



Proceedings  
of the  
Conference held at Poona on the  
October 1933 to consider  
question of taxation of motor  
and other forms of transport

[For official use and free distribution to the members  
of the Conference]

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**Agenda for the Conference held at the Council Hall, Poona, at 2 p.m.  
on the 4th October 1933**

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*Subjects for discussion.*

(1) The question of the imposition of a compound tax on motor vehicles which will enable Government to abolish all other forms of Provincial and Local Taxation on such vehicles.

(2) The question of the imposition of a tax on any class of or all vehicles other than motor vehicles which will enable Government to abolish either all tolls or all forms of Provincial and Local Taxation including tolls on such vehicles.

(3) To consider the effect of the above taxes, if introduced, (a) on the Presidency as a whole and (b) on the Presidency excluding Sind.

Notes on the above subjects are attached.

**Notes on the Agenda for the Conference held on 4th October 1933 to discuss the question of the taxation of Motors and other Vehicles.**

(1) It appears to Government that it is highly advisable that tolls on all forms of transport should be abolished.

The state of the resources of Government and the Local Bodies of the Presidency is such that it does not appear possible to abolish tolls unless some form of taxation is introduced which will make good the deficiency in revenue caused by the abolition of tolls.

The following amounts are expected to be realised by Government and the Local Bodies in the Presidency as a whole from the various forms of taxation on transport, at present in force, during the current financial year.

*Motor Transport.*

	Rs.	Rs.
By Government—		
Tolls on Provincial Roads ..	8,94,841	
Registration and re-registration fees	<u>8,58,052</u>	17,52,893
By Local Bodies—		
Tolls on District Local Board Roads	<u>2,56,083</u>	2,56,083
Tolls on Municipal Roads ..	1,84,025	
Municipal Wheel Taxes ..	<u>12,23,453</u>	14,07,478
Total ..		<u>34,16,454</u>

*Other forms of transport.*

By Government—		
Tolls on Provincial Roads	<u>8,93,393</u>	8,93,393
By Local Bodies—		
Tolls on District Local Board Roads	<u>4,13,512</u>	4,13,512
Tolls on Municipal Roads ..	3,23,189	
Municipal taxes ..	<u>4,55,462</u>	7,92,163
Total ..		<u>20,99,068</u>
Total from all forms of Transport ..		<u>55,15,522</u>

Since it seems that taxation on Motor transport must be on a different basis to taxation on other forms of transport Government propose to divide the case into two parts—

- (a) the taxation on Motor Vehicles.
- (b) the taxation of Vehicles other than Motor Vehicles.

In order to clarify the issues under subject 3 of the agenda, the information regarding the existing figures of taxation is given separately in the notes for the Presidency excluding Sind and for Sind.

*Motor Vehicles in the Presidency excluding Sind.*

(2) Statement I, attached, shows the estimated amounts which will be received by Government and the Local Bodies from all forms of taxation on Motor Vehicles during the current financial year. From this it will be seen that tolls amounting in all to Rs. 12,83,148 form the most fruitful source of revenue followed by wheel taxes Rs. 10,43,349 and Registration Fees Rs. 7,28,802.

As regards tolls it is to be noted that Rs. 12,83,148 represent the sum received by Government and the Local Bodies from the Toll Contractors and not the sum received by the contractors from the owners of motor vehicles. This has been estimated to amount to Rs. 17,10,863.

Statement II shows the incidence of taxation on motor vehicles as it is at present with the various forms of taxation in force. The variation of the incidence of taxation in the various Divisions of the Presidency are caused partly by the variations in the rates of wheel tax imposed by Municipalities, partly by variations in the percentages of motor buses, which use the roads daily, to other types of motor vehicles, and partly to the number of cars registered outside the Presidency and which do not appear in the total number of cars, but which help to swell the receipts from tolls.

Since a tax on the weight of motor vehicles is one of the forms of taxation possible and in the form of taxation recently introduced by the Governments of Madras and Bengal, Statement III shows an analysis of the motor vehicles in the Presidency according to type and weight, and the total weight of motor vehicles in the Presidency. It also shows the general taxation on a weightage basis which would have to be imposed on motor vehicles to enable Government to remove—

- (1) Tolls on Provincial Roads.
- (2) Tolls on all Roads.
- (3) All other forms of taxation on motor vehicles including tolls.

Statement IV shows what the incidence of taxation on motor vehicles in the various Divisions in the Presidency is if a tax is introduced to enable Government to remove—

- (1) Tolls from Provincial Roads.
- (2) Tolls on all Roads.
- (3) All other forms of taxation including tolls.

From statement II it may be seen that the present distribution of taxation in Divisions on Motor Vehicles is very uneven.

Statement IV shows that the introduction of a tax for the purpose of abolishing tolls alone would operate very unfairly in the case of Bombay where nearly 50 per cent. of the motor vehicles in the Presidency are situated. It further shows that the introduction of a compound tax on Motor Vehicles would tend to even up the distribution of taxation.

A note on the suggested method by which the proceeds of a compound tax on motor vehicles should be distributed is attached.

*Vehicles other than Motor Vehicles in the Presidency excluding Sind.*

At present the receipts from tolls on vehicles other than motor vehicles realised by Government and the Local Bodies amount to Rs. 15,41,515 while taxes amounting to Rs. 4,15,648 are realised by the Municipalities.

In the case of tolls it is estimated that the owners of such vehicles pay to the toll contractors the sum of Rs. 20,55,353.

There, therefore, exists the possibility of giving considerable relief to the owners of vehicles other than motor vehicles by the abolition of tolls throughout the Presidency.

To enable Government to afford this relief it will be necessary to introduce a tax the proceeds of which will amount to Rs. 15,41,515.

Since the greater portion of the toll is paid by bullock carts which ply regularly, periodically or occasionally for hire on the roads, and since it is impossible, both on account of the expense involved and the difficulty in enforcing a rule requiring a cart-owner to take out a license before he is permitted to ply for hire periodically or occasionally, to introduce a system of registration for carts which ply for hire, any tax which is imposed for the purpose of the abolition of tolls must fall equally on all owners of vehicles other than motor vehicles.

It may be mentioned here that the difficulties mentioned above, apply with equal, if not greater, force to the question of the introduction of a compounded tax on these vehicles, which would be further complicated by the fact that such a tax would throw the burden of the wheel tax at present borne by owners who ply their carts for hire in Municipal areas on the general body of the owners of vehicles other than motor vehicles. This seems to make the question of a compound tax on such vehicles one of extreme difficulty.

The points in favour of the introduction of a general tax for the purpose of the abolition of tolls appear to be—

- (1) that the general body of owners will be relieved of the payment of a sum estimated to amount to Rs. 5,13,838 representing the toll contractors' profits and the upkeep of their establishment,
- (2) that if a compound tax on motor vehicles is introduced the proportion of the toll contractors' profits and the upkeep

of their establishment at present borne by the owners of Motor Vehicles will be borne by the owners of vehicles other than motor vehicles, which means that, as there will be no increase in the toll schedule of rates, the amounts realised from tolls on vehicles other than motor vehicles will be considerably less than it is at present.

It is suggested that the main point against the introduction of the tax is that the burden of taxation will no longer for the most part be borne by the frequent users of roads, but will be shared by all owners of vehicles other than motor vehicles irrespective of the use which they make of the roads.

From the latest figures available there are in the Presidency excluding Sind 143,932 carts which are used for riding—these are probably frequent users of roads—and 507,407 carts used for loading, a total of 651,339 carts.

No figures are at present available for the number of horse-drawn vehicles in the Presidency. Their number when compared with the number of bullock carts must be comparatively small and is probably decreasing owing to the competition of motor vehicles.

From the figures given above it is evident that a general tax of Rs. 2-8-0 per cart will yield Rs. 16,28,347 which sum will be more than sufficient to enable Government to abolish all tolls on vehicles other than motor vehicles.

The imposition of a tax of Rs. 4 a year on two-wheeled horse-drawn vehicles and of Rs. 6 a year on four-wheeled horse-drawn vehicles would probably reduce the tax which it would be necessary to impose on carts to Rs. 2 a year.

It is suggested that if such a tax was introduced it would not be necessary to remove from Municipalities their power to impose wheel taxes on vehicles other than motor vehicles, since by allowing them to retain this power, the additional burden of taxation under these powers will be borne by the most frequent users of the roads, and on owners who regularly ply their vehicles for hire.

Statement V shows the taxes and tolls paid by animals and vehicles other than motors to District Local Boards and Municipalities in the Presidency, excluding Sind.

#### *Motor Vehicles in Sind.*

Statement VI shows the estimated amounts which will be received by Government and Local Bodies from all forms of taxation on Motor Vehicles during the current financial year.

Statement VII shows an analysis of the Motor Vehicles in Sind according to weight and the total weight of motor vehicles in Sind.

Statement VIII shows the present average taxation of motor vehicles in Sind and the taxation of these vehicles if the same rate of taxation

that has been worked out for the Presidency excluding Sind was applied to Sind to enable Government to remove :—

- (1) Tolls on Provincial Roads.
- (2) Tolls on all Roads.
- (3) All other forms of taxation including tolls.

The following figures show that, whether Sind is included in or excluded from the scheme of taxation, it will not be possible to make any effective reduction in the tax per cwt. on motor vehicles in the Presidency as a whole.

The total weight of motor vehicles in the Presidency including Sind is 813,837.

Taxation on a weightage basis to the nearest 2 annas to make good the loss of :—

	Rs.	a.	p.
Receipts from tolls on Provincial Roads ..	8,94,841	0	0
Tax = $\frac{8,94,841}{8,13,837}$		= 1	2 0
Receipts from tolls on all Roads ..	13,34,949	0	0
Tax = $\frac{13,34,949}{8,13,837}$		= 1	10 0
Receipts from all forms of taxation ..	34,16,454	0	0
Tax = $\frac{34,16,454}{8,13,837}$		= 4	4 0

#### *Vehicles other than Motor Vehicles in Sind.*

Statement IX shows the taxes and tolls paid by animals and vehicles other than motor vehicles to District Local Boards and Municipalities in Sind.

From the latest figures available there are 82,624 carts in Sind.

The figure for other vehicles is not known at present.

A general tax of Rs. 2 per cart would yield Rs. 1,65,248 or Rs. 36,855 more than vehicles other than motor vehicles are paying to District Local Boards and Municipalities in Sind at present.

#### *Motor Taxation.*

The question of the distribution of the proceeds of the proposed new tax on motor vehicles is complicated by the objection to the guarantee of a fixed sum annually to each Local Body and by the necessity for avoiding the submission of claims annually by Local Bodies showing variations in the number of vehicles in each area, and variations in the amounts to which each Local Body would have realized had tolls and wheel taxes remained in force.



The following note suggests a manner in which distribution may be made in the simplest and most equitable manner. When the tax is introduced we shall have the following data :—

- (1) The total number of vehicles registered in the Presidency.
- (2) The total number of vehicles affected by tolls and wheel taxes in each area.
- (3) The actual amount realized by Government by registration fees and the estimated amount realized by tolls on motor vehicles.
- (4) The estimated amounts realized by Local Bodies from tolls and the actual amounts realized from wheel taxes.

Since the labour of collecting the actual figures from every toll contractor of the amount paid by motor vehicles in tolls and the exact proportion of this amount which is realized by Government and the Local Bodies would be so enormous and costly the estimated amount derived from tolls on motor vehicles has to be accepted, and therefore some margin of error in the estimated amount which is to be realized from the tax must be allowed for.

As it is estimated that Rs. 34 lakhs are required to be realized from the tax to balance the estimated amount at present derived from registration fees, wheel taxes and tolls, Government must so arrange taxation that the estimated returns should be about Rs. 38 lakhs. This extra Rs. 4 lakhs may be called the possible surplus, and the Rs. 34 lakhs may be called the minimum expectation of revenue from the tax.

This Rs. 34 lakhs is at present made up to the nearest  $\frac{1}{4}$  lakh of :—

Per cent.

67	}	13½ lacs	{	Registration fees	..	8½ lakhs actual.
18				Tolls on Provincial roads	..	9 lakhs estimated.
15				Tolls on District Local Board roads.	..	2½ lakhs estimated.
				Tolls in Municipal areas	..	2 lakhs estimated.
				Wheel taxes	..	12 lakhs actual.
				—		
						34
						—

The method of distribution should be as follows :—

Rs. 20½ lakhs being the actual amounts of registration fees and wheel taxes should be deducted from the proceeds of the tax and distributed—Rs. 8½ lakhs to Government and 12 lakhs to the Municipalities.

The balance up to a limit of Rs. 13½ lakhs should then be distributed between Government, the Local Boards and the Municipalities in the proportion of 67 per cent., 18 per cent. and 15 per cent.

Any balance remaining after these distributions should be credited to a Road Development Fund up to a limit of Rs. 4 lakhs.

In future years, when, owing to the increase of motor vehicles in the Presidency the proceeds of the tax exceed Rs. 38 lakhs the surplus should be distributed as under :—

	Per cent.
Registration and tolls 17½ lakhs = Government ..	46
Tolls 2½ lakhs = District Local Boards.	7
Wheel tax and tolls 14 lakhs = Municipalities ..	37
Road Development Fund 4 lakhs = Road Development Fund ..	10

The basis of this method of distribution is that whatever the amount derived from the tax is, the proportions of this amount due to Government, and to the Municipalities and District Local Boards as a whole must remain the same as they are at present.

The method of distribution of the shares allotted to the District Local Board and the Municipality should be that of the two shares each District Local Board and Municipality will receive the same proportion of the share, as it receives at present from the total receipts under District Local Board tolls, and Municipal tolls and wheel taxes. Thus Bombay which receives Rs. 7½ lakhs out of the Rs. 12 lakhs collected in wheel taxes will continue to receive Rs. 7½ lakhs out of the Rs. 20½ lakhs guaranteed to Government and the Municipalities *plus* 63 per cent. of the Municipalities' 37 per cent. share of the surplus.

As some localities may develop more rapidly than others the proportions of the District Local Board and Municipal shares to be paid to each individual District Local Board and Municipality should be reviewed at intervals of 5 (or 10) years.

As regards the proposed Road Development Fund, it is suggested that, as the state of the roads in the areas controlled by the poorer Municipalities are a standing disgrace and a menace to the health of the people at least 35 per cent. of the proceeds of the fund should be earmarked for the improvement of roads in such areas.

STATEMENT I.

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*Taxes and tolls paid by motor vehicles to Government District Local Boards and Municipalities in the Presidency excluding Sind.*

Division.	Government.		District Local Boards.			Municipalities.				
	Registration and re-registration fees.	Receipts from tolls on roads and ferries on Provincial roads.	Number of District Local Boards.	Receipts from tolls on roads and ferries on District Local Board roads.	Number of District Local Boards affected.	Number of Municipalities.	Receipts from tax on motor vehicles.	Number of Municipalities affected.	Receipts from tolls on roads and ferries.	Number of Municipalities affected.
1	2	3	4	5	6	7	8	9	10	11
	Rs.	Rs.		Rs.			Rs.		Rs.	
Northern ..	7,28,802	2,12,130	6	68,300	6	28	1,44,705	19	31,734	..
Central ..		3,18,594	8	88,848	8	63	97,683	53	66,839	..
Southern ..		3,64,117	6	58,099	6	38	26,478	34	49,487	..
Bombay City ..		....	..	....	..	1	7,74,483	1	25,000	..
Total ..	7,28,802	8,94,841	20	2,15,247	19	130	10,43,349	107	1,73,060	84
	16,23,643		+	2,15,247	+	12,16,409				
	30,55,299									

STATEMENT II.

*Incidence of present Taxation on Motor Vehicles.*

Division.	Number of motors.	Receipts from wheel-tax.	Receipts from tolls.	Total receipts.	Average per motor vehicle toll and wheel-tax.	Add average registration and re-registration fees.	Average per car from all forms of taxation.
1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.			
Northern .. .. .	2,967	1,44,705	3,12,164	4,56,869	154	35·23	180·23
Central .. .. .	5,506	97,683	4,74,281	5,71,964	103·88	35·23	139·11
Southern .. .. .	2,006*	26,478	4,71,603	4,98,081	248·6*	35·23	283·83
Bombay City .. .. .	10,207	7,74,483	....	7,74,483	76	35·23	111·23
Total ..	20,686	10,43,349	12,58,048	23,01,397	111·25	35·23	146·48

Note.—Average registration fee per car =  $\text{Rs.} \frac{7,28,802}{20,686} = \text{Rs. } 35\cdot23$ .

\*There are 1,082 motor vehicles registered in Kolhapur and the S. M. C. States, the majority of which are motor buses which pay tolls in the Southern Division. . .

STATEMENT III.

*Analysis of motor vehicles according to weight.*

Division.	Cars.	Average weight unladen.	Total weight.	Motor cycles.	Average weight unladen.	Total weight.	Lorries.	Average weight laden.	Total weight.	Motor buses and taxis.	Average weight laden.	Total weight.	Heavy buses.	Average weight laden.	Total weight.	Total of columns 4, 7, 10, 13 and 16.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		Cwts.	Cwts.		Cwts.	Cwts.		Cwts.	Cwts.		Cwts.	Cwts.		Cwts.	Cwts.	
Northern ..	1,727	25	43,175	68	2½	170	19	80	1,520	1,153	50	57,050	..	..	..	102,516
Central ..	2,248	25	56,200	543	2½	1,357	29	80	2,320	2,686	50	134,300	..	..	..	104,177
Southern ..	272	25	6,800	85	2½	212	1	80	80	1,794	50	89,700	..	..	..	96,792
Bombay City ..	7,757	25	193,925	479	2½	1,200	950	80	76,000	910	50	45,500	111	80	8,880	325,505
Total ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	718,989

*Taxation on a weightage basis to the nearest four annas to make good the loss of:—*

	Rs.	Rs.	Rs. a. p.
Receipts from tolls on Provincial roads =	8,94,841	Rs. Tax = $\frac{8,94,841}{7,18,989}$	= 1 4 0 per cwt.
Receipts from tolls on all roads =	12,83,148	Rs. Tax = $\frac{12,83,148}{7,18,989}$	= 1 12 0 ..
Receipts all forms of motor taxation =	30,55,299	Rs. Tax = $\frac{30,55,299}{7,18,989}$	= 4 4 0 ..

STATEMENT IV.

Incidence of taxation if :— { (1) tolls were removed from Provincial roads and a tax of Re. 1-4-0 per cwt. was introduced.  
 (2) tolls were removed from all roads and a tax of Rs. 1-12-0 per cwt. was introduced.  
 (3) all other forms of taxation were abolished and a tax of Rs. 4-4-0 per cwt. was introduced.

Divisions.	Number of motors.	Weight of motors.	Receipts from wheel tax.	Receipts from tolls.	Receipts from tax.	Total receipts.	Average per motor vehicle.	Add registration fees.	Total per motor vehicle.	Present tax statement II.
1	2	3	4	5	6	7	8	9	10	11
		Cwts.	Rs.	Rs.	Rs.	Rs.				
Northern .. ..	2,967	102,515	{ (1) 1,44,705 (2) 1,44,705 (3) .....	1,00,034	1,26,144 1,79,401 4,35,680	3,72,889 3,24,106 4,35,680	125·7 109·2 140·84	35·23 35·23 .....	160·08 144·43 140·84	180·23
Central .. ..	6,506	194,177	{ (1) 97,683 (2) 97,683 (3) .....	1,55,087	2,42,721 3,30,800 8,25,252	4,06,091 4,37,492 8,25,252	90 70·45 140·88	35·23 35·23 .....	125·23 114·68 140·88	180·11
Southern .. ..	2,006	96,702	{ (1) 26,478 (2) 26,478 (3) .....	1,07,586	1,20,090 1,69,386 4,11,366	2,55,054 1,05,864 4,11,366	127 07·64 205	35·23 35·23 .....	162·23 132·87 205*	283·83
Bombay City .. ..	10,207	325,505	{ (1) 7,74,483 (2) 7,74,483 (3) .....	.....	4,06,881 5,69,633 13,83,396	11,81,364 13,44,116 13,83,396	115·74 131·68 135·58	35·23 35·23 .....	150·07 166·01 135·58†	111·23
Total .. ..	20,686	718,950	{ (1) 10,43,340 (2) 10,43,340 (3) .....	3,63,307	8,08,736 12,58,230 30,55,793	28,05,392 23,01,570 30,55,793	111·44 111·26 147·71	35·23 35·23 .....	146·67 146·40 147·71	146·48

\*In the Southern Division the percentage of motor buses to other motor vehicles is far higher than in any other Division—*vide* statement III. This accounts for the higher average incidence of taxation under a compound tax than is found in other Divisions.

†In Bombay City the percentage of cars to other motor vehicles is far higher than in any of the three Divisions. This accounts for the lower average incidence of taxation under a compound tax than is found in the three Divisions.

STATEMENT V.

*Taxes and tolls paid by animals and vehicles other than motor vehicles to District Local Boards and Municipalities in the Presidency excluding Sind.*

Division.	Number of District Local Boards.	Amounts received from tolls on roads and ferries.	Number of District Local Boards affected.	Number of Municipalities.	Receipts from tax on animals and vehicles other than motor vehicles.	Number of Municipalities affected.	Receipts from tolls on roads and ferries.	Number of Municipalities affected.
1	2	3	4	5	6	7	8	9
		Rs.			Rs.		Rs.	
Northern .. ..	6	1,02,578	5	28	76,593	19	1,00,607	16
Central .. ..	8	82,634	8	63	52,282	53	1,04,509	33
Southern .. ..	6	1,61,650	6	38	15,891	34	96,144	35
Pombay City .. ..	....	....	....	1	2,70,882	1	....	....
Total ..	20	3,46,862	19	130	4,15,648	107	3,01,260	84

STATEMENT VI.

*Taxes and tolls paid by motor vehicles to Government, District Local Boards and Municipalities in Sind.*

Division.	Government.		District Local Boards.			Municipalities.				
	Registration and re-registration fees.	Receipts from tolls on roads and ferries on Provincial roads.	Number of District Local Boards.	Receipts from tolls on roads and ferries on District Local Board roads.	Number of District Local Boards affected.	Number of Municipalities.	Receipts from tax on motor vehicles.	Number of Municipalities affected.	Receipts from tolls on roads and ferries.	Number of Municipalities affected.
1	2	3	4	5	6	7	8	9	10	11
Sind ..	1,29,250	Rs. ....	7	Rs. 40,836	7	25	Rs. 1,80,104	21	Rs. 10,965	10
Total ..	1,29,250	....	7	40,836	7	25	1,80,104	21	10,965	10

Total Receipts = Rs. 3,61,155.



STATEMENT VII.

*Analysis of motor vehicles in Sind according to weight.*

Division.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		Cars.	Average weight unladen cwt.	Total weight cwt.	Motor cycles.	Average weight unladen cwt.	Total weight cwt.	Lorries.	Average weight laden cwt.	Total weight cwt.	Motor buses and taxis.	Average weight laden cwt.	Total weight cwt.	Heavy buses.	Average weight laden cwt.	Total weight cwt.	Total of columns 4, 7, 10, 13 and 16.
Sind	..	*3,505	25	87,625	629	2.5	1,573	113	50	5,650	..	..	..	..	..	..	94,848
Total	..	3,505	25	87,625	629	2.5	1,573	113	50	5,650	..	..	..	..	..	..	94,848

\* Number of taxis not known.

STATEMENT VIII.

*Incidence of taxation if:—* { (1) tolls were removed from Provincial roads and a tax of Re. 1-4-0 per cwt. was introduced.  
 (2) tolls were removed from all roads and a tax of Rs. 1-12-0 per cwt. was introduced.  
 (3) all other forms of taxation were abolished and a tax of Rs. 4-4-0 per cwt. was introduced.

Division.	Number of motors.	Weight of motors.	Receipts from wheel tax.	Receipts from tolls.	Receipts from tax.	Total receipts.	Average per motor vehicle.	Add registration fees.	Total per motor vehicle.	Present tax.
1	2	3	4	5	6	7	8	9	10	11
		Cwts.	Rs.	Rs.	Rs.	Rs.				
Sind ..	4,247	94,848	(1) 1,80,104	51,801	1,18,560	3,50,465	82·5	30·43	112·93	} 84·84
			(2) 1,80,104	..	1,65,984	3,46,088	81·5	30·43	111·93	
			(3) ..	..	4,03,104	4,03,104	94·91	..	94·91	

STATEMENT IX.

*Taxes and tolls paid by animals and vehicles other than motor vehicles to District Local Boards and Municipalities in Sind.*

Division.	Number of District Local Boards.	Amounts received from tolls on roads and ferries.	Number of District Local Boards affected.	Number of Municipalities.	Receipts from tax on animals and vehicles other than motor vehicles.	Number of Municipalities affected.	Receipts from tolls on roads and ferries.	Number of Municipalities affected.
1	2	3	4	5	6	7	8	9
		Rs.			Rs.		Rs.	
Sd. .. ..	7	66,650	7	25	39,814	21	21,929	10
Total ..	7	66,650	7	25	39,814	21	21,929	10

Total Receipts = Rs. 1,28,393.

**Proceedings of the Conference held in the Council Hall, Poona, on  
4th October 1933 to discuss the question of Taxation of motors  
and other vehicles.**

*Present :*

1. The Honourable Sardar Sir Rustom Jehangir Vakil, Kt.,  
Minister of Local Self-Government.
2. P. L. Bowers, Esq., C.I.E., M.C., I.S.E., Chief Engineer, R. & B.  
and Joint Secretary to Government, Public Works Depart-  
ment.
3. C. M. Lane, Esq., I.S.E., Secretary to Government, Public  
Works Department.
4. C. B. B. Clee, Esq., I.C.S., Acting Secretary to Government,  
Finance Department.
5. W. W. Smart, Esq., I.C.S., Commissioner, C. D.
6. J. H. Garrett, Esq., C.S.I., I.C.S., Commissioner, N. D.
7. R. B. Ewbank, Esq., C.I.E., I.C.S., Secretary to Government,  
General Department.
8. G. Davies, Esq., I.C.S., Remembrancer of Legal Affairs.
9. A. M. Macmillan, Esq., Collector of Belgaum (representing the  
Commissioner, S. D.).
10. N. M. Chinoy, Esq., Representative, Motor Manufacturers' and  
Importers' Association.
11. S. Guevrek, Esq., Representative, W. I. A. A.
12. J. C. Reed, Esq., Representative, I. R. & T. D. Association.
13. Rao Bahadur G. K. Chitale, M.L.C. } Representatives of
14. Rao Bahadur S. N. Angadi, M.L.C. } District Local Boards
15. G. S. Gangoli, Esq., M.L.C. } on the Road Board.
16. Khan Bahadur D. B. Cooper, M.L.C.
17. Dewan Bahadur Motilal Shah, President, District Local Board,  
Ahmedabad.
18. Ishwarlal Mehta, Esq. (accompanied Dewan Bahadur Motilal  
Shah).
19. I. R. Bhagat, Esq., Chief Officer, Ahmedabad Municipality.
20. Prof. S. R. Kanitkar, Representative, Poona Municipality.
21. G. M. Kalbhor, Esq., M.L.C., Representative, District Local  
Board, Poona.
22. Dr. M. C. Javle, Mayor of Bombay.
23. B. K. Dalvi, Esq., Representative of District Local Board,  
Belgaum and Belgaum Municipality.
24. B. N. Jakkal, Esq., President, Sholapur Municipality.

*The Chairman.*—Gentlemen, I have much pleasure in extending to you on behalf of Government a cordial welcome to this very important, but I might say a more or less informal Conference. I can assure you that I very much appreciate your presence here this afternoon. I feel confident that the experience of the Divisional Commissioners, the representatives of the local bodies, his Worship the Mayor as representing the Municipal Corporation of Bombay and the representatives of commercial firms having very intimate knowledge of the traffic problem, should contribute substantially to the discussion of the business on the agenda and the clarification of the issues involved. But before we proceed to the business on the agenda, I should like to make it clear that the object of convening this meeting is principally to get your considered views on the very complicated question of having a sort of a consolidated tax on motor vehicles and vehicles other than motor cars in substitution of various forms of taxation which they are called upon to pay in addition to the tolls. It would therefore be very obvious to you, Gentlemen, that we are not here to decide anything definitely and consequently there will not be any resolutions or taking of votes. The object is to get your views on this important matter so that the Government may be enabled to come to a decision on this question which has become a matter of controversy.

I should also like to draw the attention of you, Gentlemen, to one point which I consider very important. In any scheme which we might involve, we cannot lose sight of the fact that there are very important interests involved and we must take care that these interests are adequately protected.

Now, I should like to indicate to you the points on which Government would like to be enlightened. We are here to-day to discuss firstly the possibility of the introduction of a tax on motor vehicles, the proceeds of which will enable Government both to exempt such vehicles from the payment of tolls on provincial roads and of registration and re-registration fees, and to recoup Local Bodies with the amount which they will lose by the exemption of these vehicles from the payment of tolls and wheel taxes.

The statements attached to the notes on the agenda show clearly the amounts paid by owners of motor vehicles to Government and the local bodies in the various Divisions of the Presidency, and they also show how unfairly the tax would operate in the case of owners of cars living in big towns where the municipal wheel tax is high if it was imposed with the single object of the removal of tolls.

Various forms of taxation are under consideration, but the one which appears likely to give equitable results when taken in conjunction with the Central Government's tax on petrol is a tax on the laden or unladen weight of a motor vehicle.

When the amount paid by the owners of motor vehicles towards the profits of the toll contractors and the maintenance of their establishment is taken into account, it will be seen that without reducing the

receipts of Government and local bodies it may be possible to reduce the burden of taxation on the motor vehicle owner by about 12 per cent., the actual saving depending on the cost of collection of the tax.

The second question to be considered is the possibility of introducing a tax on some classes of or all vehicles other than motor vehicles to replace either tolls or all forms of taxation on such vehicles. This apparently is a more difficult matter than the introduction of a compound tax on motor vehicles since it is complicated by the fact that at present under certain conditions, owners of bullock carts, which form by far the most numerous class of vehicles other than motor vehicles, are supposed to be partly exempt from the payment of tolls. A tax of a few rupees a year, say from Rs. 2 to Rs. 3 on bullock carts might not therefore be a great burden on the cultivator, who, unless he plies his cart for hire at such times of the year as his bullocks are not required for work in his fields, can easily make up what he contributes in the way of tax. It must not, however, be forgotten that owners of vehicles other than motor vehicles will pay the sum of Rs. 20,55,367 to the toll-contractors during the current financial year of which Rs. 15,41,525 represents the receipts of Government and the Local Bodies.

It is therefore possible to reduce the general burden on the owners of such vehicles by about 25 per cent. if tolls are abolished and a tax on such vehicles is introduced.

It is essential that a tax of this nature should be simple in its application, since complications which will inevitably increase the cost of collection will defeat the end in view.

The third point to be discussed is whether these taxes if introduced should be made applicable to the whole Presidency or whether Sind should be excluded. The points for and against the exclusion of Sind are :—

I first give the points in favour of the exclusion :—

- (1) It is possible that Sind may be separated from the Presidency in the near future, and might prefer to be left to work out her own system of taxation on vehicles.
- (2) Government at present do not impose tolls on Provincial road in Sind, except on the remodelled Kotri Bridge the toll on which was introduced as a Government toll only this year. Thus Government only receives the proceeds of registration fees on motor vehicles from all forms of vehicles in Sind.

The points against are :—

- (1) Sind at present is a part of the Presidency, and when a tax is introduced in the Presidency it is not equitable to exclude any portion of the Presidency from the operation of the tax.
- (2) The Bombay Government are spending considerably more than Sind's contribution to the petrol tax on roads in Sind.

I propose to take up the items of the agenda one by one, and would request you, Gentlemen, to confine your remarks which I hope will be

brief to the subject under discussion as it is proposed to finish the Conference to-day.

The first subject for discussion is the question of compound taxation on motor vehicles.

*Mr. Nurmahomed M. Chinoy.*—Mr. Chairman, I beg your permission to make a few general remarks on behalf of the association whom I represent.

On behalf of the Motor Manufacturers and Importers' Association whom I have the honour to represent at this conference, I congratulate the Government of Bombay on having, at long last, given their earnest and careful consideration to the question of road transport taxation and for organising this conference with a view to discussing the important questions involved in the standardisation of taxes in this presidency. The conference has been called none too soon and it is to be hoped that the deliberations of this conference will bear the desired results.

Tolls are an antiquated form of taxation and have never found favour in any part of the world. When, therefore, Government decided to re-impose tolls in the early part of this year, a hue and cry was raised by the public in general. Tolls are obnoxious and annoying and we are particularly gratified to find from the notes on the agenda for this conference that it appears to Government highly advisable that tolls on all forms of transport should be abolished. The sooner tolls go the better will it be for transport of every description.

I am one of those who sympathise with Government in their efforts to balance the budget in these times of severe depression but at the same time I earnestly trust that Government will not turn their eyes to motor transport every time they are in need of money. We are quite agreeable to Government raising a reasonable amount of revenue from motor taxation, but they would do well to acknowledge the benefits which the expansion of motor transport has brought to this country and therefore occasionally give the motor industry the encouragement and support which it rightly deserves.

Simultaneously with the abolition of tolls, Government will be well advised to introduce a compound tax in supersession of all existing modes of motor taxation such as registration and licensing fees, municipal wheel taxes as well as district local board tolls. A compound tax collected under the agency of Government on a weightage basis on the lines indicated in the joint memorandum submitted by my association, the Western India Automobile Association and the Indian Road and Transport Development Association will go a great way in levelling up the burden and will in no way affect the revenues of any of the authorities concerned. Let Government allocate the proceeds of this compound tax between the different bodies in the proportions to which they are entitled but let the motorists have a free hand. Let them not be held up at every point by the toll contractor; free them from the demands coming from different quarters all in respect of one possession, namely the motor vehicle. And I assure you that a consolidated tax on motor vehicles will gradually help to build better roads and more roads and will also help

the motor industry. Improvement of the existing roads and the construction of new roads will stimulate motor transport and bring increasing revenue into the coffers of Government for the benefit of all concerned.

*Dr. Javle.*—Sir, may I draw your attention to one point? The date of the Conference was first intimated to us as the 5th instant, but the date was changed to the 4th October afterwards. So, I had to cancel all my engagements in Bombay and I had to come here to-day, as desired in the Government letter of yesterday. I am very anxious to leave Poona by the 3-30 p.m. train, and I hope therefore you will give me the indulgence of allowing me to give out my views before the Conference, before the scheduled time of the train. I do not wish to steal a march over my other colleagues here, but I have stated my difficulties that the date of the conference was changed at very short notice, and I have already taken many engagements in Bombay which I cannot break, and I must leave by the 3-30 p.m. train.

*The Chairman.*—I think the Municipal Corporation of Bombay is very vitally interested in this problem, and I hope it will be possible for the Mayor to stay on here throughout the Conference, because his views would be very useful to the Conference. But as he seems to be in a hurry to leave in less than an hour, I believe we ought to hear him at once, because there is no other representative from the Corporation of Bombay, present here.

*Dr. Javle.*—The Municipal Commissioner got ill suddenly, and he could not come.

*The Chairman.*—There is a letter from the Municipal Commissioner, in which he says that he cannot come owing to illness.

*Dr. Javle.*—The proposed changes in the taxation of motor and other vehicles in the Presidency have been formulated by Government because “it is highly advisable that tolls on all forms of transport should be abolished”. Probably the recent intense agitation and demonstration carried on by the Western India Automobile Association on the recent imposition, by Government, of tolls on Provincial roads has had its effect.

Government receive a share of the duty on petrol levied by the Government of India for the construction and maintenance of Provincial trunk roads. They recently raised the registration fees, imposed re-registration fees and introduced tolls on Provincial roads. The taxation of vehicles and animals by local bodies within their areas is equitable, being necessary to meet the expenditure incurred on providing and maintaining the roads and has been provided for by the Legislature almost since the beginning of Local Self-Government in this Presidency. It will be seen from the Government note that the yearly income to Government from the tolls on Provincial roads recently introduced is estimated at Rs. 17,88,234 as under :—

				Rs.
Motor transport	..	..	..	8,94,841
Other vehicles	..	..	..	8,93,393
				17,88,234



Their income from the registration and re-registration fees of motor vehicles has been put down at Rs. 8,58,052. This income would only have been probably, say, one-fourth of this amount at the old rate of registration fee alone. The additional revenue thus derived by Government is nearly Rs. 24,30,000 per annum and this was understood to be a temporary measure to improve Government revenue in these times of financial stringency.

The proposals under consideration are intended to perpetuate in another form the temporary measure and to appropriate permanently to Government revenue a major portion of the taxation. The Corporation have to incur an enormous expenditure for the construction and maintenance of roads in the City and the income from wheel-tax is not sufficient to meet it. Their request for a proportionate share of the duty on petrol has been refused by Government. The heavy tolls and registration and re-registration fees now being levied have practically deprived the Municipality of an opportunity to make a small equitable increase in the taxation of motor vehicles in the City. Statement II prepared by Government shows that the incidence of taxation on motor vehicles is the lowest in Bombay at the highest rate at which the tax is levied at present (under schedule G of the Municipal Act). This average per motor vehicle in Bombay is Rs. 76 only against Rs. 154 in the Northern Division, Rs. 103·88 in the Central Division and Rs. 248·6 in the Southern Division, exclusive of registration and re-registration. It comes to Rs. 111·23 per vehicle in Bombay if these fees (*vide* statement II) are included, against Rs. 189·23, Rs. 139·11 and Rs. 283·83 respectively in the three divisions. The Corporation have already made a representation to Government in this connection. The effect of Government proposals will be that the incidence of taxation per vehicle even at the present rates of Government fees and tolls on Provincial roads would increase from Rs. 111·23 to Rs. 135·53 (*vide* statement IV) per vehicle, while the Municipality will get nothing more than what it gets at present—*vide* page 10 of the Government note; and of the surplus, if any, it will get only 63 per cent. of the Municipalities' 37 per cent. share. The majority of motor vehicles kept in the City are rarely taken out of Bombay and they do not pay tolls. They will therefore have to bear the burden of additional taxation under the proposed scheme of abolishing the tolls with no additional advantage. Such small number of Bombay vehicles as are taken out of the City do pay toll and they will no doubt get exemption from payment of the toll under the proposed scheme, but there is hardly any justification for additional taxation on thousands of motor vehicles in the City so long as the owners thereof do not take them out of it. On the other hand, there are several motor vehicles kept in the suburbs of the City and brought daily to Bombay. They use the City roads for the best part of the day and yet contribute nothing towards the Corporation's expenditure on roads. Similarly, several motor vehicles (buses) and lorries bring into the City passengers and goods daily from distant places and contribute nothing to municipal revenue. Prior to the year 1920, a toll of 2 annas per vehicle was levied

under section 190 of the Municipal Act, on every vehicle entering the City from Salsette. The bulk of this traffic consisted of carts bringing vegetables and green grass, etc., from Salsette daily. The average annual income from this source was Rs. 23,000. It would have been equitable to levy the toll at a higher rate on motor vehicles and this would have been done in due course. But Government abolished the tolls by repealing sections 190 and 191 of the Municipal Act by Bombay Act VII of 1921, with effect from the 1st of April 1920, and by way of compensation have been paying a contribution of Rs. 25,000 per year to the Municipality. If the tolls had not been abolished, the Municipality's income from them at revised rates (including those for motor vehicles which have in recent years greatly increased in number) would have been over Rs. 1,00,000 per year.

The additional tax of Rs. 2, Rs. 4 and Rs. 6 proposed by Government on carts, two-wheeled and four-wheeled vehicles drawn by bullocks and horses has no justification at all. These vehicles are never or very rarely taken out of the City and it is not fair to make them bear the additional taxation. It is also doubtful whether they will be able to bear it at all. Owners of labour carts and of hack victorias have submitted repeated representations to the Corporation for an appreciable reduction in the existing rates of municipal taxation, as they find it very difficult to carry on in these days of depression and of keen competition of motor vehicles, though the Corporation charges in these cases a compounded tax as under per year :—

	Ordinary tax. Rs.	Composition tax. Rs.
(1) Labour carts with a pair of bullocks ..	40	34
(2) Hackney victoria with two horses ..	96	63

In connection with the proposed tax on motor vehicles, it should have been pointed out that the highest rate of wheel-tax for passenger buses in the City as per schedule G of the Municipal Act is Rs. 40 per quarter or Rs. 160 per year. The B. E. S. & T. Co.'s buses (about sixty in number) pay the tax at this rate. The weight of these buses varies from 2 tons 15 cwt. to 5 tons 10 cwt. The proposed tax at the rate of Rs. 4-4-0 per cwt. would be Rs. 233-12-0 per year for a vehicle of the lowest weight, whereas it will be Rs. 467-8-0 per year on the heaviest bus. Similarly, the tax at present paid under schedule G for the heaviest commercial lorry is Rs. 60 per quarter or Rs. 240 per year. At the proposed new rate of Rs. 4-4-0 per cwt. the tax payable for a lorry weighing 12 tons would be Rs. 1,020 per annum. It is a point for consideration whether the owners of these vehicles would be able to bear the proposed tax.

As regards the proposed consolidated tax, I believe I have made it clear to my colleagues here that the city of Bombay will suffer the most. We have been deprived of tolls and we get a small sum of Rs. 25,000 in lieu thereof. You will remember, Sir, that Government have written a letter to the Corporation that they wish to introduce tolls again in the City of Bombay at the extremes of the Corporation's boundaries, and

withdraw the sum of Rs. 25,000 which they pay us in lieu of tolls. Subsequently, your Government again wrote a letter to the Corporation that they have withdrawn from that position, and they would continue to pay Rs. 25,000 to the Corporation every year.

Sir, the Corporation has made several appeals and has written several letters to Government that it should get something out of the petrol tax, as the major portion of the petrol is consumed in the City of Bombay. But the Corporation get nothing out of it. The owners of motor vehicles in Salsette and round about the city of Bombay pay nothing to the Corporation, though they use our roads and enjoy all other conveniences provided by the Corporation. I hope Government and this Conference will come to this conclusion, that they will not adopt this proposal to have a consolidated tax on motors. If my friends the Western India Automobile Association are against tolls, then I personally, without committing the Corporation in any way, would like to suggest that Government might introduce the system of season tickets or some other form of tickets for motorists who want to go outside Bombay frequently for joy-rides or pleasure trips. If they pay something and produce that ticket at the different toll-bars, they will be allowed to proceed without any obstruction.

But I personally think that the tolls system is the best, because if I use the road I pay ; if I do not use the road, I do not pay. I hope my friends will not go on sentiment alone. The living of people has become very dear. The condition of these motor buses which ply for hire should also be considered. Especially in the Deccan, I can say from my personal experience that, since the introduction of motor buses, the M. & S. M. Railway have come down to their knees. I have seen the troubles of third class passengers with my own eyes, that they were considered like goats and lambs and were asked to sit in the goods waggons. But the competition of the motor buses has brought these railways to their knees, and for the benefit of the poor people who use these buses I think this tolls system is the best. If you ask the people to contribute Rs. 1,000 per bus, as set out in the memorandum, then I believe that you will kill these passenger bus services and the people will not be benefited in any way. My humble suggestion is that, if for joy-rides or for any other purpose a gentleman from Bombay city wants frequently to go outside the city limits, let him pay Rs. 25 to Rs. 50 per year and obtain some kind of a pass or ticket in his pocket, show it at the toll *naka* and pass off without long halts at different places. A system of consolidated tax will not be of benefit even to the city of Bombay, and so far as my personal knowledge goes, not even to the poor people who reside in the Deccan and other parts of this presidency.

*The Chairman.*—In the earlier part of your speech, you made one statement which needs some elucidation. You referred to the figure of Rs. 24 lakhs as the additional income derived from tolls reimposed and newly levied. How do you work it out ?

*Dr. Javle.*—The figures, I believe, are taken from the memorandum. The yearly income to Government from tolls on provincial roads recently

introduced is estimated at Rs. 17,88,234 (Rs. 8,94,841 on motor transport and Rs. 8,93,393 on other vehicles). The income from registration and re-registration of motor vehicles comes to Rs. 8,58,052. The total of these figures comes to about Rs. 24,00,000.

*The Chairman.*—Would you read further? What does that 24 lakhs represent?

*Dr. Javle.*—This income would only have been probably, say, one-fourth of this amount at the old rate of registration fee alone. We know we have increased the registration and re-registration fees.

*Mr. Bowers.*—Might I correct one statement which the Mayor of Bombay made? He represented Rs. 17,88,000 as the amount collected on tolls newly imposed on provincial roads. As a matter of fact tolls were only reimposed on somewhere about one-third of the provincial roads in the presidency. Last year the income from tolls was in the neighbourhood of 11 lakhs and the newly imposed tolls are only bringing in something like 7 lakhs.

*Mr. Javle.*—I have taken this figure from the memorandum.

*The Chairman.*—We come to the first business on the agenda viz.—

The question of the imposition of a compound tax on motor vehicles which will enable Government to abolish all other forms of provincial and local taxation on such vehicles.

*Mr. Bowers.*—We studied this question very carefully. At first a tax was proposed with a view to remove the tolls on provincial roads only and when we came to examine how that would affect the motorists in the various parts of the presidency we found that it would enormously increase the incidence of the taxation in Bombay. If you turn to statement IV, you will see that the imposition of a tax of Rs. 1-4-0 per cwt., which is the tax required to enable Government to remove tolls on motor vehicles on provincial roads, would increase the burden on motor owners in Bombay from 111 to 150. We then tried the effect of a tax which would enable Government to remove all tolls—provincial, local bodies and municipal. There again we found that the tax, which should be Rs. 1-12-0 per cwt. would raise the taxation in Bombay from 111 to 166. A tax to enable us to abolish all forms of taxes, you will notice works out at Rs. 4-4-0 per cwt. on motor vehicles, and if you turn to column 10 of statement IV you will see that except for the Southern Circle where I have noted that the percentage of motor buses to other motor vehicles is far higher than in any other division which accounts for the large amount they pay in the Southern Circle, it brings the incidence of taxation for the three namely, the Northern, the Central and for Bombay City, very nearly to the same figure, i.e., 146, 149 and 135. That seems to be a very fair distribution of the tax throughout the presidency as the average for motor vehicles in the whole presidency works out at 147·71 against the present average of 146·48. This slight rise is due to taking a round figure of Rs. 4-4-0 per cwt. instead of Rs. 4-3-6.

*Mr. Bhagat.*—Sir, on behalf of the Ahmedabad Municipality, I thank you for inviting a representative of the municipality to represent the views of the municipality in this Conference.

May I at the outset enquire under what act and rule this compound tax is proposed to be levied? If I understand aright, it must be the Scheduled Taxes Rules under the Government of India Act. Is that so?

*Mr. G. Davis.*—Yes. Other local legislative councils have found themselves competent to pass bills of this nature; there is one in Madras and one in the Central Provinces with the previous sanction of the Government of India. I think there will be no difficulty at all. I do not know whether the Governments of Madras, Bengal and C. P. have got greater powers than we have.

*Mr. Bhagat.*—It appears, then, that the Remembrancer of Legal Affairs depends upon the fact that such taxes are levied in Madras and Bengal; he thinks that as similar acts exist in other provinces, it will be possible to have one in Bombay.

*Mr. G. Davis.*—I did not say so. I said that we had precedents in other provinces. We have gone into the matter and it is perfectly clear we can do it.

*Mr. Bhagat.*—So far as I can see, such a tax can be imposed only under the Scheduled Taxes Rules, Rule No. 3.

*Rao Bahadur Angadi.*—May I know whether we have been invited to consider the legal aspect of the scheme?

*Mr. Bhagat.*—I am representing the views of the Ahmedabad Municipality on all aspects of the case. If I am not permitted to speak the legal side of the case, I shall proceed to the other aspects.

*The Chairman.*—You need not labour this point, for the simple reason that if it is not feasible legally, of course we cannot, and, therefore, you need not be anxious about that. Government are not going to do anything that is illegal. You can proceed on the assumption that it is legal.

*Mr. Bhagat.*—My point is different. My point is this, that ultimately even with the sanction of the Government of India it ought to come under one or the other of the rules under the Scheduled Taxes Rule. Now, if Government can introduce a tax of this kind under any of these rules, it should be for the purpose of a local authority. It is clearly stated in this rule that such a tax can be levied only for the purpose of a local authority; it cannot be levied with a view to appropriate any portion of its income for Government purposes. That is the point that I am labouring.

*The Chairman.*—That is not the object too.

*Mr. Bhagat.*—So far as I can read the memorandum it is proposed to take 4 lakhs of rupees towards a road fund. If that is not the case, I shall not refer to it.

*The Chairman.*—We do not want to deprive the local bodies of any revenue which they may be deriving at present from this source.

*Mr. Bhagat.*—The point of objection is not the question of the amount that a local authority has been deriving up to the present ; it is a question of principle. If Government are authorised to impose a tax for the purpose of a local authority, the tax ought to be imposed for the local authority if the local authority fails to impose such a tax for its own purposes or if the local authority itself applies to Government to impose it stating that it is unable on account of some reasons beyond its control to levy such a tax themselves. This is the point which I wish to urge upon you—that if Government want to levy such a tax it ought to be at the suggestion of the local authority and not at the suggestion of an automobile association or any other outside association whose interests are served by the introduction of such a tax. So far as I can learn from the speech of the Joint Secretary, P. W. D., because he found that there were certain difficulties to the association and to the motor tourists, he first thought of levying a tax on motors—

*Mr. Bowers.*—I did not mention the associations or the motor tourists.

*Mr. Bhagat.*—Please hear me out first. If I am wrong you may correct me. He thought out a plan, which on reconsideration did not seem suitable, because he found that the Bombay motorists would be burdened with a greater amount of tax than what they are paying at present. Then, he thought of including other vehicles, but subsequently that too did not suit ; and then he thought of including all sorts of taxes, including the wheel-tax. Firstly it was the abolition of tolls ; now it is the abolition of all the taxes that the local authorities are levying on vehicles. Now, Sir, in whose interest is this compound tax going to be levied ? Surely, it is not in the interest of local authorities ; surely it is not as is admitted in the memorandum served upon us—in the interest of vehicle owners, because even those vehicle owners who do not ply on the roads have to bear a share of the tax. It is primarily levied in order to relieve owners of those vehicles which ply frequently on the roads. Is it just, I ask, to distribute their burden on persons who are the last to injure your roads ? Tolls and wheel-taxes are primarily meant to be applied to repair the damages done to roads. As is admitted even in the memorandum, it is unjust to tax those owners of vehicles who do not use the roads. Then, is it equitable to include within the sphere of your budget the levy of the wheel-tax which the local bodies have been levying without giving room for any murmur or complaint from the vehicle owners who are affected thereby ? Has any vehicle owners within the limits of a municipality complained that the vehicle taxes are very heavy and that Government ought to substitute a compound tax in place of the existing taxes ? Has there been such a complaint ? I have talked to some gentlemen, and they say that there have been no complaints. On the contrary, they are even against the inclusion of tolls in the compound tax. Then, why is it proposed to include the wheel-tax ? Sir, the Scheduled Taxes Rules mention a number of taxes

which a local authority may be authorised to impose. Apart from tolls and wheel-taxes there are other taxes also. Among these taxes are a tax on land and land values; a tax on buildings; a tax on animals; a tax on menials and domestic servants; an octroi; a terminal tax; a tax on trades, professions and callings; a tax on private markets; water rates; lighting rates; scavenging, sanitary or sewage rate; a drainage tax; fees for the use of markets and other public conveniences. In order to suit the interests of certain associations or bodies, are Government going to levy any of these taxes themselves and relieve the municipalities and local boards of their duties not only to levy fair taxes within their limits but also to maintain a proper organisation for the levy of these taxes? Sir, it appears to me that we are not in the year 1933, but we are in the year 1833 at this rate. There were times when local bodies depended for their income on grants from Government and spent those grants on objects of public utility. It is said that gradually Government relaxed their control, decentralised their powers and made local bodies more responsible to the people and asked them to stand on their own legs and to finance their own works. When we are asked to stand on our own legs why is a proposal brought to weaken those legs? If we are maintaining our roads out of the revenues derived from wheel-taxes, and some bodies from tolls also, why is it proposed to reduce our status from local bodies levying their own taxes to meet their own works to that of grantees of Government? Sir, on behalf of the local authority whom I represent, I say with all the emphasis that I can command that it is not fair and proper to reduce local bodies to the status of grantees—local bodies whom, up to now, you have been encouraging by pious wishes that they should tax themselves and maintain their own works and attend to their duties. I urge on you, Sir, that it is not fair to reduce them to a position of grantees. It is an established fact that Government used to give grants in various respects, but on account of reasons beyond their control they have not been able to stick to their promises, and local bodies have now to do without those grants and meet their expenses somehow. It may be—who knows?—

*The Chairman.*—Excuse my interrupting you. Perhaps you would help the discussion much better if you were to point out the difficulties which are likely to arise by the adoption of one or the other of these alternatives rather than emphasise the point of dignity and status of the local bodies.

*Mr. Bhagat.*—I am coming to the practical side of it. It is not a question merely of dignity. When I say that local bodies will be reduced to the position of grantees, I do not refer to the dignity of local bodies. The local bodies are even now grantees in many respects; still they receive some grants from Government. It is the uncertainty of the continuation of the grants that I am referring to. Today you are promising to contribute a certain proportion of the amount regularly, but tomorrow—God forbid—circumstances may arise rendering the finances of Government still more precarious and Government may not be able to give any portion of the contribution to the local authorities.

Sir, what then will be the position of the local bodies whose revenue from wheel-taxes you are proposing to consolidate ?

*The Chairman.*—That means you are thinking in your mind that this source of revenue is progressive ; you are hoping to derive more and more money out of this particular source ?

*Mr. Bhagat.*—Certainly.

*The Chairman.*—That is your anxiety ?

*Mr. Bhagat.*—That is not an anxiety. My anxiety is this : a contribution is after all a contribution, and the proceeds of the legitimate revenue of a municipality are proceeds of revenue which the municipality can utilise in the best manner it can and for the utilisation of which it has not got to obtain the sanction of any one else. From that point of view, Sir, I certainly object to the inclusion of the wheel-tax within the scope of this compound tax.

There is no doubt that tolls are odious ; they harass those people who are in a hurry to pass by a certain road. But then in order to replace such a tax there ought to be some other method found than depriving local bodies of the means of taxation which at present they are properly utilising.

*The Chairman.*—Have you got any constructive alternative ?

*Mr. Bhagat.*—Besides, there are many practical objections to the levy of such a compound tax. The rules of municipalities exempt from the operation of wheel-tax those vehicles which do not ply for a certain period during the year. Now, if you levy such a compound tax all owners of vehicles would be taxed irrespective of the use which they make of the roads ; whether they shut up their vehicles in their own stables or whether they use them all the ninety days in a quarter, they will have to pay the tax. It will be very difficult for Government to determine which vehicles are regularly plying on the roads and which not. A uniform tax will be levied on all the vehicles. If, as I understand it, the use which a vehicle makes of the road will have no bearing to the amount of the tax, then such a compound tax is absolutely indefensible.

Sir, you asked me whether I had any constructive suggestions to make. The difficulty is certainly not ours. The municipality is quite satisfied with the present position and the proceeds of the revenue which it receives. The Ahmedabad Municipality has recently started levying tolls on such motor cars only as do not pay a conveyance tax but regularly ply and use miles of roads within the municipal limits. On account of a certain defect in the section some vehicles escaped taxation and the municipality was obliged to levy tolls on such motor vehicles only. Apart from this Tolls have been abolished in the Municipal area of Ahmedabad since 1920, and there is no difficulty of any sort. Even those who are affected by these tolls are now paying wheel-tax in preference to the toll, because as soon as they get a pass from the tax collection establishment they are free from tolls. Therefore, the operation of the vehicle tax is absolutely correct and there is no defect in it ; there is no complaint from the public. I do not think



I have any constructive suggestion to offer to Government with regard to the levy of any particular tax in lieu of tolls.

*Rao Bahadur Chitale.*—I hope that nobody would charge me with neglecting the interests of local bodies on which I have served for more than a quarter of a century. Whenever a measure emanates from Government, it has become our habit to look at it with suspicion and a kind of distrust, which I think is not the right angle from which the whole scheme must be looked at. Taking the municipalities, the local boards and the local Government as the three taxing bodies, and what is in the interest of the people in general must be considered to be the real basis on which the taxation must be based. I have heard the views of both the Mayor of Bombay and of the representative of a very prosperous municipality, and perhaps the views of a few others from the local boards. But I feel that there is also another side to the shield. May I ask whether the local bodies, being now impoverished for various reasons, are not now mounting up this form of taxation, viz., the wheel-tax, which in some cases has been quadrupled? That is a tax which can easily be imposed and collected. Therefore the case will have to be looked at from a broader point of view, and I do feel that, provided ample safeguards are provided in this new scheme which is put before us of safeguarding the present and the prospective interests of local bodies including the municipalities and the local boards, the local bodies have no ground to complain. I believe the simplest method that has been advocated here is that everybody, even the local authorities, share both in the prosperity and the adversity. Therefore, the percentage basis may be changed, after hearing the views of several members sitting here, but so far as the principle is concerned, I should think that a consolidated tax removes many of the ills from which the general public are at present suffering. I will just cite a few instances.

Take the villages within a radius of 10 miles of a big road. The villagers have got to bring their produce to the nearest market place, and they have to use some bits of that road. What have they not to pay? May I put it to the members here that the village carts have to move about after the corn is reaped, as the corn has to be taken out for sale, and therefore they are harassed in various ways. Take, for instance, my own district. Suppose a cart comes from anywhere, within a radius of 10 miles of a road—

*Prof. Kanitkar.*—We are speaking now on the first item on the agenda, which is a compound tax on motor vehicles.

*Rao Bahadur Chitale.*—I am looking at it from a broader point of view. I shall speak first on the principle of a consolidated tax both on motor vehicles and carts. These village carts are many in number and are owned by the poorer people. We have to consider what tax they will have to pay, under the present proposals, which they are not at present paying. I am looking at it from the poor man's point of view first, and then I will come to the motor buses and cars. The point I was developing was that these municipalities are now allowed to charge a wheel-tax or a toll tax. Take for instance the Ahmednagar Municipality, which is now given the

freedom of putting up toll bars. A cart coming from a village five miles of the road, has to pay a toll as soon as it reaches the road, and when it comes within the municipal limits in order to sell the corn it has to pay a toll tax again. Is it fair and is it in the interest of the poor people that they should pay this double form of tax ?

*Dr. Jayle :* May I enquire how many times in a year have such villagers to pay this tax ? I think it is only during the season after the harvest.

*Rao Bahadur Chitale :* You come with me, and I will convince you that the villager who reaps his corn, it does not matter which corn, has to carry it to the market not in one load and one turn but in various turns. That is the point. In the villages, the people who have got their bullocks remaining idle, hitch them to their carts, and make use of the cart to carry the corn to the nearest market place. The local bodies being impoverished somehow are asked to put up toll bars, and these carts have to pay double the taxes. That is the point. I would like to know from any member who has experience of new tolls being imposed within municipal limits whether the villagers or the village carts that come into the municipal limits have to pay double form of taxation or not. I challenge anybody to prove that it is not so.

*Rao Bahadur Anguli :* What is your challenge ? We cannot follow you.

*Rao Bahadur Chitale :* I have given you the instance of the Ahmednagar Municipality. Carts coming into Ahmednagar municipal limits have to pay a toll within 5 miles as soon as they reach the public road. As soon as they reach a public road they pay a provincial or local board tax, and when they enter the municipal limits then also they have to pay a further tax, which is again called a toll tax, and that toll tax has been imposed because the finances of the municipality are so low that some form of taxation or some method of picking the pockets of others has to be devised. I therefore say, is it fair that the poor people should be taxed twice ?

*Mr. Gangoli :* That has nothing to do with the question.

*Rao Bahadur Chitale :* It has to do a good deal. You will see how it works. Therefore, a consolidated tax, say, of Rs. 2 or Rs. 1-8-0 per year paid by these villagers will be a compound payment for all the other payments in the shape of tolls which they have to make. It would not matter whether a cart went into municipal limits or used the public road a dozen times a month. That is the point that I wish to make first.

Then turning to the motor buses or lorries, what do they pay even now ? They pay more. In any new scheme when we find that there is a lighter form of taxation, is it in our interest or not ? I keep a motor, and I know what I have to pay. I should think that this amount of Rs. 4 or Rs. 4-4-0 per cwt. is a much lighter tax than what we have to pay now. That is the point of view from which I am looking at it.

*Dr. Jarle* : What is the ordinary weight of a bus ?

*Rao Bahadur Chitale* : It is half a ton, one ton or two tons.

*Dr. Jarle* : And what is the amount you would then have to pay ?

*Mr. G. S. Gangoli* : The average weight is 16 cwt.

*Rao Bahadur Chitale* : The point that I was making was that there are various principles by which these taxation proposals are to be judged. First it must be the simplest to be imposed, then it must be simple for collection, and it must obviate trouble for the owners of vehicles and others who use these roads. Also Government must sufficiently safeguard the present interests of the local bodies and make them progressive sharers in the prosperity of the particular taxation. If all these principles are met—and I believe they are met by the present proposals so far in the light that I have looked at them—I am a very strong advocate of the system now proposed, provided it is modified in essential particulars in directions which might be put forward hereafter.

*The Chairman* : I should like to draw your attention to one point, that we must confine our remarks to item No. (1), and that relates to motor cars. When we come to No. (2), you could discuss vehicles other than motor cars. The agenda is divided principally into two parts—one, the question of the imposition of a compound tax on motor vehicles and that should be the first item. It does not necessarily follow that the decision on the first question would interfere with the decision on the second question. Therefore, I would request you first to dispose of the first item on the agenda.

*Rao Bahadur Chitale* : What I thought was that the essential principle was whether there should be a consolidated tax or not. When that principle is settled once for all, then we can go to motor vehicles and carts.

*Khan Bahadur Cooper* : The question whether a consolidated tax should be levied upon bullock carts or vehicles other than motor cars ought to be decided first, and for that purpose I think some sort of a general discussion is absolutely necessary. Those of us who come from the rural areas are afraid that this tax on bullock carts is going to affect the agriculturists, and we are therefore going to oppose it, and unless that point is fairly threshed out in the discussion, we will not be able to express our opinions about the tax on motor vehicles.

*The Chairman* : The difficulties which are likely to arise in the case of vehicles other than motor cars are of a different nature from the difficulties which are likely to arise in the case of the imposition of a compound tax on motor vehicles. If you mix up the two, then it will be like running up and down the two sides of a hedge, and we can never come to any decision. Therefore, you can make just a few passing remarks with regard to question No. 2, but you must concentrate on question No. 1.

*Khan Bahadur Cooper* : Everything depends upon the compound tax. What about this taxation of vehicles other than motor cars ?

*Rao Bahadur Angadi* : You have suggested, Sir, that our observations should be confined to item No. 1. I do not know whether we shall be allowed to express our views on each of the questions separately, as we have to finish up our deliberations today, and I do not know whether there will be time enough to have a discussion of these two questions separately. I think that difficulty will have to be met. Even with all this, if you hold that we must carry on the discussion on each item separately, I have no objection, and I will be only too glad to confine my observations to question No. 1.

*The Chairman* : Yes.

*Rao Bahadur Angadi* : So far as question No. 1 is concerned, I am extremely sorry that I am not in favour of a compound tax. Speaking for my own division (the Southern Division), if we look to the average figures which have been struck out, they are sufficiently staggering. The average tax per motor in the Southern Division, exclusive of registration and re-registration charges, is somewhere in the neighbourhood of Rs. 248. Now, taking this figure into consideration from the point of view of an individual owner, can it be said that any individual owner of a motor vehicle is actually paying that amount. I know many good points have been suggested in the Notes and one of them is that, if we went in for a compound tax, there will be a relief to the extent of Rs. 5 lakhs and odd to the general tax-payer. But when we are considering this, I am tempted to draw upon an example, if I may be permitted to quote it here. I may say it is just like collecting an income tax say from a town from 10 persons. Suppose all of those 10 persons together are paying to Government Rs. 1,20,000 and one of them is paying Rs. 1,00,000. The establishment and collection charges may come to say about Rs. 10,000. Now, Government might make a proposal saying that they are going to save the establishment and collection charges thereby giving relief to the extent of Rs. 10,000 but that they are dividing the Rs. 1,10,000 between the 10 persons equally, so that every one should pay somewhere in the neighbourhood of Rs. 20,000 instead of 9 persons paying Rs. 2,000 every year and one person paying Rs. 1 lakh. The present proposal of Government is just like that, if I may be permitted to say so.

The whole question has got to be considered from this point of view, viz., whether every individual owner is actually paying that average. It is true that on the whole the amount which is being collected by local bodies and Government might come to that figure, but there are several individual owners of motor cars who do not pay more than Rs. 50 a year. For instance, all that is necessary for a man residing in a municipal area is to pay about Rs. 25 to the municipality plus the re-registration fee of Rs. 32. Only if he goes outside the municipal limits he has to pay a toll; if he does not go out, he has not to pay anything at all. Under these circumstances, it will be seen that only those who go out and who have to tour very often have to pay the toll. I can understand the bother of having to wait at every toll naka; I can understand the loss of time also. But if the object is to shift this burden on to the shoulders of others who

are not touring at all, I think it is a matter which cannot be accepted on any consideration whatsoever.

You will see, Sir, that, as a matter of fact, this kind of tax will not be in any way advantageous to Government themselves. Government, even if they go in for a tax like this, are not gaining any advantage. They have collected the figures. They say "This is the estimated revenue, and we are going to have so many lakhs." This is the position which Government have taken up. It will also be further seen that really there is no clamour for this change either from the mofussil or from anywhere else, and we were just now told by the Mayor of Bombay that it is not also wanted in Bombay. So, the question is, for whose benefit is this tax going to be levied in this particular form? So far as the mofussil people are concerned, they are content to leave things as they are. As I pointed out, there are many individual owners who do not go out. Of course if there are pleaders who go out for their practice, probably it is the clients who pay the toll taxes, and the pleaders have not to pay anything out of their pockets. In that way, even if it be said that pleaders have to move about from court to court for their practice, I must make it plain that the money is collected out of the pockets of the clients, and it does not come out of the pleaders' pockets. So, under the proposed scheme of a consolidated tax, the pleaders, whoever they are, who own cars, will be also put to a loss. There are private owners of cars, who do not use them for any other purpose except for going out once a year, mostly on a pilgrimage or to pay a visit to some important temple in the neighbourhood. They keep the cars for joy rides and as a sort of luxury, who have no business concerns to attend to. Such people also will be put to a loss by the proposed consolidated tax. Under these circumstances, I do not understand why we should go in for a consolidated tax like this.

It was pointed out by my friend Rao Bahadur Chitale that there was some principle in it, and therefore he would like to accept the proposal as a principle. Personally, speaking for myself, I do not see any principle in it. He said that there are many tolls at which a village cartman has got to pay toll taxes. So far as that question is concerned, you have asked me, Sir, not to make any reference to it. However, I cannot say that even in the case of those who are owning bullock carts, the tax which is paid by them to the local authorities or to Government, comes from their pockets. It comes from the pockets of the traders. These bullock-carts ply for hire, and when they bargain for hire, one of the items included in the bargain is the amount to be paid at the various toll-bars. This is done separately. So, it will be seen that while the present form of taxation is really a sort of indirect tax, you are trying to convert it into a direct tax, which is always resented. The only result, so far as I am able to see, is that Government will be unnecessarily brought into odium, probably for the benefit of those businessmen who are sending out their agents over all parts of the Presidency, and who have to pay consequently a very large amount in the shape of toll. I can understand their difficulty. But the question is whether Government should incur this heavy responsibility of incurring the hatred of agriculturists, who

have been hit hard. I cannot say that the other owners of motors under the present form of taxation have to pay an unnecessarily large amount. Taking the average figures and striking out a mean, it comes to somewhere about Rs. 146 or so. In other words, it means that every owner of a motor car must pay to Government about Rs. 146 to Rs. 150, if the average is accepted. But even accepting the weightage basis, it will surely come to a lot much more than what the owner of a motor car is paying to Government now. Instead of making those who are making frequent use of the roads pay the toll, is it a fair proposition to shift the burden on to those who are not making so much use of the roads, in the name of a principle? As a matter of fact, I do not see that it is any principle at all. For these reasons, I should think that Government will be well advised to leave things as they are. I am afraid that unnecessarily Government are incurring a very heavy responsibility, and it is not for their own benefit, but for the benefit of those with whom Government have very little to do. Therefore, I am not in a position to support this compound tax.

*Mr. Gangoli:* Mr. Chairman, I am sorry you have laid it down that the discussion should be confined to the first point, the question of the imposition of a compound tax on motor vehicles. My position is this: if carts transporting agricultural produce and private carts are to be exempted, then I am for the consolidated tax. If I give my consent for the consolidated tax on motor vehicles, then you will say that I have already given my consent to the consolidation of the tax. I wish, therefore, you had permitted us to speak on both the items (items 1 and 2) at the same time.

Anyway, I am sorry, I cannot agree with much of what the last speaker said. Even as regards the consolidation of the taxation of motor vehicles, it appears that the intention is to make this taxation uniform, irrespective of the number of miles of road used by the cars. A motor car using only 5 miles of the road each day will be charged as much as another using 100 miles of the road per day. I think the tax should bear some proportion to the number of miles used by the car. No such thing is proposed in the agenda. After all, the cars are taxed because they use the roads. Therefore, there should be some basis evolved by which the cars will be taxed according to the use they make of the roads—not a basis like the one suggested of Re. 1 or Rs. 4 per cwt.—and cars which do not go beyond their own talukas or municipalities should not be taxed.

I feel that this taxation will affect four classes of people. It will help Government in its financial difficulty; it will help to improve the roads; it will help the railways; it will also affect the agriculturists. Let us take first the railways. As Mr. Javle rightly stated, the railways suffered because they did not manage their third class passenger traffic properly, and the people took to buses. If they manage their third class traffic properly, of course the railways will not suffer from the competition of motor cars. In spite of all these taxes, the roads are not improving. We have come here to say that the roads must be improved. We are told that the petrol tax which is the largest tax which the motor cars

have to pay, is an all-India tax and that we are given only 2 annas out of 10 annas or 4 annas out of 12 annas. Our grievance is that 50 per cent. of the petrol tax should be given to us, so that we may improve our roads out of that.

Of course everyone is against tolls; there is no doubt about that. All of us are against fresh taxation. But this Road and Transport Development Department is in its infancy in India, and I do not think any man will put any obstacle in the way of progress in India. We must have a Transport Department for India as a whole, with branches in every province and district; there is no gain-saying that. Other provinces have already established this tax; Madras has it. It will sooner or later come into this province also whether my friends like it or not. But the principle should be not a uniform tax, but a tax in proportion to the mileage used.

I want to make one more point here. There are two towns in Kanara, Kumpta and Honavar. The distance between these two towns is only 10 miles. A motor car passing through that road of ten miles has to pay two municipal taxes, one ferry and one toll; in all it has to pay Rs. 3-8-0. In spite of all that, the breadth of the road is not more than 10 feet—utmost 15 feet—and if a cart comes in front of the motor car, either the cart or the motor car has to stop. And it is a provincial road!

*The Chairman* : Excuse my interrupting you. You are not relevant.

*Mr. Gangoli* : I will show how it is relevant. I want to know whether the ferry also will be removed when this consolidated tax is imposed. If the ferry will remain, then I oppose this consolidated tax.

*The Chairman* : The ferry tax will be included in the compound tax.

*Mr. Gangoli* : As was rightly pointed out by Rao Bahadur Angadi, it is in the Southern Division that the taxation falls the heaviest at present. The average is Rs. 283 per car. But I think that the bulk of it is paid not by the Belgaum people but by the people of Kanara, because it is Kanara that has not an inch of railway. Kanara has neither railways nor good roads; and again, there are so many ferries. If this taxation is aimed at improving the roads, then from the villagers' point of view, it is welcome. But if it does not aim at improving the roads and facilitate the transport of the villagers' commodities to the market, then I shall have to oppose this taxation.

*The Chairman* : This point would be relevant if the idea was to increase the tax. We are not increasing the tax; we are not deriving any additional income; we are not trying to get more money by consolidating the taxes.

*Mr. Gangoli* : Can you say that it will never be increased? It will be increased in due course.

*The Chairman* : It can be increased even now by levying higher tolls also. You are confusing the two issues. The idea underlying this

proposal is not to increase the revenue which is at present derived from these sources.

*Mr. Gangoli :* You have stated in the Notes that the total income will be something more than what it is at present.

*The Chairman :* They are exactly the same.

*Mr. Gangoli :* Four lakhs more, I think.

*The Chairman :* By legislation it will be laid down that the consolidated tax should not be increased within a certain period.

*Mr. Gangoli :* In that case, I can conclude and say that if only bul'ock-carts which are meant for transporting agricultural produce from one place to another are exempted and the tax is in proportion to the use made by the motor cars and if the money derived from the tax is earmarked for the improvement of roads, then I am 'or consolidating the tax.

*Prof. Kanitkar :* Sir, this conference has been convened mainly for the consideration of the toll question. In the very first sentence of the memorandum you say: "It appears to Government that it is highly advisable that tolls on all forms of transport should be abolished." That is the main question on which you want the opinions of the people who have been asked to come here. One thing I have got to submit is that the right to levy a wheel-tax which is at present enjoyed by the municipality should be left to them as it is. One of the speakers, Rao Bahadur Chitale, said that in recent times these taxes have been quadrupled. Why should they not be quadrupled if people have got into the habit of moving about in motor cars from morning till evening and using the municipal roads as long as they want? If the roads are to be kept in good condition and good repair necessarily the municipality has to increase the wheel-tax. No municipality is so foolish as to displease the people of the town for nothing. In the first place, I want to emphasise that point, namely, that the municipalities should have the freedom to levy the wheel-tax.

Now, the idea appears to be to have a compound tax in place of the tolls that have got to be paid. You have been kind enough to find out the percentages of the income enjoyed by the district local boards and Government. Government take the petrol tax and registration fees. Now, what we can do is, we can divide motor vehicles into two classes, vehicles used for private purposes and vehicles which ply for hire. In the one case you may have a lower schedule of registration fees and in the other a higher schedule of fees. The fees should be higher on vehicles which ply for hire. Our intention is to find the money which now goes to Government and the district local boards. The municipalities will take care of themselves. The difficulty about tolls is this. People have to spend a lot of time; they have to stop every fifteen miles and they have to pay. If you want to remove that difficulty, the only way is to abolish tolls and increase the registration fees and have one scale of fees for private owners and a higher scale of fees for public conveyances. It would not be good to displease all people; but you must displease some people. Therefore, displease those who would not mind it. People who ply for hire have to carry on their trade. When the petrol



tax was enhanced, they had to pay more ; they complained but yet they had to carry on their trade. Traffic will not decline so long as people have to go from one place to another. One of the members stated that the railway companies were not providing such conveniences as people wanted. If that is the case, then road traffic will not decline even if the registration fee is increased. This plan will displease only those who will not mind it very much and at the same time it will not displease the municipalities. The only way therefore to make up for the loss of income by the abolition of tolls is to increase the present forms of taxes—registration fee is one—or to impose a new tax, a road fund tax or something of that sort, for the purpose of keeping the roads in good repair.

Now, certain people have the impression that this conference has been convened mainly for two purposes, namely, to find more money for the roads and, as some one stated here, to help Government in a time of financial stringency. I do not think so. The main intention with which we have come here is to help Government in the matter of tolls.

*The Chairman :* It is neither of the two objects. We do not want money. Nor is it to relieve Government of their financial embarrassment.

*Prof. Kanitkar :* It is exactly for the sake of money that we have come here to consider this question. As a matter of fact, there is a proposal to have a surplus ; that idea would gain ground and would take deeper root and in course of time, I am quite sure, this would lead to events which are not at present contemplated. But I do not wish to speak about this at present. What I want to say is, leave the municipalities the freedom that they have at present. If you change the rates of the registration fees, I think your purpose will be served.

*The Chairman :* Have different rates for private owned cars and public conveyances ?

*Prof. Kanitkar :* Enhance them. This compound tax would be a very difficult thing to manage. There may be one gentleman travelling only 5 miles a day, and another travelling 500 miles ; and on both of them the tax will fall equally. That would be unjust and all manner of criticism would be levelled at it. The present tax may be increased.

*The Chairman :* Am I to understand that your proposal is that the tolls should be abolished and that the loss of revenue due to the abolition of tolls should be made up by augmenting the registration fees ?

*Prof. Kanitkar :* Yes, by having two scales, one for private cars and another for vehicles which ply for hire.

*Khan Bahadur Cooper :* Sir, the question of compounding the toll tax, registration fees, municipal and all sorts of other taxes has come before us since the tolls have been re-established. There have been tolls in this presidency for the last 50 years. About ten years ago some of the tolls on the provincial roads and also on district local board roads were abolished but owing to the financial stringency they were re-established last year. From the statements given to us

statement No. III will show you that there are in all in this presidency 12,000 motor cars, 999 lorries and 6,543 buses. We have not got any information before us to show how many out of these 12,000 motor cars run in the city limits and how many of them go about throughout the presidency crossing the toll bars established by either the district local boards or the provincial Government. As far as my experience goes, I think out of these 12,000 motor cars, hardly 2,000 motor cars might be going on all sorts of roads and 10,000 running within the city limits. Those motor cars which are within the city limits pay the municipal tolls and whenever they pay the municipal vehicle tax, they do not pay the municipal toll and the registration fee. What does that amount come to? In the mofussil many of the small municipalities—charge Rs. 12 and larger municipalities charge Rs. 25 and some of the bigger municipalities like Ahmedabad and Bombay charge Rs. 100. But up till now the users of cars in municipal limits have never complained or hesitated to pay the tax within their respective areas. Therefore the question of these 10,000 motor cars does not arise, and there is no necessity to disturb the arrangements of these people, for the sake of the remaining 2,000 going on the provincial or local board roads occasionally but not as the 6,543 buses do. Take for instance the motor buses running between Poona and Satara. They go to Poona in the morning and return in the evening. They pass about 4 tolls every day backwards and forwards. I generally prefer to come to Poona in my private car rather than by train once in two or three months. The taxation that is proposed to be charged for every private motor car is at the rate of 25 cwts. each and the buses at 50 cwts, but a public motor bus make use of the roads a hundred times more than what the private cars are doing and, therefore, if you want to compound the tax there ought to be some limit to it. We have no figures before us to show us if Bengal and Madras are charging this rate or what rate they are charging.

*Mr. Bowers* : I can give you those figures.

*Khan Bahadur D. B. Cooper* : I will be grateful if you will kindly enlighten me on that point.

*Mr. Bowers* : In Madras the taxes for cars fitted with pneumatic tyres are :—

	Rs.
Exceeding 15 cwt. but not 30 cwts. . . . .	125
Exceeding 30 but not 50 . . . . .	200
Exceeding 50 but not 70 . . . . .	225
Exceeding 70 but not 100 . . . . .	250
Exceeding 100 . . . . .	275

*Khan Bahadur Cooper* : But the point still remains that the motor buses which are using the roads 50 to 100 times more than the private cars should be charged only double the amount is most unfair. There is no information before us to show as to how the sum of 34 lakhs of rupees is recovered in the form of taxation from the motor cars.

The provincial tolls are said to contribute Rs. 8,94,000 but out of that amount, how much is contributed by motor buses and how much by private cars is not shown. From our experience it will be seen that the tax on private cars, I think, will be very small. No doubt the system of tolls in the case of private motor cars is a great nuisance. The complaints we have read in the newspapers are almost all genuine, and to remove these complaints and to provide some facilities to the tourists or to those people who want to go about in motor cars, some ways and means must be found out, but not out of all proportion. I have not got the actual figures but leaving a very large margin 2,000 private cars would be going out on provincial roads as often as the public motor buses would be doing. Therefore, these calculations I say are out of all proportion and my submission is that these details will have to be gone through very carefully before we can express an opinion. If a consolidated tax is to be levied, it should not exceed the present municipal tax and the registration fee as far as private motor cars are concerned and the amount, that Government wishes to recover in order to do away with the tolls, both provincial and of local boards or of municipalities, ought to be imposed on buses, bus owners. Perhaps the procedure of paying taxes daily would be more convenient for rather than paying them in a lump sum because the motor bus trade is in a very bad state, on account of its bad management, and cut-throat competition. The trade is the hands of those people who cannot do any other business but to drive public motor buses. For instance out of 20,000 motor cars nearly half the number are in Bombay and which never go out of that city either on the provincial roads or on local board roads and they will be unnecessarily taxed.

*Mr. Chinoy* : They will not be taxed higher.

*Khan Bahadur Cooper* : Therefore, in bringing these taxes into the consolidated tax on all motor cars and motor buses great care ought to be taken for the owners of private cars. I want to say a good deal about the bullock-carts and the other vehicles other than motor cars but I will say that when the opportunity comes.

*Diwan Bahadur Motilal Shah* : I fully agree with what Rao Bahadur Angadi of Belgaum has stated. But I would like to say something more. On behalf of the Ahmedabad District Local Board I strongly protest against the proposal of Government to have a compound tax and to abolish tolls. If the Board agree to allow Government to impose the new tax instead of tolls and accept the sums offered by Government, no one knows what will be the condition of the Government finances after some years, and if it is not sound, perhaps the Boards will have to go to the assistance of Government by giving over their quota of the new taxes.

Again, there is likely to be some difficulty in fixing the percentage. From the statement accompanying the agenda, it appears that the local boards are to get 2½ lakhs. Out of this amount the Northern Division is to get about Rs. 70,000. The toll revenue of the District Local Board, Ahmedabad, alone is Rs. 54,000. Government will have to give at least

that sum to the Board for compensating them for the loss of toll revenue. Some other districts in the division have not imposed tolls. So, they will not get anything. Then, how can Government be justified in imposing a tax on the carts of those districts which have not imposed tolls and which have to get nothing in consequence ?

From all this, it appears that the present system though it is a little unpopular is better than the proposed one. In the present system only those who actually use the road pay the tax and that even is paid by the owners of the goods and not by the owners of the carts who are mostly cultivators. So, practically at present the burden of toll falls not on the cultivators but on traders. The proposed tax will solely fall on the cultivators and there is likely to be a great heart-burning among the cultivating classes. Government may do anything they like as regards their provincial roads, but the district local boards should not surrender their right of putting up toll bars on their roads at their discretion after ascertaining the public opinion of the rural area. They should not willingly make themselves once more dependent on Government, who in turn will always be dependent on their finances.

*The Chairman* : I find that there are no more speakers on item No. 1.

*Mr. Guevrek* : Mr. Chairman, I have heard various speakers. I find some are against this compound tax and some are in favour of it. I, who represent the Western India Automobile Association, would strongly support the proposed compound tax on behalf of the motorists. I think some of the speakers have been unduly hard on the motorists in saying that it is in their interests. I must contradict that and say that there is nothing in the new scheme which is in the interest of the motorists. The only thing is that what we are paying in various forms of taxation, under four different heads, we shall be paying in one sum. From that point of view, I do not think there is anything in the interest of the motorists. But we welcome it very much, and my association strongly supports the scheme. Our original suggestion, as you will find in the joint letter we wrote to you, was that motorists were unduly taxed and we wanted that some sort of other taxes should take the place of the tolls. But at present, I do not think we would press that point, seeing that under the scheme which has been worked out the motorists are not going to pay more than what they are paying now.

*The Chairman* : Would you like this Conference enlightened on one or two important points raised by some of the speakers ? One is that assuming that the total number of motor cars in the Bombay Presidency is 100, then more than 90 cars out of that hundred do not go out of the municipal limits. Are you in a position to contradict that statement ?

*Mr. Guevrek* : I have not got the figures to contradict that. I do not know where they got their figures from.

*The Chairman* : Their argument is that for the benefit of 10 per cent. of the motor public, 90 per cent. are made to suffer. Are you going to contradict that argument ?

*Mr. Guevrek* : I suppose they use the roads the same way.

*The Chairman* : They are using municipal roads, for which they are prepared to pay any amount the municipality may impose. That is their argument. They do not want to contribute anything towards the upkeep of the roads which they do not see, and which 90 per cent. of them do not use.

*Mr. Guevrek* : The figures shown here go to prove that 50 per cent. of the cars are in Bombay City.

*The Chairman* : Out of the number that may be in Bombay, what is the percentage of those that go out of the municipal limits? Have you got any figures for that?

*Mr. Guevrek* : I should say about 50 per cent.

*The Chairman* : About 50 per cent. use either provincial or district local board roads?

*Mr. Guevrek* : Fifty will be too much; it would be less than that.

*The Chairman* : Can you give us an idea of the percentage?

*Mr. Guevrek* : I have not got any figures.

*The Chairman* : Approximately?

*Khan Bahadur Cooper* : About 10 per cent.

*Mr. Guevrek* : Certainly much more; 40 per cent. would be nearer the figure.

*Mr. Chinoy* : I am sorry the Mayor is not here; he might have been able to give us the exact figures.

## Question No. 2.

*The Chairman* : Now, we come to question No. 2—the question of the imposition of a tax on any class of or all vehicles other than motor vehicles which will enable Government to abolish either all tolls or all forms of provincial and local taxation including tolls on such vehicles. When considering this question, you have to take account of the fact that if it is decided that motor vehicles should be exempt from the payment of tolls, then it would be extremely difficult for the tolls to remain only for vehicles other than motor cars, because the toll bars will be there, the establishment will be there, and it may not pay the contractor to bid in proportion to the traffic which he has in view, and, therefore, there will be loss of revenue both to the Government and to the district local board. Therefore, the point will arise whether it would not be wise to do away with tolls altogether.

*Khan Bahadur Cooper* : Sir, talking about the local board roads the chief vehicles using those roads are the bullock-carts. If, just as the Chairman has pointed out, the motors were not to be charged and vehicles other than motor cars were only to be charged, perhaps there will be nobody coming forward to take toll contracts and thus there may be a great loss of revenue. There are tolls on local board roads which fetch Rs. 150 to Rs. 3,000 a year and on these roads motor buses or cars seldom

go, so there is no fear that if there were toll bars and if the motor buses and motor cars were exempted, the toll bars will have to be removed.

Talking about the bullock-cart, the bullock-cart is the main item of other transport. From the statement there are 6 lakhs of carts using the roads. I do not know what is meant by these 6 lakhs of carts. Is this the census figure of the carts in the presidency ?

*Mr. Bowers* : It is the census figure.

*Khan Bahadur Cooper* : Of the carts passing the toll bars ?

*Mr. Bowers* : Census figure.

*Khan Bahadur Cooper* : If according to census figure 6 lakhs of bullock-carts are in existence in the presidency. I may, knowing the situation of the rural areas, tell this Conference that hardly 200,000 of the carts may be seeing the surface of the roads. My friend Rao Bahadur Chitale says that this sort of an impost or tax as far as bullock-carts are concerned would not be unfair, but I think he is very unfair, and he must remember that in the first place under the new rules no toll bar is allowed to be established within a six miles radius of a city or town and so all the villages within that six miles radius are not paying tolls at present for going to sell their produce.

*Mr. Gangoli* : Is this a correct statement ? I have known of three toll bars in a distance of four miles.

*Rao Bahadur Chitale* : Ahmednagar has tolls within 5 miles.

*Mr. Bowers* : Under the old rules tolls may exist within 4 miles of a town but no tolls or new tolls were established at a distance of less than 5 miles per town.

*Khan Bahadur Cooper* : Apart from that, there is a census of bullock-carts that go to towns to do business, to sell agricultural produce or in other words they really go on business and it does not matter to them if they pay 2 annas per day as toll.

*Mr. Gangoli* : What business ? Selling produce ?

*Khan Bahadur Cooper* : Yes. They go to sell produce of the land and if they have to go 10,000 times during the year they would not mind paying toll. However, in 90 cases out of 100 they sell their produce in their own villages and whatever they are not able to sell in their own villages, they take to the towns in bullock-carts in which case the toll tax falls upon the traders and not on the agriculturists.

*Rao Bahadur Chitale* : It falls not on the traders but on the consumers.

*Khan Bahadur Cooper* : In my district there are 1,354 villages and 12 municipalities. May I ask how many village people have to go to the municipal area for selling the produce of their fields ? Hardly 300. People living in hundreds of villages have no occasion to pay the toll tax even once a year. It is only when they go to a Taluka town and have on the way to cross a toll bar that they have to pay the toll and not otherwise. Toll bars are not supposed to be established within

a distance of 10 miles from one another, and if there are any established within 10 miles from one another, no toll is payable at the second bar, if it is paid at the first. I therefore think that it would be very hard for the owners of lakhs of bullock carts who are almost all agriculturists to pay even Rs. 3 per year, because they do not make use of the provincial roads at all, and actually do not pay any toll to-day. The revenue of Rs. 20 lakhs collected to-day is derived partly from the District Local Boards to the extent of Rs. 4,13,512 and tolls on municipal roads amounting to Rs. 3,23,189, and municipal tax of Rs. 4,55,462, as shown under "Other Forms of Transport".

If the municipality levies a charge on the owners of bullock carts for the use of their roads, it does not matter as the carts are used for trade purposes and they do not mind paying two or four annas a day. But for the thousands and lakhs of those village carts which neither use such roads nor approach a town once in 10 years, it will be very hard to pay the consolidated tax.

*Mr. Bowers* : What about the weekly bazar ?

*Khan Bahadur Cooper* : Suppose you do away with toll bars, both provincial and local. It will interfere a good deal with the Local Board administration. In my district of Satara during the last 10 years several new roads have been made and toll bars established on them. I will give you one instance of the road in the Vang Vally near Karad. This road was originally constructed by the Forest Department, but the Forest Department could not maintain this road and they handed it over to the District Local Board. The Board is spending on the improvement and maintenance of this road nearly 5 to 10 thousand rupees annually. They have established a toll bar on this road which brings in a revenue of about Rs. 2,500. Now if any more new toll bars were not to be established hereafter, it will hamper the progress of new road construction or improvement of old roads, and so the progress of the Local Boards will be greatly interfered with, to the great detriment of the public interest. Besides this, where is the necessity of interfering with the Local Boards tolls ? The inconvenience complained of by the motoring public is on the main trunk roads, such as, the Bombay-Agra, Bombay-Poona and Poona-Bangalore roads. We can understand that these motorists have a genuine grievance to make, but the cartmen plying either on these trunk roads or the Local Board roads, nor the Local Boards and municipalities have ever made any grievance of the inconvenience to the motoring public and neither of them has ever appealed to Government to have one consolidated tax imposed on every body alike. No doubt everybody, except the local authorities, would be only too pleased to see all the toll bars done away with. The proposed imposition of a tax of Rs. 2 to 3 per annum on the bullock carts would cause great hardship to the agriculturist and I am very much against such a tax. If motor cars were exempted from paying tolls on their paying the compounded tax, still the toll bars could remain there as usual and collect the tax from the bullock cart. For these reasons I am opposed to the composition of the toll tax on vehicles other than motor cars.

*Mr. Bowers* : Khan Bahadur Cooper, could you get me the number of the vehicles passing your toll bars from which you receive Rs. 150 a year ?

*Khan Bahadur Cooper* : There are very few such toll bars.

*Mr. Macmillan* : In some cases they appear to double it.

*Mr. Bowers* : How much do these vehicles pay ?

*Khan Bahadur Cooper* : 2 annas per trip.

*The Chairman* : What does the toll contractor make out of it and how much does he spend on his establishment ?

*Khan Bahadur Cooper* : He generally manages such a bar himself. He sometimes keeps one servant. As a rule, he does not make more than Rs. 40 to 60 per year, and he is content with it, because he is generally a man who has got his field and village nearby. He looks after the field and manages the bar and is happy and content if he gets even Rs. 40 per year, which also he has a chance to lose on the contrary, if his neighbour competes against him.

*Mr. Gangoli* : I am strongly against the imposition of tolls on carts. The carts are the primary needs of agriculturists. If you tax carts, it is taxing agriculturists. In these days when we are talking about improvement of villages, I do not think any tax should be levied on carts. It is neither in the interest of Government nor in the interest of agriculturists. As I have stated, any tax should be in proportion to the use made of the roads. The carts do not spoil the roads as much as the heavy motor buses.

*Rao Bahadur Chitale* : They spoil it more.

*Mr. Gangoli* : I can give you facts and figures. The Kanara district local board has 605 miles of road, but there is no toll on the district local board roads. All the tolls are on the provincial roads. Many of the culverts and bridges on our roads are not fit for heavy buses ; two-ton or one-ton lorries cannot go on many of the roads there. They are only used by bullock carts. They are simply for transporting agricultural produce. These roads are not used by buses ; it is only bullock carts that go over them. The bullock carts have gone over them all these long years, and they have not destroyed them. It is only the motor buses and lorries that destroy the roads. That being the case, I say that these carts should be free from all sorts of taxation, and only motor lorries plying for hire should be taxed. Otherwise, you will be cutting at the root of agriculture.

*Rao Bahadur Chitale* : Mr. Chairman, may I point out that we have a basis ? Before the motors were introduced, we had the tolls. We know the income then. We can leave out the income from horse-drawn vehicles, because those vehicles were very few in number. Let us suppose that the income from tolls in pre-motor days was 12 lakhs. We can calculate from this the number of carts that passed through the tolls, as we know the rate for the carts—4 annas for a laden cart and 2 annas for an unladen cart. That will give us the number of carts that passed the toll bars. It is true that there were fewer tolls then than now, because, as I said, the district local boards are vying with one another



in augmenting the number of tolls under the pretext that they have to spend on the improvement of these roads, although the improvement is very very nominal. Well, I do not complain against that, because it is a source of revenue ; it does not matter under what name that taxation is taken.

I cannot agree with my friend Khan Bahadur Cooper that most of these carts do not use the roads. They do use the roads on many occasions. First there is the weekly bazars and the carts of agriculturists are taken to these bazars. The carts within the radius of ten miles of a taluka town go to the town for various purposes. Then again, the agriculturists go to the sowcars in the bigger villages for getting accommodation.

*Khan Bahadur Cooper* : They go through the fields.

*Rao Bahadur Chitale* : They must touch the road somewhere. I think the estimate made by my friend Khan Bahadur Cooper is wide of the mark. His estimate of the motor cars is also wrong. He said that 90 per cent. never used the roads outside the municipal limits. Whoever keeps a motor car is not going to be satisfied with keeping within municipal limits, within a couple of miles radius. I think it is absurd to suppose so. This can easily be verified by looking to the milage run by these cars. No Indian would like to keep a car if he has to journey only within the radius of a mile or so. He would prefer walking that distance. If tolls are abolished—as they should be—in the case of motor cars, they should be abolished also in the case of carts. What taxation should be borne by the motor vehicles and what by the carts is a matter for further enquiry. From the counterfoils kept by the toll gate contractors we can estimate the number of carts and the cars that pass through the gates. Before this idea of a compound tax takes the form of a legal enactment, we can get that information from all the toll bars. Horse carts can be left out of account, because their number is small. Tolls are a nuisance and they must be abolished, and if they are abolished there must be another form of taxation to take its place.

*The Chairman* : Before you speak, I should like to make one suggestion which I think would help gentlemen who will hereafter be speaking. The amount which is at present realised out of toll proceeds from vehicles other than motor cars is in the vicinity of 15 lakhs. Out of this 15 lakhs, I should not be wide of the mark if I said that 12 lakhs are realised from carts. Therefore, any suggestion similar to the one made by Mr. Gangoli would not help in the solution of the problem, because neither the Government nor the district local boards are at present in a position to forego any revenue which they are at present deriving from this source. Therefore, while making a suggestion of this kind, namely that the carts should be exempted, we have to consider that that involves both the Government and the district local boards in serious loss.

*Mr. Gangoli* : Tax them in proportion to the road distance used. If that is not enough, there may be differentiation between heavy cars and light cars.

*Rao Bahadur Angadi* : Even in the case of this tax, I am to say that it does not appeal to me at all. It is rather unfortunate that my friend Rao Bahadur Chitale is sitting near those who are in favour of this tax. Otherwise, I think I would have been able to prevail upon him to accept my views.

*Mr. Gangoli* : Any contagion ?

*Rao Bahadur Angadi* : The main consideration, as I pointed out in the course of my previous speech is this, viz., whether under this scheme you are substantially benefiting the local authorities, or whether you are benefiting the municipalities, or whether you are benefiting Government. All that is sought to be done under the scheme is this, that whatever a local board was getting through its own agency will in all honesty come back to that local board. Similarly, whatever a municipality was getting under its own agency will be returned to it. So also Government will receive their own share. This is really the position. Of course, it is hoped that there may be a little surplus of Rs. 4 lakhs, in which case a fund will be built up, and we shall call it a Road Development Fund. After all, however, it is merely an expectation, and God knows whether it will be at all realised. But as matters stand, it is clear that none of these bodies, including the Government, are really going to be benefited in any way. The local boards are not getting anything more than what they are getting, nor are the municipalities getting anything more than what they are getting, nor are the Government getting anything more than what they are now getting. Under these circumstances, unless there is a real clamour for this kind of tax, unless the local boards and municipalities want that the whole collection should be done by Government and the proceeds of it handed back in proper proportion to the local boards and municipalities, I do not understand why we should worry ourselves about this tax at all.

As regards bullock carts, I really feel, as I pointed out in the course of my first speech, that Government are incurring unnecessary responsibility in the matter. Under this scheme you are reaching every cart of every villager. No cart will be exempted, irrespective of the use made of that cart. No matter whether one man takes out his cart once in 20 years or once in 10 years or once in one year or so many times in a year, everybody is going to be treated on the same footing. Those who ply their carts for hire as well as those who do not ply them for hire, those who only use them for bringing their agricultural produce to their houses, those who keep them more or less for the sake of show, all of them are going to be dealt with on the same footing. I do not think this principle can be accepted in these days. It is a very unfair principle. Only those who are making frequent use of the roads ought to be made to pay. Here you are reaching every agriculturist, and it is going to be a direct tax. From the discussions which went on here, I feel that there is one very wrong assumption made, that this toll tax which is being collected from the cart owners is really taken out of their pockets. The number of carts which ply for hire must be pretty large,

and I can assure this conference that, at least in the case of those carts which ply for hire, the tax does not really fall on them at all. It is paid by the middleman or some other trader or some other person who goes to the village and brings the produce back to market for sale or for any other purpose. It is these persons who are paying it for the owner of the cart, who hires it out. As I pointed out, it is one of the terms of the bargain that these toll taxes must be paid by the middleman or trader. Now, while all these people are not paying anything at all out of their own pockets now, you are proposing to make it compulsory that, no matter who the cart owner is and in whatever way he uses the cart, he must pay at least Rs. 2-8-0 as tax. Of course it has been stated in the memorandum that it may be possible to reduce it to Rs. 2, but that is very poor comfort. But whatever it is, the only question is whether this levy of Rs. 2 should be imposed on every agriculturist who owns a cart, no matter whether he is using the road or not, and whether in these days Government should unnecessarily take this responsibility. I could understand, if Government were going to be benefited substantially, or if Government were going to make good their deficit, their going out of their way and helping those whom they intend to help. But, as I see it, question No. 1 and question No. 2 are really inseparable; the one cannot be isolated from the other and both must go together. The same reasons apply in this case. I emphasise this point for this reason: you seem to suggest, Sir, that supposing we went in for a compound tax in the case of motor cars, then it would stand to reason that the tolls for the bullock carts should be abolished, because there would remain very little money to be collected. To that the reply of my friend Khan Bahadur Cooper was that there are many roads on which only carts ply, which is also a fact. It would not be necessary that they should be abolished, but apart from the question of abolishing them or otherwise, the only question we should really concern ourselves with is whether Government should go out of their way to deal a blow to every agriculturist, particularly in these days when we are passing through a very deep swamp of depression, when every one is feeling that he is being hit hard, whether Government could go in for a fresh tax like this without incurring very heavy responsibility and bringing themselves under an odium. For whose sake is this being done? That is not quite clear. If anybody can convince me here that it is for the benefit of the people or for the benefit of the Government, I would immediately withdraw my opposition. But I do see that there is no such thing going to be accomplished at all. Therefore, I feel very strong on this point that I think you are trying to put forward a scheme which will benefit nobody, but which is sure to bring a lot of odium on Government's shoulders. You must feel convinced that everybody is going to be benefited. I am sure nobody is going to be benefited, as I pointed out, except probably those who are moving out very often and very frequently, mostly for business purposes, on behalf of business firms, but as the firms are making profits of lakhs, I think it is only reasonable that they should be made to pay accordingly. Why we should shift

this burden on to the poor agriculturist. I do not understand. The trend of the discussion also showed that the people who are keen about this kind of compound tax are not Government officers, who, as we all know, have not to pay toll taxes as long as they tour for their official business. So also, as I pointed out, pleaders have not to pay if they are going out for their work. So also, the presidents of district local boards have not to pay tolls if they are going to inspect roads or to see any other work in progress or completed. Under these circumstances, I fail to understand why Government should be really serious about this question at all, if it is only intended to benefit a few individuals. I do not think Government should commit themselves to this wrong policy doing a thing which benefits only a small number of people, and which at the same time incurs the wrath of the poor population in this Presidency. For these reasons, I do appeal to you, Sir, taking all these matters into very serious consideration, you kindly drop the idea of this tax.

*The Chairman* : Now, gentlemen, before I request the Commissioners to give us the benefit of their experience, I should like to have one municipal point of view because those gentlemen who have up till now spoken have spoken on behalf of the district local boards.

*Khan Bahadur Cooper* : The same thing applies to the municipalities.

*The Chairman* : Nothing new from the municipal side.

*Mr. Bhagat* : I have nothing to say on the point because we are not levying any toll on carts.

*Khan Bahadur Cooper* : As far as the municipalities are concerned, the same argument applies. There is a tax upon the vehicles and a toll tax. Those vehicles which are within the municipal limits and pay municipal tax do not pay the toll. And naturally the carts which are within the municipal limits are for trade purposes. The carts within municipal areas are not carts belonging to agriculturists and there is nothing to be said more than what we have already said in the case of the other carts.

*Mr. Smart* : Mr. Chairman, what I should like to say is that I think it must be admitted by everyone and I think it is admitted by motor bus owners that these tolls on motor traffic are an intolerable nuisance and I believe there is no civilized country now which imposes tolls on motor traffic. It is a fact and I have had many complaints from the motor bus owners in municipal areas—especially in the Southern Division—that these toll bars impose an intolerable burden on them. Things are really bad in the case of the through traffic which has to pass through a great many municipal areas and which has therefore to pay heavy tolls every day on provincial roads. I do not think that any one can have any argument in favour of tolls on motor traffic.

Now let us come to the question of carts. Before the motor traffic existed, there were tolls on carts but they were not anything like so

numerous as they are now and every Commissioner and every Collector is aware that there were bitter complaints from cart owners and more especially from agriculturists against the impositions of these toll contractors. The toll contractors are continually putting up check nakas and abusing their check naka. It is a constant complaint. They are not supposed to levy tolls at check nakas if a cart has passed the main naka but they take advantage of the agriculturists and they levy double toll when they are not entitled to do so, and I think most of the agriculturists would admit that tolls are great nuisances. We come to this difficulty in the case of carts that it is a fact that a considerable proportion of these carts do not use these roads habitually. On the other hand, there are a large number of carts in the ownership of agriculturists which are used for six or seven months in the year more or less regularly to transport the produce of other people. The difficulty that arises is that there are two kinds of cart owners, viz. the agriculturist owner of a cart which is used by him very rarely as he uses it for the transport of manure, and the owner of a cart which he uses regularly for six or seven months in the year for the transport of other people's produce. In the case of the former, he uses for purposes within his own village and if he has to go out, he uses it to go to religious festivals or to attend marriage ceremonies as has been said and he therefore very rarely pay toll. Now I want you to distinguish the two cases. If it is possible, I should be in favour of the abolition of tolls altogether but it is not feasible and I would advise you to abolish tolls on motor vehicles and to retain tolls for cart traffic, and I think that if you abolish tolls for motor vehicles you will probably reduce the grievances of the agriculturists against the toll contractors because I think you will have to reduce the number of tolls. I do not think that the income is going to be reduced very materially if you did because I think that the fact that you have got so many tolls means that your expenditure on establishment is very great and that the net profit on each toll on an average is greatly reduced. So I think it would be a move in the right direction if in the first place you abolished tolls for motor cars and then had a census of the number of carts which pass through the tolls at present existing. Then you could see whether you could reduce their number without reducing the net income. That is my view.

*The Chairman :* Have you got any remarks to make with regard to certain points that were raised as to whether a specially high rate should be imposed for carts and buses which ply for hire and give a corresponding relief to the private motor car owners? Have you got any points on that?

*Mr. Smart :* I think that is a very reasonable suggestion because if you take the mileage of a motor bus it will be found to be about 100 times as great as the mileage of an ordinary private car, let alone the damage which the former do to the roads. That damage is very much greater, the wear is very much greater and their price is probably quite as great as that of an ordinary motor car. It has been proposed to put

in governors on motor buses in order to reduce the damage to the roads. That question is under consideration but whether it is practicable is not known. It is coming up before the next Road Board meeting. I think there is a very strong argument for increasing very materially the tax on vehicles which ply for hire, especially the motor buses, and the question has been raised as to whether we have any statistics as to the comparative number of private vehicles such as private motor cars as compared with public vehicles. I may say that we have received an application from .....the Ghatkopar contractor for a big reduction of his toll contract because the road between Bombay and Poona has been closed for a certain period in the year to vehicles over a certain weight. The figures of all private cars which pass this contractor's nakas come to me and I also have figures of the buses and lorries which pass that naka in two different ways. I forget the exact details but the figures were given for motor buses under a certain weight and motor buses over a certain weight. Figures are given for the number of private cars and buses and so it is possible from my experience in several cases to obtain figures for comparative use of goods lorries or heavy motor buses and light motor buses and private cars which pass your nakas.

*Khan Bahadur Cooper:* There is a second schedule showing a different rate for heavy motor buses. The rates are easy to find out the difference.

*Mr. Garrett:* I have very little to say. I am not sure about the schedule showing a different rate for heavy motor buses. The rates are easy to find out the difference. I have very little to say. I am not sure about the schedule showing a different rate for heavy motor buses. The rates are easy to find out the difference. I have very little to say. I am not sure about the schedule showing a different rate for heavy motor buses. The rates are easy to find out the difference.

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*Mr. Bowers:* Yes.

*Mr. Garrett:* I consulted the Collectors of my Division on this point of taxation of carts and animals, and they are entirely unanimous in holding that any sort of wheel tax would be most unfair in its incidence. Speaking for the Northern Division, which I know best, there are very large areas where an owner of a cart never goes on a road at all, and if the wheel tax is to be distributed on an even basis, even allowing for the suggestion that carts which ply for hire should be taxed at a higher rate, there would be very serious injustice. The toll tax, in spite of its defects, the chief of which is the heavy cost of collection, is fair in that it bears a relation to the amount of the use made of the roads provided. All my Collectors are in favour of retaining this form of taxation. I do not know I have anything further to add on that subject.

*Mr. Macmillan:* Mr. Chairman, there are one or two general questions I would like to raise about the proposal to have a uniform system

of taxation. The road facilities given throughout the presidency are very heterogeneous, they are not uniform at all and the cost of providing the same facilities is not uniform, there is not the same contribution to roads for which this tax is paid, and to provide any standard of roads in certain areas may cost six times as much as to provide the same standard in another area. Therefore, *a priori* there is no case for having an absolutely uniform system of taxation or scale of taxation throughout the presidency. That touches two extremes—the case of the carts of villagers in outlying villages which never see the roads system at all and the case of motor cars in cities which use the most expensive part of the road system. Therefore, it would seem to me that even if you have a uniform vehicle tax, you must supplement it by additional taxation in cities to be imposed by the cities because of the very great cost of providing the exceptional facilities which a city offers for motor traffic. It would seem that it is necessary to allow the municipalities to impose taxation in addition to the general taxation for the whole of the presidency, unless that is readjusted by giving them the equivalent of the revenue which they happen to be getting just now by the system of taxation which they find necessary.

Mr. Bowers: That is proposed.

Mr. Macmillan: Now I would think it would be unfair for instance to impose the same tax on the Sind. I do not know what the conditions are like in the Sind now, but I believe that in some of the Sind districts you will find a rate which you charge for Poona or Ahmednagar or Belgaum district.

Of course the taxation of all village carts would be unfair because many villages are not practically within reach of roads at all and many large villages in some of the areas in Gujarat and certain areas in the Deccan cannot reach the road system at all during the monsoon so that it would be unfair to have a uniform tax throughout the presidency.

As regards the objection to the hundredweight tax in the cities I think the total figures are at present, roughly:—

- 21 lakhs paid in registration and wheel tax, i.e. consolidated tax on vehicles, not on mileage, and 13 lakhs on tolls and probably 40 or 50 lakhs on petrol.

The petrol tax is not direct and is not felt in the same way as direct taxation; but out of the direct tax imposed in the cities, more than 3/5ths is actually in the form of a tax on vehicles and not on mileage. A complaint has been made that a consolidated tax would be felt because people would be paying even though they might not be using the roads, but that is the situation at present in towns, and the greater part of your taxation is in the form of a fixed tax per vehicle. It should be substituted by this new hundredweight tax, not on registration or re-registration, but simply as a tax per vehicle.

There is another point namely, that the position regarding the question of consolidation is quite different in the case of carts and in the case of

motor cars. Cars pay about  $\frac{2}{3}$  to  $\frac{3}{4}$  of the taxation as they go by the mile through petrol. The remaining  $\frac{1}{4}$  of the whole taxation may go to the Central Government or to the Local Body or to the Municipality, and out of this they pay about  $\frac{2}{3}$  in lumpsum. Most of the proposed tax, about half of it, would be simply the consolidated registration and existing wheel tax, and the effect of the hundredweight tax would be that the proportion paid per vehicle would be possibly 40 per cent. of the total taxation paid instead of 30 per cent. or 25 per cent. or 20 per cent. It would not show a very great variation from the present state of affairs.

Khan Bahadur Cooper mentioned the case of buses running from Satara. I have roughly calculated that such a bus may be paying Rs. 1,250 a year in petrol tax and might possibly pay about Rs. 400 in consolidated weight tax, and that private cars might pay about Rs. 125 and Rs. 150. But I should think that the buses really pay about ten times as much as the touring cars pay because the buses use the roads more.

I think it would be necessary to allow in some way for higher taxation in future. It may not be fair to crystallise things on the basis of what happens to be the revenue at present. Because under the present system of taxation of vehicles in municipalities and the rates of tolls which happen to be levied (4 or 2 annas or 0-1-3 or whatever happens for historical reasons to be levied just now), certain municipalities are likely to be rates or happen to have fixed upon certain rates of ~~taxation~~ likely to be think that it would be wise to crystallise future arrangements on a percentage basis on what happens to be the state of things at present. It may be better to base it on some other more flexible basis which are directly related to the needs of the local bodies or areas concerned, instead of simply accepting conditions as they happen to be. I think it would be dangerous to do that, and I would prefer some logical basis for calculating the amounts which should be distributed, with an eye to the changing conditions which are likely to affect the different bodies concerned in different ways. Probably the distribution may not vary much but I do not think it should be rigid and, on principle, I do not think it should be rigidly fixed in relation to conditions which happened accidentally to exist during this year or for a certain period of years.

As regards the tolls and the question whether we should give up the toll system in the case of motor cars and retain it for carts, the maintenance of the present establishment would not impose any additional burden. The burden would be the same as you will get the whole of your motor taxation collected without any additional establishment. The total establishment remaining would be no greater than before. As a matter of fact the collection of the bullock cart tax probably does not require such a large and expert staff as is required to collect the motor car tax. It might also be possible to reduce the number of tolls retaining only the most profitable. You may reduce the tolls in which the incidence of the cost of collection is very high on the net revenue and





*Khan Bahadur Cooper* : As far as I understand, there are very few roads in Sind and consequently very few tolls.

*Mr. Bowers* : What about district local board roads and municipal roads ?

*Khan Bahadur Cooper* : Let the municipalities recover a wheel tax from the owners of vehicles, and Sind can be excluded.

*Mr. Bhagat* : Point 3 has incorporated into it (1) what would be the effect if Sind were not excluded, and (2) what would be the effect if Sind were excluded. Now, the financial effect on the presidency if Sind were excluded, would depend upon what decision Government reach as a result of the views expressed here. If Government think that on the whole it is not convenient to introduce this compound tax, question No. 3 does not arise at all. If Government decide upon a certain course, the effect will have to be calculated by the Government officers.

*The Chairman* : Any further remarks ?

*Rao Bahadur Angadi* : I do not think any remarks are called for. The third item really arises out of the first two items. Since we have had a discussion on the first two items, it applies also to the third item. Therefore, no special discussion is necessary on the third item. Sind may or may not be included : it is immaterial. Probably, I feel <sup>that</sup> we should not have much interest for Sind since Sind is likely to be separated.

*Mr. Reed* : Mr. Chairman a number of speakers have asked if the Government proposals were accepted what benefits will accrue and to whom ? It seems to have been lost sight of that a very considerable benefit in the shape of a reduction in taxation of 5 lakhs will accrue to all road transport users and as such the cost of transportation by Motor vehicles and every other forms of vehicle will be reduced.

The cost of transportation is of vital importance to the agriculturist and to an almost equal extent to all industries and trade in the Presidency and anything calculated to reduce the cost of transportation will have benefits of a far more reaching nature than the obvious immediate advantages of the Government scheme to the motorist and transport user in the shape of more equitable less irritating and lower taxation. The proceeds from the taxation on motor transport that go to the Central Government will be found to have fallen considerably during the last two years and this is due to the high incidence of the taxation which has caused the present high costs of road transportation. It is reasonable to suppose that if these be reduced the position will reverse and with lower transportation costs there will be an increase in the use of road transport which in turn will enhance the receipts from the taxation of road transport of both the provincial and central revenues. It may be possible then to increase the amount allotted to the local bodies and the municipalities far beyond the figures which have been given in Government's note.

Throughout the discussion speakers seem to have entirely lost sight of the fundamental facts that under the Government's proposal very considerable benefits will accrue to all road transport users and the cost of transportation in the Presidency will be reduced.

*The Chairman :* Gentlemen, before we close I have to offer you my grateful thanks for the very kind manner and the very co-operating manner in which you have assisted Government by giving your views very frankly and very candidly and all I can say at the present moment is that we have official reporters here and all your views have been taken down and I can assure you that they will be taken into very careful consideration by Government before coming to a decision on this very important question. I can also say that the discussion of this afternoon has opened our eyes to many points which we had not thought of and this discussion has really been very useful and is going to serve a very useful purpose.

I thank you, Gentlemen, for kindly responding to our invitation.

The Conference is over.