

Friday, November 14, 1879

ABSTRACT OF THE PROCEEDINGS

COUNCIL OF THE GOVERNOR GENERAL OF INDIA

LAWS AND REGULATIONS.

VOL 18

Jan. - Dec.

1879

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ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

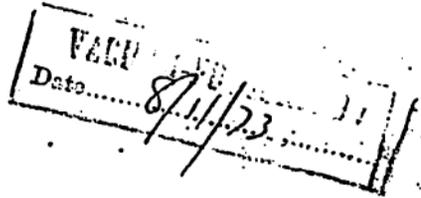
ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS.

1879.

WITH INDEX.

VOL. XVIII.



Published by the Authority of the Governor General.

Gazettes & Debates Section
Parliament Library Building
Room No. FB-025
Block 'G'
CALCUTTA:



OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING:

1880.

Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vic., cap. 67.

The Council met at Government House on Friday, the 14th November, 1879.

P R E S E N T :

His Excellency the Viceroy and Governor General of India, G.M.S.I.,
presiding.

His Excellency the Commander-in-Chief, G.C.B., G.C.S.I., C.I.E.

The Hon'ble Sir A. Arbutnot, K.C.S.I., C.I.E.

Colonel the Hon'ble Sir Andrew Clarke, R.E., K.C.M.G., C.B., C.I.E.

The Hon'ble Sir John Strachey, G.C.S.I., C.I.E.

General the Hon'ble Sir E. B. Johnson, R.A., K.C.B., C.I.E.

The Hon'ble Whitley Stokes, C.S.I., C.I.E.

The Hon'ble Rivers Thompson, C.S.I.

The Hon'ble T. C. Hope, C.S.I.

The Hon'ble B. W. Colvin.

The Hon'ble G. H. M. Batten.

TRADES AND PROFESSIONS TAX BILL.

The Hon'ble SIR JOHN STRACHEY moved for leave to introduce a Bill to impose a tax on Trades and Professions. He said :—

“MY LORD,—Nearly two years have elapsed since the Government of India resolved that it was necessary to take active measures for the improvement of its financial position, and especially for providing funds to meet the heavy charges and obligations which are entailed upon the State by the periodical occurrence of famine.

“I do not now propose to consider how far those measures have been financially successful. When they were taken, India was only just recovering from one of the most terrible and widespread famines recorded in her history. The year that followed, although less disastrous than its predecessors, was not prosperous; and it is only now, in the year 1879, that it seems possible to hope, with some confidence, that the long period of scarcity and famine through which the country has been passing has really ended. The seasons have this year been favourable. In almost all parts of India, the prospects of agriculture,

on which almost everything else depends, appear excellent, and we see, I hope, general signs of increasing prosperity.

“ Unfortunately, famine was succeeded by war, and by another misfortune, which, considered from a merely financial point of view, was still more serious. I refer, of course, to the great disturbance in the relations between silver and gold, which has entailed upon the revenues of India such grave consequences. I do not now propose to enter into any general questions of finance. The time is not far distant when they will come under discussion. All that I will now say is that I feel satisfied that India will be well able to bear all her own proper burdens; that I see much that is encouraging and satisfactory in the condition and prospects of her finances, and no cause whatever for despondency.

“ Among the financial measures taken at the beginning of last year, one of the most important was the imposition throughout India of a License-tax on traders. I will not recapitulate the reasons which led the Government of India to adopt this form of taxation, but I shall have to refer to them presently. Reserving whatever further remarks I may desire to make on this subject, it is sufficient now to say, as I said in this Council on the 9th February, 1878, that there was this strongest of all possible justifications for taxing the commercial and trading classes, that excepting that small section of them composed of Europeans, they paid scarcely anything towards the expenses of the State.

“ We have now had sufficient experience of the new taxes to enable us to form a judgment on their merits and their defects. Financially, the License-tax has been successful, for it yields already about £870,000 a year; and taxes of this kind become more productive as knowledge and experience are gained by the assessing officers. With one exception the tax has been successful in other respects also. The greater part of the amount which it has yielded has been assessed and collected without difficulty or opposition; and although the tax has undoubtedly been unpopular, as all direct taxation must be, there has been only one really serious and valid objection to it. It has become clear that it descends too low, and that it falls on large numbers of people, on whom the imposition of taxation in such a form is neither expedient nor profitable.

“ In the North-Western Provinces, Oudh and Madras, no person was made liable to the tax whose annual earnings were less than two hundred rupees; but throughout the rest of India, in Bengal, Bombay and the Panjáb, the minimum taxable income was fixed at one hundred rupees.

“When, my Lord, the Council was discussing the imposition of the License-tax, I spoke on this subject as follows :—

“As to the objection, which has been raised in some quarters, that this tax will fall mainly on the poor, I content myself with simply denying the fact. It will touch no person whose nett earnings are less than rupees 100 a year; and if anybody asserts that, in the Provinces to which this Bill refers, any man is poor who possesses an income of rupees 100 a year, he is ignorant of the facts. Such a man is not poor; he is a man far removed above poverty, and well able to pay his contribution towards ensuring the country against famine. To say that our new taxation will fall upon the poor, is either an error or a calumny.”

“I do not retract or qualify a word of what I then said.

“I assert as positively as ever that, in the greater part of India, a man with rupees 100 a year is not poor. Strange as it may sound to English ears, a small trader or artisan or agriculturist in India, whose nett income is £10 a year, certainly commands more, not only of the necessaries, but of the comforts, of life, than a man with five or six times that income in England; and it is also certain that the taxes paid by the former are far less onerous than those of the latter. In confirmation of this, I may remind the Council of the remarks made by the Lieutenant-Governor of Bengal, Sir Ashley Eden, when the Northern India License Bill was under discussion; no one is likely to question his authority on such a subject. Repudiating the assertion that the tax would fall on the poorest classes,—

‘It may be difficult,’ he said, ‘for men who know nothing of the country to realise that practically a Native with an income of rupees 100 a year is in a better position than a European trader or mechanic in Europe with an income of £100 a year. I am sure that every one really acquainted with the Native habits and modes of life and requirements will agree with me that this is so.’

“It is not, therefore, on the ground that the License-tax falls heavily on the poor, that I now admit that it affects a very large class which ought to be exempted. The reason for exempting them is, that the numbers brought under taxation have been far larger than was anticipated, and experience shows that it is not politically wise or financially worth while to collect from a great multitude of people fees so small as those which are imposed on the smaller incomes by the present License-tax.

“The difficulty of preventing extortion and oppression on the part of the petty officials entrusted with the duty of collecting the tax has proved, in some parts of India, serious, and it is impossible to doubt that there has often been reason for the numerous complaints which have been made. Fully as this must be admitted, and greatly as it must be

regretted, it would be a mistake and an injustice to suppose that such abuses have been universal; and as experience has been gained, there has been, I hope, everywhere, improvement in the manner in which the assessments and collections have been made. I see no reason to doubt that if the existing limit of liability to the License-tax were maintained, the Local Governments would everywhere succeed in removing all serious cause for complaint on such grounds as those of which I am now speaking. This is merely a question of good or bad administration. In some Provinces, we are assured already by the Local Governments that the tax is levied in so satisfactory a manner that no reason exists, in their opinion, for any large exemption of the smaller incomes. Thus, in Bombay, where there were at first many complaints of over-assessment and oppression, we are now informed that the collections are made without any trouble or complaint, and that all former difficulties have been removed. The Bombay Government does not think it necessary to exempt incomes of rupees 100 a year from liability to the tax. So also in the Panjáb. The Lieutenant-Governor has given a decided opinion that, so far as that Province is concerned, the only change that should be made in the minimum limit of liability is to raise it from rupees 100 to rupees 120.

‘The reason,’ it is stated, ‘which Sir Robert Egerton has for this opinion is, that the Act is now fairly understood, and its provisions accepted by the people of this Province. The machinery is now in working order, and cases of oppression and hardship will become with each assessment more rare. Great care has already been taken in examining and amending the first assessments; and it is consequently, in His Honour’s opinion, wiser to continue a tax which has been accepted and is working fairly well, than to make changes which may be theoretically right, but which, inasmuch as they are novel, will distract the minds of the people, and which, by diminishing the income derived from the License-tax, may necessitate the imposition of fresh and strange taxation. For these reasons, the Lieutenant-Governor would desire to maintain the present minimum with the slight alteration proposed by the Financial Commissioner.’

“When opinions of this kind are expressed by the Governor of Bombay and the Lieutenant-Governor of the Panjáb, Sir Richard Temple and Sir Robert Egerton, than whom there are certainly no higher or more competent authorities, I think that I may claim to have made good my assertion that, even in those Provinces where incomes of rupees 100 a year have been taxed, there is no foundation for the statements which have been made in some quarters that the result has been general and unjust oppression of the poor.

“Nevertheless, the Government of India has come to a decided conclusion that an alteration of the law is desirable, and I can explain the reasons for this conclusion in a few words.

“When the License Tax Acts were passed, it was left to the Local Governments to determine what should be the lowest limit of taxable income. The only interference exercised by the Government of India was to prevent this limit being less than rupees 100, for some of the Local Governments would have gone lower. It was not then foreseen how disproportionately large would be the number of persons assessed in the lowest classes, and how comparatively small would be the financial return.

“The schedules attached to the various Local Acts differ so much that I cannot give strictly accurate statistics, but there is no doubt that more than a million persons whose incomes are between rupees 100 and rupees 250 a year are now liable to the tax, and that the amount which they pay does not exceed £240,000. The mere statement of this fact is sufficient. It cannot be right for the sake of raising so small a sum to impose direct taxation on so great a multitude of people. Although there has not been in any part of India any reason whatever for thinking that the tax has actually led to political discontent, or the smallest apprehension of anything of the kind occurring, it is nevertheless politically wise to amend the law.

“In regard to the amount which it would be desirable to fix as the lower limit of liability to the tax, every Government in India has been consulted. I have already referred to the opinions of the Governments of Bombay and of the Panjáb, and have said that they were disposed to make little or no alteration in the existing limit of rupees 100. The Government of the North-Western Provinces and Oudh thinks that rupees 140 would be a suitable amount; this is rupees 40 higher than the present minimum in those Provinces. In Bengal, as the Council is aware, the Lieutenant-Governor, with the approval of the Government of India, exempted, not long ago, all incomes between rupees 100 and rupees 250 from liability to the tax. This was done by executive order; the Act gave to the Lieutenant-Governor the necessary authority. Both Sir Ashley Eden and Sir Stuart Bayley, who is now acting as Lieutenant-Governor of Bengal, concur in thinking that rupees 250 may properly be adopted in future as the minimum. The Government of Madras has also accepted rupees 250.

“The Government of India now proposes that rupees 250 shall be the minimum income liable to this form of taxation. It will be understood, from what I have said, that in fixing this amount we are really giving greater relief to the poorer classes of traders than most of the Local Governments think necessary; but it is better in this matter to err on the side of liberality. We think also that it will be desirable to maintain the same limit of rupees 250

throughout India. When the tax was first imposed, it was urged that circumstances differed much in different Provinces, and that it was not certain that the same minimum limit of taxable income would everywhere be appropriate. There is undoubtedly truth in this, but it is very difficult in practice to arrive at satisfactory conclusions on such questions, and it appears best to have a uniform limit. There is no part of India in which it will be a hardship to oblige a trader with an income of rupees 250 to pay a fee of four rupees a year. As I have already stated, it is estimated that by the changes now proposed we shall exempt more than a million persons from taxation, and shall give up revenue to the amount of about £240,000.

“There are various other points in which the existing License Acts require amendment, but I need not now detain the Council with explanations of them, and I have to speak of other matters of importance.

“In the first place, I must explain why the apparently unusual course has been taken of introducing a Bill such as this at Simla. The explanation is simple. All the License Tax Acts, excepting that in force in Lower Bengal, require the assessments and collections to be made for the calendar year. The Collector makes his demand on the first January, and the whole of the tax must be paid into the treasury, under serious penalties for default, by the first February. It is, therefore, obvious that if important alterations are to be made in the existing law, they ought to be made before the first January. Much confusion and embarrassment would follow from any subsequent change unless we are prepared to leave the present system of taxation virtually unaltered for the greater part of another year. There is another reason which renders it highly desirable that the intentions of the Government in regard to the License-tax should be made publicly known as soon as possible. If the Collectors are allowed to make their inquiries and prepare their lists and their assessments on the assumption that the law is to remain unaltered, they will have, later on, to do a great part of their work over again; and it is extremely important that they should know what is proposed as early as possible in the cold season when they can give personal attention to this part of their duties. The Government has this year been obliged, by obvious reasons connected with the affairs of Afghanistan, to remain longer in this part of India than has been usual; and if the introduction of the present measure were to be delayed until the Government reaches Calcutta, it would hardly be possible that it should become law, as I now hope it may do, by the end of December.

“I come now, my Lord, to another and very important part of my subject. It is a question which has, for some time past, been before the Government,

and its consideration has been rendered the more necessary by the proposal to sacrifice £240,000 a year out of the sum now yielded by the License-tax.

“The reasons which originally led the Government to confine this tax to trades and dealings, and not to bring under it the professional and official classes, were, as I thought, fully explained by me at the time. My observations were, I suppose, misunderstood; at all events they have been widely misrepresented. It has been alleged that I asserted that traders generally benefit by famines, and that justice required that no officials should be taxed, and arguments have been gravely brought forward to show that this cannot be. No such absurd assertions were ever made by me. My statement was that when scarcity affects one part of India, the producers of grain, the dealers in grain, and other traders in parts of the country not so affected, make large profits; and that while the agricultural and trading classes are, on the one hand, those that require large measures of relief in a region suffering from extreme scarcity, so, on the other hand, these are the classes which are in a position to obtain large profits when their own Provinces are flourishing, and other Provinces are suffering. I said further that the less wealthy members of the professional and official classes, who depend on fixed incomes for their support, or on incomes little affected by competition, suffer from the pressure of high prices, not only when scarcity prevails in their own Provinces, but when it prevails elsewhere. The high prices which, under such circumstances, serve to enrich the producing and trading classes, entail (I said) suffering on the small officials and on those subsisting on wages the amount of which they are powerless to regulate. The general truth of all this cannot, I feel sure, be impugned, and I shall not waste the time of the Council in further repudiating ridiculous opinions which have been attributed to me, but which I certainly never expressed.

“Apart from that natural dislike which is everywhere felt to any new taxation, and from complaints as to the manner in which the License-tax has been assessed, the principal objection to it has been that it is partial, and does not go far enough. The commercial communities in the three Presidency-towns have submitted memorials praying for its extension to the official classes, and there has been, no doubt, a very general feeling, shared by the officials themselves, that they ought to bear their share of the new taxation. The arguments contained in the memorials to which I have referred, if their logical consequences had been accepted, would have led to the imposition of an Income-tax rather than to an extension of the License-tax; but the re-imposition of a general Income-tax was not thought desirable, and it was determined that the new taxation should be confined to certain classes of the community.

Fresh taxation was imposed on landholders throughout the greater part of India; and traders were specially and unhesitatingly selected as constituting that class which bore the smallest share of the expenses of the State, compared with the great benefits it receives from our rule. It may be a fair subject for argument whether the line drawn by the Government of India, when it did not extend the tax beyond traders and landholders, and did not include the professional and official classes, was the best possible line; but it is altogether misleading to suggest, as has been done, that the official classes were alone excepted.

“It is perhaps not necessary to refer more to the past. But I may remark that in matters such as these, Governments cannot be guided by mere abstract ideas, and that, in the nature of the case, conflicting opinions have to be reconciled, and divergent interests to be considered. There has been no disguise that on this occasion advocates of an Income-tax were not wanting. As on many other occasions, a compromise was adopted, which, like all compromises, was open to criticism from one side or the other.

“The Government has never concealed from itself that there are practical inconveniences, as well as political evils, in not bringing the wealthier portion of the professional and salaried classes under taxation similar to that which has been placed on traders and, in the Bengal Presidency, on landholders; and now that we are proposing to modify that taxation, and to make a sacrifice of revenue, the re-consideration of the whole subject has (as I have already said) been forced upon us. Every Local Government in India has now concurred with the Supreme Government in the opinion that taxation similar in amount to that already borne by the wealthier classes of traders should be extended to the wealthier classes of officials, and that the License-tax should apply generally, as it already does in Calcutta, not only to trades but to professions. Although it is not proposed by the Bill which I am asking leave to introduce that any taxation shall be actually levied from any person until after the commencement of the next official year on the first April, 1880, it seemed plainly desirable not to delay the announcement which I have now made. It would not have been proper, when it became necessary to make important alterations in the License Tax Acts, as they affect traders, to leave the public under the impression, for several months to come, that the Government proposed to make no alteration in the law as it affected the official and professional classes. The proposal of the Government now is to deal with the whole subject in a single measure. It wishes, for the reasons which I have already explained, that this measure should be placed before the public as soon as possible, and that it should become law before the end of the year.

“I will postpone the observations which I shall have to make in some detail in explanation of the Bill which I am asking leave to introduce. I will now give a summary only of its more important provisions.

“In order to avoid minute inquisition into incomes, the existing License Tax Acts, as the Council is aware, divide the persons taxed into classes. The Bill maintains this system, with (as I shall notice presently) some modifications which are obviously required in the case of the higher grades. The classification is so arranged, that the average incidence of the tax shall always be as near as possible to one-and-a-half per cent. on estimated annual earnings. On the lowest class of all, that is, on incomes between rupees 250 and rupees 350, the average rate will be somewhat less. It is proposed to make no difference between the trading and professional classes; but separate provisions will be necessary for the taxation of the salaried classes, whether official or non-official. The rough process of classification, which is desirable in the case of traders and professional persons, whose exact incomes are unknown, would obviously be inexpedient and inconvenient in the case of the salaried classes. The amount of the actual salaries of all public servants is known, and those of the servants of companies and private persons can easily be ascertained. It is proposed, therefore, to assess the salaried classes by a percentage on their actual salaries. This was the plan adopted under the Certificate Act, No. IX of 1868, after the plan of taxing them by classes had first been tried under the License Act No. XXI of 1867. Following the precedents of those two Acts, it is proposed to exempt from liability to the tax the military servants of Government not in civil employment, whose pay and allowances do not exceed rupees 500 per mensem, or rupees 6,000 per annum; and for all other salaried persons, it is proposed, following the same precedents, to make rupees 100 per mensem, or rupees 1,200 per annum, the lower limit of taxable income. The rate of the tax will be nearly the same as the average rate assessed on traders, or one-and-a-half per cent.

“It is estimated that the extension of taxation to the official and professional classes, in the manner now proposed, will yield very nearly the same amount as that sacrificed by giving up the tax on the lower classes of traders, or about £240,000. From a merely financial point of view, the Bill will therefore, if it becomes law, have no appreciable effect upon our revenues. We shall gain no more than we lose, and the measure will only be one of re-adjustment of taxation. But we shall obtain somewhat greater equality in the incidence of taxation, and we shall remove, I hope, all grounds for the assertion (the justice of which, however, I am far from admitting) that we have placed undue burdens on the poor, and shewn undue favour to the rich. We shall

transfer to about 35,000 persons, three-fifths of whom are more or less highly paid officials, the greater portion of the burden now borne by upwards of a million traders, who, if not actually poor, belong, at any rate, to the humbler classes of the community."

The Motion was put and agreed to.

The Hon'ble SIR JOHN STRACHEY introduced the Bill to impose a Tax on Trades and Professions. He said :—

"MY LORD,—It is not necessary that I should detain the Council much longer in explanation of this Bill, and I have already sufficiently stated the reasons which make the Government desirous that it should be introduced and published with no avoidable delay. The Bill, so far as the trading classes are concerned, follows in most respects the provisions of the existing License Tax Acts.

"It differs from them, however, in some important particulars.

"In the first place, this will be an Imperial measure, which will supersede all the Local License Tax Acts now in force. There will not, I think, be any difference in the opinion that under the circumstances this course will be the most convenient to adopt. The Bill, as I have already said, will apply to all persons exercising professions, and to persons in service, whether public or private, as well as to the commercial classes. For the latter class, *i. e.*, persons engaged in trade, the lowest income taxable will be Rs. 250 per annum.

"All incomes derived from business have been grouped, as under the present Acts, in classes, which have been so arranged that practically the average incidence of the tax upon each of these classes may be expected to be about $1\frac{1}{2}$ per cent. There will thus be little or no change in regard to the greater number of persons who are now taxed and who will remain liable under the new measure. But, under the existing Acts, the highest fees that can be levied on the largest incomes vary from Rs. 200 in Bombay to Rs. 800 in Madras. The extension of taxation to other classes, in the manner that has been proposed, will obviously render it necessary to remove what would otherwise be an indefensible advantage in favour of the richer members of the trading classes. The schedule has therefore been so arranged that the richer traders will pay, like others, at the rate of about $1\frac{1}{2}$ per cent. on their presumed incomes.

“In the assessment of incomes the system actually in force will be generally maintained. No inquisition will be made; the assessing officer will proceed, as under the existing Acts, upon the best information that is available to him, without making enquiries of the persons to be assessed.

“Persons, however, who object to their assessment may, after paying half of the sum assessed, demand that their objections should be heard, and may shew, if they wish, that their assessment has been erroneous. The orders passed on such objections have been made open to revision, in order to afford the means of remedy where the objections may not have received due consideration.

“As the sums payable under the proposed Act will, in some cases, be much larger than those leviable under the existing License Tax Acts, provision has been made for payment of the tax, whenever it exceeds Rs. 40, in two instalments. For the same reason, it has been provided that a person whose income ceases during the year of taxation may claim a proportionate abatement from the sum assessed upon his profits for the entire year.

“To remove doubts which may arise in the case of persons who are in the receipt of salaries, a definition has been introduced of the word ‘pay.’ In the case of persons receiving salaries, whether from the Government or from private employers, the tax will be levied at a fixed and uniform rate of $1\frac{1}{2}$ per cent.

“Salaries of less than Rs. 100 per mensem or Rs. 1,200 per annum will not be liable to taxation. In this respect the precedents of the License Tax of 1867 and of the Certificate Tax of 1868 have been followed. Military officers also and soldiers in receipt of allowances not exceeding Rs. 500 per mensem or Rs. 6,000 per annum have been exempted, as they were then; but it is not proposed to continue the same exemption to members of the Police, which has now become a purely civil force.

“Provision has been made, in the case of persons in private employ, for the collection of the tax through their employers.

“The Bill has been made applicable to the whole of British India, but power has been reserved to exempt such territories and classes of persons as cannot properly be brought under its operation.

“Such a class is the commercial class, or rather a portion of it, in the Central Provinces, who already pay the Pándhari tax. In several of the Scheduled

Districts which are now exempt from the operation of the License-Tax it will, no doubt, be necessary to make similar exemptions under the new measure.

“There is, I think, only one other matter which need now be noticed.

“In the existing License Tax Acts, prominent attention was drawn, in the Preamble and in the body of the Acts, to the fact that these taxes were imposed with the object of effecting ‘a permanent increase of the revenue, in order to provide means for defraying the public expenditure from time to time incurred, and to be incurred, for the relief and prevention of famine in British India.’ These words have been omitted in the present Bill, and it is desirable that I should explain the reason.

“I do not now propose to enter into any discussion in regard to the measures taken by the Government nearly two years ago with the object of protecting the country against the financial liabilities involved by the occurrence from time to time of famine, and of providing to the utmost of its power the means of preventing and relieving these calamities. Nor shall I now consider how far the Government has been able to carry these objects into effect. The time is not distant when the proper opportunity for such discussions will arrive. Meanwhile, I have only a few words to say.

“I quite admit that the financial part of this subject was somewhat complicated, and that it was not very easy of comprehension to a person who had not given careful attention to it. The difficulty has been increased by the fact that, since the Government of India explained the policy which it hoped to carry out, that policy has been very seriously modified by the obligation, placed on us by the Secretary of State, of greatly reducing our expenditure on those productive public works the construction of which we had looked upon as the best safeguard against famine.

“I had supposed, my Lord, that, if there was one thing which had been made clearer than another in regard to the measures in question, it was this,—that, although it was sometimes convenient to talk of a Famine Insurance Fund (I believe, however, that I myself on no single occasion used the expression), the Government altogether repudiated the idea that it was desirable to constitute any separate fund from the produce of the new taxes for the purpose of meeting expenditure on Famine. I said in the plainest language that I could find, in the debate in this Council on the 9th February, 1878, that the creation of any separate fund would not only be useless but mischievous,—that it would disturb the adjustment of grants and accounts, and

cause suspicion and trouble to all concerned. I will repeat the words which I used on that occasion:—

‘What the Government desires is to establish a sense of the obligation under which it is placed in respect to the expenditure due to famine, which shall be felt in the same way as the obligation to provide proper Courts of Justice, Police, Education and so forth. For none of these objects has it ever entered into the mind of any one to suggest a special allocation of the revenue or a separate fund. Nor can any greater reason be found for a separate Famine Fund than for separate funds for any of those other objects which are obligatory on the Government.’

“The words that were inserted in the existing License Tax Acts and which I have quoted served undoubtedly to increase the misapprehension of these questions; and, although the policy of the Government remains unchanged, it is thought desirable to omit them.

“It has, my Lord, unhappily become the fashion of late to attribute to political opponents, not only ignorance and lack of wisdom, but the basest motives of deliberate dishonesty. The Government of India, or some of its Members, have had, in respect of this subject of famine-insurance, their full share of this vile usage, degrading to those alone who practise it. To such people scorn and silence are the only fitting reply, and they will certainly receive no reply from me. They will doubtless find in the omission of all reference to famine in the preamble of this Bill fresh evidence of the intention of the Government to evade or repudiate the solemn obligations which it assumed.

“To honourable critics of another stamp and to the public I give the assurance that the Government proposes no change of policy. It undertook, for the first time nearly two years ago, the responsibility of making provision for the protection of the country against the financial consequences of famine. It has never, notwithstanding the new and unexpected difficulties which have supervened, swerved from the policy of which it then proclaimed the necessity, and it will continue, to the utmost of its power, to carry out that policy in the future.”

The Hon'ble MR. BATTEN said:—“The Hon'ble Sir J. Strachey has in the course of his first speech mentioned the reasons for which it was thought justifiable to exempt the professional classes and officials from the taxation imposed by the Acts of 1878. I think there is much force in those reasons, but their force is certainly less in the case of the richer persons of those classes, who can well afford to bear their share in the burden which was then thrown

exclusively on the commercial classes. I am, therefore, glad to find that the measure now proposed is designed to relieve the poorer traders and artizans at the expense of the more wealthy, professional, official and other salaried persons. I still think, however, that the reasons to which I have referred justify the exemption of officials and other salaried persons, who are in receipt of less than one hundred rupees a month, from taxation of this kind, although persons who derive their income from trades or handicrafts are subjected to the tax if their incomes are as low as two hundred and fifty rupees a year. The lower paid officials and other salaried persons are not only more hardly pressed by high prices in times of scarcity than are tradesmen and handicraftsmen, owing to the greater fixity of their incomes and the greater difficulty they have in protecting themselves by claiming increased salaries; but their standard of living and their consequent necessary expenditure is higher. This remark applies to all small-salaried persons, whether Natives or others; but it applies especially to the poorer European and Eurasian clerks. I do not think that any one will deny that this class on salaries between Rs. 20 and Rs. 100 a month is comparatively in more straitened circumstances than is the class of petty traders and artizans who earn an equivalent income. On these grounds, I think that the proposed minimum salary of one hundred rupees per mensem, for persons to be taxed under chapter III of the Bill, is fair and equitable. But I would go a step further and apply the same minimum to the poorer classes of professional persons whom it is now proposed to tax under chapter II. These poorer professional persons are very much in the same position as the poorer salaried persons, and it would be difficult in some cases to draw a line between them. They belong to the same stratum of society and live in much the same way. I would therefore ask that this point may be considered by the Council. The financial sacrifice from exempting professional persons whose income is less than rupees 1,200 per annum will be quite insignificant. I am aware that there may be some difficulty in defining this class, but I have no doubt that, with the help of the able Secretary in the Legislative Department, that difficulty can be surmounted. The idea is, that no person, whether salaried or professional, who was not subject to taxation under the Acts of 1878, shall be subjected to taxation under the measure now to be introduced, if his income is less than rupees 100 per mensem or rupees 1,200 per annum, and I have no doubt that words can be found to embody this idea.

“I am afraid that the commercial classes who have loudly demanded—I do not say unjustly demanded—that the taxation which they have been paying for the last two years shall be shared by Government officials and professional persons, will be somewhat disagreeably surprised to find that the inevitable

and logical consequence of a compliance with their demand will be to raise very considerably the maximum taxes which they themselves will have to pay. The maximum tax is now, in Madras rupees 800; in Bengal rupees 500; and in Bombay only rupees 200. Directly it is determined that officials shall be taxed by a percentage on their salaries—and any other mode of directly taxing them would, I submit, be almost absurd—it becomes impossible to maintain the maximum taxes on the commercial classes at the sums which I have mentioned.

“These taxes represent respectively one-and-a-half per cent. on monthly salaries of rupees 4,444, rupees 2,777 and rupees 1,111. Now, there are many officials receiving salaries higher than even the highest of these amounts, and consequently many officials who, if taxed at one-and-a-half per cent. on their salaries, will pay more than the maximum taxes now levied on the commercial classes. There can be no possible reason for taxing the highest paid officials at a less percentage than the lower paid, and there can be no possible reason why any officials should be taxed higher than equally wealthy gentlemen who derive their incomes from commerce.

“If your Lordship will permit me to make a personal illustration, I would ask if there is any reason why a company, firm or merchant, with an annual income of rupees 2,40,000, should be taxed less than the Viceroy, who draws an equivalent salary, and who will have to pay at one-and-a-half per cent. on that salary an annual tax of rupees 3,600? Hence, it seems to me that the taxation of officials involves, and rightly involves, higher taxation of the richest commercial classes, who have hitherto escaped with comparatively the lightest burden, especially in the Bombay Presidency. In that fortunate Presidency a merchant with an income, say, of rupees 50,000 a year—and I hope there are many such—has paid less than half per cent. as his tax, while his poorer brethren have been taxed at four times that rate.

“Besides extending taxation to official and professional incomes, the present Bill will remove these unjust inequalities in the taxation of the commercial classes, and I think on both grounds it deserves the support of this Council.”

The Hon'ble SIR JOHN STRACHEY:—I should like to say a few words with reference to one suggestion made by the Hon'ble Mr. Batten that, with regard to the minimum amount of taxable income, the professional classes should be treated, not like the traders, but like the officials. I am sorry that we had not this suggestion before us when the Bill was framed; for I think it is one that well deserves consideration. In drafting the Bill, the precedents of the Certificate and License Tax Acts of 1867-68 were, in regard

to this matter, simply followed; but I think Mr. Batten has given very cogent reasons in support of the view he has now stated to the Council. Financially, the question has no importance at all. The amount we should receive from the tax would, for all practical purposes, be much the same under both plans. Therefore, on merely financial grounds, there could be no objection to Mr. Batten's proposal. As this subject has not been before the Government, I am not now able to say anything definite regarding it; and until it has been further considered by the Government, I must reserve the final expression of my own opinion. I think, however, I may say without impropriety, that my own personal present feeling is decidedly in favour of the adoption of the suggestion which the Hon'ble Member has made.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF :—There is one point that strikes me with reference to this License Tax. In some municipalities a professional tax is already levied, which is the same thing. It affects the income of all professional men exactly in the same way. Is it proposed by this Bill that a man should pay twice under those heads?

THE HON'BLE MR. BATTEN :—Yes. He will pay both the municipal and the imperial tax.

THE HON'BLE SIR JOHN STRACHEY :—There is no change made in that case in the existing law.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF :—This is a matter which affects a certain number of military men who already protest against the municipal tax now imposed on them, as your Lordship is aware, in Madras. There is a great deal of feeling on the part of the military authorities in Madras with reference to the incidence of the professional tax as it stands now. Sir Neville Chamberlain, for instance, is bound to pay for a license to draw his sword in Madras—to exercise his profession—and he positively cannot carry out the duties of the commission imposed upon him by the Queen without paying this tax.

In various other stations—in Bellary, for instance—I understand that they even go the length of taxing the battery-horses belonging to Government under the Municipal Act. There is a very strong feeling with regard to this tax amongst the officers serving in Madras, and if the proposed new tax is now placed on the top of that, naturally the irritation will be doubled.

There are also certain officers who pay British income-tax on part of their pay. Now, that is certainly a first charge on the pay they receive, and I

should like to know whether an officer who draws an income of, say, rupees 2,000 or rupees 6,000, and has to pay a certain sum on part of that income as British income-tax, is not entitled to rate himself in the next lower number in the schedule as an abatement.

The Hon'ble MR. BATTEN :—He does not come under the schedule at all. The tax on officials will be $1\frac{1}{2}$ per cent. on their salaries, and the schedule does not apply to them.

His Excellency THE COMMANDER-IN-CHIEF :—But the principle is the same ; and what I should like to know is, whether an officer is entitled to an abatement of taxation on the sum on which he has already been taxed under the head of income-tax elsewhere.

His Excellency THE PRESIDENT :—I may mention, with reference to one portion of the remarks of my hon'ble friend Sir Frederick Haines, that the Government of India have at present in preparation a Bill for the purpose of prohibiting the levy of any municipal tax upon military officers without the previous sanction of the Governor General in Council.

His Excellency THE COMMANDER-IN-CHIEF :—That of course meets every objection that I could possibly urge on that point.

The Hon'ble SIR JOHN STRACHEY moved that the Bill be published in the local official Gazettes in English and in such other languages as the Local Governments might think fit.

The Motion was put and agreed to.

TOWN-DUTIES AND TOLLS BILL.

The Hon'ble SIR JOHN STRACHEY moved for leave to introduce a Bill to regulate the levy of town-duties and tolls in municipalities. He said—“ In the Financial Statement for the present year, 1879-80, it was stated as follows :—

“ In connection with the subject of customs-duties, it may be mentioned, here, that the Government of India has for many years past had under consideration the necessity of imposing more complete checks on the system by which through a large part of India octroi-duties are levied for municipal purposes. The Government of India has emphatically condemned the imposition of local taxes on articles which have been either subjected to, or relieved from, imperial taxation, and has insisted that the duties actually levied shall, in all cases, fall solely upon articles locally consumed, and shall not be allowed to become taxes on through traffic, or to affect injuriously the general trade of the country.

“Although much has been done in this respect towards the enforcement of appropriate rules, continued attention will be given to the subject, so that there may be no danger of finding that the principles by which the Government of India is guided in regard to its commercial legislation have been set aside by the local authorities, and that the efforts taken to free the trade of the country from impolitic restrictions have not thus been frustrated.”

“My Lord, it is in fulfilment of the pledge, thus publicly given some months ago, that my present motion is made. The principles by which the levy of octroi-duties should be regulated were laid down by the Government of India so far back as 1868. I venture to say that those principles were unimpeachably correct, and their accuracy has never, in my opinion, been successfully impugned.

“In the Resolution issued by the Government of India in 1868, it was stated as follows :—

“Such duties should be restricted to articles actually consumed in the towns, and should not be imposed upon articles of general commerce, or interfere with the natural course of transit-trade. The Government of India has reason to believe that these sound principles, the truth of which has been established by the prolonged experience of those countries of Europe in which octroi-duties form commonly a source of municipal revenue, have been frequently lost sight of, and that to meet the burden of an annually increasing expenditure upon police, education or sanitary improvements, a widespread system of taxation has been introduced, injurious to interests on which the burden in a great measure falls, and standing in the way of the proper development of the commerce of the country. It is to little purpose that the Imperial Government reduces or abolishes customs-duties in the interests of trade, if municipalities are permitted to levy duties on articles of commerce passing through their limits. In all parts of India municipal taxation is largely on the increase, and there is a growing tendency to overlook, for the sake of small local improvements, the real injury that is being inflicted upon important general interests. The Government of India does not consider it necessary to recapitulate, here, any of the standard arguments against transit-duties. Such duties have long since been condemned by universally accepted maxims of policy.”

“The Government at the same time, in 1868, laid down the principles by which the levy of octroi-duties ought to be regulated. Those principles were that town-duties on articles of consumption should fall entirely on the population of the town for the benefit of which such taxation was imposed, and that a jealous guard should be kept lest octroi should extend to any article belonging to the transit or general trade of the country. The articles on which these duties might be imposed, and on which they might not be imposed, were enumerated. The first class of articles on which octroi-duties might, subject to certain restrictions, be levied, were articles of food or drink; animals for slaughter; articles used for fuel, for lighting or for washing;

articles used in the construction of buildings; drugs, gums, spices, perfumes and tobacco.

“The second class of articles, on which the levy of octroi-duties was prohibited, comprised articles liable already to customs-duty and imported into India by sea; salt, opium and liquors, and drugs liable to excise-duty. The articles were so chosen that municipal taxation should not encroach on imperial taxation, and that, in the words already quoted, important general interests should not be overlooked for the sake of small local improvements.

“Provisions were at the same time made regarding the refund of duties when goods were re-exported from towns; and for providing bonded warehouses, or other appliances for the storage of goods in transit, and for other purposes.

“These orders of the Government of India were received, I may say, with general disapproval and general opposition, by almost all local authorities wherever octroi-duties were levied; for this plain reason, that they had the effect of largely, in some cases, curtailing the existing municipal income. In consequence of the pressure thus brought upon the Government by the local authorities, some relaxation of those orders—I myself think unfortunately—was sanctioned by the Government of India.

“In 1871, it was allowed that the following classes of commodities might be added to the list of dutiable goods:—piece-goods and other textile fabrics, and metals and articles of metal, provided that the duty should not exceed one-and-a-half per cent. *ad valorem*. But, although I think these relaxations were to be regretted, nevertheless, in the main, the orders of 1868 were maintained in force; and if they had been properly carried out, they would have been quite sufficient to prevent any great abuses arising.

“Now, for the last ten years, the Government of India has been attempting to get these orders executed. Things are doubtless very much better than they were; but, although it may seem a confession of weakness on the part of the Government of India, still the fact must be admitted that its success has been very indifferent in securing the execution of these orders. The fact is, that it is difficult even for a Government like the Government of India to get its orders carried out when those orders are regarded by the local authorities as opposed to their local interests. In a circular issued by the Government of India, in the Home Department, on this subject, only about two years ago, it was said, with reference to the orders of 1868—

“The Government of India are glad to acknowledge that for some time better arrangements were made, and that a general desire was exhibited, to comply with the instructions

issued; but of late years, owing either to the relaxation of vigilance on the part of Local Governments and Administrations, or to other causes, the Government of India have seen with concern that in isolated places octroi has again exceeded its proper limits, and is at the present moment, in different parts of the country, acting as a tax on through traffic, and affecting injuriously the general trade of the country."

"I will give a few illustrations of the things that are now liable to occur. I will first refer to representations which have been made from time to time by the Bombay Chamber of Commerce—a body which has always taken a most enlightened and excellent view, in my opinion, of this whole question, and which has repeatedly pressed on the Government (I wish their representations had had the success they deserved) the necessity for reform.

"In an address presented to your Excellency by the Bombay Chamber of Commerce in December 1876, the Chamber made the following remarks, which, with your Excellency's permission, I will read to the Council :—

"In the year 1875, the Chamber instituted an enquiry into the nature and extent of the transit and town-duties levied by municipalities in the interior of this Presidency. The results of this enquiry induced the Chamber to urge upon His Excellency the Governor of Bombay in Council the expediency of abolishing, in all municipalities of the Presidency, all transit-duties and all town-duties having the character of transit-duties, and of confining town-duties, in accordance with the principles of municipal taxation defined by the Government of India in its Resolution dated 15th November, 1868, to a few articles of local consumption, such as ghee, firewood, fruit, vegetables, fowls, eggs and animals for slaughter, which did not enter into the general trade of the country. The Chamber, in its representation to the Government of Bombay, showed that transit-duties in their naked form were levied in Karáchí, Broach and Surát; that in nearly every municipality in the mufassal, the town-duties levied were converted into transit-duties by the stringent and illiberal nature of the rules under which refunds were granted; and that the duties levied by certain municipalities on certain articles were very high. In Karáchí, for instance, the town-duty on wheat was 2½ to 3 per cent., and on wool, 1 to 1½ per cent., of the value; in Surát, the town-duty on yarn was about 3 to 3½ per cent., and on copper 5 per cent.—in either case, about the same as the imperial customs-duty; while in Ahmadábád the town-duty on yarn was no less than 6½ per cent., or nearly twice the imperial customs-duty.

"The town-duty levied on yarn imported into Ahmadábád is particularly objectionable. It is, we believe, quite understood to be a protective duty in favour of the two mills in that town against other yarn, whether of English or of Indian manufacture; and constituted as the mufassal-municipalities of this Presidency are, it illustrates the necessity of the strictest vigilance on the part of the Government with respect to the rate and incidence of every tax imposed by these municipalities. The town-duty levied on yarn brought into Surát is open to similar objections, and we have mentioned a few instances in which the town-duties in other places are much too high. We earnestly hope that your Lordship will order an immediate revision of all the taxes imposed by the municipalities of this Presidency to be made, abolishing all transit-duties, and

all town-duties having the character of transit-duties, or which have a protective effect, and reducing those which are high, or press heavily on any article."

"Again, on the 14th March, 1878, the Bombay Chamber of Commerce addressed the Government. It said:—

"It is, we believe, universally accepted that the great principles of an octroi-duty are that it should be small and that it should never be allowed to operate as a transit-duty. Yet in numerous instances, whether the articles have already borne customs-duty or not, the taxes levied, under the name of octroi, by district-municipalities, are excessive, while the refusal to grant refunds when the articles are re-exported, or the limitations or restrictions imposed on the granting of refunds, have the effect of converting the town-duties paid into transit-duties."

"The Chamber then gave a list of cases in illustration of that statement, and they added:—

"Numerous other instances could be furnished, but the Chamber has reason to believe that in almost every city and town-municipality throughout the Presidency, excessive duties are levied, and on articles on which no municipality should have any right to levy a duty. It has, however, been specially brought to the Chamber's notice that at Barsee very heavy taxes have been levied on machinery erected there, and that at Veerumgaum a duty of 4 per cent. was levied on hoop-iron sent there for the purpose of binding bales of cotton, and no refund was allowed. At Wudwan no duties appear to be charged on articles entering the town, but iron or similar articles cannot come out of it without being taxed at the rate of about 10 per cent.: a duty of Rs. 600 would be levied on the removal of an old cotton-press. Other impositions, and of a similar character, are, it has come to the knowledge of the Chamber, levied in many parts of the Presidency."

"I have quoted these passages only as illustrations of what is liable to occur at the present time, and of things that, at any rate, were actually occurring only a short time ago. I do not say that in these particular instances the state of things thus described now prevails. The Government of Bombay, since Sir Richard Temple has been in Bombay, has been paying great attention to this subject, both in that Presidency and in Sindh, and I believe that things are much better than they were. But although, as I say, I only give these as illustrations, it is impossible to doubt that a more or less similar state of things still exists in many places where octroi-duties are levied. One of the most preposterous illustrations of this system was to be found not long ago at Karáchi. Karáchi, as we all know, has been—and we hope it will be a great deal more in the future—one of the chief ports for the export to Europe of Indian produce. One of the great staples of the country, which has its outlet towards the sea at Karáchi, is wheat; and with the object of removing all obstacles to the growth of this most important trade, the duty on the export of wheat was everywhere abolished by the Government of India. Two years ago, it was found by the

Government of India that one of the very largest sources of municipal revenue at Karáchi was an octroi-duty levied at the rate of from $2\frac{1}{2}$ to 3 per cent. on all the wheat brought down from the Panjáb and Sindh for export to Europe. I think no terms can be too strong in reprobation of such a state of things. It has now happily ceased; a better system has been introduced in spite of the strong protests of the municipality of Karáchi, which naturally liked very much having its local wants supplied at the expense of other people. This is, of course, an extreme case, and I do not mean to say that such cases are common; but, nevertheless, it is an illustration of what has been going on.

“Now, if such things be allowed, it is really useless for the Government of India to attempt to establish proper principles of commercial legislation, and it may save itself the trouble of trying to reform its customs-tariff; for when we have taken off duties and carried out the principles of free trade, at a serious loss perhaps to the Imperial revenues, traders and manufacturers may find that, after all, they are no better off than before, and that heavier burdens than those from which they have been relieved have been imposed or are maintained by local municipalities for local purposes.

“We are often told that the great merit of taxation of this kind is that it is popular; that the people have long been familiar with it; and that it is inexpedient to force municipalities to substitute unpopular taxation for imposts that are not practically felt by the people. Now, up to a certain point, this is perfectly true. The Government of India has no desire to embark in any general crusade against octroi-duties. It has not objected to octroi-duties when they are properly managed. Going back to the principles laid down in 1868 by the Government of India, from which, in regard to this matter, there has since been no departure, it was said that—

“If these principles be strictly acted upon, and the duties be moderate in amount, the Governor General in Council is of opinion that there is in many parts of India nothing objectionable in this system of taxation for local purposes. In wealthy communities like those of Europe it may be admitted that the balance of argument is in favour of raising municipal revenues by direct taxation only, and leaving the local trade entirely free. But in so poor a country as India, it will, in the judgment of the Governor General in Council, be more commonly the best course to combine direct with indirect taxation; for by this means alone can a sufficiently broad base be secured for raising a sufficient income without undue pressure on individuals. So long as octroi-duties on grain and other articles of consumption are kept at a moderate rate, they do not injuriously affect small retail-transactions with which the poorer classes are mainly concerned. That such duties are commonly far more popular in India than any direct taxation is a strong argument in their favour, and the prejudice against them, founded on the common practice of England, should not be allowed to prevent their

introduction under suitable limitations where there is reason to think that the general feeling would be to prefer them to other forms of taxation."

"The Government of India still holds this view. It makes no objection to octroi-duties so long as they are properly regulated, but it refuses to allow them to become taxes on the general trade of the country. With reference to the question of their popularity, I may add that it often happens that the greater the popularity of those taxes, the more objectionable they are, for often in practice this popularity—as in the case I have just given of Karáchi—only means that the people of the town have managed to provide for their own local wants without placing any burden on themselves; that they have transferred their own proper burdens to the shoulders of other people, and thus the popularity of the tax leads sometimes to its being grossly abused. The Government of India having, as I have said, not succeeded in its efforts to reform all this by executive order, has come to the conclusion that the only certain remedy is to be found in legislation, which will place on all local authorities obligations impossible to be disregarded; which will prevent these duties operating as transit-duties or interfering with the general interests of trade, and which will guard against collision with imperial taxation or with the general principles of our commercial policy.

"The main features of the Bill which I am asking for leave to introduce will be as follows. It will prohibit the levy under any circumstances of any duty upon any article not intended for actual consumption within the limits of the municipality in which the duties are levied.

"The articles which may be taxed, and which may not be taxed, will be enumerated. They will be generally those on which taxation was authorized or prohibited in 1868, by the orders to which I have already referred. The Bill will contain provisions for securing, when necessary, the establishment of proper bonded warehouses and for securing that all due facilities are given for refunds.

"The farming of duties to contractors will be prohibited. The Bill will contain provisions by which it is hoped that the improper levy of duties on articles of through trade or on anything not actually consumed in the town will be effectually prevented, and there will be provisions regulating the rates at which the duties may be levied.

"Besides dealing with this matter of octroi-duties the Bill will define the conditions under which tolls may be levied in municipalities, for this also has been found by experience to be very necessary. The general principle will

be affirmed that tolls may be levied only for the purpose of defraying the cost of construction of a particular work, or for its maintenance. If the Bill be introduced, it will at once be sent to all Local Governments, Chambers of Commerce and other local authorities, for their opinion.

“The Government does not disguise from itself the fact that a measure of this kind may often have serious effects in reducing existing municipal revenues, and the manner in which, in cases where the expenditure cannot be reduced, loss of income of this kind is to be made good, will require careful consideration by the Local Governments and the municipal authorities. The Government of India desires to give ample time for such consideration, and it will have no wish to force on with undue haste changes which it knows it may often be difficult to make in the existing system of municipal taxation. It will treat with care and liberality all representations that may be made on this subject; but the Government desires that it should everywhere be distinctly understood that it will not any longer tolerate the neglect of principles essential to the interests of the general commerce of the country.”

The Motion was put and agreed to.

GLANDERS AND FARCY BILL.

The Hon'ble Mr. STOKES introduced the Bill for the better prevention of Glanders and Farcy among Horses. He said that the Bill was of the shortest and simplest character, but would not on that account, he hoped, be the less effective. It enabled the Local Government to appoint Inspectors, who would be public servants within the meaning of the Penal Code, and would therefore have the powers and be subject to the liabilities conferred and imposed on such persons by that Code. These Inspectors would be authorized to search for and to seize horses which they had reason to believe to be diseased, and on the certificate of a duly appointed veterinary surgeon, who would examine the animals, to destroy any horses affected with glanders or farcy. The owners or persons in charge of diseased horses would be bound to give immediate notice of the disease either to the Inspector or to some officer of Police. The Bill did not—like the corresponding English enactment—expressly provide that the officer of Police, to whom such notice was given, should communicate with the Inspector; but such a provision was unnecessary, as the Executive Government could, and doubtless would, give the necessary order. The buildings or other places in which diseased horses might have been kept were to be disinfected, and their internal fittings destroyed. There was a prohibition in the Bill against removal, without license, of a horse which had been with a diseased horse, and there were provisions regarding vexatious entries, searches and

seizures. The Local Government was empowered to make rules for regulating entries and searches by the Inspectors, for the destruction of horses certified to be destroyed, for the disposal of their carcasses, and for the disinfecting of buildings and places in which diseased horses had been.

That was the nature of the Bill, and he thought such a measure could hardly be simpler. He would now refer to another matter which was mentioned by his hon'ble and gallant friends, the Commander-in-Chief and Sir Edwin Johnson, as to the propriety of including in the present Bill the so-called Ludhiána disease. On that point, he had said that he did not know what the Ludhiána disease was, and he had objected to legislating about it until inquiry had shown the necessity for doing so. Since the last meeting of Council, however, inquiries had been made, and information had been received on the subject from probably the most competent authority in India on such a matter—Mr. Griffith Evans—at present acting for the principal Veterinary Surgeon of the Army.

Mr. Evans said that the Ludhiána disease was not to be placed in the same category as glanders, except that they were both classed among the specific diseases; that was, diseases due to a specific virus. The virus, however, was different in the two cases. Furthermore, he said, that the history of the Ludhiána disease was entirely against the idea of its being infectious or contagious in the common acceptation of those terms; but that it was readily communicated by inoculation. For instance, Mr. Evans said that less than a drop of the blood of a diseased animal, if introduced into the circulation of another animal, would communicate the disease. Flies, he said, had been known to communicate the disease in that way; but it was difficult to communicate the disease except through some opening in the circulation. Mr. Evans had further informed the Secretary in the Military Department, Colonel Allen Johnson, that the cause of this Ludhiána disease was foul, bad stabling with unremoved putrid soil, and the only precaution to be taken before death was segregation. He further said that the animals affected were not dangerous in life, the virus being in the blood. They should not therefore be killed. When, however, they died, they should, according to Mr. Evans, be buried and cut up when in the earth, in order to prevent *doms* and outcastes from exhuming the bodies. It was clear, Mr. STOKES thought, that if there was to be legislation respecting this Ludhiána disease, it might properly be by a separate Bill. Considering the great urgency with which, in view of the present state of affairs on the frontier, the present measure was required, he would now ask His Excellency the President to suspend the Rules for the conduct of Business.

The Hon'ble Mr. STOKES applied to the President to suspend the Rules for the Conduct of Business.

His Excellency THE PRESIDENT declared the Rules suspended.

The Hon'ble Mr. STOKES then moved that the Bill be taken into consideration.

The Hon'ble SIR EDWIN JOHNSON said that, as the question of dealing with the Ludhiána disease in the present Bill had been raised by him, it was scarcely necessary for him to state, in view of the inquiry instituted since the last meeting of the Council and the result of which had been read to them by his hon'ble friend Mr. Stokes, that he entirely concurred in the omission from the present Bill of any legislation in regard to the disease in question.

The Motion was put and agreed to.

The Hon'ble Mr. STOKES then moved that the Bill be passed.

The Motion was put and agreed to.

BURMA SURVEY BILL.

The Hon'ble Mr. RIVERS THOMPSON moved for leave to introduce a Bill to provide for the survey and demarcation of land in British Burma. He said that it would be in the recollection of the Council that, when he had the honour to introduce the Bill for the improvement of the rural Police in British Burma, he made allusion to the intention, which was then contemplated, of introducing a cadastral survey into the Province. As the Rural Police Bill depended partly on the increase of the rate at which the local cesses were raised, and those cesses were based upon the land-revenue, the reference to the cadastral survey was in connection with the arrangements in that Province for the better improvement of the land and the adjustment of the land-revenue. When he spoke of an intention to introduce the cadastral survey into Burma, he should more properly have expressed himself if he had said that last cold season such a measure had been already tentatively introduced into the Province; since then much experience had been gained and changes had been made in the principles upon which the survey was to be conducted, and it was now settled that it should not be so limited in its operation, but should be directed to much more detailed work, and to a regular professional field-survey. Such a work was now in hand by the two survey-parties employed in the Rangoon and Bassein districts, and so far as it had gone, it had been attended with the most satisfactory results. He (Mr. THOMPSON) thought that it was impossible to overrate the importance

or value of such work, either for geographical or administrative purposes, and especially with reference to the proper settlement of land, and the assessment of the land-revenue. With regard, however, to the deputation of the survey-parties to the Province, it was found necessary for the proper conduct of operations that power should be taken under the legislature to enable those officers to carry on many of the duties connected with the cadastral survey—such as the right of entering upon land; the procuring of witnesses and other parties interested in the survey; the clearing of obstructions in the execution of the work; giving compensation for such clearances; the settlement of boundary-disputes, and the procedure, if necessary, in appeal from such decisions; and, finally, and more important of all, the erection of permanent boundary-marks. The Bill would contain provisions for giving legal powers with regard to all those matters. The necessity for such a law had been recognized in all places where surveys on a large scale had been introduced, and it was especially necessary in Burma, where such a difficult operation as the conduct of a survey was entirely a new thing; where boundaries were very imperfectly defined, and the people of the country, and the district-officers who had to deal with the results of the survey, had no experience of the kind to guide them. The necessity, therefore, for legislation in this direction was obvious, and if permission was given to introduce the Bill, he would take the opportunity, at a later stage, of explaining more fully the provisions of the measure.

The Motion was put and agreed to.

FOREIGN JURISDICTION AND EXTRADITION BILL.

The Hon'ble MR. STOKES moved that the Report of the Select Committee on the Bill to amend the Foreign Jurisdiction and Extradition Act, 1872, be taken into consideration. He said that, in accordance with the suggestion of the Bengal Government and in order to save trouble to those who had to work the law, the Committee recommended that the Act of 1872 should be repealed and re-enacted with the new sections incorporated in it.

In drafting the Consolidation Bill, the only substantial alteration we had made consisted in the addition of sections 206, 208 and 224 of the Penal Code to the schedule of extradition-offences. Those sections dealt with (section 206) the fraudulent removal or concealment of property to prevent its seizure as a forfeiture or in execution of a decree; (section 208) fraudulently suffering a decree for sum not due; and (section 224) resistance or obstruction by a person to his lawful apprehension.

We had introduced a definition of "European British subject," a phrase which, if left undefined, was apt to give rise to difficulties; and we had got rid of the phrase "Native State," which was defined and used in a peculiar sense in Act XI of 1872.

In making this latter amendment, we were well aware that, from a logical point of view, the mode in which the phrase "Native State" was defined and used in Act XI of 1872, might not be open to exception; but the extension given to the meaning of the words, going as it did to include as "Native States" all countries in Europe,—even England—was so very wide and arbitrary as to have, in a recent case of some importance, which came before the High Court at Allahabad, given rise to a question as to whether it was really intended by the legislature that Cyprus should be treated as a "Native State." This being so, and seeing that, as the phrase occurred only twice in the Act, little would be gained in point of brevity by retaining it, the Committee had dispensed with it altogether, making such alterations in the sections (8 and 9) in which it occurred as its omission necessitated.

Lastly, we had, with a view to giving effect to the twentieth article of the Treaty recently concluded with Portugal, added a section to provide for the execution in British India of commissions to take evidence issued by criminal Courts in foreign territories. A similar provision was contained in the English Extradition Act, 1870, section 24. The section would not of course apply in the case of any criminal matter of a political character.

The Motion was put and agreed to.

The Hon'ble MR. STOKES also moved that the Bill as amended be passed.

The Motion was put and agreed to.

FACTORIES BILL.

The Hon'ble MR. COLVIN moved that the Hon'ble Mr. Batten be added to the Select Committee on the Bill to regulate labour in Factories.

The Motion was put and agreed to.

The Council adjourned *sine die*.

D. FITZPATRICK,

*Secretary to the Government of India,
Legislative Department.*

SIMLA; }
The 14th November, 1879. }