

Monday, March 27, 1871

ABSTRACT OF THE PROCEEDINGS

COUNCIL OF THE GOVERNOR GENERAL OF INDIA

LAWS AND REGULATIONS.

Jan to Mar

1871

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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 under the provisions of the Act of Parliament 24 & 25 Vic., cap. 67.

The Council met at Government House on Monday, the 27th March 1871.

PRESENT :

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

His Honour the Lieutenant Governor of Bengal.

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

The Hon'ble John Strachey.

The Hon'ble Sir Richard Temple, K. C. S. I.

The Hon'ble J. Fitzjames Stephen, Q. C.

The Hon'ble B. H. Ellis.

Major General the Hon'ble H. W. Norman, C. B.

Colonel the Hon'ble R. Strachey, C. S. I.

The Hon'ble F. S. Chapman.

The Hon'ble J. R. Bullen Smith.

The Hon'ble F. R. Cockerell.

The Hon'ble J. F. D. Inglis.

The Hon'ble D. Cowie.

The Hon'ble W. Robinson, C. S. I.

INCOME TAX BILL.

The Hon'ble SIR RICHARD TEMPLE moved that the report of the Select Committee on the Bill for imposing duties on income be taken into consideration. As the Council was aware, Friday next had been named for the purpose of discussing this Bill, but owing to an event which he regretted—the departure of their hon'ble colleague, Mr. Cowie, for Europe—the day for such discussion had been changed, as that hon'ble gentleman had two amendments to bring forward. The Government was anxious that these, and the Bill itself, should have the fullest discussion in Council, and that the Hon'ble Member should be present and give to the Council the benefit of such advice or remarks as he had to offer. After referring to certain technical alterations in the Bill, which had been

suggested by the Select Committee, SIR RICHARD TEMPLE proceeded to read the amendments, which were as follows :—

“ That to section 1 shall be added the words ‘ and it shall cease to be in force on the thirty-first day of March 1872, except as to taxes then due and penalties incurred thereunder.’

“ Also that, in section 7, for the words ‘ sixty-two rupees eight annas,’ the words ‘ eighty-three rupees, five annas, four pie’ be substituted.

“ Also that, in section 17, for the words ‘ seven hundred and fifty,’ the words ‘ one thousand’ be substituted.”

With regard to the first amendment, he had to announce that the Government had decided to accept it and to take the tax as lasting for one year. But in doing so, he wished it to be clearly understood that they did not make the slightest pledge, or enter into the slightest understanding, that the tax would not be continued if it was considered necessary to do so. If such a necessity did arise, and he should consider it his duty to bring in a fresh Bill, he would not shrink from doing his duty then, as he had not shrunk from doing it now. It was not possible to say whether such necessity would not arise; he could not see the future: but one thing certain was, that deficit would not be allowed. He did not hold, however, that the continuation of the income-tax should depend on the question of a deficit. There were other taxes which he considered should be remitted before the income-tax: there was the salt-duty, which pressed severely in certain parts of India; the inland sugar-duties, and certain export-duties on agricultural products. He thought that the question of abolishing the income-tax should be considered with these. When the income-tax was introduced into England, it led to great fiscal improvements, and he thought that it had the same effect here. For instance, there was the scheme regarding the assignments to Local Governments, which was a great fiscal change, and, he believed, improvement. SIR RICHARD TEMPLE read extracts from the late speeches of Messrs. Strachey and Ellis, condemnatory of the export-duties, and advising their abolition in preference to parting with a light income-tax. He also referred to the Viceroy's statement at a previous meeting of Council, regarding the permanency of the present tax. In making the present concession of accepting Mr. Cowie's first amendment and allowing the Bill to cease to be in force on the thirty-first March 1872, there was not the slightest change intended in the policy of the Government. He wished due notice or warning to be taken that he made no kind of pledge whatever regarding the remission of the tax. It had been stated that he had

introduced the tax as a permanent measure from a fear of criticism. He did nothing of the sort. Criticism was the very last thing he was afraid of. On the contrary, he courted criticism, for he believed that the more there was of fair and honest criticism in the Council and out of it, the better and brighter would appear the financial policy of the Government.

With regard to Mr. Cowie's second amendment, he would at once state that the Government on this point could not yield. The first amendment involved no question of finance; this did. He was happy to hear any discussion upon the question, but yield he could not. In the first place, the amendment would involve a loss of money. Now, the Government could not afford to lose one fraction of estimated revenue. Already, the reports from the opium districts were not very favourable, and the state of exchanges was not so satisfactory as was anticipated from the close of the war. He considered that there was no necessity to raise the minimum of assessment, so that the tax should not touch incomes lower than Rs. 1,000 per annum. He held that a Native on Rs. 65 a month was just as well off and as able to pay as the lowest class in England on which the tax there fell. He denied that the Government were wanting in care or sympathy for the poorer Natives, said to be suffering under inflictions caused by this tax. There was not a complaint in the Native papers upon this head, which had not been translated and laid before the Members of Council, and the result had been that the minimum income to be assessed had been raised to incomes of Rs. 750 per annum. He could not possibly raise it higher.

SIR RICHARD TEMPLE concluded by referring to a remark of Mr. Strachey's, that a light income-tax might be made a source of strength; he thought that true of the present tax, which had enforced rigid economy in all the departments, and for this alone, if for nothing else, deserved well of the public.

The Motion was put and agreed to.

The Hon'ble MR. COWIE moved that to section 1 shall be added the words "and it shall cease to be in force on the 31st day of March 1872, except as to taxes then due and penalties incurred thereunder."

He must offer his thanks to his Lordship in Council for the very courteous consideration which had enabled him to bring these amendments before the Council today. The Hon'ble Sir Richard Temple's statement to the effect that he consented to the limitation of the income-tax for one year, had given him great satisfaction, though it had, in common parlance, taken the wind out of his sails in respect of amendment No. I. But, as his amendments rested on one common basis, he craved permission to say a few words. That basis was his

earnest belief that the income-tax was oppressive, was irritating, and ought to be abolished.

The Executive Government appeared to have decided that it should not be abolished, and, this being the case, he contended that we were bound to endeavour to limit the opportunities of oppression and irritation as much as possible, in respect of duration of the tax and of the area to which it was applicable. But we had been lately told in this Council that it was entirely erroneous to attribute this bad character to the income-tax, and that the evidence of its having been so oppressive in its working was grossly exaggerated. Twelve months had not elapsed since they heard in this Council Chamber an income-tax denounced as "odious to the country, unsuited to the people, and very poor in its return: properly only a war-tax, and to be reserved for great emergencies." These pregnant words were those of that wise and deeply lamented statesman, Sir Henry Durand, who, in uttering them, said, he was only endorsing the recorded opinion of His Highness the Mahárájá of Jaypúr. These two eminent authorities, then, viewing the question from two such totally different standpoints, came to the same conclusion, and it was wholly adverse to the perpetuation of an income-tax. Where, he might ask, is the great emergency in this case? The Finance Minister had only to be a little more sanguine in his estimates of opium, and the Public Works Minister a little less sanguine in his proposals for outlay, and an equilibrium would be established without any income-tax whatever. Now, with reference to the words which he had quoted from last year's debates, when he heard, in the present year, similar sentiments uttered by such experts as the Hon'ble Messrs. Robinson, Inglis and Cockerell, re-echoed in every newspaper throughout the country, he was compelled to believe in their truth, rather than in the positive, if not Parliamentary, contradictions of the Hon'ble Mr. Strachey. But they were told that some of the export-duties and sugar transit-duties had prior claims to remission. He submitted not, inasmuch as they had never caused the wide-spread discontent, he might almost say disaffection, which the income-tax had unquestionably produced. He did not deny that such a tax might be worked with tolerable fairness in the presidency towns, but it was wholly unsuited to the masses of the people.

And yet he had an unsavoury recollection of the time when he was a Commissioner of Appeal under Mr. Wilson's Act, and learned what a fearful power of oppression that Act contained even for a presidency town.

That it ought not to be brought to bear upon the masses of the people he thought the Finance Minister himself admitted, when he proposed to raise the minimum of taxation from 500 to 750. In a speech which he made in this

Council last year, the Hon'ble Member said:—"How was the burden to be borne? He said it should be borne by the rich and comparatively well-to-do. Those who opposed him said it should be borne by the poorer classes. This Council could judge between them." Mr. COWIE re-echoed that last sentence and said—"this Council could judge between them." If the Hon'ble Member would adhere to that theory, and would define the rich and well-to-do to be persons in the receipt of incomes of Rs. 1,000 per annum and upwards, he would probably vote for Mr. COWIE's second amendment.

This was the last day in which he should have the honour of a seat in this Council. He should always remember with satisfaction the courtesy and consideration which he had invariably received from his numerous colleagues under four successive Presidents. Might he be allowed to say how much that satisfaction would be enhanced if he could add to it the thought that his last action as a Member of this Council resulted in the removal of an odious and irritating tax from many of his fellow-subjects, and in the withdrawal of no inconsiderable portion of odium from this great Government?

His Honour the LIEUTENANT GOVERNOR said that it might seem somewhat hard that he should attempt to inflict on the Council any remarks of his own, as the Hon'ble Member who presided over the Financial Department had so gracefully receded from the advanced position which he at one time took when he circulated amongst Hon'ble Members the notice that the tax was intended to be permanent. Still, as the view which His Honour took was somewhat different from that of the Hon'ble Mr. Cowie, whose amendment had been accepted by the Government, he would ask the indulgence of the Council. Every great system of finance was a series of surprises, and the Hon'ble Sir Richard Temple had given them, today, a surprise which was an agreeable surprise, namely, the concession that the income-tax should be taken for one year only. His Honour had been gratified by the terms in which that concession had been announced, inasmuch as the view taken by the Hon'ble Sir Richard Temple was precisely that which His Honour was inclined to take, namely, that the tax was now limited to one year, not in entire concession to the views of the Hon'ble Mr. Cowie, but on the view expressed by His Excellency the Governor General, namely, that in taking the tax for one year, it should be considered in the ensuing year whether the tax was to be renewed in the same form or in any other form. He would venture, since this tax had been the subject of so much, so serious, so weighty discussions, to say, as he had said on a former occasion, that he felt conscious that there were at present very serious objections to the tax. On the other hand, he would advise the Government of India not alto-

gether to surrender this tax rashly. He would say that it was not desirable that this tax should be surrendered, even in face of the weighty statements made by the Hon'ble Members to the left of the chair, without the fullest and most careful consideration. Because, although the tax was a most unpopular tax, both with the officers of the Government and with a very large proportion of the people, he felt that it was a tax on the rich; that a tax on the rich was much wanted and not to be abolished unless it could be shown that the finances could spare the tax, or that some other form of taxation could be advantageously substituted for this income-tax. He was a good deal struck in hearing a gentleman holding high office express himself in very lively terms against this tax. He said that he had formerly travelled about the country as the representative of a friendly Government, but that now, wherever he went, he was mobbed by people who did nothing but shout out "takus, takus, takus." Another officer of the Government who was present generally coincided in the opinion of that gentleman, but a few seconds afterwards he said "they seemed to be mostly baniyas." HIS HONOUR was quite aware that the opposition to the tax was not confined to the class of "baniyas:" there were many inhabitants of this city, and many officers of the Government, who were equally strong in their condemnation of the tax. At the same time he thought there were considerations which tended to the view that the tax should not be surrendered till a substitute for it was found.

He would also express his concurrence with the remark which had been made today, that there was one advantage in the income-tax, namely, that it placed a great check on expenditure; because so many people were so much impressed with dislike to the tax that the Government would be forced to try to cut down all expenditure as much as possible. It was said with truth that, in England, there was nothing more apparent than that the income-tax led to economy, because the burden of the tax fell on the most influential classes. He was quite sure that there were none of us who gloried in the name of Briton, but gloried in the exploits of His Excellency the Commander-in-Chief in Abyssinia; but at the same time he felt that these exploits would tend to put an end to such wars in the future, not only by the example which was given by His Excellency to wrong-doers, but also by the very heavy bill which it was his duty to bring in for the expenses of that war, which would go far to influence the British payers of income-tax in future.

The other point on which HIS HONOUR ventured to address the Council was this, that while a concession had been made that this tax should not be perpetual, that the question of its continuance should be considered in another year, he was desirous again to submit to the Members of the Government of

India his view that it was desirable that the Income Tax Bill in another year should not be introduced in this summary way in the fag-end of the session, giving only one week for its consideration in Committee; but if it should be found desirable to introduce this Bill on another occasion, it should be introduced at an early period and full opportunity for discussion be given to the Members of this Council, both the Members of the Government and the Members whom he might venture to call independent and who represented the various Provinces of the Empire. He thought the statements made by the Hon'ble Mr. Robinson and the Hon'ble Mr. Inglis almost necessitated this course; and his hope was that, if an Income Tax Bill should be brought forward in future, it would be in sufficient time to admit of full discussion. He ventured, on a former occasion, to make these suggestions, when he was met by several very powerful arguments made by a very powerful debater. The Hon'ble Mr. Stephen had said that it was quite unreasonable that HIS HONOUR should ask for further enquiry, because the Bill before the Council was almost exactly the same as the last Income Tax Act and several similar Acts which had gone before. But to that, HIS HONOUR would reply, that not one of those Acts had been considered as he would wish an Income Tax Bill to be considered, and in the way that such a Bill ought to be considered. He spoke under correction, but he believed that, on every occasion on which an Income Tax Bill had been introduced, it had been introduced at the fag-end of the session, and on what he had before ventured to call the stand-and-deliver principle. He believed he was right in saying that, on some former occasions, the Council had even a shorter period of time to consider the Bill than on the present occasion; that this was the longest interval ever given, and if the next Bill was to be brought in with a view to further and more minute consideration, it should not be brought in at the end, but rather at the beginning, of the session.

Again, another objection to a hasty consideration of this kind was, that the subjects to be considered were of such intricacy, that he confessed that he was not prepared to solve them off-hand; but the argument urged on the other side was, that the subject was too involved and intricate for human understanding, and therefore we must swallow the Bill as a whole, as some people swallowed the doctrines of fore-knowledge and free-will or the Athanasian Creed. There were a great many people who were content to accept on trust the doctrines of fore-knowledge and free-will, and other things of that kind, but who strongly objected to take on trust anything that would affect their pockets; and in that view, this was one of those special things which was within the scope of the consideration of mere sublunary creatures. He thought that this Bill involved

many grave questions that ought to be considered by this Council, and that those questions were within the scope of our power and intelligence, and that it was very desirable that Hon'ble Members who had intimate experience in the working of the income-tax should assist in the solution of these questions. Because, although he had the most intense respect for the members of the Executive Government, he thought the exalted position they held removed them one degree further from the people than Hon'ble Members who came from immediate contact with the people, and who were therefore better able to represent their views and wishes. He was free to confess that, in the observations he had made on a former occasion, he was guilty of a lapse of the tongue when he spoke of taking evidence. He quite admitted that, if the Committee proceeded to take formal evidence on an Income Tax Bill, they might take evidence till the end of time without coming to a conclusion. But he thought that the Committee might take evidence in an informal way; that is to say, get information from persons within this city of many nations, and elsewhere, that might and must afford most valuable aid to the Committee. It would not be necessary to take formal evidence, but the Committee might obtain much information from many persons with regard to a tax of this character.

Then, a point on which he had specially dwelt was a subject which required special consideration, namely, whether, in regard to the imposition of direct taxes, some distinction ought not to be made between income derived from labour, and income derived from property. On that point he was met, first by the Hon'ble Sir Richard Temple, who asserted that an income-tax prevailed in all countries. That was an assertion extremely new to HIS HONOUR; his impression was that the number of countries in which a proper income-tax prevailed as a general tax was very limited, and that when a Committee came to examine the character of the tax imposed in different countries, the examples they would have to examine must be confined to a limited number of countries. Then, the Hon'ble Member went on to say that the questions to which HIS HONOUR had referred had been worn thread-bare in England. But HIS HONOUR submitted that, in his opinion, this question was not worn thread-bare, and that the objections made in England to the course which he suggested were principally departmental objections; and he might remind the Hon'ble Member that it had been similarly said that the arguments for the repeal of the Corn-laws had been worn thread-bare; but when their repeal became an accomplished fact, then it was that the arguments in favour of the repeal of the Corn-laws were found not to be quite worn thread-bare. The question of making a distinction between a tax on incomes and a tax on property had been lately reproduced in England. There, however, reforms affecting the rich were hard to achieve, and if this country

had set England the example in the way of codification of laws and other things, perhaps in this matter of a more equitable way of assessing incomes and property we might also show the way to England.

Another point which would require serious consideration was the rate at which the tax was to be imposed. He ventured to state seriously that, in his opinion, if you were to keep any such tax at all, it would be better to put it for some time higher than one per cent. There seemed to him to be something immoral if we were to levy a tax in that shape in the belief that, if you put the rate very light, it would not pay persons to resist, and that you might raise it higher another day. It might, too, be hardly worth while to keep up the whole machinery of assessors and collectors for such a small tax; you might get a light revenue and at the same time the cost of collection might be nearly as much as if you imposed the tax at a heavier rate. This very morning he had before him a letter from the Bengal Board of Revenue, in which they argued with all gravity and seriousness that there were not so many cases of oppression under the heavy income-tax of $3\frac{1}{8}$ per cent. as in the case of the one per cent. tax, because the people thought it worth their while to resist the heavy tax, and would not pay more than they had a right to pay; and that was the reason why there were less complaints under the $3\frac{1}{8}$ per cent. income-tax, than under the lighter taxes of the previous years.

HIS HONOUR also differed from the Hon'ble Mr. Cowie in thinking that by estimating a little more income from the proceeds of opium and a little less, expenditure on the Public Works, and so making things pleasant, an equilibrium would have been produced, and there would have been no necessity for an income-tax. On the contrary, he thought that the margin taken by the Government of India in their present budget was rather too small, and he was afraid the smallness of that margin had led to what he might call a little hard practice on the part of the Financial Department in giving their children, the Local Governments, the sums to which they had a claim to start them in the world. It seemed to him that, in regard to some small matters, the Financial Department were very hard with the Local Governments, and that if they put their margin a little higher they might be more liberal.

Perhaps the Council would bear with him a little more on this subject, because, in one of the local newspapers that morning, he was represented as having, in another place, accused the Government of India of general illiberality in their dealings with the Local Governments. That, however, was not his view,

and though in Bengal one must speak as a Bengáli, he hoped that he had not gone beyond the point of fair and just criticism. He might say that a good deal of discussion had been introduced in the fiscal relations between the Supreme and the Local Governments by some passages of arms between them and the Financial Department. It seemed to him that it was admitted that, in trying to establish an equilibrium in the Imperial Finance, the Government of India was not doing so entirely by the reduction of their own expenditure, but that a certain amount of the burden had been thrown on the Local Governments. It was most distinctly admitted that a certain sum for the immediately coming year was thrown on the Local Governments to make up, and it was also most clearly admitted, both in the original Resolution and by His Excellency the President, that particular departments were made over to the Local Governments, inasmuch as they were growing departments, and that therefore the burden on the Local Governments must increase from year to year. It was not thought desirable to transfer any departments which were sources of revenue, but only certain very rapidly growing charges. HIS HONOUR was quite sure that it was not the desire or intention of the Government of India to assert for one moment that they had produced a financial equilibrium without imposing any burden on others. That equilibrium had in some degree been obtained by throwing a portion of the burden on the Local Governments, and telling them to make up the small deficit now assigned to them and the larger deficit that must accrue in future years. But as the servant was sometimes more zealous than his master, some gentlemen had attempted to explain away this view of the case, and tried to make out that there was no burden put on the Local Governments at all. HIS HONOUR ventured to make these remarks in the view that it might perhaps have been better, if the income-tax was to be retained at all, to keep it a little higher. The reduction in the allotments made to the Local Governments had caused considerable difficulties and complications. The Local Governments being new to the system of local finance, it was perhaps desirable that their path should have been made as easy as it possibly could. He thought it might have been better to say "here, we give you the assignment of the most economical year, but for all expansions and improvements in the future, you must provide the means." The result of the course followed had been that, at the very commencement of this scheme, the Local Governments had been driven to create systems of taxation. In some places it was proposed to impose a license-tax, which had been described as being, in HIS HONOUR'S opinion, a rough income-tax on the lower incomes, to supplement the income-tax on the higher incomes which was to be taken by the Government of India. In fact, it put the Local Governments in this position, that the Government of India taxed the rich, and we taxed the poor, and between us we taxed every one.

Once more he ventured to submit whether it was not desirable, either to raise something more by this tax and so relieve the Local Governments from the necessity of immediate new taxation, or to make over the income-tax with a proportion of additional charges to the Local Governments, and to allow them to manipulate that tax on their own responsibility, to make it bearable, or to substitute something for it if they could. By so doing, not only would you take objections out of the mouths of the local officers if they thought that the tax was objectionable, but it would prevent the clashing of income and license-taxes, and the clashing of direct imperial taxation with direct taxation for local purposes. He would again say that the policy he ventured to suggest as the result of these remarks was that, on the next occasion, the Council might be allowed some longer time for the consideration of Bills of this description.

The Hon'ble MR. ELLIS said that, as the amendment before the Council was agreed to, he did not propose to trouble the Council with more than a few words with reference to what had fallen from His Honour the Lieutenant Governor. MR. ELLIS was somewhat surprised to hear the complaint that sufficient time had not been allowed for the consideration of this Bill, because he considered that, this year, the Government had afforded the Council most ample opportunities for discussing their financial measures, and he thought that the Council would agree with him that His Honour had not been slow in availing himself liberally of such opportunities. When His Honour asked for earlier discussion in future years, there was one circumstance which His Honour had apparently forgotten, namely, that so long as the financial year remained unaltered, it would be simply impossible for the Government to bring in their Income-Tax Bill at an early period of what His Honour called the session, and for this reason that, at that time, Government could form no estimate whatever of what our financial position was likely to be at the beginning of the next year, and if we attempted to introduce our Income-Tax Bill in November or December, we should be met, and properly met, with the objection that it was preposterous to do so, because the Council could form no idea of what our position would be in March. For this reason he thought it would be impossible to comply with the suggestion made by His Honour. As it was, the estimates of the Opium Revenue were complained of, although they were framed on information received by telegram up to the last moment of presenting the financial statement just as the year was closing; but what would be the position if we were to frame our estimates in November or December for application in the year commencing in the following April. They would be quite guess-work and could not be relied on.

There was a way, however, in which all that His Honour desired in respect to the careful consideration of details might, MR. ELLIS thought, be thoroughly well effected, and the way was for the local officers of the several administrations to watch carefully and constantly the working of this Bill. If the Hon'ble Members who had a seat in this Council, and who, during the rest of the year, presided over Boards of Revenue, would, on their return to their respective presidencies, institute searching enquiries into the machinery for the assessment and collection of the tax; if they would set themselves to devise means for the improvement of its working and for the abatement of corruption and wrong-doing; and if, having done this, they would forward, through their Governments, reports containing suggestions for improvement; they would do a greater service than by denouncing the iniquities of the tax in general terms, and they would accomplish far more effectually than by long deliberations in Committees of the Council all that His Honour desired, so far as the working details of the law were concerned. As for the demand for longer time to discuss the principle of the tax, it appeared to him that ample time was afforded by the course which had been followed on this occasion, and he could not conceive that more complete discussion was desirable or indeed attainable.

The Hon'ble MR. STEPHEN said that, as the Lieutenant Governor of Bengal had referred very pointedly to what MR. STEPHEN said at the last discussion on this Bill, it would not be courteous in him not to notice His Honour's observations. He thought that one or two remarks which had fallen from His Honour called for an expression of opinion from MR. STEPHEN in his capacity of the head of the Legislative Department. He could not avoid also making one or two remarks as to the unpopularity of the income-tax. The history of the matter appeared to be something to this effect. The Europeans exceedingly disliked paying a $3\frac{1}{2}$ per cent. income-tax, and he confessed he did not like it himself. They naturally thought that, as the tax was unpleasant to themselves, it must, no doubt, be unpleasant to the Natives—and no doubt it was. The European Press put it forward as a grievance, and the Native papers followed suit; and from the Native papers he could well understand the matter getting all over the country. Although he supposed the tax was unpopular to a certain extent, it seemed to him that the noise that was made was considerably beyond what was felt. He must admit that that did not destroy the importance of this outcry, because feelings of that kind must be attended to whether they were based on reasonable grounds or not. He should have said nothing further upon the subject if His Honour had

not with great earnestness suggested that, if the income-tax were to be re-imposed, the measure should be put forward early and fully discussed. MR. STEPHEN hoped otherwise, not only for the reason given by the Hon'ble Mr. Ellis, but for another reason which he would specially recommend to His Honour's consideration. MR. STEPHEN thought that this Council was not a House of Commons in any sense of the words. It did not govern the country, and it should not attempt to do so; if it did so, it would render the management of public affairs very difficult. Every member of this Council must know that it is not a representative body; that we do not sit here to discuss the whole policy of the Government; and that if the Council chose to do so, it impeded public business. The government of the country was carried on, and must be carried on, by the Governor General in Council. The Legislative Council was not appointed for the purpose of carrying it on; and a prolonged discussion of the kind suggested by the Lieutenant Governor on the whole subject of the income-tax would violate this principle and would very much interfere with the business of the country. It would do no good, and might do much harm.

So much as to the general principle, on which he was not sorry to have an opportunity of stating his mind fully.

But with regard to this tax, he could not withdraw or qualify anything he had said, notwithstanding what had fallen from His Honour. The particular questions which His Honour proposed to discuss were questions not fit to be discussed either by this Council or by the Executive Government. They were subjects which embraced the whole range of political economy. For instance, it was often said that the abstract principle of an income-tax was, that it should impose equal sacrifices on all those who were subject to its operation. That was commonly called the principle of justice. If that proposition was not put forward by His Honour, it was at any rate put forward by others, and the course proposed by His Honour would lead directly to its discussion,—a useless and indeed mischievous result.

Then, again, there was the question of the distinction between property and income which His Honour did put forward, and which he said had been put out of the way in England by departmental objections. What was meant by departmental objections MR. STEPHEN could not say. He believed that the argument generally put forward upon the subject in England was, that if the income-tax was permanent, it was quite fair to tax income as you taxed other permanent property, because the tax on income was paid as long as the

income was earned. But however that might be, you had first to ascertain distinctly what you meant by income; and when you tried to apply that principle in detail to a Bill of this kind, you would find difficulties which he did not think any one could conceive beforehand. He believed that such discussions would lead to no good result whatever, and as for taking evidence, he thought it would be a mere waste of time. He felt that any Bill brought forward in this country on such a subject must be of the simplest and most general kind; it must be worked roughly; and if you wanted an income-tax based upon an exhaustive inquiry into the first principles of political economy, it was utterly out of the question to make such inquiries in India. Every European in this country who was capable of discussing the matter had his whole time fully employed, and if the discussion was intended to answer any serious purpose, it must be undertaken by a number of people who could afford to give to the consideration of the subject a considerable amount of time. His Honour had said that we had shown England the way in many subjects, particularly in the codification of our laws. This statement MR. STEPHEN thought was as fallacious as it was specious. It was true that the codification of particular branches of our laws had been adopted in this country before it had taken place in England. He alluded to such laws as the Penal Code, the Codes of Civil and Criminal Procedure, and the like; but could he say that this was due to India? Surely not. What had happened was this,—people supposed to be acquainted with such matters had been sent out to India to do it. The project of enacting such measures had arisen in England and not here. In England there were plenty of people with abundant means of inquiry and leisure. But to suppose that half a dozen Civilians, burdened with work, would care to sit down and discuss and settle principles of political economy, was a great mistake. If His Honour thought so, MR. STEPHEN could not agree with him. Without intending the slightest disparagement to this Council, he did not believe that they could do what His Honour wanted; that was a reason why MR. STEPHEN did not wish to enter into the consideration of such questions.

The Hon'ble MR. ENGLIS was glad to hear from the Hon'ble Sir Richard Temple that the Government had resolved on accepting the first amendment proposed by the Hon'ble Mr. Cowie, though he regretted the manner in which the hon'ble gentleman announced this determination.

We were told so repeatedly and emphatically that the Government had seen no reason whatever to change its opinion as to the fitness of an income-tax for this country, and that it was fully intended to re-impose it next year, should

the budget which would then be prepared under the Hon'ble gentleman's orders show the smallest necessity for it, that he (MR. INGLIS) confessed he was at a loss to understand the reasons which had led to the concession that had been made.

He had done his duty in protesting against the imposition of an income-tax. He declared on his honour, that he believed every word he said against that tax, in the debate on the introduction of this Bill, was strictly true, and that, if anything, he understated, rather than overstated, the evils that attended its enforcement in this country.

The Hon'ble Mr. Strachey had contradicted what he said. He relied, however, solely on his experience of the working of Mr. Wilson's tax in 1860. So far, then, we had nothing more than his recollections of the working of the tax ten years ago—just after the mutiny—in one district, against MR. INGLIS' knowledge of the effects of the tax in 1860 and in all the succeeding years it had been imposed, till now, throughout the whole country.

For the truth of what he said, he appealed to the public. He appealed to every officer in the service of Government, who had had to take an active part in the assessment and collection of the tax during the past ten years. He appealed to every member of the large non-official class, whose number was, he was glad to see, so rapidly increasing in India. He would refer especially to the gentlemen living in the interior of districts as indigo planters, or holding estates which they cultivated themselves; they had far better opportunities of knowing the feelings of the people on any subject, and of judging how they were affected by any measure than we had. They lived among the people, and the people spoke to them far more freely and openly than they ever did to any one of us.

They were to a man opposed to the tax, not, he firmly believed, from the selfish motives attributed to them just now by the Hon'ble Mr. Stephen, but because they saw the evils under which the people were suffering from its imposition, and were honestly desirous of relieving them.

Surely, the almost unanimous opinion against the tax expressed by all classes of the community, official as well as non-official, should carry some weight, and should show that there was ground for doubting whether the tax was one suitable for this country.

Notwithstanding what was said just now by the Hon'ble Sir Richard Temple, as to the intention to re-impose this tax next year if the slightest necessity arose

for it, he sincerely trusted that, during the coming year, the policy of imposing this tax at all in India would be considered with the care and deliberation its importance demanded: and that if, after full and careful consideration, it was decided that an income-tax might be properly levied, either as a permanent source of income, or as a tax to be resorted to on occasions of emergency only, the Bill under which the tax was to be levied would be brought forward early in the cold weather, so that its provisions might receive that full and careful examination and discussion they required, but which they had never received as yet.

He fully and entirely concurred in all that was said by His Honour the Lieutenant Governor of Bengal on this point. Without entering into any of the abstruse and difficult questions the Hon'ble Mr. Stephen seemed to think would entirely engage the attention of the Committee, there were many important and practical questions connected with the measure which required discussion; such as the mode and manner of the assessment of the tax; the manner in which penalties under it should be levied; whether all incomes should be taxed uniformly, or whether incomes below rupees 4,000 or 5,000 a year should not be taxed at a lower rate than incomes above that amount, and whether a certain portion of all incomes up to rupees 500 or 600 a year should not be free altogether of the tax. These and many other questions connected with the tax had never been properly considered; and indeed never could be as long as the present practice was maintained of bringing in the Bill just at the close of the session.

The Hon'ble SIR RICHARD TEMPLE only wished to trouble the Council with a very brief remark in reply. He understood the Hon'ble Mr. Cowie to say, with reference to the income-tax, that he was satisfied that the income-tax should have a prior claim to all other measures of relief. SIR RICHARD TEMPLE had heard that remark with some surprise, because he believed Mr. Cowie had expressed an opinion of an opposite tendency on a former occasion. He had therefore sent for the former debates from which he would read to the Council the whole passage on this subject which occurred in Mr. Cowie's speech. His Hon'ble friend then said—

He might now say that he cordially approved of the supersession of the license-tax by the new income-tax, and would even have welcomed a somewhat higher percentage if it had been made contemporaneous with the desired remission in customs-duties.

SIR RICHARD TEMPLE inferred from that, that Mr. Cowie then thought that the reform of the Customs Duties was of more importance than the remission of the income-tax.

The Hon'ble Mr. COWIE said, some few years ago he heard of an eminent Member of the House of Commons being taxed as to his opinions by a reference to Hansard's Debates as to the view he once entertained, and all that that eminent Member said in reply was that he had since grown wiser. MR. COWIE now said the same.

HIS EXCELLENCY THE PRESIDENT said as the last stage of the Bill would come on Friday next, he did not intend to take up the time of the Council more than for one moment at present. What he intended to say was with reference to what His Honour the Lieutenant Governor said as to the matter of time. HIS EXCELLENCY thought that the Hon'ble Mr. Ellis had conclusively shown that taxation Bills, either for the imposition or repeal of taxation, could not possibly be brought on at any other time except at the period when the Finance Minister introduced the financial estimates of the year. The answers which had been given in regard to that point were so conclusive that he need not supplement them.

But with regard to allowing sufficient time for the discussion of financial measures affecting taxation, HIS EXCELLENCY could only say that it was the object and the desire of all the members of the Government to give ample time for their discussion. In truth, during the present year, nearly a whole month had been given for the consideration of this one Bill. And he ventured to say, having had considerable Parliamentary experience, that it was quite clear that the ordinary time given, even in representative assemblies, for the discussion of the most important measures was much less than had been given in the present case. He had known of measures of finance being introduced, and the opinion of the House of Commons being taken, and the measure being finally decided, within a fortnight. If Hon'ble Members of this Council, either official or non-official, could show that the time allowed for the consideration of any financial measure was too short; that the public interests would be advanced by the expansion of the discussion, HIS EXCELLENCY for one never should oppose any reasonable proposition for further consideration. A great deal was said last year about hurried legislation. Those who made that assertion entirely forgot that HIS EXCELLENCY said that he was quite prepared to remain here as long as was necessary. And if any reasonable proposition was made, he should be only too glad to remain. But it was quite impossible that the financial measures of the Government could be brought forward except within a fortnight or three weeks from the time when they were now brought forward, for the simple reason, that we were not in a position

till then to come to any conclusion or to make any estimate of the public income and expenditure that would in the least degree be satisfactory.

His Honour the Lieutenant Governor had called the meetings of the Council, here a Session. His EXCELLENCY must remind His Honour that, as far as the Legislative Council in India was concerned, no such thing as a Session existed. It sat the whole year round; it sat wherever and whenever the Governor General chose to call it; and the practice had been that, except for about two months in the year, at a time when the Departments had been moving, the legislative labours of the Council extended throughout the whole year. A thing that had no existence could not have a fag-end. The name given was really not applicable to the meetings of the Legislative Council.

His EXCELLENCY wished to show, in the first place, that it was impossible to comply with the desire of His Honour the Lieutenant Governor as to the time for the introduction of financial measures, and also to assure His Honour and the public that, as regards any personal inconvenience, His EXCELLENCY should always be prepared to sit here and to remain in Calcutta till such period as he and his colleagues might think desirable, to allow time for full criticism of any measure which we might think it our duty to introduce into this Council.

The Motion was put and agreed to.

The Hon'ble Mr. COWIE moved that, in section 7, for the words "sixty-two rupees eight annas," the words "eight-three rupees, five annas, four pie" be substituted.

Also, that, in section 17, for the words "seven hundred and fifty," the words "one thousand" be substituted.

The Hon'ble Sir RICHARD TEMPLE said he had already stated, on behalf of the Government of India, the objections to the proposal before the Council. He now again said that we could not accede to the amendment, because it interfered with the budget-estimate. We had not one rupee more than we required, and we simply could not spare the money which this amendment would take from the receipts of the coming year. On the contrary, he rather shared the apprehension expressed by His Honour the Lieutenant Governor that, if anything, the estimate was too high. At all events, under the existing circumstances of the country, he had to state that the Government could not give up the money which the adoption of this amendment would cause the Government to lose.

The Hon'ble Mr. CHAPMAN intended to vote against his hon'ble friend Mr. Cowie's amendment. He should do so because he was entirely satisfied with the very large measure of relief the Government had already been able to afford. Last year he spoke as strongly as he could against what he considered the excessively high and unnecessary income-tax that was then imposed; but he then said, as he said now, that until some one could devise a means of getting at the rich trading classes, a one per cent. tax was fair and reasonable. He made these remarks because he was naturally anxious to defend himself against any appearance of inconsistency.

Now, as to the particular question of the minimum, the Government had fixed rupees 750; and, in doing so, had allowed 2,40,000 persons, or one-half the total number that had hitherto paid, to escape altogether from the clutches of the Collector. Surely this was no small amount of relief. He on his own part considered, as he said on the occasion of the last debate, that there were other interests which now called more loudly for relief, and alluded especially to the transit-duties on sugar. He was much surprised to hear from his hon'ble friend, Mr. Cowie, that the claims of those interested in this trade were not entitled to the same consideration as those of the income-tax payers, inasmuch as they had not complained as loudly. His hon'ble friend should remember that the views of these people were not powerfully represented, and that, because their grievances were not loudly urged by influential organs of public opinion, it was not the less incumbent on Government to see that they were not overlooked.

He had no doubt that the Government would, when the proper time arrived, afford further relief to the income tax-payers; and he hoped, when such time came, that the relief would take the form indicated by his hon'ble friend, of raising the minimum, and thus affording still further relief to the poorer classes. For the present, MR. CHAPMAN, for one, was quite satisfied with what had already been effected.

The Motion was put and negatived.

CONSOLIDATED CUSTOMS ACTS AMENDMENT BILL.

The Hon'ble SIR RICHARD TEMPLE also presented the report of the Select Committee on the Bill for the further amendment of the Consolidated Customs Act.

NATIVE MARRIAGE BILL.

The Hon'ble MR. STEPHEN presented the report of the Select Committee on the Bill to legalize marriages between certain Natives of India not professing

the Christian religion. The Bill was introduced by Mr. Maine and proposed a very extensive change in the laws relating to marriage. The cause which led to its introduction was the grievance which the members of the Bráhma Samájá said they felt, for they asserted that they did not know whether they were married or not. The Bill was circulated to the Local Governments and had been much discussed. It appeared that the Local Governments were almost unanimous on two points. First, that there could be no objection to give relief to the Bráhmas; and, secondly, that very great objection would be felt by all classes of orthodox Hindús if the measure were made a general one. They said that the direct effect of such a measure would be to introduce very considerable alterations in their social rules and the institution of caste generally. He felt the weight of this objection. The Bill, therefore, had been reduced to meet the specific case of the Bráhma Samájá, and provided a simple form by which they would be married according to their own views.

GENERAL REGULATIONS AND ACTS (DEHRA DOON) BILL.

The Hon'ble MR. STEPHEN also moved for leave to introduce a Bill to bring the Dehra Doon within the operation of the general Regulations and Acts. He said he had a word or two of explanation as to this Bill. The Dehra Doon by some means or other, of which he was at present ignorant, had fallen out of the operation of the general Regulations and Acts. It had been supposed that the general Regulations did apply to the Dehra Doon, but it was found that, in point of fact, they did not apply; and this had introduced considerable doubts on the administration of justice in that part of the country. We therefore proposed to extend the general Regulations and Acts to the Dehra Doon. There had been considerable delay in the preparation of this measure, which was proposed by the Government of the North-Western Provinces. It was originally intended to include the Doon in the general measure for declaring the extent of the general Regulations and Acts. But that was a measure of considerable difficulty, and would require a good deal of time for its careful revision; and accordingly he proposed that, in the meantime, we should bring in this Dehra Doon Bill, and afterwards consider the possibility of repealing it when the other Bill was passed.

The Motion was put and agreed to.

The Council adjourned to Friday, the 31st March 1871.

CALCUTTA,
The 27th March 1871. }

WHITLEY STOKES,
Secy. to the Govt. of India.