M.R.O. 14–5,450—22-10-25.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 524 Press ~~Mis.~~

43-44

Dated 2 — 3 — 1867.

Not to be folded or roughly handled

No. 43. Read the following Proceedings of the Board of Revenue, dated 17th January 1867, No. 311.

Read the following letter from the Collector of Ganjam, to the Secretary to the Board of Revenue, dated Chetterpore, 22nd November 1866, No. 3,235:—

1. Adverting to the instructions contained in paragraph 7 of the Board's Proceedings, No. 7,710, dated 25th October 1866, and having reference to the introduction of a Road Cess, I have the honor to observe that, as the Government consider it expedient to postpone this demand in districts where the agricultural class has been reduced to poverty by the recent famine, and as the Road Cess is to be calculated on the yearly revenue, I presume that as a matter of account, apart from other considerations, one agricultural year should elapse before the introduction of the Road Cess in Ganjam. The survey of the southern talook is now in progress, and the northern part of the district will be undertaken immediately after; I think, therefore, that the new cess would be best introduced with the new assessment to which the survey is preliminary, and that it should take effect in each talook as it falls under the operation of the revised assessment.

2. I observe that the Board has recommended the introduction of the tax at the same rate in the case of Government and Zemindary ryots, but equality in this case would be apparent, and not real. The Zemindary ryot pays a Shist of 50 Rupees out of 100 Rupees gross produce, the Government ryot pays, say 33 or less; consequently the former is the poorer man of the two; yet it is proposed that he should pay half as much again as the Government ryot pays, for his Road Cess is to be three per cent. on 50 Rupees, or Rupees 1-8-0, whereas the ryot's cess is to be three per cent. on 33 Rupees or (say) 1 Rupee. But, again, it is not the under-tenant who should pay according to the theory of the Act, but the man who holds the land from the Government as in the case of the ryot. The Zemindar, therefore, is the person from whom this cess should be claimed. This shifting of liability from the Zemindar to his tenant is explained to arise from the terms of the permanent Settlement; but can it be supposed that the parties concerned will be blind to the fact, that the rent roll of the Zemindar was assessed at four per cent. to the Income tax, while his tenants were exempted, and that this cess should in consistency be borne by the Zemindar who makes a profit on his rents, and not by the tenant who barely subsists upon a half share of the produce he raises?

3. It is much to be deprecated that this tax upon a class, which, besides its share of indirect taxation, pays in a direct form nearly three-fourths of the whole revenue of the Presidency, should fall most hardly on that section of the class which is weakest and poorest, namely, the under-tenants of the Zemindar, and I beg to suggest, for the approval of the Board, that if the Zemindary ryot is to pay a Road Cess, it should be the *minimum* rate named in the Act, viz., three pies per Rupee.

4. I ought perhaps to excuse this insistence on objections which the Board describe as having been disposed of by Government, and I am aware that the Government have replied to them by observing that the advantages to be gained outweigh the objections; but even if this position is accepted in reference to the imposition of an additional cess upon the land, it is most important to secure an equitable distribution of the cess.

1. Ordered that the foregoing letter be submitted to Government, with reference to Government Order dated 10th October 1866, No. 2,736, Revenue Department, paragraph 3.

Proceedings of the Madras Government, Revenue Department, 2nd March 1867.

2. The Board observe that in Government Order, dated 9th July 1866, the Government resolved *not* to introduce the Road Cess Act in Ganjam "*in the current year*," and the resolution was evidently intended to apply to the Fusly ending 30th June 1867. The Board, however, see no reason for deferring the introduction of the Act until the revised assessment on the land is introduced, for this course has not been deemed necessary in other districts, and would deprive Ganjam of the benefits derivable from the cess, for what may prove a lengthened period. The present circumstances of the district cannot certainly be considered other than favorable.

3. As regards the rate at which the cess shall be levied on Zemindary ryots, the Board observe that considerable difference of opinion appears to exist between the Revenue Officers of the adjoining districts of Ganjam and Vizagapatam as to the relative advantages of Zemindary and Government ryots, and they are not satisfied that even in theory the Ganjam Zemindary Ryots pay half their gross produce to the Zemindar in *all* lands, or that generally in wet lands this rate of taxation is realized by the Zemindar. They, however, think it probable that in Ganjam the Zemindary ryots are taxed for their land more heavily than the Government ryots, and if this be so, it would be only equitable to adopt some expedient for equalizing the incidence of the Road Cess.

4. The Act No. III. of 1866 (Madras) does not fix any *minimum* rate of cess, as assumed by the Collector; but supposing that the Government adopt the maximum rate of six pies in the Rupee for Government ryots, the half of that rate proposed by the Collector for Zemindary ryots would probably be an ample recognition of the difference in their relative position as regards existing burdens on their lands.

No. 44. ORDER THEREON, 2nd March 1867, No. 524.

Land Revenue

1. The Board have rightly interpreted the G. O., relative to the introduction of the Road Cess in the Ganjam District.

2. The Government are not satisfied that any necessity exists for assessing the cess at a lower rate in Zemindaries than in Government Talooks, and they deem it hopeless to attempt to adjust the rate with reference to rents; but they desire the Board to bear in mind that the proceeds of the cess should be employed, as far as possible, in the locality in which it is raised, and that in the case of Zemindaries it is specially necessary to ensure that they receive their full share of the benefits to be derived from the expenditure.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Board of Revenue.

Exd. T. O'Connor.

3. As regards the rate at which the cess shall be levied on Zemindary ryots, the Board observe that considerable difference of opinion appears to exist between the Revenue officers of the adjoining districts of Ganjam and Vizagapatam as to the relative advantages of Zemindary and Government ryots, and they are not satisfied that even in theory the Ganjam Zemindary ryots pay half their gross produce to the Zemindar in *all* lands, or that generally in wet lands this rate of taxation is realized by the Zemindar. They however think it probable that in Ganjam the Zemindary ryots are taxed for their land more heavily than the Government ryots, and if this be so, it would be only equitable to adopt some expedient for equalizing the incidence of the Road-cess.

4. The Act No. III. of 1866 (Madras) does not fix any *minimum* rate of cess, as assumed by the Collector; but supposing that the Government adopt the maximum rate of six pies in the rupee for Government ryots, the half of that rate proposed by the Collector for Zemindary ryots would probably be an ample recognition of the difference in their relative position as regards existing burdens on their lands.

(A true Copy and Extract.)

W. Hudleston
Secretary.

To the Secretary to Government, Revenue Department.

Copy to the Collector of Ganjam.

Exd. J. Wright.

Dated 17th January 1867.

Submitting with remarks letter from Collector of Ganjam recommending that introduction of Road Cess Act be deferred till revised assessment is introduced, and suggesting that a lower rate be levied on Zemindary ryots than on Government ryots.

No. 311.

PROCEEDINGS OF THE BOARD OF REVENUE,

No. 190.

Dated 28th March 1867.

Department

No. 311.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 17th January 1867.

Read the following letter from G. S. FORBES, Esq., Collector of Ganjam, to the Secretary to the Board of Revenue, dated Chetterpore, 22nd November 1866, No. 3,235 :—

1. Adverting to the instructions contained in paragraph 7 of the Board's Proceedings, No. 7,710, dated 25th October 1866, and having reference to the introduction of a Road-cess, I have the honour to observe, that, as the Government consider it expedient to postpone this demand in districts where the agricultural class has been reduced to poverty by the recent famine, and as the Road-cess is to be calculated on the yearly revenue, I presume that as a matter of account, apart from other considerations, one agricultural year should elapse before the introduction of the Road-cess in Ganjam. The survey of the southern taluk is now in progress, and the northern part of the district will be undertaken immediately after; I think, therefore, that the new cess would be best introduced with the new assessment to which the survey is preliminary, and that it should take effect in each taluk as it falls under the operation of the revised assessment.

2. I observe that the Board has recommended the introduction of the tax at the same rate in the case of Government and Zemindary ryots, but equality in this case would be apparent, and not real. The Zemindary ryot pays a shist of 50 Rupees out of 100 Rupees gross produce, the Government ryot pays, say thirty-three or less; consequently the former is the poorer man of the two: yet it is proposed that he should pay half as much again as the Government ryot pays, for his road-cess is to be three per cent. on 50 Rupees, or Rupees 1-8-0, whereas the ryot's cess is to be three per cent. on 33 Rupees or (say) 1 Rupee. But, again, it is not the undertenant who should pay according to the theory of the Act, but the man who holds the land from the Government as in the case of the ryot. The Zemindar, therefore, is the person from whom this cess should be claimed. This shifting of liability from the Zemindar to his tenant is explained to arise from the terms of the Permanent Settlement; but can it be supposed that the parties concerned will be blind to the fact, that the rentroll of the Zemindar was assessed at 4 per cent. to the Income-tax, while his tenants were exempted, and that this cess should in consistency be borne by the Zemindar who makes a profit on his rents and not by the tenant who barely subsists upon a half share of the produce he raises?

3. It is much to be deprecated that this tax upon a class, which, besides its share of indirect taxation, pays in a direct form nearly three-fourths of the whole revenue of the Presidency, should fall most hardly on that section of the class which is weakest and poorest, namely, the undertenants of the Zemindar, and I beg to suggest, for the approval of the Board, that if the Zemindary ryot is to pay a Road-cess, it should be the *minimum* rate named in the Act, viz., three pies per rupee.

4. I ought perhaps to excuse this insistence on objections which the Board describe as having been disposed of by Government, and I am aware that the Government have replied to them by observing that the advantages to be gained outweigh the objections; but even if this position is accepted in reference to the imposition of an additional cess upon the land, it is most important to secure an equitable distribution of the cess.

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