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(Pamphlet no 21)

- 1 2. The Grammar of Indian
 2 Finances by T. Hesketh B.
 7. 1886. X7-2 P.
- 2 2(a) Professor J. Shield Nicholson's
 theories of "Money and
 monetary problems"
 (The Science of gold and silver
 currency) X61 P. DO
- 3 5. Royal Commission on the
 administration of the expenditure
 of India. 1895: letter by D. Naoroji
 X76.2. MAST
- 4 8. A needed reform in Indian
 administration by Romesh C.
 Dutt. 1898: V2, L, 8. MO
- 5 9. Legal Tender - Correspondence
 with the Editor of "The Bankers'
 Magazine" by Jas. C. Smith.
 1909. X61: 5. 3
- 6 10. The Bengal Tenancy Bill
 commonly called the Bengal
 Rent Bill. 1884
 X9(J): (2762)

12. The relation between famine 7
and population - I & II 1909. 2
by Sister Nivedita
Y: 4353:6k 5.1

14. Remarks and extracts from 8
official reports on the Bengal
Tenancy Bill, by J. Daloz.
X(1): (2262) 1884.

16. Sir Antony P. McDonnell's 9
famine administration by
The Hon'ble Seth Raghunath Basal,
Y: 4353:67.2 1898

17. The Causes of famines in India 10
by Rev. J.T. Sunderland.
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18. The Sterling debt of India by 11
M.R. Sundaram Aiyar, 1912.
X755:6k 61,56.2

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EAST INDIA ASSOCIATION PAMPHLETS

(No. 20)

**THE INCIDENCE OF THE
INDIAN INCOME TAX**

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE INCIDENCE OF THE INDIAN INCOME-TAX.

THE average income on which income-tax is assessed in Great Britain is about £900. The smallest income upon which the tax is leviable is £160. In Germany the average taxable income falls below £120, the smallest income on which the tax is leviable being £45. There are about a million persons who have more than £160 a year in Great Britain, and these have 50 per cent. more income than the 5,400,000 taxable persons in Germany. In India there were 255,792 persons assessed to the income-tax in 1906-07, and their income amounted to not less than £56,941,480. This gives an average income of over £222, the smallest being £66. But it must be remembered that in India no income derived from land is liable to income-tax. Consequently the income-tax in India is comparatively trivial, and affects only about a quarter of a million people; and even of these the Government officials pay more than one-fifth of the whole tax.

In Prussia, again, 36,000,000 out of the 38,000,000 assessed to the tax (or 94·7 per cent.) have an income below 3,000 marks (say, £150). Thus the 2,000,000 who have an annual income above 3,000 marks pay 66 per cent. of the whole income-tax. This leaves about one-third of the tax to be paid by people whose income falls far below the average of the tax as assessed in India. It is evident, therefore, that the income-tax in India is infinitely more moderate in its incidence than in Germany.

It is also worthy of note that in spite of the raising in India of the minimum in 1903 from £33 to £66 (which caused an immediate loss of £200,000, whilst relieving

4 *The Incidence of the Indian Income Tax.*

250,000 people, or the half of those assessed), the g receipts at once began to rise again, and in 1907 exceeded anything that had ever been collected w the minimum was exactly half what it is now. Surely t again, is some proof that the general wealth of India is any rate, not decreasing.

July, 1910.

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p 2



THE GRAMMAR OF
INDIAN FINANCE.

7.2

T. HESKETH B.
FINANCIAL DEPARTMENT OF THE G.

THE GRAMMAR
OF
INDIAN FINANCE

BY

T. HESKETH BIGGS, F.S.S.,

Financial Department of the Government of India.

LONDON:
P. S. KING & SON, PARLIAMENTARY AGENCY,
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BOMBAY.
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1886.

[*Half-a-Crown.*]

P R E F A C E.

INDIAN Finance is always considered a most intricate subject, and the Indian accounts are looked upon generally as quite unintelligible. I have ventured, therefore, to publish this short "Grammar of Indian Finance," in the hope of its being of some assistance to those who really desire to study the subject, and that it may help to prevent the formation of those erroneous ideas regarding the bankruptcy of India of which we have of late years heard so much, and whose publication has done incalculable harm to India, in whose interests they were brought forward. It does not pretend to be more than a very brief history of each head in the accounts, with a few remarks on the facts brought out by these figures.

The figures I have worked on are those of the published *Finance and Revenue Accounts*. Although these, as I have pointed out in my remarks on Exchange are not strictly accurate, owing to true pounds and conventional pounds (of 10 rupees equalling one pound) being taken together, they are for all purposes of general comparison correct enough. In those cases where strict accuracy was necessary, or where it was desirable to take exchange into account, I treated the figures precisely as I now find they have been in the last Financial Statement, viz., by converting the English portion into rupees at the recognised rate of exchange, and then for the convenience of the British reader, rendering the rupee values of both English and Indian figures into pounds at the rate of **Rs 10** equalling **£ 1**.

I have dealt with the accounts for the ten years from 1874-75 to 1883-84, for this reason: that those of the latter year are the last published in a complete form, from which I could obtain all the information I required.

The Financial Statement for 1886-87, published in Calcutta in March, was received after the following pages were written. In it the head of Exchange has been abolished, and exchange is shewn correctly against each head concerned. It contains the actual receipts and expenditure for 1884-85, nine months' actual with an estimate for the remaining three months of the year for 1885-86, and the estimated figures for 1886-87.

The financial year 1884-85 was one of depression in trade, which affected injuriously the Customs, Forest, and Railway Revenue. A smaller

number of chests of opium were sold, and there were considerable remissions of Land Revenue both in Madras and Bombay, owing to a scanty rain-fall, and short collections in Bengal to the amount of £80,000. Owing to these causes the revenue of the year aggregated £70,690,681 only. That this falling off is due only to temporary causes, and that there is no real halt in the onward march of Indian revenue, is proved by the fact that Salt, Stamps, Excise, Assessed Taxes, and Registration showed the usual increase, and that the revenue for 1885-86 was calculated to amount to £75,598,100, and that for 1886-87 estimated at £75,798,700.

In my remarks on Salt, I have noticed that the receipts in 1882-83 and 1883-84 did not shew that there had been that increase in consumption which could be the only justification for the reduction of the rate in March, 1882. The revenue for 1884-85 shows an increase of £361,823 over that of 1883-84; but that for 1885-86, nine months of which are actual receipts and three months estimated, £164,287 only. Sir Auckland Colvin states that there has been some increase in the consumption of salt since the duty was lowered, but that in 1885-86 it was very small. Some increase must naturally follow from increase in population. Much greater facilities now exist also for obtaining salt owing to the large advance made in railways and roads the last few years. A considerable, if not the chief, part of the increase is no doubt due to these causes. Even admitting for the sake of argument that the whole increase claimed in consumption is due to the reduction of the rate, it is too small to prove anything but that the lowering of it in 1882 was a grave mistake.

It is only necessary for me to add, as an Officer of the Financial Department of the Government of India, that the opinions expressed throughout are my own personal views only.

T. HESKETH BIGGS.

LONDON,

May, 1886.

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ERRATA.

Page 10, 3rd line, for "~~Rs~~ 375,77" read "~~Rs~~ 375,777 "

Page 18, Opium, 9th line, for "and 1884-85 were 54,400 only" read
"were 54,400, and in 1884-85, 46,698 only."

Page 24, Assam, 2nd line, for "~~Rs~~" read "£."

Page 29, Post Office, 7th line, for "£50,000" read "£110,000"

" " 8th line, for "£150,000" read "£100,000"

Pages 77 and 79, in head line, for "Provincial" read "Indian."

See pages 116-161
for the latter part of the book