Registered No. 4 of 1878.

15/2/78

THE

Bombay Government Gazette.

Published by Authority.

SATURDAY, 9TH FEBRUARY 1878.

☞ *Separate paging is given to this Part, in order that it may be filed as a separate compilation.*

PART V.

PROCEEDINGS OF THE LEGISLATIVE DEPARTMENT, BOMBAY.

The following Extract from the Proceedings of the Governor of Bombay, in the Legislative Department, are published for general information :—

Abstract of the Proceedings of the Council of the Governor of Bombay, assembled for the purpose of making Laws and Regulations, under the provisions of "THE INDIAN COUNCILS ACT, 1861."

The Council met at Bombay on Tuesday the 29th January 1878, at noon.

PRESENT:

His Excellency the Honourable Sir RICHARD TEMPLE, Bart., G.C.S.I., Governor of Bombay, *Presiding*.

His Excellency the Honourable Sir CHARLES STAVELEY, K.C.B.

The Honourable J. GIBBS.

The Honourable L. R. ASHBURNER, C.S.I.

The Honourable the ADVOCATE GENERAL.

The Honourable E. W. RAVENSCROFT, C.S.I.

The Honourable Rao Saheb VISHVANATH NARAYAN MANDLIK, C.S.I.

The Honourable NACODA MAHOMED ALI ROGAY.

The Honourable Colonel W. C. ANDERSON.

The Honourable WALTER LANG.

The Honourable DOSABHOY FRAMJI, C.S.I.

Papers presented to the Council.

The following papers were presented to the Council :—

1. Letter from Messrs. Hormusji Cursetji, Bomanji Cursetji, and Heerjibhoy Cursetji, administrators to the estate of the late Mr. Cursetji Cowasji, dated 26th November 1877, forwarding for the consideration of the President and Members of the Legislative Council copy of their memorial, dated 3rd November 1877 (with an Appendix), addressed to His Excellency the Governor in Council, on the subject of the General Abkari Bill (No. 3 of 1877).

2. Petition from Mr. Nanabhoy Byramji and others, dated 22nd November 1877, regarding the General Abkari Bill (No. 3 of 1877).

3. Letter from the Secretary to the Chamber of Commerce, dated 18th December 1877, submitting for consideration a representation on the subject of the Town Duties levied by the Municipality of Bombay under the Bombay Municipal Act of 1872.

4. Petition from the Bombay Association, dated 28th December 1877, regarding the General Abkari Bill (No. 3 of 1877).

5. Letter from the Chairman, Municipal Corporation, Bombay, dated——December 1877, submitting a resolution passed at the meeting of the Corporation held on the 4th instant, relative to the provision made in the General Abkari Bill (No. 3 of 1877) to repeal Bombay Act IX. of 1867.

6. Petition from the Bombay Association, dated 25th January 1878, submitting representations regarding the Bombay Municipal Act Amendment Bill (No. 6 of 1877).

Mr. Ashburner moves the First Reading of the Bombay License Bill.

The Honourable Mr. Ashburner moved the first reading of Bill No. 1 of 1878 (A Bill for the licensing of trades and dealings in the Presidency of Bombay). Mr. Ashburner said: Your Excellency and the honourable members of the Council are aware that during the last 20 years some of the most fertile and populous districts of India have been devastated by famine. The North-West Provinces have been visited by famine twice; and Bengal has been visited twice, on one of which occasions the province of Orissa lost one-fourth of its inhabitants by famine. Rajputana has also had its famine,—in 1869 it lost an estimated number of a quarter of a million of inhabitants; and last year Madras and the southern districts of Bombay were visited by a famine, the severity and extent of which were beyond anything of which we had any previous experience; but owing to the energy with which it was met, the profuse expenditure of capital, the devotion of our public officers, and the charity of the public of England, the mortality was comparatively trifling. Experience has taught us to believe that famines are one of the ordinary incidents of administration to be provided for in India, but as omelettes are not to be obtained without breaking eggs, neither can famines be combated without profuse expenditure of money. How to raise this money in a manner the least oppressive to the people has been the anxious consideration of Government for the last few months. After mature consideration it has been decided to raise it by re-establishing the taxes on trades which were abolished by Act XIX. of 1844, I think. This tax falls upon a class who, with the exception of a trifle contributed to the Customs and to Salt, actually pay nothing into the public treasury,—nothing for that security of life and property to which, in fact, they owe their prosperity. They are, therefore, very legitimate subjects for taxation. The tax will take the form of a license, but although the traders will be divided into classes according to their trades, there will be none of those inquisitorial proceedings which rendered the Income Tax so unpopular. The only approach to an inquiry will be at the instance of the trader himself, who, if he thinks he is over-assessed, can produce his books as evidence to show that the assessment exceeds 2 per cent. of his net earnings. With this exception there will be no inquiry whatever. The maximum of the tax will be Rs. 200 and the minimum Re. 1, subject to modification in the Select Committee. I may be expected to state how we propose to expend the money we shall raise by this tax. In reply I may refer to the able exposition of the policy of the Government of India which appears in Sir Andrew Clarke's speech before the Vice-regal Council, but I may summarise it by saying we propose to spend it in three ways,—in water-ways, in railways, and in road-ways. I apologise for the inadvertent pun. We do not propose to allow gentlemen who have what I may call "water on the brain" to ride their hobbies at our expense, but if they feel confidence in their schemes, we shall be prepared to listen to them and to give them every assistance and support in carrying them out. We, however, with this reservation, propose to push on works of irrigation and navigation wherever they are practicable. Experience has taught us that facilities for communication are all that is necessary to enable us to combat famines successfully. During the late famine it was found that wherever there were communications, that was quite sufficient. The ordinary operations of trade did all else that was necessary; the surplus food of one district was conveyed to the starving population of another with the utmost certainty and precision. With these observations, I beg to move that the Bill, which has been published in the *Government Gazette*, be read a first time.

The Honourable Mr. Lang said—As I intend to vote against the first reading of this Bill, I desire to make a few remarks. Any legislation which has for its object the raising of taxation for the general benefit of the country at the expense of a portion of the community is, I think, unjust. The Statement of Objects and Reasons for the Bill, and the clause in the Bill which sets forth the purposes to which the funds raised by this taxation are to be applied, lay down that the application of such funds is for the mitigation and prevention of future famines. I can imagine no object for which all classes of the community should be more rightly called upon to contribute than this. Sir John Strachey, in his attempt to prove that the burden for the object of this taxation should fall on the industrial classes of India, stated that the general prosperity of these classes in Bengal has been immensely increased by the late famine in Madras. I am not in a position to controvert that statement as regards Bengal, but as regards the Bombay Presidency and, I think, the Central Provinces, I believe a great deal of the benefit which has resulted from the enhanced prices of grain has been reaped by the cultivating or producing class (except, of course, in the famine area)—a class which it is not intended to touch by this new taxation. Almost throughout the great grain-exporting centres during the famine prices were very high, and in many cases they were much higher than in the famine districts, and the trading classes in consequence very frequently suffered severe losses in their ventures. They not only suffered losses in that respect, but they also suffered very considerable losses in consequence of the railways on this side of India being perfectly incapable of carrying their grain to the famine districts, except with a delay of weeks, and often months. I think, therefore, that the great benefits which are stated to have been so marked in Bengal from the late famine have not been realized in this presidency. Sir John Strachey appears to have argued that enhanced prices of food grains must necessarily mean enhanced profits to the trading classes, but I think that those best qualified to judge of these matters will admit that high prices of grain very often lead to heavy losses amongst the trading classes. High prices no doubt enrich the producer and some others, but I object to the conclusion that they must necessarily enrich the trading classes generally. Sir John Strachey also argued that because, in times of famine, very few priests, and schoolmasters, and lawyers, and people with fixed incomes, come on famine works, and because the poorer classes of traders and artizans do, therefore these independent classes should be exempted from contributing their fair share towards the alleviation and prevention of such distress in the future, and that the class which is immediately affected by famine, and the class which, according to Sir John Strachey, benefits so largely from famines, should alone bear the burden of this taxation. As I have already stated, there is no doubt that eventually the class which benefits most by famines is the producing class (except in the famine area); but if that class is already heavily taxed, it is no doubt perfectly fair to exempt them from further taxation. At the same time I consider that all other classes of the community, who are subjects of the same Government, and who alike share in the protection and advantages which accrue from that Government, should contribute alike, proportionately, their share to the general tax which it is found necessary to impose on the country. But even accepting the arguments of Sir John Strachey, I should like to know how the following tradesmen, &c., can profit by famines. These are mentioned in the schedule of the Bill introduced by Mr. Ashburner:—Companies registered under the Indian Companies Act of 1866; owners of cotton screws; persons keeping shops for the sale of European goods; hotel-keepers; wholesale dealers; dealers in precious stones; sugar refiners; cloth-sellers; metal-vessel sellers; fuel sellers; letters out of conveyances and cattle; contractors; printers and publishers; manufacturers of lack; brokers; bill-brokers; dealers in gold and silver lace; druggists; harness-makers; and dealers in metals not being merely artizans. I say, without any hesitation, that all these occupations and trades, instead of profiting by a famine, lose immensely by it. The only people mentioned in the schedule, then, even according to the argument of Sir John Strachey, who *can* profit by famines, are bankers, professional money-lenders, commission agents, pawn-brokers, and money-changers. Are these people alone to be taxed for the benefit of the country? Even although a dealer in grain may profit by a famine, there is no reason why a dealer in precious stones should profit by a famine also. The argument used on this point appears to me to be very much this,—that, supposing England was involved in a war, and a number of contractors made a vast sum of money out of Government in consequence of taking up war contracts, Government should, therefore, afterwards say to them, "It is necessary for us to raise extra taxation for the increase of our army, and as you have made large profits out of your war contracts it is our intention to tax, not only you, but every one in the country who calls himself a contractor." If there is any one industry in Bombay which is at present in great straits, it is that of the cotton presses. They are already taxed for the Cotton Frauds Department and for the Boiler Inspection Department, and a great many of the companies are at present considering how they can best dispose of their property, even at a ruinous loss, and so close their works. And yet these cotton presses are amongst the objects specially singled out for this new taxation, while the professional classes of the country, who, we all know, enjoy the largest incomes and the greatest prosperity, are entirely exempted. On these grounds, therefore, and on the ground that the Bill is opposed to all equitable principles of taxation, I shall oppose the first reading. On the other hand, I shall be very happy to support any measure that may be introduced, whereby all classes of the community alike may be taxed for the objects of this Bill, admitting, as we all must, that the raising of funds for the mitigation and prevention of famines is a necessity.

The Honourable Mr. Mandlik—I think that persons coming under Class III. in the schedule of this Bill are already so heavily taxed by the last Salt Act, that I think, especially during the next two or three years, it would be very inadvisable to tax them further for any purposes whatever. With regard to the remaining classes, I agree generally with what the Honourable Mr. Lang has said, and it is unnecessary for me, after his speech, to explain my views further.

The Honourable Mr. Rogay—As the introduction of this License Tax Bill into the local Council invite criticism on the financial policy of the Government of India, I will, with your Excellency's permission, offer a few remarks on the general policy of the Government of India, as well as on the question of advisability of passing this special legislative enactment in this presidency. Sir John Strachey, in his speech, stated that it would have been very light work for him if retrenchment were possible in the civil administration of the country, and he challenged any one to show any branch of the service where retrenchments were possible without detracting from the efficiency of the service. To frame a regular reply to this challenge a great deal of information would be necessary, which is not readily obtainable; but I think a general reply will be quite enough to show that retrenchment and reduction can be made if it is the policy of the Government to do it, that is to say, by not creating new offices further than is absolutely necessary. Honourable members are aware that we had two Revenue Commissioners in the Presidency of Bombay and a third one has been appointed. If economy had been the policy of Government, they would not have been justified in creating in such a financial year a third Revenue Commissionership, which means £5,000 a year additional expenditure from the revenues of India. I hope Government will lose no opportunity of retrenching and remodelling in all their departments with a view to bringing about a financial equilibrium. To bring about a financial equilibrium we must resort, in the first place, to additional taxation. It is the duty of every Government to reduce its public expenditure, and when it finds that it cannot in this way meet the difficulty before it, in that case alone it is justified in resorting to additional taxation. This year being of an exceptional character, I would not object to pay my quota towards famine expenditure. I think that every one of us ought to be thankful to the English nation in general, who contributed so generously to the relief of our poor countrymen, and to the Anglo-Indians who, as trustees of this vast Empire, tried their best to mitigate the sufferings of the people. The License Tax proposed to be levied by this Bill touches the pockets of certain classes of persons, but leaves Government servants and some others who enjoy equal protection and prosperity under the rule of our Gracious Sovereign without their pockets being touched at all. The principle of such a tax should be that every subject of Her Majesty in India should contribute to the support of the relief measures taken by Government and to meet the financial difficulty brought about by the periodical visitations of famine in India. A License Tax in that case on the same principle as that of 1867 would be a far better kind of tax than the one now proposed. That touched the pockets of all classes without subjecting them to inquisitorial proceedings as was the case with the Income Tax. This License Tax now proposed would affect the third class of traders, &c., named in the schedule very injuriously. Taking the average income of persons of this class as Rs. 100, they will be called on to pay Rs. 5, or 5 per cent. of their income, which is more than the last Income Tax amounted to. The application of the License Tax to people, especially poor classes of people, who are already contributing their quota to the famine expenditure by paying a higher salt tax, will make it a double impost. I should be happy to see a tax on incomes above a certain amount introduced throughout India. To call on people to pay their share by way of an income tax would be the most equitable form of taxation, with all its disadvantages. It is necessary in certain cases of national calamity to submit to such disadvantages. The Local Governments, by Sir John Strachey's policy, are to be entrusted with powers for reduction of expenditure as well as for the collection of revenue, and for providing means for protecting the people against famine. Sir John Strachey says :—

"When I endeavoured to explain to the Council nine months ago the measures taken by the Government at the beginning of the present financial year, I pointed out that the essential principles underlying the whole of the changes of system then made were these: we asserted the necessity of enforcing, so far as this was practicable, the responsibility of every great province of the Empire for meeting its own local wants; we gave to the Local Governments largely increased powers; we gave them, for the first time, a direct interest in the development of the revenues; and we gave them, at the same time, strong incentives to economy. And among the responsibilities thus transferred to the Local Government, we included one, perhaps the greatest and the most important of all, that of providing the means of protecting the people of their own provinces against famine, and of meeting, to the full extent of what was possible, the cost of relief when famine actually occurred. To this policy we firmly adhere. It has received the cordial approval of Her Majesty's Government in its main outlines, and through its extension and development it is that we propose to apply the measures we now contemplate."

That being so, and the responsibilities of the Local Governments being increased by the Government of India, I think there ought to be some provision by which the surplus which will be available from the imposition of this License Tax, or any other tax which may be imposed, may be devoted to the purposes mentioned. As our responsibilities are increased, we ought to have sufficient funds to enable us to meet those responsibilities. But section 22 of the Bill says :—"The amount so credited shall be applied, in such manner as the Governor General in Council thinks fit, for the purpose of defraying expenditure incurred or to be incurred for the relief and prevention of famine in any of the territories administered by the said Government, or, if the Governor General in Council so directs, in any other part of British India." I now come to the question of the exemption of Government servants. No one can deny that the Government servants suffer on account of the high prices which rule in times of famine, but other classes of persons suffer proportionately, and I do not see any reason for exempting officials when the poorest classes of people are called upon to contribute to famine expenditure. I am opposed to this Bill as it stands, because it does not bring all classes under its operation, and it will press more harshly on the poor than on the rich.

On the motion being put to the vote, it was carried by 7 to 3, the order of voting being :—

Ayes.	*Noes.*
His Excellency Sir Charles Staveley.	The Honourable Mr. Mandlik.
The Honourable Mr. Gibbs.	The Honourable Mr. Rogay.
The Honourable Mr. Ashburner.	The Honourable Mr. Lang.
The Honourable the Advocate General.	
The Honourable Mr. Ravenscroft.	
The Honourable Colonel Anderson.	
The Honourable Mr. Dosabhoy Framji.	

The Bill read a first time and referred to a Select Committee.

The Bill was accordingly read a first time and on the motion of the Honourable Mr. Ashburner, a Select Committee, consisting of the Honourable Mr. Gibbs, the Honourable Mr. Lang, the Honourable Mr. Ravenscroft, the Honourable Mr. Dosabhoy Framji, and the Mover, was appointed to consider the Bill, with instructions to report by Friday the 1st February.

His Excellency the President then adjourned the Council till Friday the 8th February.

By order of His Excellency the Honourable the Governor in Council,

JOHN NUGENT,
Under-Secretary to Government.

Bombay Castle, 29th January 1878.

v.—10

BOMBAY: PRINTED AT THE GOVERNMENT CENTRAL PRESS.