the maximum rates) and allowing 10 per cent. to the Zemindars for collecting the sums due by their tenants will be to raise the road cess collected on such estates from Rupees 3,80,000 to Rupees 5,16,000.

55. Sections 51 to 72, and Schedules A., B., and C., containing provisions for levying a house tax, a trades tax and a marriage tax, should be omitted.

56. The Collectors' estimates of the receipts from these taxes are as follow:—

Districts.	House Tax.	Trades Tax.	Marriage Tax.
	RS.	RS.	RS.
Ganjam	30,000	30,000	5,000
Vizagapatam			
Godavery	1,50,000	10,000	
Kistna	40,000	15,000	12,000
Nellore	25,000	35,000	5,000
Cuddapah	20,000		
Bellary	13,150	76,500	10,625
Kurnool	33,600		30,390
Chingleput			
North Arcot	1,23,291	2,04,217	10,000
South Arcot	69,565		
Tanjore	43,836	26,589	22,000
Trichinopoly	10,000	10,000	15,000
Madura	40,000	50,000	15,000
Tinnevely	1,75,000	2,00,000	1,25,000
Coimbatore	63,000	7,000	16,000
Neilgherries			
Salem	1,41,244	1,39,679	76,981
South Canara	10,000	15,000	5,000
Malabar			

57. The extraordinary variations in these estimates show that they are framed on insufficient data differing materially in different districts.

58. The Board have already given their reasons for excluding the house tax and the trade tax from the Bill. It is generally understood that the marriage tax is to be given up, so it is needless to do more than refer to the Board's observations in paragraphs 8 to 13 of their letter of the 11th August 1870, No. 5,264, on the Municipalities' Bill. The Collectors are unanimous as to the inexpediency of the tax.

59. If it is necessary to choose between a house tax and a trades tax, the Board think the former the less obnoxious of the two. A trade tax would put the people more into the hands of petty officials and lead to even more peculation and corruption. Still there may be some places where peculiar circumstances make a trade tax preferable to a house tax, as in South Canara, where a house tax is already levied on behalf of Imperial revenues. When an Educational Bill is prepared, each Village Circle Committee might be left to choose between the taxes.

60. Sections 74, 79, and Schedule D.—The Board are in favour of tolls and believe that if levied judiciously they will be less felt in proportion to their profitability than any other species of taxation. They do not see much force in the argument of some local officers, that it is wrong to make people pay tolls on roads for the construction of which they have already paid. If additional taxation is required, it is not less just to levy it in the form of tolls, than in the form of an increase in the rates on rent-value or landed profits.

61. The estimates of receipts given by Collectors are not of more value than those given for the house and trades tax. They are as follows:—

	RS.		RS.
Ganjam	5,000	South Arcot	1,15,000
Vizagapatam		Tanjore	26,000
Godavery		Trichinopoly	10,000
Kistna	4,000	Madura	35,000 (wheel tax.)
Nellore		Tinnevely	1,25,000
Cuddapah		Coimbatore	17,000
Bellary		Neilgherries	
Kurnool	9,000	Salem	28,432
Chingleput		South Canara	1,000
North Arcot	27,002	Malabar	

V. Memo
F. Board
10th Feb 1871
B-492

62. Some Collectors prefer a cart tax to tolls, but the Board believe it would be at the same time more oppressive, more difficult to collect, and less productive. The project of levying a cart tax was discussed and negatived in G. O., dated 22nd June 1864, No. 1,081, Revenue Department.

63. The Collectors have submitted maps showing the places where they propose to erect toll-gates, but the Board have not had time to examine them in detail. This is a matter which may be left to after-consideration.

64. Section 73.—For "Circle" should be substituted "Revenue division of a District," and the words "which shall have been constructed or maintained out of Local Funds" should be omitted. Already many roads which have been maintained and constructed out of Imperial Funds have been transferred to the Local list from time to time, and the process will probably be repeated hereafter, nor do the Board see any difference between the two classes of roads so far as regards the propriety of levying tolls on them.

65. In Section 74, the term "Revenue Division of a District" should be substituted for "Circle," and the Board think that to prevent undue interference with traffic the proviso should be altered so as to make it impossible that a toll should be levied from the same vehicle or animal in the same Division and during the same journey more than once. It should run thus:—"When one payment of a toll has been demanded and made, the keeper of the toll-gate where it has been paid shall give the payer a certificate to that effect and he shall thereafter be exempted, on production of the said certificate, from making any further payment of tolls on account of the same vehicle or animal at the toll-bars of the same Revenue Division for 72 hours counted from midnight to midnight."

66. Section 76.—The Board would extend the exemption to officers of the Public Works Department.

67. Section 77.—After "person" add "residing within a Revenue Division of a District," and for "Circle" substitute "Revenue Division of a District." The marginal purport which is taken bodily from the Municipal law, needs alteration.

68. Section 81.—This section should be omitted. If the powers of the Committee are limited to advice and criticism, it is unnecessary to say that where there is no Committee the Collector shall have such powers. If the Board's scheme is adopted, the provisos in the Sections with regard to the powers of Committees will be sufficient.

69. I have now stated the alterations which the Board think are needed to make the Act fair and practicable, but I am to add in conclusion, that the Board are far from satisfied that the time has come when the Bill is necessary, and that they are strongly of opinion that it would be dangerous to introduce it until the Income-tax is reduced to one per cent.

70. The First Member dissents from the views of the majority of the Board with respect to the cess on the landed profits of Zemindary tenants, and with respect to the expediency of levying tolls. The Minutes in which his views are recorded are herewith submitted.

I have the honour to be,
Sir,
Your most obedient servant,

REVENUE BOARD OFFICE,
Madras,
4th February 1871.

H. G. G. G.
Acting Secretary.

To the Chief Secretary to Government, Public Department,
with a copy of the Bill showing the proposed alterations, a file of Collectors' replies,
and two Minutes and *sixteen original memoranda.*

Copy to the Secretary to Government, Revenue Department,
with a file of Collectors' replies and two Minutes.
,, to all Collectors.

FIRST MEMBER'S MINUTE.

I AM unable to agree with the majority of the Board in the opinion that ryots in Zemindary estates should pay a certain portion of the cess to be levied on the profits of the soil. We have undertaken many experimental calculations in order to discover the proportion which the net profits of agriculture bear to the gross produce: in some cases we have found that they may be taken at one-half of the entire crop, in other cases they are estimated to be less than its half value.

2. It follows that half or more than half the gross crop is absorbed by the up-keep of the cultivator's stock, implements, buildings, the cost of manure, and the wages of labour for the entire year. Now as half the gross crop goes to the Zemindar and no more than the remaining half to his ryots there is no margin left for profit on their share, the entire profit goes with the Zemindar's share and the Zemindar should, therefore, pay the entire cess, calculated in the manner indicated in the Board's letter.

(Signed) G. S. FORBES,
First Member.

31st January 1871.

FIRST MEMBER'S MINUTE.

If a tax is to be levied on local traffic in the form either of a cart tax or by road tolls, I much prefer the former, because—1st, a cart-tax, ~~etc.~~, affords the opportunity of exempting that very large section of the agricultural population which holds puttahs under 20 Rupees in amount, and which subsists partly by cooly labour and bandy driving, and in part only on its agricultural profits.

2nd. Existing tolls are already a sufficient burden on a traffic still but half developed; local road bars will apply a blister to the entire country and bring the provocation to every man's door, they are also difficult of adjustment.

Lastly, I consider the tax in either form premature and oppressive.

(Signed) G. S. FORBES,
First Member.

31st January 1871.

From G. ELLIS, Esq., Acting Collector of Ganjam, to the Acting Secretary to the Government of Madras, Revenue, dated Bhatrapore, 10th December 1870.

I HAVE the honour with reference to the Proceedings of Government dated 10th December 1870, No. 1,387, to forward as directed, to the Board of Revenue, the following Bill.

2. The district of Ganjam should be divided into three circles, namely, the three Government Talooks, including the adjoining Zemindaries and the Proprietary Estates. If the Zemindaries into separate circles would be very considerable, scattered as they are over the district, and there would be very considerable difficulty in securing the services of persons qualified to act as Members of the Local Fund in these tracts.

3. The divisions I have suggested will place the Range Officer of the Department Public Works to supervise the administration. The money, if possible, be applied for the benefit of the ratepayers. The advantage of having attached to each a Divisional Officer as the presence of the Divisional Officer in the large Zemindaries should, as far as possible, be secured.

The annex to this communication will show the Government Talooks, Zemindaries and Proprietary Estates, comprised respectively in, 1st, the Berhampore Circle, 2nd, the Gumsur Circle, and 3rd, the Chicacole Circle. In two of these, viz., Berhampore and Chicacole, I anticipate no difficulty in being able to select Committees. I cannot speak so confidently of the Gumsur Circle.

4. At present unofficial persons qualified to be entrusted with the responsible duties of an administrative character, can hardly be met with in this district, and I concur with the majority of the Select Committee that in the rural districts, the executive administration of the Act should be entirely vested in the District Officers limiting the Committees to the offering of advice and criticism of the administration.

5. In the case of Ryotwar landholders in the Government Talooks, it appears to me advisable to take the assessment payable to Government as the annual rent value of the land for the purposes of this Act; the very great difficulty of ascertaining the exact income derived by the Ryotwar landholder, has been seen in the inquiry lately made by Government in connection with the Income-tax Act (Act XVI. of 1870).

In my opinion it is equitable that in Zemindaries and Proprietary estates, the moiety of the cess on the annual rents of land derived by Zemindars and Proprietors, should be paid by them, and the other moiety by their tenants, for, as a rule, the Zemindary tenant is in a less favourable position than the ryot holding under Government.

6. A rough estimate showing the probable receipts from each tax is herewith submitted; it will be seen that the amount of rate or cess on the annual rent value of the land, assessed at a maximum rate of 6½ per cent. would be about Rupees 1,30,000, as the road cess now collected under Act III. of 1866 amounts at 3½ per cent. to 67,455; a rate of 6½ per cent. will, however, press very heavily on the agricultural population, and at first I would advocate a rate of only 5 per cent.

The House-tax is estimated to yield an annual revenue of Rupees 30,000, the non-agricultural population being according to the last census about 25ths of the agricultural population exempt from this tax. The tax will necessarily fall on the poor with very scanty means of livelihood, while men of greater substance, living in ordinary thatched houses, will escape its incidence. I would, therefore, in preference recommend the imposition of a tax on arts, trades, professions, and callings which is estimated will produce the same amount of revenue as the house tax. I do not think the marriage tax will yield a larger revenue than Rupees 5,000.

7. In this district there are 16 lines of local road, though several are of no great length. The great majority of traffic and travellers passes over the Imperial roads, and I have, therefore, estimated the amount to be derived from tolls at 5,000 only; the Government or the renters will have to maintain establishments at the toll bars or gates. A sketch map showing the several lines of local roads and the points at which the toll gates should be established is sent herewith.

601076 by 19th Dec 1870

opinion on the points to which my attention was more particularly directed, I venture to offer for communication to Government, marks on the Bill itself.

As to the Board, that the rural population in this district is as poor; the incidence of this new taxation will be very severely felt. The dissatisfaction of late years with taxes have been imposed, and with such rapidity, that the mind of the ordinary ryot is bewildered.

1. The amounts raised will, I feel confident, be inadequate to meet the purposes intended by the Bill, and the probable result will be if the Bill become law, much oppression (for unfortunately no tax can be levied in India without more or less of it) without the counterbalancing advantage of the realization of sufficient revenue. For instance, the entire amount that may be raised in this district will be Rupees 1,75,000 of which Rupees 90,000 (a moiety of all the other amount of taxation and the sum of tolls, will have to be set apart for the construction and repairs of roads, leaving a sum of Rupees 85,000 for carrying out the other purposes of the Act.

11. There are about 4,500 villages in this district, if schools are established only in the principal villages of each talook, those who do not resort to them will contribute with very great dissatisfaction to their maintenance. For example, a Village School to cost 100 Rupees per annum, and Government to contribute a grant-in-aid of 1/3rd of the amount of the cost of their maintenance, i.e., 30,000 of 90,000, there will remain but 25,000 to meet all other expenditure.

It may be replied to this, that no such expenditure will be incurred on account of education alone, but I have only put the case hypothetically, whatever may be the object for the support of which the rate is levied, the rate-payer may fairly ask to be shown the benefit he is to derive from the outlay, and after full consideration, I am of opinion that whether it be on education or other improvement, the rates to be imposed are unduly heavy, and as I have said before, they will not be sufficient to meet the requirements of the Act.

12. I conscientiously do not think that the condition of this district or of other districts is ripe for the application of such a measure, and with all due deference to the Honourable the mover of the Bill and the Select Committee who have reported in its favour, it seems to me desirable that legislation on such a subject should be deferred until the material prosperity of the whole country has advanced to such an extent as to render a law urgently called for, and when its enforcement will not be attended with many of the evils, I have anticipated, inseparable from carrying out its provisions.

ENCLOSURE No. 1.

TRACT.—Memorandum showing what comprises the three Local Fund Circles.

ENCLOSURE No. 2.

Estimate showing the probable Receipts from each tax under the Local Funds' Bill.

	RS.	A.	P.
Rate or Cess on the annual rent of land at 6 1/2 per cent.	1,35,000	0	0
House tax on 1,09,632 houses of non-agriculturalists, all of them, with the exception of 2,768, being mere thatched houses, while the remaining 1,85,621 houses either belonging to agricultural populations or situated in Municipal towns of Berhampore and Chicacole	30,000	0	0
Tax on Arts, Trades, Professions, and Callings	30,000	0	0
Marriage Tax	5,000	0	0
Tolls	5,000	0	0

CHETTERPORE,
10th December 1870.

(Signed) G. ELLIS,
Acting Collector.

ENCLOSURE No. 3.—Sketch Map.

From J. FRASER, Esq., Collector of the Godavery District, to the Secretary of Revenue, dated Cocanada, 7th January 1871.

In reply to Orders of Government, noted marginally, I have the report on the Government of Godavery, and similar reports, and Mr. Assistant, who seemed to me well qualified to give opinion.

23rd October 1870, No. 1,389.

ENCLOSURE No. 1.

Report on the Madras Local Funds Bill as amended by the Select Committee.

For this district I would strongly advise that there be but one Local Fund Circle containing the district itself. Also that there should be but one Local Fund Committee for all the objects embraced by the Act.

It would be difficult to get and to work several Committees, adequately representing the various interests involved.

I would select competent persons as Members of Committee all over the district, making the various Executive Engineers and European Revenue Officers in charge of Divisions ex-Officio members; and then would call meetings of Committee in various parts of the district as the Collector had opportunities of visiting them, when the requirements of each portion could be separately considered in detail.

I think that the duties of the Local Committees should be confined to advice and criticism. In the selection of the members, there can be no doubt that such advice and criticism will be well considered and often acted on by any right thinking President.

I would most strongly advise that the present plan pursued under the Road Cess Act of taking the annual assessment payable for land as the annual rent value for taxation be adhered to under this Act. To attempt to take instead the value of the ryots' share of produce would render taxation under this Act more unpopular than even the Income-tax, seeing that it would be quite as inquisitorial and reach to almost the bottom of the social scale. Now the mode of assessing the road cess is easy and thoroughly understood. Every one sees that the proceeds are being daily applied to his own immediate neighbourhood. This reconciles them to it, and they are asked no questions as to their income, for the Accounts kept by the Village Carnums supply the requisite information. Those who propose finding the value of the ryots' share of produce as the basis of their new scheme, have little idea of the difficulty and opposition it would meet with in its practical application, or the curse and means of oppression it would entail on the country. I observe that one Member of the Select Committee considers that this scheme which I object to, need not be inquisitorial because each man has a good idea of the amount of produce of his neighbours' fields. No doubt he has a very accurate one; but the question is, would he disclose this to a Government official? I am sure he would not, believing that if he told the truth of another man, that other would retaliate by telling the truth of him. I know they would combine to conceal the truth from Government, and they will know how to do so. I had an instance in point lately. Government on 23rd January 1870, ordered an inquiry to be made into the actual proportion of profits from Land to Land revenue in all districts, and in doing so, Collectors were desired to obtain the opinions of a few intelligent and respectable Ryotwary landholders on the subject. I did so; and the result was, what I and every one knew to be false, that Government Ryotwary land was said to be cultivated at a heavy annual loss, and yet there was no idea in these cases of giving it up, as the holders knew perfectly well they could do.

With regard to the assessment of the rate in Zemindaries, I would remark that though there is a small quantity of Government land exceptionally situated and fertile in this district, and assessed at 6 and 10 Rupees per Acre, the greater portion of the best land pays only 4 Rupees per acre; similarly situated Zemindary land is eagerly taken at double, sometimes treble that rate. If the land be irrigated, water rate at 2 or 4 Rupees per Acre is in addition levied in each case. Government ryots again are considered owners of all trees on their lands, which Zemindary ryots

have the right of cutting firewood for their own domestic use, free of charge. In a good many ways, therefore, Government ryots are better off than Zemindars being more lightly assessed.

It is fair that Zemindars should themselves pay half the rates leviable on the ryots. I have a rough estimate of the probable receipts under each head of taxation proposed by the bill. I would deprecate dividing the amount to be raised into more heads than the ryots pay. It would be much better in my opinion, for instance, to include the amount under any easily levied and well-understood tax, such for instance, as the present road cess, by simply the number of taxes keeping the amount levied under each, low. I am sure the mode of levying revenue is puzzling and distasteful to the people.

The land rent in this district has been already fixed for thirty years, and cannot, therefore, be altered; but I see no reason why the water rate should not be 6 Rupees instead of 4 Rupees an acre. This would at once give an increase of Rupees 7½ lakhs in round numbers, and as the projects for completing the delta irrigation are now before Government, and will probably soon be put in hand, the drainage of large tracts of swampy land will soon be perfected, and the revenue still further increase. I would not levy a house-tax or tax on trades from any but the non-agricultural classes.

In regard to tolls—so easily evaded in most cases. I would only levy them when the doing so would, as it were, prove itself to be right; as at a costly bridge over a large river or deep and difficult ravine, or where the opening of a good road over a difficult ghāt has been effected, traffic which was formerly difficult or dangerous, none of the roads now in this district answer these descriptions, therefore, I would not advocate the imposition of tolls anywhere at present. The community will be heavily enough taxed in other ways both for the formation and maintenance of roads. The imposition of a tax on marriages seems likely to be so distasteful and so comparatively unproductive, that I would not advocate its imposition.

COCONADA,
7th January 1871.

(Signed) J. FRASER,
Collector.

ENCLOSURE in No. 1.

Rough estimate.

Rs.

Tax on land... 4,05,521 Taking data from land revenue of district for Fusly 1279.

Tax on houses... 1,50,000 Taking data from last Quinquennial Returns.

Tax on Arts, Professions, Trades, and Callings... 10,000

Tax on marriage ceremonies cannot be estimated with the smallest degree of certainty.

For estimating rates from tolls there are no data whatever.

GODAVERY DISTRICT,
COLLECTOR'S OFFICE, COCONADA,
7th January 1871.

(Signed) J. FRASER,
Collector.

ENCLOSURE No. 2.

From J. G. HORSFALL, Esq., Acting Sub-Collector, to the Collector of the Godavery District, dated Korukonda, — December 1870, No. —

With reference to your Memorandum, No. 195, dated 10th ultimo, calling for my opinion on the Local Funds Bill, as amended by the Select Committee, I have the honour to report as follows, on the various points referred to in the Government Proceedings, dated 28th October last, No. 1,389.

I am of opinion that the Local Fund Circle should be confined to the talook in which the expenditure has been incurred and which are in least need of further improvement. It would be an advantage over circles less favourably circumstanced; to illustrate, I will take the adjoining talooks of Tanuku and Yernagudem, in the former, large sums have been already expended upon canals and canals, our cheapest means of communication, and numerous roads have of late years been constructed; the ryots and inhabitants are well to do, and education has made considerable progress. In short, its general condition is promising, its means of communication good, and its revenue yields, I believe, over 6 lakhs annually to Government. Yernagudem, on the other hand, though much larger than Tanuku in area, yields a land revenue of only 1½ lakhs, it has no roads or other means of communication, its ryots and inhabitants are poor, it is backward in education, and is in, I fear, a retrogressive state, and for years no public money has so to speak been expended on improving it. The amount that could be raised in the latter talook under the Local Funds Bill would, I have no hesitation in stating, be totally inadequate for its requirements, and yet, I do not see how the other talooks could under the bill, as it now stands, be called upon to contribute towards it. Certainly Section 26 does not meet this difficulty.

It will not be possible to procure a sufficient number of qualified persons in each district to serve as Members of the Local Fund Committee, but the difficulty is, that they will not in general venture to come forward and discuss matters freely, they will merely assent to what is proposed by the officials of the Revenue Department, who will very probably be one of the members of the Committee, and in short, they will not take any real interest in the matters connected with the Committee. I fully concur in the views expressed by Mr. P. Macfadyen, in regard to this point, in his Minute of the 28th June last.

With reference to paragraph 2, I beg to suggest that should it be decided that a Local Fund Committee is to be appointed, their functions should not be confined to mere advice and criticism, and that they should be invested with larger powers. They should have authority to decide what works are to be executed, what amount is to be spent on each work during the year, out of the amount estimated, and to superintend the execution of the work, subject in all cases to the general supervision and approval of the Collector, who will be ex-officio Member and President of the Local Fund Committee. I am presuming in this recommendation that the district will be formed into one Local Fund Circle. Not otherwise. A check will of course be necessary over the expenditure, if it is not to be incurred through the Department Public Works.

I am strongly of opinion that in Government villages which have been surveyed and settled, the tax must be imposed upon the Settlement assessment, both in regard to the Zerayati and Inam lands. To ascertain the money value of the ryots' share of the produce as the basis of taxation, would be attended with apprehensions of enhancement of land assessment, and would be open to oppression on the part of the Village and other officers, and with our present agency, the required information could not be obtained. The process too would be excessively unpopular.

In the case of lands in Zemindari, the yearly rent payable to the Zemindar or other landholder by his tenants, may be taken as the basis of taxation, and if the lands are occupied by the owner himself, the rent ordinarily payable for lands of similar description and quality in the neighbourhood. This course is pursued with regard to the land cess at present collected, and has the advantage (of one not to be disposed of) being familiar. Looking as I do upon Zemindars as the actual owners of the land, and not holders merely, I think that they alone should be taxed and not their tenants and cultivators. The Zemindars will undoubtedly recoup themselves and the tax will eventually fall upon the holders of the land, any provision of the law notwithstanding. Madras Act VIII. of 1865, affords a notable example of this. Custom is in this case stronger than law.

I now come to the consideration of the several methods of taxation proposed by the bill. To the levy of taxation upon land, I see no objection, as it is now levied under the name of Road Cess. At the same time, since the main objects of the bill are the establishment of roads, education, and sanitation, the first of which alone can be considered as intimately connected with the land and a suitable charge thereon, I doubt the propriety of making land pay, as it must necessarily do, so

proportion towards the other two objects of the bill. The cultivating classes are not only in a minority in all countries, proverbially deficient in education, and the last to avail themselves of the advantages thereof. A house tax would, I conceive, be readily accepted by the people, but it would not be heavily upon individuals, and the yield, therefrom, would be very considerable in proportion to the tax upon land. This tax too could be collected easily and with existing arrangements. A tax upon Arts, Trades and Professions would, I submit, be neither popular nor productive, especially if the Imperial Income-tax is to be continued. Of this I am convinced from the strong opinions on the subject expressed in our Municipalities where the two-fold tax is now levied, the land, I submit, a fair index of what the feeling of the country would be, were the tax levied and obnoxious tax levied universally. A tax upon marriage ceremonies would not be productive, is, moreover, unpopular, whilst at the same time, I question its expediency on moral and other grounds. Marriage amongst natives is inculcated by their religion and interference therewith, however slight, and under whatever pretext, would be viewed with the greatest suspicion, and engender distrust. The cost of collecting tolls upon carriages, etc., compared with the revenue that could be realized therefrom, would be so excessive, that I have no hesitation in asserting that such a tax is totally unsuited to this district. It is further open to the objection that it would lead to oppression and extortion on the part of the actual collectors of the tax, and that no supervision that could be employed, would be sufficient to prevent fraud.

Finally, I venture to express my opinion, that the bill is premature, at least for this district. Our Municipal taxes are of recent date. The land assessment only recently fixed, has been followed by a Land Cess and Village Cess, and over all has come an Income-tax, at an unusually high rate. Under these circumstances, it is not surprising that our system of taxation is the subject of complaint on every side, and that the minds of natives are more or less disturbed at the repeated changes that have been introduced during the last few years.

(True Copy.)

(Signed) J. FRASER,
Collector.

Enclosure No. 3.

Report on the Madras Local Funds Bill as amended by the Select Committee.

On the whole, I think, the balance of advantages is in favour of making a Local Fund Circle coterminous with a district. Those who pay these local taxes, have a right to expect that the money collected should be expended for their exclusive benefit: but this object may be attained as well under a District as under a Taluk Committee, by a provision in the Act for bidding the expenditure of more than a small percentage of the Fund out-side the limits of the talook in which it is collected. Main lines of road may be of great advantage to talooks they do not pass through; and in many cases it is impossible to determine, with any approach to accuracy, the amount justly payable for their construction by each locality. Taluk Committees, if independent, would constantly refuse to contribute any thing to such work to the great detriment of the general interests of the district. A general fund of some kind is absolutely necessary. If properly administered no one locality need benefit by it more than another, and it is surely best that each should contribute to it in proportion to its means rather than its wishes. Normal Schools and the like, should be maintained and main lines of road constructed from the General fund.

2. It is absolutely necessary that the greater part of the expenditure should be strictly localized. A general provision like that inserted in the old Road Fund Act will not effect this. In spite of that provision, I know one road in course of construction, and several others projected in this district which pass through localities, the contribution of which to the Road Fund would not pay the cost of construction in a century; while other localities paying large sums, are totally neglected. To prevent this, it would be sufficient to keep separate accounts of the receipts and expenditure in each talook; the percentage assigned for local expenditure, if not all spent in one year, being carried to the credit of the same talook in the next Budget.

3. Talooks are sometimes as little homogeneous as districts. It may be as great a wrong to a tax-payer to have his money spent in a different part of the same talook, as in a different talook of the same district. Such is the case of the Ellore Talook, in which the Taluk Committee. The greater part of the Road Fund is paid by a few villages which, being in the talook, do not derive no benefit whatever immediate or remote, from any road in the district.

4. I do not see that the unpopularity of the taxation, except in so far as it is popular, has anything to do with the question. All new taxes are unpopular, but if they are not oppressive, the feeling wears off with time.

The percentage to be contributed to the General fund, should be left to the discretion of the Governor-in-Council. It will vary greatly in different districts, and from year to year in the same district.

The Government does not ask for opinions on the constitution of the Local Fund Committees, but the subject is of too great importance to be passed over in silence. There should be two Committees, one for roads, and one for education. The Collector and Superintending Engineer, the Revenue Officers in charge of Divisions, and the Engineers in charge of Ranges, should all be ex-officio Members of the Committee for roads. A certain number of other persons not exceeding the officials in number, should be associated with them. The powers of the Committee should be limited to the preparation and discussion of projects, the preparation of the District Budget, and the criticism of administrative Acts, and works executed or in progress. A meeting of the Committee should be held in a Central station in the district, once or twice a year. If the members be informed of the subject of discussion a month before the meeting, the interruption to ordinary business will be trifling, for each session need not occupy more than two or three days. A Committee, so formed, might be safely trusted to decide all questions by a majority, and an amicable Collector or Superintending Engineer would be able to do little harm. No class of persons have so much local knowledge of the kind required as the officials specified above, and their discussion of questions which must necessarily occupy more or less of their attention every day cannot, like so many discussions, be unproductive of good results. In some districts there may be a few persons of active mental habits, planters, and the like, whose local knowledge is equal or superior to that of the officials; but under the plan I propose, they can always be associated with them on equal terms. Native agriculturists know only their own and one or two adjacent villages. Zemindars have wider knowledge, but, as a class, their interests are purely selfish. A few will no doubt be found fit for the administration of public trusts. Merchants have a direct interest in good roads, and will no doubt furnish some useful members.

7. Divisional Committees, presided over by the Divisional Revenue Officer, and composed of the Range Officer, and some other members, might be formed to assist the District Committee, by preparing Reports and Divisional Budgets. They should be in every respect under the control of the Central Committee.

8. Similar District Committees might be formed for education, substituting educational for Engineer Officers.

9. I consider it utterly impossible for the Collector to supervise efficiently a dozen Local Fund Committees for roads; not to speak of the several dozen that would probably be required for schools.

10. I am very strongly of opinion that the assessment payable to the Government should be taken as the annual rent value of land for the purposes of the Act. It seems unnecessary to discuss the question in detail.

11. The provision of the bill requiring Zemindars to pay half the assessment is on the whole just, though in a rough way. Ryots in Zemindaries in this district almost invariably pay a higher rent than those who hold similar lands direct from Government. If the rent payable to the Zemindars is taken as the annual rent value, it is probable that they will find the half rate as burdensome, as the whole rate is on Government ryots. Though their average rent may not be double the assessment payable by Government ryots, their means are less. The Zemindar is practically the proprietor of the land, and whatever the law may be, he appropriates the greater part

of the tax is from any general improvement. The mode of estimating the annual rent value does not make the incidence of taxation unequal; but I see nothing to regret in it. It falls on the class best able to bear it.

12. Tax on trades would be less unequal in its incidence than a house tax on the non-agricultural class. Every body knows that the house a man lives in, in this country, is no index to his means. Brahmins living in good houses are often in extreme poverty. Houses are usually bought by the persons who live in them, and they are seldom sold until everything else has gone. I believe it is considered disgraceful among certain classes to sell even the site of an ancestral house in towns. I have no means of knowing which would be the more productive.

13. I have already given my views on the marriage tax, in my report on the Towns and Districts Bill. It would be a little more difficult to work in districts than in towns.

14. I have no remarks to make on the other proposed taxes.

15. I do not object to sanitation being included among the purposes to which the funds raised under the Act are to be applied, but I do not think the country is ripe for it, on such a vast scale as seems to be contemplated. It is a luxury which rich communities can afford to buy, but the Agricultural community in this Presidency can barely procure the commonest necessities of life, and should certainly not be taxed to provide itself with luxuries. I believe the public health suffers far more from the domestic habits of the people, such as stabling cattle in, or close to the places where they sleep, than from any of those things with which sanitary legislation can deal. Drainage means also the reclamation of land, and is therefore properly an Imperial charge. Fevers in this district are caused by malarial hills covered with dense jungles, with the north-east wind, and disappear with the rain. So long as the causes of Cholera are unknown, as I hold them to be, notwithstanding many confident assertions unaccompanied by proofs to the contrary, the attempt to remove them is likely to prove futile. Small-pox no doubt can be dealt with, with some probability of success, and without extravagant expenditure.

I do not approve of Mr. Macfadyen's suggestion to wait for education till it can be dealt with by the Imperial Government. No doubt the funds raised under the Act will in some districts be barely sufficient for roads alone; but in this district, in Tanjore, and perhaps in one or two other districts, there will be ample funds available for the establishment of an economical system of Village schools. If we begin by giving every schoolmaster double the wages, his labour is worth, as compared with similar labour in other markets, doubtless the scheme will prove a failure. Under the voluntary system in contemplation, it will be much easier to find the district in schools and schoolmasters than in scholars. Many Brahmin boys will be sent, and some toddy-drawers, carpenters and the like, but hardly any ryots' sons in this district, at least, no pariahs, and no girls. That will be a poor national system of education. In Scotland, three centuries ago, the opening of a sufficient number of schools was all that was required to give every boy and girl an elementary education, but that was because the national religion and propensity to religious wrangling made it a religious duty that every body should be able to read and dispute on the bible. It had become a confirmed habit of the people to send their children to school before the cessation of persecution allowed religious fanatics to lie out. The new classes, minors, and the like, who have not inherited the habit, do not send their children to school. In India, education is not necessary to religious merit, and the people, like all ignorant people, are totally incapable of comprehending how it can be beneficial to them. Compulsion would at first be extremely unpopular, but I see no reason to doubt the ultimate success of a system framed with a due regard to the habits and necessities of the agricultural classes.

ELLOR,

10th December 1870.

(Signed)

W. A. HAPPELL,

Acting Head Assistant Collector.

(True Copy.)

(Signed)

J. FRASER,

Collector.

Wm J. A. BOSWELL, Esq., Officiating Collector, Tanjore District, 10th December 1870.
Secretary to the Board of Revenue, dated Madras, 4th January 1871.

With reference to Government Order, dated 28th October 1870, No. 10, I have the honour to submit the following remarks in reply to the Local Funds Bill.

2. The appointment of local Committees must, I think, considerably hinder the administration of Local Funds; but as the functions of the Committees will be limited to advice and criticism the executive will be at least free. I doubt very much, in the present state of the country, the possibility of obtaining an intelligent working Committee or two for roads and for education in each talook. I think it would be preferable to make the Local Fund circles co-terminous with the ranges of Divisional Revenue Officers. It would be quite possible for a Divisional Officer to convene a small Committee, and embody their opinions as to the wants of the division, and their recommendations could be taken into consideration by the Collector and the Assistant Engineer in drawing up the Budget for the following year for the whole district.

3. To localize the expenditure of these funds is no doubt most desirable in view to rendering the taxation less unpopular, but to provide that funds raised in each talook must be spent in the same would inevitably be productive of great practical inconvenience. It is desirable that the chief towns and villages should be first connected with roads, and then the smaller villages should be provided with branch roads. In the same way, in regard to schools, it is desirable that the wants of the larger communities should be first supplied, and that with regard to Hospitals and Dispensaries these should be first established at the centres of population. We have now a Local Fund Overseer for each talook, but in some talooks there are scarcely any local works in progress, and the Local Fund Overseer is employed really in superintending Imperial works. Again, it is sometimes difficult to procure labour in one part of the district temporarily, while it is abundant in another. I think that while laying down the principle, that the expenditure of funds should be localized as far as possible, it would be inexpedient absolutely to limit the expenditure of these funds to any narrower circle than the boundaries of a district, and I think that there should be but one Budget prepared for each district.

4. I am not of opinion that the functions of local Committees should extend beyond advice and criticism. Let each Committee represent one division and send up to the Collector a detailed statement of its wants, with recommendation. The Collector will, in framing the District Budget, endeavour to give a place to as many of the proposals as funds will allow in the order of their relative importance.

5. As to the scheme of local taxation in connection with the rate on land I am of opinion—

1st.—That the rule at present in force under the District Road Cess Act, under which the assessment payable to the Government is taken to be the annual rent value of the land for the purposes of the Act, will be the easiest, the most popular, and upon the whole the fairest we could adopt.

2nd.—That in Zemindaries the rate ought similarly to be calculated on the rent paid by the tenant to the Zemindar, and that the proposal, that a moiety of the rate should be payable by the Zemindar and a moiety by his tenants, is most equitable. The duty of collecting the Road Cess should be imposed on the Zemindars, and the Collector should have the power of collecting arrears of Road Cess from him in the same way as arrears of peshcush.

6. Some provision should also be made to facilitate the inquiry into the amount of rent actually paid by Zemindary ryots. At present no Revenue Officer below the grade of a Tahsildar can call for accounts to fix Road Cess while Deputy Tahsildars are in charge of Zemindary tracts.

7. As to the other means of taxation, I beg to refer to the accompanying letter from Treasury Deputy Collector Kandi Rama Row Garu, who takes a very intelligent view of the peculiar circumstances of the district, and has, I think, very fairly gauged the local native public opinion. I quite agree with him that in this district where there are as yet no roads deserving the name, and where we want to develope communications as rapidly as possible, the imposition of tolls would be inexpedient, and his alteration of a small tax of one Rupee on every cart would,

The only roads on which tolls could be established are already the properties of Masulipatam and Guntoor.

The Marriage Tax has been freely discussed finds but little favour with the people. It would, I fear, be more burdensome than some other forms of taxation; it would be difficult to assess correctly, and after all the possibility of evasion would be so great that its yield would, I fear, be very small.

The house tax is familiar to the people in the form of the old Moturpha, but the classes in Schedule B. require to be defined. I would suggest whether it would not be better to have the tax upon house-sites and charge according to the area occupied. At present residents in any town or village apply for building sites, and these are granted free whether the applicants are cultivators or not. The land is exempted from assessment, and as soon as the available area is all-occupied applications are made for its extension by devoting to the purpose adjoining occupied assessed lands. There are no rules for granting free-sites for building. A rich man applies for and obtains a large piece, and a poor man a small one. One man may, perhaps, obtain several sites and sell at a profit those he does not require, or turn them to account for gardens or ordinary cultivation, without paying any assessment. Now, what I would propose is this, the imposition of a moderate quit-rent on all existing house-sites in towns and villages, assessed according to the extent, and I would allow this quit-rent to be redeemed on the payment of 25 years' purchase, granting such holders a freehold title-deed. I believe that this would not be an unpopular measure. The house tax or house-site quit-rent might, I think, be imposed on all classes not excepting the agricultural.

10. With regard to the Profession and Trades Tax the classes in Schedule B. require to be clearly defined. As long as the Imperial Income Tax remains in force I think it would be inexpedient to collect this tax as well; but if we can dispense with the former I think this might take its place in a less unpopular form, and might be extended to all classes. If, however, it is deemed advisable to retain the Imperial Income Tax even at a lower rate, say one per cent. on profits and incomes, then I think if a Local Fund Profession and Trades Tax be imposed also it should be in a form as closely approximating the old Moturpha as possible, and I would except the agricultural classes.

11. I adopt the Deputy Collector's estimate of the probable receipts from each tax in this district as follows:—

1. Road Cess, at one Anna per Rupee—		RS.	RS.
Ryotwarry	1,92,894		
Zemindaries	71,648		
Inams and Shotriems	81,868		
		3,46,410	
2. House tax—			
Total number of houses	2,73,850		
Deduct liable to exemption	2,03,850		
	70,000	40,000	
3. Tax on Trades and Professions—			
Assessed under License Tax	10,000		
Deduct those in Municipalities and Agricultural classes	3,000		
At an average of Rupees 2 each.	7,000	14,000	
4. Marriage Tax. Population 12,96,652—			
Number of marriages	12,000		
Deduct those exempt	6,000		
At an average of Rupees 2 each.	6,000	12,000	
5. Tolls—Say four roads when they are made			4,000
6. Surplus Pound Fund transfer on actuals of 1869-70			10,000
Total...		4,27,410	

The registration of carts would probably yield about Rs. 50,000. (and) I am proposing to abandon Marriage Tax Rupees 12,000 and Tolls 4,000 to Rs. 30,000 each would reduce the total computed receipts of the district from Rs. 4,27,410 to Rs. 3,97,410.

13. As to expenditure in the way of roads, very little has yet been done. The Local Public Works say they find it difficult to procure labour, and are dependent upon the Government. Rupees 1,50,000 in a year. As roads are pushed on maintenance grants will be provided for each adequately to meet the wants of the district. Rupees 3,00,000 a year ought to be allotted for Communications.

There will be left 50,000 for Education.

71,410 for Hospitals, Dispensaries, Lunatic Asylums, Charities, Markets, Tanks, Wells, training up Medical Practitioners, Sanitation, and general Works of public utility.

14. I would very strongly recommend the appointment of a Local Fund Engineer (if funds allow an Assistant also) to superintend and be in charge of all Local Fund and Municipal work in each district, and under him an establishment separate from the Department Public Works, and the Treasury Deputy Collector shows the cost of supervision at present paid to the Public Works Department is Rupees 815 a month, or Rupees 9,780 a year; while the cost of the present Local Fund establishment is Rupees 917 a month, or Rupees 11,004 a year.

ENCLOSURE No. 1.

From K. RAMA ROW PANDY, Deputy Collector in charge of the Treasury, to the Officiating Collector of the Kistna District, dated Masulipatam, 14th December 1870, No. 194.

I HAVE the honour to acknowledge receipt of Government Order, dated 28th October 1870, No. 1,389, communicated with your docket, dated 14th November 1870, No. 4,904, for my opinion on the Amended Local Fund Bill.

The Select Committee propose that each district shall be divided into Local Fund circles, each of which shall be coterminous with a Revenue Talook, except in the case of Zemindaries or other tracts which are not included within the limits of any talook, in which case it is to be left to the Government to define the limits of the circle. This definition of the term "Circle" tends to restrict the expenditure of funds within a very narrow compass; for each Local Fund Committee will then endeavour to carry out improvements irrespective of the vast benefits which would be derived if they were to take into consideration the general wants of the district. In the selection of works and improvements, which will have to be carried on from year to year as the ways and means at the disposal of the Committees expand, great caution is necessary to undertake those lines of communication first which facilitate traffic through the district. It is moreover, as remarked in the Government order, likely to occasion inconvenience in its practical working. The only argument in favour of such small Committees is that the localization of the expenditure would make the taxes less unpopular. I must, however, respectfully observe that as long as the Committees are not entrusted with administrative powers, and as long as they are placed in a position subordinate to the Talook Sub-Magistrate and Tahsildar, they must virtually be, the mere localization of the expenditure cannot tend to extenuate much of the unpopularity. There are, on the other hand, objections equally cogent against making the Local Fund circles coterminous with a Revenue district, viz., that the members serving on the Committee cannot have local experience, and thus be acquainted with the actual wants and requirements of localities which they have possibly never seen, and that it would be almost impossible to make such a selection of Commissioners as have such varied knowledge. To meet these difficulties I would suggest that a Local Fund circle be made coterminous with a Revenue Talook, but subordinate to the District Committee, who should have it in their power to make the necessary appropriations of funds on the representations of the Talook Committees. The Talook Committee should have the power of making the assessment of taxes, hearing and disposing of appeals, and suggesting works and improvements which must be sanctioned during the year. Every year the

3. Committees should be required to depute one of their Commissioners to be present at all meetings which are held by the District Committee for the framing of the General Budget. The appropriation of funds will generally be made at these Meetings (each Talook Committee will, in its attempt to secure the largest amount of funds possible to itself, be inclined to send competent members, whose opinion would be most valuable in drawing up the Annual Budgets. As such Meetings will be held but once or twice in the year there can be no difficulty in procuring the attendance of Talook Committee people, provided they are allowed a reasonable travelling allowance. Under this arrangement local grievances will be inquired into and decided on by men who are competent to do so, while local wants will not fail to secure attention to them which is consistent with the state of funds.

4. To make these Local Committees mere consultative bodies without entrusting them with administrative functions would be felt as a mere farce. Persons willing to serve upon these Committees would rather wish that their opinions were taken at first, than that they should be put to the awkward necessity of criticising things which it may be too late to rectify and too unpleasant to scrutinize. To criticise works and improvements carried on under Government agency requires great moral courage, which it is too premature to expect now in the Mofussil. The Local Fund Committees should occupy exactly the same position as a Municipal Committee. The Tahsildar of each talook should be an ex-Officio Commissioner. To the District Committee it should be competent to direct, with the permission of Government, what rate of taxes shall be levied each year, and how the funds levied shall be disposed of. The District Committee should have a general control over the expenditure, and the establishment should be under their supervision. The Talook Committee on the spot may keep a judicious watch on the working of the establishment, and report any circumstances to the District Committee which may call for notice. By this arrangement the services of intelligent members will be secured in the District Committee, and persons possessing local knowledge of the wants of the different parts of the district will be in the Talook Committee. The Revenue authorities are already over-worked and cannot afford the leisure necessary to inquire into the appeals that may be laid before them, while the Talook Committee will be most competent to dispose of them. The Tahsildar, as provided in the Bill, may draw up the Register of individual taxes to be levied, but no bills should be issued for collection, unless the registers are previously approved by the Commissioners. In the case of Road Fund, if the cess is to be levied on the ryotwarry demand, the necessary entries will be made in the puttah. Here the interference of the Local Fund Committee is not necessary. There may be a few cases of Inams, in regard to which it may be advisable to consult the Talook Committee. The amount of Road Cess to be paid by Zemindaries should be determined by the District Committee and Collector.

5. The District Committee should be constituted of intelligent men who may have a real interest in the work. Some of the intelligent Zemindars should be appointed as members on this Committee, if willing. The Committees would have charge of the preparation of budgets, appropriation of funds, execution of works, supervision of education, and sanitary improvements. They should be relieved of details by entrusting the making of assessment of rates, hearing appeals, etc., to the Talook Committee; the District Committee only seeing, in respect of receipts, that the taxes are collected properly. Inducement should be held out to the members of this Committee for making tours in the talooks by allowing them their travelling allowance when travelling *bona fide* on public duty.

6. It is not necessary to have one Committee for roads and another for education, nor is it expedient to do so. Too many agencies tend to perplex the minds of rural people. As the Committee will be assisted in all-important matters by the Educational authorities and by the District Committee people it is not likely that any inconvenience would be felt.

7. Under this arrangement the Commissioners, constituting the several Committees, will in process of time receive such a training as will not only enable them to conduct the duties entrusted to them efficiently and to the satisfaction of all parties, but will also develop a native public opinion even in matters not strictly Municipal and Local, which cannot but be of the highest use to the State.

I believe that the several Tahsildars will be able to furnish a list of men competent to constitute Talook Committees.

8. The Local Fund Committees should be permitted to execute the works which they are to supervise; which is, I think, it would be desirable to have a Local Fund Establishment in each district, with an Assistant. The establishment in other respects may be very much the same as the one now existing. Already we have a Local Fund Establishment in each district, paying monthly Rates of Rs. 10 per district, or 10 per cent. on the average expenditure. To this be added the other 10 per cent. allowed to the Department of Public Works for their supervision, the aggregate amount becomes so large as to be able to furnish a separate establishment which will be able to give its undivided attention to purely Local Fund works. The Department of Public Works has been much in the Imperial Department, and it is high time that they were relieved of Local Fund works. In fact the Secretary of State having more than once pointed out the advisability of relieving the Department of Public Works of works which do not require professional skill it would be better to provide in the Bill for the organization of such an establishment. The cost would not exceed what is already being incurred, as explained in the margin.

The cost of supervision paid to Department of Public Works for 1899-70 was Rupees 9,780, which will give Rupees 815 per mensem. As expenditure is increased this will amount to no less than Rupees 1,000, for which a competent Engineer, it is hoped, will be available.

9. The Collector should be ex-Officio President of all the Committees, the Divisional Officers presiding over Talook Committees within their respective ranges in whichever talook they may happen to be at the Meetings.

10. Discretion may be given to the Committee to sanction all works not costing more than a fixed sum, viz., Rupees 2,000; the estimate in other cases being forwarded for the sanction of Government. The Committee should be precluded from authorizing any expenditure on any work for which no provision may have been made in the Budget. This will enable the Government to see whether or not the selections of the Local Fund Committee are judicious, and the Government may reserve to itself the right of directing that this or that Local Fund work should be undertaken first. The Government may reserve to itself the right of sanctioning, from year to year, the levy of taxes at such rates as it may deem proper. It is not expedient to lay down any rules fixing the proportion of expenditure that ought to be incurred on each branch of improvement, for such a restriction would be productive of much inconvenience.

11. In considering the scheme of local taxation I may presume that the idea of the *Marriage Tax* has been abandoned altogether. This tax has already evoked much criticism. Even the Board of Revenue do not appear to give the measure their support. As the Government are already in possession of abundant information from all quarters it is unnecessary for me to go over the same ground now. It will suffice for me to observe, that the yield will be out of all proportion to the discontent that may be occasioned; that the poor will feel the tax venal, while the rich can easily evade payment by allowing a short interval to elapse from the performance of the ceremony and the expenditure they may propose to indulge in. As a religious institution, it should be respected and permitted to enjoy the immunity from taxation, which has never been interfered with.

12. 2ndly.—The Amended Bill provides for the levy of tolls on such roads as may be selected in the district. The objections to the levy of tolls have also been pointed out both by the Revenue Board and in the petition presented to Government by the Native inhabitants of Madras. It is even understood that the tolls in Municipalities were to be abandoned, and I observe that the section, authorizing this form of taxation, has been only permitted to remain in the Towns' Improvement Amended Bill, simply because it has been found difficult to provide for funds otherwise. If tolls are objected to for the Municipalities how can they be free from objections if proposed to be levied from road to road in rural tracts? It would be tantamount to the revival of Transit duties given up long ago. In lieu of this a uniform fee of one Rupee may be levied on all carts in the district. This would, at an average rate of five bandies to each village, fetch

0.000 Rupees per annum. This amount will be found far more remunerative than tolls. In this district, at any rate, the lines on which traffic is the heaviest are those given in the margin, and which are Imperial. If the tolls are levied on these roads, it is doubtful whether a equal amount can be raised.

Schedules A and B, and as they are, in the case of houses, notages, it would be desirable to define the annual estimated rent value of the houses falling in each class. It would be desirable to define the limits of each of the classes of the schedule proposed. The tax on professions, arts and trades, buildings, and places of public worship, hospitals, and penitentiaries being exempted. School buildings should also be exempted.

14. In the case of non-agricultural classes a tax on trades would be found to be more remunerative than a house tax. In rural tracts the houses are mostly of an inferior description, because of the tenacity with which the owner clings to his patrimonial roof in its primitive shape, notwithstanding that he is waxing rich.

15. The last, and not the least point to be considered under this head, is the levy of Road Cess. As observed by Government nothing less than the most inquisitorial proceedings can enable the assessing officer to estimate the profits of individuals, but even then the estimate will often be found incorrect. Agricultural classes not possessing education and business-like habits are not likely to have any accounts showing the profits derived by them from time to time. In the absence of documentary evidence the assessing officer may reasonably decline to reduce the tax on appeal. Even if the party should produce accounts it would require much patience to go through them in such a manner as to arrive at a right conclusion. Moreover, it must be remembered that the rate of Road Cess is now to be doubled, and if simultaneously with this two-fold enhancement of tax it be ruled that the tax be calculated on estimated profits, the tax would in some cases more than quadruple itself, and be felt most oppressive. It should also be remembered that while the measure will have all the disadvantages which are now urged against the Income Tax there will be no counter-balancing benefit, such as exemption below certain incomes. If the tax is to be levied upon the estimated profits some exemption will be found necessary. Under the Income Tax Act incomes below Rupees 500 per annum have been exempted, but the Income Tax levied on agricultural incomes above 500 Rupees, at the rate of half an Anna in the Rupee, is as nothing when compared with the Road Cess collections realized on the Government assessment without this exemption; therefore it is far better and far more remunerative to retain the present principle than to introduce the one proposed.

16. Adverting to paragraph 5 of Government Order I beg to state that it is desirable that provisions should be introduced in the Bill to lighten the burden of taxation on Zemindary ryots, without at the same time sacrificing public revenues. It is proposed in the Amended Bill to make the Zemindars pay a moiety of the Road Cess due on their lands, the remaining moiety being paid by the ryots. This would afford much relief to the ryots in Zemindary tracts, provided the Zemindars do not add the amount paid by them to the assessment due from their ryots. As long as the Zemindar is at liberty to enhance or reduce the rent upon his lands the Zemindar will not, I believe, fail to take the steps necessary to reimburse himself of the amount mulcted from him.

17. I beg to annex a Memorandum showing the probable receipts from each tax—

Road Cess, at one Anna per Rupee—		Rs.
Ryotwarry...	...	1,92,894
Zemindaries	...	71,648
Inams and Shotriem villages	...	81,868
		3,46,410 +

	No. of houses liable to Assessment.	Amount of Tax.
House Tax, Schedule A	70,000	1,40,000
Tax on Trades, Schedule B	7,000	14,000
Marriage Tax	12,000	12,000
Tolls	...	4,000
Surplus Pound Fund Tax	...	10,000
Total	...	1,80,000

18. In the foregoing estimate, it has been assumed that the Road Cess is to be calculated upon the Government demand. If on the other hand it is to be computed upon the estimated profits the estimate may exceed four lacs of Rupees. In the absence of information as to the limits of each of the classes of Schedules A and B, and in consequence of the proviso appended to Section 36, under which exemption is proposed to be allowed under certain circumstances, it is not possible to estimate the receipts from other sources accurately. According to the last Quinquennial Returns there were 2,73,850 houses. Excluding the houses of ryots and under-tenants paying Road Cess, and the houses in the Municipalities, this number will be reduced to 70,000, but most of these houses will come under Classes 4, 5, and 6 of Schedule A. It is not likely that more than Rupees 40,000 can be realized from this source. Under Schedule B it is estimated that some 7,000 persons will be liable to taxation. Under the operation of License Tax Act XXVI. of 1867, 18,000 persons were assessed. From this number I excluded the persons assessed in the two Municipalities and Agricultural classes who pay Road Cess there will be 7,000 persons left to be taxed. It is not likely that this number can be exceeded. It will be remembered that under the License Tax Act incomes below Rupees 200 per annum were exempted from taxation, and I presume it is not the intention of the Legislature to reduce the minimum still further. In the Masulipatam Municipality incomes less than Rupees 10 per mensem are not taxed, and I believe the same indulgence will be extended to Local Fund circles. Under these circumstances Rupees 15,000 are quite as much as can be realized from 7,000 persons, the tax in the average amounting to a little more than a couple of Rupees apiece.

19. The yield from the Marriage Tax has been estimated to amount to Rupees 12,000 on 6,000 marriages. The population of the district is 12,96,652. Deducting from this population in the Municipal towns, and taking one per cent. of the remainder to represent the marriage rate, there will be 12,000 marriages a year, but as from these marriages should be exempted all cases in which the marriage expense does not exceed Rupees 20 there will be only 6,000 left amenable to taxation. Tax on this number, at an average of Rupees 2 to each marriage, amounts to Rupees 12,000.

20. I have already pointed out that tolls cannot be very remunerative in this district. The only lines of communication on which tolls may be levied with advantage are Imperial, viz., road from Masulipatam to Hyderabad and Road from Calcutta to Madras. Tolls on the traffic along these lines are already being levied by the Municipalities, and to submit the same traffic to additional tolls is not proper. If then these lines are to be abandoned there is none else so very important as to yield more than Rupees 1,000 per annum. Unless tolls are levied on four roads 4,000 Rupees cannot be realized.

21. The amount that would be available for a transfer from the Pound Fund has been estimated at Rupees 10,000, with reference to the actuals of the previous year and the new system of Pound Fund administration recently introduced in this district—Vide Board's Proceedings, dated 17th December 1869, No. 9,255.

22. The total estimated receipts amount to Rupees 4,27,410, and cannot exceed 41 lacs. The idea of the Marriage Tax is to be abandoned, and the registration of carts substituted for it. The result would be pretty nearly the same.

Estimated income as above	RS.
Deceased Marriage Tax	4,27,410
Total	2,900
	4,000
	16,000
	4,11,410
	10,000
Add registration of Carts, at one Rupee per bandy	4,21,410

23. It now remains to consider to what extent the estimated funds raised in the above manner will cover the purposes to which they are intended to be applied, viz., roads, education, sanitation, and public health. From the marginal statement it will be observed that the Road Fund expenditure in this district has never yet exceeded Rupees 1,68,685, though funds have been ample from the last two years. Even if more labour and materials are available, and the works pushed on more vigorously, more than three lacs of Rupees cannot be judiciously spent a year. This will leave a lac and a quarter for other purposes. There are 20,140 villages in this district, and if it is intended that a school be opened in each village it would by the last calculation, of allowing 10 Rupees per mensem to each school, require Rupees 2,41,000, but no more than 50,000 Rupees can be devoted to the purpose. It would be doubtful if this will enable grants-in-aid being sanctioned, or any schools being maintained, or school houses being erected. It would just cover the expenditure under payments by Results system. This will leave Rupees 77,410 available for the purposes specified in Clause III., Section 25. The improvements contemplated in this clause are so comprehensive in their nature that it is difficult to tell whether or not this amount will be found sufficient. If the contemplated benefits are to be within the reach of each village it will be necessary to construct a number of Hospitals and Dispensaries, but this would entail an amount of expenditure which it will be impossible to defray from the Local Funds. If the Local Fund taxes are to be made acceptable to the people it can be done only by allowing some funds to each village for the education of its youths, by allowing each village to have a trained Medical Practitioner, and by distributing medicines gratis. These benefits come home to each individual family, and will be greatly appreciated by the public. A number of Hospitals and Dispensaries should, therefore, be established, the services of trained Native Doctors secured, and due consideration shown to the feelings and prejudices of people. These institutions cannot fail to ensure a popularity which will far outstrip the dissatisfaction that may be felt against the imposition of taxes. The lowest classes have no objections to attend Dispensaries, and the upper ten thousand can afford to pay for Medical attendance. But there is a large section of the middle class which can neither afford to pay for Medical treatment, nor be willing to forego their scruples of attending Dispensaries. If these Dispensaries are presided over by Native Doctors many persons would be willing to attend Dispensaries. There may still be cases in which a few cannot attend from sheer debility. Women will also object to attend Dispensaries. In these cases the Native Doctor should attend gratis or demand a small fee. To supervise the proceedings of the several Dispensaries the jurisdiction of Zillah Surgeon should be extended.

24. In Section 26 of the Amended Bill it is provided that it shall be competent to the Government to direct that a portion of the Local Funds belonging to any circle shall be contributed towards the expenses incurred in any other circle under this Act or Municipal Corporation, where such expenditure is incurred, and is calculated to benefit the inhabitants of the contributing circle. It would be more acceptable to the people if Government will reserve to itself only the right of sanctioning the contribution, provided it be recommended by the Local Fund Committee.

17
From G. VAN AGNEW, Esq., Collector of Nellore, to the Acting Secretary to the Government, Revenue, dated Kaveri, 11th January 1871, No. 1170.
In reply to the Proceedings of Government, Public Department, dated 25th October 1870, No. 1,300 I have the honour to submit report received from the officers mentioned in the Local Funds Bill as amended by the Select Committee, and to record my own opinion on the several points to which particular attention has been directed.
1. In a letter, dated 28th March last that, as Collector of Cuddapah, I addressed to the Acting Secretary to Government, Legislative Department, I protested as emphatically as I could against the whole plan of constituting Committees as proposed in the original Bill. The remarks which I then made on this subject, with reference to the district of Cuddapah, would, I have since found, have been equally applicable to the district of Nellore.

2. With my practical experience of the condition of many districts I confess I am wholly unable to comprehend what possible real use the framers of this Bill, and the Select Committee, can consider themselves justified in erecting Committees, however constituted, to serve. It would be difficult to conceive a more complete failure than the unofficial native members of Municipal Committees have proved. It is patent to every one who has been brought in contact with Mofussil Municipalities that these Committee men represent nobody, that they do not even pretend or aspire to represent the rate-payers, and that they are of no use whatever except occasionally to form a quorum. As a body our towns-people are lost in amazement at what only appears to them to be the extraordinarily cumbrous and troublesome system we have been to the trouble to set up and maintain for the collection and expenditure of such comparatively small sums of money. As far as they are concerned they would just as soon pay their Municipal taxes to the Tahsildar and, having parted with their money, I am convinced that what would really please them best would be to bear no more of it in the shape of Municipal projects. All they desire is to be let alone.

3. Natives pay unaccustomed taxes to the Government in exactly the same spirit in which they comply with the corrupt exactions of the servants of Government. The "Circular" to them is under these circumstances simply a big robber, whom they feel far too defenceless to resist. What that robber does with the plunder does not interest them in the least. To be told that because they have been robbed they are also to be worried themselves to look after affairs which have always hitherto been satisfactorily looked after for them by the only person in whom they really have some confidence—the Collector, whose hands are therefore to be now tied—is nothing but an aggravation of the injury.

4. To suppose that natives, with scarcely an exception, have the smallest desire to take a part, however humble, in governing themselves; to suppose that they recognize the slightest difference between imperial and local taxation; to suppose that taxation would be rendered less instead of more unpopular by depriving them of the unfettered services of the Collector, and in exchange either worrying them to manage their own public affairs—a task for which they at least well know themselves to be absolutely incompetent—or handing them over to the tender mercies of the Collector's subordinates, in whom, as a rule, they have little or no confidence, my own personal knowledge, founded on abundant experience in many districts, in four of which I have held the highest office, compels me to denounce as absolute and most dangerous delusions.

5. With reference to the question, whether the duties of any local Committees should be of an administrative character, or should be confined to advice and criticism, I reply that the point is quite immaterial. As far as the non-official element of any such Committees is concerned the sham would be as transparent in the one case as in the other. These Committee men neither would nor could work, advise, or criticise with any real independence in any one of the three descriptions of Local Fund circles that have been named.

1. Who have had practical insight into the working of Local Funds in four districts, nothing could be more obvious than that the Collector's control alone can do justice to them throughout the whole district. The Collector is the focus of all information on district matters. His sources of information are far more numerous than, and are superior to, those possessed by any of his Divisional Officers. Whatever knowledge the latter may have is at his disposal, together with that possessed by all his other subordinates. He is the one person in the district who is in a position to take a comprehensive view of its necessities, and who regards the wants of every corner of it with an impartial eye.

8. I repudiate the notion I have seen mooted in more than one quarter, that some new system of working Local Funds is needed on the ground that a Collector cannot be expected to, and does not, know the necessities of remote parts of his district, in the matter of communications for instance. For my part—and I believe it is the same with other Collectors—there is no part, however remote, of any district in which I have been Collector, the wants of which in regard to roads have not been perfectly familiar to me. I have been but a few months in the district of Nellore, but even now I require no one to tell me how and where to spend to the best advantage on roads a vast deal more money than is likely to be available for very many years to come. *Cui bono*, therefore, Committees, and putting a Collector's subordinates on an equality with him? It will be an evil day both for the people and the Government when a Collector's prestige is thus frittered away and destroyed. Two or more independent circles, composed of the Divisional Officer supreme, and the rest sham, would be mischievous enough; but eleven circles, each worked by a Tahsildar—as probably as not corrupt—with a shah at his back would be a spectacle which I trust the Legislature will never permit me to behold.

9. The next point to which the Government have directed particular attention has reference to the mode of assessing the rate on lands, Ryotwary and Zemindary.

10. Writing from Cuddapah on the original Bill I was one of the Collectors who advocated basing the rate on the ryot's actual profits instead of on the assessment payable by him. The immediate reason which led me to make this recommendation as the lesser of two evils, in respect to that particular district, with its terribly unequal and heavy assessments, does not exist in this district of Nellore, where assessments are even now far more moderate, and where there is an immediate prospect of their being re-settled on a proper basis.

11. Were it possible to raise all the money that is necessary by a one Anna rate on each Rupee of the assessment payable, and were the assessments in all the districts moderate and tolerably equal in their incidence, there would of course be no question but that to levy the rate thus would be the easiest and most convenient method both to the ryot and to the Government. But if a rate so levied is to produce so much less than the Government require that they must insist on supplementing its proceeds by a host of entirely new taxes on these same ryots, and if we further consider the terribly unequal incidence of such a rate in Cuddapah and other districts wherein the assessments have never been scientifically revised, I think that it is fairly open to serious consideration whether, as the lesser of two evils, we should not, by confining ourselves, as far as the ryots are concerned, to the levy of one productive tax on a principle that is undeniably sound, escape the unpopularity attendant upon the introduction of a series of novel imposts.

12. In point of fact there is not a pin to choose between the Income-tax and any of these suggested taxes in regard to their inquisitorial character, and the oppression to which they lead, and as to the danger referred to by the Government of producing in the minds of the ryots unfounded apprehensions of an enhancement of the land assessment, the imposition of the present Road Cess was in the eyes of the ryots nothing but an enhancement of the land assessment, and to double it under this Bill will to them be nothing but another enhancement. To do this alone would completely deprive them of all confidence in the intentions of the Government, and I am perfectly satisfied that they would infinitely prefer to pay all that they have got to pay in one tax rather than in several.

13. On these grounds, there would be any reasonable prospect of a tax based on the ryot's profits—and such a tax should amount to double or treble the one levied on the assessment payable—fulfilling all the financial requirements of the Government upon the agricultural class, and obviating the imposition upon that class of any other tax, I still strongly advocate this mode of raising it. But as I am in total ignorance of what the amount of the financial requirements may be I cannot possibly give a more definite opinion.

14. Of one thing I am certain, and that is that under our present system of administration the tax I advocate would be open to considerable abuse, but not to one whit more abuse than would be any single one of the other novel imposts proposed by the Bill; and, further, that the abuses under any two of the latter taxes, if imposed, would outweigh those under the former single tax.

15. In reply to the call, to state definitely how I would meet the objections based on the existence of the abuses referred to, I do not hesitate to affirm that such abuses ought not to, and need not, exist at all, and that their existence is solely due to our faulty system of administration. If I were uncontrolled in my choice of Tahsildars, and not bound to keep them in office longer than I held their retention to be for the public good, I would undertake to collect any taxes the Government might please to impose on the people in any district in the Presidency with scarcely any abuses at all.

16. Nothing would be really easier than to purify our corrupt establishments. Bring it home to a native official that honesty is his only safe policy, and honesty forthwith rules his public conduct. They are a most timid class, and the only reason why they are so generally dishonest is because under our administrative system—so utterly unsuited to orientals—the chances are so greatly in their favour of complete immunity in their dishonesty.

17. Any District Officer who takes the trouble can ascertain beyond a doubt the character of each of his native subordinates. The character of each one is a matter of notoriety: corruption especially exists upon notoriety. The first, and indeed the essential step towards successful corruption, is for the would-be corrupt official to let it be generally known that he is open to be corrupted.

18. Nevertheless our system compels a District Officer to go on employing the most notoriously corrupt subordinates, whose whole energies he knows are devoted to enriching themselves at the expense of the people and oppressing them, until or unless he can succeed in doing what is next door to impossible—and the higher in office, and the more bold and wicked the subordinate is, the more impossible it is—viz., to convict him on technical (which is quite another thing from truthful) evidence, such as would only go down in a Court of Law.

19. And in the absence of any such almost impossible technical conviction the practical effect of our present system is that the Government absolutely rewards by pension at the close of his infamous career the subordinate whose dishonesty, corruption, and oppression has been ever a by-word among the people. We cannot expect native officials to be honest when their dishonesty is so systematically fostered. My only wonder is that with so many glaring instances of successful villainy before their eyes any of the rising generation of native officials ever conduct themselves honestly. As far as my personal experience goes education has had but very small effect on their morals.

20. Already the people are greatly put upon by the official class. If the public exchequer could get but half of what is exacted from the people, by, or, demoralized as they too are by our system, is paid by them in bribes to public servants, I deliberately assert that there would be no occasion to levy these taxes at all. As it is the tax-paying power of the people is materially affected by the plundering and oppressions to which they are subjected at the hands of persons who just as readily cheat when they can the Government that pays and pensions them. The conclusion, which is obvious to me, is that if the Government goes on introducing fresh taxes without at the same time loosening the hands of District Officers so as to make it possible for them efficaciously to protect the people, a very lamentable state of things will occur, and unpopularity will be a very mild term to apply to the feeling with which the millions will naturally regard our administration.

21. As to the accuracy value of the ryot's share of the produce should be estimated the proceeds would be the same as in estimating the ryot's agricultural profits under the Income-tax. The working of the scheme would depend, just as that of the Income-tax does, on whether the Tahsildar is honest and efficient, or corrupt or inefficient, and I maintain that it is our own fault if we have not an honest and efficient Tahsildar in every talook. A Tahsildar's subordinates and the village officers, are very much in conduct what the Tahsildar makes them. If he is sharp, and can afford to be strict, they dare not play tricks.

22. With reference to the provision in the Bill, to charge half the rate to the Zemindar and half to his tenants, there appears, according to my actual experience of Zemindars and their tenants, to be no use in discussing it from a theoretical point of view. If the provision were passed into law the Government may depend upon it that in almost every Zemindary it would be practically a dead letter, and that the Zemindar would manage to screw every Rupee of his own moiety out of his tenants. As a rule Zemindar's tenants are a most helpless set. Even if the laws that are supposed to protect them against their landlords' exactions were uprightly administered they rarely venture to appeal to them for protection. But what if the Judge who presides over the Civil Court, where they would have to seek redress, receives from the Zemindar as much and as regular a salary as he does from the Government with the express object of deciding all suits in the Zemindar's favour? I know where this is, at all events, notoriously believed to be the case, and, whether it be fact or not, such belief is tantamount to a denial of justice to the Zemindar's tenants concerned.

23. I think it is quite right that, when all other classes are to pay local taxes in proportion to their means, large farmers of revenue should also be made to contribute similarly in proportion to their means. The difficulty is how to put any burden upon them which they will not shift *per fas et nefas* on to the backs of their tenants. The best way I can think of is to establish a local income-tax for their special benefit, leaving their tenants to pay the half Anna in the Rupee Road Cess as at present. It is perfectly true that the latter are not so well able, as are the Government ryots, to pay an enhanced rate.

24. Adverting now to paragraph 6 of the Government order under reply the present Road Cess receipts amount to about a lac annually. No guide to the classification of houses is given in the Amended Bill, but perhaps Rupees 25,000 might be set down as the probable receipts of such a tax, Rupees 35,000 for a moturpha or trade tax, and perhaps Rupees 5,000 for a marriage tax. I set down nothing for tolls because I have no propositions to make on the subject. I altogether dissent from the opinion expressed by the Select Committee on the subject. In my opinion no more exasperating impost could well be imposed, and in this every one I have consulted concurs.

25. If either must be levied I prefer a house to a trade tax.

26. The Government desire to be furnished with such information as will enable them to determine how far it will be expedient to levy the new taxes in each district. I think it will be obvious from my preceding remarks that the levy of any new tax under our present system of administration would—to use an expression of the Select Committee's—"be highly inexpedient in a political point of view." Nothing but the gravest and most absolute necessity could justify it, for the imposition will indubitably destroy every atom of confidence that the people may still repose in the Government, and will fill their minds with positive hatred besides.

27. I regard roads as by far the most important object whereon to expend Local Funds. Those in this district are comparatively in a very backward condition, and to complete their system would alone, for many years to come, consume larger assets than all these proposed new taxes put together would produce. Yet, interested as I am in opening out the communications of the country, I would not, with my practical knowledge and experience of districts, increase even for this object the present burdens of the people, unless much larger powers were placed in my hands to enable me to afford real protection to the population from the machinations at present almost everywhere so rife among the subordinate public servants. Much less would I increase those burdens for any of the, to my mind, far less important objects of the Bill under report.

28. As to the education of the agricultural masses I cannot assert that I really know by actual experience what the agricultural masses are, or in the possibility of educating them, or could hold that failure to perform the duty is a discredit on the British State. The sooner the fact is recognized that the real agricultural millions—entertain the strongest positive objection to the education of their children the better it will be. They are poor, and they deliberately hold that ignorance is only the natural as it is the best concomitant of their poverty. In this matter they can neither be led nor driven, and if their education were rendered compulsory by law, and if every single public servant in the country had nothing else whatever to do but to endeavour to force the ryot's children to school, signal failure would be the inevitable result.

29. Further, I venture to maintain that to tax the agricultural masses for education, which they do not want and will not have, in order to apply the proceeds of their payments to the education of the comparatively small minority of the population comprising the few classes who do really appreciate education, would be a gross injustice, and as impolitic as unjust.

ENCLOSURE No. 1.

From J. C. HUGHESDON, Esq., Officiating Sub-Collector, to the Collector of Madras, dated Ongole, 23rd November 1870, No. 599.

With reference to Proceedings of the Madras Government, Public Department, dated 25th ultimo, it only occurs to me to submit the following remarks.

2. The division of districts into Local Fund circles, continuous with the several talooks and Zemindaries, would, I think, in a considerable measure popularize the Bill by showing the taxpayers that efforts were being made to expend for their own benefit the moneys paid by them, as to which point the residents in some localities have, with reason, considerable doubts. As regards the Road Cess. The modified proposal, to divide each district into two or more circles, would, however, have advantage as great or almost as great in this respect, while it would avoid the multiplication of Budget estimates and other difficulties in actual working. The Nellore District would seem to fall most naturally into three circles, South Pennair, North Pennair, and Ongole. But it seems to me that if the districts are thus to be divided the appointment of Committees must be abandoned. I consider that in the Sub-division, at all events, there is not a single non-official resident who is competent "to advise," still less to take a more effective part in the introduction of the new measures. There exists not a single private individual whose nomination would give confidence to the community, or otherwise strengthen the hands of the responsible officers. The dead level of the cultivating class may be judged from the fact that of some 40,000 puttahs only about 2,500 are for sums over Rupees 50 annually. I doubt whether there are a dozen ryots paying an assessment of Rupees 500, or one paying Rupees 1,000. The Revenue Officer in charge of each division constituting a circle must be invested with the sole power and the sole responsibility. I am confident not only that this is the most practicable scheme, but that it will be more satisfactory to the people than any other.

3. If, however, the district be taken as an entire circle the circumstances are somewhat altered, and it may be possible to get together a Committee, not even then, however, of very satisfactory materials.

4. If Committees are nominated I think they should possess real powers. To exercise these they are either competent or incompetent. If incompetent they should not be appointed, but to appoint them without investing them with responsible functions is only to play at self-government. Men might in the first instance be got to accept the empty office, but they could not be expected to take, and would not take, any interest in the work and would soon exempt themselves, just as the private members of Municipal Commissions now do, from even a nominal attendance at the Meetings because thoroughly over-borne by the official element.

5. I am surprised to find it stated that the system of self-government "has been found on the whole to work well in the Municipalities." My experience, which however is of course very slight, leads me to believe that all the great and admitted good wrought by the Commissions has been in spite of the opposition—passive more generally than active—of the native members. I con-

Where convenient from their situation, two or three talooks may be grouped and one committee appointed, but the inconvenience in this case will be that as the place of meeting will not be the headquarters of any Tahsildar (otherwise it will not be central), some difficulty might be experienced in convening meetings.

In paragraph 2 of the Select Committee's Proceedings, the Government observe that the proposal of having Talook Local Fund Circles has been objected to on the ground that "it will be found inconvenient in its local working, and that it will considerably enhance the labour of carrying out the Act." It is all right.

6. The answer to this objection appertains more properly to the proposal of having one committee for the whole district as I have shown above, and not to the Talook Committee system which can be better managed.

The latter part of the objection, viz., that it will enhance the labour of carrying out the Act, I must admit, some weight in it. But as the Collector of the district is to be the President of every one of these Circles, the difficulty can be avoided by framing a set of bye-laws and making the Committees work on a system.

8. If the grouping system suggested in paragraph 4 above be adopted, this labour would be much reduced. In case therefore that the Talook Committee system does not find favour with the Legislative Council, I would suggest the range of each Divisional officer being formed into one Circle. While it is a great improvement over the proposal of having one Committee for the whole district, it meets the above objection raised against the Talook Committee system. The Divisional officer may be appointed as the Vice-President of the Circle. This system would, I dare say, work satisfactorily, and perhaps even better than the Talook Committee system, as it would have a responsible officer as its Vice-President and two or three Tahsildars as ex-officio Members.

9. I am not in favour of the proposal of having a separate Committee for each branch in any Local Fund Circle. It is true, as the Select Committee observe, that persons (this applies more particularly to official members) competent to advise regarding one branch of administration may not be of any valuable assistance in regard to another; but the presence of such men, when the discussion is of branches other than those in which they are competent to advise, can be of no harm. Their suggestions will often be more valuable than those of the non-official Members, from their general intelligence. If they have no leisure to attend meetings, wherein subjects other than those in which they are competent to give advice are discussed, nothing will prevent them from sleeping away. It is more or less likely that all the Members will attend at every meeting. I am therefore of opinion that there should be but one Committee in every Circle.

10. Adverting to paragraph 3, I beg to state, that considering the present state of society in the rural parts of the district, I am of opinion that at present the duties of the Local Committees should be confined to advice and criticism only. A provision may however be with advantage inserted in the Bill to the effect that when the district officers are of opinion that in any Local Fund Circle people are sufficiently advanced to be entrusted with the duties of an administrative character, similar to those now entrusted to the Town Commissioners, and make a recommendation to that effect, the Governor in Council may accord sanction, and the duties now performed by the Collector of the district will then be performed by the Committee.

11. As the duties of the Committee at present are to be confined to advice and criticism, a sufficient number of persons qualified to serve as members will be found in the district.

12. As to the mode of assessing the annual rent-value of ryotwary lands, I am of opinion that for various reasons which the Government themselves anticipate, we should adhere to the present practice of fixing the cess on the assessment. I may briefly observe that any attempt to take the estimated money value of the ryots' share would produce the most unsatisfactory results, whereas nothing would be gained in the long run, as when prices are low or the season bad, the ryots' share, inclusive of the cultivation expenses, will scarcely equal the assessment.

13. The question of the incidence of the rate in Zemindaries is one that demands every consideration. As the Select Committee observe, the ryots in the Zemindaries hold their lands on terms less favourable than those held by Government ryots. It would therefore be too much to

require them to pay the enhanced rate contemplated by the present Bill. Consideration of the advantages which the Zemindars enjoy, a moiety of the cess may be levied on the ryots.

14. The Government next call attention to the Sections which relate to taxation.

15. The house-tax proposed to be levied is divided into six classes, but the amended Bill does not say how or on what principle the houses are to be classified. If the houses are classified according to their being tiled or thatched and the rate determined upon that basis, it will be very unequally on the house-owners, as in many cases thatched houses are more spacious and commodious than tiled houses. On the other hand, any attempt to fix the rate on the rent-value of houses in rural parts, as in towns, would meet with much practical difficulty and give rise to abuse. I am therefore of opinion, that the best mode of levying the house-tax will be to levy it in the shape of a quit-rent on the site occupied by the house and compound at so much per ground.

16. As the Bill contemplates exempting from the house-tax those that pay the rate on land and tax on professions, I do not see any objection to the introduction of this house-tax. But at the same time, I am of opinion that should it be determined to levy this tax there should be a general exemption in regard to the houses or rather houses occupied by the following classes of persons in consideration of their general poverty and social condition:—

1. Yarnalies, Eroolars, etc.
2. Pariahs or Malas.
3. Chackdars.
4. Barbers.
5. Washermen.

The loss by this exemption will not be much, as a good portion of them follow the agricultural profession and would virtually be exempted under the proviso of Section 36. To the proviso contained in Section 58, Choultryes, Water-pandals, and Public School-houses on which no rents are levied, should be added.

17. The proposed tax on trades is, I find, to take the place of the house-tax where the latter is not introduced, and is to affect the non-agricultural classes only. I do not see any objection to the introduction of such a tax. If, however, the Imperial Income-tax is to be continued permanently, as most probably it will, though not at the present rate, it would be advisable to stick to the house-tax alone, as otherwise it would seem to the popular mind that we are levying a double tax. It is true that the one has nothing to do with the other, the Income-tax being Imperial and the Trade tax Local; but I submit that this distinction is beyond the comprehension of the popular mind, which can only know the fact of its being required to pay two similar taxes for the same thing.

18. As regards the proposed Marriage Tax, there has been such a universal cry against the very idea of the introduction of such a tax, that I need scarcely use any argument to advocate its being expunged altogether from the Bill. Its general unpopularity and the various reasons urged against it by the Madras public in their memorial to the Governor in Council on the subject of the "Towns Improvement" and "Local Funds" Bills, deserve every consideration.

19. Next comes the question of tolls. I believe the Government have already had occasion to notice the abuses at some of the toll-gates of the Town Municipalities, and the interruption and annoyance caused to travellers and the poor cartmen. It cannot be expected that the Toll-gate-keeper will be awake during the whole night. I may mention here as an instance of the interruption and annoyance caused at these gates, that one night, when I was travelling from Nellore, the toll-gate having been closed and the man gone to his shed to sleep, and no one answered to the call of my bandyman, I had to wait there till my man went and found out the gate-keeper, awoke him and brought him to the gate. When a lonely cartman happens to have no cash with him when he has to pass a toll-gate and has no friends there, he would be in a fix. He must either turn back and trace the long distance he has travelled or find purchasers on the spot to purchase any portion of his cargo, etc., or allow himself to be detained and his cart or cargo seized and any portion of it sold after a detention of more than two days for the paltry sum of a few annas.

20. Further observe, that once a law imposing a tax is passed, very few cases of the law being amended by the Legislature are entrusted with the power of carrying it out come to the notice of the Local Authorities, and much less that of Government. It is therefore the duty of the Legislative Council to consider every point urged against or in favour of a law before passing any law.

Instead therefore of increasing the number of these odious toll-gates by introducing this tax in the Local Funds Bill also, I would advocate, as suggested in the memorial of the inhabitants of Madras, the registration of all cars in the districts, doing away, if necessary, with the Town toll-gates also. This would save the enormous expense of building new toll-gates which must be too many, and requiring the separate establishment for collection, while the income would be more permanent.

The Government do not ask for any sanction as to the purposes to which the funds raised are to be applied. It is however a matter of consideration whether Trunk Roads and Salt lines should be excluded from Clause I. of Section 25 as being entirely of an Imperial nature.

ENCLOSURE No. 4.

From the Deputy-Collector in charge of Treasury, to the Collector of Nellore, dated 28th December 1870, No. 2,009.

With reference to the Proceedings of the Madras Government, No. 210, dated the 28th October 1870, I have the honour to state, that I am not able to appreciate the Local Funds Bill in its entirety, as it stands, though amended. While consolidating into itself the Madras Road Tax Act and the Education Act, it puts forth new principles and items of local taxation which can hardly be supposed to participate in local favour and popularity and embodies proposals for utilizing the tax, which are comparatively too wide in their design and scope to admit of hopeful calculations. Its chief features seem to have been adopted from the Towns Improvement Bill; but considering the extremely different circumstances and character of the ranges to which each of them is intended to apply, I fear it is rather much too far in advance of the times and of actual requirements, and would in its practical working but very little compensate for the annoyance and hardship which it must inevitably give rise to, by the raising of petty taxes.

2. The Select Committee amended the Bill by adding to the list three new items of tax, every one of which is not ill-suited. According to their proposal, there would be in fact five taxes as below:—

- I.—A Rate on Land.
- II.—A Tax on Houses.
- III.—A Tax on Arts and Professions.
- IV.—A Tax on Marriage Ceremonies.
- V.—Tolls upon Carriages, Carts or Animals passing along roads.

No. I. is the tax on Agricultural Classes.

No. II. or III. is proposed according to circumstances for non-agricultural, and the remaining three are intended as general taxes applicable to all.

3. The purposes to which the funds raised under this taxation are to be applied, are as follows:—

- I.—Construction, repair, and maintenance of roads and communications.
- II.—The diffusion of elementary education, (no doubt both male and female,) with a staff of Tutors, Inspectors, and Normal Teachers of all grades, and the cost of school-houses and their repair, and grants-in-aid.
- III.—Construction and repair of

Hospitals,	Markets,
Dispensaries,	Tanks,
Lunatic Asylums,	Wells,
Choultries,	Conservancy and sanitation;
	Other works of public utility;

with all the attendant charges for their keeping, working, and inspection and establishments—ordinary, professional, medical, and vaccine.

4. This is the main principle of the Bill, and as figures speak for themselves, I have not the process of arriving at an estimate, however rough, I have disclosed circumstances which would subject the financial provisions of the Bill to a severe test than any criticism could. I propose to commence considering at once the estimated receipts and charges which are exhibited in the following statement, and, it need not be said, the figures are as conjectural as the nature of the subject could admit of:—

Items.	RECEIPTS.			Items.	CHARGES.		
	Assets chargeable.	Present annual demand.	Estimated Receipts.		Present annual demand.	Proposed outlay.	Balance in favour or against.
<i>I. Agricultural classes.</i>	Rs.	Rs.	Rs.		Rs.	Rs.	
1. Ryotwary	18,60,000	57,000	60,000	I. Road-making	90,000	1,40,000	
2. Tenants and Shrotriems.	6,14,400	19,200	20,000	II. Elementary Education			
3. Zemindary lands	7,64,000	21,900	25,000	Schools and staff	14,500	20,000	Balance is against the bill.
4. Zemindars	...	...	...	III. Hospitals, Dispensaries, Lunatic Asylums, Choultries			
				Markets, Tanks, Wells and other works of public utility	2,500	12,000	
Total...	32,38,400	98,000	1,05,000				
<i>II. Non-Agricultural classes.</i>							
5. House tax	...	...	25,000				
6. Profession tax	...	...	35,000				
Average total...			60,000				
<i>General taxes.</i>							
7. Marriage tax	...	...	5,000				
8. Tolls	...	...	...				
Total...	...	...	5,000	Total...	1,07,000	1,72,000	
Grand Total...	...	98,000	1,50,000				

5. A few words in explanation of the statement are, I fancy, requisite as to the basis of the estimate.

1st. *The Road Cess on Agricultural Classes.*—The estimate under this head allows the rate as at present at 6 Pies per Rupee. I do not see why it should be charged higher. The Bill enunciates various things, which it professes it is not its intention to put into practice, unless it should be deemed expedient to resort to them, and it calculates the necessity for such recourse rather limited, as "several of the objects of the Bill will have to be left altogether unattempted or carried to a very limited extent." The maximum rate is not advocated, nor can any addition be made to the present rate without strong grounds. The people, I am sure, are not able to bear any increased burden. The estimate under land is, therefore, all that could be got out from them. But the wants of the district in respect to roads and communications are exceedingly great, so much so, that they might without waste devour any funds. For the last seven years we have been making roads from people's money, but very little has been comparatively effected. Roads are still sadly wanted from talook to talook, the chief main lines are yet unformed. The Trunk Road and its feeders, which the present local roads are, in reality are all that form the communications. The Pennair, the Swarnamukky, and a host of other rivers that divide the country are yet unbridged. The progress we have been making has been small, and is confined to a small number of roads, and all our local contributions have been put upon them. But now, when we alter the system and tell people that as rate-payers they will be satisfied, we will become bound to make the roads they want, particularly when you raise the cess. From what I know of the people in this and in other districts, they care more for their immediate wants than for the main lines, which are of general interest. They would prefer to have roads from their villages and to

their remote fields, which are a requisite for their success in the more important branches of the disposal of their produce. There are hundreds of villages which would ask for the disposal of their produce in this way, and not without proper reason, unless we overlook them on other grounds. If you do not, as you cannot, grant their request, we would be disappointing them, and if we do grant them, we should neglect our main lines which, for aught I know, will keep consuming the whole proceeds of the act for nearly 30 years to come, to show anything like decent road-communications throughout, and our finances must fail, and we would perhaps find ourselves in the same relapse, perhaps suggesting the necessity of an additional increment to the cess. I do not therefore think that the present Bill would place us in any better position than at present, unless we keep increasing the rate of the cess. In the estimate on the side of charges, I have allowed, to meet all demands, 50 per cent. more to the present expenditure on roads.

2nd. The next is the tax on non-agricultural classes, which is to be either the house-tax or the tax on trades and professions. The latter has been so largely condemned by actual experience, by the will of the people, and by the opening for inquisition and fraud, that not a ryot would willingly choose it. The house-tax is, therefore, the only alternative left for non-agricultural classes. The estimate under this head is based on the number of houses supposed to belong to that section of the people. The population of the district is roughly 12,00,000, of which two-thirds are agricultural and one-third non-agricultural, as shown in the Census accounts taken last, and the houses are now divided for the sake of this estimate in the same ratio. The figures stand as follows:—

Number of houses.	Total number.	Non-agricultural proportion.	Proposed rate.	Probable estimate of tax.
Unoccupied and storied	2,918	1,000	at 3 Rupees	3,000
Tiled	11,026	4,000	1 Rupee	4,000
Thatched	2,16,837	72,200	at 4 and 8 Annas.	18,000
Total...	2,30,781	77,200		25,000

The tax on trades and professions is shown as realized under the Certificate Tax Act.

3rd. *The tax on marriages.*—This has been stoutly opposed on all sides and requires no further attack. The estimate is but a very rough one, but is made to stand on some ostensible figures. The strength of the infant population is given in the last Census at 3½ lacs. Taking this figure to represent as the average number of children at any given period, and making due allowance for the average ages at which marriage is performed among the natives (namely at 16), I would assume the annual number of marriages at 1½ lacs or 22,000; of these, better than half are below the minimum, being those of coolies, Yanadies, Wudders, and wandering and begging classes. The largest portion of the remaining number must be in the lower classes, for when you exclude the cost of jewels, the actual cost on cloths and food scarcely comes up to 100 or 200, the marriages of pomp and *eclat* being but 1 to 1,000. I lay the estimate at 5,000 Rupees.

4th. *Tolls.*—No conception can be formed how to charge the tax on animals and carriages passing along the roads. A cart leaving Ganjam for Madras will, I fear, have to pay some toll at each Municipality gate and when entering each Local Fund Circle, the impost becoming heavy and oppressive as you drag along. As regards carts and animals in each circle, I am afraid it will prove an additional source of annoyance to the people. Ryots, animals, and carts crossing any roads will be subject to the payment. Judging from the cry raised in Municipalities where animals are charged, and the unlimited abuse of power in the hands of petty tax-gatherers and Inspectors, I would give up all idea of tolls except in Municipalities. But it is possible to tax carts in each locality, but this should not be in addition to the house tax or land rate paid by the owner. I believe the tolls, far from being a "popular form of taxation" will turn into a direct source of oppression and hardship.

6. As regard the charges, any scale however liberal will not be excessive. The scope of objects held out to be accomplished is so wide and large, that the improvement of the country will consume any funds which could be put at its disposal. The Budget of charges must be framed to keep pace with the income, we will always feel disappointed and find a deficit, or always prompted to think of enforcing the passive enabling clauses of the Bill to their utmost.

7. Take for instance Education. The term is an abstract one, may mean anything, and may exclude anything. The expenditure for schools in 1869-70 is shown in our accounts as below:—

	RS.		RS.
Inspection	2,500	Higher Class School	1,200
Establishment	500	Lower	250
Travelling allowance and contingencies	1,500	Grants-in-aid	5,000
Circuit Teachers	1,400	Scholarships and Yeomiah Schools	800

When we make people pay for the special purposes, we should largely add to the number of schools. They will have a right to demand a larger number of well-cared for schools. If we do not or cannot meet them, they would require it to be explained why they should now bear the cost on this account, which has been hitherto borne by Government. The sum estimated on this account, is very moderate.

9. *Dispensaries, etc.*—These are very much required every where, and hence the cost of satisfying every corner, would be very great. The sum estimated is very small indeed.

10. The Bill is open to the objection that it means more than it can reasonably hope to effect and almost promises what is impossible. India wants a single tax to be appreciated and not a multiplicity of petty taxes. I would go so far as to advocate the amalgamation of Land-tax, and Local-tax, as it is termed, the distinction being scarcely intelligible to the paying classes, and the division of the entire assets among Imperial and Local purposes according to the discretion of the Government and the wants of the country and state of the finances. There should be only two taxes in my opinion, the tax on land and the tax on classes who hold no land. It simplifies the Code of Assessments, and removes much of discontent and hardship, which the petty taxes do necessarily occasion.

11. The next subject is the management of the funds. In the present state of the country, Section 81 of the Bill will for long time to come remain the rule for the administration of the funds. The system of the Local Fund Committee, is subject to all the inconveniences noticed in the Government order, and there is not a single redeeming feature to over-balance them. The idea of popularising the Act and the Cesses would prove erroneous, when you cannot grant the people what they want.

12. As to the mode of assessing the rent value, there cannot, I fancy, be two opinions, as far as the people are concerned. The assessment payable to Government is evidently the best basis for charging the cess. Any other mode would unsettle all confidence in assessments.

The assessment of the rate in the Zemindaries should be on the same principle. A ryot of the Zemindar should be viewed just as a Government ryot in regard to the payment of the cess, and he should be charged the cess on what he pays to the Zemindar, for which there is ample proof in the records of the Zemindar. If he is content to pay a heavy assessment to his landlord, it is but just that he should pay the supplement cess attached to that payment. The provision in the Bill that the Zemindar and his ryots should pay the cess each one half, is not intelligible. No adequate reasons appear for such division. If ryots whether Government or Zemindary, are to be treated alike, both should be charged the cess on their annual rents of their lands.

13. If the ryots are the owners of lands, they and not the Zemindar should pay the whole cess on the land, but if they are simply tenants at will, or mere cultivators, the Zemindar should pay the whole. When either of them is charged for the land, the other should be charged as

In the case of Zemindars, their houses and position should be the guide for levying the non-agricultural cess. It may be perhaps better to divide the classes who are to contribute to the cess etc., into three:

1. — Agricultural.

2. — Non-agricultural.

3. — Proprietors of houses.

The 3rd class may be charged at a certain rate on their peishcush, taking care that those who pay small peishcush may pay adequately.

14. I regret I have occupied much space in writing this report, but I feel it unavoidable, I have had to deal with the estimates and the practical details of the Bill.

EXPOSÉ No. 5.

Observations on the Local Funds Bill.

The best mode of discussing the merits or shortcomings of this Bill, is to take a complete view of its objects, and of the means it proposes to adopt for the carrying out of such objects. Its objects (as set forth in the Amended Bill only of course) are three-fold. Opening up and improvement of roads and communications, diffusion of elementary education, construction and looking after of a host of useful public institutions. And the machinery for the attainment of these objects again is of an equally manifold description, the legalization of five novel taxes of which the people have hitherto had but very meagre conception, viz., a tax on land, a tax on professions, a tax on houses, a tax on marriages, and finally a number of petty tolls on carriages, etc.

2. Firstly, as to the objects aimed at, there can be no gainsaying that they are all very commendable, if they can be attained. Roads alone, letting the rest alone, deserve every nurture and encouragement. They are greatly wanted, and the greater the number newly opened, the better for both the State and the Tax-payer. Education too is a very desirable object. But who will say that the whole residuum of the catalogue is not of an equally desirable nature? The question at issue is, are the objects, all or any of them, attainable? And which deserve to be first attended to and which may conveniently be shelved aside? Surely the whole Indian population, not to talk of the European, would hail the day with pleasure, when every Municipal town shall be connected by a net work of railways, main lines and branch lines, with all the metropolitan cities. Just as this very desirable event can at the present moment be matter of but the merest day-dream, are not some of the objects before us of an equally chimerical nature at present? Are not some of them premature, if not impossible in all time? These considerations patiently entertained, cannot help leading a thoughtful man to set aside for the present the idea of educating every ryot's child in the country, and to abandon as absolutely a waste of time, the Utopian scheme of filling the length and breadth of the Presidency with model schools, tanks, car-vansaries and what not.

3. The machinery which the Bill would create to carry out its objects, may now be considered. In all honesty, nobody would like to part with his money, however good the object, for which you make your demand, may be. The primitive Hindu understands not his duties to contribute out of his means for Municipal and State purposes. The traditions of the country have always been opposed to popular action in the matter of improving the country or of maintaining public institutions, however useful to the whole community they may be. The agricultural masses and the poorer classes generally grumble already loud enough and piteously enough at the burdens they are now bearing. The road cess at present in existence is unpopular in all conscience. Add the new half Anna to the one already being demanded, the cry would be deafening, which will assail the ears of those who have got them to hear. But should the whole of the taxes proposed begin to be actually levied, the whole population cannot but succumb under the too heavy burdens: the Hindu cannot resist his rulers if he had the will to do so, nor will he make up his mind to resist them even if he had the capacity to do so. He will pay all his taxes, and the Officers of Government know how to collect them, but it will be at the permanent sacrifice of his prosperity, and will it not be to the future ruin of the State itself?

4. It should the ruling power, blind to its own future, insist on having all the taxes suggested in the Bill on the people, what burdens will these various impositions be? The Land-tax, in other words, the rate on the annual rent value of all occupied land, will vary in its character according to the nature of the basis upon which it is calculated. It is certainly to assume the assessment paid on the land together with the ryot's rate, etc., as the annual rent value of the land, but equity can point out only the tax upon the profits of an individual as the true and proper course to pursue. Why taxing profits should be a material passage-comprehension. It will lead the door open to oppression and corruption perhaps. But this objection can apply to most of the things proposed under the Bill, and the objection, moreover, it is a shame to the Government to put forth so bare-facedly. Why not root out corruption by strict and impartial administration? Not only therefore is it upon principle proper to regard the Tax-payer's profits only as the basis for taxation, but the course lies in the further recommendation that even in unequally assessed districts the rate is equally levied upon all, so that neither the Cuddapah Government ryot paying his 5 Rupees assessment, per acre, nor the Zemindar ryot, giving over to his landlord his eleven parts out of twenty, can in any case indulge in grumbling. Finally, this right system, if adopted, will, in Mr. Macfadyen's words, "bring its own reward" "the fluctuations in the funds collected would only be a measure of the prosperity of the country."

5. Again if the Bill should pass into law, the provision that Zemindars shall pay half the rate leviable on their lands might well be retained. The change should, if anything, be to make him pay the whole, for depend upon it he knows how to re-imburse himself for all these demands from the ryots who are his tenants at will. The talk about class legislation, which is sometimes brought forward as an objection to making the Zemindary pay, as well as the parallelism that is attempted to be demonstrated as existing between the Government and the Zemindar class by virtue of the landlord relation they both bear to the ryots, are only instances of the vicious self-deception which people will always keep practising to the end of time. Honestly taking, the Zemindar class are able and ought to contribute their quota towards improving the country. They are generally well known to be a self-aggrandizing class, and putting the matter down in the most favourable way, it cannot be denied that their ryots are in a far less right than the neighbouring ryots residing in Government lands. The law of expediency and in this case the law of equity. To tax the Zemindars a moiety of what is payable as the rate on their lands is not therefore and ought not to be looked upon as a grievance, much less an injustice.

6. The tax on houses may now form the subject of inquiry. This tax can hardly realize much, especially as the Agricultural classes will not have to pay it. Houses below the value, say of 50 Rupees if not 100 Rupees, ought to be exempted from paying the tax. There are in poor India, people so poor, that they cannot pay even the minimum House-tax of 4 Annas. In other respects, this tax, if of course it ought to be levied, may be levied without apprehension. The objection need not be made that no principle is laid down upon which to classify houses under one or other of the classes enumerated. If, as in the sequel will be urged, the attention of a Divisional Officer, if not of the Collector himself, be proposed by the enactment to be directed to the control of these taxes, the discretionary power of classification which seems to be allowed in this, as in the next following taxes, will not run the risk of being abused.

7. The tax on Professions can be levied exactly as provided for in the Bill, because the rural population will only be placed by the measure on a similar footing to the metropolitan. Besides, such taxes as these, are not quite new to all, for the people residing in Zemindary lands, if no others are familiarized to such demands as are now proposed to be made by the Circar. The whole of these remarks is subject to the proviso (one which it will be seen accompanies all these observations from the beginning) that if it is a matter of *must* people *will* pay and can be made to pay the tax under notice.

8. That on marriage ceremonies has been the innocent cause of much clamour and clap-trap. It is downright humbug to say that the Hindoos have never heard of such a tax, and can never brook such a tax. The lord of the soil's sanction has always been sought for the celebration

Schedule A.—Vide Section 36.

Not on houses, or on any other property which cannot be taxed under the exemption clause.

	Rate.	Amount.
1st Class	80	250
2nd "	100	300
3rd "	300	600
4th "	2,000	2,000
5th "	10,000	5,000
6th "	20,000	5,000
	32,450.	13,150

Schedule B.—Vide Section 36.

Arts, Professions, Trades, and Callings.

	Number.	Rate.	Amount.
1st Class	1,000	5	5,000
2nd "	2,000	3	6,000
3rd "	5,000	2	10,000
4th "	20,000	1	20,000
5th "	50,000	$\frac{1}{2}$	25,000
6th "	42,000	$\frac{1}{4}$	10,500
			76,500

Schedule C.—Vide Section 36.

	Number.	Rate.	Amount.
1st Class	8,000	1	8,000
2nd "	500	2	1,000
3rd "	100	4	400
4th "	50	10	500
5th "	15	25	375
6th "	5	50	250
7th "	1	100	100
8th "		200	...
			10,625

Section.

Probable receipts on tolls	40,000
Grand Total	3,58,403

(Signed) J. H. MASTER,
Acting Collector.

ENCLOSURE No. 2.

From V. VENKATACHELLUM PUNTOOLOO, Deputy Collector, to the Acting Collector of Bellary, dated Hurpunhully, 18th November 1870, No. 262.

AGREEABLY to your Memorandum of the 4th instant upon the Proceedings of the Government, dated 28th ultimo, I respectfully beg to submit my humble opinion on the points therein referred to.

Paragraph 1. What should constitute a Local Fund circle? Whether it should be conterminous with the district, or whether the district should be divided into two or more circles?

2. To form the whole district into one Local Fund circle appears to be easy for preparing and passing Budgets and other reports; but I do not think the Committee members who sit in the Zillah stations can understand the requirements of the whole talooks of the district, consequently the forming of one circle is not of great use.

1. A Revenue Tahsildar's Talook should constitute a Local Fund circle.

It will then naturally occur that the Divisional Officers have three or more circles, and that the circles may be formed which will be convenient for the district.

4. But the objections which may be raised against the single committee system at the station of the district are, though a little extensive, applicable to this measure, as the station of the Divisional Office, like any other, cannot be expected to have the information regarding the requirements of other talooks.

5. The only objection to the plan of each Revenue Talook having a Local Fund circle is the increase of work, but this and other objections, if any, which may be raised against this plan are over-balanced by the hope which the rate-payers cherish, that the money collected from them will be spent in their talooks for their good.

* Paragraph 65 of my letter, dated 13th October last.

It is on this ground that I submit that the collection of the circle should not be made available to any other circle, but for the use of the circle in which the amount was collected.

Paragraph 2. Whether it will be found possible to select qualified persons to serve as members?

3. As there were no such Committees up to this time the people are not experienced with the duties, but intelligent persons who can be made to understand the business may be found in the Talook stations, as members of the Committee.

Three intelligent persons who are inhabitants of the Talook station and who are Willars Moonsiff and Gurnum of that town to be appointed Commissioners.

Persons in the talook who pay a road cess of 20 and more Rupees, or a house tax exceeding 320 Rupees, should have a right to be Commissioners, and give their advice and opinion on the matters discussed at their meeting. The Tahsildar, Overseer, Police Inspectors, and Deputy Inspectors of School, to be ex-Officio Commissioners. The Sheristadar, when absent, the absence of the Tahsildar at the Sudder station. The Collector is President, and the Divisional Officer is the Vice-President.

The cash of the Committee to be kept in the Talook cash room.

The Committee being in the Talook station all Gurnums and Moonsiffs of the villages in the talook will have the opportunity of expressing their opinion regarding the state of their villages.

As either the Tahsildar or Talook Sheristadar will invariably be present at every meeting the interests of Government will be looked after, while non-official members represent the public generally.

This single Committee will answer every purpose. The Overseer is a competent officer to give opinion regarding roads, the other public officers are sufficient for other purposes.

The opinion of the majority of the Committee to prevail.

Paragraph 3. Whether the local Committee should be of an administrative character, or whether they should be confined to advice and criticism?

7. They should be vested with administrative power as stated above, so that the members may not be indifferent to their duties, which would be the case if the members are restricted to giving advice only.

The resolutions of the Committee shall be carried into effect under the orders of the Collector or Divisional Officer in whom the executive power of the Committee shall be vested, and who shall be directly responsible for the fulfilment of the provisions of the Act.

Paragraph 4. As to the mode of assessing the annual rent value which forms the basis for assessing the rate.

8. The assessment payable on the land to Government is to be taken as the rent value of the land.

9. To propose to fix the rate on the estimated money value of the ryots' share of the produce is to create annoyance to ryots without any great benefit to the Government.

Following are few of the difficulties of this system:—

1. The rates of grain in each village differ to some extent. The rate is to be fixed by the Government, and this will produce several complaints. The produce yielded in every field is not now measured, when it will be necessary either to measure it, or it should be estimated and a value fixed. If the Government estimates there will be either much annoyance to the ryots or loss to Government. The assessment only is the safest data to fix the rent value of the land.

2. Assessment of the rate is Zemindar's.

11. In cases where the Zemindar receives his rent in money the rate is to be assessed on the money paid to the Zemindar.

3. In cases where the Zemindar receives his rent in kind the rent to be calculated on the sum which is being levied on similar lands in Government Talooks.

Paragraph 5. A moiety of the rate will be payable by the Zemindar and a moiety by his tenants.

12. I submitted my opinion on this point in my letter of 12th October last, (paragraphs 72 to 77.)

13. It is my humble opinion that there is no just ground to require a Zemindar to pay half of the rate. The grounds on which he is required to pay are, I think—

1st.—That he profits by his Zemindary.

2nd.—That the Zemindary ryots being in less favourable condition than the Government ryots they should be relieved from half of the rate, and the loss to be made good by the Zemindar as he is benefitted by it.

Income Tax having been fixed in addition to the peishoush for the profits he derived from the Zemindary the first ground has no more weight.

Section 11 Act VIII. of 1865 (Madras Act) having prohibited the Zemindar from increasing the rate due to him by the ryots without the sanction of the Collector the Zemindary ryots are placed on a better and firmer footing, consequently the second ground has less weight.

3rd.—That the Zemindar be liable to pay half of the road cess, on the ground that he is the richest person in the talook who can afford to pay the sum, all rich persons and firms will be liable to pay such tax for their being rich.

Paragraph 6. The Collector to submit a rough estimate of the probable receipts from each tax.

14. I beg to submit a rough estimate of the probable receipts from the taxes referred to in the Bill.

Tax No.

Hurpunhully Talook.

	RS.
I. Cess at one Anna in the Rupee on the annual rent of the land ...	7,600
II. House Tax.—The number of houses is 15,500. Deduct three-fourths of the number of the owners of them being land cultivators. 3,900 houses, at 4 Annas each ...	975
III. Tax on Arts.—1,500 persons, at one Rupee each ...	1,500
IV. Tax on Marriages ...	1,000
V. Tolls upon Carriages ...	500
Total ...	11,575

Tax No.

Huvinhadagali Talook.

	RS.
I. Cess at one Anna in the Rupee on the annual rent of the land ...	10,000
II. House Tax.—Number of houses is 18,000. Deduct three-fourths of the number of the owners of them being land cultivators. 4,500 houses, at 4 Annas each ...	1,125
III. Tax on Arts.—1,300 persons, at one Rupee each ...	1,300
IV. Tax on Marriages ...	1,000
V. Tolls upon Carriages ...	250
Total ...	13,675

Kudligi Talook.

Tax No.

I. Cess at one Anna in the Rupee on the annual rent of the land ...	8,000
II. House Tax.—12,000 houses. Deduct three-fourths. 3,000 houses, at 4 Annas each ...	1,200
III. Tax on Arts.—1,025 persons, at one Rupee each ...	1,025
IV. Tax on Marriages ...	200
V. Tolls upon Carriages ...	200
Total ...	10,575

Names of the Talooks.	No. 1. Cess.	No. 2. House tax.	No. 3. Tax on Arts.	No. 4. Tax on Marriages.	No. 5. Tolls upon Carriages.	Total.
	RS.	RS.	RS.	RS.	RS.	RS.
Hurpunhully ...	7,600	975	1,500	1,000	500	11,575
Huvinhadagali ...	10,000	1,125	1,300	1,000	250	13,675
Kudligi ...	7,800	750	1,025	800	200	10,575
Total ...	25,400	2,850	3,825	2,800	950	35,825

15. I respectfully suggest a tax on trades should be levied in preference to house tax in the case of non-agricultural classes on the grounds—

1st.—That the tax on arts (Moturpha) is a known tax to the people, and is one which is mentioned by custom and Hindoo law, one to which no objection can be raised except by Philanthropists.

2nd.—That the same yields more in rural villages than the house tax.

3rd.—That the house tax is distasteful to the people on account of its novelty.

4th.—That the house tax presses heavily upon helpless men and women living in the houses built by their deceased relatives, and who now have no means of income but maintain themselves by charity, etc.

16. Although I estimated the marriage tax as required, I beg to state that I submitted my opinion against the imposition of this tax.

17. I estimated also the tolls which may be collected in the Cusbah station of each talook. I beg to submit my opinion that it is not profitable to open toll gates in these poor Talook Cusbahs. The collections will not suffice to meet the expenses required for the establishment which is necessary to be near the toll-gates.

18. Taking for granted that collections in some of the Talook stations of Tahsildars will be in excess of the necessary establishment, I do not advocate the levying tolls on bandies entering such stations or the roads in the circle; for the bandies of ryots who have paid land assessment and road cess* use the roads and enter the Talook station to dispose of their grain, etc. If a toll

* Formerly half Anna, now one Anna.

be levied on them the ryots deem it a grievance; if their bandies be exempted the amount that may be collected from strangers will be hardly sufficient to meet the charges of the establishment.

19. In conclusion, I submit that the amount which may be collected under the taxes mentioned in the margin, together with other items which may be allowed by Government, should be deemed Local Fund for the talooks of this Division.

1. Road Cess.
2. Tax on Trades.

20. As the Talook maps and Division maps are in your office I have not sent any map, as my propositions do not require any other map.

ENCLOSURE No. 3.

From J. KELSALL, Esq., Acting Sub-Collector, to the Acting Collector of Bellary, dated Hulwy, 11th January 1871, No. 14.

I have the honour to furnish the report on the Local Funds Bill as desired by you in your note attached to the Proceedings of Government, dated 28th October 1870, No. 1,589.

2. If each Local Fund circle be made conterminous with a talook I think great difficulty in the kind of the Act will be experienced, and I doubt whether in each talook a sufficient number of persons qualified to serve can be found. I would divide the district into three circles. The five talooks of the Sub-division might be one circle, the four southern talooks under the Head Assistant Collector should be another, while the third would comprise the four western talooks and Bellary and Raidroog. If this arrangement is carried out I have no doubt that a sufficient number of qualified persons can be found in each circle.

3. With reference to paragraph 3, I think that the executive administration of the Act should be entirely vested in the Division Officers, and that the duties of the Committee should be limited to advice and criticism. If the members of the Committee all lived in one place it would be possible for them as a body to take an active part in the administration of the Act; but if each division of four or five talooks is to be a Local Fund circle the members of the Committee will be so scattered that one or two meetings a year will be all that will be possible.

4. With reference to paragraphs 4 and 5, I have the honour to state that in the Sub-division there is no Zemindary land. With regard to land held on ryotwar tenure the assessment due on the land should (as under the existing Road Cess Act) be considered its annual rent value. This standard has always been taken in calculating cesses, and it has been adopted by the Government as the basis for calculating the Income Tax to be assessed on agricultural profits.

5. I am also required to furnish an estimate of the probable receipts which will be derived from each source pointed out in Section 36 of the draft Bill. Of these the first is "A rate or cess not exceeding one Anna in the Rupee on the annual rent value of all occupied land on whatever tenure held." The annexed table shows the holdings in the five talooks of the Sub-division, and the amount which will be raised by a cess of one Anna on the annual rent value:—

	CIRCAR.		INAM.		Total Assessment.	Cess at 1 Anna.
	Acres.	Assessment.	Acres.	Assessment.		
		RS.		RS.	RS.	RS.
Gooty	24,751	1,87,148	2,10,445	1,56,351	3,43,494	21,468
Alur	198,237	2,60,601	1,60,278	2,04,732	4,65,333	29,083
Tadpatry	1,64,274	1,49,783	90,353	73,775	2,33,558	14,597
Anantapur	74,523	1,08,292	1,02,011	55,204	1,63,496	10,219
Adony	2,22,791	2,28,612	1,73,937	1,65,611	3,94,223	24,639
Total	9,84,576	9,44,431	7,37,024	6,55,673	16,00,104	1,00,006

6. The population of the Sub-division talooks was returned at the last Census at 5,07,073 souls. Of these about 70 per cent. live by agriculture, and as they will have paid the cess of one Anna will not, as a general rule, be liable to the house tax. Estimating the non-agricultural people at 30 per cent. of the total population they amount to 1,55,100. Supposing that on an average 4.5 persons inhabit each house this gives in round numbers 34,400 houses on which the house tax is to be levied. The subjoined table shows how the final estimate has been arrived at:—

Of the 34,400 houses it is supposed there are—

1st Class	5 per cent.	1,720, at Rupees 5	Rupees	8,600
2nd	10	3,440, at	3	10,320
3rd	15	5,160, at	2	10,320
4th	20	6,880, at	1	6,880
5th	20	6,880, at Annas 8		3,440
6th	30	10,320, at	4	2,580
				42,140

7. The tax on houses, and the tax on arts, trades, and professions, are not to be levied in the same manner. The former is the most suitable, and it can be calculated with much fairness. While it will be difficult to decide what arts and professions are first class, or second, or third, houses can

be classed easily by the number of square yards they occupy, or by the material of which they are built. Adopting the same calculation as that given above in detail I think a tax on arts, trades, and professions might fairly bring about Rupees 30,000.

8. A fourth source from which revenue is to be raised is a tax on marriages. The male population of all ages in the Sub-division is about 2,50,000. Allowing for deaths, and for some of the lower castes who go through no marriage ceremony but live in concubinage, there will be year about 7,000 marriages, and of these only 4,000 will be liable to taxation. The revenue to be raised from this source may be estimated at Rupees 8,000.

9. Finally, it is proposed to levy tolls on carriages, carts, and horses passing along roads within the circle. The Municipalities of Gooty, Anantapur, and Adony are situated on the chief roads of the Division, and tolls are levied on all carriages, etc., entering the Municipal limits, even though they do not stop in the town but simply pass through. It, therefore, revenue is to be derived from tolls under the Local Fund Bill for the purposes specified in that Act the Municipalities must be prevented from levying tolls on vehicles, etc., passing along the same roads. It seems also more equitable that the sum raised by tolls should be spent on the "construction, repair, and maintenance of roads and communications," as it will be under the Local Fund Bill, than that it should be spent in the sanitary improvement of towns through which the carriages, bandies, etc., pass, and from which the people who pay the toll receive little or no benefit.

A sketch is appended showing the Local and Imperial roads in the Sub-division. For the present tolls might be collected at three places—

1. Ooravakonda, on trunk road from Bellary to Anantapur, Cuddapah, and the South.
2. Alur, on the road from Bellary to Kurnool, Adony and the Nizam's territory.
3. Gooty. Here the chief roads of the Sub-division running east and west and south and north intersect each other.

Judging from the receipts in the Gooty and Adony Municipalities I think that if the tolls at these three places were farmed out about Rupees 8,000 per annum would be realized.

The total receipts, therefore, will be—

	RS.
By cess of one Anna	1,00,006
House Tax	2,140
Trade Tax	30,000
Marriage ceremonies	8,000
Tolls	8,000

ENCLOSURE No. 4.

MEMORANDUM.

Report of the Select Committee, Section 25 of the Bill.

The appointment of separate Committees for each one of the several purposes specified in Section 25 of the Bill is feared would prove injurious and create rival interests, therefore the appointment of an only Committee for each and all purposes seems most advisable.

As regards the appointment of the Local Committees the proposal elsewhere made, that three separate circles may be formed, one to comprise the five talooks of the Sub-division, another those talooks which form the Head Assistant Collector's Division, and the last to compose the four western talooks and Bellary and Raidroog, does not appear to be fair. The peculiarities of these talooks would produce a most contrasting result of opposite extremes, and the object, that the rate-payers will derive a satisfaction in the idea that the localization of the expenditure to the talooks where the funds are raised, will be lost in the proposition pointed out above.

The duties of the Local Fund Committees must be of an administrative character, for none would be willing to lend or give his opinion and advice without having the credit and satisfaction of seeing them utilized. If no administrative power is intended to be invested with the Local Fund Committees there would be no need for a Committee itself. It is in such a case alone that

the services of members to serve in, or in other words qualified persons, cannot be ensured. There the officer (Section 9 of the Bill) who would be the administrative agent alone is quite enough.

The result and effect of the Bill is, or would be no more than what had already existed for half a century under the administration of the Collector but under a different name. The only difference now is being in refined and legalized terms. The work of the Collector of the district is increased. It formerly existed under the name of Moturpna. There is again another difference that the one existed has afforded some discretion to the local officers which the law now to be formed divests.

Again, it is a very difficult task to reconcile the exemption portion of the law mentioned in the concluding part of Section 36. Illustrations may be found in the following instances:—It is said in the Bill that where ever the rate or cess, not exceeding one Anna in a Rupee, may exceed the tax leviable under Clause II. or III. the latter impositions need not be levied. None of these rates can or will be uniform. In many cases the land revenue in the ryotwary districts is liable to change. Failure of crops, changes in the holdings, divisions among partners, fasal jastees and teerva jastees, etc., would often keep the land revenue in a varying position, and with this its rental would be affected, and it is equally difficult to arrive at the comparative distinction of the line of demarcation between the two taxes falling under Clauses II. and III.

As to the powers with which the Committee should be vested. The members of the Committee must be invested with powers equal to those which are now being exercised by the Board of Revenue, subject to the legal jurisdiction of the established Courts of Law.

Even the mode prescribed in the Road Cess Act, though generally acknowledged to be a satisfactory one, and which it must be admitted to be so in the absence of a better mode, has its attendant evil. For instance, where the rent of a highly assessed land is less profitable in comparison with that on the lowly assessed one the owner of the latter pays a least portion of the tax. This is the result of the difference in the rental. There are instances wherein the Inams have been sold merely on account of a very small amount of arrears of road cess, though there are neither jodi nor quit-rent on the Inam land. This subject is merely introduced here to show that a want of discretionary power in the law, at least to a limited extent, would be felt in some cases; therefore it is a point for consideration whether the managing Committees cannot be safely entrusted with discretionary powers to impose less rates where it is the most needed, and exempt any special cases in order to ensure a popularity in the administrative point of the working of the Act. It appears fair for the state of this district that, under Schedule B., there should be two more lowest classes at the rates of half and quarter Rupee a head; for there are many who carry on trades and embrace professions of different descriptions and yet too poor to be able to contribute the rate of one Rupee, the lowest one proposed in the Bill. Even under Schedule C, if the lower rates commence from quarter Rupee there would be no any perceptible disadvantage, then the scale would be thus—

Rates of Fees.				Rates of Fees.			
RS.	RS.	A.	P.	RS.	RS.	A.	P.
Under... ..	20	...	...	Exceeding... ..	500	4	0 0
Exceeding... ..	20	0	4 0	...	1,000	10	0 0
"... ..	50	0	8 0	"... ..	2,500	15	0 0
"... ..	100	1	0 0	"... ..	5,000	20	0 0
"... ..	200	2	0 0				

and the financial results would be very nearly the same.

21st January 1871.

(Signed) NARANIAH GAURU,
Huzoor Sheristadar.

(True Copy.)

(Signed) J. H. MASTER,
Acting Collector.

Enclosures Nos. 5 and 6 Sketches.

From C. G. MASTER, Esq., Collector of Cuddapah, to the Acting Secretary to the Board of Revenue, dated Cuddapah, 10th January 1871, No. 2.

I HAVE the honour to submit the following remarks with reference to the Proceedings of Government, dated 28th October last, No. 1,389, Public Department.

2. I must premise that having been only a short time in the district I feel considerable difficulty in expressing a decided opinion on the several points proposed for discussion. I have, moreover, received from two only of the divisional officers the criticisms on the Local Funds Bill, for which I asked them on the receipt of the Government Order in November last. The Board's telegram of the 5th instant renders it necessary, however, that no further delay should occur in the submission of my report.

3. As there are no Zemindaries in this district, the question of "Circles" refers here only to Ryotwary lands. I think that the proposal to erect each talook into a "Circle" is far better than any other plan that has been devised. I am borne out in this opinion by the Sub-Collector Mr. Storr, and the Assistant Mr. Boyle. The former has no doubt that so far as the wishes of the people are concerned, it will be more acceptable to them if each talook is constituted a Local Fund Circle within which the funds raised shall ordinarily be expended. The latter had, in a previous report submitted with Mr. Agnew's letter to Government, dated 28th March last, No. 12, advocated the course which has now been embodied in the Bill.

4. There can be no doubt that whether the powers of the Local Committees be administrative, or whether their duties be limited to advice and criticism, no meetings can be regularly or conveniently attended by them, unless their place of gathering is at a reasonable distance from their dwellings. Mr. Storr suggests that it may be necessary in the first instance to club two or three talooks together owing to an anticipated difficulty in selecting suitable non-official persons qualified to serve on Committees, in which case the talooks which form the sub-division might properly form a circle separated as they are from the rest of the district by well defined boundaries, and possessing a character and population very different from the remainder of the district. The objection however to this is, he allows, that as the area in question is nearly 4,000 square miles in extent, the several members would have to travel considerable distances to hold the periodical meetings. If no other objection existed, this I consider would be fatal to an extension of the "Circle" in the manner proposed.

5. Assuming then that a talook should be the unit, it remains to consider the practical difficulties in working the Act on that basis.

6. Two points are specially referred to in the Government Proceedings. Difficulty may, it is said, be experienced, (1) in appointing Committees, and (2) in controlling the operations of so many distinct bodies from the Presidency.

7. I agree with Mr. Boyle on the first head that, as a general rule, one Committee will be sufficient for all purposes, and that the simple questions relating to roads and education, which will come up for consideration, may be dealt with by one and the same body of non-official persons, who may be appointed under Section 4 of the Bill. It will be open to the Government, of course, to nominate such ex-officio members under Section 5 as may assist with their special knowledge in the different matters falling within the scope of Section 25. It would, I am convinced, complicate matters much to have, at all events at the outset of the experiment, more than one Local Committee for a Circle.

8. As to the second difficulty which relates to the labour of controlling the operation of the new law, more especially with reference to the multiplication of separate Budget estimates, it appears to me that the difficulty is more apparent than real. In practice the "Circle" Budgets must be consolidated into one District Budget as at present, but with this difference, that each "Circle" and its revenue, wants, and circumstances will be separately and distinctly shown. It is absolutely necessary that they should be combined, for unless this is done, it will be impossible for the Board or Government to decide whether the works proposed are such as will tend to the advancement of the district as a whole. When the forms are once settled, there will be little if any more labour

in preparing the accounts than at present, and the trouble to the supervising authority will remain much as it has been as Mr. Boyle puts it—"What possible difference can it make to the officers who examine the Budgets whether they have to examine one main Budget containing 1,000 items or 100 minor Budgets, one from each talook, containing each 100 items of expenditure?"

8. In paragraph 9 of his letter, Mr. Boyle touches upon another difficulty which has not been noticed in the Government Proceedings. The different Committees, working each with an eye to the interests of their particular circle, may often make proposals which will not be the most advantageous for the neighbouring talooks, and so money and labour may be wasted through want of harmony, "unless the influence of the Collector suffices to check a narrow and short-sighted spirit of administration."

10. It appears to me that if it is not thought desirable to give the Collector the power of vetoing any particular proposal which may be eminently undesirable, he still has the opportunity of laying before Government with the Budget any circumstances which call for special notice, and as under Section 29 of the Bill the Governor in Council can pass such orders as he may think fit, it will be a matter of no great difficulty to harmonize conflicting interests.

11. I do not anticipate that there will be much difficulty in selecting persons to serve on the Committees. It may be some time before much interest is taken in the work, but it is no doubt a step in the right direction, and the gradual introduction of responsibility is more likely to be eventually efficacious than would be any sudden investiture with more extensive powers.

12. I have no hesitation whatever in saying that administrative powers are not necessary or desirable for the local Committees. What we want to do is to interest the people of a "Circle" in the works which are undertaken for their benefit, and to give them an opportunity of suggesting the best mode of laying out the funds. The Members of Committee themselves, with their own private interests to attend to, would not, in all probability, be disposed to undertake executive functions for the honour of the thing. The paid labour is, as a rule, badly done, and public spirit has yet to be brought into existence.

13. On this subject I beg to refer the Board to paragraphs 11 and 12 of Mr. Boyle's accompanying letter. His observations are pertinent and practical.

14. Referring to paragraph 4 of the Government Order under reply, and the first question therein mooted, I am of opinion that on every consideration of convenience and expediency, it is desirable to assume for the purposes of this Bill that the annual rent-value adverted to in Clause I. of Section 36 should be the assessment payable to Government. Considering the great diversity of opinion which has been expressed by different Revenue Officers on this particular point when the question was raised with reference to the imposition of Income-tax on agricultural incomes, I do not see how any other mode of calculation can be adopted with any prospect of being reasonably correct. If it be held that the assumption is contrary to the fact, and that the profits of farming must be greater than the assessment, it would be better, as suggested by Mr. Storr, to raise the rate than to tax the produce. Desirable as is the collection of agricultural statistics, the progress yet made in the attainment of that object is yet too small to afford sufficient data for the application of any general principle, and it would, in my opinion, lead to the greatest abuse if we were to attempt to obtain a village-wise valuation of the produce throughout the country. With the means at our disposal such valuation must inevitably be left to the village officials, and the door would be opened to any amount of bribery and corruption.

15. On the second question relating to Zemindaries, I have no remarks to offer as no land in this district is held on this tenure.

16. In regard to favourably assessed lands and Shrotriem villages, no difficulty will be experienced in levying the tax on the same principle on which Ryotwary lands are to be assessed, because all lands throughout the district have been nominally assessed.

17. Referring to paragraph 6 of the Government Order, I append a statement showing roughly the probable receipts in this district under the heads of (1) Rates on rent value of land calculated with reference to Clause 1, Section 39 of the Bill, (2) Tax on houses, and (3) Tax on

Arts, Professions, Trades and Callings, as to fees on marriage ceremonies and tolls, it is impossible to make any estimate, as there are no data whatever to go upon.

18. I. Land Rate.—The Ryotwary Cess now levied at half an anna on the rupee produces Rupees 88,630; the amount of the tax, under the first head calculated with reference to Section 39 of the Bill would be more than that or about Rupees 1,82,000. This includes both Ryotwary and Inam lands.	
* Dry assessment, water-rate, etc., on all occupied Government lands for Fyuly 1279...	17,95,591
Full assessment of Inam lands together with water-rate for Fyuly 1279...	11,11,610
Total annual rent-value of all occupied lands...	29,10,201
Total cess at one anna in the rupee...	1,81,587

19. The only objection to raising the rate to the full amount allowed by the Act is that the rates of assessment are very unequal, and in many cases unreasonably high. The Government, however, have already sanctioned a revision in some instances, and in others relief will be afforded, I hope at no distant date. On the whole therefore there is no necessity for any delay in assessing the land to the tax.

20. II. Tax on Houses.—The first point which strikes one in regard to the tax on houses is that if the proviso to Section 36 holds good, the tax must be very unproductive. According to that proviso any person liable to the land rate is exempt from house or trade tax, unless the amount of the latter exceeds the land rate, in which case the higher rate is to be charged. Now, as Mr. Boyle shows, by reference to the Census figures of 1867, while there are in this district 3,32,963 houses inhabited by 11,44,759 persons or about 3½ souls per house, the agricultural and non-agricultural populations are 7,54,376 to 3,90,383, which would leave say 1,00,000 houses occupied by the latter class, and these alone could be taxed. But I think there can be no doubt that the classes styled "non-agricultural" contain many persons who do in reality obtain some portion of their income from land, though for Census purposes they have not been included among the agricultural population. Mr. Boyle instances Bramins and Gyanics, and certainly the latter class would never be called agriculturalists, while in point of fact they often possess much land. These people would of course claim exemption while many others theoretically liable would have to be excused on the score of poverty, and the result would leave a minimum of houses really taxable.

21. I think the house tax so much more fair a method of raising money than a trade or profession tax, that I would advocate the abolition of the proviso altogether, and let every man pay for his land and house. I cannot see any objection to the levy of a double tax from those who are engaged in agricultural pursuits, because the bulk of the capital of the country is sunk in land, the method to be adopted of levying the land rate is undoubtedly most favourable to the proprietor. Mr. Boyle suggests, and I think very reasonably, that under such a plan it might be easily arranged that the funds derived from the land tax should be primarily and chiefly devoted to improve roads, etc., while the more local and special contributions should be expended on works connected with village and town improvements. Mr. Boyle in paragraph 19 of his letter estimates, and apparently on valid grounds, that the produce of the house tax as the Bill stands would not exceed Rupees 20,000.

22. III. Tax on Arts, Professions, Trades, and Callings.—I have already deprecated the introduction of this cess. It seems hardly necessary to say any thing as to the objections to such a mode of taxation; suffice it to observe that it is about the most unpopular and the least satisfactory and productive of any tax that could be devised, while it is the most liable to abuse and corruption. It must be remembered, moreover, that if the proviso in Section 36 holds good, few would be liable to the tax. My estimate of the income from this source is but after all a mere guess. I have not been able to find any data on which to calculate the number of persons who would be liable to the tax; the receipts under the License Tax of 1867 and the Certificate Tax of 1868 being only available for reference in the lump, and the rates being so much higher than those now proposed, I can come to no satisfactory conclusion therefrom.

23. IV. Fees on Marriage Ceremonies.—My own opinion, which corresponds with the sentiments of the Sub-Collector and Assistant Collector of this district, is entirely adverse to the imposition of this tax. The question has been fully discussed by able men on either side in its

social, political, moral, and religious aspects. On these points nothing need now be said. But Mr. Boyle shows in the 27th paragraph of his letter, to which I beg to refer the Board, that the proposed tax will be most unproductive, then I think that it may be rightly struck out of the Bill altogether. It is impossible to estimate with any accuracy the income which may be expected from this source.

24. *Tolls.*—I regret that my want of local knowledge prevents me from expressing any decided opinion in this subject. There are one or two points, however, brought forward by my divisional officers which should be mentioned. Mr. Storr would place toll gates at the entrances of Cusabali and a few large villages, but he does not anticipate that the collections would be large, as the traffic generally in the sub-division is light, and the exports and imports small. He would, moreover, exempt from the tax pack-bullocks belonging to Yericalas, Socgalies, and other excessively poor classes who earn a precarious livelihood by carrying grain, etc., across the ghauts; and also solid-wheeled handies used by Wudders for carrying stones. If such exemptions are reasonable, it would be difficult to tax anything as a rule but the ordinary country cart and horses and ponies, as of course it would be impossible to make any class exemption. In some talooks, e.g., Jammal-madugu and Pulivendata, there are hardly any roads whatever, and complaints are already rife that notwithstanding the imposition of the road cess, little has been done to facilitate traffic. In such localities it would be unreasonable to charge any tolls whatever. It must further be noted that in transporting produce to a distance the cart-owner would be liable to pay tolls in each circle through which he passed, and probably not once but often, and this would certainly be a hardship where a rail road was available, as it is in this district, the imposition of tolls would have the effect of diverting traffic to the railway, in itself no doubt desirable, but at the same time not directly beneficial to the local funds. I am not prepared at present, or without further inquiry, to propose any scheme for the collection of tolls, nor am I in a position to submit the map which the Government desired might be prepared.

25. I think it is undeniable that the income derivable from the different sources of revenue provided in the Bill will fall short of the amount now required for the proper prosecution of ordinary public works in the district; much less will it suffice for the additional objects contemplated by Section 25; and it seems to me that without aid from Imperial Funds we cannot expect to make both ends meet. On this subject I beg to refer to paragraphs 22–25 of Mr. Boyle's letter.

26. I must express my regret that I have not been able to bestow more attention on the different matters referred for report. I had put off their consideration pending the receipt of reports from other divisional officers being fully occupied with current work, and I fear that what I have now written is not as much to the point as it might have otherwise been.

STATEMENT showing the probable Receipts from Rate or Cess on Land, Tax on Houses, and Tax on Arts, Trades, and Professions, under the Local Funds Bill.

I. Amount to be collected at a rate not exceeding one Anna in the		rs.
Rupree on the annual rent-value of all occupied land on		
whatever tenure held	1,82,609	
II. Do. do. from tax on houses	20,000	
III. Do. do. from tax on arts, trades, and professions	30,000	

(Signed) C. G. MASTER,
Collector.

ENCLOSURE No. 1.

From E. STORR, Esq., Acting Sub-Collector, to the Collector of Cuddapah, dated Camp at Guramconda, 16th November 1870, No. 412.

ADVERTING to your foot-note, No. 459 of November 3rd, 1870, on Madras Government Proceedings, Public Department, No. 1,389 of October 28th, 1870, I have the honour to submit the following remarks.

2. From the inquiries I have personally made, I have no hesitation in stating that, as the wishes of the people are concerned, it will be more acceptable to them if each talook is constituted a Local Fund Circle within which the funds raised shall ordinarily be expended.

There will, however, be great difficulty in finding a sufficient number of non-official persons qualified to serve as members of Committees in each talook, and I am of opinion that, in the sub-division, if each talook is made a separate Circle, the Act will, at all events for the present, have to be worked without the aid of Committees as provided for in Section 51.

3. If, however, it is decided that so minute a sub-division of the funds will entail too great labour in carrying out the provisions of the Act, there can be no doubt that the talooks of Madanapully, Kadiri, Royachoty, and Voilpaud might very suitably form a Local Fund Circle. They are separated from the rest of the district by well defined boundaries, and are in character and population very different from the remainder of the Cuddapah District. It might be possible to form two Committees in this larger Circle, provided a knowledge of English is not deemed requisite. One hardship would, however, be that the several members would have to travel considerable distances to hold the periodical Meetings. The Cuddapah Sub-division comprising the above talooks is nearly 4,000 square miles in extent.

4. I am unable to recommend that the Local Committee should be invested with any administrative powers.

5. I have carefully considered the advantages and disadvantages of making the annual assessment of ryotwary lands the basis for taxation under the Act. From inquiries I have made among the people, I have no doubt but that this plan will be more popular than taxing the estimated produce. It is urged that this latter plan would yield a larger amount. This would be found to be the case in districts which have been lately settled, but I doubt if it would in talooks similar to these where the assessments are high compared with the productive powers of the soil.

The districts that have been newly settled, and where the assessment of the land has been fixed, chiefly, if not entirely with relation to its estimated productive power, I do not see that a better basis of taxation can be found. If it is considered that in those districts the tax will fall too lightly, I hold it would be a better plan to increase the rate than to tax the produce, a system which would prove most distasteful to the ryots, and would not I believe in practice be as equitable as it is in theory.

The valuation of the produce would have necessarily to be left to the village officials, and would, in many cases, be high or low according to the donations paid them by the ryots. In fact, I believe there would be exactly the same inequalities in the estimates of the produce of the land, as there were formerly in the assessments and for the same reasons.

The facility of collecting the tax based on the land assessment, and its greater popularity in my opinion far outweigh its occasional inequalities.

There are no Zemindaries in the Sub-division.

6. It remains to offer some remarks on the rates and taxes leviable under the Act. The Road-cess is now levied at the rate of half an anna in the rupree, and produces in the sub-division about Rupees 28,000. The only objection to raising it to the full amount allowed by the Act is that the rates of assessment are so unequal, and in some cases so unreasonably high. When I find an acre of wet land assessed at Rupees 31, and the cess declared payable whether the land is cultivated or not, and whether Government supplies water or not, I feel compelled to refrain from recommending an increase in the rate, because it would fall so heavily in so many individual instances. If the rates were raised, or if even the temporary measures of relief recommended by the Board of Revenue, and now under consideration by Government, were granted, reducing the highest rate for wet land to a maximum of Rupees 10 per acre, I do not think the full rate of one anna in the rupree of the assessment would press heavily on the ryots. This would at once double our present receipts from this item.

I am myself in favour of a tax on houses rather than a tax on arts and professions. I believe, however, that the people themselves prefer the latter, probably because they are used to it. I am pretty sure that more money would be raised by the house tax. It is difficult to form an estimate of the amount that would be collected under each tax, especially as almost all the Comaties and merchants possess lands which would pay the cess on the assessment. Again, it must be remembered that the cess on the assessment is now collected at only half the maximum of one anna in the rupee. If this is raised, it will at once reduce the collections otherwise leviable on houses or on professions. On the whole, I do not think it would be safe to estimate the tax from houses at more than one-half of that derived from the cess on land, and the tax on professions at more than one-third.

Without a regular rating of houses and classification of people, it is impossible to do more than guess at the amount that would be realized, and the above estimate is very possibly wrong.

8. A tax on marriage ceremonies would be very distasteful to the people, and I do not advocate its introduction at present. The amount collected under it would not, I think be much. The ryots are excessively poor as a body, and most of their marriages cost less than Rupees 20.

9. The only place where I would have toll gates are at the entrances of the Cusbah towns, and a few other large villages specified below. I see no objection to the establishment of toll gates, but I do not apprehend the collection of any large sum from them in the sub-division. The traffic is very light as a rule, and the exports and imports are small. Till lately there have been so few roads and the taluqs have been so cut off from the rest of the world by ghauts, that even still a large amount of the traffic that does exist is carried on by means of pack-bullocks. These belong to Yerikalas, Soogalics, and other excessively poor classes, and should be exempted from taxation. A tax of even 6 pies a head on these bullocks would at once put a stop to their livelihood. The solid-wheeled bandies used by waddlers for carrying stone might also be exempted. They are used only for local purposes, and a tax on them would be oppressive.

The places where toll gates might be placed with advantage are as follows:—

Madanapully, Kundakuz, Gurramcondah, Voilpaul, Peclair, Royachoty, Guvalcherovoo, Kadiri.

There are no data whatever on which to form any estimate of the probable receipts from this source.

(True Copy.)

(Signed)

C. G. MASTER,

Collector.

ENCLOSURE No. 2.

From J. A. BQYLE, Esq., Assistant Collector, to the Collector of Cuddapah, dated 22nd November 1870, No. 331.

I beg leave to offer some remarks upon the Local Funds Bill, as amended by the Select Committee.

2. The definition contained in Section 3 of the amended Bill, of a Local Fund Circle to be a Revenue Talook, or a Zemindary District, is the first subject marked for discussion in the Government Proceedings of 25th October. In my previous letter of the 21st March 1870, No. 85, on the subject of Local Funds, and in criticising the original Bill, I urged "that the principle introduced by this measure should be carried to its full scope by giving to each talook the advantages of local administration, and by establishing in each talook a separate Committee, presided over by the Collector of the district, etc." The opinion, therefore, which I held on the first sight of the measure now comes back to me endorsed with the support of the Select Committee on the Bill, and I am enabled with increased confidence to advocate the view which I at first adopted.

3. The main objection urged against the thorough localisation of Local Funds, is the increase of labour thereby entailed on those who have to administer them, and this difficulty is apprehended from two directions; first, in appointing the Local Committees, who are to wield the administration;

second, in the control to be exercised over separate Committees by the Board of Revenue and Government. I trust that I shall be acquitted of presumption if I say that the difficulty of appointing two or more Committees in each talook is much exaggerated, while from the multiplication of Budgets and increase of work to Government, I do not apprehend any difficulty whatever.

4. In the first place, with reference to the appointment of Talook Committees, I do not myself believe that, as a general rule, more than one Committee will be required; because, as it seems to me, a Committee fairly composed of the highest local officials and the most respectable and intelligent residents will be fully competent to decide all questions of local interest, whether bearing upon the improvement of road communication, or upon the development of primary education. It does not, after all, call for great depth of intellect to decide upon the course, and the cost of a new road, or to found a school in which the young ryot may learn to read and write.

5. Nor, if these Committees are properly constituted, will they lack that professional knowledge, which is essential to efficient execution. To quote once more from my former letter, "we should have on the Committee, the Collector to exercise the general control due to his office, the Revenue Officer of the Division to indicate local requirements, and the Engineer to secure the efficiency of local works; and this official element need not be too strong to admit of the full expression of local wishes and wants by those residents who best know them, for there would remain six vacancies to be filled by residents of the talook. Of these, the Tahsildar would, as a general rule, be one fit candidate; but the remaining five Committee-men would be independent members, and would be able on occasion to swamp the Collector and all his satellites, though united as one man."

6. To a Committee thus constituted questions of public works or of education might, I think, safely be submitted. Every member would be able to form a competent opinion, and would, after a short time, not hesitate to express it freely. If the education that had to be provided with Local Funds were other than primary instruction, it may be that a separate Committee of men with some special knowledge of the subject would be a desideratum; but as primary education has alone to be provided, I apprehend no difficulty for one Local Committee in dealing with it and all other questions of local importance. Peculiar circumstances may render such a system inexpedient in particular localities. I can only speak of that which I have seen; but even in a district so backward and unintelligent as this of Cuddapah, I feel sure that the five or six intelligent men necessary to the constitution of a Committee would, without fail, be forthcoming. In support of this opinion, I may point to the existing Talook Committee in charge of religious endowments, etc., who administer with perfect success the complicated and delicate interests entrusted to them.

7. The first objection, therefore, arising out of the necessity for the appointment of two Local Fund Committees, seems to me, upon examination, almost to disappear. Nor do I think the second objection will, in practice, prove more formidable. The multiplication of Local Committees will, it is said, multiply Budgets of yearly expenditure, which will entail increased trouble on those who have to examine and sanction them. Whether the mere increase of labour consequent upon a vital improvement in administration ought seriously to be urged as an argument against the reform we need not stop to enquire, for, this increase of labour will, I believe, prove to be almost wholly a delusion.

8. How will it arise? Under Sections 27—29 each Committee must submit to the Local Government yearly estimates of receipts and expenditure, in other words, a Budget. Now what the authors of this objection have not attempted to show is the nature of the extra work entailed upon Government by the examination of the Budgets submitted by each Talook Committee. In fact, what possible difference can it make to the officers who examine the Budgets whether they have to examine one main Budget containing 1,000 items, or ten minor Budgets, one from each talook, containing each 100 items of expenditure? If it introduces District Committees, Government must supervise the Budget for the whole district, composed of details drawn from works all over the district. How will their work be increased by the submission of ten small Budgets in the place of one large one? The present Local Funds Budget differs from the Budgets which will hereafter be

33
submitted for the sanction of Government only in this, that the accounts of each talook will be complete in themselves, and will form a sub-division of the main District Budget. It seems to me that this resolves itself into a mere question of account, and that in many ways much advantage will accrue from the increased methodicity of accounts of Local Funds.

9. Apart from these two objections, which will, I believe, prove far less formidable than they look, there is another difficulty which has not been alluded to in the Government Proceedings, but which appears to me real and substantial. This arises inevitably from the localization within the comparatively narrow limits of a talook of the operations of a Local Fund Committee. Each talook will be working to further its own interests and to secure its own ends, and it may well be that, unless the influence of the Collector suffices to check a narrow and short-sighted spirit of administration, a great deal of money and labour will be wasted for want of harmony between the Committees of contiguous talooks. We can imagine two talooks, situated upon opposite sides of a range of hills, disputing for years together as to the comparative merits of two lines for a ghaut to unite them, or a fine scheme of irrigation defeated by a jealousy between two Talook Committees as to the details or burden of the work. This is no doubt the one powerful argument in favour of centralization as opposed to localization. Make a Collector powerful to use all the money of a district for comprehensive projects, and it is said he will effect far more than many administrations, each of which can only see the length of its own nose. There is a great deal of truth in the argument, only it pre-supposes the unattainable—a constant succession of talented officers full of interest in public works and the like, and anxious to give every portion of the district its fair share of improvements. But only a glance at this very district shows how the facts are at variance with the theory. Here we have whole talooks, which for years have been pouring their contributions into the common fund, and yet have not gleaned a single armful in the harvest; while more fortunate neighbours, more accessible, more salubrious, or possessed of other advantages, swallow all the improvements that should be equally enjoyed by all. This, as it seems to me, is the true argument in favour of Local Committees, "the principle," as I said in my former letter, "that each man, each town, each talook, and each district must bear their own burdens, and that while they do so they shall reap the benefit in local improvements which spring out of their own exertions." There is, as I have hinted, a danger of losing incomprehensiveness and far-sightedness nearly as much as we gain in local strength, but this evil can and must be checked by the influence of the Collector of the district, ex-Officio President of all Talook Committees, so as to secure the greatest good of the greatest number.

10. Of one thing there can be no doubt that local Talook Committees will be more popular than the administration by what is commonly called "Collector's hukum." Nobody better knows the value of his money than the Hindoo ryot, and there is no doubt a good deal of dissatisfaction felt at the present partial products of the Local Funds. I also feel no doubt that suitable persons will readily be found to serve on the local Committees. Their interest in the work will not, I admit, be at first keen, for they will be slow to understand both the objects of Government in asking them for their opinion and assistance, and also the benefits which they may derive from the reform. But just as it was prophesied that Municipalities would fail in this direction, and are every day making fresh way, so I am convinced that in a short time a great deal of intelligent interest will be excited in the administration of Local Funds. The soil looks barren, but the seed is good and will surely grow.

11. The Select Committee have raised the question whether the members of local Committees should exercise direct powers of administration or should confine themselves to advice and criticism. A great deal of argument has been expended in the minutes of individual members, but if we just remember what the duties of the Local Fund Committees will be we shall, I think, find that it will make very little difference in practice whether the powers of the members are narrowed or extended; for in fact all that a Committee can do is to determine once and for all in its annual Budget what work is to be undertaken. The execution of that work must necessarily be left while in progress to the servants of the Committee. In

Urban Municipalities the chief duty of the bulk of the members of the Commission is that of criticism and advice. If every member of a Municipality believed himself to be a born Houseman with a genius for making cities, the ordinary work of conservancy would be interrupted by the crude schemes of every member in turn. In fact the executive powers, the administration, naturally and inevitably fall into the hands of one man who evinces peculiar aptitude for the work, and so it must be with Local Fund Committees; the yearly Budget will be the joint production of all members, and they from time to time at their periodical meetings may make suggestions on the work in progress and on projects in the future; but it is idle to suppose that every member of a Committee will resent the inevitable fact that he has not full executive control over the works within his talook; rather he will hail as a relief to himself, and as a security for efficiency, the commission to one member or to the President of the actual administrative power.

12. It seems to me, therefore, to be a dangerous delusion to say (as the dissenting recorder of minutes say,) that unless the Committee men have full administrative powers they will decline to join the Committees at all. They would be much more likely to shrink from the power which it is proposed to thrust upon them. I cannot see how a member of a Committee who contents himself with criticising and advising, while he leaves the appointment of officers and the execution of works to others, is a mere *nominus umbra* any more than is a member of the House of Commons who gives support to the Government, and is not a member of the Cabinet. Luckily for the progress of business all members of a Committee cannot be President, and I can see no possible objection to restricting the powers of the Committee to recommending and criticising, while the President under the orders of Government is the mouth-piece, and the working hand of the Committee. In practice it will often happen that the President will be glad to entrust the local management of Local Funds to the most active resident member just as in many Urban Municipalities, the Vice-President really wields the executive powers of the President. The grievance, therefore, expressed in the words of one member of the Select Committee, that "the gratuitous advice of the Local Fund Committee may or may not be attended to," appears to me to be founded on a misapprehension of Sections 27—31. These sections provide for the submission to Government of the opinions of the Local Committee with that of the Collector, both in the Budget and the Report of each year. Why the Government should conspire with the Collector to defeat the wishes of a Local Committee does not appear, and I can see no ground for the apprehension that the opinions of the latter will have less than their due weight.

13. The taxes from which Local Funds are to spring must be examined in detail, in order that a true estimate may be formed of the resources which Local Fund Committees will hereafter have at their disposal. Of these the first and most fruitful is the tax on land defined in Section 36, Clause 1, as "a rate or cess not exceeding one Anna in the Rupee on the annual rent value of all occupied land on whatever tenure held." Hereupon arises the controversy stated in paragraph 4 of the Government Proceedings as to the method of estimating the annual rent value of the land. The existing method, whereby the Government assessment is assumed to represent the rent value, has the great advantages of simplicity and leniency; the calculations are easy to all parties, and the farming class is only too ready to acquiesce in a theory which presumes its members to be much poorer than they really are. The one great objection to this theory is that it is wholly false to the facts; for surely no one can really suppose that even under the most complete and equal of settlements the profits of farming are fairly represented by the assessment paid on the land to Government. If it were so, if the State really received a share of the outturn equal to that which occurs to the farmer himself, it follows that the farmer would always be cultivating his land at a loss; for while he has to supply all the capital and all the labour he would derive no more profit than the State which only supplies the raw material, the land. But apart from the actual truth of the supposition it is argued that expediency prohibits the taxation of agricultural profits on a truer system, first, because the true profits of agriculture could only be estimated after inquisitorial investigations; and, secondly, because it would frighten the ryots into a dread of a rise in the assessment on land. I am afraid that it is owing to my inexperience that I fail to see in what way the collection of accurate statistics in reference to agriculture, and the profits derived therefrom

could partake of an inquisitorial or oppressive character. I believe that similar inquiries have accompanied the labours of the Settlement Department in every district that has been visited by them, and I have little doubt that the agricultural classes have imbibed sufficient trust in the good faith with which such investigations are made, to reject the unfounded apprehensions of an increased assessment.

14. Whether the statistics available on this and similar subjects are in this country, and in the present condition of statistical science, capable of that accuracy and truthfulness which alone can make them a safe basis for legislation, is another question which I hesitate to answer. Certainly the various and conflicting opinions recently delivered by numerous authorities on this very question of agricultural profits show that agricultural statistics are yet in their infancy.

15. This district is fortunately free from Zemindary tenures, a fact which, joined to my inexperience of the subject, renders it unnecessary to discuss the method by which Local Funds should be raised in Zemindary estates. Hitherto, I believe, the local cesses have been collected together with the peshush from the Zemindar, and to an outsider it seems a round-about process to collect one-half from the landlord and one-half from the tenant.

16. Leaving the estimate of receipts under the land tax for subsequent treatment I pass on to the tax on houses as provided in Schedule A. The expediency of levying this tax is mooted in paragraph 6 of the Government Proceedings, and the question is raised whether a house tax or a trade tax should be levied from the non-agricultural classes. The total population of the district was given by the Census of 1867 at 11,44,750 souls, inhabiting 3,32,963 houses of all kinds, or about $3\frac{1}{2}$ souls per house. The occupation classification gives the agricultural population at 7,54,376 souls as against non-agricultural 3,90,383; therefore an estimate of 1,00,000 houses, inhabited by non-agriculturists, will be sufficiently accurate.

17. It would, however, be a mistake to suppose that this number represents the number of houses really taxable under Section 52. In rural districts such as this almost every house-holder of any means holds land in larger or smaller quantities, and derives a portion at least of his income from agriculture; he would, therefore, be exempted by the proviso appended to Section 36 from payment of house tax in consideration of the tax he has already paid on his land. There can, I think, be no doubt that the census classification by occupation represents nothing more accurate than the popular classification by caste or calling. Brahmins and Comatics are classified as non-agricultural, not because they do not hold and farm land, for they do so very generally, but because the kapus are popularly held to be the agricultural class. It will, therefore, follow that among the wealthy members of the so-called non-agricultural community numbers will be exempted from the payment of house tax, while no small number at the foot of the same ladder will claim exemption on the plea of poverty. All these circumstances must be remembered in forming a true estimate of the resources available to Local Funds.

18. If I thought that room was still left for argument on the principles of the Bill I would direct attention to the proviso appended to Section 36, and would attempt to show that it cramps most seriously the operation of the new measure. There is no foundation in principle for this proviso, exempting those who have paid one tax from paying another. As I have already said nearly all classes in this country are directly and personally interested and engaged in agriculture; every man of capital sinks it in land, and there is, therefore, no danger that by making both a land tax and a house tax payable by all classes alike unequal burdens will fall upon agriculturists. It might also be very easily and profitably arranged that the funds derived from the land tax should be primarily and chiefly devoted to improve roads and other communications, while the more local and special contributions derived from house tax should be expended on local conservancy and works more immediately connected with village and town improvements. Thus congruity would be preserved between the sources of the income and the objects on which it would be expended. I cannot but think that this exempting proviso has found a place in the Bill rather as a softening concession to the prejudices of the public than as a legitimate deduction from the principle of the measure.

19. In my previous letter on this subject I estimated the probable receipts from the house tax payable by non-agriculturists at Rupees 20,000 for the whole district. My reasons for that estimate were similar to those given in paragraphs 16 and 17 of this letter. From the full number of 1,00,000 houses inhabited by non-agriculturists must, I believe, be deducted 20 per cent. at least for those house-holders who would claim exemption under Section 36 and its proviso; another 5 per cent. would be excused under Section 58 on the plea of poverty, and thus only 75,000 houses remain rateable. It is difficult to classify under Schedule A. houses of the description most common in this district. If the first classes are to be taken to include the best European houses certainly the common ryot's house of the Ceded Districts will be assessable by Annas and not by Rupees; and on the whole I doubt whether Rupees 20,000 is too low an estimate of the actual receipts from the proposed house tax throughout this district.

20. But barren as this tax will, I think, prove there can be little doubt of its being preferable to the proposed tax on trades and professions. If there is any tax more unpopular than another in Municipalities it is this impost. In its character it is essentially inquisitorial, in its incidence it is most unequal because so little is known by others of any man's pecuniary position, it opens the way to every kind of evasion and corruption both in the payers and in the Collectors. Imperial income taxes are in all conscience a sufficient thorn in the flesh without the addition of a local trade tax. I have not the least doubt that a house tax will of the two imposts be by far the least unpopular, and as the proviso of Section 36 applies equally to both cases those who would evade the house tax will equally be quit of the trade tax.

21. The question of tolls presents a problem very difficult to solve, viz., how far an impost can be laid upon traffic without becoming a grievous burden on agriculture and commerce. The chief traffic by road in this district consists of the raw produce of the fields on its way to local markets or to Madras. In the transport of grain, cotton, and the like, a custom prevails in this district, and I believe in some others, by which the farmer, who sells the raw produce to a purchaser from a distance, abates so much of the price as will reimburse the latter for the distance over which he has to carry the goods to market. This is obviously the effect of custom in the absence of competition, leaving the seller at the mercy of the purchaser who can make his own terms up to a certain point. If, therefore, the imposition of tolls increases the cost of transportation to the carrier he will look for his remedy to the farmer from whom he buys the grain, etc. The farmer must either yield the increased allowance or transport the grain to market himself, and this it would be quite impossible for the mass of the agricultural classes to do. It might be that the effect of tolls would be to raise prices, but I am doubtful whether, under existing conditions, this would be the case because railways, which would not feel the incidence of the new tolls, exercise so powerful an influence on the prices of all produce, and would, therefore, compete at an advantage with roads in the transport of agricultural produce from rural districts.

22. But the other side of the question remains, whether without funds derived from tolls local resources will suffice for the burden thrown upon them under this Bill. Imperial funds have been found inadequate to bear the burden of local requirements in roads, schools, sanitation, and the like, and now that Local Funds are to be raised to undertake this task care must be taken that the sinews of war suffice for it, otherwise we shall have lost imperial resources and have nothing with which to re-place them.

23. It is time, therefore, to count up our resources and estimate our probable receipts. The main source of income for Local Funds will be the land tax of $\frac{1}{10}$ th of the assessment. I say the assessment because I do not expect that Government will feel equal to the responsibility of assessing the land tax on the estimated profits of agriculture. The average land revenue of the district cannot safely be fixed at more than 18 lacs of Rupees paid by ryotwary tenants to Government. The land tax will, therefore, yield at its highest rate not more than Rupees 1,12,500 per annum for the whole district; about Rupees 10,000 being the share of each Local Fund circle or talook. I am unable to estimate with accuracy the additional contributions to be levied from holders of land on Inam tenures. The extent of such land is probably between 38,000 and 40,000

Adres; and perhaps Rupees 12,000 to 15,000 would accrue to Local Funds from this source. To this must be added the collections of house tax from the non-agricultural class, which, for reasons given at length in paragraphs 16 and 17, I estimate to produce about Rupees 20,000 over the whole district, or for each talook say Rupees 2,000. We thus find that from their main sources of income Local Committees need not expect more than Rupees 12,000 per annum; Rupees 15,000 would, I fear, be an excessive estimate.

24. If this prospective income be compared with the sums at present made available for Public Works, whether derived from Imperial or Local Funds, the result is as follows:—

Imperial Funds.		RS.
A. Budget Grant, 1869-70, D. P. W....	...	95,390
Expenditure do. do.	...	89,746
Local Funds.		
B. Road Fund—Receipts, 1869-70 ...	...	89,688
Balance for past year ...	...	32,204
		1,21,892
Expenditure—1869-70 ...	...	1,17,371
Total receipts, 1869-70... ..	...	1,85,078
Total expenditure, 1869-70... ..	...	2,07,117

25. Thus in the past year we may say that this district had at its disposal for Public Works of all kinds roads, irrigation works, and public buildings, about two lacs of Rupees. The proposed system of Local Funds transfers from Imperial to Local administration, not only all such works as in the past year cost these Rupees 2,00,000, but adds to them primary education, and all the multifarious works included under the head of Sanitation, and to meet this great expenditure Local Committees are promised the following funds:—

Land tax at highest rate of 1 st th ...	...	1,12,500
Estimated do. on Inam lands ...	...	12,000 ?
House tax on non-agricultural class... ..	...	20,000 ?
Total...	...	1,44,500

26. At the very outset, therefore, Local Committees will have to face this fact, that with a purse of Rupees 1,50,000 they must provide for all, and more than all, the requirements of the district, although under the present administration Rupees 2,00,000 are found insufficient for the task. Of course they will be told to do the best they can; they will be promised assistance to a certain extent, I presume, from Imperial Funds; and they will be reminded that the allotment of expenditure to education and sanitation is under the Bill quite optional. But these apologies are at the best but a lame support for a measure which is intended to supply a great want. In the words of the mover of the Bill—"The burden of expenditure already imposed upon the imperial revenues is, and long has been quite as heavy as those revenues are able to bear," and, following out this argument, that burden is now to be transferred to Local Funds. It is absolutely necessary, therefore, that the burden should not be too heavy for the back that must bear it, and unless my estimate be altogether faulty of the resources that will be made available for the objects of the measure I fail to see how Local Committees can face the undertaking with any good hopes of success. These questions of facts and figures can, however, only be decided satisfactorily by those who possess wider experience than mine, and more complete information than I command. It is, therefore, with considerable diffidence that I have dealt at all with the financial side of the question.

27. As regards the collection of tolls along the main lines of road it would be necessary that all Local Fund circles, and indeed all districts, should so act in concert with one another as to

avoid the imposition of prohibitive rates on particular lines of road, and the consequent diversion of traffic to other less convenient routes. For the same reasons, places fixed upon for the levy of tolls should be those which, from their own importance, or from the convergence to them of several lines of road, afford more than ordinary facilities for the collection of the impost; and, further, that there should be resident officers of sufficient authority to supervise the collections and to check their abuse. I believe that these conditions will be realised in those towns only which are either the seat of a Talook establishment, or of a subordinate Magistrate's office, so that, therefore, in such places alone should tolls be collected.

28. One source of income suggested by the Select Committee, and to be noticed, I allude to the tax on marriages provided for in Section 68 and seq. It would, I think, be mere waste of time to examine all possible arguments *pro* and *con* this proposition. Its supporters urge its expediency, its justice, and its morality; while its numerous opponents, backed by the general opinion of the country, condemn it as not only novel but impious. These considerations may, I think, be left wholly apart. The only point to be decided is whether the tax will be a profitable source of public revenue. If it will then a considerable amount of unpopularity would not outweigh its advantages; if it will not there is absolutely nothing to be said in its favour, and as far as I can venture to express an opinion this marriage tax promises to be almost as barren a field for the Tax Collector as could possibly be opened to him. If we remember the fact that population in this country is very thin, (in this district about 120 to the square mile); that it takes two people to make a marriage, and that most men have that felicity only once in their life-time; when we think how poverty-stricken the lower classes of the rural population are, and as to this particular tax how easy of evasion it will be with everybody interested to evade, and nobody to collect it; when we remember these objections, which lie on the face of the proposition, and do not deal at all with the more formidable obstacles, with the self-interest of a priestly class, and the prejudice of an ignorant people, we can hardly expect great fruits from such a measure, and if the fruits are not rich the tax is not worth having at all, and so, as I hope, we shall not have it. These toy taxes are, it seems to me, only the product of the public mind rebelling inwardly against a heavy income tax, and looking here, there, and everywhere for a mine of wealth from which to fill up deficits. When the Imperial Government succeeds, by improved settlements of the land revenue, in making the land yield its fair contributions to the Imperial revenue, we shall hear no more of marriage taxes and succession duties and the like.

29. I have now touched upon all the topics noted in the Government Proceedings for discussion, and trust I may be acquitted of presumption in having spoken so fully and freely. In conclusion, I will state the probable receipts within my division under the different sources of income to Local Funds. The two talooks of which I am in charge have hitherto suffered grievously from neglect in the development of their communications, while in education they are as backward as any other portion of the district. For the sake of their future I hail the Local Fund reform as the beginning of a new era to them, and can only hope that they may develop energy and intelligence from within to reap the full benefits of the measure. My only doubt arises from the scantiness of the funds which they will be called on to administer.

(True Copy.)

(Signed) C. G. MASTER,
Collector.

From T. A. N. CHASE, Esq., Collector of Kurnool, to the Acting Secretary to the Board of Revenue, dated Nandikotkur, 23rd November 1870, No. 398.

I HAVE the honour to submit the following report on the Local Fund Bill as directed by Government in Order, dated 28th October 1870, No. 1,389, Public Department.

2. The Local Fund circle should be coterminous with the district. I do not see how it could be possible to carry out a system of Taluq circles without a great expenditure in establishments—a most unsatisfactory method of spending the Local Fund tax—equivalent to taxing a large population for a number of officials.

3. Look on all Native Committees, either executive or consultative, as quite impracticable.

4. It is, for instance, the Committee of Municipal Commissioners, which ought to meet every fortnight. The subjects brought forward are such as one would think would rouse the interest of the Commissioners; but such is not the case. The meeting consists of none but Government officials, viz. the President, who is the Collector, and two other Commissioners, who are the Assistant and Deputy Collectors. When any one of these is absent from Kurnool meetings cannot be held.

5. I do not know why meetings are not attended, and can only attribute it to want of interest and the distance of the Municipal office from the town, which is about a mile.

6. There are other committees which should meet, and discuss, and settle matters, which are generally considered to be of the utmost importance. These are the Temple Committees. No interest, however, is evinced on the subject, and the Act which applies is almost a dead letter.

7. The Committees in contemplation in the Local Fund Bill must necessarily, taking even the smallest circles, that is Taluq circles, be composed of members, distant in many cases 20, 30, or 40 miles from the place of meeting, and there is no reason to believe that more interest will be excited regarding the Local Funds than regarding Municipal or Temple matters. How then can it be expected that Local Fund Committees in districts such as Kurnool can be of any practical advantage whatever?

8. As a rule I think I am quite safe in saying that the majority of the persons concerned would prefer having all such matters settled and carried out by the Executive Officers of Government.

9. In assessing the Local Funds the present plan, as adopted under the District Road Cess Act, should be adopted, that is, the land assessment should be the basis of the Local Fund assessment. Should any other plan be introduced fresh inquiry as to the value of the crops would have to be instituted yearly; for this an establishment would be required, and no individual cultivator would be able to tell the amount of Local Fund tax he would have to pay, and would be at the mercy of the Assessors or the Village Curums, who would doubtless take advantage of the uncertainty for their own profit.

10. I am not able to give an opinion regarding assessments in Zemindaries, as there are none in this district.

11. It is exceedingly difficult to prepare estimates of the probable receipts of each tax with any accuracy. I however submit my estimates, based on such data as seem to be as correct as practicable.

12. *Rates on the rent value of land.*—The District Road Cess was introduced in the middle of 1866-67, and the following three years are the only ones in which the collections were made for the full year. They are as follow:—1867-68, Rupees 64,597; 1868-69, Rupees 86,213; 1869-70, Rupees 94,782; total Rupees 2,55,592. That gives an average of Rupees 85,197 yearly. This is assessed under Madras Act III. of 1866, Section 2, at 6 Pice in every Rupee of the annual rent value.

Under Clause 1 of Section 36 of the Bill under consideration the rate is to be raised to one Anna in the Rupee; in other words the rate of assessment is to be doubled. This will make the probable yield of the tax double the present average, that is (Rupees 85,197 $\times$ 2) = 1,70,394. This does not include Ferry rents and other Miscellaneous items, regarding which further notice will be taken further on.

13. *Tax on Houses.*—I have entered the sum of Rupees 33,600 as the total yield of the tax on houses.

The estimate is based on the Quinquennial Return showing the houses and population of the district for Fusly 1276, (1865-66). In each talook a proportion to find houses occupied by the non-agricultural population has been arrived at as follows:—

The total number of non-agricultural population has been multiplied by the total number of houses, and the result divided by the total population to find the number of houses occupied by the non-agricultural population. These have been distributed according to the known wealth of the talook into five different classes according to Schedule A.—*Vide* Form No. 1.

13. *Tax on Arts, Professions, Trades, and Callings.*—The estimate (Form 2) under this head is based on that of the house tax. The totals under the house tax, Class 4, have been excluded because it is probable that all the persons who occupy such houses are either labourers, or of the poorer classes who would not be liable to the tax under Schedule B. Schedule B has only four classes, while Schedule A has six. I have, therefore, added Classes 4 and 5 of Form No. 1 together to make Class 4 in Form No. 2. The total estimate under this tax amounts to Rupees 35,500.

14. *Fees on Marriage ceremonies.*—My estimate for the probable amount of collections of these fees (Form No. 3) is formed from the number of children in the Quinquennial Statement mentioned above. That statement shows the number of children of twelve years of age, and below.

The greatest number of, in fact I might say, all the marriages take place among these children. Half must be taken to be male and half female. If the total of the number of the children is divided by 2, and again divided by 12, the age of the oldest of the children probably that may give a pretty fair approximation to the number of marriages. From these I have made it necessary to make reductions on account of casualties. The total amount of fees will, according to this calculation, be Rupees 30,390.

15. *Tolls.*—The tolls may produce Rupees 9,000. There is no satisfactory basis to ground this estimate upon further than that afforded by the actual income derived by the Kurnool Municipality, that is Rupees 7,000. The greatest amount of traffic is along the road from Gooty to Kurnool, the greatest part of the remainder from Hyderabad. I have, therefore, entered Rs. 3,000 against Ramalkota, the talook in which that road mostly lies. The other sums are put down according to the condition of the traffic in those taluqs, always less than Ramalkota. In Markapur, which is very hilly, and where there is hardly any traffic, a very small sum is entered.

16. The grand total of these estimates is as follows:—

Probable estimates of Taxes under the Revised Local Fund Act of 1870.

	RS.
Rates on rent value of land	1,70,394
House Tax, Schedule A.	33,600
Trade Tax, Schedule B.	35,500
Marriage Fees, Schedule C.	30,390
Tolls, Schedule D.	9,000
Total...	2,78,884

17. In paragraph 11 of this letter I said I would notice further on the Miscellaneous items which increase our present Road Cess Fund. They are as follow:—Ferry rents, Surplus Pound Fund, Sale proceeds of Village Fort stones, Avenue clippings, and Diamond mines.

The income, with these additions for the last three years, has been as follows:—

	RS.
1867-68	64,667
1868-69	96,672
1869-70	1,03,227
Total...	2,64,566
Average...	88,188

18. That is an addition in three years of Rupees 8,974, or a yearly average of Rupees 2,991. If this average is added to the average of the rates on rent value of land at an Anna per Rupee we shall have an average Local Fund income of (Rupees 1,70,394

$\times$ 2,991) 1,73,385 Rupees, that is about one lac of Rupees less than my estimates according to the plan laid down in the Bill. It must, however, be borne in mind that the estimates framed under the Bill are all maximum, and that they, in my opinion, could never be actually realized.

19. I forward a map on which I have marked the places (Form No. 5.) at which, if the Bill becomes law, tolls should be collected.

20. There are, however, very serious objections against introducing tolls all over the district. If the tolls are paid in one part of the district will that payment only be available for one road, or should fresh payments be made at each toll gate? Payments under Section 77 for compounding will they be available for each Local Fund road, or only each particular road? But these may be left to the questions of detail, which will be settled after the Bill has passed. But I consider that to introduce tolls into a district an enormous establishment will have to be entertained. Several toll gates must necessarily be at a great distance from the nearest Magistrate. Bandy drivers and others will be subjected to over-exactions, and no redress can be obtained except at great cost, labour and delay. Traffic of all kinds will be hindered in every possible manner, and the greater the annoyances brought to bear the greater will be the gain to the toll men. Letting the tolls out by contract would probably only increase the annoyances, for speculation and oppression carried out by the Toll receiver.

21. These objections do not exist to tolls in Municipalities where the toll men are near the Magistrates, and the receivers and the toll-payers know that grievances can at once be repressed.

22. I think there is a strong objection to every one of the methods for raising taxes in the Bill with the exception of rates on rent value of land.

23. Without this exception for all of them there will be required establishments, which all who have much experience in the rural districts cannot but know to be the greatest source of oppression and annoyance to all from whom taxes have to be collected, and who without doubt will receive bribes and practise every kind of petty annoyance in their power to enrich themselves, besides requiring salaries from the Local Funds.

24. I consider it is a fallacy to suppose that non-agriculturists are not taxed. Indirectly they are tax-payers. Every increase of the land tax increases the price of the produce, and the price of the produce is paid by the consumers. By the present Road Cess Act non-agriculturists are taxed, none escape. That tax, as I have shown above, will produce at 1 Anna a Rupee, with Miscellaneous receipts, Rupees 1,73,385, amply sufficient for all the requirements of the district, which at present does not spend much above 90,000 Rupees on roads and Local Fund works; and this sum is larger than will be required after all the roads necessary are completed, and when nothing will be wanted but road maintenance.

25. If Rupees 1,00,000 a year is laid aside to be spent on Local Fund roads and such works the remainder might be used for sanitation and education.

26. We should then have ample funds collected, I believe, without a murmur, and certainly without oppression or annoyance, without interference in the most private family affairs, and without any very large amount of it having to be paid for numbers of petty and most troublesome officials.

27. I need hardly point out that the hands of Collectors, who are also Magistrates, Municipal Presidents, Income Tax Commissioners, Heads of Districts, etc., etc., are already too full of work, and that it is already impossible for them to do each and every portion of their work as well as they could wish. What would be the result if the carrying out of a complicated Local Fund Act, formed on the principles of the Bill now under discussion, were to be forced upon them it is impossible to conceive.

Form No. 1.

ENCLOSURE No. 1.
Estimate of House Tax, Schedule A.

No.	Talooks.	Class 1, Rs. 5.	Class 2, Rs. 3.	Class 3, Rs. 2.	Class 4, Rs. 1.	Class 5, As. 8.	Class 6, As. 4.	Total.
1	Pattikonda	200	400	800	800	2,000	2,000	6,200
2	Ramalkota	100	300	600	1,000	1,500	1,500	5,000
3	Nandikotkur	60	200	500	1,000	1,000	1,500	4,260
4	Nundial	200	400	1,000	1,000	1,000	1,000	4,600
5	Koilkuntla	200	400	1,000	1,000	1,000	1,000	4,600
6	Sirwell	25	75	100	200	600	1,000	4,600
7	Cumbum	50	300	500	500	1,200	1,000	2,000
8	Markapur	20	100	200	500	1,000	1,500	4,050
	Total...	855	2,175	4,700	6,000	9,300	11,000	34,030
	House Tax, Schedules A., B.	4,275	6,525	9,400	6,000	4,650	2,750	33,600

NANDIKOTKUR,
23rd November 1870.

(Signed) T. A. N. CHASE,
Collector.

Form No. 2.

ENCLOSURE No. 2.
Estimate of Trade Tax, Schedule B.

No.	Talooks.	Class 1, Rs. 5.	Class 2, Rs. 3.	Class 3, Rs. 2.	Class 4, Rs. 1.	Total.
1	Pattikonda	200	400	800	2,800	4,200
2	Ramalkota	100	300	600	2,500	3,400
3	Nandikotkur	60	200	500	2,000	2,760
4	Nundial	200	400	1,000	2,000	3,600
5	Koilkuntla	200	400	1,000	2,000	3,600
6	Sirwell	25	75	100	800	1,000
7	Cumbum	50	300	500	1,700	2,550
8	Markapur	20	100	200	1,500	1,820
	Total...	855	2,175	4,700	15,300	23,030
	Total Schedule B...	4,275	6,525	9,400	15,300	35,500

NANDIKOTKUR,
23rd November 1870.

(Signed) T. A. N. CHASE,
Collector.

Form No. 3.

ENCLOSURE No. 3.
Estimate of Marriage Tax, Schedule C.

Items.	Pattikonda	Ramalkota	Nandikotkur	Nundial	Koilkuntla	Sirwell	Cumbum	Markapur	Total number of Marriages.	Amount of Rupees.
Class 1, Rupees 1	330	220	200	250	200	250	330	200	2,030	2,030
Do. 2, .. 2	400	400	400	450	400	300	400	400	3,150	6,300
Do. 3, .. 4	500	400	320	400	500	200	400	320	3,040	12,160
Do. 4, .. 10	200	70	70	80	100	40	60	70	690	6,900
Do. 5, .. 25	20	10	10	20	30	10	10	10	120	3,000
Total...	1,500	1,100	1,000	1,200	1,230	800	1,200	1,000	9,030	30,390

NANDIKOTKUR,
23rd November 1870.

(Signed) T. A. N. CHASE,
Collector.

Form No. 4.

ENCLOSURE No. 4.
Tolls, Schedule D.

	Rs.
Ramalkota	3,000
Nundial	1,000
Pattikonda	2,000
Koilkuntla	500
Sirwell	600
Nandikotkur	600
Cumbum	1,000
Markapur	300
Total...	9,000

NANDIKOTKUR,
23rd November 1870.

(Signed) T. A. N. CHASE,
Collector.

From W. S. WHITESIDE, Esq., Acting Collector of North Arcot, to the Acting Secretary to the Board of Revenue, dated Chittoor, 6th January 1871, No. 11.

I have the honour, with reference to the Proceedings of Government, dated 28th October 1870 No. 1,380, to submit the following remarks on the new Local Funds' Bill now under consideration by the Legislative Council.

2. I would begin by observing that, in my opinion, it is unadvisable to attempt to legislate in one and the same enactment for the important and wholly distinct items of construction and maintenance of District Roads and Bridges, Hospital, general Sanitation, and Education. I think that each of these might form with advantage the subject of a special Bill. The taxation, which by a fund for the construction and up-keep of roads or bridges will be provided for, would be entirely of a different character to the taxation needed to supply a proper education to the youth of any district.

3. In this district, for instance, the general community is purely agricultural, and the greater mass of the people are uneducated and devoid of any wish to improve their mental condition; while, on the other hand, they are clamorous and eager for improvement of their local roads. The parties who would most benefit by an improved system of education are the sons of the local traders, Government officials, and other dwellers in large towns who contribute little or nothing to the revenue in the shape of taxes on lands, etc., and it appears to me that it would be unfair and also extremely difficult to effect, with any approximation to accuracy, to apportion the revenue derived by tolls on roads or bridges from the agricultural community for the benefit of the class who are more desirous of, and would benefit most by, improvements in the educational system.

4. The Road Cess Act (Act III. of 1866) is a most valuable enactment if properly worked. It has not been in force very long, and in many districts no doubt is not doing as much good as it might if judiciously amended. I would, however, deprecate its summary abolition, simply because it has not been found quite so effective as was originally expected.

I should like to see the Act amended so as to provide that the funds raised under its provisions should be expended as far as may be on the improvements of the locality from which they were obtained. I am decidedly opposed to the construction of one large fund to be divided and frittered away on this or that work, or part of the country, and believe that such a system, while it would be open to grave abuse, would be productive of the greatest annoyance to the tax-paying community, and also be in practice a hindrance rather than an aid to the general development of the country. Under the present Act it is a general complaint of the ryots and Zemindars that they do not know what becomes of their money, and never get any tangible benefit or return for their payments.

5. I would recommend that the several Local Fund circles be coterminous with a Revenue Talook. In each talook a few intelligent men may generally be found who would be able and willing to form a Committee for the expenditure of the funds raised under the Act; but the question as to the extent of the authority to be vested in such local Committees is a very serious one. Either the Committees are to be mere nullities, whose opinions and recommendations the Collector may respect or set aside as he pleases, as in the case of a Session Judge and his Assessors; or they must be empowered to veto any expenditure of the public monies of which they disapprove.

Thus, in the former case, the Collector's action will be hampered and delayed by his having to go through the formality of pretending to consult with a multitude of petty Committees, whose views, when he has got them, he is not bound to heed; or, in the latter case, he will be constantly

in hot water, squabbling with the local Baniyas over this or that petty expenditure or improvement of which they, out of their sapience or obstinacy, may see fit to disapprove.

6. On the other hand it cannot be denied that the presence of such a Committee has its advantages. The members, if judiciously selected, will be, as a rule, well acquainted with the capabilities and requirements of their talooks, and by a proper expression of their opinion they would tend to check a crotchety Divisional Officer in his desire to carry out too indiscriminately some particular hobby of his own.

It would be impolitic, and also I think impossible, to have one Committee for a whole district; and, after giving the matter my careful consideration, I think the best plan would be, as I stated, to have one for each talook.

7. These Committees should be empowered to mark out, and carry into operation, the various improvements that are required from time to time in their talooks. If the Collector, as President, is of opinion that any Committee is being obstructive or improper in any matter, he should report the whole case for the orders of the Board; but, as a general rule, I would recommend that the opinion of the local Committee should be given weight to, and no expenditure incurred that is disapproved of by a majority of their number.

8. I consider that the mode at present in force, whereby the annual assessment taken by Government from land-holders is accepted as the annual rent value of the land should be maintained under the new Act.

In the first place the people generally have become accustomed to that charge, however much they may dislike it, and I would strongly recommend that no change be made, at any rate for the present. The people of this country are slaves to "mamool," they will go on for ages patiently submitting to an impost that may really be very heavy, simply because it is a time-honoured custom, when they are prepared to raise the strongest objection to the introduction of any new tax. I am of opinion that the new and varied forms of taxation that have been introduced of late years throughout India have had a very mischievous effect on the minds of the people; and I am most anxious that Government should recognise the fact, and endeavour to tranquillise the fears of the too suspicious and fanciful Hindu, by abstaining from vacillating from one rate or system of taxation to another, with each successive change in the administration of the country.

9. There cannot be the slightest doubt that the attempt to take the estimated money value of the ryot's share of the produce as the basis of taxation will be productive of an immense amount of unpopularity and opposition, and will also practically be almost impossible. The Revenue settlement that is now slowly working its way through the country professes to fix that for us, but in those districts where that department has not commenced its operations I do not see how we are to get at the exact money value of the ryot's share of the profits; for to arrive at that we should have to deduct from the actual amount received for the crops the value of the ryot's labour, superintendence, plant, and carriage to market, and all of these vary of course enormously in different localities. The great mistake appears to me to be the attempt to apply one universal system of taxation to a vast Presidency, comprising every description of soil, country, climate, and people; while, by adhering to the rate in force under Act III. of 1866 we get a tolerably correct approximate to the value of the ryot's share.

10. The foregoing remarks apply to Ryotwar lands. In Zemindary tracts there is no fixed assessment, and the ryots usually divide the produce with the Zemindar in fixed shares. These shares vary in different villages, and it would be very difficult to fix a rate payable according to the shares of the produce divided. In my opinion it would be an equitable arrangement to make the Zemindar and the ryots severally bear a moiety of the rate that is to be imposed. Under existing circumstances the Zemindar really pays nothing in the way of local taxes. The ryots are called on to pay everything, and the Zemindars, who employ their ordinary Village establishments to collect the Road Cess, draw a handsome commission (10 per cent.) for such collection. It is probable also that they make some profit by compounding with their ryots for a lump sum pay-

men, but on this latter point I have only indirect information, and do not put it forward with confidence. The Zemindars, of course, do not like to let these sources of private profit become known, and Collectors have to accept their accounts of their income as correct.

11. If the Zemindars are called on to pay half of the Road Cess due from their Zemindaries for the first time, be really doing something for the improvement of their estates. Hitherto it has been customary for them invariably to assume an aggrieved tone when roads are made (often at their earnest request) through their territories, and it has now become the rule to demand pecuniary compensation for every yard of road taken up by the State for either Imperial or District roads in Zemindaries. This system, I think, should be summarily put a stop to. The extension of the cess levied in these Zemindary tracts will go, for many years to come, in the extension of the local roads, and the increased facilities for the carriage of grain to distant markets the Zemindars' Revenue will in like manner be improved. It appears to me to be a most mistaken policy to confer a valuable and eagerly looked for boon with one hand, and with the other simultaneously to award compensation for the acceptance of such bounty.

12. As regards the mode in which taxes should be levied I am decidedly in favour of a carefully adjusted Trades Tax. Such a tax is virtually the "Moturpha," a species of taxation that has been enforced by all the ancient Governments of the country, and to which the people everywhere are thoroughly accustomed. It is a tax that is capable of the nicest application, according to the circumstances and trades of the payers, and would be far less unpopular than the other taxes mentioned in the Bill. The tax on houses terraced, tiled, or thatched would be in practice found difficult to apply with fairness. Houses vary very much in different localities, and are no certain criterion of the wealth of the inhabitants. It is generally supposed that the occupants of a solid terraced roofed house are in better circumstances than those who live in a simple thatched dwelling; but, if that were true, every house-holder in the large town of Tripetty should be taxed heavily, for the houses there are large, lofty, and all have terraced roofs. It is, however, a necessity owing to the multitudes of monkeys that infest the place and destroy every tiled or thatched roof. In the Kurnool and Nellore districts many villages may be seen where all the houses are terraced, partly owing to the fact that it was found, in the old days of raids of predatory bands of Rohilla horsemen, that a collection of such houses were more capable of defence than a village of scattered thatched buildings, and partly because the people like to sleep thereon in the hot weather; but, on the other hand, in very many parts of the country the well-to-do Merassidars prefer thatched roofs, and so I would not advocate the introduction of a house tax.

13. As regards the proposed tax on marriage ceremonies I have already, in my reports on the Towns Improvement Bill, set forth at length my reasons for opposing such an imposition, and I have nothing further to add to those remarks. For the sake of convenience I insert here those paragraphs of my report—

"12. With regard to the proposed tax on marriage ceremonies I think there can be no doubt that it will be as distasteful to the people as any tax that could possibly have been invented. The expenses of the vast majority of marriages celebrated in this country will be found, I believe, to fall within Rupees 100—very probably even less than that sum—and the tax consequently will be borne by the poorer members of the community. What I would suggest is that that portion of the expenses which is laid out on the purely religious part of the ceremony should be exempt from taxation altogether, and that the tax should be imposed solely on that portion of the marriage which consists of outward display or "tamash," in the shape of fire-works, bands of music, processions, nautches, etc. Any native will be able to appreciate the difference between these two portions of the ceremony and to estimate accurately their attendant expenses. If this were done a great step would have been taken in removing the unpopularity of the tax; but it will be always disliked on account of the opportunity that it will afford for the manifestation of spite on the part of the petty local officials, resulting in much annoyance and very often heavy pecuniary loss to the party about to celebrate the marriage.

"13. The Government are doubtless aware that every native in whose family a marriage is about to take place lays in beforehand a large supply of flowers, vegetables, fruit, and eatables of a perishable nature, and the marriage is always fixed to take place on some auspicious day previously indicated by the local astrologer. If the head of the family, as would seem to be required in the Bill, to go to the Tahsildar, who may very likely be on circuit with him, a Gutcherry scores of miles from the village where the marriage is to be celebrated, or even if he has to go to the Cusbah to give notice of his intended marriage, a journey of very considerable distance there and back, with all its attendant expense and annoyance, will often be entailed upon him; and if the party about to celebrate the marriage is at all unpopular with the Tahsildar or Talook Sheristadar, or even with the Village Officers, it will certainly happen that he will be kept dancing attendance for many days at the Gutcherry before his application is received and permission given him to go on with his marriage. In the meantime his comes may all have spoilt by keeping and the auspicious day have passed. The opportunity for extorting a bribe for either passing speedy orders on the application for the marriage-license, (as it may be termed with some propriety,) or for taking a moderate estimate of the expenses about to be incurred, will most certainly not be lost sight of by our generally rapacious Talook subordinates.

"14. It may be said that prior notice should be given, but it is a fact that this is very often impossible. It is the young woman who has to be married, and although in the wealthier families the bridegroom has generally been selected long before the marriage takes place the case is vastly different with the poorer classes, and I know that they frequently have to look for a bridegroom almost at the last moment, while the borrowing of funds for their marriage expenses is always a matter of trouble and anxiety."

14. I consider that a tax in the shape of tolls on carts and carriages passing along particular roads is a perfectly legitimate means of raising funds for the maintenance and repairs of ways and bridges. It is rather the fashion to cry out against such a tax as "barbarous," "wrong in principle," and "expelled in England." No doubt the system is gradually falling into disuse in England, but its place is taken by other rates, and it must be borne in mind that the circumstances of England have vastly changed of late years. The great majority of travellers go now by rail, and the cost of construction of local roads has been gradually paid off; but in this country where, for all time, the great bulk of the commodities raised and sent to market must be carried for great distances by roads, on the up-keep of which prodigious sums are annually spent. On such roads I think it is only equitable to impose a moderate tax on passing traffic. But I would carefully draw a distinction between those great highways that bring down the streams of carts laden with cotton, coffee, and jaggery to the Railway or Presidency towns, and the cross country unbridged local roads that are the sole means of communication between villages, and the only traffic on which an occasional cart laden with firewood or manure on its way to the nearest town. On the great Trunk Roads I would again maintain a distinction between a laden and empty cart, for the former there can be no doubt cuts up a road four times more than an unladen vehicle.

15. The advantages of such a system are that the tax would be indirect and would fall on the consumer of the merchandise, and an easy mode of providing money for the maintenance of the important roads throughout the country would be secured. I have no data whereon to calculate the outturn of this tax in this district.

16. A Map, showing the various roads in this district on which I would propose to levy tolls, is enclosed.

ENCLOSURE No. 1.—Map.

Statement showing the probable Receipts under each head of taxation, referred to in the Local Fund Bill.

Items.	Class.	Description.	Rate	Amount.	Total amount.
			RS. A. P.	RS. A. P.	RS. A. P.
Tax on Houses.	1	Number of houses	150	5 0 0	750 0 0
	2	Do.	1,000	2 0 0	2,000 0 0
	3	Do.	2,453	1 0 0	2,453 0 0
	4	Do.	27,436	0 12 0	20,584 8 0
	5	Do.	100,000	0 8 0	50,000 0 0
	6	Do.	74,915	0 4 0	43,563 12 0
		1,09,074			1,23,291 4 0
Tax on Arts, Professions, Trades, and Callings.	1	Number of persons	11,250	5 0 0	56,250 0 0
	2	Do.	17,200	3 0 0	51,600 0 0
	3	Do.	24,000	2 0 0	48,000 0 0
	4	Do.	48,367	1 0 0	48,367 0 0
			1,00,817		
Tax on Marriage Ceremonies	1	Number of marriages	2,000	1 0 0	2,000 0 0
	2	Do.	1,000	2 0 0	2,000 0 0
	3	Do.	500	4 0 0	2,000 0 0
	4	Do.	250	10 0 0	2,500 0 0
	5	Do.	20	25 0 0	500 0 0
	6	Do.	10	50 0 0	500 0 0
	7	Do.	5	100 0 0	500 0 0
		3,785			10,000 0 0
Rates & Tolls.	No.				
	130	Four wheeled carriage on springs	0 4 0	32 8 0	
	720	Two do. do.	0 2 0	90 0 0	
	1,76,840	Jutka, hackery on springs, and carts drawn by men, buffaloes, bullocks, horses, ponies, asses or mules laden	0 2 0	22,105 0 0	
	58,300	Do. do. do., not laden	1 0	3,643 12 0	
	13,200	Buffaloe or bullock laden	0 0 3	206 4 0	
	8,410	Horse laden or ridden	0 1 0	525 10 0	
	2,430	Horse not laden or ridden	0 0 4	50 10 0	
	10,550	Pony or ass laden or ridden	0 0 3	305 7 6	
	80	Elephant	0 8 0	40 0 0	
	40	Camel	0 1 0	2 8 0	
					27,001 11 6
	Grand Total..				3,54,509 15 6

CHITTOOR,
23rd January 1871.(Signed) W. S. WHITESIDE,
Acting Collector.

From C. W. READE, Esq., Collector of South Arcot, to the Acting Secretary to the Board of Revenue, dated Panrooty, 6th January 1871, No. 2.

I beg to submit my remarks on the several points noticed in the Proceedings of the Madras Government, Public Department, under date the 28th October 1870, No. 1,389.

2. My opinion is that each Local Fund Circle should be coterminous with each Revenue Division of a district to be presided over by the Divisional Revenue Officers. Such division will fully satisfy the rate-payers, and it would be wholly impossible to form a Committee in every talook. As it is, there will ever be difficulty in selecting a Committee in a Revenue Division composed of two or three talooks. Any real interest or independent action on the part of non-official Native Members on any of the Committees is neither to be expected or looked for so far as this district is concerned. It will be many years before patriotism or philanthropy will animate the most enlightened of our rural population to act in concert for the general good, and so far as my experience goes, I do not hesitate to say that as regards the working of the Local Funds Bill

the non-official Members of the Committee will simply be nonentities; they will not, I fear, care to give their attention to such matters in which they will feel little or no interest, and in the majority of cases they will, for some time to come, be incompetent to do so. Of course, people of ordinary and simple intelligence may be found, and they may consent to take office as Members, but as to their having any opinion of their own, much less expressing it, or to their taking an real active interest in the objects of the Bill, I do not believe. It is the state of things in Municipalities where the Native Commissioners are, as a rule, wholly passive in the administration of Municipal affairs, although supposed to represent the most enlightened and intelligent portion of the Native community. What changes may be wrought in another ten or twenty years I will not venture to predict. I speak now only of the existing condition of things.

3. With regard to the question whether the duties of the Local Committees should be of an administrative character or consultative only, my opinion is, that if only consultative legislation is resorted to, and the Committees would be valueless and the Native Members simply useless, I approve then of the original intention of the Bill to constitute the Committees an Administrative body with powers of control over the funds actually raised within their own Circles, with the proviso that where the Committee cannot agree, or where it is desired by the majority, all questions relating to the appropriation of funds be submitted for the Collector's final decision.

4. I unhesitatingly support the proposal that the basis of taxation should be the annual rent value of the land instead of the value of the ryots' share of the produce. The difficulties and annoyances incidental to carrying out the latter system will be sufficiently obvious to every experienced officer, and would lead to endless vexation and inquisitorial oppression.

5. In regard to the incidence of the tax on Zemindaries, my opinion is not required, as my district is entirely Ryotwary, with the exception of one or two petty Polygars, and who will be treated as large ryots, and the contributions from them can be readily levied. I submit a rough estimate of the probable receipts under each head from the taxes under the proposed Bill, showing also the estimated tax to be derived from houses on the non-agricultural classes. Possibly both should be taxed, as there are in towns many who have neither shop nor trade, but still if a general house-tax be adopted, it will perhaps meet all that is wanted.

6. The question of tolls has its difficulties, and I am myself opposed to tolls in principle; but if it is to be, to avoid any great oppression in its operation, I think that one payment of a toll in a district on the occasion of each journey should exempt the same cart or vehicle from all further payments at other toll-gates within the same district, excepting perhaps the head-quarter station or capital town of such district; and by introducing a system of toll tickets this may be easily arranged, and a ticket where the toll is paid should cover the return of the same conveyance, or cart if empty, provided that such return be within ten or fifteen days, but if laden on return, the cart or conveyance should again pay the toll once at the first toll-gate after departure for the return journey, receiving a ticket which should in like manner clear all other toll-gates in the same district for the space of ten days from date of issue.

7. Any way my opinion is that toll-gates should be as few as possible, for though it may be true that the tax is an indirect one in the case of carts laden with grain and goods, and that the tolls really only affect the consumer, yet it is a sort of revival of the old transit duties which were so distasteful as well as oppressive, and which met with such universal condemnation at the time of their abolition. We also know that Turnpike tolls are out of date, and the policy of introducing into India a system which has only so recently ceased in England and other countries, seems to me very doubtful. But if tolls are insisted on, although I scarcely think under my modified proposals they will form a very considerable item of the Local Fund taxes in the several circles, then I would suggest, that they be only established at Cusbah towns of talooks and at those other places which I have named in margin.

Cuddalore	... Cusbah.	Kullacoorchy	... Cusbah.
Tindivanam	... do.	Chellamburam	... do.
Villapooram	... do.	Virdachellum	... do.
Trinnomallay	... do.	Oelndoorpett	... do.
Trikalore	... do.	Panrooty	... do.

* These are large and important places, Panrooty especially, and both are on high roads with extensive cart traffic to and from all parts passing through besides their own local trade.

8. It will be seen by the map of the district that traversing between Chinnai Salem or Chengam, the most western parts of the district, and Cuddalore, there will be no less than three toll-gates through which all traffic will have to pass before reaching the capital town, and thus there would be 8 Annas to pay in the case of all two-wheeled conveyance before the latter could be reached, and so likewise regard to the extensive traffic on the great main lines; for example, from Combaconam to Madras on No. 9 Trunk Road, there would be three places, as noted in the

Punroottu.
Villapuram.
Tadevalam.

margin, whereat tolls would be payable in this district; besides the tolls leviable in Tanjore before quitting its limits, and between Trichinopoly and Madras; tolls would also be leviable in South Arcot at the three places marginally noted besides the Turnpike gates to be passed in other districts; consequently unless the issue of tickets be adopted and one in each district be permitted to cover all other gates in the same district, the system would be felt very oppressive; but if some modification such as I have suggested be authorized, I do not think the rates set down in the Schedule to the Bill need any revision. It seems to me that if there be any tax at all, it matters little whether it be two pias or two annas; the object is revenue, and the grievance consists as much in the stoppage and consequent annoyance as in the actual payment of the tax. I have already said that, for myself, I am opposed to tolls on principle, but if they are to be, let them be worth having without being actually oppressive, and thus in some measure be a set off against the outcry and discontent they are likely to create for some time to come.

9. Having replied to all the points to which my attention was particularly directed, and having as well commented on the Bill generally in a former letter, I desire to state that my views respecting its working have undergone a considerable change since I first perused the draft, and apart from the objections to the Bill as amended, my experience inclines me to believe that however theoretically good, the measure is premature, and that so far as inducing in the people an active and co-operative interest in local administration, it will prove an utter failure. It will be very much the Municipality over again; a few Europeans with, possibly, the assistance of a Native Member here and there, will do the entire work, and the rest will take neither care nor interest in it, while the probability is that privately, and in their own social circles, they will cordially detest the whole measure. It is so, I am very sure, in regard to Municipal Institutions. I believe myself that the Members of the Board are, as a rule, the greatest opponents of Municipal action. It is contrary to the genius and habits of the people, while nothing will reconcile the Native mind to taxation. Were it not that the Collector of each district was the presiding and ruling voice, and that a few other European officials aided him, my conviction is, that every Municipality in the country would soon crumble to pieces and would be a complete failure, and equally so with the present proposed Local Fund Committees. The officials will do everything, and the interest and concern of the Native members will simply be nil, and the administration of their own affairs and the management and control of the local taxes by the people will be a fiction, not a reality. Thus the Officers of Government will have to bear the entire burden, while the Native members will be mere passive spectators, and, possibly, silent and secret obstructors of all that goes on in their name. I am speaking of course of the interior of the country, not of large Commercial Towns or Cities where genius and enterprize may be found. In such places there are stimulants ever at hand to incite to active co-operation with Europeans for the public weal, but these are wholly wanting and unknown in districts amongst the rural population, and it is these stimulants that are as much needed to stir up in individuals an interest for the common good as the mere intelligence and capability for such work. Until therefore civilization and education have spread themselves more generally over the country, and the people have learnt self-dependence and the power and value of unity of action for the common weal, it is hopeless to anticipate any practical results such as many are sanguine of, and many more (including myself) would like to see from the measure now under consideration. It will, I think, be found that the Bill is a mere transfer to a body corporate in name only of that labour and responsibility which

will wholly fall on one or two European officers of Government, who would do the work better and with greater ease probably had they not been cumbered and fettered with the complicated machinery supplied by the Bill.

10. With corporate bodies there is no fixed responsibility, and consequently seldom any great vitality, and especially is this the case in a country like India; but where individual responsibility exists, corresponding energy and interest will invariably be displayed, and I think myself that the time has hardly yet come for the multiplication of these corporate and irresponsible bodies, and however attractive in name, they will, I fear, be found useless for any practical purposes for many years to come.

11. I submit copies of two letters on the subject of the proposed Bill by two very able Native Deputy-Collectors, Varada Charry and Sreebaniah, and though it will be seen that I am altogether agreed with them, in the main there is no great difference in our views on an essential point. In giving my unqualified opinion on the incapability of Natives in the interior to serve independently on the contemplated Committee, it is no argument against the latter being entrusted with administrative instead of merely consultative functions. There will be officers in each circle fully competent to control and direct, notwithstanding the Native members may have little real voice in their deliberations, and while so, it seems to me only hampering the executive unnecessarily to render these Committees simply consultative, and the delay thus involved will oftentimes be very great; so that apart from the inefficiency of the Native members the Committee in itself may be quite able to do what is required of them as an administrative body.

12. It will be seen that both Deputy-Collectors advocate that the basis of the land-tax should be the Government assessment and not the ryots' share of the produce. It is not merely that the latter mode is open to inquisitorial and oppressive action on the part of those entrusted with ascertaining what that produce is, but in a ryotwary district there will be endless contentions and fightings between the masses of the agriculturists and the petty servants of Government, and complaints and grievances would be unceasing, while in the simple method of adopting the land assessment as the basis of the tax, all such collision is avoided, and it is the principle on which the present Road Cess is now collected and which is quite understood and cheerfully acquiesced in.

13. Presuming the Bill is to pass into law, the taxes as proposed by me, and which I recapitulate in the margin, with the respective amounts, are all I would recommend for present adoption, and the aggregate revenue so to be obtained gives a very respectable and considerable result, and if properly utilised, there can be no doubt that although at first opposition and annoyance may be made

	Rs.
Road Cess	2,35,808
Tax on houses ..	69,565
Tolls	11,500
	3,16,873

and felt, if not openly expressed, there will ultimately reconcile the people especially when they find that they themselves reap an immediate and material benefit, as under proper administration will no doubt be the case.

14. I quite think that education should for the present be left out of the calculation of outlay from these funds, but it may be practicable after two or three years to extend their expenditure on education, as by that time many improvements will have been completed so as to render available a portion of the funds for other purposes, and there can be no question that year by year there is a growing desire to have education more extensively diffused by the establishment of Talook and Village Schools; and if the subject be taken up by the several Committees, they may be in a position within a couple of years to see their way more clearly and then to appropriate grants-in-aid of education in their respective circles; but until a little experience has been gained as to income and outlay, it will be well not to insist on the promotion of too many objects, and if attention at first be restricted to communications and sanitation and other physical improvements of the country, it will be as much as the Committees will be able to accomplish.

ENCLOSURE No. 1.

Abstract Estimate of Receipts from the sources of taxation provided for in the Local Fund Bill.

Items.	Amount.	Total.	Remarks.
rs.	rs.		
Road Cess Demand of Fusly 1279 on lands held under all tenures at 6 pies in the Rupee	1,17,904		* This estimate is framed on the Road Cess demand of Fusly 1279 at the rate of six pies in the Rupee. This has been doubled agreeably to the provisions of the Bill, and gives this result as the receipts for land rates.
Amount doubled being the cess under the new Bill at one Anna in Rupee		2,35,808	
<i>Tax on houses.</i>			Note.—My opinion is that the rate of one Anna per Rupee is excessive, and I should prefer that it be retained at half Anna as at present.
† Terraced houses falling in the 1st Class	200		
Do. 2nd Class.	666		† In the Bill, houses are classified into six classes, the highest rate being 5 Rupees and the lowest four Annas per annum. The Bill does not explain the principle on which the classification is to be made, and on this subject I would refer the Council to the views expressed by Varada Charry, the Deputy-Collector, whose report is attached. This estimate is not likely to be far out. By far the largest number of tiled and thatched houses fall in the 4th and 6th classes, respectively taxed at 1 Rupee and 4 Annas per year, and this will not I think prove oppressive.
Tiled houses falling in 3rd Class	6,000		
Do. 4th Class.	12,417		‡ In regard to the tolls, I think myself this estimate is rather below than above what the actuals will be; but there are the establishments to provide for at each gate and toll-bars, and huts to be constructed, so that with this expense set off the yield of the tax from this source will be comparatively very small and possibly may hardly justify the institution of a Toll tax at all.
Thatched houses falling in 5th Class	17,000		
Do. 6th Class.	33,282		§ I have omitted all calculations under these two heads in the belief that it is not intended to tax Carts, Trades, etc., in addition to houses, and as regards marriage ceremonies, that it is not to be an item of taxation at least for the present.
	1,82,899	69,565	
<i>Tolls.</i>			
† Punrootty	2,000		
Tindevanum	1,500		
Oolundoorpett	2,000		
Chellumbrum	1,000		
Villapuram	1,000		
Trinomall	1,000		
Kullacoorchy	1,000		
Virdachellum	1,000		
Trikkalore	1,000		
		11,500	
§ 1. Tax on Arts, Professions, Trades and Callings		3,16,873	
2. Tax on Marriage Ceremonies..			

(Signed) C. W. READE,
Collector.

ENCLOSURE No. 2.

Talookwar Estimate of Receipts from the sources of taxation provided for in the Local Fund Bill.

Talooks.	Land Rates.	HOUSE TAX.	Tolls.	Total.
		Number of Houses.	Amount.	
	rs.		rs.	rs.
<i>Collector's Division.</i>				
Cuddalore	30,434	23,192	11,001	43,435
Punrootty			2,000	
<i>Sub-Collector's Division.</i>				
Chellumbrum	46,064	29,155	16,396	63,460
Virdachellum	26,580	20,390	6,963	34,543
Kullacurchy	23,506	18,836	5,799	30,305
<i>Head Assistant Collector's Division.</i>				
Tindevanum	33,038	22,644	7,611	42,149
Villapuram	35,094	23,271	10,451	46,545
<i>Deputy-Collector on general duty.</i>				
Trinomallay	16,834	15,245	5,196	23,030
Trikkalore	24,258	19,076	6,148	33,406
Oolundoorpett			2,000	
Total	2,35,808	1,82,809	69,565	3,16,873

(Signed) C. W. READE,
Collector.

ENCLOSURE No. 3.

From P. VARDA CHARRY, Deputy-Collector in charge of Treasury, to the Collector of South Arcot, dated Cuddalore, 9th December 1870, No. 19.

WITH reference to the Proceedings of Government, dated 28th October last, No. 1,389, copy of which you were pleased to send to me for an expression of my views on the points therein noticed, I have the honour to state, that I have carefully considered the several provisions of the amended Local Funds Bill and the points to which attention has been specially directed, and proceed to offer the following remarks.

2. First, as regards the Local Fund Circles, the Bill as now amended provides for each Revenue Talook being constituted a separate circle, and the reason for this important alteration in the original Bill is the localization of the expenditure to the talooks where the funds are raised. The object is no doubt very important as being calculated to satisfy the rate-payer, and should, therefore, never be lost sight of, and it appears to me therefore that any arrangement under which this object can be secured, and the practical inconveniences incidental to petty talook circles can be avoided or reduced to a minimum, is decidedly the best. With this view, I would recommend that each Revenue Division of the district be constituted into a circle with a Committee having the Chief Revenue Officer in charge of the division as its President, and the principal educational and Public Works Officer associated with him as Members of the official element. Thus there

There will be as many Local Fund Circles as there are Revenue Divisions in the district, and if the Collector happens to be in Revenue charge of a talook or talooks, that tract will form a separate circle with a Committee having the Collector for its President. This arrangement has one great advantage, namely, that every Circle Committee will have a European Officer or a Native Deputy-Collector of superior intelligence to preside over it. It will also be easier to find tolerably competent men to serve in these Division Committees than in Talook Committees, the field for selection being larger in one case than in the other.

3. It should be the duty of the several Local Committees thus constituted, on being furnished with a statement of the funds available, to estimate carefully the requirements of their divisions or circles both in respect to roads and education, and to submit their estimates to the Collector. The Collector shall have no power to interfere or meddle with the proposals of the Local Committees except where the cost of their proposals may exceed the funds available, but shall simply consolidate the several estimates and forward one for the whole district with the several circles separately shown. The powers of the Committees should not in this respect be restricted, for I have no doubt that so far the arrangement will work well, inasmuch as there will be in each of these Committees, the principal Revenue Officer of the division and the principal Officers of the Educational and Public Works Department, all men of position, possessing some influence among the people and the non-official members, and therefore all proposals emanating from the official members, if really calculated to promote public good, will meet with ready support from the non-official members. I find from paragraph 5 of the report of the Select Committee that it is intended to concede to the Local Committees the power above described, as also the right to criticise the proceedings of the executive and to pass remarks on the work done by them. Ordinarily these powers are, in my opinion, quite enough to enable the Committees to exercise a salutary check over the operations of the Fund, and I do not understand what further powers it is proposed to confer on them. If it is intended that every order regarding the management of the Fund should emanate from them, and that all the business connected with it should be transacted in their meetings, it is necessary that they should meet for this purpose at least once a month; but from my experience of what I have known of the Municipal meetings at the station, I may safely assert that the non-official members will never find it convenient to attend as often as may be required, and several of the gentlemen who may be selected to serve in these Committees, being generally devoid of all public spirit, may not have the leisure to attend the meetings. It will thus be often difficult to secure a quorum in these meetings, and business must come to a standstill. When, however, men may be found to serve in these Committees who are likely to take an active interest in the business, and if the President is satisfied that public interests are not likely to suffer at their hands, he should be at liberty to recommend to Government that such Committees should be invested with administrative powers, and the Government should in all such cases concede the powers. Sections should be introduced in the Bill permitting the President of any Local Committee in such exceptional cases to recommend his Committee for the investiture of administrative powers and for enabling the Government to concede and withdraw these powers.

4. I quite concur with the views expressed in paragraph 4 of the Government Order, as to the simplicity of adopting the assessment payable to Government as the rent-value of lands for fixing the cess. There are insuperable difficulties in the way of ascertaining the quantity of produce unless the Village Curnum is required to keep produce accounts in addition to other accounts kept by him, but such an account not being susceptible of examination or check except at the time of harvest, when it is prepared, which is impracticable, it can't be relied upon as affording any trustworthy information for fixing the rate, and any attempt to prepare such an account or to make it the basis of taxation will be simply opening a door for fraud and oppression. The assessment payable to Government is, therefore, for all practical purposes, the best datum to go upon in the case of Ryotwar lands, while in regard to lands held on other tenures also, the provisions of the Bill for determining the rent-value appear to be extremely judicious. I question, however, the

propriety of Zemindars being compelled to contribute a moiety of the cess payable for their estates; the provision in the Bill enabling them to recover from their tenants only one-half of the cess payable for the lands held by those tenants, the other half being intended to be a tax on the Zemindars or landholder's share of the produce. In the case of Ryotwar lands, the Government, occupying the position of landholders and receiving the landlord's share of the produce, do not contribute any portion of the cess but the whole burden falls upon the ryots, and therefore, arguing by analogy, it appears that the Zemindars should be exempted from contributing a moiety in respect to the lands in their estates in the same way as Government are in respect of Ryotwar lands. There is, however, an important consideration, viz., that the ryots in Zemindary estates are generally much poorer and less fortunate than those in Government villages, and therefore, as a relief to those poor ryots, it is fair that their burden should be lightened by compelling the Zemindars to pay the other moiety of the cess.

5. As regards the inquiry in paragraph 6, as to whether a house-tax or a tax on trades is preferable, I confess I don't quite understand as to how the tax on trades is to be imposed; Schedule B. contains the rates of taxation for the different classes, and Section 64 requires the Revenue Officers to determine under which of the classes mentioned in the Schedule, every person liable to be taxed shall be classed. It does not appear how this classification is to be made, whether all persons exercising a particular trade or calling, no matter how their profits may vary, are to be placed in a particular class and taxed accordingly, or whether different persons though practising the same trade are to be classified according to the income or amount of profits derived by them. The former is most probably what was intended, and if so, the classification of the different trades and calling should not be left to the Collector or other local officer, but should be made in the Bill itself to ensure uniformity in the same way as is done in the Towns Improvement Act. The incidence of the tax will, however, be unequal, as all persons exercising the same trade will fall in the same class though their profits may largely vary.

6. If the classification is to be made with reference to the income or profit, the tax will then be an Income-tax, but only under a different designation, and may affect the people who are already paying an Income-tax. Perhaps it is intended to restrict the incidence of this tax to those only who are not affected by the Income-tax, and if so, a provision to this effect should be introduced in the Bill.

7. The house-tax is, in my opinion, preferable to the trades tax, because it is simpler and more equal in its incidence. I suppose the classification of the houses is to be made with reference to their rental valuations, and I would suggest that a provision to this effect be introduced in the Bill corresponding to a similar provision in the Towns Improvement Act.

(True Copy.)

(Signed) C. W. READE,

Collector.

ENCLOSURE No. 4.

From C. SREEBALIAH, Deputy-Collector, General Duties, to the Collector of South Arcot, dated Trinomallay, 12th December 1870, No. 407.

As desired in your requisition at the foot of the Proceedings of Government, No. 210, dated 28th October 1870, Public Department, I have the honour to report as follows.

2. As regards the Local Fund Circle, paragraph 2, I am of opinion that each circle may be conterminous with the portion of the district in charge of a divisional officer. In this case there may not be much difficulty felt in obtaining competent men to serve on the Committee, and as the divisional officer is intimately acquainted with the requirements in the division, there need be no fear that the expenditure will not be localized or usefully employed.

3. As to the nature of the duties of the Local Committee, I am decidedly of opinion that they should be confined to advice and criticism. My proposition might look a strange one to a European or to the crude Native mind, but what I submit is the result of vast experience of Native character, after a free intercourse with the people high and low, rich and poor, educated and uneducated.

I have often been an anxious observer of the Native character as contrasted with that of the European. The least ill-feeling between two Natives on account of a matter purely private, is allowed to influence them in forming their opinion on a subject that concerns them as public men. Of course there are exceptions, but it must be admitted that up-country and in parts removed from the headquarters of the European officer, these exceptions are so few that it will be impossible to get men enough to serve on the Committee.

Our Municipalities should, I fear, most of them, have been a failure already, had it not been for the European element in them, and your own wide experience of the Native character, more especially in reference to the Municipal Commission, will no doubt have shown how little of concert and public good can be expected from purely Native Committees and entrusted with independent powers. I must submit that the success of the Municipalities ought not to be our criterion in calculating the prospective working of the Local Committees should they possess administrative powers. We have on the Municipal Commission the best of men available in the district. In the outlying portions of the district it will not be practicable to get equally educated and intelligent men.

The investiture of administrative powers might lead to embarrassments and in the end prove suicidal to the very existence of the Committee, and this induces me the more to deprecate the measure in the strongest terms.

4. In reference to paragraph of the order, I have to submit that the rule in levying the tax should be the same as in the case of the District Road Cess. If the estimated value of the ryots' share of the produce is to form the basis, it would certainly lead to inquisitorial inquiries, and experience has shown that the least opening given for inquiry or canvass leads to frauds and oppression, and the additional work thereby thrown on the Committee in investigating objections and so forth, would more than counterbalance the additions, if any, that may be obtained in the assessment. In regard to Inam lands, the Road Cess under the Act is calculated at the estimated profits instead of the land assessment, and I have heard of cases of over-assessment made in consequence of erroneous and fraudulent returns furnished by the Village Officers.

Such instances are doubtless rare as the major portion of the cess is levied on Aiyar lands; but if in the proposed law the alteration as recommended be made, it may lead to enormous number of complaints, since in each of several thousands of assessments an inquiry will have to be instituted before any assessment could be made.

5. As regards paragraph 6 of the order, I have to submit that the returns to which reference is necessary in framing estimates of probable receipts are not available in my office, and as the questions put in this paragraph may have to be considered once for the whole district, I have omitted to call for any report from talooks, or to consider which of the taxes proposed may be levied from the people.

(True Copy.)

(Signed) C. W. READE,
Collector.

From C. W. READE, Esq., Collector of South Arcot, to the Acting Secretary to the Board of Revenue, dated Cuddalore, 18th January 1871, No. 11.

In continuation of my report of the 6th instant, No. 2, I have the honour to forward, in original, a letter from my Sub-Collector, expressing his views on the proposed Local Funds' (amended) Bill.

ENCLOSURE No. 1.

From P. L. ROBERTS, Esq., Sub-Collector, to the Collector of South Arcot, dated Virdachellum, 16th January 1871, No. 12.

In reply to your foot-note to the Proceedings of Government, Public Department, dated 28th October 1870, No. 1,389, regarding the Local Funds' Bill, I have the honour to state that I consider the Circle Committees should be confined to talooks, and should have the same control over the

funds entrusted to them as Municipal Committees have; the Divisional Officer, occupying the place of a Collector in the Municipal Committee, and having a paid Secretary to assist him in the discharge of executive duties.

2. The funds granted to Circle Committees should not be large, and their duties should not be too widely extended at first. They should have a grant of say 5,000 Rupees from the District Committee, which latter should look after the roads, etc., as is now done by the Collectors.

3. The Talook Committee should have the Talook schools, dispensaries, gardens, and general conservancy to attend to, and with regard to extra taxation they should not have any claim to road cess or tolls, but they should have a right to the proceeds of any tax on houses or trades, or other tax of the like nature.

4. I beg to recommend, instead of the last proposed taxes, a tax of one Anna a head on all large and small cattle, pigs, and dogs. Including cows, buffaloes, sheep, and goats, the number of cattle would amount to about 60,000, which, with dogs and pigs, would perhaps give a total of 64,000. At an Anna a head 4,000 Rupees would be realised, and a tax of 1 Rupee a shop would give another 1,000 Rupees. This would raise the total funds of the talook to 10,000 Rupees, sufficient for a commencement.

5. As to taxing cattle they feed gratis on Government waste and might well be charged for the permission to do so. Dogs and pigs are a nuisance generally and there can be no objection to taxing them. On some classes of animals a rate of two or three Annas a head might be levied if thought necessary.

6. Instead of giving 5,000 Rupees to each Talook Committee it might be advisable to make a grant of one-fifth of the total proceeds of the road cess, etc., exclusive of house or cattle rate. The remaining four-fifths of the road cess should belong to the District Committee, who could from time to time make over any particular roads and extra grants of money to the Zillah Committees.

7. With regard to new toll gates I think two might be set up in Chidamberam Talook, one at the Shetiatope ancient and bridge and the other at the northern entrance to Chidamberam. I think 4,000 Rupees might be obtained at each gate. A gate might be placed at the northern entrance of Virdachellam and another at the northern entrance of Mangalampet. Each would produce about 2,000 Rupees annually.

8. A fifth gate might be placed at Tiaga Durg in Callakurchi Talook and might produce 4,000 Rupees annually. The total proceeds of tolls, therefore, in three talooks would be about 16,000 Rupees, but of course I cannot be certain of the amount. The above is a rough estimate on the rates mentioned in the Bill.

From W. M. CADELL, Esq., Officiating Collector of Tanjore, to the Acting Secretary to the Board of Revenue, dated Vallam, 11th January 1871, No. 7.

With reference to the Proceedings of Government, Public Department, under date the 28th October last, No. 1,389, calling upon me for an opinion on the Local Funds Bill, as amended by the Select Committee, and directing that my opinion on the several questions therein referred to be forwarded through the Board, I have the honour to submit the following observations—

2. First, with regard to the question as to what should constitute a Local Fund Circle and whether it should be coterminous with a Revenue Talook or not, I am inclined to the opinion that the Local Fund Circle should be coterminous with the district, and that there should be a General Committee for the whole district, or if deemed necessary, two Committees, one for Roads and other Public Works, and one for Education; and that there should be Sub-Committees for each of these in each talook, and which Sub-Committees should have a right to be represented on the General Committee. This system has the advantage at least of simplicity and of the use of terms which are known and familiar to the people, and to many of whom the term Circle would be wholly a myth. Then as to the localization of expenditure, I am inclined to think that, as a rule, the funds raised in one talook should be expended only in that talook, but that the General Committee or a majority thereof, should have the power of making exceptions to this rule, and of

proportioning the expenditure on any particular works which might benefit one or more talooks in such way as they might deem best. In Tanjore, there would be no difficulty in selecting a sufficient number of suitable persons to serve as such Committees and Sub-Committees.

3. *Power of the Committee.*—If the gradual introduction of self Government is, as would seem to be, the object of the Bill, I am very strongly of opinion that the General Committee ought to have full control over the funds raised in the district, and that the interference of Government might be restricted to a general control over these funds, and to see that the limits prescribed by the Act are not exceeded or the funds appropriated to other purposes than that for which they were intended. I would suggest that the General Committee should meet at least once a year for the consideration and preparation of the annual budget; that the Sub-Committees or their representatives should be then present, and that the Government should reserve to itself the power of vetoing or disallowing such works in the Budget and which would be submitted for their sanction, as might be deemed unnecessary and inexpedient.

4. If the administration of the Local Funds is thus vested with the people themselves, I think there can be but little doubt they will gradually be induced to take an interest in these matters by seeing that power, and not mere semblance of it, is really being entrusted to them. Hitherto, except in one or two instances, (as in Trichinopoly) it has been very difficult to get the non-official members on Municipalities to believe that they are intended themselves to take a share in Local administration, but if their powers are, as has been recommended, confined to advice and criticism, the people will, I think, conclude and with some reason, that their powers are a mere sham.

5. As remarked by the Sub-Collector, Mr. Stokes, it is not necessary to pass a law to enable opinion to be expressed, and it is highly improbable that advice or criticism of any value would be offered if there were no need of attending to it.

6. *Mode of assessment.*—I most fully agree in the reasons assigned by the Select Committee and concurred in by Government, that in the case of Ryotwary lands, the assessment payable to Government should be taken to be the annual rent value of such lands for the purposes of the Act; I would, however, suggest that in the case of Inam lands, the rent value should be calculated on the same data, and which there would not be the slightest difficulty in doing, inasmuch as the quit-rent, has been calculated on such valuation. The opinion generally readily accepted is, that because the Inams are either wholly exempt from the payment of land assessment to Government or are only liable to a light quit-rent, the lucky holders should bear a larger proportion of other taxes, but if this principle were to be acted upon in the case of every tax, Local or Imperial, the tax-free tenure of Inam lands and recent guarantees of the Inam settlement become a myth, and the grants made by the former rulers of the country (and which it is the professed policy of the Government to respect) become a resource to fall back upon, when it is found necessary to raise funds either for Local or Imperial purposes.

7. The same principle applies to Zemindaries, but there will be some difficulty in applying the same rule to them, since there is nothing to show what the assessment payable to Government would be, if the lands were held on Ryotwary tenure. The only proper course I apprehend is to apply the standard commutation rate of Ryotwary assessment, obtaining in the neighbourhood of the Zemindar's share of the produce which is generally paid in kind and always ascertainable.

8. *Taxes on houses.*—As regards the proposed tax upon houses, I am strongly of opinion that as respects this district, there is no necessity for its imposition as well as for the other taxes provided for in the Bill; it is true that the levying of one or any of these taxes is only permissive, but in the absence of any proved necessity, it seems to me highly undesirable even to have a host of taxes impending or held in threatening as it were over the heads of the people, and which may, at any time, be enforced. Recent enactments, as the Registration Act, the Stamp Act, and lastly the Imperial Income Tax Act, have added not a little to the burdens of the people, and looking further to the very rapid decline which has taken place in the price of all agricultural products

and to the prospect of still further falling off, consequent on the largely increased output of the grain crops in Burmah and other Provinces, I cannot, but think, this is not the time to add to their burdens.

9. As to the House-tax, after deducting the houses in the five Municipalities in the district, and those owned by persons paying the rate on land, the number of houses liable to the tax will be comparatively small, and the task of levying a tax on them on any thing like fair valuation, would be attended with much difficulty and vexation. The results would, I think, be also scarcely commensurate with the labour involved; if, however, the Government have determined to adhere to the tax, I beg to state that the probable receipts may be estimated at about Rupees 43,836.

10. The above remarks apply equally to the tax on trades and professions; skilled labour is for the most part to be found in towns and where the artisans are, taxed under the Municipal Act, and looking to the low standard of development in which the Industrial Arts generally are in India, and further to the depressed state of some formerly flourishing branches of manufacture, e.g., the weaving trade, it seems to me inexpedient to discourage and impede their further development by taxation. But even if the tax be imposed, it would fall eventually on the landholders, as artisans living out of towns are for the most part either tenants or labourers of the neighbouring landholders and are dependent on them for their livelihood. If however imposed, I calculate the tax would realize about Rupees 26,589.

11. *Tax on marriages.*—With regard to the proposed tax on marriages, a very general impression seems to exist that it is not intended to proceed further with this mode of taxation; I would, however, say that so far as my experience goes, there is no tax which would be more unpopular or more revolting to the feelings of the people. It is a mistake, I think, to suppose that with the people generally there is a large amount of money squandered on marriages and other such like occasions. No doubt in Madras and other large towns, there are some rich natives who, for the sake of ostentation, do spend and that unnecessarily, large sums on domestic and other festive occasions, but with the people generally it is, I think, felt that the unavoidable expenses of marriage ceremonies, and which they, by long established custom as well as by the rules of religion, deem to be necessary, press very heavily on their resources, and are often with many the cause of serious future embarrassment. In the midst of this pressure, to add to the same by the presence of the tax-gatherer with the power to inquire into and scrutinize the details of expenditure on a ceremony of this nature, would be indeed galling and productive of much uneasiness and discontent. I trust, therefore, that recourse to this mode of taxation will not be persisted in, but as I have been directed to submit an estimate of what the results might be, I may state the receipts may be on a rough calculation set down at about 22,000 Rupees.

12. *Tolls.*—Lastly as regards tolls on carriages and animals, I would very strongly urge that where, as in Tanjore, there are no less than five municipalities, and as there are already five or six tolls at each of these places, it is very undesirable to add to their number; if it is, however, determined to resort also to this mode of taxation, I enclose a list of the places where tolls might be levied, together with a map (sent separately) of the district, as directed. The income to be derived from this source it is very difficult to ascertain, and in the absence of any reliable data, I have some hesitation even in naming an amount, speaking however, very roughly, it may be estimated at Rupees 26,000. In conclusion, I would beg very respectfully to solicit the consideration of the Government and of the Board, as to whether in the case of this district, there is any necessity to have recourse to an increase of taxation. It will, I think, be admitted that Tanjore contributes at least her share to the Imperial Revenues, and when regard is had to the large amount of contributions which have been of late years raised for Dispensaries and other local Institutions, I venture to think that nothing more is at present required.

13. As regards communications, we have already quite as many roads as we require and as we can keep in order, and the great desideratum in this respect now is to see that the money raised for this purpose is economically and efficiently spent. The receipts from the present road-tax at the rate of $\frac{1}{4}$ Anna the rupee are about 1½ lacs, and if raised to the rate of 1 Anna per

rupee, would amount to 3½ paces; this sum if economically and wisely administered would be ample, not only to keep our communications in excellent order, but also for the establishment of such elementary schools as may be required.

14. The Provincial College at Combacanum, the large and flourishing Mission Schools at Tanjore, Negapattinam, Mannargudi and other stations, together with the schools now attached to all the larger ^{landed} ~~landed~~ ^{estates} belonging to the Estate of His Highness the late Rajah, go a long way to meet the educational wants of the district, and can gradually be supplemented hereafter, as occasion may require.

15. As regards Dispensaries, we have no less than five principal ones, fully endowed or supported by voluntary monthly subscriptions, and attached to the several chattrams; we have again smaller Dispensaries duly supplied with medicines and persons competent to administer to them.

16. I venture therefore to think it may be concluded that no further local taxation is at present required as regards this district, but if the Government should deem fit to raise the road cess to 1 Anna in the rupee, and leave the distribution and management thereof to the General Committee, no additional taxation would be necessary for many years to come.

17. I beg to annex a copy of Mr. Stoke's opinion on the bill.

ENCLOSURE No. 1.

From H. J. STOKES, Esq., Acting Sub-Collector, to the Acting Collector of Tanjore, dated Negapatnam, 21st December 1870, No. 477.

With reference to your endorsement No. 649, dated 4th November 1870, calling for my opinion generally on the Local Funds Bill, as well as on the points specially referred to by Government in their Proceedings, I have the honour to reply as follows—

2. The first and most important question to be settled is, whether this is an opportune time to impose this tax or not? No one doubts that a great deal of bitterness exist at present among the people, caused by recent fiscal measures, the Income Tax, Stamp Act, Registration Act, and taxes for Municipal purposes. Is it politic to add to and confirm the general uneasiness by a measure so very comprehensive in its scope of taxation as the bill under report? If it was confined only to adding ½ an Anna to every rupee of the rent of the land, it would be less open to objection; as the land-holders in this district at least, are aware that the rates they pay are liable to revision. But including House-tax, Marriage-tax, Arts, Professions, Trades and Callings-tax, and Tolls in addition to the ½ Anna, the bill appears to bring such a shower of demands all at once on a people who are already complaining of over-taxation, that hesitation in setting its machinery in motion, could hardly be objected to as timid.

3. These considerations have further force when it is remembered that prices are falling rapidly all over the country, and notably in this district. Last year, the average rate of retail sales of paddy was Rupees 1-4-6½ per Tanjore Kalam, and the year before Rupees 1-3-11½; these high rates having been the rule for the last ten or twelve years. In 1866-67, they rose to Rupees 1-8-4½. This year a steady fall has set in, and cannot yet be said to have reached its limit, although Kar paddy is now selling in parts of this division at 10 Annas. This price nearly approaches the fixed commutation rate (Rupees 0-7-8½). It is obvious that every fall in price, and closer approximation to the commutation rate, make it more difficult for the cultivators to meet the Government demand, and less expedient to increase their burdens. Indeed even now there is fear that it will need considerable pressure to realize the current year's collections.

4. The whole question of Local Funds raised on land is, a question of finance. The land revenue should be in a great measure a Local Fund; and if it were levied to its fullest possible extent throughout the country, and divided as it ought to be with reference to Imperial and Local needs, and control over part of it given to the Local Government, the subterfuge of calling an increase of it a Local Fund would not have to be resorted to. Even where such funds are now being raised (as in Bombay), I do not see what guarantee the Local Government has that the Government of India will not insist on including the extra amount levied as Local Fund in the Imperial

demand, whenever a revision of assessment takes place. The disposition to do this indirectly has already been shown by the handing over of Imperial roads to the Local Funds Committees. These roads designed on a scale far more ambitious than could be attempted with only Local Funds, threaten in some instances to be a very serious drain on their resources. It may be expected that many other expenses hitherto borne by the Imperial Treasury will be similarly shifted; and this being the case, I do not consider that the time has come for introducing a Local Fund until the local public can be assured by sufficient guarantees that their forced subscriptions will be expended on supplying what are truly local wants, and not on relieving the embarrassments of the Government of India.

5. If, however, such a guarantee could be obtained, and it were shown that the Land-tax could bear another ½ Anna throughout the Presidency, as I am inclined to think it could, and if the taxation were simplified, being confined to the ½ Anna, and tolls, I should willingly advocate its imposition. It is the complication of the House-tax and Profession-tax, and Marriage-tax that will make the Bill, if passed, odious to the people. If these were omitted, the crying needs of the country, particularly from the absence of elementary education, are sufficient almost to compel resort to the simpler forms of taxation.

6. In my opinion, each Local Fund Circle should be a District and not a Talook. Separate Budgets, separate Accounts for each circle, if a circle is a talook, will give rise to excessive difficulty and complication. There can be no objection, if the Committee system be adopted, to having separate Sub-Committees to send up proposals for each talook, in order to their adoption or rejection by the Central Committee, which should alone have the power of controlling the expenditure and appropriation of the fund. Of course each Talook Sub-Committee will endeavour to get as much for itself as it can, and so the Central Committee will have the requirements of each put before it in the strongest way. It would cripple the operations of a Central Committee very much if their expenditure were limited in each talook by the rates raised therein. A first object should be, I think, to simplify the administration as much as possible; and in that view the District circle is far preferable to the Talook.

7. If Committees are appointed, as I think they should be, it seems almost absurd to limit their legal powers to advise and criticism to be followed or not, and published or not, as the President thinks proper. Surely it is not necessary to pass a law to enable opinions to be expressed, and it is highly improbable that advice or criticism of any value would be offered if there was no need of attending to it. Why the powers of Committees should be limited, I do not understand. It cannot be because it was feared that they would be likely to abuse them by inconvenient activity; for the difficulty hitherto has always been to set Committees to take sufficient interest in public affairs. The only real objection to Committees is that they are a sham. But that would point to their total abolition, not to a limitation of their powers which would make it more difficult, nay impossible, for them to become genuine. The experience gained from Municipalities seems to show that in course of time, the Native non-official members will learn to take an active part in the discharge of their functions. At present, while few or no cases of obstructive use of their powers by a Native majority of a Municipal Committee could be shown, every officer who has conducted the business of a Municipality will be ready to acknowledge the assistance he has received from their acquaintance with the town and readiness to give their aid in miscellaneous out-door work. I would propose that the Central Committee should belong to it, and that all propositions by members of Municipal Committees; that the funds should belong to it, and that all propositions laid before it should be decided by the majority of votes. Only one meeting in the year will be absolutely necessary, viz. that to discuss the Budget Estimate. The President who is in the meantime to manage, might have power to call others; and the same power might be vested in any two or three members. But the vote of a majority should be final, and even Government should not retain the power of directing a work to be undertaken that had been vetoed, or forbidding one that had been voted, provided always the Committee had kept within the law. All that need be done by legislation is the legalization of such a body, and its endowment with power of voting the

appropriation of funds. I do not see the necessity of closely defining and restricting its powers. The task might well be left to the Executive, as the institution gradually develops and its requirements become better known.

8. If the object were to raise as much money as possible at all risks, no doubt it would be better to take the estimated money value of the ryot's share of the produce (an exceedingly difficult estimate to make) as the basis of taxation. It would yield more than the existing arrangement, but would be highly unpopular; and variable with every change of price.

9. I am unable to understand why the Zemindars should not pay the whole of the cess due on the estimated rental of their estates. Their tenants already hold their land on harder terms than Government ryots. If the Zemindars are allowed by law to recover half the cess from their tenants, it is to be expected that in most instances they will find out how to recover all. The Zemindars enjoy the Government share and the Landlord's share; and it is hard to see why the duty of paying for the improvements on their estates, should be thrust on their tenants.

10. The questions of taxing the non-agricultural and agricultural classes depend on such different considerations, that it is difficult to discuss them together. I am of opinion that the non-agricultural classes in rural districts should not be taxed directly; and that the agricultural might bear an increase of the rent they pay. While roads and other agricultural improvements chiefly benefit cultivators, schools will benefit both. But while the former might fitly be paid for wholly out of the rent of the soil, the latter are not in the same position; they should be supported by all classes, and by a rate levied on different principles. It will, however, probably not be thought necessary to go into distinctions of this nature; and the question will be asked if, as schools must be established, the non-agricultural population is to have them for nothing? I would reply that tolls on the traffic on roads fall quite as much on the traders as on the farmers, and would furnish a proper fund for the advance of education. These tolls and the Anna cess are, I think, the sources from which it would be advisable to draw a Local Fund; and they will yield sufficient to start with, provided no attempt be made to undertake suddenly the miscellaneous duties enumerated in Clause III, paragraph 25 of the Bill.

11. Section 29 places the disposal of the Local Fund without reserve in the hands of the Governor in Council. This provision is by no means calculated to encourage the growth of local self Government.

12. I do not think that it is necessary for me to go through the sections of the Bill one by one, as they have been already abundantly criticised. So I shall confine myself to a few short observations on the proposed taxation. The House-tax is in my opinion highly unsuitable to rural districts. It is hard enough to keep the requisite registers in municipal towns, where the reports of subordinates can be immediately verified by a visit to the premises. But in villages scattered over a large area of country, how would it be possible to fix assessments, decide appeals, and keep the register correct? The only machinery at our disposal is that of the village officials. The House-tax would put large powers of extortion into their hands, which they would not be slow to use. Has the Revenue Department ever overcome the difficulty of detecting concealed cultivation? It will be a still harder task to maintain a trustworthy Register of houses. Reports of the non-collection of tax owing to vacancy, removal, sale of the houses, poverty, death, or absence of the owner, will all have to be tested. It is certain that in remote villages, the Village Officers will have it all their own way, and the Rate Book will soon cease to represent a reality. When property is to be attached and sold, there is always room for peculation. It is not the actual pressure of payment of a tax that should be considered, so much as the vexation and hardship likely to be caused by the manner of its collection. There is one other point with reference to the House-tax which I have not seen mentioned, viz., that it has a direct tendency to discourage the building of good houses.

13. A tax on Arts, Trades and Professions is open to many of the same objections as the House-tax. The artisans, particularly weavers, in most parts of India, are having an up-hill fight for their existence, and are not able to bear taxation. The late high prices of agricultural produce

have pressed very heavily on them. Unless a clear necessity is shown, no direct tax should be levied. I submit, that as yet, Government is not in a position to say how much money it requires. 14. I suppose that the tax on marriages will certainly be withdrawn.

(True Copy)

(Signed) W. M. CADELL,
Officiating Collector.

ENCLOSURE No. 2.

Rough Estimate of probable Receipts from the several taxes provided for in the Local Funds Bills.

Rate on land...	3,50,000
1.—House Tax.	
Total number of houses as per the Quinquennial Returns of Fusly 1276	3,33,821
Deduct—	
Number of houses occupied by agricultural class of the population	2,07,918
excepting that in the Municipalities...	30,558
Do. in the Municipalities	2,38,476
Remainder—Occupied by non-agricultural class	95,345

Particulars.

Description of houses.	Estimated number of houses.	Average rate per house.	Estimated amount of the tax.
	RS.	RS. A. P.	RS.
Storied and terraced ...	304	5 0 0	1,520
Tiled ...	24,741	1 0 0	24,741
Thatched ..	70,300	0 4 0	17,575
Total...	95,345		43,836

2.—Tax on Arts, Professions, etc.

Total number of artizans, etc., as per Returns taken in 1860-61 with reference to the License Tax Act of 1862, shortly after repealed	81,734
Deduct do. in the Municipalities	25,010
Remainder...	56,724
Deduct also 1/4 of the remainder as the portion belonging to the agricultural class...	38,998
Net remainder, being the number belonging to the non-agricultural class	17,726
Estimated amount of the tax at the average rate of a Rupee and a half per head...	26,589

3.—Marriage Tax.

Total number of marriages as per Returns taken in 1868-69 for filling up the forms prescribed by the Statistical Committee...	16,409
Deduct for Municipalities	5,409
Remainder...	11,000
Estimated amount of the tax at the average rate of Rupees 2 per marriage	22,000

(Signed) W. M. CADELL,
Officiating Collector.

ENCLOSURE No. 3.

ABSTRACT.—List showing the places at which Toll gates may be erected under the Local Funds Act; with a rough estimate of the probable receipts at each.

ENCLOSURE No. 4.—Map.

From W. McQUHAE, Esq., Acting Collector of Trichinopoly, to the Acting Secretary to the Board of Revenue, dated 4th January 1871, No. 1.

I HAVE the honour to report my opinion on the Local Funds Bill recommended by the Select Committee, but regret that I have had little time for the consideration of a measure so novel and important.

2. Each Local Fund circle should, I think, be coterminous with a Revenue Talook. The localization of the expenditure to the talooks where the funds are raised appears to be necessary to satisfy the rate-payers, and to enable the Committees to know the work they are expected by the Bill to supervise.

3. It is difficult to find people here who are willing to give much attention to any business in which they have not a strong personal interest, and I think if the duties of the local Committees were of an administrative character it would be difficult to find persons to perform them in an efficient manner. Advice and criticism do not involve much labour, and I have no doubt we shall find a sufficient number of persons qualified, as far as local knowledge goes, to give us these.

4. The assessment payable to Government on ryotwary lands should form the basis for assessing the Local Fund rates. I do not believe that there would be greater equality of taxation if the money value of the ryot's share of the produce were taken as the basis for assessment, for I fear we have not the means of determining the amount of each ryot's profits. Of necessity the decision would in most cases depend on the village officers. Each ryot would be placed more or less in their power and the tax would be uncertain and arbitrary.

5. I think Zemindars should pay one-half of the Local Fund rate as proposed. The value of their estates has increased since the settlement with them was made, while their ryots are undoubtedly worse off than the ryots holding direct from Government.

6. A rate of one Anna in the Rupee on the annual rent value of occupied land will produce about Rupees 1,31,000.

7. I would advocate a house tax in preference to a tax on trades in the case of the non-agricultural classes. It can be assessed and collected in a more satisfactory manner, and will have less tendency to place the people in the power of the lower class of Revenue servants. The house tax will, however, be less productive than the tax on trades. We do not know the number of houses belonging to the non-agricultural class, but excluding the miserable huts on which nothing can be charged the number may be 20,000. At an average of eight Annas the tax would be Rupees 10,000.

8. The tax on trades is not estimated to produce more than Rupees 15,000. The old Moturpha collections in this district are very little guide, but the receipts under this head in 1856-57 were only Rupees 6,220. We have no large towns except Trichinopoly, and outside Municipal limits the bulk of the population is everywhere agricultural.

9. I fear the proposed tax upon marriage ceremonies will prove unproductive and oppressive in rural districts. The ceremony is a religious one which every respectable Hindoo must perform, and it is a mistake to suppose that all classes of the people waste money on their marriages. At various times the old Moturpha has included everything. The smoke of ever-fire has been taxed, but marriage ceremonies have never, so far as I can learn, been interfered with.

10. But the chief objection to this tax in rural districts is that the wide discretion given to the assessing officers by the Bill must there be left to the village officers. Not only is the Tahsildar too distant, but he can know nothing about the expenses likely to be incurred in the humble

class of marriages; and the same reason which prevents his assessing, in the first instance, will prevent his disposing of appeals without a protracted inquiry, causing great vexation and expense to all concerned.

11. A rough estimate prepared in the office makes the probable receipts from this tax Rupees 10,000. The expenses were estimated with reference to the classes of houses, and one marriage was supposed to take place in each house every ten years.

12. I think the ordinary talook traffic could not bear tolls unless they were very low, and there are other serious objections to tolls in remote places among an ignorant population. Every one whom I have consulted would prefer a wheel tax as being more certain, and less liable to abuse.

From the Honourable D. ARBUTHNOTT, Collector of Madras, to the Acting Secretary to the Board of Revenue, dated 9th January 1871, No. 9.

I HAVE the honour to submit my report on the Local Fund Bill which was called for by Government, in their Proceedings, dated 28th October 1870.

2. With regard to the question what should constitute a Local Fund circle, I am of opinion that the labour of carrying out the Act would be greatly increased if the circles are to be made coterminous with the Revenue Talooks. For this district, I would propose to have only two circles, one circle to comprehend the six Government Talooks, and the other, the two large Zemindaries of Ramnad and Shevagunga. I would also propose to have a Sub-Committee for each talook, to consist of ten individuals, selected from the largest villages of the talook, and that each of these Sub-Committees should yearly select one individual of their number to represent them at the head station of the district, where a District Committee would assemble to discuss all questions contemplated by the Local Fund Bill. The District Committee would, therefore, consist of the Collector as President, and one member from each of the Sub-Committees and the Engineer and Inspector of Schools, and also of all Divisional Officers, who should ex-officio be members of the District Committee. The Government Talooks will have six Sub-Committees of ten persons each, the two Zemindaries five Sub-Committees of ten persons each. Each of these Sub-Committees will send one member to the District Committee, making eleven persons, to which are to be added the President, Sub-Collector, Head-Assistant Collector, Deputy Collector, Engineer, and School Inspector, making eighteen members. I do not think that anything would be gained by having two separate Committees for roads and education. I do not anticipate any great difficulty in selecting a sufficient number of persons qualified to serve as members of the Committees.

3. The question as to the powers to be imparted to the members of the District Committee is a very serious one. If each member is to have an equal vote, there is great danger that on serious questions the President and District Officers will be out-voted by the other members through partisanship. If on the other hand, the Committee is merely to express its opinion, and the District Officers are to carry everything their own way, the non-official members of the Committee will naturally either withdraw altogether or look on themselves as mere ciphers, and on their membership as a mere sham. I am, therefore, of opinion that the members ought to have the power of voting on all questions brought before the Committee, and to prevent any serious mischief, I would give the President when out-voted, the power to apply to Government to have the obnoxious measure cancelled and disallowed, but I do not think that any such course would be often necessary. I also think that the Governor in Council, should in case of the members of any Committee abusing the powers entrusted to them, have authority to curtail these powers and confine them to mere "advice and criticism."

4. With regard to local taxation, I think that the present rate of 6 Pies in the rupee on the amount paid by each ryot ought not to be increased, and that a wheel tax ought to be substituted for tolls. Many of the tolls would necessarily be placed at a distance from any real control, and no sufficient check on embezzlement or extortion would be exercised. A tax on marriage ceremonies is also objectionable, and would be much disliked by the people.

The rate on land should be assessed on the amount payable to Government. I consider that there is no way of correctly estimating the money value of a ryot's share of the produce. It varies in too many ways and in too many degrees to make an attempt at valuation advisable. With regard to the Zemindaries, I think the ryots should pay two-thirds, and the Zemindars one-third of the cess. A moiety would fall too heavily on the Zemindars. In the case of the non-agricultural classes, I would recommend a house-tax in preference to a tax on trades.

Road cess at 6 Pies in the rupee on the annual rent value of occupied lands	Rs. 1,30,000
Tax on houses	40,000
Tax on Arts, Trades and Professions	50,000
Tax on Marriage ceremonies	15,000
Wheel tax	5,000
Total	2,40,000
Deduct Trade and Marriage taxes	65,000
	2,05,000

In conclusion, I beg to submit a rough estimate, (given in the margin), of the probable receipts in this district from each tax, and to state that in my opinion the amount is inadequate to meet the requirements of the Act. I regret that I am unable to form any estimate of receipts from tolls, but I have substituted one for receipts from a wheel-tax at the rate of one rupee per bandy per annum.

From R. K. PUCKLE, Esq., Collector of Tinnevely, to the Chief Secretary to Government, Fort Saint George, dated 12th December 1870, No. 608:—

As requested in Government Proceedings, No. 1,389, dated 28th October 1870, I have the honour to express my opinion on the proposed Local Fund Bill as amended by the Select Committee.

2. *Local Fund Circle.*—In determining Local Fund Circles, we should be guided I think more by the natural sub-divisions of the district into ranges or tracts of country, by the relative positions of the centres of traffic, by the direction of the several lines of road, and by the general contour of the country as affected by hills or rivers, rather than by the present arbitrary divisions of talooks, which even for Revenue or Magisterial purposes are not the best that could be devised.

3. *Circle No. I.*—Thus the Sattur and Ottapedaram Talooks to the north of this district are intimately connected together. The Ettiapuram Zemindary over-spreads a great portion of each, the soil and cultivation are much the same throughout; the great article of export is cotton. An Imperial road pierces their centre leading from the Madura frontier to the port of Tuticorin. The merchants and landholders congregate in Virdupatti, Sattur, Sivakasi, Ettiapuram, and Tuticorin, all on the same line of road, and the interests of both these talooks are intimately connected together. They might thus advantageously be taken to form one Local Fund Circle.

4. *Circle No. II.*—The next might consist of Strivilliputtur and Sankaranainarkovil, inhabited by a different race, producing the ordinary dry grain crops grown on a red sandy soil. The Zemindars and others residing there look on Strivilliputtur as their capital, and the inter-communication between these towns is far better than any from Sankaranainarkovil elsewhere. These talooks are compactly situated at the foot of the same range of hills, and for all practical purposes might well be merged in the same Local Fund Circle.

5. *Circle No. III.*—Again Tenkasi and Ambasamudram are irrigated by the same system of rivers, and are shut in on two sides by the same range of hills. A large portion of the landholders are Brahmins, residents in the towns of Tenkasi, Ambasamudram, Viravanellur, Kallidaikurichi, and Shermadevi, which are mostly on the same line of road, and are all in direct communication with each other. These talooks are further cut off from the lower half of the river valley by an affluent of the Tambrapurni (the Pachiyar) which flows across the valley at right angles to the Tambrapurni on the southern, and by a complete break in the irrigation on the northern side of that river. These might well form the third circle.

6. *Circle No. IV.*—Next Tinnevely and the great bulk of Tenkarei lie close together between the afore-named (Pachayar) and the sea; the irrigation is much of the same nature throughout them, and the wealthy landholders congregate in Tinnevely, Alwartirunagari, and other places

of the river bank. These would form the fourth circle, but I would exclude from it all that southern eastern portion of Tenkarei occupied by sandy deserts and palmyra forests, and would merge it with Nanguneri (which is much the same style of country) to form the fifth and last Local Fund Circle.

* As per list of villages annexed.

Circle No. V.

7. It will be observed that none of these circles correspond with our present divisional charges, but there are better reasons for re-arranging our divisional charges than for attempting to identify Local Fund Circles with them. Thus the Head Assistant Collector has the management of one, and the General Charge Deputy Collector of the other talook comprised in the first circle; the very reasons given for forming this circle apply equally strongly to the Magistrate and Magistrate charge, and both talooks might with advantage be placed under the Head Assistant, and the second circle be taken to form the General Charge Deputy Collector's Division; he has one of these talooks already, and the other is contiguous to it, the sub-division might remain as it is, and Tinnevely and Tenkarei might form the principal division.

8. In all these circles there are persons qualified to serve as members of the several Local Fund Committees, but their duties should not, (at first at all events) in my opinion, be of an administrative character, but be confined to advice and criticism.

9. The Sub-Collector suggests the division of each circle into a number of sub-circles, consisting of three to five villages each, to be managed by Sub-Committees appointed by the principal Committee. The duties of the Sub-Committees being to suggest and criticise, and perhaps eventually to carry out village works under the direction of the principal Committee, and to keep the Committee informed of the wants of each village, or of the progress of works being carried out in it.

10. Regarding the rent value of land. It may under existing circumstances (after deducting the assessment and cultivation expenses which are about equal one with the other) be equivalent to twice the assessment, either in Zemindari or Ryotwari villages; but taxation based on such a calculation would be misinterpreted, and the Government would be certainly thought to have gone out of the way to surcharge the people on what must at least be considered to be very arbitrary data. It seems therefore preferable to charge on the land assessment in Ryotwari villages certainly, and for Zemindaries perhaps some modification of the following simple plan which was adopted here when fixing the road cess might be approved of. For we found the return furnished by Zemindars to be so varied and contradictory that with the sanction of the Board and the consent of all parties concerned, the following scale was adopted for the valuation of the irrigated Zemin and Inam lands of this district. In calculating the charge upon dry lands, the registered assessment was taken as the basis of charge in the mode hitherto pursued for the Ryotwari villages also.

Class.	Description of land.	Estimated rental or Melwaram share of the produce per seed cottah.	Equivalent in Madras measures per acre.	Commutation rate at which allowed to compound per cottah.	Equivalent in Madras measures of paddy per Rupee.
				RS.	
1	Irrigated by the Tambrapurni.	5	339	5	22
2	Do. by minor rivers ...	4	271	...	...
3	Do. by rain-fed tanks...	3	203	...	...

11. I do not think myself that any enactment would ensure a *bond fide* payment of given proportions of the cess by the Zemindar and his tenants respectively, but in this I may be mistaken; the marginal extract, however, which is taken from an enclosure to a report on another subject that I am now submitting to the Board, rather tends to confirm my opinion, and shows that the Zemindars are in the habit of recovering from their tenants the cost of even all extraordinary home expenditure, and it is an acknowledged fact that the present local road cess is entirely paid by the tenants.
12. Regarding the remaining sections of the bill that relate to taxation, I must say, as the exponent of native feeling here, that I object altogether to the house-tax, license-tax, and tax on marriage ceremonies; and if education is to be paid for by direct taxation, a high scale of school fees seems to me to be the least objectionable form of taxation. An extra charge on land (our road cess in fact) is simple and well understood, and the justice of tolls on traffic is clear to all who benefit by a good line of road, but the other taxes enumerated are hateful to the people and like the present Income-tax would afford grand opportunities to subordinate officers for plundering and oppressing the country. Let the Government raise the land tax and impose what tolls they please on the roads, and no one would greatly object; but any extension of the taxes and rates that are grievous burdens to the people even in the limited area of our Municipal Towns, where the money (so grudgingly paid) is certainly laid out to advantage, would be a most unpopular movement. As a matter of policy, too, the Government, I think, should not further discourage the people, for I am told now on my return to the country that the people do not feel as they used to; the appeals against Municipal taxation and Income-tax are incessant, and I hear loud complaints on all sides against having to pay what is a very large sum to many before any appeal can be made from the arbitrary dicta of minor officials who are now reaping a harvest from the opportunities recently placed in their way.
13. In theory I own it is fair to tax those who are not reached by direct taxation at present, but in practice these people do actually pay their full share of the indirect taxation which here amounts to about one-third of the land tax. The incidence of proposed taxation too as set forth in the latter part of Section 36 of the Act is, I acknowledge, sufficiently lenient; but there is no overcoming the fact that the section provides for the imposition of three most unpopular taxes. Of the three the tax on houses is, I think, preferable to those on trades or marriages, and this might take the form of a ground rent on the Nattams or building sites, and so be incorporated in the ordinary land assessment, any manipulation of which is regarded as a Government right; while such a registry and assessment of building sites would carry some advantages with it.
14. *Schedule A.*—The estimate required in Section 6 of the Government Proceedings is furnished below. It is, however, merely approximate, and is based on the assumption that all terraced or upper-storied houses would be chargeable as 1st Class, $\frac{1}{10}$, $\frac{1}{10}$, and $\frac{1}{10}$ of the tiled houses, as 2nd, 3rd and 4th respectively; one-tenth of the thatched houses as 5th, and all the remainder as 6th Class.
15. *Schedules B and C.*—The per-centage of license-tax chargeable on the Municipalities on the several classes of trades has been applied to the district generally. No reliable estimate can however be framed for the probable receipts from the marriage-tax; calculating roughly, however, the population of the district is a million-and-a-half, of which perhaps only the half million would celebrate taxable marriages. The marriages of a quarter of a million of couples once in twenty years is equivalent to 12,500 weddings annually, and if these are taxed at an average of 10 Rupees each, they will yield 1,25,000 Rupees per annum.
16. *Schedule D.*—Taking the aggregate tolls of the Tinnevely and Palamcottah Municipalities (20,000 Rupees) as representing all that can be levied in the Tinnevely Talook, and halving this for each of the other eight talooks, we might realize 1,00,000 Rupees by tolls.

17. The map required is furnished, and one or more bridges have been selected in each Local Fund Circle as suitable sites for Gates. It must, however, be borne in mind that nearly all our principal bridges were built by private enterprise and that though four were destroyed in the disastrous flood of last year, the Government has not allotted a single rupee towards restoring them, and the people are now raising subscriptions to repair one of the most important themselves.
- | | | |
|------------------------------|-------|----|
| 1st Circle, Satur bridge | | A. |
| Epodumvenran do. | | B. |
| 2nd Circle, Malli do. | | C. |
| Karuvanelur do. | | D. |
| 3rd Circle, Ambasamudram do. | | E. |
| Tenkasi do. | | F. |
| 4th Circle, Suchachanam do. | | G. |
| Gengundan do. | | H. |
| 5th Circle, Tirukurugudi do. | | I. |
| Nambiyar do. | | J. |

18. Assuming it to be determined to raise the taxes provided by Schedules A, B, C, and D, plus a road cess, we shall have an aggregate income of 7,25,000 Rupees.

By house-tax...	1,75,000
By license-tax...	2,00,000
By tax on marriages...	1,25,000
By road-cess at 3 rd per cent. on the land assessment...	1,25,000
By tolls...	1,00,000
	7,25,000

TRANSFERRED to the Board of Revenue, with reference to the last paragraph of the Proceedings of Government, Public Department, 28th October 1870, No. 1,389.

20th December 1870.

(Signed) H. E. STOKES,
Under Secy. to Govt.

ENCLOSURE No. 1.

ABSTRACT.—List showing the names of villages in Tenkarei included in palmyrah forest referred to in the above letter.

ENCLOSURE No. 2.

Estimate showing the approximate Income derivable under Schedule A.

Description of houses.	Total Number of houses in the District.	Number of houses under each Class.	Proportion of Columns 3 to 2.	Rate of Tax proposed to be levied.	Amount.
1	2	3	4	5	6
		CLASS. NO.		RS. A.	RS.
Terraced	12,483	1st 12,483	...	5 0	62,415
		2nd 1,068	$\frac{1}{10}$	3 0	3,204
Tiled	10,684	3rd 2,187	$\frac{1}{10}$	2 0	4,274
		4th 7,479	$\frac{1}{10}$	1 0	7,479
Thatched... ..	3,43,702	5th 34,370	$\frac{1}{10}$	0 8	17,185
		6th 3,09,332	$\frac{1}{10}$	0 4	77,383
Total ..	3,66,869	...	...	...	1,71,890

TINNEVELLY,
December 1870.

(Signed) R. K. PUCKLE,
Collector.

ENCLOSURE No. 3.—Map.

From H. E. SULLIVAN, Esq., Acting Collector of Coimbatore, to the Acting Secretary to the Board of Revenue, dated 3rd December 1870, No. 334.

I HAVE the honour to furnish the report called for in the Proceedings of Government, under date 28th ultimo, No. 1,389, Public Department, on the provisions of the Local Funds Bill as amended by the Select Committee.

2. I have carefully thought over the proposal to make each Local Fund circle coterminous with a revenue talook. Its sole recommendation is to secure the expenditure within limits arbitrarily laid down for administrative purposes of funds contributed by the residents within those limits. If the correctness of this principle is admitted it should be carried out in its integrity, and each village should become a Local Fund circle. I think, however, that even the limitation proposed, would be found to be practically inconvenient, and in my opinion it is unnecessary, inasmuch as it would be the duty of the local Officers or Committees who frame the estimates, and of the Government by whom they are passed, to provide for an equitable distribution of expenditure. The Select Committee give it as their opinion that the provision in Section 26, which enables contributions to be made from the funds of one local circle to those of any Municipality or of another local circle, will obviate any inconvenience, but I respectfully submit that such diversions of funds, the necessity for which must frequently arise, are certain to provoke jealousies, and as each separate transfer would require the sanction of Government constant reference and much correspondence would be involved by the adoption of the system proposed by the Committee. The same objections would apply, though to a less extent, if the Local Fund circles were made coterminous with the revenue divisions of the district. The boundaries of the district should therefore, in my opinion, be the limits of the Local Fund circle.

3. Turning to the question as to whether the duties of the local Committees should be of an administrative character, or whether they should be confined to advice and criticism, very much must depend, I think, on the character of the land-holders in different districts. Although Section 4 of the Bill provides that the members of the Committees are to be appointed by Government the object in view, I imagine, is to introduce a representative element into the body entrusted with the expenditure of the monies raised under local taxation; and in some districts, Tanjore and Chingleput for instance, I imagine men of intelligence and character might be found to represent the interests of their fellow rate-payers, and capable of giving valuable assistance in the administration of the funds. Of such assistance Collectors would be too glad to avail themselves, but it is not for me to say whether, where these qualities are to be found, it would be expedient to invest the members of the Committees with powers of control over the expenditure. So far as this district is concerned I am of opinion that whether Committees are appointed with administrative powers, or constituted as mere consultative bodies, or whether there are no Committees at all, the practical working of the Act will, for many years to come, devolve on the Collector. As a rule the people take no interest in helping to carry out an administrative measure, and I very much doubt whether they take as a compliment an appointment to an honorary post. In Municipalities up the country very few Native Commissioners, with the exception of those who are in the service of Government, attend the meetings or give any assistance in carrying out the purposes of the Act, and the same apathy would, I think, be found to prevail amongst honorary Local Fund Committees. I confess I do not quite see the necessity of legislating for the appointment of Committees whose functions are limited merely to advising the administrative officers. They would be very much in the position of Assessors in a Sessions Court, whose opinion the Judge is bound to ask, but not to act upon. A Collector who takes any interest in his work makes it a point to ascertain personally, or through his subordinates, from the people what the requirements of the district are, and in this way, I think, they become better known than if he was to depend upon their being brought to his notice by the members of a Consultative Committee. He has in fact such a Committee in the Division Officers, Tahsildars, and heads of villages, who represent the interests of the community at large, better than any other body of men could do.

4. (a). In regard to the mode of assessing the rate payable on land for the purposes of the Bill, I have no hesitation in recording my opinion that the system followed under the District Road Cess Act should not be departed from in the case of ryots holding lands direct from the State. The grounds for taking the revenue assessment as the measure of a ryot's agricultural profits are fully stated in paragraph 11 of the Select Committee's Report, and they have my entire concurrence.

(b). There are no large Zemindaries in this district, but there are a few Poligars and Jaghires in which, I presume, the incidence of the rate would be determined as in Zemindaries. I do not quite see why a distinction should be made between Inamdars and Zemindars, especially where the estates of the latter, as in this district, are of comparatively small extent. They are both relieved wholly or partially from payment of Imperial land revenue, and the local rate should, I think, in both cases be determined on the same basis. In the case of the Inamdar, however, the land revenue, which would be payable if the holding was not held on Inam tenure, is to be taken as the basis of the local rate; whereas in the case of the Zemindars the actual rent value of all the land comprised in their estates, whether leased out or occupied by themselves, is to be taken. It is perfectly clear, therefore, that Zemindars, Poligars, and Jaghiredars will have to contribute in a far larger proportion to Local Funds than Inamdars, who enjoy the same immunity from imperial taxation. This, it appears to me, is not only unfair in principle, but is calculated to press very heavily on the ryots holding under Zemindars. The landlords, although Section 48 only empowers them to recover from their tenants one-half of the local rate, will of course arrange that the latter should bear the greatest part, if not the whole, of the burden. I would, therefore, recommend that lands held by Zemindars, Poligars, or in Jaghire, be placed on the same footing as Inam lands for the purposes of local taxation.

5. I roughly estimate the receipts under the different heads of taxation as follows:—

	RS.
(1). Rate on annual rent value of land on whatever tenure held, at one Anna in the Rupee	2,00,000
(2). Tax on houses of persons not paying rate on land	68,000
(3). Tax on marriage ceremonies	16,000
(4). Tolls	17,000
Total	3,01,000

If a tax on arts, trades, and professions is substituted for a tax on houses occupied by non-agricultural classes, which I recommend, the result would be an increase on the above of about Rupees 7,000.

6. (a). The proceeds derivable under the first head in the foregoing schedule are estimated at the maximum rate of one Anna in the Rupee, the amount being just double the present Road Cess realized under Madras Act. III. of 1866.

(b). The house tax to be imposed on persons not engaged in agricultural pursuits is estimated at rates ranging from Rupees 2 to 4.

(c). It is believed that about 9,300 marriages on which a tax would be leviable take place in the year, of which about 8,000 would come under the 1st and 2nd Class, and not more than five under the 6th Class.

(d). The roads on which tolls should be levied are coloured yellow on the accompanying map,

and the places selected for establishing toll bars are marked 

A list of the roads to be tolled is also appended.

7. Under the first head of Taxation "Rate on annual rent value of land," I would recommend only nine Pie in the Rupee being imposed at first, and the tax on marriage ceremonies I would also advise being held in abeyance at first. This would leave an income of upwards of 2½ lacs for the purposes specified in the Act, an amount sufficient in my opinion for a commencement. This is exclusive of surplus pound collections, bungalow fees, etc., which go to swell Local Fund receipts.

8. In my report* on the original draft of the Bill addressed to the Secretary, Legislative Council, I remarked on what appears to me the unfairly compre-

* Dated 22nd March 1870, No. 18. hensive definition of the term "house," and as no modification as been made in the Bill as amended I avail myself of this opportunity of again calling attention to the subject. As the Bill stands at present a house-owner will have to pay separately for every granary, cow-shed, godown, latrine, or other out-house standing on his premises. This

surely requires alteration. With reference to Section 76, I really do not see how the Police Superintendent, on Rupees 800 a month, can be fairly exempted from paying toll, when it is exacted from the Magistrate's Clerk on 20 Rupees, both officers being on duty. All Civil officers should be made to pay or all should be exempted, whether serving in the Police Department or not. Police officers will have to pay profession tax, house tax, and marriage tax, and why should they be specially exempted from paying toll?

9. In the report referred to above I also drew attention to what appeared to me to be an important omission under Section 25 of the Bill, namely, no provision having been made for applying a portion of the funds to agricultural improvements, and I rather doubt whether the defect is supplied in the amended draft. Would the purchase of a stallion, or a bull, or an agricultural exhibition, or the establishment of model farms, be considered "local works of public utility, calculated to promote the public health, comfort, and convenience." I am afraid of quibbles being raised over the expression "works," which might prevent those entrusted with the administration of Local Funds from effecting any improvements of an agricultural character.

10. With regard to Section 24, I do not see how the work can be carried on satisfactorily with the present organization of the Public Works Department. If, as in former days, there was an Engineer in charge of each district the matter would be simple, enough, but under present arrangements the head of the department has to divide his time between three districts, so that each Collector can only count upon his advice and assistance for four months out of the twelve. If the former system is not reverted to it will, I think, be necessary to appoint a Local Fund Engineer.

List of Roads to be tolled in the Coimbatore District.

- | | |
|---|--|
| 1. Caroor to foot of Coonoor Ghaut—
Gate at Kangyam.
Do. at Avenashy. | 11. Oodoomulpettah to Madara—
Gate at the Amravathy when the bridge
is re-built. |
| 2. Caroor to Dharapuram, via Chinna Dhara
puram—
Gate at Dharapuram.
Do. at junction with Caroor road. | 12. Pollachy to Coimbatore.
Gate at Pollachy. |
| 3. Caroor to Suttimungalum—
Gate at Perindoray.
Do. at Bhowany bridge. | 13. Coimbatore to Metoopolliem—
Gate at Toodialoor. |
| 4. Caroor to Aravacoorchy—
Gate at Aravacoorchy. | 14. Coimbatore to Salem—
Gate at Avenashy.
Do. at Bhowany bridge.
Do. at Cauvery bridge. |
| 5. Dharapuram to Perindoray—
Gate at Kongiam. | 15. Coimbatore to Suttimungalum—
Gate at Annoor. |
| 6. Dharapuram to Oodoomulpettah—
Gate at Oodoomulpettah. | 16. Suttimungalum to Hassanoor—
Gate at Tek Dimum. |
| 7. Dharapuram to Pulladam—
Gate at Pulladam. | 17. Suttimungalum to Bhowany, North
Bank—
Gate at Attani.
Do. at South Bank.
Do. at Gopichettipolliem. |
| 8. Dharapuram to Avenashy—
Gate at Tirpoor. | 18. Erode to Colligal—
Gate at Burghoor or Tamakerria. |
| 9. Oodoomulpettah to Pollachy—
Gate at Pollachy. | 19. Colligal to Mysore and Bangalore—
Gate on the bridge over the Cauvery at
Sivana Samudrum. |
| 10. Oodoomulpettah to Pulladam—
Gate at Oodoomulpettah.
Do. at Pulladam. | |

COIMBATORE,
21st December 1870.

(Signed) H. E. SULLIVAN,
Acting Collector.

ENCLOSURE No. 1.—Map.

From R. DAVIDSON, Esq., Officiating Commissioner of the Neilgherries, to the Acting Secretary to the Board of Revenue, dated Ootacamund, 26th November 1870, No. 166.

As directed in Proceedings of Government, No. 1,389, of the 28th ultimo, I have the honour to offer my opinion on the Local Funds Bill as amended by the select Committee. My remarks apply in the first place more particularly to the points indicated in the Proceedings, and have reference to the subject matter in general, and not to the somewhat exceptional circumstances connected with this district.

2. I assume the necessity for introducing a Local Funds Bill, having for its object the attainment of the purposes defined, to be a recognized fact, and I imagine little or no dissidence of opinion can exist as to the importance of reducing the inquisitorial element in so comprehensive a scheme of taxation as that under consideration to a minimum, and of combining strict economy with the collection of the requisite funds in a manner the least objectionable to the mass of the tax-paying community.

3. Having these important objects in view I would venture to offer a few remarks regarding the recommendation made by the select Committee, to the effect that "except in Zemindaries each Local Fund circle should be conterminous with a Revenue Taluq;" each having its separate Local Committee.

4. I not only recognize in their fullest extent the weighty objections which are stated in the Proceedings to have been raised to the recommendation in question and in which I concur, but I am of opinion that it is extremely doubtful whether the services of a sufficient number of persons qualified to act as members of the several Local Funds Committees could be procured.

5. I think, however, that not only might the difficulties pointed out be avoided, but the advantage be secured to the rate-payers of obtaining the localization of the expenditure to the taluqs where the funds were raised by the adoption of some such modified scheme as the following.

6. I would divide each district for the purposes of this Bill into two circles whose, respective boundaries should, I think, be conterminous with the present Principal and Sub-divisions of each Collectorate where there are Sub-divisions. Where they do not exist I would make the boundaries of the circle conterminous with those of the district.

7. The Collectors and Sub-Collectors should, I think, be Presidents of their respective Divisions, and for the purposes of this Act they should be entirely independent of each other, but alike subject to the control of the Board of Revenue.

8. Strong influential Committees, composed of members partly nominated, partly selected from among the most intelligent mixed residents at the Divisional head quarters, should, I think, be formed at such stations, and I would invest the entire administration conferred by the Act in the hands of those Committees.

9. The Committees would meet for the despatch of ordinary business as occasion arose, but I think that at least one entire week in each year should, if necessary, be as nearly as possible exclusively devoted by the Committees to a patient and attentive consideration and disposal of the highly important duties connected with the efficient working of the proposed Bill.

10. Due publicity should, I think, be given prior to the assembling of the annual Committee Meetings by notifications in the *District Gazettes* and otherwise, and every inducement should be offered and facility afforded for the public to take part in the deliberations of the meeting by offering suggestions, etc., and the rate and tax-payers of each revenue taluq should, I think, be represented at those meetings by the Tahsildars, and by not less than two influential residents, whose expenses should be paid, if necessary, from the Local Funds.

11. The Zemindars on their part would not fail to be properly represented on those occasions, and I anticipate that much mutual benefit would be derived from the free intercourse and expressions of opinion that would be exchanged at those meetings.

12. By the adoption of some such scheme as that which I have taken the liberty of sketching the rate-payers of each taluq or estate would have the satisfaction of feeling that their local requirements were duly brought to the notice of the Committee by their representatives and considered, and they would indirectly have a voice in disposing of the funds raised at their expense, and this I look upon as a consideration of no mean importance.

13. The Committees having, at their annual meeting duly considered and decided on the requirements of each taluq, made allotments to each from the funds collected or to be collected therein, and which would seldom vary to any appreciable extent, and obtained the sanction of Government to their proceedings, ought, I think, to be left as free as possible to make their own arrangements for carrying out their different objects whether by contract, the Department Public Works, Educational Department, Tahsildars, etc.; care being invariably taken that funds should be forthcoming for the completion of any work that it may be decided to commence. In other words the Committees should, I think, be required to cut their coats in strict conformity with their cloth, and not be permitted to undertake any work, however tempting, unless funds are available for its completion.

14. I now direct my attention to a consideration of the best mode for carrying out the scheme of local taxation, and I have no hesitation in expressing my strong conviction that the assessment payable to Government ought to be taken as the annual rent value of the land for the purposes of this Act. The adoption of the other plan, which it appears has been advocated on in one or two quarters, would, I feel satisfied, be not only attended by all the evil consequences detailed in paragraph 4 of the Proceedings, but the expense of collection would be heavy, and out of proportion to the result.

15. The rural classes are the best friends the Government possess, and it would, I think, be a fatal error to run the risk of estranging their feelings for the sake of raising a little more money from them in a highly unpopular manner.

16. I know of no better mode for assessing the rate in Zemindaries than that provided in the amended Bill, whereby a moiety of the rate will be payable by the Zemindar and a moiety by his tenants.

17. I am disposed to view with favour the imposition of a house tax on the non-agricultural classes in preference to a tax on trade. I advocate the measure both on the ground of simplicity and economy, but I would assess towns and villages by entire streets, carefully classifying them at uniform rates under 1 to 4, Schedule A.

18. I would expunge Classes 5 and 6 from Schedule A. because I think that those people, who in this country cannot afford to pay more than an annual shilling or six-penny rate of taxation, are virtually paupers entitled to exemption both as a matter of justice and sound policy. It is the attempt to tax those pauper classes which causes wide-spread discontent, occasions endless appealing, opens a wide door of corruption and oppression, and adds but a comparative trifle to the coffers. I would, however, render it absolutely obligatory on all who continue to reside in classified streets to pay the house-rate fixed for those streets; the only option left to them in the matter being removal to less fashionable quarters.

19. I know my suggestion is open to the objection that its adoption would entail a somewhat arbitrary adaptation of the people to the measure of taxation, instead of adapting the burden to the backs of the people; but I am not aware that any comprehensive scheme of taxation has yet been devised for India that does not embrace in it some unfavourable feature or drawback,

and I think that the advantages derivable from the adoption of the scheme which I have taken the liberty of delineating will contrast favourably with those of most others. Among the principal ones may be enumerated the following :—

(1). That the rate-payers well know exactly and once for all what their liabilities are on account of the house tax, and the less uncertainty there is on that point the greater favour will any scheme of taxation find in the eyes of the natives, and the more readily will they pay their cess.

(2). That the revenue which will be raised in the manner I have suggested, and which will be at the disposal of the Committee, will be large, permanent and little liable to fluctuation, unless present anticipations are greatly belied by subsequent actual results.

(3). That the cost of collection will be next to nothing, the machinery being ready to hand in the paid Revenue servants of Government.

(4). That the tax-payers will enjoy absolute immunity from that inquisitorial interference and oppression of corrupt native subordinate, which they so justly dread and detest, and which unquestionably tends more than anything else to render the very idea of any new form of taxation in any shape abhorrent to the native mind.

(5). Evasion of payment will be almost impossible.

(6). The Collectors and the Board of Revenue will be relieved in a great measure from having to work that elaborate system of appeal for which provision has been made in the Bill even in its amended form, as, with careful classification in the first instance, (and on which important duty the services of the Assistant Collectors might be largely and profitably utilized), there will be little or no room for individual appeal.

(7). The streets once carefully classified will remain permanently so, thus enabling each tax-payer to adapt himself, if necessary, to the burden he feels himself best equal to bear.

20. On the other hand a tax on trade, unless indeed it were imposed in the obsolete form of Moturfa, would be liable to all the objections urged against the Income Tax, and from the very uncertainty of its incidence would be a source of perennial anxiety and irritation to the tax-payers whose tempers should not be unnecessarily ruffled.

21. I cannot help thinking that the mode in which it is proposed to levy a tax on marriage ceremonies is likewise open to all the serious inquisitorial and other objections urged against the Income Tax, besides being expensive. A simpler plan, and one less open to objection, would, I think, be to impose a classified marriage license fee, as per Schedule C., on the streets classified under Schedule A., that is to say, a marriage fee or license of Rupees 20 on the occupant of a house, situated in a street classed under No. 1, Schedule A.; on the occasion of the celebration of a marriage there, Rupees 15, Class II.; Rupees 10, Class III.; Rupees 5, Class IV.

22. These uniform rates may at first sight appear to be somewhat high, but money for the purposes of the Act must be obtained, and having regard to the probable infrequency of the incidence of the cess on the same rate-payer in perhaps a long course of years, taking into consideration also the enormous privileges and advantages which the non-agricultural classes derive from living peaceably and safely under British rule, and for which blessings they have hitherto paid little or nothing, bearing in mind too the lavish sums which natives delight to squander on those auspicious occasions, I do not think the rates are disproportioned to the means of the masses. The revenue which would be derived from this source would, I think, be very considerable, and were every facility afforded to rate and tax-payers for obtaining licenses without having to go far to procure them it would, I think, be readily recovered, free of all expense in collection.

23. The publicity attending the celebration of each marriage would render evasion of the law nearly impossible, while the infliction of a heavy pecuniary penalty for any infraction or attempt at infraction of the same, with a suitable reward for information, would effectually secure the interests of the Committee.

24. I prefer the plan I have suggested to either that of licensing pandals or music on the occasion of the celebration of marriages. It will, I think, be found to be less troublesome to the parties interested, less costly, and more difficult of evasion.

25. Tolls I would utterly abolish on local district roads, as I entirely question the expediency of first taxing all but the pauper classes for the purpose of making and repairing roads, and then virtually fining them for using them.

26. Were the Bill even as amended to become law I apprehend that an incalculable amount of unnecessary work would devolve on the Collectors and Board of Revenue from the omission in the Bill to provide some means of placing a limit to that frivolous and often unnecessary system of appealing in which certain classes of the native community are so prone to indulge.

27. While, therefore, affording every latitude and facility for genuine appeal, I would convert into a legitimate source of revenue, for the purposes of the Act, that frivolous propensity to which I have adverted.

28. This could be readily and inexpensively effected by issuing stamp papers of a particular pattern for the special purposes of this Act, and of the uniform value of a quarter Rupee. They might be sold in the ordinary way, but separate accounts would have to be kept. I would render it compulsory that all appeals should be engrossed on those stamps. Should the Collectors or Board of Revenue find on inquiry that the appellant had a real grievance then I would refund the value of the stamp, otherwise the amount would be carried to the credit of the funds. There would be no difficulty in keeping the accounts, the uniform lightness of the fee would not deter any man with a real grievance from appealing, but it would effectually check systematic frivolous appealing.

29. I turn now to matters more immediately connected with this particular district, and as directed I furnish a map (to follow) of the district showing the positions at which, if necessary, tolls might, I think, be most successfully imposed. As already stated, however, I deprecate their imposition for the reason assigned in paragraph 26 of this letter, and because the receipts would be very small, owing in a great measure to the cost of upkeep, and to the fact that the Burghers and other natives carry their loads instead of carting them.

30. The receipts either from a house tax or from a tax on trades would not be great in this district; indeed they would, I fear, be next to nothing, as outside the Municipal limits of Ootacamund and Coonoor there are, I may say, no non-agricultural classes, but wherever practicable I would impose a house tax in preference to a tax on trade, whose development ought, I think, to be fostered.

From C. T. LONGLEY, Esq., Collector of Salem, to the Acting Secretary to the Board of Revenue,
dated 20th January 1871, No. 169.

I HAVE the honour to report on the several points adverted to in the Proceedings of the Madras Government, under date the 28th October last, No. 1,389, relative to the proposed Local Funds' Act.

2. I am not in favour of the Select Committee's recommendation, that each Local Fund circle should be coterminous with a Revenue Talook. The adoption of such a course will be found most inconvenient in the practical working of the Act; will uselessly increase the number of the Budgets besides the difficulty and, in many cases, the impossibility of selecting proper persons to act as members of the Talook Committees were every talook made a circle. I, therefore, propose that each circle should be coterminous with the Revenue division of the district. If this is adopted there will be only four circles in this district. The Mootahs, 123 in number, scattered all over the district should, I consider, form integral parts of the proposed four circles. I apprehend no difficulty in localizing the expenditure of the funds raised to a division with as much advantage as to a talook.

3. With regard to Committees, I am of opinion that there ought not to be more than one Local Committee for each circle. I see no necessity for having two. The officers of both the Educational as well as the Public Works Department will be on the Committee, and they need attend the meetings only when the affairs of their respective departments are discussed. Besides the Local Committees I propose that there should be a Central Committee at the principal station of the district, composed of the Collector, the Superintending Engineer, the Inspector of Schools, the Principal Medical Officer, and non-official Members in proportion. This Committee should have the right of veto on the proceedings of the several Local Committees. I do not apprehend difficulty in finding persons to serve on the Local Divisional Committees.

4. I am decidedly of opinion that the power of the Local Committees should not extend beyond *advice* and *criticism*. Any interference on their part in the *executive* administration of the funds will not only lead to endless disputes, but also cause a division of responsibility.

5. *Scheme of taxation.*—As to the mode of assessing the annual rent value of the land, which forms the basis for assessing the rate, Mr. MacFadyen's proposal for taxing the profit and not the annual rent of the land is no doubt theoretically correct, but actual experience shows that it is impracticable to carry out this method of taxation. I admit that the annual rent of the land does not represent the ryot's profits, which are certainly double; but how are the profits to be ascertained? The ryot will certainly not afford the information, and I do not think that it is worthwhile to adopt the only mode of ascertaining the profits with any correctness, viz., by actual experiments all over the country, a course which will require much time, trouble, and no small expenditure. The present mode of assessing the Road Cess under Act III. of 1866 commends itself as being simpler and one to which the ryots are already accustomed. I consider that it is the best to follow under the new Act.

6. As to the assessment of the rate in Zemindaries. As Section 48 of the proposed Act stands at present the Zemindary ryots are to pay only half what the Government ryots will be required to pay. I do not see the consistency of this. No doubt the Government ryots hold land on more favourable terms than those under a Zemindar, but on this ground to treat one set of ryots more favourably than the other when assessing for the *same tax* seems hardly fair, and making a Government ryot pay double what his Mootah neighbour does would have the appearance of a penalty on the Government ryot for holding under Government. I do not advocate any exemption from the cess in favour of the Zemindars. On the contrary I consider that they ought fairly to be charged with their ryots, and I would charge all ryots, both Zemindary and Ryotwary, at a uniform rate, and I would charge the Zemindars at the same rate on the profits of their Zemindaries. Under the present Road Cess Act all Zemindars are required to make a return of their lands, showing those leased out either for money or kind and those held by themselves. The veracity of these returns is ascertained by the Tahsildars and Divisional Officers by local inquiry and by scrutiny into the accounts kept by the Mootah Curnums. Thus the net profits of a Mootahdar are ascertained, and there should be no difficulty in assessing the same.

7. *House Tax*.—The enclosed Statement No. 1 shows in rough an estimate of the probable receipts from each tax provided for in the Bill. The Road Cess has been calculated at the maximum rate. I prefer a house tax to a tax on arts, trades, and professions. It is simple for the purposes of taxation, less unpopular, and allows no scope for evasion. Again, the owners of houses, who are too poor to pay the tax, are easily ascertained and exempted. On the other hand the tax on trades is surrounded with all the odiums of the Income-tax, and it, as a matter of course, falls more on the consumers than on the traders. It is very unpopular, inquisitorial, difficult to impose, and is a fertile source of untruthfulness. At all events, as long as we have an Income-tax at the present high rate, it would certainly be very unfair to levy a tax under the proposed Act on arts, trades, and callings. It would amount to levying the same tax twice over under two different Acts.

8. *Tolls*.—The estimated proceeds from tolls are shown in Statement No. 1, and the roads on, and the points at which it is proposed to establish them, are shown in Statement No. 2. They are also marked in the accompanying map, (will follow). The system of tolls is not looked upon with favour. It is apt to lead to abuse and oppression, unless constantly and vigilantly supervised. I would not advocate the establishment of tolls at once at all the places shown in the Statement. They may be tried, in the first instance, at a few of the places where sufficient supervision may be made available. I find no provision in the Act for exempting any carriage, cart, or animal from the payment of tolls at more than one bar on the same line of road within the same circle. It is but fair, I think, that such an exemption should be provided for. It would seriously affect traffic were tolls to be levied at every bar on the same line of road. Take, for instance, the road from Vaniembady to Salem. Four toll bars are proposed on this road in one circle alone, that is, in the Head Assistant Collector's Division. To levy toll at every one of these, which lie 12 or 13 miles apart, on the same cart, carriage, or animal would be manifestly unjust.

9. The Sub-Collector thinks that all Revenue Officers on duty should share with Police Officers the exemption from tolls. He states, "It is, in my opinion, unfair that an officer, who is compelled to travel over roads for the purpose of superintending, examining, and checking the work done on them, and who is, in fact, the Engineer in charge, should have to pay for doing so." But the same argument, of course, applies to all officers on duty, be they Police, Revenue, or Engineer Officers.

10. *Marriage Tax*.—The proceeds from this tax are roughly estimated as shown in Statement No. 1. This tax, as the Board are aware, is repugnant to the native feeling. It might be argued that any new tax is novel and unpopular. This is perfectly true, but the Hindoo idea is that a marriage tax interferes with their religious rites, and any one familiar with Hindoo caste prejudices and religious scruples can easily imagine what the state of a Hindoo mind is when he considers that his religious rites are unjustly interfered with. I myself can see no more objection to this tax than any other, but considering the strong feeling against the tax, which the proposal has produced among the Hindoos, I should not like it to find a place in the Act when finally passed.

11. From the foregoing it will be seen that I advocate, for the present at any rate, for only the house tax, rate on lands, and tolls to a limited extent. The expenditure will be regulated with reference to the proceeds from these three sources of taxation. The rates in the different schedules being only maximum rates I imagine that the Principal Committee in each district will be called upon, as soon as the Act is made applicable to any district, to submit a scale of rates they propose to levy, not exceeding the maximum rates in the schedules. This is the course pursued under the Towns' Improvement Act.

12. As the proposed Act is apparently tentative, and is likely to undergo revision after some experience of its actual working is gained, I consider any further remarks on the general provisions of the Bill unnecessary.

13. A copy of the reports received from the Divisional Officers on the subject is enclosed.

ENCLOSURE No. 1.

From J. F. PRICE, Esq., Acting Sub-Collector, to the Collector of Salem, dated Oosoor, 7th January 1871, No. 10.

I HAVE the honour to reply to your letter, No. 1,033, dated 10th November last. As I was absent on leave when it was received, and after rejoining last month had a great deal of work to get through, I have not been able to go into the Local Fund Bill so particularly as I could wish. I have read it through carefully three or four times, but the more that I have done so the more fault I have to find with it.

2. As the Bill is professedly tentative, and has been drawn up by older and more experienced heads than mine, I shall confine my remarks as much as possible to the points raised in the Proceedings of Government quoted by you.

3. I must, however, remark that I consider that it is utterly impossible for the Revenue staff, as at present constituted, to do anything like the work required of it by the Bill. Work of all kinds is daily increasing, and the time of Revenue Officers is fully taken up with the business which they have now to transact.

4. I am strongly opposed to the system of Local Committees as contemplated by the draft Bill. I think the system is one which is far too advanced for rural districts. It may be all very well for Madras, or perhaps Tanjore, but elsewhere, and certainly as far as this part of the district is concerned, it would be a mere sham. It is simply absurd to suppose that a Committee composed of men drawn from the classes of petty Mootahdars, moderately wealthy but excessively ignorant ryots, and merchants whose only ideas are the four rules of Arithmetic and keeping very simple accounts, and whose education extends no further, can either criticise the work done or estimates drawn up by a professional person, or advise or remark upon the sanitary or educational measures proposed or adopted by individuals far better educated, and having clearer views of cleanliness and its value than themselves. The public service can alone afford men at all competent for this business, and this being the case a Committee may just as well be done away with altogether, as the people themselves will have nothing to say to the disposal of the funds raised from them. They are, in my opinion, not yet fit for the system, and the institution of Committees will only give rise to jealousies, quarrels, and ill-feeling amongst the leading men and be practically rather a hindrance than an assistance to the European Officers who, in reality, will always be the persons held responsible if anything goes wrong.

5. If, however, Committees are considered essential to the working of the Act, I incline to your plan of making divisions, and not talooks, the circles. The only objection that I see to this arrangement is that the members would have to come from considerable distances to attend the meetings, and that they would not be by any means inclined to pay the costs of these journeys from their private purses. I am opposed to more than one Committee for all purposes, as I think that in no district could a sufficient number for more be found. I consider also that having two or more would only increase the work thrown on the hands of the Revenue Officers without producing any commensurate results.

6. I cannot name any one in this division, excepting Government servants, whom I think qualified to serve on a Local Fund Committee, and they are, with the exception of the Executive Engineer, Mr. Paynter, and Mr. S. Wells, M. D., Apothecary of the Remount Depot, my immediate subordinates.

7. I am most strongly of opinion that if Local Fund Committees are to be formed their duties should be confined to advice and criticism. Any administrative power will lead to a divided responsibility and to endless disputes originating from one member or the other wishing to carry out some work which will confer immediate benefit on himself and not be of general utility. The plan of Municipal self-government, by whatever name it may be called, is, I have no doubt, theoretically correct enough, and one which I am quite ready to admit that it is desirable to adopt, but it appears to me both from what I have read and seen that it is a system too far in advance of the present state of things in India to be practically of the slightest use. It certainly would not be here.

8. As regards the question of taxation.

(1). The mode of assessing the annual rent value which forms the basis for assessing the rate on land.

I can see no other way of calculating this than taking the assessment of the land itself as the basis. The Honourable Mr. MacFadyen's theory is certainly the correct one, but his want of actual experience of the rural population of this country has prevented his being aware of the utter impossibility of carrying out his plan. No ryot will tell the truth. That natives can estimate the outturn of any particular field with surprising correctness I am personally aware, but I know also from the actual experience of cutting, threshing, and measuring crops that neither the holder nor his neighbours who fully appreciate the adage, "one good turn deserves another," will give the correct estimate or anything near it. I am certainly of opinion that the present assessment does not represent the money value of the ryot's share in the produce of the land, which I believe to be generally nearly, if not quite, double of the assessment. What this really is can only be fairly decided by a series of careful and long continued experiments carried out all over the country. This course would be one involving great delay and a great expenditure of time and money. I would, therefore, advocate the retention of the present scheme or the addition when calculating the rate of one-half of the assessment, that is, where a ryot pays 10 Rupees I would tax him on Rupees 15.

(2). The assessment of the rate in Zemindaries.

In considering this point I set aside entirely the question as to whether Zemindars should be held liable to local taxation.

It must be remembered to begin with that the Zemindar's ryots will have to pay the tax, and that taking anything from him will be levying a second rate on the land. The ryots have hitherto paid the Road Cess, which is precisely similar to the proposed rate on land, on exactly the same scale and system as those holding from Government. If their paying half an Anna in the Rupee, which is the same tax as that paid by the Government ryots under the Road Cess Act, is not unfair I fail to see the injustice of when raising this amount to an Anna in the case of the latter, doing the same in that of the former. Undoubtedly the rates of assessment on lands in settled estates are higher than on those rented from Government, but I do not see that is any argument why the persons who choose to hold these lands from the owners of them should be treated as a special class and be more lightly assessed than the Government ryots, or totally exempted from any payment. It is much the same argument as saying that an officer at the Presidency should not pay so much Income-tax as an officer in the Mofussil on an equal salary, because his house-rent is higher.

If the Zemindar is to be taxed I think it but just that his peishcush, or one-and-a-half of it, should be taken as the basis on which to calculate the rate. It is obviously unfair, as he is really a large ryot holding on a light tenure and whose rent has been fixed, after taking into consideration the fluctuations of seasons, that his profits from land should be assumed as the basis of taxation, whilst in the case of ryots the land tax is taken. I would prefer not taxing him at all on his land, but making a special tax on Zemindars and Mootahdars as a profession, fixing the rates at a percentage on the peishcush. This would do away with what seems to me the injustice of levying a double tax on land and would give no ground for grumbling, or for pushing forward the provisions of sunnuds and so on.

9. Before quitting the subject of taxing land I beg to point out that no provision has been made with regard to the question as to whether, when the assessment on land is remitted at the annual settlement, the land rate is be remitted also.

10. *Tax on houses.*—I think that this would prove by far the most effectual and popular tax of those proposed, excepting of course the land rate, the way for which has been already paved by the Road Cess Act. Every one must live somewhere; those owners who are too poor to pay can be easily known, and there can be no avoiding the tax. I think the scale rather high. I would prefer, instead of Rupees 2 and 1 Rupee, Rupees 1-8-0 and Annas 12. There are very few

houses indeed in this division which pay a rent of more than Rupees 24 per annum, and lowering the higher rates would, in my opinion, produce a larger income. I note that the mode in which the rate is to be calculated, whether on the value or annual rental, is not stated in the Bill.

11. *Tax on Professions, Trades, and Callings.*—This will not, I think, produce so much as the tax on houses, and in my opinion should therefore not be adopted. I consider that the number of classes is too small and that the rates for the higher are not sufficiently heavy. I would make at least six classes. The small number proposed would render the tax very unfair in its incidence, as it would fall heavily on some, whilst others would escape very lightly.

I observe that no definition of the professions, etc., or their value is given under Schedule B, or in the Bill itself.

12. *Tax on Marriage Ceremonies.*—This being an innovation is a tax which will indubitably be most unpopular. I do not approve of the system proposed with regard to it. I would rather see it fixed according to Schedule B, that is, that Class I. in that Schedule should have a corresponding class in Schedule C.; that there should be no requiring any statement of the marriage expenses or anything of the kind, but that it be ascertained that a man belonged to a particular class, he should be called upon to pay the marriage fee for that class, no questions as to what the affair costs being asked. This is certainly a more simple and, I fully believe that it will prove, a more popular way of collecting a tax, which, as far as I can learn from many conversations with natives, is, to them, a most obnoxious impost. I myself see no objection to it.

13. *Tolls.*—I do not think that this tax will be either popular or profitable. On very many roads there is not enough traffic, and there are so many cross roads that the tolls on many others could be avoided with the greatest ease, I have fixed upon points—on Local Fund Roads only—at which toll-gates could be at once put up. I do not think that the number of these could be profitably added to.

I think that all Revenue Officers on duty should share with Police Officers the exemption from tolls. It is in my opinion unfair that an officer who is compelled to travel over roads for the purpose of superintending, examining, and checking the work done on them, and who is in fact the Engineer in charge, should have to pay for doing so.

14. I append to this a rough estimate of the probable annual proceeds of the taxes mentioned in the Local Funds Bill.

(True Copy.)

(Signed) C. T. LONGLEY,
Collector.

ENCLOSURE No. 2.

From E. N. OVERBURY, Esq., Acting Head Assistant Collector, to the Collector of Salem,
dated 3rd December 1870, No. 424.

I HAVE the honour to reply in detail to your letter, dated 10th November 1870, in which you call for a report on certain matters connected with the Local Funds Bill as amended by the Select Committee.

I. *Local Fund Circles and Committees.*—I am decidedly of opinion, and concur with you, that the Local Fund Circle should be co-ordinate with the Revenue charges of Divisional Officers. The more extended the Circle, the more enlightened and independent will be the Committees, and the more safely may Government entrust to them administrative powers. At the same time, the Revenue Divisions should be the limit of the scope of Local Fund Committees. Were the Circle to be extended, not only would localization of expenditure be hazarded, but the object of the Bill would be rendered a nullity.

II. On the proposal of the Select Committee that Circles should be coterminous with a Revenue Talook, I do not look with favour, considering, as I do, (concurring with Messrs. Norton and MacFadyen the dissentients, who regard self government as the fifth of the Bill under deliberation,) that to Local Fund Committees should be entrusted administrative powers, the Circles

should be so distributed as to ensure that the individual members of the several Committees should, freed from bias, be enabled to apportion the funds among the community so as to promote to the greatest advantage the public weal.

III. My experience in these as in other talooks goes to prove that were a Circle conterminous with a Revenue Talook, there could not be found a body of men who could safely be entrusted with plenary powers in dispensing the public funds. So far then I concur with the provisions of the Bill, that if a Revenue Talook is taken to be a Circle, that the duties of Committees should be limited to advice and criticism.

IV. As a rule, in every talook there are a certain number of men of rank and importance, whose influence among the people is unbounded; and among these there is no party, no faction. From these would be drawn representatives to serve on Committees, and I fear greatly that they, however honest in themselves, would rather combine to further their own interest than that of the public whom they serve.

V. By uniting, however, two or more talooks, various interests would meet; the interest of one talook would be partially antagonistic to that of another, and so a wholesome opposition would be introduced into the deliberations of the Committee.

VI. I also concur with you in considering that in addition to Division or Sub-Committees, there should be established District Committees, that the latter should have the right of veto on the proceedings of Sub-Committees. The proceedings of District Committees might similarly be subjected to the veto of the Board of Revenue.

VII. The District Committees should consist of—

- The Collector as President.
- A Member as Vice-President.
- The Superintending Engineer.
- The Inspector of Schools.
- The Medical Officer.
- Other Official Members.
- Non-Official Members residing in the Circle.

VIII. The Sub-Committees should consist of—

- The Divisional Officer as President.
- A Member as Vice-President.
- The Range Officer.
- The Deputy-Inspector of Schools.
- The Medical Officer.
- Other Official Members.
- Non-Official Members residing in the Circle.

IX. No limit should be placed to the number of non-official members. I should favour a large infusion of non-officials into the Committee. It might be policy to preserve on Committees men of wealth and influence, whose attendance must necessarily be difficult to procure regularly.

X. The limit of appointment should be one year instead of three years as suggested by the Select Committee; all members being eligible for re-election.

XI. In each Circle one Committee only should be permitted.

XII. Zemindaries should be integral portions of Circles and not reckoned separately.

XIII. The present system of assessing the annual rent-value of lands under the Road Cess Act should be followed. Mr. Norton's apparent objections to this course is based on the probable inadequacy of funds. As I have demonstrated below, I do not anticipate a deficiency.

Mr. McFadyen's objections are based on the grounds of justice and not expediency. While admitting his argument to be sound, I am convinced of its inapplicability to the present condition of the country. The tax on incomes now in force sufficiently opens the door to dishonest

officials, and it would be unwise in the extreme to place an engine of such power in the hands of subordinates to whom in reality we have to look to the levy of the tax.

XIV. As regards the incidence of the tax in Zemindaries. I do not consider a headship that the tax should be continued to be levied in the same manner as is now followed under the Road Cess Act. A moiety of the sum so collected might be recovered from the Zemindars as proposed in the Act.

XV. Education.—I differ with the view taken by Mr. McFadyen, with regard to the question of education. I do not refer to the higher class of education, such as that which is imparted in the Presidency town and Zillah schools, but my remarks apply purely to the education of the masses. In principle Mr. McFadyen is correct, but he overlooks in this as in the matter of taxation the material with which we have to work. At present, I cannot speak highly of village schools owing to the necessarily imperfect supervision exercised over them. The system is at fault. The proposal as put forth in the Bill under discussion will, I am of opinion, provide a complete remedy and put the question of general education in its proper footing.

XVI. Taxation.—The subject of taxation now only remains. I append Statement (1) which shows the probable receipts under each tax proposed to be levied, (2) a rough map of the sites at which tolls might conveniently be established.

XVII. As to the question of selecting whether the house-tax or trade-tax should be levied, I think the most advantageous and less burdensome impost would prove to be the latter, but a decision on the point would depend whether the present Income-tax were retained or wholly discontinued. If retained, the house tax undoubtedly must be raised to the exclusion of the trade tax; if discontinued, I strongly favour the levy of the trade tax in preference.

XVIII. In conclusion, Mr. Norton and his colleague Mr. McFadyen appear to regard the Bill much in the light of a "leaf in the dark." In this I take a wholly opposite view, regarding as I do the drift of the Local Funds Bill in design as complete, in operation as practicable, and in policy as sound.

(True Copy.)

(Signed) C. T. LONGLEY,
Collector.

ENCLOSURE No. 3.

From T. PRITCHARD, Esq., Deputy-Collector of Nameul Division, to the Collector of Salem, dated Salem, 5th December 1870, No. 170.

I HAVE the honour to acknowledge the receipt of your letter of the 10th November 1870, desiring me to submit my opinion on certain points referred to in the Proceedings of Government, dated 28th October 1870, relating to the Local Funds Bill as amended by the Select Committee.

2. On carefully perusing the Bill and the Proceedings of Government, I beg to express my opinion as follows:—

3. The Local Fund Circle should be conterminous with the territorial jurisdiction of the Chief Revenue Officer in charge of a Division of a District, and in each Circle there should be on Sub-Committee whose proceedings should be subject to review, modifications, and final confirmation by a General Committee to be held in the Sudder station of each district.

4. The Committee should consist of Officers of the Department of Public Works, Educational Officers, and rate-payers, the two former to discuss the requirements of their respective departments only. It is highly necessary both for the purpose of rendering the Act popular, and for securing the application of Local Funds solely to objects of general utility, that the rate-payers who possess a greater and intimate knowledge of the public requirements of the different localities

in their immediate vicinity, should be consulted, and I would therefore suggest that the attendance of some members from the body of the rate-payers should be considered necessary to render any of the proceedings of the Sub-Committee valid.

5. The Committee should merely discuss the requirements of each Circle for which this Act is intended, and the executive administration of the Act should be vested entirely in the Collector of the district or in such other Revenue Officers as the Collector shall appoint.

6. With regard to the question as to the locality in which the proceeds under the Act from a particular part of a district should be applied, I would beg to observe, that some works may be required to be constructed in the district or in the division of a district which are of general utility to all the talooks of a district, but their construction may require more money than a single talook, or a division of a district could furnish from its Local Funds. For instance, the construction of a suitable building for a High School at the Sudder Station of a district, and the increase of its staff of Teachers, are objects in the accomplishment of which all the talooks under the district, from which Students are expected to go up to the High School, are equally interested. The School-house required may be of such dimensions that it cannot be constructed consistently with the Local Funds of the very talook in which it is to be erected. In such cases, it is highly important that the General Committee should be empowered to allot to such objects from the aggregate amount of the district, any portion they deem necessary, irrespective of the consideration that in so doing they will be sanctioning the expenditure of the funds derived from one talook, on works situated in another.

7. If, with the object of making the operation of the Act popular, it be deemed advisable to confine the expenditure of the proceeds of a talook as much as possible to itself, I would suggest, as proposed by you in paragraph 4 of your letter under reply, that the expenditure should, at least, be localized to a division instead of a single talook.

8. In cases of lands held on ryotwary tenure, I think that the rates or Government assessment should be taken as the annual rent-value of land, and in cases of lands held on other tenures, the yearly rent payable to the landholder by his tenants should be taken as the annual rent-value of the land for the purposes of the Act.

9. In the case of non-agricultural classes, taxes on trades and professions under the Act, if imposed, will evidently be of the nature of an Income-tax, and as such, as long as the regular Income-tax is in existence, will be received by the public as a double burden. It would, therefore, be advisable for the purposes of this Act, in dealing with the non-agricultural classes, to tax their houses, and inasmuch as under the provisions of Section 3 of the Act, it is to be enforced only at such places where Municipal taxes are not levied, a house-tax will not be considered by the people as an odious or double imposition.

10. The roads running through the division under my charge are unimportant ones, and as those which were of some importance are very little used since the opening of the Railway, I do not think any toll-gates could be established with advantage.

11. In conclusion, I beg to submit herewith two estimates* the first showing the probable proceeds from a house tax, and the second the amount which may be realized if it be enacted to tax the non-agricultural classes on their trades.

* Will be sent when received from talooks.

(True Copy.)

(Signed) C. T. LONGLEY,
Collector.

ENCLOSURE No. 4.—Statement of Local Fund Circles.

ENCLOSURE No. 5.

Rough Estimate of the proceeds expected from the several taxes under the Local Funds Act in Salem District.

Circle or Division.	Talooks included in the Circle or Division.	Rate on lands.	Tax on houses.	Tax on Professions, Trades, and Callings.	Tax on Marriages.	Tolls.	Total.	Remarks.
1	2	3	4	5	6	7	8	9
		RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	
1. Principal Division or Circle A.	1. Salem ...	51,400 0 0	18,760 0 0	20,410 0 0	5,050 0 0	4,560 0 0	1,00,180 0 0	
	2. Attur ...							
2. Sub-Division or Circle B.	1. Darampur ...	57,314 10 8	98,354 4 0	1,05,000 0 0	*64,836 0 0	15,055 0 0	3,40,559 14 8	Evidently over-estimated by Sub-Collector.
	2. Kistnagherry ...							
	3. Oosoor ...							
3. Head Assistant Collector's Division or Circle C.	1. Tripatur ...	26,560 0 0	19,730 8 0	3,650 0 0	1,595 0 0	1,317 10 6	52,853 2 6	
	2. Utenghiri ...							
4. Namkul Division or Circle D.	1. Namkul ...	65,876 7 8	4,400 0 0	10,619 0 0	5,500 0 0	7,500 0 0	93,895 7 8	
	2. Trichengode ...							
	Total...	2,01,151 2 4	1,41,244 12 0	1,39,679 0 0	76,981 0 0	28,432 10 6	5,87,488 8 10	

(Signed)

J. W. JOHNSTON,
Deputy-Collector, for Collector.

From A. M. C. WEBSTER, Esq., Acting Collector of South Canara, to the Acting Secretary to the Board of Revenue, dated Mangalore, 10th January 1871, No. 39.

I HAVE the honour to reply to Board's Official Memorandum, dated the 21st ultimo, calling for an early reply to the Proceedings of Government, dated 28th October 1870, No. 1,389, Public Department.

2. The first point on which a report is directed is the size of the Local Fund circles in a district. It is proposed that a circle shall be coterminous with a Revenue Talook in order that the expenditure of the funds raised should be localized as much as possible, and thereby render the taxation less unpopular. This provision may, perhaps, render the Act less unpopular, but popular it will not be, and I much doubt the expediency of sacrificing administrative efficiency to reducing to a slight extent the unpopularity of the measure.

3. The first objection to the proposal is that the funds collected will be frittered away in small works instead of being expended on works of greater importance, which will be more useful to the district at large. I am alluding here to roads and bridges, the construction and up-keep of which appear to be the primary objects of the Act. The public institutions contemplated in Clauses 2 and 3, Section 25 of the Amended Bill, should be distributed through the district in proportion to the amount of tax paid by the inhabitants of each locality, and as far as these objects of the Bill are concerned it would be better if the Local Fund circles were coterminous with a Revenue Talook; but as it will be impossible to have special rates for the different objects of the Bill I am of opinion that a circle should be coterminous with the district, and that it should be left to the Collector, guided by the opinion of the Committee of advice, and acting under the orders of Government, to expend the money as equitably as circumstances will allow.

4. Another objection to a number of circles would be the impossibility of obtaining competent Committee men. There would be but little advantage in small circles if the expenditure was not entrusted entirely to the Committees, and I do not consider that competent men could be found to undertake the work.

5. Then again the labour involved in working the Act is a serious objection to small circles. It is not only the numerical increase of the circles necessitating increased correspondence, and probably causing confusion in the accounts of the district as a whole, that would make a Collector averse to the proposal, but it is the sure difficulty he would experience in getting the Committees to work for the general good of the district. The money collected would, I am afraid, be far less profitably expended, and there would be less real improvement to show for it, while the pockets of the tax-payers would not be relieved. The Engineers too would be swamped with estimates for bits of road; accounts of a Range Officer would have to be submitted piece-meal; part of a road might be sanctioned in one circle, while no allotment was provided in the adjacent talook; and as a consequence the year would end with very little real work being carried out.

6. With reference to paragraph 3 of the Government Proceedings I have already in my letter to the Assistant Secretary to Government, Legislative Department, dated 20th April 1870, No. 491, stated my opinion that the Committee should be a Committee of advice only. If the appointment of such a body is deemed necessary I do not consider it should be one of criticism. To ask for the remarks of an irresponsible body on the working of the funds would, in most cases, invite adverse criticism and would fetter the hands of District Officers. Its functions should be to call the Collector's attention to any works which the members may consider to be required in any part of the district. The preparation of the Budget should rest with the Collector, but if thought necessary the draft might be submitted to the Committee for their remarks prior to its submission to Government.

7. It will be necessary, however, for the efficient working of the Act to give the Collector power to appoint Sub-Committees for Dispensaries, Schools, etc., wherever these institutions may exist. To these Sub-Committees the entire management of the institution should be entrusted, and the members should in fact be chosen from the same class of men as the present Rate School and Dispensary Commissioners.

8. As regards the mode of assessing the annual rent value I have, in my letter above alluded to, stated my opinion to be in favour of the actual rent being taken. I admitted that the rating would require great care and tact on the part of the District Officers, and that it should be introduced without any inquisitorial examination into the private affairs of the proprietors, who should be called on to give in a return which, unless manifestly inaccurate, should be accepted. I proposed this method of rating for Canara in order to remedy, as far as possible, the inequality of the present land assessment. I know that as the receipts from this method of rating will far exceed the receipts, if the Government assessment is taken as the basis, the measure, even if worked without any oppression or inquisitorial interference with the private affairs of the proprietors, will be more unpopular than it would be were the rent to be taken to equal the assessment; but I considered that the expediency of the latter method of assessment should give place to the stricter equality of the former. As far as convenience is concerned I would infinitely prefer that the rent should be considered equal to the Government assessment, but where that assessment is notoriously unequal, taking it as the basis of fresh taxation, will only add to the inequality.

9. It would only be in the case of recently settled districts that the measure might lead to unfounded apprehensions of an enhancement of the land assessment, for the settlement has been fixed on the principle that the Government assessment is equal to the rent value of the land. In Canara the assessment was fixed it is true on the same principles, but this assessment is now more than 500 years old, and consequently is no guide to the actual rent value of an estate.

10. In this district the tenant generally pays a fixed money rent, but in cases in which a fixed grain rent is paid its value should be computed from the average of five years' prices, with the power of appeal if in any year the price falls below the average.

11. At the same time I must admit that there are many and great advantages in retaining the Government assessment as the basis for assessing the rent value of an estate. Opportunities for fraud and oppression on the part of the village officer will be reduced, the proprietor will know at once what he has to pay and the limit of the demand against him, while the total collections from this source can easily be estimated. In addition to these advantages this method of assessment will be more popular than the one I have proposed.

12. With reference to the latter part of Section 48 of the Amended Bill I beg to observe, that as many of the lands in this district are sub-rented on permanent leases (mulgeni) a provision should be inserted, authorizing the proprietors to collect from the tenants (Mulgenigars) one-half of the land rate charged on the lands in their occupation. I am not aware of the reasons which induced the Select Committee to except the holders of all ryotwary lands from the provisions of the latter part of this section. In this district the result will certainly entail great hardship on the proprietors, and the men who really enjoy the great part of the profits from land will in many cases get off without payment. I beg to suggest, therefore, that the words, "on any tenure other than ryotwary," be struck out of Sections 48 and 50. If the leases were temporary the landlords might make some arrangement with their tenants, when renewing, as to the share of tax the latter should pay, but as the leases are permanent and the rent (generally in money) fixed the landlords will not be able to recover any portion of the tax from their tenants.

13. As regards the proposed sources of taxation, other than the land rate, I beg to state that as the non-agricultural classes in small towns now pay to Imperial Funds a house tax, or what is the same thing a tax (ghar-terige) on the house sites, I do not consider they should pay a second tax on the same ground to Local Funds. In preference I would suggest that the proposed tax on arts, trades, and professions should be levied. The Collector should have the power of exempting any person from the tax on the score of poverty. He has the power with reference to the house tax, and as from Section 63 every person exercising any trade must be registered the Collector should be able to exempt the poorer artisans and others from taxation.

14. Public opinion is strongly against the contemplated tax on marriages, and I cannot see any argument in its favour. The receipts would not be large and would not compensate for the trouble and annoyance that would be caused to the people by the collection of the tax.

15. I am strongly in favour of tolls, but I do not consider that the inhabitants of the district, who pay for the construction and maintenance of the roads, should also pay for the privilege of using them. The more preferable plan would, I consider, be to have a tax on carts and animals used for draught and not for agriculture alone, and that only Foreign traffic should pay toll. In carrying out this measure I would fix the tax at a very low rate, so as to foster the increase of wheeled traffic within the district; the tax being more of a registration fee than a source of revenue. If the suggestion I have made be adopted I would have tolls on every Local Fund road in the district, registered bandies being exempted. If, however, it should be determined that district as well as Foreign traffic should be tolled I beg to enclose a map showing the roads on which I would have tolls. The Board will perceive that I have placed the tolls so as to catch as much Foreign traffic as possible, while leaving the purely district traffic as free from the impost as I can. In a district like this, where bandy traffic is only just springing up, restrictions on its increase should, as far as possible, be avoided.

16. I beg to subjoin a rough estimate of the probable receipts of each source of taxation contemplated in the Act:—

	RS.
Land rate	85,000
House rate	10,000
Arts and Profession Tax	15,000
Tolls	1,000
Marriage Tax... .. .	5,000
	<u>1,16,000</u>

17. I beg in conclusion to bring to the Board's notice that other sources of revenue, which are at present credited to Local Funds form no part of the contemplated receipts under the Bill. I allude to Ferry rents, Surplus pound collections, and Avenue clippings now credited to the District Road Fund, and also to the Jungle Conservancy, Pound, and Public Bungalow Funds. It is, perhaps, intended that these latter funds should be separately administered by the Revenue authorities, but as regards the former fund I trust that we may still have the benefit of the receipts from ferries, which appears to me to fairly belong to the locality and not to the Presidency at large. If public bungalows are to be kept up from Imperial Funds I have nothing to say against their exclusion from Section 25 of the Amended Bill, but as it is not probable that Imperial Funds will be available, and as the Bungalow Fee Fund is of itself utterly inadequate for the maintenance of the existing bungalows, to say nothing of the construction of new ones, we shall have no funds from which to keep the buildings in repair.

ENCLOSURE No. 1.

Estimate of the probable Receipts from the taxes proposed to be levied under the Madras Local Funds Bill No. 2 of 1870.

District.	Rate or Cess on land.	House Tax.	Trade Tax.	Tolls.	Marriage Tax.	Total.
	RS.	RS.	RS.	RS.	RS.	RS.
South Canara	85,000	10,000	15,000	1,000	5,000	1,16,000

MANGALORE,
10th January 1871.

(Signed) A. McC. WEBSTER,
Acting Collector.

ENCLOSURE No. 2.—Map.

From A. MACGREGOR, Esq., Collector of Malabar, to the Acting Secretary to the Board of Revenue, dated 26th January 1871.

I HAVE the honour to report, as directed in Government Order, 28th October 1870, No. 1,389, my opinion on the Local Funds Bill as amended by the Select Committee.

2. As to whether each Local Fund Circle should be coterminous with the district or talook it seems to me not desirable to lay down any arbitrary line in the Act. Occasionally a talook may be found so circumstanced as to form a convenient Circle, especially if it constitutes the divisional charge of one of the District Officers.

In this district the Local Funds Act repeals the special Tolls Act applicable to Wynaad, and it is therefore necessary to consider its effect with reference to that talook. The Deputy-Collector in charge is of opinion that a Local Committee for Wynaad would be useless owing to the want of unanimity which the diverging interests of so large and varied an area necessarily produce. I feel satisfied myself that it would be impossible to constitute a Local Committee for Wynaad, and that at least three different centres of local action would have to be established.

3. If, however, each division were to be treated as a separate Local Fund Circle Committee under the Act, with a distinct Budget to be submitted to Government, the work of administration would be so increased as to render the task almost hopeless. There are ten talooks in this district and five Municipalities, and if some of the talooks had to be sub-divided, the Collector would find himself ex-officio President of some fifteen or twenty Municipal bodies. To avoid such a state of things, it seems advisable to form the whole district into one Circle, and to give to the Committee powers to appoint Local Sub-Committee for special objects.

To these Sub-Committees they should be empowered to make allotments from the general Funds, and the Sub-Committee should have power to raise special local rates for particular purposes.

4. It may be argued that this proposal is inconsistent with one avowed object of the Bill, viz., the substitution of one lump rate for several payments. There are, however, many cases when a local work is of such immediate advantage to the neighbourhood that a special rate levied for its execution will be regarded more as a forced outlay on an object yielding an immediate return than as a vexatious tax. As an illustration of what I mean, I will allude to the Cherambady road in Wynaad. This line connects the head of Karkoor and Tambracherry Ghauts and is therefore purely local. After unavailing attempts to get those benefited by the work to subscribe their quota, the Committee appointed for the construction and maintenance of the road sought for the application thereto of the Wynaad Tolls Act. In order, however, to proportion payments to the benefit derived by each, it was necessary to put at least four tolls on the road, as it was manifestly unfair that a proprietor who used the road for a distance of twenty miles should pay no more than one using it for two or three.

5. Government were unable to sanction the application of the Act because the establishment required to maintain the tolls would have absorbed a large proportion of the receipts. The result has been that the road has been made and maintained at the expense of a few proprietors, while many, chiefly East Indians and Natives, are profiting by an expenditure to which they refused to contribute. This seems a good illustration of the necessity for giving powers to a Local Sub-Committee for raising a special cess for a particular object. By reserving an appeal by the parties considering themselves aggrieved to the District Committee, all fear of injustice to individuals would be removed. In some cases it might be desirable to make over to a Sub-Committee some specific source of income in connection with the work to be performed as a toll on a river or bridge, placing them thus in the same sort of position as that of Road Trustees at Home.

6. Under some such system as this, useful roads and bridges not of sufficient general interest to warrant their cost falling exclusively in the District Fund would be constructed not only in Wynaad but all over the district, the rate payers of the special cess receiving a full equivalent for their money in the saving of the expenses of Ferryman and Boats, and in the reduced cost of carriage of their produce.

7. The next consideration is whether the Local Committees should be of an administrative character or merely advisers. I would strongly recommend giving them real power as the only means by which it can be expected that a real interest in the matter will be kept up. Amongst

their administrative duties, the rating of property for the general rate and the disposal of appeals against special rating by Sub-Committee would be most important. The Act does not invest them with powers of raising loans or of pledging sources of income as a security for the interest of such loans, and probably the omission is accounted for by the fact that a Bill is before the Supreme Council for regulating loans to Local Funds. That the system must utterly break down as the Imperial system has, unless the sound principle of constructing from loan funds works fairly chargeable to capital, cannot be doubted; and unless Government is to be the general creditor, it is essential to provide such powers and restrictions as shall tend to maintain the credit of Local Funds at a point admitting of loans being raised at moderate rate of interest.

As to how the annual rent-value of land is to be assessed, I have no hesitation in saying that to base the rating on the Government assessment would in this district be a fatal error. The fairest criterion of the proportion of benefit derived from local improvements is the gross produce, and this is the basis I would recommend. I do not apprehend that any dissatisfaction will be caused by this mode of rating. A certain sum is required, and if the valuations are higher, a lower rate will suffice to yield the necessary amount. I see no reason why a fictitious and unequal valuation such as that arrived at by assuming the assessment as equal to the net income should give general satisfaction, as it can afford no relief to one party without inflicting a corresponding addition of burden on some other. Practically the addition is by such a system invariably cast on the poor man. There appears to me an essential difference to be borne in mind between rating for Income-tax and for local rates. The payment for a road necessary for the working of a Coffee estate is as much a working charge as that to a cooly engaged in picking the crop, and there is no reason that because a man is involved or so mismanaging his estate, that it yields him no surplus, he should be supplied with roads, bridges, etc., at the expense of his neighbours. Income-tax on the other hand is essentially a tax on surplus, and when a man escapes it owing to impecuniosity he inflicts thereby no direct burden on his neighbour.

8. As there are no permanently settled estates in this district the application of the Act to Zemindaries need not be dwelt on.

9. As regards the financial results of the measure, it is impossible to make any inquiry without in the first place considering what the existing local revenue is. Owing to the Ferry Fund having been many years in working, we have not clear ground to work on. We are at present drawing a revenue of Rupees 1,00,000 from Tolls on Ghauts, Bridges, and Ferries. The sum derived from the last-named source does not however exhibit the total extent to which the roads are burdened by imposts, as it

Ghants.....	10,000
Bridges.....	45,000
Ferries.....	45,000
Tolls...	1,00,000

is merely the net proceeds of the sales of the ferries to which, in order to ascertain the payments made by the public, must be added the Contractors profits and the wages of Toll before Ferry-men, Boats, etc. Tolls, too, have been sanctioned in four Municipalities. This being so, I do not think we can look to additional tolls as a source from which to meet extra charges for education, etc., except in a limited degree.

10. In considering the present amount of local taxes, the Village Service Cess, amounting to 91,700 Rupees, must not be forgotten, though it is not an item dealt with in the present Bill. There are in the district twenty-one Rate Schools established under Act VI. of 1863, the account of which the rates levied amount to Rupees 31,000. Added to these compulsory rates there is a sum of Rupees 7,000 representing the voluntary contribution to the Hospitals at Tellicherry, Calicut, Ponany, Cochin, Manjerri, and Gudalur. The present account of Local taxation may thus be summarized:—

Village Service Cess	91,700
Tolls on Ghauts, Bridges, and Ferries	1,00,000
Road Cess	55,500
Education Cess	31,000
Hospitals Subscriptions	7,000
Municipal Taxes	60,000
Total...	3,45,200

11. In order to put together anything like a reliable Budget of receipts and expenditure for the district, it seems most essential that something definite should be known as to the apportionment of such of the grants now allotted by the Supreme Government for *Provincial Services* as pertain to objects included in this Bill. The disadvantage which attended the raising of Local Funds in this Presidency in the absence of any guarantee that additional local taxation would not be followed by proportionally diminished grants of Imperial Funds, applies now to districts, and the essential preliminary to the proper preparation of District Budgets appears to be the apportionment to the various districts on some equitable principle, of the Madras share of Imperial Funds.

12. Another difficulty which presents itself in an attempt to prepare an estimate, is the absence of any information as to the scheme of educational reform to supply funds for which is the main object of the projected measure.

The payment by result system has been making great advances lately in Malabar, and seems better calculated than the Rate School system to advance primary education; but this system too has been condemned by the Government of India as not likely to meet the required development within reasonable time and cost, and it is presumed that what is aimed at is more in accordance with what the Director of Public Instruction in Oude defines as a School under a well-trained and fairly paid teacher within 2½ miles of every child in the district. Taking the area of the district and allowing for a Village School for every 25 square miles, 250 Schools would be necessary.

The population of the district is 17,00,000, and taking the number of boys of a school-going age at one-fourteenth, this would give a School to every 500 boys. Each School would not exceed more than 70 boys. There are 432 Amshoms or Parishes in the district, and I think therefore that 250 Schools is a moderate estimate for an attempt at anything like general education. I apprehend that the average cost of such Schools cannot be estimated at less than 400 Rupees, so that to carry out this measure of educational reform, not less than an aggregate expenditure of 1 lac must be set down.

The present expenditure from Imperial Funds on education is about 50,000 Rupees; this I presume will remain unchanged; I shall exclude the amount from both sides of the Budget; the new Local Fund however will have to supply 30,000 Rupees as being the amount of rates now collected under the Educational Act.

13. The sum annually required for maintaining the District Roads is 60,000 Rupees and this is of course an increasing charge. A like expenditure has been hitherto devoted to new works; but under this head a greatly increased expenditure is required, many large Bridges having to be re-built. At the lowest we cannot allot less than Rupees 1,50,000 for roads, this being the aggregate of Road Cess and Tolls on roads and bridges. Under the head of Civil Buildings, including Subsidiary Jails, a sum of 60,000 Rupees is required immediately to carry out the scheme of the Committee and complete buildings in progress, but stopped owing to want of funds. When these arrangements are completed, the Revenue Officers will be fairly supplied with office accommodation. Of the twenty Moonsiffs, however, there is scarcely one who is decently lodged, the system having been for these officers to betake themselves to the buildings abandoned as unserviceable by the Revenue authorities. A considerable sum will therefore have to be laid out annually in providing suitable Moonsiffs' Courts. It is presumed that the surplus Registration fees will be credited to the Local Funds in consideration of their providing costs. The monsoon repairs of Revenue Buildings require a sum of about 2,000 Rupees, and the Police building allotment has been hitherto about Rupees 10,000. Under the head of Civil Buildings, it seems necessary therefore to provide not less than half a lac.

14. Hospitals absorbed last year from Imperial Funds Rupees 9,000 and from Local contributions Rupees 7,000. In this, subscriptions for buildings are not included as being exceptional. As funds are actually raised for two additional Hospitals, one at Manantoddy and the other at Vythry, an increase must be anticipated, and the sum required may be set down at Rs. 18,000, to which may be added 2,000 Rupees for vaccination and contribution to Medical Training School at Cannanore.

Education	1,86,000
Roads	1,50,000
Civil Buildings	50,000
Hospitals	20,000
	3,50,000

Tolls and Ferries	1,00,000
Road Cess	55,000
10 per cent. escheat sales	30,000
Education rate	31,000
Contribution to Hospitals	7,000
	2,23,000
	38,000
	1,85,000

House Tax.—The number of houses in the district is by the latest returns 3,26,000 but we have no data as to agricultural or non-agricultural. The peculiar characteristic of the Malabar dwellings is, that each stands in a garden of valuable fruit trees paying assessment, so that the cases in which households pay no land-tax are very rare. During the old Moturpha, all houses were taxed whether agricultural or not, and if the house-tax be decided on, I should certainly recommend no distinction.

The tax produced Rupees 82,000 which is an average of about 4 Annas per house, i.e., the lowest rate proposed in the Act.

I believe a House Tax would be an easy mode of raising money in this district, but it has the great disadvantage of being a new toll, or rather an old one revived after ten years.

Tax on Trades.—This is not an impost. I would advocate the cost of collection being great, and the dissatisfaction created considerable as compared with the proceeds. It is impossible to give an estimate of them, but I feel sure the amount would be small.

Marriage Tax.—The same objections exist in a greater degree as regards this tax, and there is a strong feeling against it expressed by the better informed natives; among the Nairs who form the aristocracy of the district there is no ceremony that can be called marriage, and among the Malabar Brahmins the eldest son alone marries.

The tax would therefore be levied among the lower classes of Hindoos, but would also tax heavily the Tamil Brahmins in the Palghat Talook and also the Moplahs. Anything that can be extracted on these occasions is looked on by the Kazees and Priests as their lawful gain and the measure would cause discontent probably among them.

Tolls.—I have before shown that these have already been imposed to a very considerable extent, and I scarcely see how any considerable increase can be expected from this source. In fact, if the rates of Toll fixed in the Act are maintained, there will be a large falling off, as many of our Tolls are 4 Annas for a loaded cart and pair of bullocks. When the enormous saving in cost of carriage caused by such works as the Tambracherry and Karkoor Ghaut roads is considered, this rate is by no means oppressive; I would strongly advocate the raising of the maximum rates. It must be remembered that by multiplying Tolls on the through lines, a larger rate can be extracted, but only by means of additional Toll establishment the cost of each of which is dead loss to the community.

There seems, however, to me to be a source of taxation admirably suited to the local peculiarities of this district from which a considerable increase may be derived at a minimum of inconvenience to the tax-payer and without any cost for collection. These advantages would be combined in an export due on the principal special products of the district.

I would confine it to these articles of which the value exported exceed 10 lacs, and as shown

Cocunut produce	85,00,000
Coffee	64,00,000
Betel-nut	34,00,000
Pepper	18,00,000
Timber	11,00,000
	212,00,000

15. The total expenditure as thus estimated will amount to Rupees 3,50,000 as shown in the margin.

16. The present assets amount to Rupees 2,23,000 from which must be deducted contribution to Hospitals, which we can no longer expect, and the Rate School Cess which the Act abolishes. This reduces the income to Rupees 1,85,000. A sum therefore of Rupees 1,65,000 has to be provided by Government contribution and new taxation.

in the margin, this would represent a gross value of somewhat over 200 lacs. A duty of 1 per cent. on this would produce 50,000 without the least trouble and without any danger of affecting the production.

I consider that this would be a preferable mode of raising money to a house-tax, or tax on marriages or trades—it seems a great pity merely for the sake of uniformity to omit a mode of taxation so peculiarly fitted to the district.

This sum added to what would result from the present Road Cess being doubled would give us rather more than a lac extra, leaving half a lac to be made up by Government grants. The Imperial expenditure on items noted in the margin, which will now become local, has hitherto amounted to about 27,500 Rupees, and

we may I presume count on the continuance of this. Civil Buildings is a charge on which it is more difficult to strike an average. The monsoon repairs are a heavy item, and there are buildings to be finished in all directions and new ones to be begun. A grant for this purpose and to cover the 27,500 Rupees above alluded, could not well be fixed at less than Rupees 60,000.

The Budget would thus stand as shown below:—

Receipts.		Charges.	
Local Cess	1,10,000	Education	1,30,000
Tolls on Ferries	1,00,000	Roads	1,50,000
Ten per cent. on Escheat Sales	30,000	Civil Buildings	50,000
Quarter per cent. staple exports	50,000	Public Improvements	50,000
Government Grants-in-aid	60,000	Medical Services	20,000
	3,50,000		3,50,000

The following are the figures showing the ordinary Imperial expenditure classed under the heads of Imperial, Provincial, and Local:—

Imperial Charges.	
Land Revenue	2,48,000
Customs	20,000
Salt	2,56,000
Stamp	27,500
Law and Justice	2,42,000
Total	7,93,500

Provincial Charges.	
Jails—not including Buildings	61,000
Police—including Buildings	2,03,000
Education	50,000
Printing	3,500
Roads—New Works	2,50,000
Repairs	1,00,000
Total	6,70,500

Local.	
Medical Services	9,000
Miscellaneous Public Improvement	8,500
Civil Buildings	50,000
Total	67,500
	15,31,500

The last year's revenue, amounted to Rs. 40,00,000, so that only three-eighths of the revenue were expended in the District administration, five-eighths being the contribution towards Central Supervision Railway, Post Office, Telegraph, Currency, and the Military expenditure of the Empire.

I have in the absence of any information based the estimates on the supposition that it is not proposed to increase this proportion of contribution to general revenue.

I have the honour to forward reports from the Deputy-Collectors of Wynaad and Southern Division, but have not been able to get reports from the other Divisional officers.

The Deputy-Collector of Wynaad suggests a Poll-tax on coolies of 4 Annas, and estimates its proceeds at 20,000. I do not advocate the measure especially in a country where all labour is imported.

ENCLOSURE No. 1.

From O. CANNEN, Esq., Acting Deputy-Collector, Southern Division, to the Collector of Malabar, dated Ponany, 9th January 1871, No. 8.

With reference to your docket in the Proceedings of Government, dated 28th October last, No. 1,389, requesting opinion on the Local Fund Bill as amended by the Select Committee, I have the honour to make the following observations.

2. The Local Fund Circle contemplated by the Bill should, I think, be coterminous with the Revenue Divisions of the District; the boundaries being answerable to the jurisdiction of the Divisional officers in independent charge of them, sufficient number of persons qualified to serve as members of Local Fund Committees will, I suppose, be available.

3. I see no reason to depart from the observation I have already made in paragraph 3 of my letter dated 1st April 1870, No. 34, on the Bill as to the advisability of vesting the administrative power in the Collector of the district. The Committee should only be considered as a body assembled to represent local wants, and their advice and criticisms may be tested by the Collector.

4. As to the taking of the estimated money-value of the ryots' share of the produce of lands will create much discontent and will press hard upon the people, I am of opinion that the assessment payable to Government should be taken as the rent-value of the land for the purposes contemplated by the Bill.

5. In Ponany Talook, Rupees 47,000 may be expected to be realized from different sources

Road Fund.....	Rs. 20,000
Ferry Fund.....	6,700
Amshom Service Fund.....	20,000
Other sources, viz., Avenue clippings and fruits, Ponany Groyne Cattle Pounds, and Educational Fund.....	1,300
Total.....	47,000

of Revenue, as particularized in the margin; and so far as this talook is concerned, I think the receipts above noted will be sufficient to cover the requisite expenses. I would therefore deprecate both a house tax and a tax on trades in the case of non-agricultural classes. Should however those taxes be resolved upon, Rs. 4,000

on the former and Rupees 2,000 on the latter may probably be levied in this talook.

6. There appears to be no road in this talook capable of the imposition of the toll except the Salt road* No. 23 which is extensively used for cart traffic.

* From Ponany to Putimby, Imperial Line.

(True Copy.)

(Signed) A. MACGREGOR,
Collector.

ENCLOSURE No. 2.

From W. E. UNDERWOOD, Esq., Deputy-Collector of Wynaad, to the Collector of Malabar, dated Manantoddy, 16th January 1871, No. 28.

With reference to your endorsement on Proceedings of Government of Madras, dated 28th October 1870, requesting an opinion on the Local Funds Bill.

2. There are no Zemindars in this Talook.

3. The great want in this district is Roads, Bungalows, Chuttrums, Offices, Dwelling-houses, Hospitals, Subsidiary Jails, involving so large an outlay, that to depend on the rate-payers being able to pay up the amount required would be impossible except over a number of years, and if Local Funds raised in this talook be the only means to be hereafter provided, little or nothing could be done yearly, and if for the carrying out of the necessary wants of this talook other Local Funds Circles be encroached upon, I think it would be difficult to show the beneficial results to the rate-payers of the contribution.

4. As to Local Committees, I think they would be useless, want of unanimity amongst several rate-payers of any proposal by Committee or of the Committee themselves if chosen from different districts. Davala would be jealous of any large expenditure to which it might be called on to contribute for Periah or by Periah rate-payers that an expenditure was passed for Calputty against their own pressing demands.

5. The simplest form to collect the demand would be in accordance with the rule in force under the District Road Cess Act and which Act has not as yet been introduced in this talook. Tolls more might be placed on the roads. There are at present three: one at Periah, one at Lambra, and one at Caroor. I would recommend one at Teriot so as to include the Coorg road, one somewhere near Calputty, to take in the new road to Penamarom from the Battery, and one at the Battery, and also one at Tippicadoo.

6. Nothing much would be gained by a tax on houses or by fees on marriage ceremonies. A very legitimate and paying tax might be made by a capitation tax from coolies, 4 Annas or 8 Annas a year.

7. Tax on carriages would not pay the collection.

	RS.	A.	P.
The land tax is about	10,000	0	0
A Cess of one Anna in the Rupee would give	6,250	0	0
The seven tolls might produce	13,750	0	0
Tax on houses, taking 4,000 on an average of, say, 4 Annas a house ..	1,000	0	0
One Rupee a coolly would I think be a heavy charge, but 80,000 coolies at 4 Annas would give	20,000	0	0

Making a total of Rupees...31,000 0 0

This sum might be easily, I think, collected, and a further sum of 3,000 Rupees if the Road Cess Act was introduced.

(True Copy.)

(Signed) A. M. GREGOR,
Collector.

G.C. 10 July 1911 N 38. 111

1871. *West*
rd of Revenue,

MADRAS. *W-409.*

2. 25 JANUARY 1871, No. *552.*

25 Feb 1871

Encl. *2*

JANUARY. *For many.*
No. *542.*

Bill—as amended by Select
ports of Collectors on, sub-
ment, with remarks.

W-38.

2002

July 71.