REPORT OF THE COMMISSIONER ON SALT IN BRITISH INDIA

1856

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PAPERS

IN CONTINUATION OF THE

APPENDIX

TO THE

REPORT OF THE COMMISSIONER

ON

SALT

IN

BRITISH INDIA.

Presented to both Houses of Parliament by command of Her Majesty.
July 29, 1856.

LONDON:
PRINTED BY HARRISON AND SONS.

APPENDIX V.

Punjab Papers.

APPENDIX W.

ERRATA.

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412. K No. 3.—For the present marginal note of paragraph 3, substitute the following :—

"NOTE.—For a complete statement of sales from 1806-7 to 1852-53, see Appendix B, Enclosure No. 3, Part II, Madras." (p. 126.)

412. For the present marginal note of paragraph 4, substitute the following :—

"NOTE.—For a statement of retail prices from 1816-17 to 1852-53, See Appendix B, Enclosure No. 26, Part II, Madras." (p. 194.)

GEO. PLOWDEN,
Commissioner.

Nagpore April 28, 1856.

No 395

(11)

(1)

CONCLUSION

OF

THE COMMISSIONER'S REPORT

ON THE

MANUFACTURE, SALE, AND TAX ON

SALT

IN BRITISH INDIA;

IN CONTINUATION OF THE REPORT LAID BEFORE PARLIAMENT, BY HER MAJESTY'S COMMAND, ON THE 24TH OF APRIL, 1856.

Presented to both Houses of Parliament by Command of Her Majesty.
July 29, 1856.

LONDON:
PRINTED BY HARRISON AND SONS.

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3. Nor would a few capitalists obtain a monopoly.
4. Nor need there be more evasion of the tax.
5. Nor, under a *regulated* Excise, need the preventive system be more expensive, or more vexatious, than at present.
6. It is not practicable to render the manufacture and sale of salt in Bengal absolutely free.
7. A system of modified Excise is perfectly feasible.
8. The Excise system commenced in the twenty-four pergunnahs, should be extended gradually, as speculators become prepared to take the field.
9. At the present moment the Government have done all that can be done to encourage private manufacture, without incurring the risk of a dearth of salt.
10. The agency establishments should be revised, and the pay of the native officers employed in superintending the manufacture increased.
11. In Tumlook, and the Province of Cuttack, the preventive agency should be separated from the manufacturing agency, as elsewhere.
12. The preventive force should be concentrated in greater strength in the neighbourhood of the Government manufacture, and the guarded tract might be still further limited.
13. The practice of indorsing rowannahs might be entirely abandoned.
14. The pay of the subordinate officers of the preventive establishment should be raised.

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15. Under the proposed system of Excise, probably no great change will be practicable in the preventive arrangements.
16. The system of retail and local sales at reduced prices, should be abandoned at once.
17. The wholesale prices of Government salt are adjusted with as much accuracy as is possible.
18. One general price should be fixed for all kinds of salt conveyed for sale to the Sulkea depôt.
19. The present bonding rules give full satisfaction.
20. The treatment and condition of the Molunghees are open to no objection.
21. Nor, under the proposed system of Excise, do the Molunghees need to be specially protected.
22. The laws for the protection of the Salt Revenue do not operate with undue severity.
23. The Salt Tax is the only tax which labourers in India are *obliged* to pay.
24. Salt is *not* the only condiment an Indian labourer consumes with his food.
25. The Indian labourer lives under a less burdensome fiscal system than the English labourer.
26. No less objectionable tax than the Salt Tax can be pointed out.
27. The Salt Tax, even at its present high rate in Bengal, is not "a heavy and grievous burden" to the labouring man.
28. At the same time, the tax is positively too high.
29. The tax should be reduced 8 annas per maund, if at all.
30. The Select Committee of 1836 did not intend to recommend that the Salt Revenue should be kept down to a fixed amount.
31. The rate of duty should be reduced at once to 2 rupees per maund, if the finances can bear the loss which the measure would cause for several years to come.
32. In time, the rate of duty might be reduced, throughout the Bengal Presidency and the Punjab, to 1 rupee 8 annas per maund.
33. *Arracan.*—The extension of the Salt Tax to Arracan not expedient at present.
34. The private exportation of salt from Arracan to the eastern districts of Bengal should not be allowed, except from a Government depôt.
35. Nor to Calcutta, by way of the Soonderbuns.
36. But private exportation to Calcutta, by the sea route, should be freely permitted.
37. *Tenasserim and Martaban Provinces.*—The Salt Tax should not be relinquished in these Provinces.
38. The rate of Excise should be raised to 8 annas per earthen pot.
39. On export by sea a drawback should be allowed. On import, Customs should be levied at the Excise rate.
40. *Pegu.*—In Pegu a drawback should be allowed on salt exported by sea.
41. No Customs duty should be levied on the exportation of salt by land.
42. The Customs duty on imported salt should be reduced to the Excise rate.
43. *North-Western Provinces.*—The Lieutenant-Governor's Notification of the 9th of May, 1855, in so far as it affects the Saugor and Nerbudda territories, appears to want authority.
44. The Salt Tax in the North-Western Provinces is not burdensome to the labouring man.
45. Not half the salt consumed pays the tax.
46. The salt laws of the North-Western Provinces should be extended to Oude.
47. A very marked improvement should now take place in the collections from salt in the North-Western Provinces.
48. Eventually the customs on sugar and cotton should be abolished.
49. The abolition of the Allahabad Customs' line depends upon the reduction of the Bengal duty to 2 rupees per maund.
50. The saving by the abolition of the Allahabad line might be expended in strengthening the new line on the western frontier.
51. *Punjab.*—No better system could be established in the Punjab.
52. Nothing would be gained by allowing private manufacture.
53. It is a question whether the price of salt at the mines should not be raised to 2 rupees 2 annas per maund.
54. The Salt Tax does not press severely on the labouring man.
55. The sales at present are in low proportion to the population.
56. The causes of this disproportion should be investigated and cured.

SECTION XI.

Concluding Observations.

ERRATA in Index to Paragraphs in the first portion of the Report presented to Parliament April 24, 1856.

Page xiii.	*For,* Manufacture of Salt. Process.—Appendix B, paragraphs 56 to 78, and Inclosure No. 4	529
	Read, Manufacture of Salt. Process.—Appendix B, No. 1, paragraphs 56 to 78, and Inclosure No. 4. Appendix B, No. 2, Letter D ..	529
Page xiv.	*For,* Average charge per maund made for salt put on board export vessels. Rates of shipping charges	581
	Read, Average charge per 100 maunds made for salt put on board export vessels. Rates of shipping charges	581

. PLOWDEN, *Commissioner.*

Report by G. Plowden, Esq., Commissioner of Inquiry on Salt, continued from page 119 of the Report laid before Parliament, April 24, 1856.

638. IT is not necessary that I should elaborate the details of the Excise system to be substituted, or enter into particulars of the mode of introducing it. These details may properly and safely be left to the Board of Revenue, who fully admit the practicability of the substitution, and are quite prepared to carry it out. It is sufficient to observe, generally, that the existing system should be assimilated to the system in force in the Bombay Presidency, which, as has been seen, it already very closely resembles in its details, though not in its principles. Complete materials exist in the present Report and its Appendices for the determination of the plan, and the preparation of a set of rules; and a comparison between the details of the two systems will indicate the improvements which might be adopted from each for the benefit of the other. For instance, the weak point in the Bombay system is, that a sufficiently correct account of the stock of Salt in hand is never secured; which might be remedied by the adoption of the Madras method of measuring into store and taking stock.* And again, on the important point of storage, it is certain, that in the Bombay Presidency, the stocks might be much more effectually and economically guarded, and much less wastage would take place, if the Salt were all stored at one place, in the immediate neighbourhood of the pans, within raised enclosures, as at Madras, in place of being scattered in small heaps all over the works.† It might be necessary, in furtherance of this object, to require that all individual produce below a certain quantity should be heaped in common up to a certain quantity; but such a rule, affecting only small producers, might, as it appears to me, be very reasonably insisted upon. The point is noticed by Mr. E. Maltby, the third Member of the Board of Revenue, in the 9th paragraph of his Minute,‡ dated the 24th of June, 1854. He there proposes, with th iew of obviating the additional expense which would be incurred extending the platforms, and employing extra servants to guard hem, if each proprietor's small stock of Salt were stored separately that the system of storing the Salt in 10 garce§ heaps should be con ued; and that the several small proprietors should elect among themselves an individual to represent them in disposing of the Salt. As the quantity contributed by each to the heap would appear in the depôt accounts, disputes, he observes, would seldom occur, and be easy of settlement. Mr. Maltby overlooks that the varying quality, and, consequently, value of the produce would constitute the real ground of objection on the part of the proprietors to store their Salt in common; but I do not think that this objection should be allowed to weigh in the case of very small parcels; nor would it be a difficult matter, as it appears to me, to construct the heaps very much according to quality.

The details of the Excise system to be substituted, and the mode of introducing it, may safely be left to the Board of Revenue. Generally, the system in force in the Bombay Presidency should be followed.

639. As the transition will be simple, it should be entered upon at once; and though the change must be in a measure gradual, no long period need intervene before it is fully carried out. In the district of Malabar, where the monopoly manufacture was finally

The substitution should be entered upon at once. In the district of Malabar, where there is no monopoly manufacture, private manufacture under an Excise should be immediately permitted. So

* See Paragraphs 358 to 362, and Paragraphs 533 and 534.
† See Paragraphs 170, 533, 535, and 536.
‡ Appendix E, No. 34. § 1200 maunds.

also, in Canara, the remnants of the monopoly manufacture there being relinquished. The Excise system might also be substituted at once in the Madras Collectorate.

relinquished in 1823, and the whole supply of Salt is now obtained from Bombay, private manufacture under an Excise should at once be permitted. In like manner, the remnants of the expensive monopoly manufacture in Canara should at once be relinquished, and private manufacture under an Excise permitted, the whole quantity of Salt required for the consumption of the district, and not supplied by private manufacture or private importations, being purchased, as the additional supply for the service of the monopoly now is, from Bombay. The Reports* of Mr. F. N. Maltby, the Collector of the district, prove conclusively the expediency of this course, and show that he is a very fit person to carry out the change. The cost of manufacturing a garce of Salt in Canara, for the service of the monopoly, is now rupees 25 : 8. If the manufacture were thrown open, a garce, Mr. Maltby believes, might be made for rupees 5, that being about the cost of producing a garce of Salt in the adjoining Goa territory.† The change might also, as it seems to me, be introduced at once, and without any difficulty, in the Madras collectorate, where it would have the advantage of being carried out under the eye of the Board of Revenue and the Government.

SECTION III.

ON VARIOUS QUESTIONS CONNECTED WITH THE PRESENT STATE OF THE SALT REVENUE SYSTEM.

Notice of the more prominent questions connected with the existing system.

640. I PROCEED to notice, briefly, the more prominent questions connected with the existing system and its administration.

Swamp Salt should be turned to greater account under Excise regulations.

641. *Swamp Salt.*—See paragraph 563. The attention of the authorities should be directed to turning the Salt spontaneously produced in marshy swamps to greater account, by renting out the swamps under Excise regulations, in place of destroying their produce.

The manufacture of Earth Salt should be authorized under Excise regulations.

642. *Earth Salt.*—See paragraphs 564 to 573, and Appendix G. The simple and appropriate solution of the difficulties relating to Earth Salt, since it has been proved to be a perfectly wholesome condiment,‡ appears to me to be to authorize the manufacture, under Excise regulations, imposing the same rate of duty on that Salt as on Sea Salt, as was provided by the Excise Law drafted by the Board of Revenue in 1804.§ In the Bombay Presidency, the Salt produced in the Deccan, by washing different saline earths has recently been subject to the same Excise duty as all other Salt.‖

Any Excise regulations which can be applied to the manufacture of Marine Salt in Bengal may be equally applied to the manufacture of Earth Salt in the Madras Presidency.

643. It is objected that the licensing system is incompatible with the habits and condition of the people; but this is certainly not made out. It is further objected, that, as the works are on a small scale, and are, or might be, scattered over a vast extent of remote and uncleared country, the manufacture could not be excised without disproportionate expense and very vexatious interference. But the structure of the brine works, and the method of obtaining the brine are, as has been seen,¶ precisely the same as in the Bengal Agencies; and the manufacture is not susceptible, it may be presumed, of being spread over a wider range of uncleared country than the Bengal manufacture. It, therefore, follows that any Excise regulations which can be applied to the manufacture of Marine Salt in Bengal, may be equally applied to the manufacture of Earth Salt in the Madras Presidency.

The Excise regulations which have been found suitable in Bengal should, therefore, be adopted; and measures should also be taken to prevent the clan-

644. The Excise Regulations which have been proved by experiment to be suitable to the Bengal manufacture, will be described in

* Appendix E, Nos. 15, 16, 17, and 30.
† See Appendix C, No. 15 Replies to Queries, 12 and 13.
‡ See Paragraphs 565.
§ See Paragraph 616.
‖ See Paragraph 187.
¶ See Paragraph 564.

destine introduction of Earth Salt from Poodoocotta and Mysore.

the sequel, and ought, in my judgment, to be adopted at once in Bellary and Kurnool, in supersession of the Mohturpha tax, now levied on the manufacturers of Earth Salt in those districts; in Cuddapah, where no tax is at present levied on the large manufacture which is known to exist, and in every other district in which Earth Salt can be produced, all manufacture, except under an Excise licence, being strictly prohibited. Measures should, at the same time, be taken to prevent, or to levy Customs upon, the importation of Earth Salt into Tanjore and Madura, from the intermediate State of Poodoocotta, and into Canara from Mysore.

The same rate of Duty should be levied on Earth Salt as on Sea Salt.

645. The Board of Revenue collectively would levy a lower rate of Excise on Earth Salt,* but one of the Members, Mr. E. Maltby, would apparently levy a higher rate. The Excise on Earth Salt, he says, "should be so fixed, as to prevent its having a preponderating advantage over the rival article."† I cannot agree in either of these opinions. There should, obviously, as in Bombay, be no differential rate. The Board of Revenue, in their proposed Excise Law of 1804, rightly placed Salt produced from the sea, and Salt extracted from the earth, on precisely the same footing.

If an Excise upon the manufacture of Earth Salt should be impracticable, the Mohturpha now levied on the manufacturers should nevertheless be relinquished.

646. If it should be found impracticable to introduce an Excise upon the manufacture of Earth Salt, I am of opinion that the Mohturpha now levied upon the manufacturers, in the districts of Bellary and Kurnool, should, nevertheless, be relinquished. I can see no reason why the manufacturers in those districts should be taxed, while the manufacturers in Cuddapah, and wherever else Earth Salt is produced, are exempted from taxation; nor any reason why, if all other items of Mohturpha are to be abolished throughout the Madras Presidency, the Mohturpha on manufacturers of Earth Salt should be any where retained.

The true alternative, no doubt, is strictly to suppress the manufacture.

647. Absolute prohibition of the manufacture would no doubt be felt as a great hardship, and might lead, it seems to be apprehended, to disturbances;‡ otherwise there can be no question that, if Earth Salt cannot be brought under contribution to the Revenue upon the same terms as Sea Salt, the true alternative for the due protection of the Revenue, derived from the latter, is strictly to suppress the manufacture of the former.

But if the manufacture can neither be excised nor suppressed, the only other course is to leave it absolutely free.

648. At present, the consumption of earth Salt, produced in the Districts of Bellary and Kurnool, ostensibly displaces the consumption of Sea Salt to the extent of about 1,137 garces, yielding a Mohturpha Revenue of about 13,400 rupees per annum,§ which is an insignificant sum; but it is probable that, in reality, a much larger quantity of Earth Salt is produced in these districts; and if the manufacture were permitted, and entirely exempted from taxation, no doubt it would be greatly extended, not only in these districts, but wherever else it exists, or could be introduced. Still, if the manufacture can neither be taxed under a well regulated system, nor totally suppressed, there seems to be no middle course; the only other alternative is to leave it absolutely free.

Contrary to all expectation, scarcely any Salt is exported from Madras to Bengal for private sale.

649. *Exportation of Salt by sea.*—See paragraphs 517 to 527, and Appendix H. It was the unanimous opinion of all parties, however much they differed on other questions concerning Salt, that, under an open trade and equal duties Bengal would be chiefly supplied with Salt from the Coromandel coast; but, contrary to all expectation, scarcely any Salt is exported from Madras to Bengal by private enterprise, notwithstanding that it is the nearest country; that Salt can be manufactured there more cheaply than anywhere else; and that it stands in constant need of what Bengal can supply in return, viz., corn.

At the same time, from other countries, and more especially from Great Britain, the private importations of Salt into Bengal have, of late years, been very large.

650. The private trade in Salt to Bengal first showed a tendency to advance in 1835, in which year 2,84,858 maunds of Foreign Salt were imported; and the Differential Duty being abolished in the fol-

* See Appendix B, Paragraph 218.
† See Appendix E, No. 34, Paragraph 13.
‡ See Appendix G, No. 6, Paragraph 8.
§ See Paragraph 566.

lowing year, the quantity continued steadily to increase until 1851-52, when it amounted to 31,14,340 maunds, or more than half of the whole quantity* of Salt taken out for consumption in Bengal, in that year. While of this large supply, 18,50,762 maunds were imported from Great Britain, 4,18,877 maunds from Bombay, and 4,39,386 from the Gulfs, only 1,40,047 maunds were imported from Madras. In the following year, 1852-53, out of Foreign importations amounting in the aggregate to 28,53,700 maunds, only 69,256 maunds came from Madras.† And, it must be remembered, that these quantities from Madras include, not only the Salt imported for private sale, but also the Salt received on indents of the Bengal Government. According to a statement in the Appendix,‡ the private exports of Salt from Madras to Bengal, and all other places, amounted in the year 1851-52, to 1,76,300 maunds and in 1852-53 to only 12,600 maunds, the quantities exported in the preceding years, from 1835-36, though generally larger, having also been, on the whole, quite insignificant. The figures in this statement are not, however, reconcilable with those shown in a statement annexed to paragraph 122 of the Memorandum § of the Board of Revenue, which professes to distinguish the exports on private account to Bengal alone. According to this latter statement, these exports amounted in 1851-52 to 1,53,000 maunds, and in 1852-53 to 92,066 maunds.

Remarks of the Madras Board of Revenue on this state of the private trade.

651. On this state of the private trade, the Madras Board of Revenue remarks as follows: ||—

"As to private trade, it does seem that a larger export might be expected. The price at wh[illegible] Salt can be landed in Calcutta by private trade is as follows for ever[illegible] maunds:—

	Rupees.	
Can be put on board on th[illegible] for	15	per 100 maunds.
Freight, say 10 rupees per [illegible] or	36·7	
	51·7	
Import duty at $2\frac{1}{2}$ rupees per maund	250	
	301·7	per 100 maunds.

"According to Mr. [illegible]orthington,¶ the expense from England would be—

	Rupees.	
Can be put on board at Liverpool for 13*s.* per ton, or	23·8	per 100 maunds.
Freight at 25*s.* per ton, or	46·0	
	69·8	
Import duty	250	
	319·8	per 100 maunds.

And even at this price it has greatly affected the Government sales; and yet, when Coast Salt can be landed for 52 rupees, less than a lakh of maunds were imported a[illegible]inst $29\frac{1}{4}$ lakhs, chiefly from England, at 80 rupees."

"It is not easy to stat[illegible] he true cause of this. Much is owing, no doubt, to the fact of the [illegible]lt in England being the private property of persons, who can suppl[illegible] [illegible]y quantity—are men of capital—and anxious, by every exertion, to find a market. Whereas in India, it is more of a speculation; as the parties selling the Salt have first to buy it, and convey it there in their own vessels, or take their chance of getting freight, which is very fluctuating at this port; and the mercantile connections of Madras and Calcutta are not so extensive as those between England and Calcutta.

* 60,61,563 maunds.

† See Salt Report of the Bengal Board of Revenue for the year 1852-53, Paragraph 4 and Statement No. 8, page 19.

‡ Appendix L, Column, 2.

§ Appendix B.

|| See Appendix B, Paragraphs 125 to 127.

¶ Parliamentary Paper, 4th Report, Indian Territories, 1853, page 183.

The restrictions which appear to the Commissioner chiefly to account for the state of the private trade.

652. To these causes may be added the following, as I think, much more important influences, viz.:

First, that Salt for export is procurable only at certain places of manufacture on the Coromandel coast, and only in limited quantities at those places.

Second, and more especially, that the privilege of exporting Salt to Bengal from the Coromandel coast has been confined to square-rigged vessels of not less than 200 tons bu[illegible]n.

These restrictions practically nullify, in the case of the Madras Presidency, the concessions of an open and equal trade in Salt to Bengal.

653. These restrictions, the former i[illegible]d by the Madras, and the latter by the Bengal Government, pr[illegible] nullify, with one hand, in the case of the Madras Presiden[illegible], the concession of an open and equal trade in Salt to Bengal bestowed with the other. It may constantly happen that Salt has not been set apart for export at the places where, in the course of trade, it may come to be wanted, or that the limited quantity set apart at any place has all been taken up. In either case, intending shippers are subjected to disappointment, and this uncertainty of the supply is of course fatal to the establishment of a steady trade. The Gov[illegible]nment profess to regulate the supply to the demand, but no Gove[illegible]nent is in a position to regulate the export trade in any article. At the same time, the limitation in regard to tonnage shuts ou[illegible] the very class of vessels best calculated for the Salt-trade, and most likely to engage in it, both for its own profits and for the sake of the return trade in corn, viz., the native Dhonies, or vessels employed in the coasting trade; a class of shipping which it has always been considered politic to encourage, in order that, in time of need, it might supply Madras with grain; but which, it may be supposed, has been materially discouraged by this exclusion from the Salt-trade.

When the Bengal Government indent upon Madras for a supply of Salt, tonnage for its conveyance cannot be procured.

654. The diversion of the Madras shipping from the Salt-trade is, in consequence, so complete, that when the Bengal Government find it necessary to indent upon Madras for a supply of Salt, tonnage cannot be procured for its transport to Calcutta. Thus, in 1854 and 1855, when the Stocks of Salt had fallen very low in Bengal, owing to a sudden decline in the shipments from England, all attempts to obtain freight for the conveyance of a supply from Madras failed for a long time, if not altogether; and this, at a period when there was almost a famine at Madras from drought, and notwithstanding that, in order to encourage the import of grain from the abundant stores of Bengal, for the relief of this scarcity, the restriction, in regard to the tonnage of vessels, to be employed in the transport of Salt was, for the time, removed.

The practice of supplying the Bengal Government with Salt at a profit to the Madras Government unsound.

655. The practice of supplying Salt for the service of the Bengal monopoly, at a profit to the Madras Government, is, of course, unsound, and becomes wholly unintelligible, when, at the same time, no profit is taken on Salt supplied for private export. The present Board of Revenue are sensible of this, an[illegible] no longer object to supply the Bengal Government at the same rate [illegible]s private exporters, that is, at the uniform price of 15 rupees (instead of 25 rupees, and formerly 35 rupees), the 100 maunds, that being t[illegible] actual average cost of the Salt, including the charges for putting [illegible] on board. It is, however, still an error to charge the average, inst[illegible]d of the actual, cost.

The practice of obliging the carriers to purchase and pay for the Salt supplied to the Bengal Government equally unsound.

656. Equally unsound is the pract[illegible] of obliging the carriers to purchase and pay for the Salt supplied [illegible] the service of the Bengal monopoly, previously to its being shipp[illegible] reimbursing them for only the quantity they may deliver in good condition. It is not surprising that it should be a matter of great difficulty to procure the means of transport upon such terms, independently of any question of the rate of freight.

The reforms recommended by the Commissioner.

657. Under these several circumstances, I am of opinion that Madras Salt should at once be made available for private exportation by sea, not at certain ports only, but wherever it is manufactured, and not at one average price for the [illegible]hole Presidency, but at its actual cost at each place. In like manner Salt required for the service of the Bengal monopoly should be debited to that Presidency, at its

actual cost at the place from whence it may be supplied, its conveyance being separately contracted for, or effected by taking up vessels for the purpose; and, finally, the restriction in regard to the tonnage of vessels to be employed in the transport of Salt, temporarily removed, in consequence of a distressing scarcity of grain in Madras, and of an apprehended dearth of Salt in Bengal, should never be re-imposed. It may be, that, notwithstanding these measures of relief, the Salt-trade fr Madras to Bengal may still not expand, but it will, at all events. ' ir play, which, as it appears to me, it has never had yet.

The principle observed in the treatment of Foreign Salt stated.

658. *Import eign Salt.*—See paragraphs 583 to 588, and Appendix J. The principle at present observed in the treatment of Foreign Salt is to admit all such Salt to equal competition with the home-made article, the Inport Duty having been fixed at 12 annas the maund, because that rate was supposed to represent the average net profit per maund accruing on the monopoly sales.

In recommending the reduction of the Sea Customs' Duty on imported Salt from 3 rupees to 12 annas per maund, the Madras Government misapprehended the principle of the proposed measure.

659. In recommending the reduction of the Customs' Duty, leviable under Schedule A, Act 6, of 1844, on all Salt imported by sea into the Madras territories, from 3 rupees to 12 annas per Indian maund, in order to carry out the wish of the Court of Directors that the trade in Salt at Madras should be placed, "as far as possible, on the same footing as in the other Presidencies," the Madras Government evidently misapprehended the principle of the measure. They supposed "that the levy of this Import Duty would bring foreign Salt into the market at about the same price as that (1 rupee per maund) now charged o the produce of the monopoly, and that the home-manufactured art , and that introduced on private trade, would thus compete on rly equal terms."*

The rate of 12 annas was proposed, not for the purpose of equalising the Tax on all Salt, but in order to equalise the price of all Salt.

660. It was thus pr posed to reduce the Import Duty to 12 annas per maund, not because that rate represented the average profit derived from the Native Salt, but because it was calculated that, on an average, that rate would bring up the price of Foreign Salt to an equality with the price of the Native Salt. Upon this principle, supposing the calculation to have been that Foreign Salt could be imported, on an average, at 1 anna per maund, and that the average profit on the Native Salt was 12 annas, the Import Duty would have been fixed, not at this latter rate, but at 15 annas, in order that Foreign Salt might come into the market at the same price (1 rupee per maund) as the home article; and *vice versâ* if it had been calculated that Foreign Salt could be imported, on an average, at 8 annas per maund, the Import Duty would not have been fixed at the profit rate of 12 annas, but at 8 annas per maund, in order, as before, to equalise the starting price in the market of home and foreign Salt.

The Madras Government consider, but, it is obvious, erroneously, that competition on equal terms is secured by this mode of equalising prices.

661. The Madras G rnment consider that competition on equal terms is secured by s mode of equalising prices; but, obviously, in the former case e home article, and in the latter case the foreign article, would be ured. Competition on equal terms is promoted, not by forcing ces to an equality by the imposition of Differential Duties but, by ing prices to operate naturally by levying equal duties. The suppo n that equal competition is compatible with differential duties, im es a palpable contradiction and confusion of terms.

Accordingly, the Madras Government subsequently proposed to levy a special Differential Duty of 14 annas on Salt imported by sea from Goa, expressly to deprive it of its natural advantage of greater cheapness.

662. Accordingly, af e Government of India had sanctioned the reduction of the Impo ty to 12 annas per maund, on the supposition that that rate re ented the average profit derived from the native Salt, the Madras Government, in conformity with their interpretation of the Court's wishes, recommended the imposition of a special Differential Duty of 14 annas per aund on Salt imported by sea from Goa, expressly on the ground that Goa Salt could be brought into the Canara market so cheaply, that, at a duty of only 12 annas, it would undersell and drive out the native Salt. It was not argued that the t on Canara Salt exceeded 12 annas per maund. The confessed object was to deprive Goa Salt of its natural

* See Appendix J, No. VIII., Paragraph 1.

advantage of greater cheapness "by the imposition of such a special duty as would bring it into the market on equal terms with the Salt manufactured on account of Government. Twelve annas a maund," said the Government, "would, as appears from the Collector, be too low a rate of duty; 1 rupee would be too high. Taking 14 annas a maund, this would give 105 rupees per garce; and if to this be added $13\frac{1}{4}$ rupees for prime cost, charges, and profit, the Salt might be sold at rupees $118\frac{1}{4}$ per garce, or at a trifle below the monopoly rate, rupees 120."*

This misapprehension and proposed perversion of the true principle was carefully explained by the Government of India, but the object in view is still misunderstood by the Madras Government.

663. This misapprehension and proposed perversion of the true principle of the measure which had been sanctioned, was carefully explained in the reply of the Government of India,† and the proposition was dropped; but from the Minutes‡ of the Members of the Madras Government it is evident that the object in view is still misunderstood, and supposed to be, not free competition under a system of equal duties, but the equalisation of prices by the imposition of Differential Duties.

The Madras Government seem to argue that the home manufacture is entitled to protection by reason of its being shackled by subjection to a monopoly.

664. The understanding and argument of the Madras Government seem to be, that the home manufacture being shackled by its subjection to a monopoly, is, in fairness, entitled to protection by the imposition of a Differential Duty on Foreign Salt to such an extent as would bring both Salts into the market at the same price. This, however, is not what the Court desire, and the Madras Government profess to establish, viz., free competition, but exactly the reverse—to wit, protection for the monopoly, not indeed to a prohibitory degree, as when the duty was 3 rupees per maund; but to the extent of preventing Foreign Salt from entering the market at a cost below the monopoly price. The desire of the Court simply is, that, as in the Bengal and Bombay Presidencies, all Salt, whether imported or of native manufacture, should be subjected as nearly as possible to the same rate of duty. If, in the competition on these terms, the monopoly manufacture should, in any case, be driven out by foreign importations, the legitimate course in such a case would be, not to bolster up the monopoly by raising the duty on the successful Salt, to the extent of its advantage in the market, but, to relieve the Native Salt from its shackles as a Government manufacture, and allow it to contend with the foreign article under Excise regulations.

It now appears that the present Sea Import Duty of 12 annas per maund does not represent the average net profit derived from the native Salt. The true average, taking the whole Presidency, and including Bombay Salt imported into Malabar in the calculation, is 13 annas per maund.

665. It now appears that the present Sea Import Duty of 12 annas per maund was not only calculated on a wrong principle, but does not represent, as it was supposed to do, the average net profit derived by the Government from the Native Salt. The average cost price to Government of Salt manufactured on the Coromandel coast, exclusive of any charge for wastage, is rupees 8·3 per garce of 120 maunds.§ Five per cent. being added for wastage, the cost is raised to rupees 8·604,‖ or say rupees 8 : 10 annas. On the Malabar coast, the cost of manufactured Salt in Canara is rupees 25 : 8 per garce,¶ and of Bombay salt imported into Malabar for the service of the monopoly, rupees 32 : 8.** The total of these three items of cost is rupees 66 : 10, giving an average cost, per garce of 20 maunds, for the whole Presidency, of rupees 22 : 3 : 4, which sum being deducted from rupees 120, the monopoly price of a garce of Salt, at 1 rupee per maund, leaves rupees 97 : 12 : 8 as the net profit to the Government on each garce of 120 maunds, or 13 annas per maund, instead of 12 annas, the net profit assumed in reducing the Sea Import Duty to that rate.

Omitting imported Salt, and confining the calculation to manufactured Salt, the net profit is 13 annas 8 pies per maund.

666. Again, omitting the cost of the Salt imported into Malabar from Bombay on account of Government, as not legitimately entering into the calculation, the total cost price to Government of Salt manufactured for them on the Coromandel and Malabar coasts

* Appendix J, No. VIII., Paragraph 5.
† Appendix J, No. IX.
‡ Appendix J, Nos. X. and XI.
§ See Paragraph 550.
‖ See Paragraphs 548 and 549.
¶ See Paragraph 560.
** See Paragraph 559.

amounts to rupees 34 : 2 per garce, giving an average for the two coasts, of rupees 17 : 1,* whichsum being deducted from rupees 120, the monopoly price of a garce of Salt, leaves rupees 102 : 15 as the net profit per garce to the Government, or 13 annas 8 pies per maund, instead of 12 annas.

On the Coromandel coast, taken alone, the net profit is nearly 15 annas per maund. On the Malabar coast, taken alone, the net profit, including imported Salt in the calculation, is a little over 12 annas per maund; excluding imported Salt, it is 12 annas 8 pies per maund.

667. On the Coromandel coast, taken alone, the net profit per garce is 111 rupees 6 annas,† or nearly 15 annas per maund, instead of 12 annas. On the Malabar coast, taken alone, the net profit, including in the calculation the cost of the Salt imported into Malabar from Bombay is rupees 91,‡ per garce, or a little over 12 annas per maund; excluding the imported Salt, and confining the calculation to manufactured Salt, the net profit per garce is rupees 94 : 8,§ or 12 annas 8 pies per maund, instead of 12 annas, as before, in each case.

Separate rates of Import Duty should be fixed for the Coromandel and Malabar coasts respectively.

668. In order to a strict assimilation of the rate of Customs' Duty on imported Salt to the net profit derived by Government from the native Salt, instead of taking one average of net profit for the whole Presidency, the duty should be separately fixed for each Salt-producing District; but this would create an inconvenient number of import rates, not materially differing from each other on either coast of the Presidency. If a single average were taken, the rate would be 13 annas 8 pies, or, say, 14 annas per maund, that being the average net profit, according to the calculation given at paragraph 666, derived from the manufactured Salt of the whole Presidency. It is, however, essential to take two averages, one for the Coromandel coast, the other for the Malabar coast, as it is clear from the calculations given at paragraph 667, that the general average of 14 annas would, on the former coast, be unduly favourable, and, on the latter, unduly prejudicial to the importer. The average on the Malabar coast should be taken only on the manufactured Salt of Canara, and not also on the imported Salt of Malabar.

On the Coromandel coast the rate of Import Duty should be 15 annas, and on the Malabar coast 13 annas, per maund.

669. I have, therefore, to recommend, in conformity with the foregoing views and calculations, that the rate of Sea Customs on Foreign Salt imported into the Madras territories be fixed for the Coromandel coast at 15 annas, and for the Malabar coast at 12 annas 8 pies, or, say, 13 annas per maund, in substitution of the present rate of 12 annas per maund for both coasts.

If it be deemed more convenient to fix a single rate, the lower rate proposed for the Malabar coast, namely, 13 annas per maund, should be adopted.

670. If it be deemed more convenient to fix a single rate for the whole Presidency, then the rate above proposed for the Malabar coast only, namely 13 annas, should be adopted. A scrupulously nice adjustment of the rate for the Coromandel coast is of no practical consequence, for it is altogether improbable that any foreign Salt will ever be brought to that coast; but it is otherwise on the Malabar coast: there, it is, I think, certain that, under an open trade and equal duties, Salt imported from Bombay, Sinde, Arabia, Ceylon, and Goa, by private enterprise, will very soon supersede the necessity for purchasing Salt from Bombay for the supply of Malabar and Canara, and drive out the manufacture in the latter district altogether, especially if the Bombay Salt export trade to British ports of the Madras Presidency be placed on the footing recommended in a former part of this report.*

	Rs.	a.
* Average cost on the Coromandel coast	8	10
Cost in Canara of Manufactured Salt	25	8
Total	34	2
Average	17	1

	Rs.	a.
† Sale price of a garce	120	0
Deduct cost price		10
Net profit	111	6

	Rs.	a.	Rs.	a.
‡ Sale price of a garce			120	0
Deduct cost price in Malabar	32	8		
" Canara	25	8		
Total	58	0		
Average			29	0
Net profit			91	0

	Rs.	a.
§ Sale price of a garce	120	0
Deduct cost price in Canara	25	8
Net profit	94	8

The Land Customs at present leviable on foreign Salt should be assimilated to the lower rate of Sea Customs now proposed, namely, 13 annas per maund.

671. The Land Customs on Foreign Salt imported into the Madras territories is still 3 rupees per maund, as fixed by Act VI of 1844, except in the case of Goa Salt, which is admitted into Canara at a reduced duty of 12 annas per maund. This anomaly should now be remedied by assimilating the Land Customs now leviable on Goa Salt, and all other foreign Salt, to the lower rate of Sea Customs proposed for the Malabar coast, namely, 13 annas per maund.

The object of the first Convention with the French Government, in so far as it relates to the trade in Salt, evidently was the protection of the Madras Salt Revenue.

672. *Conventions with the French Government.*—See paragraphs 589 to 594. The object of the British Government in entering into the first Convention of the 7th of March, 1815, in so far as it relates to the trade in Salt, evidently was the protection of the Madras Salt Revenue. It could have been nothing else. The British Government, it must be supposed, were content to pay the sum of 4 lakhs of sicca rupees,† annually, for the exclusive right to purchase all the Salt manufactured in the French possessions, beyond the quantity required for domestic consumption, because it was regarded as, on the whole, the best measure that could be adopted for preventing the illicit introduction of French Salt into the British territories. Mr. Peacock, of the India House, in a paper,‡ given in to the Select Committee of 1836, describes the payment as belonging "to the purchase of the good-will of the monopoly," and considers it debitable neither to charges of manufacture, nor to charges of collection, but to the general revenue. I cannot, however, discover any ground for this view, either in the Convention itself or elsewhere. The charge appears clearly to have been incurred with a view to the prevention of smuggling, and to be, therefore, debitable to charges of collection. The object of the first Convention seems to be interpreted in the second Article of the second Convention, in which the French Government in guaranteeing the strict observance of the stipulation to close the manufacture in their possessions, guarantee, further, the "adoption of all such measures as depend upon them for insuring the effectual prevention of the contraband trade in Salt."

The arrangement was expensive, and otherwise faulty; but the Convention was chiefly defective on the side of the British Government, in binding that Government to the perpetual payment of four lakhs of sicca rupees annually.

673. The arrangement seems to have been an expensive one. It was also faulty; inasmuch as, while the French continued to manufacture, almost the same facilities for smuggling existed as before. The suppression of the manufacture throughout the French settlements was, therefore, cheaply purchased, under the second Convention, at the cost of a further annual payment of 14,000 sicca rupees; § but the Convention was chiefly defective in not providing that it might be terminated at the option of either of the Contracting Parties. In place of this, it is expressly declared by Article X to be permanent until dissolved by the "mutual consent" of both Contracting Parties. The East India Company would, therefore, be bound to pay this sum of 4 lakhs of sicca rupees, annually, even if the Salt Revenue should be relinquished altogether.

The propriety of debiting the payment as heretofore, to the Bengal Presidency, examined.

674. This payment is debited to the Bengal Presidency, under orders of the Madras Government, dated the 30th of December, 1816, on the ground that it is "a supposed equivalent for an advantage

* See Paragraphs 408 to 419.

† Equal to Company's rupees 4,26,667.

‡ Appendix No. 77; Parliamentary Report of 1836.

§ Equal to Company's rupees 14.933.

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principally, if not wholly, derived to the Government at Fort William by the monopoly of Salt and Opium." The orders were communicated to, and it may be supposed were acquiesced in, by the Government of India; but I have not been able to discover any sufficient foundation for the supposition on which they were made to rest. The Convention, it is true, contains a stipulation concerning Opium, to the effect that France shall have 300 cases of that drug at the average price brought at the periodical public sales at Calcutta; but, under Article V, the payment in question is made "in consideration of the Stipulation expressed in the preceding Articles," which relate exclusively to Salt, and the whole advantage under those Articles is derived to Madras Salt; for, as already shown, the French have never held any possessions in the Bengal Presidency, or anywhere except in the Madras Presidency, where Salt could be manufactured.

In the opinion of the Commissioner the payment ought in future to be debited altogether to the Madras Presidency.

675. I am, therefore, of opinion that the Bengal Salt Revenue is unfairly charged with this heavy payment, which amounts to nearly 38 per cent. of the total expense incurred in collecting that Revenue,* and that it should in future be debited altogether to the Madras Presidency.

The Conventions with the French are not considered to present any obstacles to the substitution of an Excise.

676. The Board of Revenue say, that, in the event of an Excise being introduced, it will be necessary to consider the British engagements with the French Government;† and Mr. E. Maltby, a member of the Board, gives as one of the reasons why, if an option had been allowed, he would have preferred to continue the monopoly system, that the Conventions with the French Government oppose obstacles to a change to an Excise.‡ I cannot, however, perceive that these Conventions in any way touch the question of substituting an Excise for the present system. The Madras authorities, under an Excise, would still only have to supply the French Government with a certain quantity of Salt, which might easily be purchased for the purpose.

In the opinion of the Board of Revenue, Rowannahs or Passes should only be required within a limited range.

677. *Rowannahs or Permits.*—This subject is noticed in paragraphs 164 to 169 of the Memorandum prepared by the Board of Revenue.§ It has been seen that any Salt found in transit anywhere within the limits of the Presidency, unprotected by a Rowannah or Pass, or in excess of the quantity specified in the Pass, is by law liable to seizure, and confiscation;‖ but since the removal of the chowkeys in the interior, consequent on the abolition of Transit Duties by Act VI, of 1844, no machinery has existed for the examination of Salt in transit. Adverting to this fact, and to the annoyances and exactions to which traders were exposed when the chowkey system was in force, the Board of Revenue state that they "would, ere this, have recommended the abolition of Rowannahs altogether, had it not been that they were necessary under the Regulation;" and they conclude their notice of the subject with the following observations:—

"That Rowannahs, when the roads were guarded under the old Sayer system, were a great protection to the Salt Revenue, is admitted; and, even now, they are a check to a certain extent; but however unobjectionable a Pass or Permit within a limited range—as in the case of Abkary Permits—y[et] to subject traders to an inquisitorial visit from every native police [offi]cer they may meet during a journey of some weeks, must operate to the prejudice of the traffic, and be accompanied by so many evils, that it seems desirable to put an end to the present practically effete system, and, leaving the merchant free on transit, use every exertion to prevent smuggling at the place of manufacture."

* Average cost of collecting the Bengal Salt Revenue for the three years ending with the past year 1854-55, as shown in column 17, Appendix T:—

	Rupees.
Bengal part	11,24,403
Proportion charged under the first Convention with the French Government	4,26,667

† Appendix B, Paragraph 219.
‡ Appendix E, No. 39, Paragraph 2; see also Paragraph 14.
§ Appendix B. ‖ See Paragraph 511.

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The Commissioner entirely concurs in the objections of the Board to an unlimited range of inquisition, and is of opinion that a Pass should only be required to clear the Salt off the works where it is manufactured and sold.

678. I entirely concur in the Board's objections to an unlimited range of inquisition, such as that to which Salt is now liable by law. My views on this question have been stated already, in paragraphs 389 and 390, in connection with the Bombay law on the subject. Whether under the present monopoly or the proposed Excise system, the establishment within, and immediately surrounding, the works should be made strong enough to detect the first attempts of smuggling; the Permit should provide for a protection only to the limits at the establishment; there it should be taken and cancelled, and beyond those limits no interference whatever should be allowed with Salt in transit, or in store, except in illicit Salt Works. Mr. Maltby would require Passes within a range of 30 miles from the Salt Works, but obviously the checks should rather be concentrated in strength on the manufacturing ground. In the Bombay Presidency the preventive chowkeys are placed at commanding spots, generally within half a mile, or a mile, of the Works.*

The Salt Laws are of old standing, and will require to be remodelled.

679. *Laws Relating to the Salt Revenue.*—These are noticed in paragraphs 509 to 513; and all that need be said on this head is, that the existing enactments are of very old standing, and will require to be remodelled, and adapted to the proposed new system.

Suggestion of the Court of Directors to place the Salt and Abkaree Departments under separate management.

680. *System of Management.*—It has been shown in paragraphs 514 and 515, that the management of the Salt Revenue constitutes at present one of the ordinary duties of the Collectors, and that no uncovenanted agency is employed, except in the Madras Collectorate, where there is a single uncovenanted assistant. In a dispatch to the Madras Government, dated the 31st of August, 1852, the Court of Directors, stated, that, considering the nature and weight of the duties which the Collectors and Magistrates are primarily required to discharge, they feared that it would be vain to expect from them that scrutinizing control over the native officers employed in the Salt and Abkaree Departments, which is essential to the efficient administration of those branches of Revenue. They, therefore, desired the Madras Government to take into their consideration, whether the control of the Departments in question might not with advantage be withdrawn from the management of the Collectors, and entrusted, as in Bengal, to that of separate officers, to be designated Superintendents of Salt and Abkaree Revenue; and, if they should be of opinion that some such arrangement would be advisable, to place themselves in communication on the subject with the Government of Bengal. In furtherance of these instructions, the Madras Board of Revenue called for, and had received, the necessary information on the subject from the Calcutta Board of Revenue, but, at the time of my visit to Madras, no further progress had been made in the matter.

The suggested measure appears very deserving of a trial.

681. It appears to me that the measure suggested by the Court is very deserving of a trial. From all I could learn the Madras Collectors are greatly overworked. The Ryotwaree system entails upon them a constant amount of minute labour, such as no Collector in Bengal has to undergo; and they are not only Collectors but also Magistrates. It is impossible, under these circumstances, that their duties in the Salt Department can receive that degree of attention at their hands which is essential to the proper development of that branch of the Revenue. The Salt Department is conducted by a distinct class of covenanted and uncovenanted officers, not only in Bengal, but in Bombay, and I have little doubt that if the Salt and Abkaree Revenue of the Madras Presidency were placed under separate management, upon the plan of the Salt system which now prevails in Bombay, or of the Abkaree system which was lately in force in Bengal, the expense of the measure would be counterbalanced, as desired by the Court, by the greater efficiency of the administration.

* See Paragraph 269.

SECTION IV.

ON THE RATE OF DUTY.

A collection of Papers relating to the question of price will be found in the Appendix.

682. A NARRATIVE describing the changes in the price of Salt at the Government stores, from the establishment of the monopoly to the present time, has been given in paragraphs 517 to 527 of this Report, and in the Appendix,* will be found a collection of papers relating to the question of price.

Changes in the monopoly price of Salt.

683. The narrative shows that the regulation establishing the monopoly, passed towards the close of 1805, fixed the sale price of Salt at the Government stores on the sea coast at rupees 70 per garce of 120 maunds; that in November, 1809, the price was raised to rupees 105 per garce; that in 1820, it was again reduced to rupees 70, and, in 1828, again raised to rupees 105; that in 1844, the price was raised to rupees 180, and in the same year reduced to rupees 120; and that this last has ever since been, and still is, the price of a garce of Salt at the Government stores.

The effect of the changes upon consumption, and upon the net revenue.

684. The effect of the changes upon the consumption of licit Salt, and upon the net revenue derived therefrom, is exhibited in the following Table, prepared from a statement in the Appendix:†

Years.	Number of Years.	Price per Garce.	Average Sales or Licit Consumption per Annum.	Average Net Revenue per Annum.
		Rupees.	Indian Maunds.	Rupees.
1806–7 to 1808–9 ..	3	70	34,14,560	16,08,072
1809–10 to 1819–20 ..	11	105	31,74,908	23,37,958
1821–22 to 1826–27 ..	6	70	47,77,769	21,95,967
1828–29 to 1842–43 ..	15	105	42,09,476	31,81,998
1845–46 to 1852–53 ..	8	120	48,46,681	41,61,636

In the above Table sales for exportation by sea, and the years 1820-21, 1827-28, 1843-44, and 1844-45, in which two prices prevailed, have been excluded.

In 1844, the Court of Directors directed the immediate reduction of the price from rupees 1 : 8 per maund, to which it had been raised by Act VI. of that year, to 1 rupee per maund, on the ground that every increase of price had been followed by decrease of consumption.

685. On the occasion of the price being raised to rupees 1 : 8 per maund, or rupees 180 per garce, by Act VI of 1844, the Court of Directors, in a dispatch dated the 3rd of July of that year, reviewed a statement of the Salt Revenue, extending to the year 1841-42, and, observing that, whenever the price had been raised, a considerable falling off had been apparent in the sales, or licit consumption, directed the immediate reduction of the duty to one rupee per maund, or rupees 120 per garce.‡

In 1847, the Court of Directors, finding that up to the year 1842-43, the average consumption had fallen considerably under an increase of price from rupees 70 to rupees 105 per garce, desired that the Board of Revenue might be called upon for a full report on the Salt Revenue.

686. In a dispatch, dated the 31st of December, 1847, the Court of Directors again reviewed certain statements of the Salt Revenue. These statements showed, that in the period from 1820-21 to 1827-28, when the price of Salt was rupees 70 per garce, the average annual supply to all the inhabitants of the Madras Presidency, and of the Native States in the interior, dependent for their Salt on the produce of the coasts of Coromandel and Malabar, was 39,266 garces, while, in the subsequent period, from 1828-29 to 1842-43, when the price was rupees 105 the garce, the average consumption had fallen to 34,772 garces per annum. This decrease of 4,494 garces, or at the rate of 11·4 per cent. on the annual consumption, without allowing for the natural increase of population, was considered by the Court to be very unsatisfactory, and to lead to the conclusion that

* Appendix K.

† Appendix B, Enclosure No. 3.

‡ Appendix K, No. 1.

the increased price had either rendered it impossible for the people to obtain a sufficient supply; or that they had been supplied through illicit channels; or had had recourse to the impure and unwholesome article obtainable from saline earths; and they feared that the further increase in the price from rupees 105 to 120 per garce, which had since taken place, had still further aggravated the evil; they, therefore, desired that the Board of Revenue might be called upon to supply a general Report on the subject, exhibiting the bearing of the Salt Tax on the inhabitants of the different districts under the Presidency, and particularising, as far as circumstances would permit, the rate of consumption, and the extent of population, whether British or Foreign, who were dependent for their supply of Salt on the produce of the Madras Coasts.*

In July, 1850, the Board of Revenue furnished the Report called for, extending to the results of the year 1847-48, showing that, latterly, the sales had increased.

687. The Board of Revenue, after collecting the opinions of the district officers, submitted a full Report on the subject to the Government on the 4th of July, 1850, extending to the results of the year 1847-48.† The Collectors, generally, it appeared, were in favour of a reduction of the price. It was shown that the sales of Salt had risen with the price at rupees 70, and fallen with the augmentation in the rate to rupees 105; but that, latterly, the sales had increased, and were not at the time materially below the highest sales effected when the price stood at rupees 70. It was also shown that the consumer had not been called upon to pay in proportion to the increased price at the Government stores; but that the profits of the dealer had been, *pro tanto*, reduced.

The Board's showing and deductions in regard to the relation borne by the sales to the population.

688. With respect to the relation borne by the sales to the population, the Board, assuming six measures, or 18lbs., to be the rate of consumption, taking old and young, per head, per annum, and the population of the British territory under the Madras Presidency to be 20,000,000, including the army and persons not permanently resident, showed that the total sales for the consumption both of British and Foreign territory exceeded the quantity required, according to the above calculation, for the population of the British territory alone, by only 564 garces.‡

The Board's showing and deductions in regard to individual consumption.

689. Again, taking individual consumption at six measures, or 18lbs., as before, it was shown that the consumption of a family consisting of six persons would be 36 measures, or 4½ mercals, annually, and that the cost of this quantity at the prevailing price of rupees 120 per garce was rupees 1 : 5 : 7. This sum, the Board stated, might be said to represent the monthly earnings of persons in the interior, subsisting on wages, and from these calculations they deduced that, with charges of conveyance and profits of trade superadded to the prime cost, sea Salt must be beyond the reach of many.

The opinion the Board came to was, that sufficient time had not elapsed since the price was raised from rupees 105 to rupees 120 per garce, to enable them to decide whether a reduction was necessary, in which opinion the Government concurred.

690. The conclusion the Board came to upon these data was that, "revenue alone being had in view," it was obvious that a reduction of the price was not called for, and that, as the existing price of rupees 120 per garce had been in operation only since 1845-46, sufficient data were not at hand to enable them to decide whether the increase from rupees 105 had been attended with such effects as to call for a reduction on other grounds. In this latter opinion the Government concurred.§

Arguments of Mr. Elliot, one of the Members of the Government, against a reduction of the monopoly price.

691. Mr. Elliot, one of the Members of the Government, demonstrated that, in proportion as the price was low, the merchants intercepted a part of the benefit intended for the consumer; and argued that, as there had been an increasing demand since the monopoly price was raised to rupees 120, the augmentation had not

* Appendix K, No. 2.

† Appendix K, No. 3.

	Garces.
‡ Total sales on the average of the three years ending with 1847-48 ..	38,064
Estimated consumption of the British Territory at 6 measures, or 18 lbs. per head	37,500
Remains for foreign consumption ..	564

§ Appendix K, No. 9.

put it beyond the means of the ordinary Salt consumers to use Salt to the same extent as they had been accustomed to do. With respect to the consumption of Salt per head, Mr. Elliot pointed out that the Board's estimate was more than double the highest estimate* arrived at by Sir Thomas Munro, when Collector of the Ceded Districts, and as the population in 1824-25, had been computed at less than 14 millions, he expressed himself sceptical of the Board's estimate of 20 millions, and of the calculations founded upon it.†

Mr. Thomas, another Member of the Government, dissented from his colleagues, advocating a reduction of the price to rupees 70 per garce, and the formation of inland Salt depôts.

692. Mr. Thomas, another Member of the Government, dissented from his colleagues. He came to the conclusion apprehended by the Court, namely, that the increased price had placed Marine Salt in a great degree beyond the reach of large classes of the people, and had induced them to seek the supply of their wants through illicit channels, or driven them to the use of the impure and unwholesome Earth Salt of the country. He, therefore, advocated a reduction of the price to rupees 70 per garce, and the formation of Salt depôts at all the large towns in the interior. Mr. Thomas was not disposed to think that the Board's estimate of the consumption per head had been taken too high at six measures or 18 lbs., annually, but supposed the population not to exceed 15 to 16 millions.‡

The Court of Directors, on a consideration of the Board's Report, concurred in the opinion of the Government that no alteration was necessary.

693. The Court of Directors considered the information furnished to them in the Board's Report, in reply to the call made in their dispatch of the 31st of December, 1847, to be satisfactory, inasmuch as it afforded evidence, tha the increase of the price from rupees 105 to 120 per garce, had not been followed by any decrease of consumption, but, on the contrary, that the quantities of Salt disposed of in the maritime districts had been steadily increasing since the change,§ exceeding in every year, the largest quantity ever delivered, when the price was rupees 105 the garce,‖ and in the last year, 1849-50 exceeding the average annual quantity delivered during the period when the price was rupees 70 the garce.¶ Under these circumstances, and having regard to the apparent tendency to an increase of consumption at existing rates, the Court, in a dispatch dated the 31st of August, 1852, concurred with the Madras Government in opinion that there was no necessity for any alteration.**

The question of reducing the monopoly price now examined further.

694. It thus appears that the question of reducing the price has undergone elaborate inquiry and consideration at a comparatively recent period. It admits, however, of further examination, and the first point to be considered is, whether the present monopoly price is so high as to debar the people from a sufficient supply of Salt. In order to show that this cannot be the case, it might be sufficient to refer to the observations and calculations contained in paragraphs 435 to 442 of this Report, relative to the pressure of the Bombay Duty, since the price of Salt at the Government stores at Madras, namely, 1 rupee a maund, is certainly not more than from 2 to 3 annas a maund higher than the selling price of Salt at the Bombay pans, including the Excise Duty of 12 annas a maund. The cost of manufacture in both Presidencies is about the same; but in Madras, the average profit on the monopoly price is 2 annas, or at the most from 2 to 3 annas a maund, in excess of the Excise Duty in Bombay, the one being about 14 annas, the other 12 annas, a maund.

The pressure of the monopoly price upon maritime consumers investigated.

695. The outside average price in Bombay of a maund of Salt to consumers, on or near, the coast was taken to be 1 rupee; the outside

* 26 seers per annum for a Brahmin's family, which, at 3 seers for 2 measures, gives $17\frac{1}{3}$ measures; whereas, the Board's estimate was 36 measures.

† Appendix K, No. 5. ‡ Appendix K, No. 6.

		Garces.
§	1845-46	37,664
	1846-47	38,281
	1847-48	38,294
	1848-49	38,930
	1849-50	39,876
‖	1839-40	37,562

¶ Average from 1821-22 to 1826-27, 39,494 garces.

** Appendix K, No. 10.

average price in Madras to the same class of consumers, may therefore be taken to be rupees 1 : 3 per maund. At this rate, and allowing 12 lbs. for the consumption per head per annum, each consumer's annual supply of Salt would cost him $2\frac{3}{4}$ annas, or in English money, 4d.; and this cost, assuming the average wages of agricultural labour at the lowest rate taken for Bombay, namely, rupees 2 per mensem, which is equal to rupees 24 per annum, would amount to the 140th part of his yearly earnings, or a tax upon his income of something less than $\frac{3}{4}$ per cent. Assuming 8 lbs. as the annual consumption, the cost would be reduced to 1 anna, 10 pies, or in English money $2\frac{3}{4}d.$, and the pressure upon the income to less than $\frac{1}{2}$ per cent.

696. Again, supposing, as in the Bombay case, a family of five persons, adults and children, to consume, at the rate of 8 lbs. each all round, 40 lbs. of salt per annum, and to earn between them only 3 rupees per mensem, and to pay the outside average price for their Salt—viz., rupees 1 : 3 annas per maund, the cost of the whole supply, even in this extreme case, would amount to only the 60th part of the yearly earnings, or an income tax of $1\frac{2}{3}$rds per cent.

697. The Board of Revenue estimate that 18 lbs. per head per annum is the average quantity of Salt that would be consumed if the price were not a hinderance;* but this is certainly much beyond a necessary quantity for a full grown man. Six seers, or 12 lbs. a-head has usually been considered a full allowance. Sir Thomas Munro's highest estimate, it has been seen, gives less than 9 lbs., and in the Bombay jails 7 lbs. is found to be a sufficient allowance. The Board also estimate the average wages of a labouring man at rupees 1 : 8 per month,† but even rupees 2 is probably a low average; at all events, supposing the average earnings of a single labourer to be only rupees 1 : 8, rupees 3 cannot, even upon that estimate, be considered too high an average for the monthly earnings of a family of five persons.

The pressure of the monopoly price upon inland consumers investigated.

698. In the interior, the price of course rises in proportion to the distance from the coast. This, however, is due, not to the monopoly price, but to the cost of transit. The average retail prices which have ruled in every district, in every year from 1816-17 to 1852-53, are shown in a statement in the Appendix.‡ The district in which the price was highest, in the latest year, 1852-53, as in all the previous years, was Bellary. The average price in that year was rupees 251 per garce of 120 maunds; but at this rate, supposing Salt were obtained free on the coast, it would still cost, in expenses of transit, rupees 131 per garce, on an average, in Bellary. Nevertheless, at the above price, which is equal to rupees 2 for a little more than 38 seers, or (say) a maund, the price in Bellary to a single consumer of 12 lbs. per annum is only $4\frac{3}{4}$ annas, and to a family of five persons, consuming 8 lbs. each all round, or 40 lbs. per annum, it is only 15 annas 10 pies; equal, in the former case, to a tax of $1\frac{1}{4}$ per cent on an income of rupees 24 per annum, and in the latter, to a tax of less than 3 per cent. on annual earnings to the amount of rupees 36.

The conclusion the Commissioner arrives at is, that the present monopoly price of one rupee per maund does not operate greviously upon any class of consumers.

699. It cannot be said, therefore, that, either on the coast or inland, the present monopoly price of rupees 120 per garce, or one rupee per maund, is so high as to debar the people from a sufficient supply of Salt. On the contrary, it must be admitted that, as in the Bombay Presidency a liberal supply is procurable, even in the dearest inland districts, by the most numerous classes, at a moderate expenditure in proportion to their earnings; or, if it is not, that the cause does not lie in the grievous pressure of the monopoly price.

It is always to be remembered that the population of the Madras Presidency have been relieved, since 1844, of 39 lakhs, and are about to be

700. It is also always to be remembered that the monopoly price was raised from rupees 105 to rupees 120 per garce, or from 14 annas to 1 rupee per maund, with the view of making up the Revenue relinquished by the entire abolition of the Transit Duties, and in consideration of the relief afforded to the people by that measure.

* See Appendix B, Paragraphs 131 and 141.

† See Appendix B, Paragraph 215.

‡ Appendix B, Enclosure No. 26; see also Appendix B, Paragraphs 110 and 111.

relieved of an additional 12 lakhs, in all of upwards of half a million of taxation, much more grievous than the impost on Salt.

The net Revenue relinquished exceeded 31 lakhs of rupees.* The net increase in the Salt Revenue has not been 9½ lakhs,† and a portion of this increase it may be supposed would have accrued, by increased consumption, if the price had not been raised, so that the whole cannot be placed to the higher price. In addition to the above, the Tobacco monopoly in Malabar and Canara, yielding a net Revenue of nearly 8 lakhs of rupees, was abolished on the 1st of January, 1853;‡ and it is in contemplation to relinquish the Moturpha tax, yielding a net revenue of nearly 12 lakhs of rupees.§ The population of the Madras Presidency have thus been relieved already, since 1844, of every vexatious tax to the net amount of about 39 lakhs of rupees, and when the remaining measure, of abolishing the Mohturpha collections, has been carried into effect, will have been eased of upwards of 51 lakhs, or more than half a million of much more oppressive and burdensome taxation than the impost on Salt. The Transit Duties alone, it is probable, used to add as much to the price of Salt in the interior as the monopoly profit now does.

The question whether a reduction in the monopoly price would eventually benefit the Revenue, investigated.

701. It has next to be considered whether a reduction in the price, by stimulating consumption and checking smuggling, might be expected eventually to benefit the Revenue.

The consumption of licit Salt per head in the Madras Presidency cannot be fixed.

702. The actual consumption of licit Salt per head, per annum, in the Madras Presidency cannot be fixed; because, even supposing the latest census of the population, taken in 1850-51, could be relied on as approximately accurate,‖ the other element in the calculation, namely, the proportion of the total quantity sold, consumed within the limits of the Presidency, is entirely wanting, except upon data not to be trusted. The total sales in the latest year 1852-53, exclusive of Salt sold for exportation by sea, amounted to 51,94,713 maunds; but how much of this quantity was carried inland beyond the Madras Presidency to other territories, British and Foreign, dependent for their supply on the produce of the Madras coasts, cannot, as explained in paragraph 597, be distinguished with sufficient accuracy for any practical purpose, though the distribution has been set down in the accounts as shown in paragraph 596, in the proportions given on the margin.¶

Such data as there are, show the consumption per head, within the limits of the Presidency to be a little over 12 lbs.

703. Supposing that the whole quantity sold (51,94,713 maunds) were consumed within the limits of the Presidency, the annual consumption per head, taking the population at 22,301,697, as shown by the census of 1850-51,** would be a little over 9¼ seers, or 18⅜ lbs., but it is certain that a large proportion goes to supply foreign consumption. To notice only the larger tracts dependent for Marine Salt on the produce of the Madras coasts, there are Mysore, Hyderabad, Nagpore, and the hilly country lying between the Province of Cuttack and Behar, the population of which is set down, in tables prepared at the India House, from the latest estimates, and sent out to India in August last, at

* See Appendix B, Paragraph 221.

† Net revenue in the latest year (1852-53) at rupees 120 per maund ..	42,89,768
Net revenue in the latest full year (1842-43) at rupees 105 per maund	33,58,850
Increase	9,30,918

See Appendix B, Enclosure No. 3.

‡ See Appendix B, Paragraph 222.

§ See Appendix B, Paragraph 223.

‖ *Note.*—The Court of Directors have lately seen reason to mistrust the accuracy of the Madras census. See Letter to Government of India, No. 29, dated the 29th of August, 1855, Paragraph 4.

	Maunds.
¶ Consumed within the Presidency	33,95,146
Supplied for inland consumption beyond the Presidency	17,99,567
Total	51,94,713

** See Appendix N.

21,243,536,* being a number nearly equal to the population of the Madras Presidency. In the Bombay Presidency, a similar calculation gives 24½lbs. as the average annual consumption per head, of which one-half, or 12¼lbs., is the computed consumption per head within and beyond the limits of the Presidency respectively.† In the Madras Presidency, about one-third, or 17,99,568 maunds, of the total quantity sold, is assigned to foreign consumption, and the remaining two-thirds, or 33,95,146 maunds, to the consumption of the Presidency. Taking this to be approximately correct, as it possibly may be on the whole, though no reliance is to be placed on the details, the present average annual consumption per head within the Presidency may be 6 1/12 seers, or a little over 12 lbs., which must be considered a fair rate, especially if regard be had to the very extensive recourse to earth Salt; which is supposed to supply at least ¾ths. of the illicit consumption of the Presidency; consumed, however, *not* because the people are driven, by the pressure of the monopoly price, to the use of an impure and unwholesome substitute for marine Salt, but because it is a good and wholesome condiment, the manufacture of which, though prohibited by law, is suffered from necessity, and which is everywhere untaxed, except lightly in the district of Bellary.

The Licit consumption has increased in the 47 years from 1806-7 to 1852-53, but apparently not in the ratio of the increase of population.

704. The average annual quantity of Salt sold in the first three years of the monopoly, from 1806-7 to 1808-9, at the price of rupees 70 the garce, was 34,14,560 maunds. The average annual quantity sold in the last eight years, ending with 1852-53, at the price of rupees 120 the garce, has been 48,46,681 maunds,‡ showing an average increase, in the 47 years, from 1806-7 to 1852-53, both inclusive, of 14,32,121 maunds, which quantity, at an individual supply of 6 seers, or 12 lbs. per head, is sufficient for the consumption of 9,547,473 persons. I do not know that the rate of increase of population for India has ever been satisfactorily calculated; but I should suppose that the population dependent for its supply of Salt on the produce of the Madras coasts must have increased to a greater extent than 9½ millions in the period of 47 years; and, if this be so, the rate of consumption has not been maintained; but to what extent it has fallen off (supposing it *has* fallen off, and not, indeed, increased), it is impossible, with no satisfactory knowledge of the number of the population at the two ends of the period, or of the ratio in which population increases in India, to determine.

In the last 8 years, since the monopoly price was raised to rupees 120 per garce, or 1 rupee per maund, the consumption has increased in greater ratio than the population.

705. In like manner, the average quantity of sold Salt in the eight years, terminating with 1852-53, since the price was augmented to rupees 120 per garce, has risen from 42,09,476 maunds, the average of the previous 15 years, when the price was 105 rupees per garce, to 48,46,681 maunds,§ giving an increase of 6,37,205 maunds, which quantity, at an individual supply of 6 seers, or 12 lbs., a head, is sufficient for the consumption of 4,248,033 persons. In this last period of eight years, therefore, I suppose that the consumption has been more than maintained, that is to say, has increased in greater ratio than the population, as it is scarcely possible that the population can have increased to the extent of 4¼ millions in eight years.

The Commissioner is of opinion that the rate of Excise for the Madras Presidency should be fixed at 12 annas a maund, and that in the meantime

706. There is certainly, as it appears to me, no call, in any point of view, for any sacrifice of the Madras Salt Revenue; but as the rate of Excise Duty in the Bombay Presidency is 12 annas per maund, and as a reduction of the Madras net profit to that rate will not be attended even with immediate loss, if earth Salt be brought under Excise regu-

* Mysore	3,300,000
Nizam's Dominions	10,666,080
Nagpore	4,650,000
S.W. Frontier, viz., Sumbulpoor, &c.	2,627,456
Total	21,243,536

In the copy of the tables furnished to me the population of Mysore is set down at only 300,000, but this must be a clerical error for 3,300,000.

† See Paragraph 433. ‡ See the Table at Paragraph 684.

§ See the Table at Paragraph 684.

the monopoly price should be reduced to 14 annas a maund, or rupees 105 per garce, so as to equalise the net profit in Madras with the Excise Duty in Bombay.

lations, nor, I think, with eventual loss, if it be not, I am of opinion that the rate of Excise for the Madras Presidency should be fixed at the rate prevailing in the Bombay Presidency, namely, 12 annas per maund, and that the monopoly price should, in the mean time, be brought down to the old rate of rupees 105 a garce, or 14 annas a maund, so as at once to equalise the net profit in Madras with the Excise Duty in Bombay. This involves a reduction of ⅐th, or about 14 per cent., on the present average net profit of 14 annas per maund, and a sacrifice of net Revenue to the amount of rupees 5,82,629, calculating the per centage on the average net receipts of the last eight years, namely, rupees 41,61,636; but this sacrifice on marine Salt should be very much more than made good by the proposed Excise on Earth Salt. I cannot but think that an Excise upon Earth Salt in common with Sea Salt would be a very proper measure to introduce, especially at a time when the population have been relieved of 8 lakhs, and are about to be relieved of an additional 12 lakhs, of vexatious taxation. At the same time, this extension of the tax to Earth Salt, affords, in itself, a sufficient ground for a general reduction of the price. And, finally, the Board of Revenue are "in favour of a reduction of the price, being under the conviction that the consumption would be much greater, and that it would supersede, to a considerable extent, the use of Earth Salt, which, as far as it is consumed, detracts from the Salt Revenue."* Mr. Goldingham, the second member of the Board of Revenue, would apparently reduce the monopoly price, not the *net profit*, to 12 annas a maund, or 25 per cent.;† but that would bring the net profit 16¼ per cent. below the Bombay Excise Duty, which appears to me to be quite uncalled for. Mr. Maltby, the third member, does not state the reduction he would advise; but contemplates, apparently, the same, or a greater, diminution.‡

The monopoly price being reduced to 14 annas a maund, corresponding reductions should be made in the rates of Sea and Land Import Duty.

707. If the reduction of the price to rupees 105 a garce, or 14 annas a maund, now proposed, should be carried out, the Sea Import Duty on Foreign Salt should be fixed, in modification of the rates proposed in paragraphs 669 and 670, in Excise districts, at 12 annas a maund, and in other districts, pending an Excise, at 13 annas per maund on the Coromandel Coast, and 12 annas a maund on the Malabar coast; or, if a single rate be preferred, at the lower rate of 12 annas a maund for all ports on both coasts; the Land Import Duty being fixed at 12 annas a maund, in modification of the rate of 13 annas, proposed in paragraph 671.

The allowance of a drawback on Salt conveyed inland, and the formation of Inland Salt Depôts, considered objectionable.

708. It has been from time to time a question, whether the pressure of the monopoly price on the inland population ought not to be lightened, either by the allowance of a drawback on Salt conveyed a certain distance into the interior, or by the establishment of Government depôts, in various parts of the country, at which Salt should be sold at the monopoly price. The subject is fully discussed in paragraphs 188 to 197 of the Memorandum of the Board of Revenue.§ The formation of depôts is also advocated in a Minute of Council by Mr. Thomas,|| and is favoured by the Court of Directors.¶ I entirely concur in the objections taken by the Board of Revenue to both these measures, and in the pertinent remarks of Mr. Dalzell on the subject, in his reply to the letter circulated by the Commissioners for the Affairs of India, in 1832.** I can recognise no title that the inland population have to be relieved from the natural consequences of situation, by special arrangements in their favour. It is the transit charges, interest on capital, slower returns, insurance against loss and wastage, for longer distances that necessarily fall on the more remote consumers, and on what principle the Government should interfere to relieve them from these unavoidable consequences of position, I am at a loss to comprehend. The Court, though they now seem

* See Appendix B, Paragraph 217.

† See Appendix E, No. 33, Paragraphs 21 to 23.

‡ See Appendix E, No. 34, Paragraphs 7 and 8.

§ Appendix B.

|| Appendix K, No. 6, Paragraphs 20 to 22.

¶ Appendix K, No. 10, Paragraph 9.

** See Appendix K, No. 12.

favourable to Mr. Thomas's proposition for the formation of depôts, appear to me to have taken exactly the correct view, in 1823, when they objected to a scheme for allowing drawbacks, on the ground that it was equivalent to defraying the cost of carriage to the more distant consumers; and that no good reason existed why this should be done in the case of Salt, more than in that of any other article of equal importance.*

The inland population do not at present labour under any disadvantage in the article of Salt, but the contrary.

709. Nor do the inland population, for whose benefit these measures are advocated, in fact, labour under any disadvantage. On the contrary, inquiry has now shown that, in the article of Salt, they are better off than the maritime population, inasmuch as in Earth Salt they, preferentially, consume as good a condiment as Sea Salt, tax free. The proper course, unquestionably, appears to be to bring the manufacture of Earth Salt, everywhere, under Excise regulations, so long as the tax on Sea Salt is maintained, the one article being as pure and wholesome as the other.

The introduction of a system of retail sales of Salt by the Government into the interior districts considered objectionable.

710. It has been seen that, with the view of superseding the use of Earth Salt, the Court of Directors desired the Madras Government to ascertain, in communication with the Government of Bengal, whether it would be practicable to introduce into the interior districts of the Madras Presidency the system of retail sales of Salt by the Government, at reduced prices, in force in the manufacturing districts of Bengal.† The measure is scarcely different from the proposition to establish Government depôts, and is open to the same objections. Moreover, it would not, I think, be practic[able]. To carry it out, it would be necessary to establish Governmen[t s]hops, at a distance from the manufacturing grounds, all over the i[nte]rior of the country. It seems scarcely desirable that the Governm[ent] should be concerned in such petty transactions and interference wi[th] the trade; and it may be doubted, I think, whether the system [ha]s worked so advantageously in Bengal for the interests of the revenue, and the welfare of the Molunghees, as the Court believe, and as is generally supposed. On these grounds I propose to consider, in the Bengal part of this report, whether it would not be better, at once and entirely, to abandon the system of retail sales, even in Bengal.

Under a system of Excise there would be no room for such expedients as drawbacks, depots, and retail sales, the proper measure is to improve the communications.

711. In a natural state of things, such as it is proposed to establish by the abolition of the monopoly, and the substitution of a system of Excise upon the manufacture, there would be no room for such expedients as drawbacks, depôts, and retail sales; the inland consumer would necessarily have to pay more for sea Salt than the maritime consumer, and this latter would be compelled to pay the same rate of tax as all other Salt consumers. The legitimate and the surest mode of cheapening the price of Salt in the int[eri]or of the country, and of increasing the Revenue derived from it[s cons]umption, is to improve the communications from the coast, and thr[ou]ghout the interior. This has been well shown in paragraphs 400 to 406 of the first Report of the Madras Public Works Commissioners.‡

SECTION V.

RECAPITULATION.

Recapitulation of the measures recommended in the foregoing Sections.

712. THE following are the measures which have been recommended in the foregoing Sections of this part of the Report, relating to the Madras Presidency:—

The system of making advances to the manufacturers to be discontinued.

First. The immediate and total discontinuance of the present system of making advances to the manufacturers of Salt.

* See Appendix B, Paragraph 196.

† See Paragraphs 571 and 572; also, Appendix G, No. 8, Paragraph 16; and K, No. 10, Paragraph 12.

‡ See Appendix G, No. 9.

Excise to be gradually substituted for monopoly throughout the Presidency, upon the Bombay plan.

Second. Immediate measures for the gradual substitution throughout the Madras Presidency, of a system of Excise upon the manufacture of Salt, upon the general plan of the Bombay Salt Excise, in lieu of the monopoly.

Manufacture under Excise regulations to be permitted at once in Malabar.

Third. Immediate permission to manufacture Salt under Excise regulations, in the district of Malabar.

The same in Canara, the monopoly manufacture being relinquished.

Fourth. Immediate relinquishment of the monopoly manufacture, and simultaneous permission to manufacture under Excise regulations, in the district of Canara, the whole quantity of Salt required for the consumption of the district, and not supplied by private manufacture or importations, being purchased, as the additional supply for the service of the monopoly now is, from Bombay.

Excise to be substituted at once in the Madras Collectorate.

Fifth. Immediate measures for the substitution of the Excise system in the Madras Collectorate.

Swamp Salt to be brought under Excise regulations.

Sixth. Salt Swamps to be rented out under Excise regulations.

Earth Salt to be brought under Excise regulations.

Seventh. The manufacture of earth Salt to be brought under Excise regulations, upon the Bengal plan, in the districts of Bellary and Kurnool, in the supersession of the Mohturpha Tax now levied on the manufacturers; in Cu[illegible]dapah, and in every other district in which Earth Salt can be produ[illegible] all manufacture, except under an Excise licence, being strictly pr[illegible]bited.

Importations of Earth Salt from Poodoocotta and Mysore to be prevented or taxed.

Eighth. Simultane[illegible] measures to be taken to prevent, or to levy Customs upon, the impo[illegible]on of Earth Salt into the districts of Tanjore and Madura from the in[illegible]mediate independent State of Poodoocotta, and into the district of [illegible]ara from Mysore.

Earth Salt to be Excised at the same rate as Sea Salt.

Ninth. The same rate of Excise Duty to be levied on Earth Salt as on Sea Salt.

The manufacture of Earth Salt to be left free, if it cannot be Excised or suppressed.

Tenth. If it should be found impracticable to introduce an Excise upon the manufacture of Earth Salt, or to suppress the manufacture altogether, the Mohturpha now levied on the manufacturers in Bellary and Kurnool to be nevertheless relinquished, and the manufacture to be left absolutely free.

Salt to be offered for exportation by sea wherever it is manufactured at its actual cost at each place.

Eleventh. Madras Salt to be at onc[illegible] made available for private exportation, by sea, not at certain ports only, but wherever it is manufactured; and not at one average price for the whole Presidency, but at its actual cost at each place.

Bengal Indents to be supplied at the actual cost at each place.

Twelfth. Madras S[illegible]quired for the service of the Bengal monopoly to be debited [illegible] Presidency, at its actual cost at the place from whence it may [illegible]pplied, its conveyance being separately contracted for, or effected by taking up vessels for the purpose.

The restriction in regard to Tonnage not to be re-imposed.

Thirteenth. The restriction in regard to the tonnage of vessels to be employed in the tra[illegible]ort of Madras Salt, temporarily removed, not to be re-imposed.

The rate of Sea Import Duty to be raised to 15 annas and 13 annas per maund.

Fourteenth. The rate of Sea Customs on Foreign Salt imported into the Madras territories to be fixed, for the Coromandel coast, at 15 annas, and for the Malabar coast, at 13 annas per maund, in substitution of the present uniform rate of 12 annas per maund.

Or, if a single rate be desired, at 13 annas.

Fifteenth. If it be deemed more convenient to fix a single Rate for the whole Presidency, the lower rate of 13 annas per maund to be adopted,

The rate of Land Import Duty to be fixed at 13 annas per maund.

Sixteenth. The Rate of Land Customs on all Foreign Salt imported into the Madras territories to be fixed at 13 annas per maund.

The annual payment to the French Government to be debited in future to Madras.

Seventeenth. The annual payment of 4 lakhs of sicca rupees, made to the French Government under the Convention of the 7th March, 1815, not to be debited in future to Bengal, but altogether to Madras.

The unlimited range of inquisition to which Salt is now liable by law, to be curtailed.

Eighteenth. The unlimited range of inquisition, to which Salt is now liable by law, to be curtailed. The Permit to provide for a protection only to the limits of the establishment; to be there taken and

cancelled; and beyond those limits no interference whatever to be allowed with Salt in transit or in store, except in illicit Salt Works.

Salt Laws to be remodelled.

Nineteenth. The Laws relating to the Salt Revenue to be remodelled, and adapted to the proposed new system.

The control of the Salt and Abkaree Revenue to be placed under separate management.

Twentieth. The control of the Salt and Abkaree Revenue to be withdrawn from the management of the Collectors, and entrusted to that of separate officers, upon the plan of the Salt system which now prevails in Bombay, or of the Abkaree system which was lately in force in Bengal.

The rate of Excise Duty to be fixed at 12 annas per maund.

Twenty-first. The rate of Excise Duty for the Madras Presidency to be fixed at the Rate prevailing in the Bombay Presidency, namely, 12 annas per maund.

The present monopoly price to be reduced to 14 annas per maund.

Twenty-second. The present monopoly price of rupees 120 per garce, or 1 rupee per maund, to be reduced at once to the old rate of rupees 105 per garce, or 14 annas per maund, so as to equalise the net profit in Madras with the Excise Duty in Bombay.

If the monopoly price should be lowered to 14 annas per maund, the sea and land import rates of Duty to be altered to correspond.

Twenty-third. If the monopoly price should be lowered, as now proposed, to rupees 105 a garce, or 14 annas a maund, the Sea Import Duty on Foreign Salt to be fixed, in Excise districts, at 12 annas a maund; and in other districts, pending an Excise, at 13 annas a maund on the Coromandel coast, and 12 annas a maund on the Malabar coast; or, if a single Rate be preferred, at 12 annas a maund for all ports on both coasts, the Land Import Duty being fixed at 12 annas a maund.

A system of drawback, or of inland depôts, or of retail sales in the interior, not to be introduced.

Twenty-fourth. A system of drawback on Salt conveyed a certain distance inland, or of Government depôts at all the large towns, or of Government retail shops in all the interior districts, not to be introduced.

Inland communications to be improved.

Twenty-fifth. The communications from the coast to the interior to be improved.

PART III.

ON THE SUPPLY OF SALT FOR THE PRESIDENCY OF BENGAL.

SECTION I.

ON THE RISE, PROGRESS, AND PRESENT STATE OF THE SALT REVENUE SYSTEM.

The system on which the Revenue from Salt is now derived in Bengal.

713. THE system on which the Revenue from Salt is now derived in Bengal, is in strict conformity with the recommendations of a Select Committee of the House of Commons, which was appointed in 1836 "to inquire into the supply of Salt for British India," but which in fact restricted its Report to the Salt Revenue System of the Lower Provinces of the Bengal Presidency.

The system and rates of Tax under the Mahommedan Government. The first system and rates of Tax under the East India Company's Government.

714. Under the Mahommedan Government an *ad valorem* duty of five per cent. was levied from Hindoos, and one of two and a half per cent. was levied from Mahommedans, upon all Salt passing the town of Hooghly on its way into the interior of the country. This must have included nearly all the Salt consumed in the Lower Provinces, excepting what was consumed in the eastern districts of Bengal Proper. After the Company's Government acquired possession of the district in the neighbourhood of Calcutta, it imposed a Salt Tax in the double form of ground rent for the Khalarees or Salt Works, and transit duty but these were soon afterwards, viz., about the year 1762, consolidated into one duty of 30 rupees upon every khalaree, the estimated produce of each khalaree being from 250 to 300 maunds of Salt. To this duty was subsequently added a further tax of 10 rupees on every 100 maunds of salt manufactured. The quantity of salt paying this duty annually was about 25,00,000 maunds, on which the duty should have amounted to something less than 20 rupees for every 100 maunds. But owing to malversation and mismanagement, there is no doubt that a small proportion only of this duty ever reached the exchequer. At that time the Company's servants, and other British subjects (described as free merchants and others) claimed and exercised the privilege of trading with the interior of the country without paying the duties levied by the native Government on native traders. The principal articles of which this privileged trade consisted were Betel-nut, Tobacco, and Salt; but it is worthy of note that Salt was considered so far an exceptional article, that on it, and on it alone, a duty *was* paid to the native Government even by these privileged traders. On Salt, over and above the duty that was, or ought to have been, paid to the Company, a duty of 5 per cent, *ad valorem*, (raised for a short time to 9 per cent,) lowered afterwards by a Treaty with Jaffier Ali Khan the Subahdar to 2½ per cent., was paid to the native Government, on its transit into the interior of the country. In February 1764, the Court of Directors ordered this privileged system, which had of course given rise to the most extreme abuses, to be strictly confined to their own servants of five years standing and upwards, and to be duly regulated in their case. This privilege was regarded as an emolument of office. In a dispatch dated the 1st of June, 1764, the Court of Directors ordered these instructions to continue in force "until a more equitable and satisfactory plan" could be formed and adopted; and their Government in Bengal was

further ordered, having "a particular regard to the interest and entire satisfaction of the Nawab, both with respect to his revenues and the proper support of his Government," to form and submit for approval "a proper and equitable plan for carrying on the said trade," such plan to be settled with the Nawab's free will and "consent, and in such a manner as not to afford any just grounds for complaint."

Constitution, by Lord Clive's Government, of the "Exclusive Company" for inland trade in Betel nut, Tobacco, and Salt, and the Court's disapproval of the same.

715. In the year 1765, after the assumption, under the Emperor's firman, of the Dewanee of Bengal, Behar, and Orissa, (which was in effect the assumption openly of the direct administration of these provinces), Lord Clive's Government constituted an "Exclusive Company," managed by a Committee nominated by Government, for inland trade in Betel-nut, Tobacco, and Salt; the whole profits of which were divisible, as official emoluments, in certain specific shares, varying according to the seniority of the sharers, amongst the servants of the Company, including all classes, viz., civil, military, medical, and ecclesiastical. This measure constituted a complete monopoly of trade in these three articles over these provinces; and in the article of Salt it seems to have also constituted in effect a monopoly of manufacture. A duty was assigned to the East India Company, payable by the "Exclusive Company," of 10 per cent. on the prime cost of betel nut, 25 per cent. on the prime cost of tobacco, and 35 per cent., *ad valorem*, on Salt, valuing Salt at Arcot rupees 90 for every 100 maunds. The Court of Directors wholly disapproved of the formation of this Company. They observed that it was neither consistent with the honour nor the dignity of the East India Company to promote such an exclusive trade, and they repeated the opinion they had formerly expressed that every one concerned in the inland trade, even before the receipt in India of their orders of June 1764, had been guilty of a breach of his covenants. Their dispatch on this occasion, dated the 17th of May, 1766, contains the following passage, which shows the principle by which they required their Government in Bengal to be guided. "We consider it as too disgraceful, and below the dignity of our present situation, to allow of such a monopoly; and were we to allow of it under any restrictions, we should consider ourselves as assenting and subscribing to all the mischiefs which Bengal has presented to us for these four years past. At the same time we do not mean that the ancient duties upon those commodities, which constitute part of the revenues of Bengal, should be abolished; but we leave the adjustment of those duties to your judgment and consideration."

Changes of system under which the monopoly of the "Exclusive Company," in the trade of Salt, was continued for another year, notwithstanding the Court's prohibition.

716. Under these orders the "Exclusive Company" ceased to have any concern with the trade of betel nut and tobacco from the 1st of September, 1767; but under certain changes of system the monopoly of that Company in the trade of Salt was continued by Lord Clive's Government for another year. By this new arrangement it was provided that Salt should be sold wholesale to the public at Calcutta and certain places of manufacture at a price not exceeding 2 rupees a maund, and all Europeans, whether servants of the East India Company or not, and the servants of all Europeans, were prohibited from being concerned in the sale of Salt, except in the first sale, at the specified places, on account of the "Exclusive Company." The duty payable to the East India Company was, at the same time, raised from 35 to 50 per cent.; and an abortive attempt was made to fix, in the districts of the interior, respectively, maximum rates at which Salt was to be sold by native retailers. The profits remained divisible in certain fixed shares amongst the Company's servants.

The Court of Directors still disapproved, and insisted that the manufacture of, and trade in Salt, should be perfectly open to all natives, subject to the payment of a moderate tax on the article.

717. This arrangement was also disapproved by the Court of Directors, who, in a dispatch dated the 20th of November, 1767, insisted that no European, whether in or out of the Company's service, should be allowed to have any concern in the manufacture of, any more than in the trade in, Salt; and that the manufacture and trade should be perfectly open to all natives, provision being made for the payment of such a tax on Salt as should not raise its wholesale price beyond sicca rupees 140 for every 100 maunds.

The open and free system, ordered by the Court, was introduced in 1768, and continued till 1772; but the result, owing, in a great measure, to the continued malversations of the Exclusive Company, was very unfavourable to the Government Revenue.

718. Under this plan a revenue of £100,000 a-year at least, which was not to be allowed to exceed £120,000 a-year at most, was anticipated. This, it will be observed, was equivalent to an order to introduce the system of free manufacture and trade under an Excise tax. Regulations for carrying these orders into effect were promulgated by the Bengal Government on the 7th of October, 1768; under which the only restrictions imposed on manufacturing were, that (with a view to the prevention of monopoly) no one person should make more than 50,000 maunds; and that all the Salt manufactured should be brought to one or other of two specified places, to be there taxed with the Excise Duty, which was fixed at 30 sicca rupees for every 100 maunds. Under this open and free system, the Salt trade continued till 1772; but the result was very unfavourable to the Government revenue, which fell from £118,926 in 1766-67, the last year in which the "Exclusive Company" had the exclusive manufacture of Salt, to £16,907 in 1769-70; £70,914 in 1770-71; £61,663 in 1771-72; and £45,027 in 1772-73. The Salt Revenue of 1768-69, the last year in which the "Exclusive Company" were *authorized* to manufacture Salt, is not distinguishable. But a very large part (if not the whole) of this decrease of revenue must be attributed to the malversations of the "Exclusive Company," which, long after its authority to manufacture had ceased, on pretence of selling off its old stock of Salt, interfered with the business of the honest trader; and which, in six years from its constitution in 1765, smuggled Salt to such an extent as to defraud the Government of duty to an aggregate amount estimated by the Committee of Secrecy in 1773 at upwards of 40 lakhs of rupees.

In 1772, Mr. Hastings' Government again assumed the management of the manufacture of Salt, for the benefit of Government; but the complicated farming system introduced failed.

719. In 1772, in order to restore the revenue, Mr. Hastings' Government resolved again to assume the management of the manufacture of Salt for the benefit of Government. For this purpose a complicated set of regulations was introduced. Under these regulations, the Salt merchants were required, year by year, to agree before hand to take a certain quantity of Salt at certain manufacturing places, advancing three-fourths of the cost. The Salt Works were leased for a term of five years to farmers, who undertook, on receiving the said advances, to supply, on account of Government, the quantity of Salt annually specified, under condition of paying a penalty for supplying less, and receiving a premium for supplying more. Orders for delivery of the Salt, when made, were given to the Salt merchants, on their paying the balance of the price, and the duty put upon it. Under this system the revenue realized was £229,192 in 1773-74 and £130,206 in 1774-75. But, in 1775-76, there was *a loss* of £1,473. This failure must be attributed mostly to the corruption of the chief local officers who reserved particular Salt farms for their own use, and divided the profits amongst themselves and their assistants.*

In 1777, the simple farming system was adopted, but this also did not succeed.

720. In 1777, the simple farming system was adopted. The Salt Mehals, each Mehal including a number of Khalarees, or Salt Works, were farmed on the best terms procurable, the system of advances, required from the merchants and given to the manufacturers, being put an end to. Under this plan the revenue was £139,012 in 1776-77; £54,160 in 1777-78; £63,697 in 1778-79; £32,[illegible]37 in 1779-80; and £8,427 in 1780-81.

In 1780, Mr. Hastings framed the Agency system in operation, fundamentally, at the present day.

721. Under the leasing system, the Molunghees, as the Salt makers in Bengal are called, suffered severely from the oppressions of the farmers; but with the year last mentioned above, the continued abuses and the succession of failures, which had characterized from the commencement the administration of the Salt Revenue in Bengal, came to an end. In a Minute dated the 9th of September, 1780, Mr. Hastings framed a system, which is fundamentally the same as that in operation at the present day. Under this scheme, the Salt-producing tracts were divided into distinct Agencies, over each of which a civil officer of rank presided, being himself made subject to a Comptroller,

* See Report of the Select Committee of the House of Commons prepared in 1783.

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to whom the whole department was subordinate. The Comptroller and the Agents, in addition to their salaries, were allowed a commission of 10 per cent on the net profit derived by Government under their management, and they were restricted by oath to their authorized allowances. The Molunghees received advances from the Agent at the beginning of the season, stipulating to deliver their Salt, when made, to him, on account of Government, at a price agreed upon, and being prohibited from selling it to any other person. The Agent stored the Salt, and sold it to wholesale dealers, at a price to be fixed from year to year by Government. The difference between the contract price agreed upon by the Molunghees, and the fixed price at which it was delivered from store to the Salt merchants, was in effect the duty taken upon the Salt. The Salt cost Government 8, 12, or 14 annas a maund, according to the agreements with the Molunghees at the different places of manufacture; the sale price to merchants was fixed at 2 rupees a maund; so that the duty was from 1 rupee 2 annas, to 1 rupee 8 annas a maund.

This assumption of a strict monopoly was thus gradually forced upon the Government.

722. This assumption of a strict monopoly over the manufacture, as well as the sale, of Salt, would thus appear to have been gradually forced upon the Government, partly for the improvement of the Revenue, and partly for emancipating the Molunghees from the cruel oppressions of the native capitalists, who, previously to the system introduced by Mr. Hastings, in 1780-81, contracted to manufacture Salt on account of Government.

The new system was completely successful. In 1788, Lord Cornwallis established the Salt sales by public auction in Calcutta.

723. The new system was completely successful. The net Revenue at once rose from £8,427 in 1780-81 to £296,013 in 1781-82, and in 1784-85 the receipts reached the unprecedented amount of £625,747. But having declined in the two subsequent years to £457,687, Lord Cornwallis, in 1788, established the Salt sales by public auction at Calcutta, and from this period the Revenue continued to rise.

In the same year a set of regulations were promulgated for the protection of the Molunghees.

724. In the same year a set of regulations were promulgated by Lord Cornwallis's Government, which, as observed by the Select Committee of the House of Commons on the affairs of the East India Company, in their fifth Report, "Do not alter the general plan of the monopoly as above introduced, but are calculated to remove all compulsion from the manufacturers, and to guard them from the imposition of the intermediate native agents standing between the European Covenanted Servants of the Company and the labourers in the manufactory." In the same Report, written in 1812, the Committee notice with satisfaction that the average net Revenue of the last three years, under the new system, had risen to sicca rupees 1,17,25,700, or £1,360,180.*

The Salt Laws enumerated.

725. The Regulations of 1788, with some improvements, were enacted into the Code of 1793, as Regulation XXIX of that year. This Regulation has been repealed, but its more important provisions have been reenacted and are still in force. The subsequent Regulations passed, bearing upon this subject, are the following:

Of 1793	..	Regulation	29	..		Repealed.
,, 1795	..	,,	52	..		,,
,, 1798	..	,,	4	..		,,
,, 1800	..	,,	4	..		,,
,, 1801	..	,,	6	..		,,
,, ,,	..	,,	12	..		,,
,, 1803	..	,,	48	..		,,
,, 1804	..	,,	6	..		,,
,, ,,	..	,,	7	..		,,
,, 1806	..	,,	9	..		,,
,, 1810	..	,,	9	Sect. 18		,,
,, ,,	..	,,	17	..		,,
,, 1814	..	,,	22	..		,,
,, 1817	..	,,	15	..		,,
,, 1819	..	,,	10			
,, 1824	..	,,	1			
,, 1826	..	,,	10			

* See Appendix D, No. 1.

Of 1829	..	Regulation	16	..	Repealed.
„ 1835	..	Act	9		
„ 1838	..	„	2	..	Repealed.
„ „	..	„	29		
„ 1843	..	„	14		
„ 1848	..	„	16		
„ 1849	..	„	13		
„ 1851	..	„	3		

The great increase of Net Revenue was owing, in large part, to the substitution, by Lord Cornwallis's Government, of quarterly sales of limited quantities, to the highest bidder, for sales to unlimited extent, at fixed prices.

726. A large part of the increase of net Revenue noticed above was not due merely to the improved system introduced by Mr. Hastings's Government; it was also owing to the substitution, by Lord Cornwallis's Government, of a plan of quarterly sales at auction, to the highest bidder, of limited quantities, for the plan of sales to an unlimited extent, at fixed prices. The grounds for this change of plan, and its results, are thus explained in a note by Mr. Secretary Prinsep, dated the 20th of June, 1837. "It used then to be a common speculation for great capitalists to club together, and buy at once all the Salt in the Golahs of certain divisions of the country. It was in order to break down this species of sub-monopoly, and to obtain for Government the further profit realized under it, that the Government, in 1789 or 1790,* hit upon the expedient of Auction Sales in lots of 500 maunds, and their gradual effect has been to screw up the tax from 1 rupee, or 1 rupee 8 annas, the rate assumed by Warren Hastings, to 3 rupees, the rate latterly realized on pungah, or boiled, Salt; and this enhanced rate has been realized, not only without any attempt on the part of Government to operate on the supply and demand, by diminishing the quantity given out for consumption in order to raise prices, but accompanied by a regularly increased supply, the Government having deemed itself to be under obligation to extend the supply to the utmost; and having pushed this principle so far that when at last it was deemed expedient to revert to sales at fixed prices, there was an entire half year's supply † in store and paid for in advance, for which the purchasers had yet found no market." It is to be observed that the duty of 3 rupees mentioned in this extract is a duty of 3 sicca rupees; the equivalent of which was roughly taken at three Company's rupees and a quarter.

The other effect of the Auction system was to establish a sub-monopoly upon a large and firm basis.

727. The system of Auction Sales of limited quantities of Salt entirely failed to break down any sub-monopoly. On the contrary, it established a sub-monopoly upon a large and firm basis, such as would have been impossible, under a system of fixed prices, and really unlimited quantities. But it had the effect of obtaining for Government, at the expense of the consumers, a share of the profit of the sub-monopoly in the enhanced sale prices of Salt.

Great fluctuations also occurred in the sale price, in the quantities annually exposed to sale, and in the stock of purchased, but uncleared, Salt in hand at the close of the year; and in 1835-36 the large and increasing importations of Foreign Salt, for private sale, presented a new element of difficulty.

728. Under the Auction system great fluctuations occurred in the sale price, in the quantities annually exposed to sale, and in the stock of purchased, but uncleared, Salt, in hand at the close of the year. In 1790, at the commencement of the Auction system, the annual quantity sold was 31,09,000 maunds, which was all cleared out within the year, at the average price of sicca rupees 243 : 8 annas per 100 maunds. In 1794, the quantity sold was 34,00,000 maunds, at the average price of sicca rupees 301 : 12; but 3,79,000 maunds were left uncleared at the close of the year. In 1795, the quantity sold was 36,00,000 maunds, at the average price of sicca rupees 287 : 4; and, 2,01,076 maunds were left uncleared at the close of the year. The quantity sold, the price, and the uncleared stocks, all continued to increase up to 1822, when the quantity sold was 46,00,000 maunds, at the average price of sicca rupees 419, and 12,96,445 maunds were left uncleared at the close of the year. The maximum amount sold was in the three following years, in each of which 50,00,000 maunds were sold at auction, at average prices varying in each year from sicca rupees 391 : 12, to sicca rupees 352 : 12; the uncleared stock increasing to 17,38,848 in 1826. From this time the demand gradually fell off until 1834, when only 44,00,000 maunds were sold, at the average

* Should be 1788. † 22 lakhs of maunds.

price of rupees 372, and the uncleared stock of sold Salt amounted to 22,51,755 maunds, equal to more than half a year's consumption, at the rate of consumption then existing. In the year 1835-36 a new element of difficulty began to affect the system of auction sales, namely, the importation for private sale of large (2,84,858 maunds in that year) and rapidly increasing quantities of Foreign Salt. The Government, of course, had no means of limiting the quantity of *this* Salt thrown into the market in any year.

In 1827, the Court of Directors questioned the soundness and expediency of the Auction system, which was abandoned in February, 1836, and Mr. Hastings' original system of sales at fixed prices, in unlimited quantities, reverted to. The rate of Import Duty, and the range of fixed sale prices at the time, stated.

729. In a dispatch, dated the 11th of July, 1827, the Court of Directors wrote as follows:—"We wish you to consider whether, instead of periodical sales, the public might not be supplied, on demand, with Salt from the Government warehouses, at a price, to be fixed from time to time by the Government, whereby the subordinate monopoly of the Salt merchants, who now purchase the Salt in large quantities at those sales, would be prevented, and Salt would not be liable to those excessive fluctuations in supply and in price to which the article is now subjected. We only throw out these suggestions for your consideration. We are most anxious that a limit should be put to the rate of the tax, and that the people should have the benefit in reduction of price, of any increase of sale which the progress of demand may produce." In consequence of these suggestions, there had been, during the latter years of the period above-mentioned, much discussion regarding the soundness and expediency of the auction system. But in 1835-36; this system was admitted on all hands to be untenable; and in the month of February, 1836, auction sales were discontinued, and Mr. Hastings's original system, of sales at fixed prices in unlimited quantities, was reverted to. The duty on the importation of Foreign Salt for private sale had been fixed at 300 sicca rupees per 100 maunds, in 1817, by the Regulation XV of that year; before which time such importation was altogether prohibited; and this duty (by the Customs' Act No. XIV. of 1836) was converted into the nearly equivalent Duty of 325 Company's rupees, about the time when sales at fixed prices were re-introduced. When this measure was resolved upon, the sale prices of Bengal Salt were fixed at various rates, according to the average auction prices of the Salt of the different Agencies for the last ten years; and varied from Company's rupees 469 to Company's rupees 385 per 100 maunds.

In this position of things, the Report of the Select Committee of 1836 was received in this country from the Court of Directors on the 19th of May, 1837. The opinions of the Committee stated, and their recommendations analysed and set out in order.

730. This was the position of things when, on the 19th of May, 1837, the above-mentioned Report of the Select Committee, bearing date the 2nd of August, 1836, was received in this country, with a dispatch of the Court, dated the 4th of January, 1837.* The Select Committee, in this Report, state that they have not been convinced by the evidence before them, that the same amount of Revenue that is realized by the Bengal Salt monopoly may not be collected, with equal security, and with great advantage to the consumer and to commerce, by a combined system of Customs and Excise; they express a conviction that, however modified the monopoly may be, the evils of the system can never be eradicated but by its extinction; and they commend to the early and serious attention of the Government, as a measure by which they believe that the interests of the consumer and of the Revenue will both be ultimately best secured, "a considerable reduction of the Duty, under a system of free competition." Though, holding these opinions, they say th they do not wish to go further at that time than to call upon the Government to give to the Excise and Customs' system most serious and early attention. But they submit with confidence certain recommendations for the modification of the details of the system understood by them to be then in force; which recommendations in the Court's dispatch above-mentioned are thus analysed, and set out in order. The Court say—"The practical recommendations of the Committee are:—

"*First.* That the system of public periodical sales should be abolished.

* See Appendix D, No. 3.

"*Second.* That the Golahs should be kept open at all times for the sale of Salt in quantities not less than 100 maunds.

"*Third.* That the price to be paid by the purchaser should be fixed at the cost price to Government added to a fixed Duty.

"*Fourth.* That the import into Calcutta of Salt manufactured in any other country than the districts subject to the Bengal monopoly should be permitted, such Salt to be sold at such times as the proprietors may please, in quantities not less than 100 maunds.

"*Fifth.* That such imported Salt should be subject only to the same Duty, as that sold by the Company, and no other Duty or charge whatever, except a fair and reasonable Rent on such Salt as may have been bonded.

"*Sixth.* That the Duty to be imposed should not exceed the average rate of the net profit of the Company's monopoly for the last ten years."

The narrative has shown that all the recommendations of the Committee, except those on the third and sixth points had been anticipated by the spontaneous action of the Bengal Government.

731. The above narrative has shown that the main feature of the modifications recommended by the Select Committee had been spontaneously adopted in India, about six months before the Committee made their Report. As regards the first and second points enumerated above, the system of public periodical sales had been abolished; and the Salt Golahs (or storing places) had been thrown open at all times for the sale of Salt, in unlimited quantities, at fixed prices. The minimum quantity to be sold in one lot had been originally fixed at 250 maunds, but it was soon afterwards reduced to 100 maunds. It may be noticed, in passing, that this quantity is now reduced to 50 maunds. As regards the fourth point, the import and unrestricted sale of Foreign Salt had been allowed for many years. As regards the fifth point, no other Duty than the fixed Customs' Duty had ever been charged on Foreign Salt; and the bonding rules were even more liberal than was recommended, for no Golah rent for Foreign Salt in bond was then taken. The Customs' Duty had been fixed originally at the rate that was considered necessary, and no more than necessary, to maintain the average prices of Bengal Salt. It remained to carry into effect the recommendation on the third point, before this rate of Customs' Duty could be altered. The recommendations on the third and sixth points were all that had not been anticipated by the spontaneous action of the Bengal Government. A rate of Duty, to which the Customs' Duty should be assimilated, had to be determined upon, which should not exceed the average rate of the net profit of Government upon Bengal Salt for the last ten years; and the cost to Government of that Salt had to be ascertained, in order to fix, by the union of these two elements, the sale price of Bengal Salt. Considerable difficulties were found in carrying this recommendation into practice; and the principles on which the calculations should be made became matter of prolonged discussion. But this was the less important as the Customs' Duty of rupees 325 per 100 maunds, was known not to be far from the an[illegible]nt representing the net profit upon Bengal Salt; and, judging from the rapid and enormous increase of the importations of Foreign Salt, that Rate could not, at all events, be unfair upon the importer. The difficulties were so great in practice, that it was not until 1847 that the Government found itself in a position to adjust the sale prices of Bengal Salt in strict conformity with the recommendations of the Select Committee.

The mode in which the wholesale prices of Salt were regulated by the Salt Board from 1836 to 1844.

732. From 1836 to 1844, the regulation of wholesale prices was left entirely to the Salt Board. They set out by adopting the scale of prices produced by auction competition, and they went on changing the prices of different kinds of Salt, according to what they conceived to be the relation of supply to demand. Their object seems to have been, as stated in a letter from the Secretary to the Government of Bengal, dated the 6th of November, 1853, "to equalise the demand for Salt in all directions, and to prevent what is called a dearth of Salt, or a submonopoly, at some particular Agencies, where the supply is deficient." Under this system the average wholesale price of all kinds of Salt rose from rupees 407 the 100 maunds, in 1837, to rupees 423 the 100 maunds, in 1844: and when the Government, in 1844, reduced the Duty from rupees 3 : 4 to rupees 3 a maund, and declared that there should be no alteration either in Duty or Price for a certain period, it simply made a reduction of rupees 25 the 100 maunds in the prices which, at that time, had been fixed by the Board.

The principle upon which the adjustment of the wholesale prices of Salt, in strict conformity with the recommendations of the Select Committee, was finally made.

733. The following Extract from a dispatch of the Court, dated the 20th of September, 1843, will show the principle upon which the adjustment was finally made. "The only point in these reports which appears to require observation, is that which relates to the manner in which the Duty to be imposed upon Salt, under the recommendations of the Select Committee of the House of Commons (as communicated to you in our dispatch, dated the 4th January (No. 1, 1837) should be calculated. The principle therein laid down for your guidance was, that while the net Salt Revenue was to be maintained at its present average amount, the Duty to be imposed should not exceed the average rate of the net profit of the Company's monopoly for the last ten years. This distinction between the net profit and the net Revenue was advisedly made, the former being the proceeds of the Salt, after deducting the charges incidental to the manufacture, such as the price paid to the Molunghees, Aurung, and transportation charges, &c., all of which would become extinct in the event of the abolition of the present system of manufacture, while to arrive at the net Revenue, a further deduction must be made of all those charges, such as the maintenance of a preventive establishment, payments to the French and Danish Governments and others, which would have to be incurred under any system whatever, by which a Revenue should be derived from the article of Salt." Accordingly, in 1847, on the occasion of a general reduction of Duty on Salt, the charges, which, being deducted from the sale proceeds of Salt, were considered to bring out the "net profit" of the Department, were added to the Duty to constitute the fixed sale price of the Salt; and a separate calculation was made, and a distinct price was fixed, in the case of the Salt of every Agency respectively. A similar calculation and consequent settlement of the fixed prices of Salt was made in 1849; and the process has been annually repeated ever since. At the commencement of every year, the Board ascertains and publishes the average cost of the Salt manufactured at each agency, including the cost of transport to the place of sale, according to the latest accounts; and this cost, in each case, added to the Duty, constitutes the sale price for the following year.

First reduction of Duty in October, 1844, from rupees 3 : 4 to rupees 3 per maund, and its effect.

734. It has been shown that the Duty originally fixed in 1817 was three sicca rupees a maund, afterwards converted into 3 Company's rupees and 4 annas. This Duty remained unaltered until the end of October, 1844, when a reduction of 4 annas (equal to one-thirteenth, or 7·7 per cent.) was made. Simultaneously a corresponding reduction of rupees 25 per 100 maunds, was made in the sale price of Bengal Salt. This reduction was not made because it was thought that the Duty was more than the former "net profit" of the Department, but, by way of an experimental step towards a material reduction of taxation, whereby it was hoped that a two fold advantage might be gained; namely, first, "the provision of an adequate supply of a necessary of life to the people, at a price so moderate as to prevent the necessity of their having recourse to illicit, or unwholesome, substitutes; and, secondly, the greater stability and probable extension of the public Revenue, by encouraging the consumption of Salt by the mass of the population at a cheap price, instead of restricting it to portions of it, only, by a dear price." In taking this step it was admitted by the Governor-General in Council "that practical results are less likely to be produced speedily by cautious reductions, conducted on a moderate scale, than by extensive measures boldly carried into execution;" nevertheless, it was considered that it was "impossible to hazard large reductions at once, owing to the enormous amount of Revenue that would be risked by their adoption." It was calculated that, supposing the reduction to have no effect in increasing the consumption of lici

Salt, the amount of Revenue that would be lost by this reduction might be assumed at about 12 lakhs of rupees.* An increase of 4 lakhs of maunds in the consumption was required to make good this deficiency of Revenue. In the first twelve months after this reduction of Duty, the quantity of licit Salt of all sorts consumed was 58,98,533 maunds against 57,66,729 maunds in the preceding twelve months, being an increase of 1,31,804 maunds in twelve months. In the second twelve months afterwards, the quantity of licit Salt of all sorts consumed was 60,86,898 maunds, being an increase of 3,20,169 maunds. In the twelve months before the reduction, with which this comparison is made, the consumption had been very unusually high; being by nearly two lakhs and a half of maunds in excess of the consumption during the twelve months preceding them again. The consumption, from November 1845 to October 1846, the second twelve months after the reduction, exceeded that from November 1842 to October 1843, the second twelve months before it, by 5,72,135 maunds.

Second reduction of Duty on the 1st of April, 1847, from rupees 3 to rupees 2:12 per maund, and first reduction in the cost price, and their effect.

735. On the 1st of April, 1847, a further reduction of 4 annas a maund was made, bringing the Duty down to rupees 2:12 annas a maund. This was a further reduction of one-twelfth, or 8·33 per cent. of the remaining duty. Simultaneously the Differential Duty which Salt from the North-West Provinces pays on passing below Allahabad was reduced from 1 rupee to 12 annas; and, as has been above stated, the prices of the Salt of the several Agencies were, for the first time, fixed at cost price *plus*, the amount of this reduced Duty. The effect of this combined measure was to reduce the sale price of Bengal Salt by rupees 35 the 100 maunds, of which rupees 25 were due to the last reduction of Duty; thus showing that before that time the sale prices had been on an average by rupees 10 per 100 maunds too high, and so far unduly to the advantage of the importer.† It was, at the same time, announced that the Duty and the fixed sale prices should remain unaltered for two years. I give the result of this second reduction in the words of the Board, when discussing the question of a further reduction twenty-two months afterwards. "By the combined adjustment of price, and alteration of Duty in 1847, the wholesale price of Salt was reduced by rupees 35 the 100 maunds, that is to say, rupees 25 on account of Duty, and rupees 10 on account of cost of production, and the Duty on imported Salt by rupees 25 the 100 maunds. Now, the quantity sold by wholesale during the 21 months, ending with December, 1846, was 63,58,141 maunds, and the quantity imported on payment of Duty during the same period was 26,74,620 maunds. Therefore, supposing the consumption to have remained stationary, the loss in Revenue, arising from the change, in the corresponding 21 months, ending with December, 1848, would have been rupees 23,25,349‡ on home made Salt, and rupees 6,68,655§ on imported Salt, or rupees 29,94,004 in all. But the actual result of the operations of the last 21 months, compared with those of the corresponding months of the previous two years, has been an increase of sales to the extent of 2,35,003 maunds, and of imports, to the extent of 2,64,826 maunds, making a total increase in the consumption of 21 months, of 499,829 maunds; or at the rate of 23,801 maunds a month! ‖ This has been accompanied by a falling off in the gross proceeds of sale, amounting to rupees 14,07,199, against which is to be set an increase in the receipts from Duty of rupees 1,88,911. So that the actual loss to the Department in these 21 months has been only rupees 12,18,288, or, in other words, less by rupees 17,75,716 than might have been anticipated from the change."

Third reduction of Duty, on the 1st of May, 1849, from rupees 2:12 to rupees 2:8 per maund, and further reduction in the cost prices.

736. On the 1st of May, 1849, a further reduction of 4 annas a maund was made, bringing the Duty down to rupees 2:8 a maund.

* Letter from Secretary to Government of India Financial Department, dated 18th October, 1844, to Secretary to Government of Bengal.

† Board to Deputy Governor of Bengal, 22nd January, 1849.

‡ $63,58,141 \times \frac{35}{100}$. § $26,74,020 \times \frac{25}{100}$.

‖ Exclusive of the imports of Western Salt which passed the Allahabad Custom House under rowannah, and which increased in the same comparative period from 8,41,991 to 9,22,895 maunds.

This was a further reduction of one-eleventh, or more than 9 per cent. of the remaining Duty. Simultaneously the same reduction of 4 annas was made in the Allahabad Differential Duty, bringing that Duty down to 8 annas a maund; and the fixed sale prices of Bengal Salt were again adjusted in conformity with this reduced Duty, and a new settlement of cost price was made according to the latest accounts. By this new settlement, owing to more economical management, the price to the consumer of the Salt of most of the Agencies was still further reduced by, from rupees 2 to rupees 9 per 100 maunds. From that date, the adjustment of cost price has been made annually, but no further reduction of Duty has yet been made.

Table of Sale Prices of Salt, per 100 maunds, as fixed in October, 1844, and as fixed by the last annual adjustment of Cost and Duty on the 1st of May, 1855.

737. The following table shows the sale prices per 100 maunds of the Salt of every Agency, as fixed in October, 1844, and as fixed by the last annual adjustment of Cost and Duty on the 1st of May, 1855.

				October, 1844. Rupees.	1st May, 1855. Rupees.
Hidgellee	Kallanuggur	Pungah		375	301
	Kissennuggur	"		370	
	Terropeyhea	"		390	
	Ramnuggur	"		360	
Tumlook	Narainpore	"		395	303
24 Perghs		"	at the agency Ghats	395	..
		"	at Sulkea	..	345
Chittagong	Agency	"		387	319
	Arracan	"		382	328
Sulkea	Madras	Kurkutch	1st quality	365	314
		"	2nd do.	362	
		"	3rd do.	360	
	Cuttack	Pungah		413	329
	Balasore	"		418	318
	Khoorda (Pooree)	"		419	329
	Chilka	"		424	
	Chilka	Kurkutch		..	300

The total reduction of Duty since 1844, and its effects.

738. The total reduction of Duty since 1844, has been from rupees 3:4 to rupees 2:8 a maund, being more than 23 per cent. The average annual consumption of licit Salt of all sorts for the three years (1841-42 to 1843-44) preceding the reduction was 55,69,244 maunds; that for the last three years (1852-53 to 1854-55) was 64,64,138 maunds; showing an increase of 8,94,894 maunds, or something more than 16 per cent. The average annual net Salt Revenue of the former period was rupees 1,59,03,903; that for the last period was rupees 1,44,46,755; showing a decrease of rupees 14,57,148, or something more than 9 per cent. The consumption of licit Salt last year (1854-55) was the largest on record, namely, 66,07,100. An increase of $4\frac{1}{2}$ lakhs beyond this quantity would fully restore the Revenue to what it was before the first reduction of Duty.*

Increase and decrease in the importations of Foreign Salt, and their effects

739. It has been said that Foreign Salt for private sale began to be imported largely about the year 1835, when 2,84,858 maunds of such Salt were imported. From that time the quantity increased with much regularity year by year until 1851-52, when it amounted to 29,26,866 maunds, being nearly equal to half of the whole quantity of Salt of all sorts consumed in that year. The quantity has since fallen to an average of 19,51,796 maunds for each of the last three years. This Salt is allowed to be bonded, on arrival under rules which will be detailed in a subsequent section. As importations increased, the quantity of Bengal Salt manufactured was, of course, reduced. For this reason the Salt Agency of the Twenty-four Pergunnahs was abolished in 1848, and manufacturing in the Chittagong Agency was suspended in 1852. But the reduction of the stock which followed, in consequence of the increased consumption and diminished importations of the last three years, rendered it necessary to recommence manufacturing in Chittagong in 1853, and to re-open the Twenty-four Pergunnahs Agency in 1855.

* See Appendix T.

Number of Salt Agencies now in work; the quantity of Salt made in the last season in each; and the quantity arranged for with the Molunghees in the current season.

740. There are at present seven Salt Agencies in work, viz: Pooree, Cuttack, Balasore, Hidgellee, Tumlook, the Twenty-four Pergunnahs and Chittagong. A particular description of these Agencies, except that of the Twenty-four Pergunnahs, re-opened when this Report had been nearly completed, will be found in a subsequent section. It will suffice here to say that at all but the first-named of these Agencies, pungah, or boiled Salt, is the only Salt made. The quantity of this Salt made at each of these Agencies in the last season of manufacture, ending in June, 1855, and the Taidad, or quantity arranged for with the Molunghees in the current season, are shown in the following table:—

	Made in 1854–55.	Taidad of 1855–56.
Pooree*	2,77,693	3,00,000
Cuttack	2,11,999	4,50,000
Balasore	4,40,690	7,00,000
Hidgellee	8,33,449	11,00,000
Tumlook	7,67,936	9,00,000
24 Pergunnahs	..	†6,00,000
Chittagong	6,55,839	8,00,000
	31,87,606	48,50,000

Manufacture and local consumption of Kurkutch Salt in the district of Pooree. Storage and sale of Pooree and Madras Kurkutch at the Sulkea Golahs, and their prices.

741. At Pooree, besides Pungah Salt, Kurkutch Salt, or Salt produced entirely by solar evaporation, is manufactured, chiefly for local consumption in the district; where it is sold at rupees 1 : 8 a maund, whereof rupee 1 : 2 annas may be considered as Duty, and 6 annas as cost price. In the year, 1854-55, 4,05,250 maunds of this Salt were manufactured at the Pooree Agency; of which, and of the previous storage, 2,67,385 maunds were consumed in the District. A certain quantity of this Kurkutch Salt is transported annually from Pooree, or from the Madras coast (where this is the only sort of Salt made or consumed), or from both places, and stored in the great Salt Golahs at Sulkea, opposite Calcutta; where, like all other Salt, it is sold at the actual cost price, including, of course the charges of carriage, plus the Duty of rupees 2 : 8 a maund. The following table shows the quantity of Kurkutch Salt sold at Sulkea in the year 1854-55, and the quantity in store at Sulkea on the 1st of May, 1855. The Madras Kurkutch was priced for 1854-55 at rupees 320 per 100 maunds; which price was reduced on the 1st May, 1855, to rupees 314 per 100 maunds. No Pooree Kurkutch was for sale in 1854-55; but from the 1st of May, 1855 it has been sold at rupees 300 per 100 maunds.

	Stock on 1st May, 1854.	Sales in 1854-55.	Stock on 1st May, 1855.
		Maunds.	Maunds.
Pooree, or Chilka Kurkutch	None.	None.	1,01,659
Madras Kurkutch	All cleared.	5,450	2,84,952

Storage of Arracan Pungah at the Chittagong Agency for the local consumption of the Province.

742. At the Chittagong Agency, Pungah Salt is sometimes procured from the Island of Ramree, in Arracan, where it is manufactured on the free system, for the local consumption of the province. In the year 1854-55, 25,940 maunds of Arracan Salt were thus procured at Chittagong, the cost of which was annas 12·64 a maund, being by annas 1·76 more than the cost of Chittagong Salt.

Supply derived from the Narainpore and Goordah English works under a system of Excise.

743. There is still one more small source of supply in the private works of Narainpore and Goordah, where pungah, or boiled Salt, is made by the English method, under an Excise, equal, of course, to the Salt Duty for the time being. These works have never produced more than a small quantity of Salt. The largest quantity ever made by them in a year, under the Excise system, was in 1853-54, when 43,550 maunds were thus produced. At the Narainpore works, manufacturing under the Excise system was commenced in 1848-49, when 16,450 maunds were produced. The average annual production of the last three years, at both works, was 27,250 maunds. I have prepared a particular account of these works, and of the Excise system under which they are, which will be found as No. 4 of Appendix C; and to which I beg to refer for information upon every detail concerning them.

* The Taidad in Pooree for Kurkutch is 4,00,000 maunds.

† The 24 Pergunnahs Agency Taidad was fixed at 6,00,000 maunds, but the agent does not this season expect a larger produce than 3,30,000 maunds.

Table of Supply and consumption of Native Salt from all sources in 1854-55.

744. The following table shows the supply, and, *inclusive of wastage*, the consumption of native Salt from all these sources in the year 1854-55.

	Stock on 1st May, 1854.	Supplies in 1854-55.	Consumed in 1854-55.	Stock on 1st May, 1855.
	Maunds.	Maunds.	Maunds.	Maunds.
Bengal Agency Pungah (including Arracan Salt)	20,87,743	37,23,524	49,12,931	8,98,336
Private manufacture excised	15,792	32,975	15,600	33,167
Kurkutch (Madras and Pooree)	Nil.	3,92,061	5,450	3,86,611
Total of Native Salt	21,03,535	41,48,560	49,33,981	13,18,114

Total consumption of all Licit Salt, paying Duty, Native and Foreign, in the same year.

745. By deducting from the above quantity of Native salt consumed, the amount of wastage, viz., 1,26,881 maunds, the remainder, viz., 48,07,100 maunds, shows the quantity of native Salt sold for consumption in 1854-55; and by adding to this last amount the quantity imported, that is to say, taken for consumption paying Customs' Duty, in the same year, viz., 18,00,000 maunds, the total consumption of every sort of licit Salt paying duty in that year is obtained, viz., 66,07,100 maunds.

Fiscal results of the year 1854-55.

746. The following statement shows the fiscal results of the year 1854-55.* It will be seen that the Revenue is realized at a charge of about $9\frac{1}{2}$ per cent. on the net amount, and $8\frac{3}{4}$ per cent. on the gross collections.

In examining the table in the Appendix from which the following statement is derived,† it is necessary to bear in mind the fact, that the *charges of manufacture* in any year, are for the most part properly attributable to the Salt sold in the following year, and that the yearly provision is far from uniform, as it must vary according to the stock in hand; which again depends upon the quantity imported, as well as upon the quantity consumed, in the course of the past year.

Proceeds of wholesale sales of Native Salt, including cost, and a duty of rupees 2 : 8 a maund	1,21,00,000
Proceeds of retail sales in the saliferous districts, at various prices, realizing a smaller rate of duty	18,15,000
Excise of rupees 2 : 8 a maund on private manufacture	48,000
Customs' duty of rupees 2 : 8 a maund on Foreign Salt imported by sea for private sale	42,00,000
Miscellaneous credits to the Department	84,000
Total of the Receipts of the Salt Department	1,82,47,000
DEDUCT	
Charges of manufacture, being the cost of the Government Salt	27,06,000
Gross Salt Revenue	1,55,41,000
DEDUCT	
Charges of Prevention, Collection, &c., being Revenue Charges Proper	13,58,000
Net Salt Revenue	1,41,88,000

* See Appendix T.

† It should, however, be borne in mind that the Bengal charges include an annual payment of rupees 4,26,667 to the French Government, properly debitable to Madras. See Paragraphs 674 and 675.

SECTION II.

ON THE PRACTICABILITY AND EXPEDIENCY OF SUBSTITUTING, FOR THE MONOPOLY, A SYSTEM OF EXCISE UPON THE MANUFACTURE.

Before entering upon the discussion of this question, it will be well to narrate what has already been done towards the substitution of a system of Excise upon the manufacture.

747. THE practicability and expediency of introducing, instead of the manufacture, exclusively for sale to Government, a system of free or licensed manufacture by private persons, who should be allowed to sell their salt to whomsoever they please, and whatever price they please, on payment of the fixed duty under an Excise system, have been the subject of much discussion. In my opinion, the arguments of those who support an Excise system under such restrictions as are necessary to prevent evasion of the tax, are conclusive; but, before entering upon the discussion of the question, it will be well to narrate what has already been done in the way of allowing the manufacture and sale of Salt by private persons, on their own account, under an Excise, for, from this narrative, it will appear that the Bengal Government have already adopted measures which, in fact, amount to a practical solution of the question in the affirmative, inasmuch as they have thrown open the manufacture under an Excise, to any one who will submit to the necessary regulations.

In 1835-36, the Government agreed to assist and support an experiment, proposed by Mr. George Prinsep, to make, for sale to Government, Salt by the English process.

748. In the year 1835-36, Mr. George Prinsep proposed to make, for sale to Government, Salt by the English process of condensing brine from sea-water by means of solar evaporation, and boiling the brine in large iron vessels, instead of by the native process of the infiltration of salt-water through earth impregnated with salt, and boiling the brine so obtained in little earthen pipkins. The Government of that day, thinking that, if by this English process the experimenter should succeed in making better and cheaper Salt than that made by the native process, it would be a great benefit to Government, agreed to assist and support the experiment. An advance of Company's rupees, 32,000 was made to Mr Prinsep, upon the security of his works, and it was agreed to take over from him all the Salt he should make, not exceeding two lakhs of maunds in a year, at twelve annas a maund, that being the price then paid in the Twenty-four Pergunnahs Agency, for the Salt made by the Molunghees. Mr. Prinsep bound himself to show all his accounts, that the Department might have the means of ascertaining, by the result of his experiment, whether it would be expedient for Government to adopt the process on a large scale; and he became bound to instruct two persons in the process, if required to do so. Besides the prospect held out by Mr. Prinsep of better and less costly Salt, the new process had the manifest advantages of a large manufacture within a small space, easily watched and guarded by preventive officers.

Mr. Prinsep, in consequence, established Salt Works at Narainpore, where he produced Salt of a superior quality, in considerable quantities, probably at some small profit.

749. Accordingly Mr. Prinsep established Salt Works at Narainpore, a place about twenty miles NN.E. from Calcutta, where, from the year 1837, Salt has been made, and still continues to be made by the English process. The quantity made at these works has never been considerable. Between March 1837, and June 1840, 1,26,159 maunds of Salt were produced, being an annual average of 31,539 maunds. The experiment promised well at first; and the advance of Company's rupees, 32,000 has been all repaid eventually; but in 1841, the Board reported that the experiment had been too little successful to warrant the establishment of similar works on account of Government. The Salt made at Narainpore, however, was decidedly better than the salt made by Molunghees, and sold

for more than the common Agency Salt. And it seems probable that at the high price of twelve annas a maund there must have been at least some small profit on the manufacture, even although the manufacturer derived no advantage from the superior quality of his Salt; for after the death of the original speculator, his executors asked for, and obtained an extension of the original term of agreement for five years, from 1841; which additional term was afterwards again extended, at their request for two years more.

The formation of the Bengal Salt Company, with Works at Goordah. Their design of manufacturing Salt, by the English process, under an Excise system, favoured by Mr. Parker, the Senior Member of the Salt Board, and the Government.

750. In December, 1838, Mr. George Prinsep, the proprietor of the above-mentioned Narainpore Works, proposed to set up another Salt work on the same system at Goordah, another place in the same Agency, to be conducted either by himself or by a Company; but instead of selling the Salt to Government at a fixed price, he asked to be allowed to sell it on his own account under an Excise system. Mr Prinsep died soon afterwards; but the Company he had contemplated was formed, under the designation of "The Bengal Salt Company," and set up the works at Goordah. Their capital was intended to have been 30 lakhs of rupees; and their design was to manufacture, by the English process, and, if possible, under an Excise system, a large proportion of the Salt consumed in Bengal. The senior Member of the Salt Board, Mr. H. M. Parker, who had ever been the most prominent opposer of all projects for imposing a system of Excise upon the manufacture of Salt according to the native process, in substitution of the monopoly, strongly supported this scheme, which he thought would, if it succeeded, be a great benefit both to the people and to the Government. The Government of that day went fully into the question. A system of Excise, wherever practicable without vexatious interference, was admitted on all hands to be greatly preferable in every point of view to any system of Government monopoly; and the Government came to the conclusion that no practical difficulty existed in the way of realizing the Revenue by means of an Excise, where Salt is made in large quantities within one small circumscribed space, in such a manner as to be easily watched throughout the whole process of manufacture and storing, as is the case where Salt is made according to the English process. The Government, however, thought that the introduction of an Excise was too important a change to be with propriety introduced without the previous consent of the Court; wherefore, they did no more than recommend the measure for the sanction of the Home Government.*

But the Court of Directors negatived the introduction of an Excise.

Court of Directors to Governor-General dated 15th of July, 1840, No. 3.

751. The introduction of an Excise was negatived by the Court, who replied to the recommendation of the Government of India, in the following words:—"The first of these letters relates to a project set on foot by the late Mr. George Prinsep, the proprietor of the Narainpore Salt Works, for the organization of a Company to be called "the Bengal Salt Company," having for its object the supply of a large proportion of the Salt consumed in the Monopoly Provinces from works constructed and worked like those at Narainpore: the Salt to be removed from the works on payment of the regulated duty, instead of being prepared for, and delivered to, Government. A scheme, in fact, involving the substitution of an Excise for a Monopoly system. We see no objection to your permitting the establishment of new works at Goordah or elsewhere, on the same principles which have been successfully adopted at Narrainpore, as noticed in our dispatch to Bengal, dated the 29th of January, No. 1 of 1840 (paragraphs 2 to 7), and to your receiving the Salt so manufactured on any terms which you may consider conducive to the interests of the Salt Department. But we are not disposed to sanction any change in the system under which the Salt Revenue is at present administered.

In 1844, the Bengal Salt Company, together with the Proprietors of the Narainpore Works, petitioned to be allowed

752. Salt was for some years manufactured at Goordah for sale, at a fixed price, to Government; but the experiment there was unsuccessful. For the first three years, the Bengal Salt Company made no

* Letters of the President in Council to the Court, dated 12th March, 10th July, and 23rd September, 1839.

more than 21,070 maunds of Salt there annually, on an average. This Company, as proprietors of the Goordah Works, together with the Proprietors of the Narainpore Works, petitioned, in 1844, to be allowed to have the benefit of all excess in the sale price to merchants of their Salt, beyond the Government duty on imported Salt, which was then fixed at Company's rupees 3 : 4 a maund; which would have been, in fact, equivalent to sanctioning an Excise. But this was refused on the grounds that the Government already paid one anna more for this Salt, than for the Salt of the same agency generally, which had been reduced from twelve to eleven annas between 1837 and that time; and that a separate preventive establishment was maintained for these works. The Bengal Salt Company soon afterwards dissolved itself, and sold its works, at a heavy loss, to a Dr. Mitchell, who carried them on for a few years until his death, when they were closed.

753. In 1847, the Proprietors of the Narainpore aad Goordah Works again petitioned to be allowed to sell their Salt under an Excise system. The Board supported the petition, and submitted in detail a set of rules for regulating the storing and sale of the Salt under an Excise; and the whole measure was sanctioned by the Deputy Governor of Bengal on the 25th of August, 1847. It does not appear from the records that the Deputy Governor on this occasion had before him the negative given by the Court in 1840 to the same scheme when proposed by the President in Council. It is to be observed, however, that in 1847 the refusal to permit the free sale of Salt from these works, under an Excise, would have been tantamount to closing the works; for there was at that time an excessive stock of Salt in the Government stores; and as about the same time the principle of selling each description of Salt at a price composed of the true cost thereof, added to the fixed duty, was put into force, the whole Salt of the Twenty-four Pergunnahs Agency, by reason of its high cost price, was becoming unsaleable; and of all the Salt of that Agency the Narainpore and Goordah Salts were the dearest. The Government could not have fairly refused to take the Molunghees, Salt at eleven annas a maund, and continued to take Narainpore and Goordah Salt at twelve annas a maund: and any Salt so taken would have remained upon its hands for want of purchasers. At the same time, it would have been unjust to close works such as these, which had cost originally large sums of money, whose proprietors were willing to go on at their own risk, if allowed to do so. The Twenty-four Pergunnahs Agency was soon afterwards, viz., at the close of the year 1847-48, abolished; but Salt was still allowed to be made to any quantity at Narainpore and Goordah, under an Excise, and these works are open under this system to the present day.

754. When the Twenty-four Pergunnahs Agency was abolished in 1847-48, Salt was still allowed to be manufactured on Saugor Island, which was a portion of that Agency, for one year longer, as a special indulgence. The salt on this island was not manufactured, as usual, by Molunghees, who sold it on their own account to Government, but by Molunghees on account of certain grantees, who sold it to Government. The Board had been continually objecting, even during the existence of the Twenty-four Pergunnahs Agency, to the manufacture of Salt in that part of the Agency, for departmental reasons; and towards the close of 1848-49,* they again pressed the Bengal Government to stop the manufacture on Saugor Island. On this occasion, one of the main arguments used by the Board was that "an unchecked manufacture, such as is there carried on, away from the presence of any officers of the Department, affords facilities for smuggling which ought not to exist, and which may go far to neutralize the efforts that are now being made to put a stop to illicit manufacture and transport of Salt in the Western Sunderbuns." On this recommendation, the petition of the Agent of the grantees (who were resident in Europe) to continue the manufacture after 1848-49, was rejected by Government. After declining to avail himself of an

* Letter dated 28th February, 1849.

to have the benefit of all excess in the sale price of their Salt beyond the Government Duty on Imported Salt; but this was refused, and soon afterwards the Bengal Salt Company dissolved itself.

In 1847, the Proprietors of the Narainpore and Goordah Works again petitioned to be allowed to sell their Salt under an Excise system. This was now sanctioned by the Bengal Government, in concurrence with the Salt Board; and these Works are still open under this system.

The continued manufacture of Salt on Saugor Island, on account of certain Grantees who sold it to the Government, being disallowed in 1848-49, the Agent of the Grantees petitioned in the following year to be allowed to renew the manufacture on a limited scale, still by the native process, but under an Excise system.

offer to recommence manufacture on terms which the nearest Salt Agent thought necessary for security, the agent of the grantees again came forward in 1849-50, with a repetition to be allowed to re-commence the manufacture on Saugor Island; but this time the proposal was to manufacture, on a limited scale, still by the native process, but *under an Excise system.*

755. The Board supported this application, being willing to give this system, which was that already in force at Bombay, a trial. The Deputy Governor observing that the Board's proposal opened a very wide general question (as this permission, if accorded to the Grantees of Saugor Island, could not be justly refused to any one else), negatived the application. It seems to have been felt as a special objection to Saugor Island as a place of manufacture, that it had not been shown how to overcome the risk of smuggling, on which the objections of the Board, in February, 1849, had been founded. But in regard to the general question of an Excise on the manufacture by the native process, the grounds of this decision seem to have been the above-mentioned refusal of the Court of Directors, in 1840, to sanction "any change in the system under which the Salt Revenue is at present administered;" and the imprudence of introducing so important a change of system, without such mature consideration as the subject had not then received. No special rules applicable to the native process, for so regulating manufacture and storing as to prevent evasion of the Tax, had been suggested by the Board; and the practical difference between a scheme of Excise for such works as those at Narainpore, and one where the manufacture and storing of Salt is carried on over a large tract of country covered with small native Khularees, was pointed out. At the same time the Deputy-Governor, whilst noticing the difference between the two cases, and what appeared to him practical difficulties in the case of the existing method of native manufacture, expressly guarded himself from being understood as pronouncing against the possibility of overcoming those difficulties, or of eventually applying an effective system of Excise to the native process.

756. This then was the state of things at the end of the year 1853. At the Narainpore and Goordah Works, where Salt was made by the English process, the manufacture was allowed upon an Excise system; and, doubtless, any number of persons wishing to establish similar works elsewhere would have been allowed the same privilege, as a matter of course; while persons making, or wishing to make, Salt by the native process were not allowed to do so, otherwise than on the monopoly system: although the extension of an Excise system to such manufacturers also had been mooted, and was treated as a question open to consideration, but not capable of settlement in the affirmative without the previous consent of the Court.

757. The dispatch of the Court, dated the 3rd of October, 1853, mentioned in paragraph 7 of this Report, was received towards the close of that year; and on the 16th of December, 1853, shortly after the receipt of that dispatch, the Bengal Government, in pointing the attention of the Board to the fact that there was every prospect of the stock of Salt being reduced to a dangerously low quantity before the commencement of the next manufacturing season, made the following suggestion:—"His Honour desires me to observe that the present is a favourable opportunity of trying the experiment of manufacturing on the Excise system in one of the Aurungs of the late Twenty-four Pergunnahs' Agency, and that steps might very properly be taken to ascertain whether private persons are willing to engage in the manufacture, under such checks as it may be necessary to impose for the security of the Revenue."* In promising their immediate attention to this suggestion, the Board stated that they did not anticipate that satisfactory arrangements could be made that year (*i.e.* in the season of 1853-54) for trying the experiment.†

758. On the 12th of May, 1854, the Board made their Annual Report to Government on the supply and consumption of Salt, and the probable stock at the commencement of the next manufacturing

* Appendix G, No. 1. † Appendix G, No. 2.

This application was supported by the Salt Board, but negatived by the Bengal Government.

State of things at the end of the year 1853, as shown by the foregoing narrative summarised.

In December, 1853, shortly after the receipt of the Court's Dispatch, dated the 3rd of October preceding, the Bengal Government suggested to the Salt Board the expediency of trying the experiment of manufacturing on the Excise system in one of the Aurungs of the late 24 Pergunnahs' Agency.

In consequence of the great reduction in the supply of imported Salt from Liverpool, the Board recommended the immediate re-opening of the Salt Agency of the 24 Pergunnahs, without prejudice to the proposed experiment of manufacturing, in a portion of the same Agency, under an Excise.

season, with their usual recommendations as to the *taidad* or quantity to be agreed for with the Molunghees as the manufacture of the approaching season. In consequence of the reduction of stocks, and the increased consumption of Agency Salt, which had been induced by the reduction of the supply of imported Salt from Liverpool, the Board recommended the immediate re-opening of the Salt Agency of the Twenty-four Pergunnahs. In making this recommendation the Board said that they had not lost sight of the suggestion above mentioned, for trying the experiment of manufacturing under an Excise; and that they would be prepared shortly with a plan for carrying out that object; but they observed that any measure of this kind could only have a very limited and partial "effect" (in supplying an immediate deficiency of Salt), and would not supersede the (immediate) necessity of manufacture on a large scale on account of Government.*

But the Bengal Government, fearing that the re-opening the 24 Pergunnahs' Agency might prove detrimental to the success of the Excise scheme, recommended the reservation of the whole extent of the old Agency for the experiment of private manufacture under an Excise, which was sanctioned by the Government of India.

759. The Lieutenant-Governor, however, feared that the re-opening of the Twenty-four Pergunnahs' Agency might probably prove detrimental to the success of the Excise scheme, the introduction of which he regarded as of the utmost importance.† The Board, in a letter, dated the 31st of May, 1854, fully agreed with the Lieutenant-Governor as to the importance of the experiment, and they submitted the outline of the plan under which they thought the experiment might be made with best prospect of success. But they thought that the stock of Salt being then so low as to occasion the most serious uneasiness, it would be impossible with safety to give up the whole extent of the Twenty-four Pergunnahs' Agency, to an experiment which might, or might not, eventually succeed, but which, under the most favourable contingencies, could not come into immediate operation on so large a scale as to supply with any degree of certainty the certain deficiency. They proposed, therefore, to devote a portion of this Agency exclusively to this experiment, and to recommence the Government Manufacture in the remainder of it.‡ On this point the Lieutenant-Governor asked for the instructions of the Governor-General of India in Council, expressing his own opinion to be adverse to the re-opening of the Agency for the then coming season. He thought that the present was a most favourable opportunity for trying the experiment of an Excise system; and that the abandoned Agency of the Twenty-four Pergunnahs afforded the most favourable field for trying it; whilst he observed that he saw plainly that if the present opportunity were lost, it might become, from the further reduction of stocks, too hazardous next year to try it; in which case the experiment would be indefinitely postponed. He did not agree with the Board in thinking that there was room in the Twenty-four Pergunnahs for Excise and Agency manufacture, both on any considerable scale, and, except upon a large scale, he was of opinion that it was futile to try the experiment of an Excise system at all. He argued that it was important, not only to give the experiment in reality the very best chance of success, but also to afford no ground for others to question the fair intention of Government; and he did not believe the danger of a short supply of Salt to be quite so imminent as the Board apprehended. For these reasons the Lieutenant-Governor recommended the reservation of the whole extent of the old Agency of the Twenty-four Pergunnahs for the experiment of private manufacture under an Excise. In this view the Governor-General in Council concurred; and the Lieutenant-Governor was vested with full power to entertain whatever establishment might be found necessary for the experiment in question.§

The experiment was accordingly tried in the manufacturing season of 1854-55, under every facility which it was in the power of the authorities to afford it.

760. Accordingly this experiment was tried in the manufacturing season of 1854-55, under every facility which it was in the power of the Government, and of the Authorities of the Department to afford it. The regulations and arrangements under which the manufacture and sale of Salt in the Twenty-four Pergunnahs were thrown open, will be found in complete detail in the papers in the Appendix.‖

* Appendix G, No. 3. † Appendix G, No. 4. ‡ Appendix G, No. 5. § Appendix G, Nos. 7 and 8. ‖ Appendix G, Nos. 9 to 1[illegible]

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761. Under this plan three persons applied for licences, of whom two only actually took out their licences, and commenced the manufacture. The result of the first year's experiment was reported by the Board on the 14th of May, 1855. The gross quantity of Salt manufactured under licences in the season of 1854-55, was estimated a few days before the close of that season at no more than from 20,000 to 25,000 maunds. No definite expectations of new applications for licences for next season were entertained; though it was expected that both the licensed manufacturers already in the field would increase their manufacture next season. The extra or special cost of prevention came to about 6 per cent. upon the Duty; whilst "the extra preventive charge on Agency Salt, that is the total of the Agency charges not included in the cost price of the Salt, is a little more than 2½ per cent." But this excess of preventive charge must not be regarded as any argument whatever against the Excise system; as it is fairly attributable to the smallness of the scale on which the licensed manufacturers operated. The proportionate amount of the special preventive charge will be greatly reduced, as the manufacture under this system becomes enlarged.

The result of the first year's experiment, as reported by the Board on the 14th of May, 1855, described.

762. "On the whole," the Board report, "no considerable extension of operations can be looked for under the rules for manufacture in the Soonderbuns, and storage at Baugundy. It would, perhaps, be premature to say that the plan has failed, but the prospect of success is so doubtful and remote, that it should not," the Board think, "be allowed to stand in the way of any arrangements for the extension of manufacture on the part of Government which the exigencies of the Department may suggest.*

On the whole, the Board thought that the prospect of success was so doubtful and remote, that the experiment should not be allowed to stand in the way of other arrangements for the extension of manufacture on the part of Government.

763. Upon this opinion, I must remark that what the Board had chiefly in mind when thus expressing themselves, was the short stocks of Salt, and the threatened deficiency of the supplies from all quarters to meet the demands of the country. Regarded as a means of supplying this threatened deficiency of Salt in Bengal, there can be no doubt that the Board's judgment of the result of the first year's experiment is in no degree too unfavourable; and certainly the Board were justified in taking one survey of the result from this point of view, because the Government had relied upon the experiment as the probable means of affording a large immediate supply, and thus as likely to be a material aid towards meeting the pressing necessities of the Department. But I am unable to see that any substantial grounds ever existed for entertaining such very sanguine expectations of the immediate results of the experimental system, whilst merely in its infancy. Regarded, however, in what appears to me to be the only true point of view; looking at it as a practical test of the soundness of the arguments of those who maintain that there is nothing in the circumstances of the Salt manufacture in Bengal to render the general principles of free trade and manufacture inapplicable; the result of this experiment appears to me to have been successful. That in the first year of an untried business, only two persons came forward to risk their time and their money in that business; is, in my opinion, nothing strange. For it must be remembered that new as is the free manufacture of Salt by the native process, it is a business which, if successful, holds out no prospect of enormous profit. It can only succeed at all if the private capitalist who makes the advances to the Molunghees, manufactures his Salt at a less cost than the cost price of Agency Salt to Government; and this possible difference is the whole margin from which any profit can be expected. There is no such extreme extravagance or mismanagement in the Agency manufacture, as to lead us to expect that this margin can be extremely wide. On the other hand, the fact that each of the two persons who did undertake this business, the first year such business was thrown open to them, intend to enlarge their operations, and so to risk more money next year, is, in my judgment, entirely satisfactory, and almost

Observations on the Board's opinion. Regarded as a means of supplying the threatened deficiency of Salt in Bengal, the experiment was certainly a failure; but regarded as a practical test of the possibility of applying the general principles of Free Trade and manufacture to the Salt manufacture in Bengal, the experiment was perfectly successful.

* Appendix G, No. 18.

in itself conclusive. They would not have done this if their experience had not given them reason to believe that the manufacture was remunerative; and there, is no doubt that, sooner or later, there will be plenty of people who will embark in any remunerative manufacture.

The propriety of trying the experiment, when it was tried, admitted; but the opinion of the Bengal Government, that the season of 1854-55 afforded a particularly favourable opportunity for making the first trial, questioned.

764. Although I fully agree in the propriety of trying the experiment, when it was tried, I am unable to agree with the Lieutenant-Governor of Bengal, in thinking that the season of 1854-55 afforded a particularly favourable opportunity for making the first trial. The only peculiarity of that season was the probability of such a short supply of Salt from all quarters during the season, as would reduce the Government stock dangerously low at the close of it. But it was not contemplated that the Government stock would be wholly exhausted. Against such a contingency, all possible measures would have been taken, if it had become more imminent than it was. And so long as a maund of Salt remained in the Government stores, Salt would have been sold from those stores at the fixed price. The circumstance of the price of the Salt which rules the market being fixed, makes all increase and decrease of the stock of that Salt in store quite as immaterial to the private manufacturer of Native Salt, as it is to the importer of Foreign Salt.

In consequence of the very low state to which the stock of Salt had been reduced, the Board, in reporting on the 15th of May, 1855, on the provision of Salt required for the ensuing year, repeated their recommendation that the 24 Pergunnahs' Agency should be immediately re-opened, due provision being made therein as before proposed, for Excise Salt.

765. On the 15th of May, the Board made their Annual Report on the provision of Salt required for the ensuing year. The state of things, by their representations, was very serious. In their Report of the previous year, they had expressed their expectation that the small stock of about 15½ lakhs of maunds of Government Salt, with which that year had opened, would not have been reduced below 12 lakhs at the close of the year; whereas it had been reduced to about 3½ lakhs, exclusive of 3 lakhs of Madras Kurkutch ordered, but of which the arrival was uncertain, owing to the difficulty of obtaining freight. This result had been caused, in the face of unexpectedly large importations of Foreign Salt, by accidental deficiency in the manufacture of several Agencies, and by increased consumption. In this state of things, the Board were of opinion that "for the next few years the Government will require all the Salt that can possibly be manufactured, in order to replenish their stores, and that the present sources of supply are inadequate for the purpose." They, therefore, earnestly repeated their recommendation that, as a matter of necessity, the Twenty-four Pergunnahs' Agency should be immediately re-opened. They proposed to reserve, for Excise Salt, Saugor Island, and the only other Hoodah, or subdivision of the Twenty-four Pergunnahs' Agency in which such Salt had been made in the year 1854-55, together with any other adjacent Hoodahs that it might be thought proper to reserve for that purpose; but they recommended that the rest of the Agency should be re-opened without delay. They expressed their opinion that this measure would in no way interfere with the fair trial of the Excise system.*

The Bengal Government differed from the Board, and believing that there was less reason for apprehending a scarcity of Salt than there had been the year before, deprecated the re-opening the 24 Pergunnahs' Agency.

766. The Lieutenant-Governor of Bengal did not coincide in the views of the Board. In asking the instructions of the Government of India, he reviewed the calculations of the Board, and stated, founding chiefly on his hope of increased importations of Foreign Salt, that, exclusive of any supply from the Twenty-four Pergunnahs' Agency, a supply of Salt from all quarters might be anticipated, which would leave a stock of 15 lakhs of maunds at the end of the year. He thought that there was "really less reason for apprehending a scarcity of Salt than there was last year." He expressed himself, therefore, averse to re-opening the Twenty-four Pergunnah's Salt Agency. If the Government of India should take a different view from his of the prospects of the supply of Salt for the coming year, he hoped that orders for re-opening the Agency might be postponed till the last moment. On the whole, he deprecated the "re-opening of the Twenty-four Pergunnahs' Agency, unless the Government are prepared to say, that the experiment to introduce a manufacture under

* Appendix G, No. 20.

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Excise has so entirely failed as to make it futile to attempt it further."*

But the Government of India came to the conclusion that it would not be safe to postpone the re-opening of the 24 Pergunnahs' Agency any longer.

767. In Mr. Secretary Beadon's letter of the 6th of July, 1855, the Government of India went very fully into this question of the re-opening of a portion of the Twenty-four Pergunnahs' Agency. They agreed fully with the Lieutenant-Governor in the importance which he attached to giving all the fair encouragement possible to the Excise experiment; they approved of all that the Bengal Government and the Board had done, in this matter, during the past year; and they expressed their opinion that "although the first year's result is not so successful as could have been wished, yet it affords no reason for abandoning the project." But they expressed a decided opinion that, if a large and sufficient portion of the Twenty-four Pergunnahs were set apart for the Excise manufacture, including all those parts in which applications for licensing had been made, or were expected to be made, the experiment would in no way be interfered with by the manufacture of Agency Salt in the remainder of the District, any more than it was already interfered with by the manufacture of Agency Salt in Tumlook and Hidgellee. And, however that might be, they came to the opinion that the reserve to meet possible calamities from inundation, or from deficient manufacture, owing to a general bad season, or from a sudden reduction of importation, or from an increased delivery for consumption, had become so very small; whilst the regular consumption was so large in comparison with the supplies expected under the most favourable contingencies; that it would be no longer safe to postpone the immediate re-opening of a portion of the Twenty-four Pergunnahs' Agency. It was observed that, "while the people of Bengal are, for the most part, dependent upon Government for an adequate supply of Salt at fair prices, it is not safe to administer the Salt Department as it were from hand to mouth, and to keep its stocks so low that at any time, from the accident of a storm, or by the least derangement of trade, the people might be deprived of a first necessary of life, or compelled to purchase it at an exorbitant price." The Bengal Government was requested to use every exertion to raise, as soon as possible, its surplus stock of Government Salt to 30 lakhs of maunds at the least.†

Accordingly the western portion of the 24 Pergunnahs' Agency was reserved for Excise Salt, and the eastern portion was re-opened for the manufacture of Government Salt.

768. Accordingly the Twenty-four Pergunnahs' Agency was apportioned in the manner above indicated; the Western portion being reserved for private manufacturers, under an Excise system, and the Eastern portion being re-opened for the manufacture of Agency Salt. The taidad of this last specified portion for the season of 1855-56 was fixed at 6 lakhs of maunds as a minimum.‡

This arrangement does not, in the opinion of the Commissioner, operate as any interference with the Excise experiment.

769. In my opinion, whilst the immediate increase of the Government store of Salt is a matter of obvious necessity the re-opening of the eastern portion of the Agency of the Twenty-four Pergunnahs does not operate as any interference with the experiment now in progress in the western portion of the same district. Besides the Twenty-four Pergunnahs, there is an immense tract of saliferous country between the Hoogly and Chittagong, the whole of which is capable of being thrown open to private manufacturers under Excise licences. And as to what has been said of the propriety of making the experiment upon a large scale, it must be observed that, under a free system, the scale on which the experiment is to be made does not depend upon Government, but upon the public. The Government does all it can to enlarge the field of speculation, when it reserves for the experiment a vast deal more land than is required by the actual speculators, or is likely to be required for some time to come.

It thus appears that since the present Commission was constituted the Excise question has been put to the proof of actual experiment.

770. It thus appears that, since the Court's dispatch of the 3rd of October, 1853, in consequence of which my commission was constituted, was received in India, "the question of the practicability and expediency of substituting for the monopoly a system of

* Appendix G, No. 24. † Appendix G, No. 25.
‡ Appendix G, Nos. 26 and 27.

Excise upon the manufacture," has been put to the proof of actual experiment. This fact makes the consideration of the arguments in the affirmative or negative of this question, which has been for many years a subject of strong discussion, a matter of much less importance now than it was when the dispatch in question was written. But, nevertheless, it is necessary for me to give here a summary of the discussion, and to report the judgment I have formed upon the subject, and the reasons on which it is founded. In Appendix E will be found at large a full collection of Extracts from Parliamentary Evidence and Official Papers in favour of the retention of the monopoly, and against a system of Excise; and in Appendix F will be found a similar collection to the contrary effect.

The principal objections to an Excise in Bengal upon Salt manufactured by the native process stated under four heads.

771. The principal objections that have been urged to levying the Revenue in Bengal by an Excise upon Salt manufactured by the native process, are—

That under a system of private manufacture the supply of Salt in the interior of the country would be deranged.

That under a system of private manufacture a few capitalists would obtain a monopoly of the supply.

That under a system of private manufacture there would be more evasion of the Tax by illicit manufacture and sale, than there is under the present system of Government manufacture.

That the preventive system necessary under an Excise would be more expensive to Government, and more vexatious to the Molunghees, than the present plan of Government manufacture.

I will discuss these arguments in order.

Discussion on the First Head. No derangement of the supply in the interior of the country to be apprehended.

772. *That under a system of private manufacture the supply of Salt in the interior of the country would be deranged.*—This argument assumes that there is some specialty in respect of Salt which prevents the effective operation of the great natural laws which regulate the supply of all other main articles of consumption. But no one has attempted to show in what such specialty consists; and it is, in my judgment, certain that there is no such specialty. No derangement of the supply in the interior of the country occurs at Bombay, where the system of private manufacture is exclusively in operation, and there is no reason why the result in Bengal should be different from what it has been in Bombay.

Probable origin of the objection.

773. Probably this objection owes its rise to a consideration of what would be the first effect of an abrupt abolition of the present artificial system of manufacture before private speculators in sufficient numbers to supply the void in the market were prepared effectually to commence operations. Doubtless, this consideration is very important, and is sufficient to condemn any abrupt and inconsiderate cessation of the Government manufacture. It is sufficient, in my judgment, to condemn any such law as was contained in that Clause of the Bill of 1853, which was expunged by the House of Lords, set forth in Paragraph 3 of this Report. But it is no argument whatever against any well prepared and gradually enforced change of system, or against the permission of private manufacture to any extent under Excise, which is the system now actually in force.

Discussion on the Second Head. The objection that a few capitalists would obtain a monopoly of the supply, considered to be untenable.

774. *That under a system of private manufacture a few capitalists would obtain a monopoly of the supply.*—This objection is as untenable as the last. While the Salt trade in Bengal is left to its natural course, (which is the case at present in every respect except in respect of internal manufacture,) any real monopoly is as impossible in the article of Salt as it is in the article of cotton cloth, or any other commodity which is both largely produced in the country and largely imported from abroad. We have seen more than half the year's consumption of Salt imported within the year from distant places beyond sea. Salt may be procured from the neighbouring coasts of Madras, Bombay, and Scinde, in any quantities. The whole seaboard of Bengal, from the Chilka Lake to Arracan, with its innumerable creeks and Salt channels, is available for internal manufacture. The Salts of Western India meet the Bengal Salt in the Province of

Benares, and divide the market there; and the price of Bengal Salt could not be raised by monopolists, or by any other means, for a day, without bringing western Salt downwards to supersede it, more or less, in proportion to the rise of price.

Probable origin of the objection.

775. Probably this objection arises from the recollection of the unsuccessful struggle against monopolists, which was a main feature of the Salt Revenue system from the earliest times until the abolition in 1836 of the plan of auction sales of limited quantities. Whilst the Board attempted the impossible task of determining beforehand what was the precise quantity of Salt that ought to be made available to the people for the wants of the coming year, and limited the quantity purchasable by wholesale to the amount so arbitrarily fixed, the wholesale dealers became, of necessity, monopolists. But when any person was allowed, on any day of the year, and to any extent he pleased, to purchase Salt from the public stores at a fixed price, all real monopoly became impossible. The only monopoly that ever existed was the direct and unavoidable consequence of a false system of restriction, and there can be nothing likely to revive that monopoly in a change, the effect of which is to do away with all restrictions whatsoever.

Discussion on the Third Head. The arguments in support of the proposition that there would be more evasion of the Tax by illicit manufacture and sale stated.

776. *That, under a system of private manufacture there would be more evasion of the Tax by illicit manufacture and sale than there is under the present system of Government manufacture.*—The arguments in support of this proposition are, that a private capitalist for whom the Molunghees would work, and with whom they would be connected by the system of advances, would have greater facilities for smuggling, by the help of the Molunghees, than the Molunghees alone now have; and that the fact of the Molunghees now being in the service of Government is a check upon them, which would be removed on their entering the service of private capitalists, who would have no object in preventing Government from being defrauded. The first of these arguments applies only to cases in which collusion between the capitalist and the Molunghees is to be apprehended; and the second applies also to cases where no such collusion is to be apprehended.

The arguments examined and controverted.

777. That careful provision must be made against collusion is not to be denied. A small capital is all that is required to work a single khalaree, and the severe penalties which may be enough to render smuggling a rare offence in the case of a great capitalist working on an extensive scale, will not prevent petty native manufacturers from being constantly on the watch to evade the duty. Although the Molunghees, without assistance are, and under any reasonable system would be, incapable of putting into execution any plans for a very extensive evasion of the Duty, which would always require a previous very extensive clandestine manufacture; it is not to be controverted that the presence of the master manufacturer who makes the advances to the Molunghees, or of his servants, is the introduction of a new Agency which will be often employed in assisting the Molunghees in passing off Salt on which no duty is paid, unless the manufacture is successfully watched. But it is an Agency which comes in place of the native officers of the Salt Agent, whose propensity to smuggle, with the aid of the Molunghees, under the existing system, is not at all doubtful. The places of these native officers would be supplied, under the proposed system, by native preventive officers. The effect of the change would be, therefore, that, whilst two parties must combine in order largely to evade the duty now, it would be necessary for three parties to combine in order to do so under the proposed system. I do not see how the result can be to give new facilities to clandestine manufacture, and to the consequent evasion of duty by secretly passing off the Salt so manufactured.

The arguments controverted further.

778. That the fact of the Molunghees being now in the service of Government acts in any degree upon them as a check to their propensity to defraud Government is, in my opinion, quite an imaginary safeguard. The Molunghees wish not to offend the native

officers of the Salt Agency, but whether this wish operates to encourage or discourage them in clandestine manufacture, depends only upon whom they intend to make the sharers in the consequent profit. The interests of a master manufacturer who does not actually collude with the smuggler, and share his profits, will always be strongly against permitting the Molunghees secretly to pass off any Salt that does not pay duty; for he loses his profit upon all such Salt, and it must always be his interest to obtain as much of the manufactured article as he possibly can for his advances. Unless in a case of collusion, the master manufacturer of Salt will no more consent to his Molunghees passing off to others the Salt for which he has made advances, than the indigo planter consents to his Ryots disposing of their plants to other factories.

Conclusion that there is no weight in the objection.

779. On the whole, therefore, it appears to me that collusion between all the parties who must collude in order to any very extensive evasion of duty will be less likely to take place, and, more likely if it takes place, to be discovered under an Excise system than under the present system; and that where there is no collusion, there will be, under an Excise system, one additional safeguard against smuggling. For these reasons I see no weight in this objection.

Discussion on the Fourth Head. The arguments in support of the proposition that the preventive system would be more expensive to Government and more vexatious to the Molunghees, stated.

780. *That the preventive system necessary under an Excise would be more expensive to Government, and more vexatious to the Molunghees, than the present plan of Government manufacture.*—In support of this proposition, it is argued that the Bengal Salt is made in many remote parts of the country, difficult of access; and that each Salt work produces but a small quantity of Salt, so that the manufacture is scattered over a great extent of territory; that an immense number of preventive officers, at an extravagant cost, would be required to guard all these scattered works, whom it would be impossible properly to overlook and check; that this interference of an immense body of native excisemen with the Molunghees would subject the latter to extreme oppression, and would be contrary to the recognised maxim, that in India the people should be freed as much as possible from the interference of native revenue officers; and that the restriction and penal regulations which the circumstances of the manufacture would render it necessary for the preservation of the Revenue to impose, would operate to enhance the price of manufacture.

Some of the arguments conclusive against any system under which the manufacture and sale of Salt should be "absolutely free;" but none of them have any strength as against a system of "modified Excise."

781. Some of these reasons are, in my opinion, conclusive against any system under which the manufacture and sale of Salt in Bengal should be "absolutely free, subject only to such Excise or other duties as may now, or from time to time, be levied upon such Salt so manufactured;" if by this expression it be meant that, subject to such duty, any person might make Salt in any quantity, and at any time and place. Under such a system of free manufacture, the collection of any duty would be simply impossible; for no number of Excise officers that could be employed could watch a free manufacture over the many thousand miles of banks along the rivers, creeks, and channels in the jungles of the Sunderbuns alone. Many of those who have advanced these arguments seem to have in mind some free system of this sort, when objecting generally to any Excise system. But none of these arguments appear to me, when thoroughly analysed, to have any strength as against a system of private manufacture in particular places, under such restrictions and rules as may be necessary for the security of an Excise Revenue, but free so far as to be open to all speculators who satisfy the necessary conditions, which is what I understand by "a system of modified Excise, such as that of granting licences to private persons to manufacture Salt at stated localities." Every system of Excise, of which I am aware, imposes more or less of restrictions of this nature, and it would be impossible to collect the Revenue, even under the existing system of a Government manufacture of Salt, if restrictions as to the places of manufacture, the persons authorized to manufacture, and the manner of manufacture and storing, were not in force. I do not understand that any of those who have argued in favour of an Excise

intended to recommend any *unregulated* private manufacture. It is upon this understanding that I proceed to discuss the question.

Question discussed in the aspect of a system of "modified Excise;" in other words, a system of private manufacture in particular places, under such restrictions and rules as may be necessary for the security of an Excise Revenue, but free so far as to be open to all speculators who satisfy the necessary conditions.

782. I have no doubt that under an Excise system measures must be taken for keeping the higher Government officers as fully informed of the capacity of production, and of the daily progress of work in every Khalaree, as they are now. For this purpose, there must be the same, or an improved system of concentration of the places of manufacture, and the work must be carried on under licences, which should only be granted where the production will be sufficient to enable the Department to secure the Revenue from fraud without disproportionate expense. Also, I have no doubt that, as at present, measures must be taken for the secure storing of Salt, between the time of manufacture and the time of sale, whether the sale take place at the Khalaree or at some central Golah. But measures for all these purposes are taken now, and must be taken equally, whether the Salt is made on account of Government, or on account of a private person. In either case, precisely the same danger has to be guarded against, by precisely the same means; and, in either case, precisely the same result follows any laxity of administration. It is not possible that, all other circumstances being the same, a Molunghee can find it less easy to manufacture Salt clandestinely, and to pass it away from the Works secretly, because he is pretending to be making Salt only for Government, than he would find it if he were pretending to be making Salt only for a private person, to be stored and registered by Government.

Considered in that aspect, there is nothing valid in the whole objection.

783. On this understanding of the question, therefore, I have no hesitation in giving my opinion that the scattered character of the present manufacture will be no greater evil, and will be as easily remedied under a regulated Excise as under a Government manufacture: that the overlooking of the daily work of production, and the prevention of smuggling, will not be more costly, for an equal degree of security, under such a system than it is at present: that no greater restrictions on the Molunghees need be imposed under such a system, than are, in fact, now imposed upon him; that, under good management, there is no ground to fear that oppression will be inflicted on the Molunghees, who, under the proposed system, will have the master manufacturer to support him: and that as no restrictions or interference will be requisite under such a system, which is not indispensable at present, there is no reason to fear that any well considered Excise regulations will enhance the cost of making Salt, beyond the cost under the present system. There is, therefore, in my opinion, nothing valid in the whole objection.

Not necessary to analyse the arguments of those who support the introduction of an Excise system.

784. It would lengthen this report unnecessarily, to analyse the arguments of those who support the introduction of an Excise system. These arguments are founded upon general principles which, as such, are universally recognised. The burthen of proof is admitted to be on the other side of the question, on those who maintain that, in this instance, a Government should be concerned in the production of one of the first necessaries of life. On this side of the question, there has certainly been much exaggeration of the practical inconveniences of the present system. But the principle of the argument is sound; and I have given above my reasons for refusing to admit that it does not apply as fully to the case of Bengal Salt, as to the case of any other staple.

The arguments against an Excise are condensed in a Minute by Mr. Parker, written expressly to meet the Parliamentary Inquiry of 1836. These arguments, it is thought, have been answered in the foregoing observations.

785. The objections to, and arguments against, an Excise in Bengal, upon Salt manufactured by the common native process, are condensed, it may be said, in a Minute by Mr. H. M. Parker, junior member of the Salt Board, dated the 2nd of November, 1835. Mr. Parker's Minute was written expressly to meet the Parliamentary Inquiry of 1836, and his name is not to be mentioned without respect in the discussion of any question concerning the Bengal Salt Revenue; for, certainly, no other servant of the Bengal Government ever laboured so zealously, or effected so much, for the improvement, and

* Appendix E, No. 8.

improved administration, of that Revenue; but I venture to think that in the foregoing observations all the objections and arguments advanced against an Excise in the Minute in question have been essentially answered.

The great champion on the other side of the question, in favour of an Excise, was Mr. J. Crawfurd, whose views are held to be sound.

786. The giant champion on the other side of the question, in favour of an Excise, was Mr. J. Crawfurd, formerly of the Bengal Medical Service, the well known and persevering opponent of the Salt monopoly, in times past, by pamphlets, in periodicals, and before Parliamentary Committees, and more especially before the Parliamentary Committee on Salt in 1836.* His complete knowledge of the subject, and masterly treatment of it, gave great weight to his opinions even in those days; and it is impossible at the present time not to acknowledge that, however much he may have exaggerated (unintentionally of course), the practical inconveniences of the monopoly, his views as to the expediency and practicability of substituting for it a combined system of Excise and Customs were perfectly sound in principle, and essentially correct in the exhibition and treatment of details.

Mr. Parker's Minute, and a reply to it by Mr. Crawfurd, both given in to the Parliamentary Committee of 1836, were not published in the Appendix of the Committee's Report.

787. Mr. Parker's Minute being sent home, reached England just as the Committee of 1836 was closing its labours. Mr. Peacock, however, of the India House, was again called in as a witness, and he put in this Minute. Upon this, Mr. Crawfurd was also again called in, and gave in a reply to Mr. Parker's Minute. But neither of these very important documents containing a full discussion, upon opposite sides of the question, by the two persons best informed upon it, appear to have been placed on the records of the Committee; at all events, they were not published in the Appendix of the Committee's Report, although at the close of the evidence given by Mr. Peacock and Mr. Crawfurd, respectively, it is stated that the documents were handed in, and the Appendix is referred to.† Nor have I been able anywhere to obtain a copy of Mr. Crawfurd's paper. Another very valuable paper by Mr. Crawfurd, referred to in Question 678, is given in the Appendix of the Committee's Report; but not the reply to Mr. Parker's Minute, referred to in Question 1277.

Mr. Crawfurd's Paper, there is reason to believe, is not anywhere in existence. The omission of the two documents from the Appendix of the Committee's Report much to be regretted.

788. From information derived from Mr. Crawfurd himself, now residing in London, it seems certain that his paper in question was never printed. His impression is, that it was refused by the Committee as coming too late; upon which he asked that, in fairness, Mr. Parker's Minute should not be recorded, and this seemed to be at once conceded. The original paper was destroyed when the Houses of Parliament were burnt, and Mr. Crawfurd kept no copy. There is therefore every reason to believe that the paper is not anywhere in existence. It is much to be regretted that these two documents were not included in the Appendix of the Committee's Report. Had they been so, it is probable that the Excise question would have been brought under consideration again, and settled long before the present day.

Upon the whole question, the Commissioner's opinions coincide with those of the Board of Revenue.

789. Upon the whole question my opinions coincide with those of the Board of Revenue, as conveyed in their Secretary's letter to my address, which will be found in the Appendix.‡

The generally successful result of the proposed system in the Bombay Presidency, and the arguments used in favour of converting the monopoly manufacture under the Madras Presidency into an Excise, referred to in support of the Commissioner's opinion.

790. I refer in support of my opinion to the generally successful result of the proposed system in the Bombay Presidency, where it has been for several years in operation. Improvements in the administration of the system there, especially in the matters of concentration, and discontinuance of small detached works, I have reported to be advisable; but no one has ever proposed to abolish the system. It is true that Salt at Bombay is produced by solar evaporation, without boiling; but the descriptions§ I have given of

* See Minutes of Evidence, Pages 23 to 29, and 31 to 58; and Appendix No. 78, Pages 185 to 212.

† See Minutes of Evidence, Questions 1262 and 1277.

‡ Appendix A, No. 2.

§ For the descriptions of the Bengal method, see the Notes on the Agencies, Appendix B and Appendix C, Nos. 1 to 3.

the two methods of manufacture will show that a Bengal khalaree is as limited in extent as a Bombay Salt work, and therefore as easily watched and guarded. I think, therefore, that all the arguments I have used in Section 2, Part II of this Report, in favour of converting the monopoly manufacture under the Madras Presidency into an Excise, apply with equal force to the Bengal Presidency.

It seems now probable that the desired change will introduce itself gradually. At the present moment the Government have done all that can safely be done.

791. It seems now probable that the desired change will introduce itself gradually, as speculators become prepared to take the field. When the Government stocks are replenished, still more than has yet been done to encourage the private manufacture may be safely done, by gradually giving up to speculators portions of the best Salt districts, such as Tumlook and Hidgellee. But at the present moment the Government appear to me to have done all that can be done, without incurring the risk of a dearth of Salt.

SECTION III.

ON VARIOUS QUESTIONS CONNECTED WITH THE PRESENT STATE OF THE SALT REVENUE SYSTEM.

Notice of the more prominent questions connected with the existing system.

792. I PROCEED, as in the case of the other Presidencies, to notice, briefly, the more prominent questions connected with the existing system and its administration.

A minutely detailed account of the Agencies will be found in the Appendix; and Maps of them accompany.

793. *The Agency System.*—A minutely detailed account of the system under which Salt is manufactured for the Government at the several Agencies in Bengal will be found in the Appendix B and Appendix C, Nos. 1, 2, and 3.* This account describes also the method in which the Salt when made is transported from the manufacturing grounds to the local depôts, and stored there; how, in the case of some of the Agencies, it is transported for storage and sale to the central Golahs, or Warehouses, at Sulkea, on the right bank of the River Hoogly, opposite Calcutta; and how, after being stored, it is sold and delivered from the central and local depôts. The obligations which the Government has incurred to the Zemindars in each Agency, and the compensation it allows them, whether for the use of fuel and manufacturing lands, or for loss either of profits from the manufacture of Salt or of Revenue, are also fully set forth in these papers; and Maps† of the several Agencies accompany, exhibiting all topographical information.

In its general features, the system of manufacture and sale is every where alike.

794. It is not necessary here to advert further in detail to the system of manufacture thus described, or to note the varieties of practice which the different circumstances of each Agency in many, and perhaps in most, instances, render unavoidable. It will suffice to observe that, in its general features the system is everywhere alike; that, except in the case of the manufacture by solar evaporation on the banks of the Chilka Lake, the Salt is produced by boiling; that the land on which the Salt is made is held by Government by virtue of payments, either past or present, made to the Zemindars; that, except in Chittagong, where the fuel is purchased by the Molunghees from private traders, lands on which fuel is produced are held by the Government on similar terms, and the fuel supplied gratis to the Molunghees; that a portion of the cost of the Salt is advanced to Molunghees at the commencement of the season before the manufacture begins; that a further advance is made to them during the season,

* Appendix B, Tumlook; Appendix C, No. 1, Hidgellee; Appendix C, No. 2, Chittagong; Appendix C, No. 3, Cuttack (including Balasore and Pooree).

† Maps, 8 to 10.

and that the accounts of each Molunghee are punctually and finally settled by the Agent at the close of the season after all the Salt has been delivered; that the Salt is made under the surveillance of Government officers, and delivered as made into the hands of Government officers, by whom it is dispatched to the Agency depôts, where it is weighed and stored under the personal superintendence of the Agent, or his Assistant; that from thence, with the exception of the quantity retained to supply the local demand, it is either transported by contract to the central depôt, or delivered to purchasers, on the production of assignments, issued by the Board of Revenue in Calcutta.

The main business of the Agents described.

795. The main business of the Agents is to enter into contracts with the Molunghees for the manufacture of the full quantity of Salt required to meet the estimated demand for the year; to provide them with funds and with the means of obtaining fuel to carry on the manufacture; to supervise the operations of the Molunghees, so as to ensure at once purity of manufacture, and the delivery of the whole produce to the Government; to see that, on the one hand, the advances are fairly worked out, and that, on the other hand, the Molunghees are fully paid for all the Salt they make and deliver; to provide for the transport of the Salt to the Agency Golahs, and its storage there; and to superintend its delivery, either to purchasers who have obtained assignments from the Board, or, in the case of the Western Agencies, to Contractors who have engaged to convey it on account of Government to the central depôt, at Sulkea.

The rates of contract with the Molunghees are various, depending upon local circumstances.

796. The rate at which contracts are made with the Molunghees for the manufacture of Salt varies in the several Agencies according to local circumstances, the chief of which may be considered the value of labour, the facilities for obtaining fuel, and the situation of the manufacturing grounds with reference to a supply of brine. Where labour is cheap and abundant, where an inexhaustible supply of fuel can be had by simply cutting the jungle in the immediate neighbourhood, and where the manufacturing grounds can be copiously saturated with sea water, undiluted by the fresh water drainage of the country, the rate is low. Where it is the reverse of all this, the rate is high. In Chittagong the contract Rate of manufacture includes the price of fuel which, in that Agency, is brought from a distance, and sold to the Molunghees. In the other Agencies fuel is collected, without payment, by the Molunghees themselves, from the Government lands upon which the manufacturing grounds are situated.

The considerations upon which the rates of contract, and the other expenses of the Agencies, are regulated.

797. The rates are adjusted from time to time by the Board, so as to afford the Molunghees a sufficient inducement to manufacture the quantity of Salt required for the year's supply, and yet, not to give them an undue profit at the expense of the consumer. The other expenses of the Agency are also so regulated as to confine both the Revenue and manufacturing charges of the Department within the narrowest limits consistent with true economy, and thus at once to secure the State from needless expense, and the public from being charged more for their Salt than is absolutely necessary. As no compulsion whatever is issued, and as the Molunghees generally are engaged in agriculture, and do not depend for subsistence on the manufacture of Salt alone, it is clear that any attempt to reduce the contract Rate below the point at which it will yield a fair profit must very soon lead to a cessation of the manufacture, and thus work its own remedy. On the other hand, the Molunghees are naturally prone to combine, not only among themselves, but with the inferior officers of the Agency, to raise the rates; and to prevent such combination, and its consequences, requires, on the part of the Agent, considerable firmness and address.

The pay of the Native Officers employed in superintending the manufacture is considered to be inadequate. A general revision of the Agency establishments is a measure which should receive early consideration.

798. There is room to doubt whether the pay of the native officers employed by the Government to superintend the manufacture is liberal enough to place them above the temptation, or even the necessity, of adding to their authorized emoluments, by practices which not only augment the charges of manufacture and entail loss of Revenue, but tend to demoralise the Department, to expose those concerned, both in

the manufacture and the purchase of Salt, to unjust exactions, and to bring the administration into discredit. The time has gone by when native officers employed in the Salt Department could make large fortunes by plundering in turn the Government and the public. The present system of supervision and management is too strict and close to admit of malversation on a large scale, but still there can be little doubt that the low salaries paid to subordinate officers of the Agencies are such as to encourage peculation, or, at least, to afford an excuse to those who practise it. A general revision of the Agency establishments is a measure which should receive early consideration, as the manufacture on account of Government is likely to be continued for some time.

An account of the Excise system as at present existing at the Narainpore and Goordah private works, where Salt is manufactured according to the English method, will be found in the Appendix, and a Plan of the Narainpore Works accompanies.

799. *Excise System as at Present Existing.*—An account of the manner in which Salt is made at the Narainpore and Goordah Private Works, under a system of Excise, will be found in Appendix C, No. 4, and will be read with interest, as indicating the conditions under which the manufacture on this system is carried on at present. Where, by the application of capital, a large quantity of Salt can be produced in a comparatively small space, first, by exposure to the sun's rays, and, eventually by boiling in iron pans, the operations of the private manufacture can be easily supervised, and the Revenue collected with comparatively little expense or inconvenience. It is where the manufacture is carried on after the native fashion, by boiling the brine in small quantities, at a large number of different places, scattered over the country for the convenience of gathering fuel, that the difficulty of securing the Revenue in any other way than by purchasing the Salt on account of Government presents itself in full force. A plan* of the Narainpore Works accompanies.

The Preventive system is fully described in a Note in the Appendix, and a Map of the Chowkey Superintendencies accompanies.

800. *The Preventive System.*—The measures adopted for preventing illicit manufacture, and the smuggling of Salt, either from the Government manufacturing grounds, from ships in the River Hoogly, or from places beyond sea, are fully described in Appendix C, No. 5; and a map† of the Salt Preventive Superintendencies accompanies, exhibiting all topographical information. The operations of the Preventive Establishments are confined to a narrow strip of saliferous land on the sea coast, extending from the district of Chittagong on the east, along the head of the Bay of Bengal, to the Province of Cuttack on the west; and Salt, once passed beyond those limits, whether it have paid duty or not, is free from molestation.

The Preventive Agency is separate from, and independent of, the Agency employed in the manufacture, except in Tumlook and the Province of Cuttack, to which places the system should be extended.

801. The Preventive Agency is, for the most part, separate from, and independent of, the agency employed in the manufacture of Salt on account of Government, the one acting as a check upon the other; but this is not the case in Tumlook and the Province of Cuttack, where the Agents are also the Superintendents of the Preventive Force, and the advantage derived from the principle of mutual check, is in a great measure lost. It is in contemplation to separate the two functions in Tumlook, and to extend the authority of the Superintendent of the Midnapore Preventive Chowkeys to that district. The adoption of this plan in Tumlook cannot fail to be attended with the same benefit that has accompanied it in other places, and the system should also be extended to Cuttack. In the case of Tumlook, it will enable the Superintendent to withdraw some of his posts from the more northern of the guarded tracts in the district of Midnapore, and will restrict, still further, the area within which the interference of Government Officers is necessary. The whole Preventive Force in Tumlook and Cuttack should be placed under the authority of the Comptroller of Salt Chowkeys.

The general rule which should regulate the distribution of the preventive Agency.

802. As a general rule, the Preventive Agency should be concentrated in the neighbourhood of actual Government manufacture, where the inducements to smuggling, and the facilities for carrying it on exist in a far greater degree, and distributed more sparsely over those parts of the country where manufacture is not authorized, and where attempts to undertake it are easily detected. The River Hoogly and the channels of the Sunderbuns, by which Salt may be

* Plan No. 12. † Map. No. 11

smuggled from abroad, require to be closely watched. On the other hand, it can hardly be doubted, that in the Delta of the Ganges, and especially in the District of Backergunge, the guarded track might be still further limited, by the abandonment of some of the northern Chowkeys most distant from the sea.

The practice of endorsing the protective documents has been substituted for that of measuring the cargoes of boats carrying Salt by the principal routes, and might itself be abandoned.

803. The practice of "cooting," that is of measuring at several fixed stations on the principal routes, the cargoes of boats carrying Salt upon which duty has been paid, and which is protected by Rowana, was formerly considered an important and essential part of the Preventive System, and its observance is authorized and enjoined by law; but it has now been entirely abandoned, and instead thereof the protective documents are examined and endorsed by the Chowkey officers; and the number of stations at which even this process is observed, has been considerably reduced. No loss to the Revenue, or other evil consequence has been found to arise from this relaxation, which has been productive of great relief to the trade, and there is every reason to believe that the modified plan of examining and endorsing the protective documents might also be entirely given up, and the interference of the Protective Officers confined to those cases in which there is reason to suspect an attempt to smuggle, or otherwise evade the payment of duty.

The pay of the subordinate officers of the Preventive establishment is considered to be on too low a scale.

804. The remarks already made in respect to the pay of the subordinate officers of the Agencies, are applicable also to that of the subordinate officers of the Preventive Establishment. It is generally on too low a scale, and sufficient attention has not been paid to the reward of meritorious services by gradual advancement, and increased allowances. If the suggestions above made be adopted, it is probable that a diminution in the number of the Preventive Officers, consequent on the concentration of the force, and the further limitation of the guarded tract, might afford the means of increasing the emoluments of those whose continued employment is really necessary, without any additional charge to the State. I agree in the opinion expressed by the Board of Revenue* that, under a system of Excise upon the manufacture, no considerable change will be found practicable in the strength and distribution of the existing Preventive Force.

The system of Retail Sales is fully described in a Note in the Appendix, and the Maps of the Agencies and Chowkey Superintendencies illustrate it.

805. *Retail Sales by the Government at Reduced Rates of Duty.*—An account of the system of retail sales, under which Salt is sold in small quantities, and at reduced prices, for consumption within the guarded tract described under the preceding head, will be found in Appendix C, No. 6. There is also a collectin oof papers on the subject in Appendix L; and all topographical information concerning these sales is exhibited in the maps† of the Agencies and Preventive Superintendencies.

The system of retail sale is adopted in aid of the preventive measures in force, to prevent smuggling.

806. Except in Cuttack, where the circumstances are peculiar, and where an attempt is made to supply the hilly country lying between that province and Behar with Salt, somewhat less heavily taxed than that consumed in Bengal, and thereby to keep out the still more lightly taxed Salt of Ganjam, the system of retail sale is adopted in aid of the preventive measures in force to prevent smuggling, the object being to induce the inhabitants of the saliferous tracts to consume Salt upon which *some* duty is paid, instead of making untaxed Salt for themselves, and supplying it to others, and to obtain a revenue from the consumption of Salt in places, where, from the facility of smuggling, if the full amount of duty were imposed, no licit Salt would be consumed.

The principles which ought to govern the sale of Salt by retail described.

807. The principles which ought to govern the sale of Salt by retail, are the same as those by which the distribution of the Preventive Force is regulated; that is to say, the sales should be confined to those tracts in which manufacture on account of Government is carried on; and districts in which Salt can be made, but where the manufacture is prohibited, should be left to the operations of the regular trader. In such districts, it is easier to prevent the illicit manufacture of Salt altogether, or, at least, to put a stop to traffic in

* Appendix A, No. 2, Paragraph 5. † Maps 8 to 10, and Map 12.

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untaxed Salt, than it is to prevent the cheap retail Salt from finding its way beyond the frontier of the guarded tract, and thereby at once competing at an advantage with the Salt on which the full duty has been paid, and injuring the public Revenue.

It is questionable whether any advantage is gained by the system of retail sale.

808. Even in the manufacturing Agencies it may be a question whether more harm is not done in this way than advantage gained by the sale of cheap Salt to the people. It is by no means certain that it would not be more directly profitable to the Revenue to leave even these tracts to be supplied by the regular trader with Salt upon which the full duty has been paid, than to supply them with cheap Salt, which, in spite of all precautions, is carried beyond the frontier, and there interferes with the sale of full priced Salt. In neither case can the actual manufacturers of Salt be expected to refrain from eating of the Salt which they themselves have made, and in the former case though it would be more difficult, yet it would be by no means impossible, to prevent the manufacturers from supplying untaxed Salt to others. The real objection to the discontinuance of retail sales at a cheap rate in the manufacturing districts is, that the manufacturers would be constantly tempted to sell, at a small advance, to consumers and smugglers, a portion of the Salt which they had made for the Government, and that the officers of the Department would be as strongly tempted by a share of the profit, to connive at such practices; but it may well be doubted whether the effect of discontinuing retail sales would not be rather to change the character of smuggling than to increase its amount, and whether, if they were discontinued, the Government would lose more by smuggling than it does at present by smuggling added to the voluntary sacrifice of Revenue involved in the sale of Salt at low prices.

It may be well to consider whether the system of retail sale ought not to be abandoned at once.

809. If an Excise system were substituted throughout Bengal and Cuttack for the present system of manufacture on account of Government, the retail sale of Salt by the Government must of necessity cease; and it may be well to consider whether, with a view to this contingency, as well as to relieve the Government from its connection with such petty transactions, and from the odium, not readily susceptible of explanation to those who are unacquainted with the details of the Department, of underselling the merchant who has paid full duty upon his Salt, the system of retail sale ought not to be abandoned, even while the manufacture on account of Government is continued. With the abolition of retail sales and the concentration of the preventive force around the sources of illicit supply, as recommended under the previous head, the limits of the guarded tract might be still further contracted, the machinery of protective documents and the interference of Government officers with the merchants and dealers would be restricted in a commensurate degree, and the trade in Salt throughout Bengal and Orissa would be really free. It would, in this case, be necessary to retain part of the Salt manufactured at the Cuttack Agencies in the local depôts for sale at the usual wholesale prices, being the fixed duty added to the cost of production.

In like manner, it is questionable whether the system of local sales in the Province of Cuttack, at reduced prices, ought not to be abandoned at once.

810. With regard to the sale of Salt in Cuttack at low prices for the supply of the hilly country between Cuttack and Behar, it may in like manner be doubted whether it would not be better to leave the traders, upon whom the inhabitants of that part of the country depend for their supplies, to purchase Salt at the full price from the Government Golahs either at Sulkea or in Cuttack. The chief difficulty in the way of such a change consists in the fact, that Kurkutch Salt is sold at Ganjam under the Madras regulations at one rupee a maund, and it is supposed that in a great part of the country referred to, this Ganjam Salt would be consumed if it were not competed with by Salt sold almost at cheaply at the local depôts on the Cuttack frontier. But it must be remembered, on the other hand, that the sale of cheap Salt at Cuttack limits the operations of the Bengal traders who purchase their Salt either from importers or

from the Government depôts on the river Hoogly, and who, but for this limitation, would supply a great portion of this country, for which the Grand Trunk Road, and to a certain extent the railroad, gives them considerable facility. The additional profit obtained by selling Kurkutch Salt at Pooree for the interior consumption, at rupees 1 : 8 a maund, cannot be compared with the loss of Revenue caused by the supply of Pungah Salt in Balasore and Cuttack at prices varying from one to two rupees a maund below the price paid for the Salt with which Midnapore is supplied. And it seems on the whole better that, on the one side, Ganjam Salt at one rupee a maund should find its way wherever the expense of carriage or the taste of the people do not oppose obstacles to its consumption, and that, on the other hand, the Salt of Bengal and Cuttack, at the full price, consisting of cost and duty, should be left to penetrate by the usual course of trade to wherever there is a demand for it, than that the Government should interfere to prevent the consumption of either one kind or the other by the sale of Salt at intermediate prices on the Cuttack frontier. It may be said that this would lead to an increase in the price of Salt at some places in the interior, but so long as the duty on Bengal Salt is rupees 2 : 8 a maund, there seems no reason why the inhabitants of any part of the Presidency of Bengal should be preferentially exempted from the payment of any part of that duty, or why the inhabitants of Chota Nagpore should be supplied with Bengal Salt cheaper than those of Rungpoor or Behar. The true remedy for any partial inconvenience of this kind consists in a further general reduction of duty in which all would participate.

On the whole, the Commissioner inclines strongly to the conclusion that it is desirable to abandon the system both of retail sales and of local sales at reduced prices, at once.

811. On the whole, then, notwithstanding the strong opinion expressed by the Board of Revenue, that so long as Government continues to manufacture, local sales from Government depôts should be continued in the manufacturing localities,* I incline greatly to the conclusion that it would be proper, practicable, and profitable, to abandon the system of retail sales in Bengal, and of local sales at reduced prices, in addition to retail sales, in Orissa, at once.

On the subject of Smuggling, the Commissioner concurs generally in the opinions expressed by the Board of Revenue.

812. *Smuggling.*—This subject is treated generally in paragraphs 12 to 15 of a letter from the Board of Revenue, dated the 16th of September, 1854, which will be found in the Appendix.† In another paper in the Appendix,‡ the system of smuggling from the manufacturing ground is described through all its stages, the illicit Salt being traced to its origin, and followed until it reaches the consumer. I believe, with Mr. Ricketts, that smuggling from the manufacturing localities prevails to a much greater extent than his colleague, Mr. Currie, has been led to conclude, and I agree with the Board in their opinions on the subject generally.

The principle upon which the wholesale prices of Government Salt are adjusted.

812. *Principles and Method on which the Manufacturing Cost to the Government of the Home-made Salt is ascertained and fixed.*—The principle upon which the wholesale prices of Government Salt are adjusted has been explained in paragraphs 733. In accordance with the resolution of the Select Committee of the House of Commons in 1836, and the orders of the Court of Directors, consequent thereupon, the fixed duty is added to the cost price of the Salt produced at the different Agencies, as shown on an average of three years, and the total of these two items in each case is the wholesale price. But there has always been a question as to what proportion of the expense incurred by the Government in the production of Salt is fairly to be considered a charge of manufacture, and, therefore, to be included in the cost price of the Salt, and what proportion must be held to be incurred for the prevention of smuggling and collection of the Revenue, and, therefore, to be excluded from the cost price of Salt, and made a charge on the general Revenue of the Department.

The adjustments are probably as satisfactory as the nature of the case admits of.

814. The question has been fully discussed in the papers which will be found in Appendix P, Nos. 1 to 3. The principle of separating purely manufacturing from purely revenue charges, and including only the former in the cost price of the salt, has been universally recognised, and is unquestionably sound. But there are some items of charge, of a mixed character, of which it is difficult to say with precision whether they would still have to be incurred under any method of administration, or whether they are necessarily incident to a system of manufacture. The report of the Accountant contained in Appendix P, No. 3, goes minutely into each item, and the results that have been arrived at are probably as satisfactory as the nature of the case admits of. It seems certain that the tendency of these results is to include in the cost price every item that can with reason be classed in that category, so as to obviate any imputation of unfairness as towards the importer of Salt from abroad, or the producer of Salt under Excise.

* See Appendix A, No. 2, Paragraphs 8 to 11.
† Appendix A, No. 2. ‡ Appendix O.

The necessity for modifying the principle laid down for observance in the pricing of Government Salt considered.

815. There appears to be a clear necessity for modifying the principle laid down for observance in the pricing of Government Salt. The documents bearing on this part of the subject will be found in Appendix P, Nos. 4 and 5. Owing to the somewhat superior quality, and much greater cheapness of some kinds of Salt which are brought for sale to the Sulkea Depôt, and especially of the Balasore Salt, the arrival and storage of a batch of Salt of this kind is eagerly looked for; and, even before it is declared ready for delivery, the Board's office is beset by applications to an extent many times greater than the actual quantity available, and these chiefly from jobbers and speculators, whose only object is to get a portion of the Salt assigned to them, and turn an immediate profit by disposing of it to a regular Salt merchant at its market value, the market value being generally a little higher than the wholesale price of the most expensive Government Salt in store. Many expedients have been resorted to in order to correct this state of things, which was productive of much inconvenience, and gave rise occasionally to scenes of confusion and disturbance, not altogether creditable to the public office in which they occurred, and at present the difficulty has been met, though at the sacrifice of a rule laid down for the guidance of the Government, by putting up the Salt in convenient lots to auction, and selling them to the highest bidder.

The Board have from time to time objected to offering Salt of a certain description at prices considerably below its market value.

816. The Board have from time to time objected to the practice of offering Salt of this description at prices considerably below its market value, not only for the reason given in the preceding paragraph, but also because it practically makes the more expensive and less esteemed kinds of Government Salt in store unsaleable. To this second objection but little weight has been attached by the Government, since it is necessary that there should be a reserve stock of some kind of Government Salt in store; and, as it has never been satisfactorily shown that Salt deteriorates by keeping, it is not only a matter of no consequence whether the old Salt is sold or not, but there may be even an advantage in keeping such Salt in reserve for occasions when a possible scarcity would naturally compel recourse to Salt of a dearer and inferior description. But the first objection is a reasonable one, and though it has been temporarily met by resorting to auction sales, yet this practice, besides being not altogether in accordance with the recommendation of the Select Committee, as giving to the Government a higher rate of profit than the fixed duty of rupees 2 : 8 a maund; is so far disadvantageous to the consumer that it tends to confirm an evil arising out of the present system of pricing the different kinds of Salt, and that is, that the general market price of all kinds of Government Salt is forced up to the price fixed for the most expensive kind; instead of being kept down, as it might be under a different system, to an equality with the general average price of all Salt offered for sale at Sulkea.

There seems to be no objection, either in principle or practice, to fix one general price for all kinds of Salt hereafter

817. There seems to be no objection, either in principle or practice, to fix one general price for all kinds of Salt hereafter conveyed for sale to the Sulkea Depôt, whether it be brought from any one of the Cuttack Agencies, from Tumlook, from Hidgellee, or elsewhere.

conveyed for sale to the Sulkea Depôt,

There can be no greater reason against fixing one price for the Salt of different Agencies offered for sale at the same depôt, than for fixing one price for all the Salt of any given Agency. The actual difference of cost between the produce of different parts of the same Agency is frequently as great as that between the produce of two different Agencies, and if the price be fixed on an accurate average calculation of the price of the whole, it makes no difference of principle whether that calculation embraces a large or a small quantity, the Salt of several Agencies or of several parts of the same Agency. On the other hand, by fixing one general price for all Government Salt sold at Sulkea, the inconveniences complained of under the present system would be removed, and the market price, instead of being regulated by the cost of the dearest kind of Government Salt in demand, would be regulated by the average cost of the whole.

The Bonding Rules as they now stand are believed to give complete satisfaction.

818. *Bonding Rules.*—On this head it is unnecessary to do more than to refer to the papers contained in Appendix Q, and especially to No. 4 of the collection. A considerable portion of the warehouses at Sulkea is set apart for the use of importers who desire to bond their Salt, on payment of a moderate rent. Imported Salt may also be bonded in private warehouses. Duty is not levied until the Salt is cleared; and on Salt bonded at the Sulkea depôt there is allowed a wastage of 2½ per cent. on the quantity delivered from the ship. It is believed that the Rules as they now stand give complete satisfaction.

There is nothing on record to indicate, or the slightest reason to suppose, that the Molunghees are subject to the least degree of coercion, or that their condition is in any respect worse than that of any class of labourers in Bengal.

819. *Treatment of Molunghees.*—This part of the subject is exhausted in the Note prepared by Mr. Parker, and laid before the Select Committee of the House of Commons, in 1836, which will be found in Appendix R, No. 1. It need only be added that there is nothing on record to indicate, or the slightest reason to suppose, that the Molunghees are subject to the least degree of coercion, or that their condition is in any respect worse than that of any class of labourers in Bengal. They are generally eager to receive advances from the Agents, and engage in the manufacture to the full extent of the annual provision, and any diminution in the quantity required rarely fails to call forth their remonstrances. At the same time it is to be remembered that they are usually engaged in agriculture, and that the discontinuance of the manufacture of Salt, though it might limit their resources, would by no means deprive them of subsistence.

In substituting a system of Excise, no special regulations for the protection of the interests of the Molunghees needed.

820. I agree with the Board of Revenue* that, in substituting a system of Excise, no special regulations for the protection of the interests of the Molunghees would be needed. As a class, they are quite able to take care of themselves, and may well be left to do so, and to make their own terms with the master manufacturers.

The laws for the protection of the Salt Revenue are not considered to operate with undue severity.

821. *Pressure of the Salt Laws.*—A petition was some time ago presented to the Government by the British Indian Association, a body consisting almost exclusively of Zemindars, complaining of the undue severity and injustice of the Salt Laws, as bearing upon the interests of that class.† Their objections, though stated at some length, were in effect confined to a section of Act, No. XXIX, of 1838, which provides that a landholder who shall knowingly omit to give information of illicit Salt Works established in his Zemindaree shall be liable, on conviction before a Judge, to a fine of rupees 500 for every such work, and that "such knowledge shall not be required to be established by direct proof, but may be inferred from circumstances, at the discretion of the Judge." The Board of Revenue, who were required to report on this petition, showed conclusively that it was absolutely necessary to hold the Zemindars responsible for the construction of illicit Salt Works on their estates, and that this responsibility had attached to them from the time of the permanent settlement. They also showed that the law was never enforced, except in "glaring" cases of encouragement, and that it had been leniently administered. But they took the opportunity of laying down certain

* Appendix A, No. 2, Paragraph 4.

† Appendix S, No. 1.

precise rules, which will be found in Appendix S, No. 2, limiting still further the application of the law, and with these rules it is understood the Association is satisfied.

SECTION IV.

ON THE SALT TAX GENERALLY AND THE RATE OF DUTY.

The abstract question of the propriety of imposing any Tax whatever upon Salt has never been raised by those who advocate a reform in this branch of the Revenue.

822. THOSE who have urged the expediency of a reform in this branch of the Revenue, have not raised the abstract question of the propriety of imposing any tax whatever upon a necessary of life, such as Salt. Mr. Crawfurd, who has for many years been foremost in the opposition to the monopoly system, and who is, perhaps, in theory, the least favourable to a Salt tax of all those who have written and given evidence against the present system, proposes no more than the freedom of the manufacture, and the reduction of the Duty.*

The whole of the evidence on both sides of the question of monopoly goes to this, that no less objectionable Tax can be pointed out.

823. It has been argued in favour of the Tax, which, it is admitted partakes in some respects of the nature of a capitation Tax, that in India "the great mass of the people, with few exceptions, are nearly in the same condition," and that, therefore, "there is no injustice and little inequality" in such a Tax. Mr. Crawfurd shows that amongst the humbler ranks of Society, without pushing the comparison into the upper classes, the inequality of income is very great in India, quite as much so as in other countries; and as each individual's consumption of Salt varies little in those ranks, he demonstrates that, as a general Tax upon the consumption of the humbler classes, the Salt Tax is unequal. But even Mr. Crawfurd admits the advantages of the Tax, the facility with which it is levied, and the difficulty of pointing out a more productive source of Revenue whereby to meet the exigencies of the State. The Tax is very productive, and it is raised at a small proportionate cost. Over the greater part of the territory subject to it, that is to say, over the whole of the interior of the country, the Tax is raised without the intervention of any Revenue Officers, or Preventive Establishment, an object which is nowhere of greater importance to the comfort of the people than in India. It is justly argued by Mr. Tucker, in his review of the Financial situation of the East India Company, published in 1824,† that in this respect the Salt Tax in India partakes of the advantages of a Frontier Duty, and is so far preferable to any levied directly throughout the whole territory. Apart from the questions of the rate of Duty, and the manner of levying it, and presuming the amount of the Duty upon Salt to be moderate, with reference to the circumstances of the people, the whole of the evidence on both sides of the question of monopoly goes to this, that no less objectionable Tax can be pointed out.‡ The people are accustomed to it, and pay it without complaint; and, though it does press upon the labourer more severely than upon a man of the classes above him, in proportion to the respective means of each, it is the only Tax, direct or indirect, of any description, which labourers and other poor people in India are obliged pay.

It should never be lost sight of that the Salt Tax is the only Tax, direct or indirect, of any description which labourers and other poor people in India are obliged to pay.

824. This last point should never be lost sight of, in considering either the general question of the propriety of any Salt Tax at all in India, or the more special question of the rate at which such a tax can properly be imposed. An Indian labourer, if he chooses to take spirits or intoxicating drugs, pays a tax to the Abkaree Department; and if he chooses to wear English cotton cloth, instead of country cloth, he pays a trifling tax to the Customs' Department. I am not aware that there are any other taxes to which he could contribute, even if he had a mind to do so; and the two last are certainly paid voluntarily by those who pay them at all.

* See Appendix H, No. 1

† Appendix J, No. 7.

‡ See Appendices H and J.

The argument that Salt is the only condiment an Indian labourer consumes with his food is a mistake of fact. The Indian labourer is more fortunate in the fiscal system under which he lives than the English labourer.

825. It has been argued that it is grievous to tax Salt in India, because Salt is the only condiment an Indian labourer consumes with his food, which is of such a nature that, without Salt, it would be unbearably insipid. But this is a mistake of fact. Dr. Bedford's paper on the income, expenditure and food of the poor classes in Bengal,* shows that, dear as Salt is in Bengal, usually as much is spent by these very classes upon pepper and other untaxed spices, (exclusive of the very important item of oil, also untaxed,) as upon Salt, and sometimes more. The daily food of the Cooly, or common working man in Bauleah, is shown to consist of dhal, fish, meat, spice, green vegetables, milk, and oil, besides rice and salt. This paper also shows that usually half as much is spent by the poorer classes on tobacco (also untaxed) as on Salt. The Indian labourer then, when the facts of his case are ascertained, is found to be much more fortunate in the fiscal system under which he lives than the English labourer. I am not aware what condiment, except Salt, the latter can enjoy untaxed. In tobacco alone, I imagine many labourers in England contribute more to the Revenue of their country in proportion to their income than the Indian labourer does in Salt; and those English labourers, who may consume occasionally sugar, coffee, tea, malt liquor, pepper, or other spices, and the like small luxuries, corresponding with the spice, milk, or dhye, oil, and tobacco of the Bengallee, pay very heavy taxes, to which there is nothing corresponding in the Indian fiscal system as it affects any class of people. Mr. T. L. Peacock, in his evidence before the Select Committee of 1836, says:—"I think the English labourer's taxes bear a greater proportion to his wages" (than the Salt Tax paid by the Bengal labourer bears to his wages): and speaking of the English system of taxation he says: "Almost all the taxes that fall upon the (English) labourers are out of the necessaries of life; many taxes have been taken off of late years; the taxes are taken off soap, leather, and candles; formerly there was scarcely anything that was not the subject of taxation to the poor man in England."† I have not observed that any witness in 1836, or on any other occasion, has controverted this statement.

The Commissioner agrees with those who are of opinion that it is impossible to point out any equally productive source of Revenue in India less objectionable than a moderate Salt Tax.

826. Thus, when the question of the propriety of a Salt Tax in India is investigated, it is found to resolve itself into the question of whether it is proper or not to lay, directly or indirectly, any tax whatsoever upon the mass of the community. I have not found the negative of this question maintained in any of the discussions upon the Salt question to which I have obtained access. And this consideration accounts for the unanimous opinion, in favour of a Salt Tax, which all Indian authorities have pronounced when interrogated on the subject. I agree with those who are of opinion, that it is impossible to point out any equally productive source of Revenue in India less objectionable, all things considered, than a moderate Salt Tax.

The amount of the Duty on Salt considered.

827. It remains to consider the amount of the duty on Salt, at present levied in Bengal, which, as has been said, is now $2\frac{1}{2}$ rupees a maund.

828. In the first section of this part of my Report,‡ I have described the several reductions that have been made in this duty within the last 12 years; namely, from $3\frac{1}{4}$ rupees, its highest point, to 3 rupees, in October 1844; to $2\frac{3}{4}$ rupees in April 1847; and to the present rate in April 1849; on which last occasion it was announced that no further change of duty should be made before the 1st of May 1854. In the same place I have also shown the increase of consumption, *taking all sorts of licit Salt together*, which has followed these reductions; and their effect upon the net Revenue of the Department.

In March, 1854, the Board of Revenue expressed an opinion that a reduction of the Duty to rupees 2 per maund would be a desirable measure.

829. In March, 1854, the Board of Revenue laid the results of the last reduction before the Bengal Government. They represented that up to the close of 1852-53, the annual Revenue by the increased consumption of Salt at a duty of two rupees and a half a maund,

* Appendix M, No. 3. † Appendix J, No. 4.
‡ Paragraphs 734 to 738.

had recovered nearly half the amount lost by the reduction of the Duty by twelve annas a maund upon the quantity consumed in 1844; that is to say, that it had recovered, by their computation, $17\frac{1}{2}$ lakhs of rupees.* After observing that the question of further reduction was a financial question, to be determined mainly on financial considerations, they said: "Generally, the information with which the Board has been furnished goes to show that since the late reductions, Salt is supplied to the people at a cheaper rate and in a much purer state than was the case formerly. It cannot, however, be doubted, that in some parts of the country the price is still so high as greatly to restrict the use of the article, if not to place it altogether out of the reach of the poorer classes; and, apart from financial considerations, it would be most desirable that further reductions should be made. But if the Board be permitted to offer a suggestion, they would say, that if any change is determined on, it should be to lower the duty at once to two rupees per maund, the rate which prevails on the North-Western frontier, instead of making only a four annas abatement as heretofore. By so considerable a reduction, there would be a much greater probability of the price being at once reduced to the consumer, and a stimulus in consequence given to consumption, than if an intermediate rate of rupees 2:4 were adopted. Such a measure, however, would involve a present sacrifice of rupees 27,00,000, with the prospects only of some portion of it being gradually made up, hereafter, by increased consumption. Fully to make up the amount just mentioned would require at two rupees a maund, an increased consumption of $13\frac{1}{2}$ lakhs of maunds, and, judging from past experience, more than one third of this increase could not, the Board think, be reasonably expected within the next five years. It is for the Government to judge what course should be adopted; but the Board would venture to remark that the present moment, when the Government stocks are very low, and importation is more slack than it has been for many years past, is not peculiarly favourable for a change which might have the immediate effect of causing a sudden increase of demand."†

But the Bengal Government considered any reduction at that time inexpedient.

830. The Most Noble the Governor of Bengal considered it inexpedient, under all the circumstances of the case, to make any alteration in the duty at that time.‡

In April, 1855, the Government of the North-Western Provinces suggested the abolition of the differential Duty levied at Allahabad on Western Salt; but the suggestion was not favourably received.

831. It has been explained that the Duty upon Salt in the North-Western Provinces and in the Punjab being two rupees a maund, a line is drawn at Allahabad, below which Western Salt cannot pass without payment of a Differential Duty of eight annas a maund, to put it upon a par with Bengal Salt, which meets Western Salt and divides the market with it in the Province of Benares. In April, 1855, the Lieutenant-Governor of Agra suggested the abolition

* *Note.*—The Board state that if they could have included the year 1853-54, the result would have been more favourable; which, however, was a mistake; the result of 1853-54 turned out below the average. Nevertheless, the Board's Report shows the result of the last reduction in 1849 in very much too unfavourable a light. They should not have made any comparison with 1844-45, as the first reduction was made in the middle of that year. They give a series of triennial averages, from which they infer that both the first and second reductions were followed by a very large increase of consumption, but that since the last reduction, the increase has been comparatively inconsiderable. This conclusion was derived from a comparison of averages very erroneously made. The penultimate triennial period, with which the last triennial period is compared, includes thirteen months of the reduced duty, by which its average was very greatly raised above the average of the biennial period which ought to have been taken as the standard of comparison. The last reduction took effect on the 1st of April, 1849, and the deliveries of the year from 1st May, 1849 to 30th April, 1850, were 55,10,682 maunds, against 49,43,343 maunds in the preceding twelve months, which include one month (April) of very large deliveries immediately following the reduction. In reality, the result of the last reduction has been fully as successful as that of the two first reductions, as will be seen by a reference to the Statement T.

In examining the Board's statements, it should be borne in mind that they exclude the retail sales in the manufacturing districts, where the general rate of Duty is not enforced, and that the columns of "Proceeds" in their Enclosure A, have no *financial* significance.

† Appendix K, No. 1. ‡ Appendix K, No. 2.

of this Differential Duty, in order to the relief of the people of the Province of Benares; but the suggestion was not favourably received by the Bengal authorities, for the obvious reason that, besides the financial result of the loss of eight annas duty on the six and a half lakhs of maunds which now annually pass Allahabad, a further loss would be incurred at the same rate on an unknown, but certainly very large, quantity of sea-borne and Bengal Salt, which would be displaced by the lower taxed Salt from the westward.* The Government of India adopted the same view.

The abolition of the Differential Duty at Allahabad is in itself a very desirable measure, but one that certainly ought not to be taken otherwise than simultaneously with a reduction of the Bengal Duty to the rate levied in the North Western Provinces.

832. It appears to me that the abolition of the Differential Duty at Allahabad is in itself a very desirable measure; but that it is certainly one that ought not to be taken otherwise than simultaneously with such a reduction of the Bengal Duty as will equalise it with the duty charged in the North-Western Provinces upon Western Salt. There is no reason why the people of the permanently settled Province of Benares should pay less Salt Tax than the people of the permanently settled Province of Behar; and besides the general financial consideration, there is a very sufficient reason why low taxed Salt ought not to be allowed to compete with high taxed Salt, in the same province; namely, that whilst Government will lose all the difference of tax upon all the high taxed Salt that would be superseded by the low taxed Salt, the consumer would not be benefited in a corresponding degree, because more or less of the difference would be wasted in transporting the low taxed Salt beyond the natural frontier between Western and Coast Salt.

The arguments for and against a reduction of Duty discussed.

833. The advocates of a reduction of Duty, whose arguments will be found collected in Appendix H, support their proposal on two grounds; first that the present rate of Duty is so high as to operate positively as a very heavy and grievous burthen upon the labouring population; and, secondly, that by stimulating consumption and checking smuggling, a large reduction of Duty will not permanently injure the net Salt Revenue, but, on the contrary, will eventually improve it. Both propositions are denied by gentlemen of experience and ability, whose arguments will be found collected in Appendix J. A middle course is taken by several of the witnesses who have been examined upon the question, who are of opinion that, although the rate of Duty does not amount to what can fairly be called a heavy and grievous burthen upon the labouring population, it is still positively too high; and that a reduction of Duty will increase consumption, and diminish smuggling in a material degree, although it will not do so to such a great extent as some of the advocates of reduction expect. I will discuss each point separately.

Mr. Crawfurd's estimate that an ordinary Bengallee labourer, with an average family, spends one-sixth part of the yearly earnings of the family upon the single article of Salt, must be set aside as wholly erroneous.

834. Mr. Crawfurd contends that an ordinary Bengallee labourer, with an average family, spends one-sixth part of the yearly earnings of the family upon the single article of Salt; whence he infers that a Tax, which was, when he wrote, more than 600 per cent. on the wholesale prime cost of the article, is a heavy and grievous burthen.† The Tax has been reduced since by nearly 24 per cent.; but even so it must be admitted that if it affects one-sixth part of a labourer's expenditure it is, at least, for India, an excessive Tax. But, in truth, Mr. Crawfurd's estimate of the proportion of a labourer's income required for his supply of Salt alone is quite erroneous. It assumes that 2 rupees a month, or about 1 anna a day, is a fair average income for a labourer's family of five souls, of such an age as to require monthly each, on an average, one pound weight of Salt with his food. To say nothing of Salt, spices, oil, fuel, clothing, and all miscellaneous expenses whatsoever, this whole income would not afford each individual of the family a pound weight of rice a day. Now, we know that a working cooly himself consumes more than two pounds of rice, besides from a quarter to half a pound of pulse (which is more nutritious than rice, and nearly twice as dear), and besides fish, spices, fresh vegetables, milk, oil and Salt,‡ Mr. Crawfurd's estimate must thus be wholly set

* Appendix K, Nos. 3 to 5. † Appendix H, Nos. 1, 5, and 6.
‡ See Dr. Bedford's Tables in Appendix M, No. 3.

aside, as one that cannot possibly be true In fact, the earnings of the head of the family are taken too low by half; the earnings of the rest of the family are omitted altogether, which, as each individual is assumed to be old enough to require, on an average, a pound of Salt a month is a great omission; and the cost of the estimated quantity of Salt consumed is greatly over-rated. The retail price of Salt in the interior, at a high average, may fairly be taken now at about an anna and a half a seer. At this rate the price of Mr. Crawfurd's yearly allowance of 30 seers is rupees 2 annas 13, not rupees 4, as Mr. Crawfurd makes it.

The Commissioner's reasons for refusing to admit that the Salt Tax, even at its present high rate in Bengal, is, all things considered, "a heavy and grievous burthen" to the labouring man living under the protection of the British Government.

835. Taking Dr. Bedford's domestic statistics of 100 families, which are probably the best that have yet been obtained, the average monthly expenditure of each family on Salt is annas 2 : 9 pies; being no more than rupees 2 : 1 anna a year. But these families are for the most part very much above the common labourer, or cooly; the greater number of them deriving some income from the produce of land, and keeping more than one cow.* The total income of these families was on an average nearly rupees 5 : 2 annas a month, or rupees 61 : 8 annas a year. Their average expenditure on Salt, therefore, is about $\frac{1}{30}$th of their income. Taking the present Tax at 500 per cent. of the prime cost of Salt at the factory, and at $\frac{5}{8}$ths of the average retail price in the interior, it cannot, I think, be fairly said, that the lower classes in Bengal, considering that this is the only Tax they are compelled to pay, are oppressed by "a heavy and grievous burthen" of taxation. The highest retail price of Pungah Salt, given in the latest returns of the prices of Salt at different towns in the interior, is at Gyah (Behar), where it is set down as a trifle above 2 annas a seer; equal to a little more than rupees 5 a maund.† Of this the present Tax is 50 per cent. The result is that the whole population of Gyah, whether labourers, or the employers of labour, are in much the same case, in regard to the article of Salt, that they would be in if they were twice as far away as they are from the place of manufacture, and there were no Tax at all upon Salt. In this supposed case, all that could justly be said on the subject would be, that the whole population of that place, whether labourers or employers of labour, must set against such advantages of situation as they may have, this disadvantage, viz., the very high price of Salt in their province. So it appears to me this is all that can justly be said of the high price of Salt at Gyah in the actual state of things. The cause of the high price is practically immaterial to the consumer. The real question seems to be;—is the disadvantage of living where the price of Salt is so high, overbalanced by the advantage of living under the protection of a settled Government, in the case of the poorer classes, who pay no other price for this advantage than in the high price of Salt, or not? I cannot hesitate in answering this question in the affirmative; and, therefore, I cannot hesitate in refusing to admit that the Salt Tax, even at its present high rate in Bengal, is, all things considered, "a heavy and grievous burthen" to the labouring man, or to any one else, living under the protection of the British Government.

The Commissioner is, nevertheless, very strongly of opinion that the Tax is positively too high, even at its present reduced rate.

836. But although I have been unable, after studying the true facts of the case in detail, to come to any other conclusion than that the opponents of the existing system have magnified the pressure of the Tax beyond just limits, I am very strongly of opinion that the Tax is positively too high, even at its present reduced rate. A Tax of 500 per cent. appears to me a very high Tax to impose upon any one article of consumption, when naturally the article in question is comparatively very dear in the territory to which the Tax applies. Salt on the coast of Bengal, where it cannot be made by solar evaporation alone, is naturally three or four times dearer than Salt on any other Indian coast. A very heavy Tax upon a single article, which is naturally dear, cannot fail to operate, materially, as a discouragement to the use of that article, and an encouragement to adulterate it largely, and to supply its place by inferior and less wholesome substitutes. I believe

* Appendix M, No. 3. † Appendix N.

it to be certain that when the Tax was by $\frac{3}{16}$ths higher than it is now, it operated in this manner to a material extent. It appears to me that unquestionably Mr. Crawfurd is right in his general argument, that between 1793 and 1836 the consumption of Salt did not increase nearly in the same ratio as the population of the country must have increased, in the same interval; and that there is no way of accounting for the deficiency, otherwise than by reason of the very high price to which the fiscal system of those days, partly by direct taxation, partly by raising up a sub-monopoly, and partly by excessive charges of manufacture, had raised the retail price of Salt in the interior of the country. Nor can I account for the greater part of the increased deliveries of Salt since 1836, otherwise than by the progressive reduction of the retail price of Salt in the interior of the country, which the measures commenced in that year have effected, partly in the suppression of all real sub-monopoly, partly in successive reductions of Duty, and partly in greater economy of manufacture.

Consumption does not appear to have reached its natural limit.

837. But largely as consumption has increased since the improved system commenced in 1836, it does not appear to me to have reached its natural limit. Nor am I aware of any reason why a peasant in Bengal should be taxed a fourth more than the peasant of the North Western Provinces.

For the reasons given in the two foregoing paragraphs, the Commissioner agrees with the Board of Revenue in thinking it very desirable that further reductions of Duty should be made.

838. For these reasons, I fully agree with the Board of Revenue in thinking that, apart from financial considerations, it is very desirable that further reductions of Duty should be made.

The second ground on which a reduction of Duty is advocated, discussed.

839. I come now to the second ground on which a reduction of Duty is advocated; namely, that by stimulating consumption and checking smuggling, even a large reduction of Duty will not permanently injure the net Salt Revenue, but on the contrary, will eventually improve it.

The Revenue, under successive reductions from 1843-44, has recovered itself to the extent of 28 lakhs of rupees a year, out of 35 lakhs, leaving 7 lakhs still unrecovered. At the past rate of annually increasing consumption, it will take less than four years more to recover this difference.

840. It has, for several years past, been the policy of Government gradually to reduce the Duty, in the expectation that the Revenue would, after a few years, recover itself by reason of an increased consumption. The process of recovery is going on. The average consumption of the two last full years before 1843-44, when the first reduction was made, exclusive of the retail sales in the manufacturing districts at reduced and special rates of Duty, which are not affected by any *general* reduction of duty, was 46,67,653 maunds. Omitting 1843-44, as the first reduction was made exactly in the middle of that year, the average of the succeeding three years was 50,93,531 maunds. Then a second reduction was made, and the average of the succeeding two years was 52,75,372 maunds. Then a third reduction was made, which has been six years in operation, and the yearly average of the first half of this period was 53,82,837 maunds; whilst the yearly average of the last half was 55,77,392 maunds. Of the 14 years embraced in this comparison, the smallest consumption was, in the first year of the series, (1841-42) in which, of Rowannah Salt, that is, Salt on which the General Duty is levied, 45,71,928 maunds were consumed; and the largest consumption was in the last year of the series (1854-55), in which, of Rowannah Salt, 56,99,200 maunds were consumed.* The ultimate reduction of 12 annas a maund of Duty upon 46,67,653 maunds, amounts to about 35 lakhs of rupees a year, by which amount the consumers have benefited; and requires an increased consumption of 14 lakhs of maunds to restore the Revenue to its former amount. At the average of the last three years the increased consumption has passed 9½ lakhs of maunds, and the increased consumption of the last year has passed 11¼ lakhs of maunds. The Revenue already recovered may now be taken fairly at 28 lakhs of rupees, and that still unrecovered at

* These figures are taken from Appendix T, by deducting those in Column 3 from those in Column 7.

7 lakhs of rupees. Taking three quarters of a lakh of maunds a year as the rate of annually increasing consumption deducible from the results of the last six years, it will take less than four years more to recover this difference.

The population has doubtless increased in the fourteen years since the first reduction of Duty was made, but not in the ratio of the increase in the consumption of Rowannah Salt.

841. I may remark that the population has doubtless increased within this period of 14 years; but it cannot have increased in anything approaching the ratio of 24 per cent., which is about the ratio of the increase in the consumption of Rowannah Salt.

If any reduction be made, the Commissioner is strongly of the opinion expressed by the Board of Revenue, that a reduction of 8 annas should be made at one leap.

842. If any reduction be made, I am strongly of the opinion expressed by the Board of Revenue in the passage of their last Report on this subject, set forth at large above,* that a reduction of 8 annas should be made at one leap. Besides the greater chance which such a decided reduction would have of giving the consumer immediately the full benefit of the measure, and so of stimulating consumption in the most rapid manner possible, such a reduction would enable the Government at once to save the cost, amounting annually to about half a lakh of rupees, of the Preventive line established at Allahabad to secure the Differential Duty. Indeed, it would seem hardly feasible either to retain a Preventive line for so small a Duty as 4 annas a maund, or to abolish the line without equalising the Duty on either side. The only legitimate alternative, therefore, to reducing the Bengal Duty by 8 annas, if any reduction of it be made at all, will be to raise the North Western Province Duty by 4 annas; and this, I presume, will not be approved. The reduction of the Bengal Duty by 8 annas at one step will have this further advantage, that it will probably enable the Government to abolish the system of retail sales at reduced special rates of Duty, now prevailing in the neighbourhood of the manufacturing tracts; and so to have one strong Preventive line drawn around the places of manufacture, instead of two weaker lines.

It is to be considered, however, that a reduction of Duty by 8 annas a maund will involve an immediate loss of Revenue amounting, in Bengal and Benares together, to upwards of 36 lakhs of rupees a year.

843. It is to be considered, however, that a reduction of Duty by 8 annas a maund, will involve an immediate loss of Revenue, according to the deliveries of last year, amounting in Bengal to upwards of 33 lakhs of rupees a year, and, taking Bengal and Benares together, to upwards of 36 lakhs of rupees a year.† Doubtless some of this large loss would be made up, from the very first, by increased consumption; but, fully to make good the loss, the consumption must increase by more than 18 lakhs of maunds; and after reviewing the result of previous reductions, the conclusion is inevitable, that a great many years must be expected to elapse before so large an increase of consumption takes place.

The sources from which increase of consumption may be looked for, and its extent, examined.

844. At the rate of 6 seers of salt a head, including men, women, and children, which has been considered by several of the best authorities as not far, one way or the other, from a full allowance of Salt, the deliveries of Bengal and imported Salt in 1854-55, added to (say) 6½ lakhs of maunds passing Allahabad, would have afforded their full allowance to a population of more than 48⅓ millions.‡ Dr. Bedford's tables, which have been often referred to in this Section, show that a full allowance for a working man greatly exceeds that quantity; but probably, when old men, women, and children are included, the

* Paragraph 829.

† It is fair to set off against this amount the annual payment of rupees 4,26,667 to the French Government, hitherto improperly charged to Bengal, and proposed to be debited in future to Madras. See Paragraphs 674 and 675.

‡

	Maunds.
Total Salt delivered in 1854-55, as per Column 7, Statement T ..	66,07,100
Add Salt passing Allahabad	6,50,000
Total maunds.. ..	72,57,100
	40
Total Seers, divided by 6/	29,02,84,000
Population at a consumption of 6 Seers each	4,83,80,666

estimate of 6 seers a head is not very far from the truth. We do not know the population of the tract of country supplied with Bengal and sea-borne Salt; but the population of Bengal, Behar, and Orissa, has seldom been taken at more than 40,000,000. It is set down at 37,262,163 in tables prepared at the India House from the latest estimates, and sent out to the Government of India with the Court's dispatch in the Statistical Department No. 2 of the 29th of August, 1855. The population of the Province of Benares is given in the same tables at 9,437,270. The whole of this population, aggregating by this estimate 46,699,433, pays a duty of 2½ rupees on the Salt it consumes. Assam is estimated in the same tables to contain 11,80,935 inhabitants, which raises the total to 47,880,368. The hill countries surrounding Lower Bengal supplied from the coast, though very extensive, are thinly populated. It is to the number by which the whole of this population together exceeds 48¼ millions, and to the quantity (if any) by which the 6 seers estimate may fall short of the truth, and to whatever quantity of good Alimentary Salt it may be found economical to give to cattle besides the impure Earth Salts now given, to which we must look for increase of consumption.

On the whole, the second argument for a reduction of Duty inadmissible to its full extent.

845. On the whole, therefore, although I am convinced that a reduction of Duty by 8 annas a maund would be followed by a large increase of deliveries of licit Salt, I am unable to admit the second argument for a reduction of Duty to its full extent, because I believe that many years must elapse before the consumption would increase so largely as to replace the annual loss of Revenue from a reduction of 8 annas a maund.

A third argument for reduction considered.

846. But there is a third argument for a reduction that should not be passed over unconsidered.

It has been supposed that the Select Committee of 1836 intended, by a certain passage of their Report, to recommend that the average aggregate amount of Revenue from the Salt Tax for past years should not be exceeded in future years.

847. The Select Committee of 1836 recommended "that the Duty to be imposed shall be fixed at the lowest rate consistent with the maintenance of the Revenue, and not exceeding the average rate of the net profit of the Company's monopoly for the last ten years." It has been supposed that the intention of this passage was to recommend that the average aggregate amount of Revenue from the Salt Tax for past years should not be exceeded in future years, so that as the Revenue would tend to rise, by reason of the increasing population and wealth of the country, it should be kept down from time to time by a constant and indefinite reduction of Duty. And the words may perhaps bear this meaning, although (what seems to me more probable) the intention may have been no more than that the rate of Duty should be fixed on the maund of Salt according to the average net profit derived during the past ten years from every maund consumed.

If the above interpretation of the passage in question be adopted and the principle be accepted as sound, the people have a right to a further reduction of the Duty.

848. If the former interpretation of the recommendation be adopted, and the principle be accepted as sound, then there can be no doubt that a further reduction of the rate of duty is due to the people as of right; for the average annual net profit of the Salt Tax for the ten years immediately preceding 1835-36 was only rupees 1,28,19,670,* whilst for the last three years it has been rupees 1,44,46,755.

*Year.	Net Profit.
1825-26	1,15,19,598
1826-27	1,52,89,996
1827-28	1,83,24,002
1828-29	1,13,82,068
1829-30	1,23,34,754
1830-31	1,28,30,406
1831-32	1,28,95,797
1832-33	1,07,16,853
1833-34	1,08,32,882
1834-35	1,21,70,359
Total	12,81,96,705
Average	1,28,19,670

But the soundness of the principle is not perceptible.

849. But I am unable to see the soundness of the principle. As the wealth and population of a country increases, so also the legitimate expenditure of Government for the protection of the people, the administration of justice, and all the other duties which a Government owes to its subjects increases. The Salt Tax, like every other tax, should be judged on its own merits, whether the country be more or less populous. If no less objectionable source of Revenue can be shown than a moderate tax on Salt, a moderate tax on Salt ought to be imposed; and when imposed, the more productive it is the better. If any less objectionable tax can be imposed, the Salt Tax ought to be replaced by such less objectionable tax, without reference to its absolute productiveness, or the comparative density of the population at different times.

The true principle, as laid down in a dispatch from the Court of Directors, is in opposition to the notion of a positive and permanent fixity in the Salt Revenue.

850. The following explanation upon this point of the Court, contained in their dispatch of the 2nd of May, 1838, lays down what appears to me the sound principle of action, and is in opposition to the notion of a positive and permanent fixity in the Salt Revenue. "In the closing paragraphs of your dispatch under reply, you observe that we have laid it down that no increase is to be sought in the net average Salt Revenue of the Bengal Presidency. You remark that since the year 1831-32, the realizations from this source have been progressively diminishing, so that an average framed for this period will not be the true index of the revenue obtainable from Salt under the existing system properly administered, and you submit that if through an increased consumption at the same, or reduced, prices, as compared with past averages, and by reductions in the cost and charges of manufacture, you can restore this branch of the public resources to its maximum, you trust you may be permitted to do so. Our object in the instruction to which you have here referred was to guard you, in framing a new scheme for the administration of the Salt Revenue, against increasing the burthen on the consumer under the former system, and we by no means intended to prohibit you from benefiting by any increase of Revenue to be derived from increased consumption. Any increase obtained by this means forms, we think, a legitimate source of profit to the State, and one which, as you observe, should only be relinquished if, on a comparison of the burthen imposed by our different imposts, this is deemed that which is most vexatious, and the first on that account for remission. We think differently with regard to savings effected by the reduction of the cost and charges of manufacture. Our desire is that all Salt, whether imported or of native manufacture, should be subjected as nearly as possible to the same rate of tax. Now, it is evident that if the prices at which Salt is delivered from the Golahs be in the first instance fixed on that principle, and that, subsequently, reductions are effected in the cost of manufacture, while the sale prices are still maintained at the same amount, the effect will be that Salt of native manufacture will be taxed more highly than imported Salt, and an undue advantage will thus be given to the importer. The Golah prices should be open to periodical revision, so that the consumer may profit by any reduction which you may be enabled to effect in the charges of manufacture, leaving the Government to benefit by any increase of consumption which may follow the diminution of price."

On the whole question the Commissioner's opinion is, that whilst the Salt Tax in Bengal is an unobjectionable source of Revenue, the rate of Duty is still too high, and should be reduced at once to 2 rupees a maund.

851. On the whole question discussed in this Section, my opinion is that whilst the Salt Tax in Bengal is an unobjectionable source of Revenue, the rate of Duty is still too high. If the finances are considered capable of bearing the loss, which the measure would cause for several years to come, I am of opinion that the rate of Duty ought to be reduced at once from its present amount of rupees 2 : 8 per maund to the rate which prevails in the North-Western Provinces, viz., 2 rupees per maund, the special additional Duty of 8 annas per maund, now levied on the Allahabad line of those provinces, for the protection of the Bengal Revenue, being of course discontinued at the same time, and the line abolished. This reduction of 20 per cent. is probably as much as the finances will immediately bear; but, in course

of time, the rate of Duty might, I think, be further reduced throughout the Bengal Presidency and the Punjab to rupees 1 : 8 per maund, or double the Excise rate prevailing in the Bombay, and proposed for the Madras, Presidency, without ultimate injury to the Revenue.

SECTION V.

ON THE SUPPLY OF SALT FOR THE PROVINCE OF ARRACAN.

Boundaries.

852. THE Province of Arracan lies on the eastern side of the Bay of Bengal. It is bounded on the north by the District of Chittagong, in Bengal; on the south, by a portion of the Province of Pegu, transferred to it from this province; on the east, by the great Yooma range of mountains, which separate it from Burmah and Pegu; and on the west, by the Bay of Bengal. Its inhabitants are called Mughs.

Acquisition and administration.

853. This province has been scarcely twenty-nine years under British rule, having been acquired in 1826, partly by conquest, and partly by cession under the provisions of the Treaty of Yandaboo, entered into between the British and Burmese Governments, on the termination of the first Burmese war. It is attached to the Bengal Presidency, and its administration is conducted by a Commissioner acting in subordination to the Government of Bengal.

Districts.

854. The province is divided into four districts, viz.: Akyab, Aeng, Ramree and Cheduba Islands, and Sandoway, each constituting the jurisdiction of a Principal Assistant to the Commissioners.

Localities and process of the Salt manufacture.

855. Salt is manufactured almost entirely in the District of Aeng (head-quarters at Kyouk Phyoo), and in the Island of Ramree. It is obtained by the combined process of solar evaporation and boiling, the method being identical in all the former Burmese possessions, as will be seen from the Sections on the Tenasserim and Martaban Provinces and the Province of Pegu.

856. The hard clayey banks of the tidal creeks, which abound in the province, when cleared and exposed to dry in the sun, become dense and compact, and almost impervious to water; advantage is taken of these for the formation of a series of shallow pans, into which the salt water from the creek is let; when, after passing through two or three of these pans, the water has been evaporated by the action of the sun's rays to the required degree of consistency or density, the brine is run off into a well to precipitate all impurities in solution. The clarified brine is then boiled in common earthen pots, which are built up with considerable ingenuity to form an arched furnace. If the ground selected for the pans be unfavourable, the salt will either be of a dirty colour, or possess a reddish tinge, indicating the presence of iron in the soil.

Period of manufacture.

857. In December, as soon as the rice crops have been reaped, the manufacturer proceeds to cut, collect, and dry his fuel, which grows all round his Salt-pans; but he does not commence making Salt before March, and ceases to manufacture at the setting in of the rains, generally about the end of April. It is said that a man, his wife, and their son can make as much as 300 maunds of Salt in the season.

Freedom of manufacture and sale, and absence of all tax.

858. The manufacture and sale of Salt is entirely free throughout the province, subject to no restrictions or tax whatever. Any person is at liberty to make it and sell it anywhere, in any quantities; no account whatever being taken of the manufacture or sale.

Prohibitions as to storage and export.

859. By a rule which has prevailed from the first acquisition of the province, the storage of Salt, or its possession in larger quantities than may be necessary for the immediate use of families, is not allowed on, or near, the Naaf River, which is the boundary between the Province of Arracan and the District of Chittagong; and the private export of Salt to Bengal is totally prohibited.

860. These are the only prohibitions. Salt may be stored in any other part of the province in any quantities, and may be exported, free of Customs' Duty, to any other place than Bengal. Salt may also be imported from any other place free of duty.

Establishment of an agency.

861. When the Province of Arracan was first annexed, great expectations were held out of its ability to provide Salt of excellent quality, at very low prices, for import into Bengal, and an Agency was accordingly established to manufacture, store, and export the article.

Abolition of Agency and establishment of public golahs.

862. This plan failing, public golahs or warehouses were established at Kyouk Phyoo, in 1832, at which Salt was received, on the part of the Government, for export to Chittagong, from any persons who might manufacture it on their own account, and paid for on delivery, at a fixed price, ultimately raised to 6 annas per maund. At the same time, it was left optional with private parties to export Salt to the Chittagong golahs at their own expense and risk, delivering it there at the price fixed for the local manufacture, then 13 annas a maund.

Abolition of public golahs, and relinquishment of the exportations to Chittagong to private enterprise.

863. In 1835, it was considered unnecessary that the Government should be at the expense and risk of maintaining warehouses at Kyouk Phyoo, and transporting the Salt: the receiving Golahs were, therefore, abolished, and the export of Salt to Chittagong was left entirely to private enterprise.

Description of the system of export by private enterprise, designated the Ryotwaree system.

864. The system was designated the Ryotwarce system, and was this—the exporters purchased and loaded the Salt, in coasting boats, or sea-going vessels, at the doors of the Ryots who manufactured it, and carried it under the protection of a Rowannah, or Pass, to Chittagong, where it was received into store by the Salt Agent, and paid for on delivery at the price paid at the time for Salt manufactured in that Agency. The Salt was not weighed into the boats or vessels in the presence of any Government officer, the Rowannahs being granted for such quantities as the exporters declared.

Proposition to prohibit export by private enterprise, and to revert to the system of public golahs—Board's argument in favour.

865. In 1837, it was believed that under this system a great deal of Salt was smuggled from Arracan into Bengal, in the shape of excess cargo, and it became a question whether the system ought to be allowed to continue. The Salt Board argued that it afforded full facility for smuggling in the mode in question; that the only method of guarding against an excess cargo was to have the Salt weighed on board in the presence of a trustworthy Government officer, it being impossible, after a vessel or boat was laden, to ascertain, with sufficient approximation to exactness, the quantity on board; and that, under a system of export from any place of manufacture, this method was impracticable, from the great expense involved in the necessity for employing numerous officers to see the Salt weighed at many places. They, therefore, proposed to prohibit export by private enterprise altogether, and to revert to the system of receiving Salt into Government Golahs, and shipping it thence on the public account, as the only effectual remedy.

Commissioner's objections to the proposition.

866. The Comissioner of the Province at first entirely concurred in these views of the Board, but afterwards saw occasion to modify his opinions. He conceived that smuggling was not carried on so extensively as he had supposed; in fact, was confined to a few thousand maunds annually; and that it was much more easy to suppress smuggling, even with the Ryotwarree, or private export system, in force, than he had formerly imagined. He accordingly proposed to permit the export of Salt by private enterprise on sailing vessels of European rig, and on Mugh Goodoos, or Junks, carrying not less than 800 maunds, debarring only the small boats, from whose activity he apprehended the greatest smuggling; afterwards, he abandoned that part of the above plan which admitted of the employment of Mugh boats of a certain tonnage, and proposed to restrict the transport solely and entirely to square rigged vessels; and, finally, he was prepared to

acquiesce in the total suppression of the system of export by private enterprise, provided the price of the Salt to be received at the proposed public Golahs was fixed at 8 annas per maund, instead of 6 annas.

Precautions proposed by the Commissioner to prevent smuggling under a modified Ryotwaree system.

867. The essential precautions, on which the Commissioner principally relied, for the prevention of smuggling, in the event of the private exportation of Salt on square rigged vessels being allowed were these—The probable weight of the fresh water ballast and everything that was on board, the estimated quantity of Salt, as well as it could be ascertained without unloading it, and the draught of water were to be specified in the Rowannah. The Salt was to be stamped all over, and the hatches were to be sealed down.

Considered by the Board to be insufficient.

868. The Board, however, contended that these precautions would not be sufficient; that the only effectual check was weighment of the Salt in the presence of a Government officer; that carrying excess Salt under cover of a Rowannah, was a description of smuggling from which infinitely greater injury to the Revenue was to be apprehended, and had, indeed, been received than from any open export of Salt, without any Permit or protective document whatever; and that, independently of the question of injury to the Revenue, the dealers in Government Salt had a right to expect that if there were two plans, one for the partial, and the other for the complete, suppression of smuggling, the latter should be adopted without reference to any cost or any trouble within reason.

Proposition adopted.

869. The Government concurring in the views of the Board, the export of Salt by private enterprise was prohibited altogether, and public Golahs were reestablished at Kyouk Phyoo, in 1840, for the receipt of Salt at 6 annas per maund, to be thence carried on freight to Chittagong, on the public account, by respectable contractors. In after years, however, the price was raised to 7, and even 8, annas per maund.

Question as to allowing the free local transit of Salt.

870. In the course of the discussion, an objection was raised that, for bringing the salt from the interior to the Government Golahs, free local transit without a Rowannah was apparently contemplated, and that, if this method of conveying Salt to the depôt were allowed, a door would be opened to all the evils apprehended by the Board from the Ryotwaree, or private export, to Bengal. The Board, however, showed that the Chowkey boats might be relied on for the seizure of Salt-laden boats attempting to run their cargoes without a Rowannah, in place of delivering them at the Government Golahs.

Sale of surplus Salt from the Kyouk Phyoo Golahs.

871. In June, 1847, the quantity of Government Salt in store in the Kyouk Phyoo golahs being more than sufficient to afford the usual necessary supply for Chittagong, the surplus was made available to the public in quantities of not less than 50 maunds, at the rate of Rupees 327 for every 100 maunds, being equal to the fixed Duty of Rupees 275, added to the cost of production. Payment for the Salt was received into the General Treasury in Calcutta, or into any one of certain specified local treasuries, and Rowannahs for the delivery and protection of the Salt were issued from the office of the Salt Board, on the production of Treasury receipts, or certificates of payment, granted by the local Collectors.—In September of the same year, authority was given for the issue of Rowannahs from the office of the Principal Assistant to the Commissioner at Kyouk Phyoo, in charge of the golah, instead of from the Board's office.

Purchases on account of Government in 1849 interdicted.

872. In 1848, owing to a great accumulation in the stock of Arracan Salt, both at Kyouk Phyoo and Chittagong, purchases on account of Government in the ensuing year, 1849, were interdicted.

Proposition to allow the exportation of Salt by private enterprise under proper regulations.

873. A question then arose, in the latter part of the year 1849, whether it might not be advisable to allow the export of Salt to Bengal by private enterprise, as well to benefit the province as to check smuggling from it into the Bengal districts.

Question argued and examined.

874. It was argued that if, as had been reported, Salt continued to be produced in excess of the local demand, notwithstanding the suspension of purchases on account of Government, to close all legal

outlets for the surplus produce, must tend to give rise to a large increase of smuggling. Even if it were exported to other places, it was supposed that it must be in very small quantities, and that the great inducement to export must always come from Bengal.

875. The Board of Revenue were, therefore, not indisposed to support a scheme for the legal export of Salt from Arracan to Bengal under proper regulations, and proposed to permit its export to Calcutta in square-rigged vessels of 200 tons burden, and upwards, and in cargoes of not less than 2,000 maunds, subject only to the restrictions which prevailed at other ports, the quantity being ascertained and entered in a manifest under the signature of the Principal Assistant of the district, and a copy of the manifest being sent by the post to the Board's office. The duty, it was proposed, should be levied in Calcutta, as in the case of all other imported Salt.

876. It did not appear to the Board that permission could be safely given to export Salt to the eastern districts of Bengal in any class of vessels or boats, or to Calcutta in other than square-rigged vessels of 200 tons burden and upwards, except on terms similar to those prescribed for the delivery of Salt from the Government Golahs at Kyouk Phyoo—that is to say, under Rowannahs granted by the Principal Assistants of districts, after payment of the full duty into the local Treasuries; and even this, it was held, could only be allowed, provided there were means at command in the province for ascertaining the quantity of Salt for which Rowannahs might be granted.

877. Further, as no seizures of Salt could lawfully be made at sea, and as it was a matter of extreme difficulty, if not altogether impossible, effectually to guard the numerous channels with which the Sunderbunds are intersected, the Board considered it essential for the protection of the Revenue that the transport of Salt, except under Rowannah, within the waters of the province, in quantities exceeding 100 maunds, should be prohibited, and made punishable by suitable penalties. Some arrangement of this kind was held to be an indispensable condition to the establishment of an authorized free export of Salt under Rowannah.

878. It was concluded, however, after inquiry, that the quantity of Salt made in the province in 1849, had not exceeded, as had been reported, the local demand, and that no systematic smuggling of Salt into Bengal was carried on; so that if the export of Salt to Bengal by private enterprise were to be permitted otherwise than, as was then allowed, from the Government Golahs at Kyouk Phyoo, on payment of Duty, it could only be for the purpose of extending the local manufacture beyond its existing limits, and not with the view of affording a legitimate outlet for Salt already manufactured.

879. The local authorities further represented, that no satisfactory plan could be devised, under which the export of Salt in native boats could be safely permitted; the difficulty of measuring the tonnage of such boats with sufficient approach to accuracy, or their cargoes, without such expense and delay as would absorb the profit of the venture, presented an insuperable obstacle; it would, therefore, be necessary, they stated, to confine the privilege to square-rigged vessels of 200 tons burden and upwards, so that, practically, the exports would be limited to the ports of Calcutta and Chittagong. It was, at the same time, supposed that few owners of such vessels would find it profitable to engage in the trade.

880. The Salt trade, by boats to Bengal, being prohibited, the Commissioner of the province was of opinion that no preventive rules would be necessary regarding the transport of Salt within the Arracan waters.

881. Restricted, therefore, as the exports must thus have been, both as to the destination of the Salt and the description of the vessels employed in carrying it, the Board came to the conclusion that the privilege would be no real gain to the province, and might probably give facilities for smuggling, by furnishing an excuse for keeping on hand stores of Salt ready for shipment. It might also necessitate, as

the Board thought, the adoption of preventive restrictions within the limits of the province, where the manufacture and transport of Salt were then perfectly free.

Proposition negatived.

882. Upon these considerations, the Board recommended that no change should be made in the existing practice, and the Government concurring in their views, the export of Salt from Arracan to Bengal by private individuals, unless the Salt was purchased from the Government depôt at Kyouk Phyoo, continued to be, as it still is, totally prohibited.

Renewal of purchases in 1851, and discontinuance of the same in 1852.

883. In 1851, Salt was again purchased for Government to a limited extent, namely, 1 lakh of maunds, at the rate of 6 annas per maund. In 1852, no purchases were made, and it was determined to reduce the establishment at the Kyouk Phyoo Golahs, when the undelivered Salt of the previous year had been received and stored, and to abolish it altogether when the Salt in store had all been exported, as it seemed improbable that purchases would ever again be made on account of Government.

Renewal of purchases in 1854, and continuance of the same in 1855.

884. But, owing to an apprehended deficiency in the supply for the Lower Provinces, from a sudden decrease in the importations of Foreign Salt, the Board found it necessary to order purchases to be made in Arracan to the extent of 2 lakhs of maunds in the past year (1854), and, again, to the same extent in the present year (1855), at the rate of 7 annas per maund, since raised to 8 annas, payable on delivery of the Salt at the Kyouk Phyoo Golahs. Up to the present time, however, only 25,788 maunds have been stored on account of both indents, of which 21,788 maunds have been shipped to Chittagong, to which place the whole quantity ordered is to be transported, as heretofore. It is found not to be easy to revive the manufacture at a moment, and to be still more difficult to obtain the means of transporting the Salt to the Golahs, all the boats in the province finding more profitable employment in connection with the Akyab rice trade, for the purposes of which they are still insufficient. It is understood that about three lakhs of maunds will be manufactured for the Government, but it seems to be quite uncertain when even any considerable portion of it can be delivered at the Kyouk Phyoo Golahs.

Description of the Golah system.

885. The Government operations in Salt, in Arracan, under the Golah system, are of the simplest kind. The Salt is either purchased at once from the manufacturers, or contracts are made with them for its manufacture, by an officer employed for the purpose, under the control of the Principal Assistant to the Commissioner. No advances are made, the Salt is paid for on delivery at the Government Golahs at Kyouk Phyoo at a fixed price, and is transported thence to Chittagong, usually in craft belonging to the latter port, and under contracts entered into by the owners with the Salt Agent, the present rates of freight being 3 annas per maund. When the quantity of Salt in store is more than is required for the Chittagong supply, the surplus is made available to the public, for export, under the Rowannahs granted by the Principal Assistant to the Commissioner on payment of a fixed price per 100 maunds, consisting of the Duty added to the cost of the production.

Capacity of the Kyouk Phyoo golahs, and cost of the establishment attached to them.

886. The Golahs are capable of containing two lakhs of maunds, and the establishment attached to these costs rupees 315 per mensem, as follows:—

	Rupees.
Superintendent	200
Head Mohurrir	25
2nd ditto	15
Treasury Mohurrir	15
4 Weighmen at 7, each ..	28
2 Chowkeydars at 6, each ..	12
4 Chuprassees at 5, each ..	20
Total Rupees ..	315

Salt consumption of the province.

887. When the inquiry into the extent of the manufacture in 18[illegible] was made, the consumption of the whole province was estimated not to exceed 54,000 maunds per annum, as follows. The population of Arracan amounted on the 1st of January, 1845, to 321,522 souls, one-fourth being deducted for infants and young children, there remained, in round numbers, say 240,000 persons who ate Salt; 9 seers were considered to be a fair average annual quantity for each person, which would give a total annual consumption, as above, of 54,000 maunds. The province is, however, capable of producing a large quantity of Salt at a low rate of cost.

Salt trade of the province.

888. Arracan has no Salt trade, except with Pegu, and an occasional shipment to Mauritius. The exportations to Pegu amounted last year (1854) to between 40,000 and 50,000 maunds. This trade arose only two years ago. It was entirely brought about by the almost total cessation of the manufacture in Pegu, in 1853, owing to the country being in a state of war, and must terminate as soon as the country becomes settled, and Peguers have quiet to make their own Salt. Indeed, the trade, it is said, has come to an end already.

The Commissioner's observations and opinions.

889. Two questions arise on a consideration of the foregoing narrative. One is, whether it would be proper to levy a tax upon Salt in Arracan. The other, whether it would be proper to allow the exportation of Salt to Bengal, otherwise than from the Government depôt at Kyouk Phyoo.

890. On the first question, it is to be observed, that Arracan is the only portion of the Bengal Presidency which is exempt from the Salt Tax. When the Province was conquered there was no Salt Tax, and it appears not to have been thought necessary, or expedient, hitherto to impose one. It rests with the Government to determine when, if ever, it would be proper to raise a Revenue from Salt in Arracan. I am not prepared to recommend the measure at the present time.

891. On the other question, I am clearly of opinion that the prohibition to export Salt to Chittagong, and the eastern districts of Bengal, except from a Government depôt, should be strictly maintained. In whatever class of vessel the Salt was conveyed, whether in boats or sloops, or larger craft, it would be impossible, otherwise, except at an enormous expense, either by precautions taken in the Province before the Salt was shipped, or by preventive measures on the coast, to guard against Salt being landed *en route*. In like manner, and for the same reasons, the exportation of Salt to Calcutta, by way of the Sunderbuns, should continue to be strictly prohibited. It is obvious that there is no analogy, in respect of such exportations as these, between Arracan and Madras, or Bombay. But I can see no reason why the exportation of Salt by the Sea route to Calcutta should not be allowed from Arracan, as freely as from either of those Presidencies. The supposition, that the privilege would be no real gain to the province, is not a sufficient objection. The option should be allowed.

892. I have, therefore, to recommend, in relaxation of the prohibition to export Salt from Arracan to Bengal, that private parties be allowed to ship Salt for transport to Calcutta by the sea route, in any part of the Province, in vessels of any tonnage, without let or hinderance, the duty on such Salt being levied in Calcutta, as in the case of all other imported Salt.

SECTION VI.

ON THE SUPPLY OF SALT FOR THE TENASSERIM AND MARTABAN PROVINCES.

Acquisition and administration.

893. THE Tenasserim Provinces were made over to the British Government by the King of Burmah, in 1826, after the first Burmese war, in accordance with the provisions of the Treaty of Yandaboo. The Province of Martaban was added to them in December, 1852, having been acquired by conquest from the Burmese, in the late war. These provinces are attached at present to no Presidency, their administration being conducted by a Commissioner in subordination to the Government of India.

Boundaries and districts.

894. These provinces form the northern portion of the Malayan Peninsula, and extend in a narrow strip along the eastern coast of the Bay of Bengal. They are bounded on the north by Burmah, on the east by the Siamese mountains, which separate them from the Siamese territories; on the south by the Pak Chan River, which separates them from Malaya, or the southern portion of the Malay Peninsula, and on the west by the Salween River, which separates them from Pegu, and falls into the Gulf of Martaban, from whence the Bay of Bengal is the western boundary. They are divided into four principal jurisdictions, Martaban, Amherst, Mergui and Tavoy, locally administered by a Deputy Commissioner and Assistant Commissioners. With exception, perhaps, of the newly acquired province of Martaban, the country is very thinly populated, and very little cultivated.

Localities of the Salt manufacture.

895. Salt is manufactured in the districts of Amherst and Tavoy, but not with any regularity, or in any great quantities. In some seasons, numerous persons will undertake the manufacture, in others few or none. They are guided by the scarcity, or otherwise, of the article in the markets, and the consequent prices they may obtain for their produce. In Mergui, no Salt at all is made, which, considering the great extent of sea-coast, and the long period of dry weather, is a remarkable circumstance. It is probable that Salt is also manufactured in the newly acquired district of Martaban.

Process of manufacture.

896. The Salt is obtained, as in the Provinces of Pegu and Arracan, by the combined process of solar evaporation, and boiling. The method is fully described in the sections on those provinces, which, like the Tennasserim provinces, were formerly Burmese possessions. The quality of the Salt is styled by the Commissioner in one of his letters as "superb."

Freedom of the manufacture and sale.

897. The manufacture and sale of Salt in the Tenasserim Provinces is absolutely free, subject only to the payment of an Excise Duty, as in Pegu. The system is essentially the same as in Pegu, and is conducted under the following rules.

System of excise.

898. Persons wishing to manufacture Salt are required to apply for a licence to the Assistant Commissioner of the district, giving notice at the same time to the head of the village where they propose to work: and if no other claim to the land to be worked on exist, the licence is granted without fee or cost.

899. On receiving the licence, the manufacturer is required to state the number of iron or earthen boilers he intends to use; this number is inserted in his licence, and on that number he has to pay the duty, whether he uses them or not. A copy of the licence is furnished to the head man of the village.

900. If the manufacturer should be desirous of increasing the number or size of his boilers during the season, he can do so, but he is first required to state his intention one day beforehand to the head man of the village, and also to report it, personally or in writing, to

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the Assistant Commissioner in charge of the district, when, if no other party's rights conflict, a further licence is given.

901. The village officers are responsible for the observance of the rules, and the collection of the revenue, and can demand free access to the Salt Works at all times.

Rate of Excise.

902. The rate of Excise is 4 annas per earthen pot and 1 rupee per iron boiler, of the customary size.

Excise Revenue.

903. The Revenue at present derived from the Salt Excise is extremely insignificant, as will appear from the following statement of the collections in Amherst and Tavoy, during the last ten years, exhibiting an annual average of only, Rupees 2,638 : 15 : $4\frac{4}{5}$.

	Rs.	A.	P.
1844—45	1,445	8	0
1845—46	2,116	12	0
1846—47	2,403	12	0
1847—48	1,969	8	0
1848—49	1,714	12	0
1849—50	3,017	2	0
1850—51	3,067	2	0
1851—52	3,652	8	0
1852—53	3,536	12	0
1853—54	3,465	14	0
Total in 10 Years	26,389	10	0
Annual average ..	2,638	15	$4\frac{4}{5}$

Extent of the manufacture.

904. The last year's Revenue, rupees 3,465 : 14 annas, at 4 annas tax per pot, gives 13,863 pots as the total number worked in that year; and this number of pots, calculating that each pot yielded a daily produce, as in Pegu, of 7·30 lbs. for 4 months of 30 days each, or 120 days, gives a total produce for the season of 1,47,583 maunds.

Proposition to abolish the tax negatived.

905. In 1840, the Board of Revenue recommended the abolition of the Salt Tax, as yielding a Revenue quite inconsiderable, while the smallness of the consumption seemed to show that, low as the price of the article was, it was still beyond the means of a very large portion of the population; but the Government were of opinion that the tax should be maintained.

906. In 1850, the Commissioner of the province again recommended the abolition of the Salt Tax, considering it objectionable in principle, and, from the insignificance of the collections, undeserving of retention as an item of Revenue. He observed, that, although the rate of 1 rupee per iron boiler, and 4 annas for each earthen pot, per month, might appear to be reasonable, it was, in fact, a very heavy impost; and as it was necessary for every person desirous of making salt to apply to the Assistant Commissioner of the district for a licence, and to give notice of all intentions of increasing the number of his pots during the working season, and as also the village officers were responsible for the close observance of the rules, the system was not free from vexatious meddling.

907. The Government, however, saw no reason to depart from their orders of 1840, directing the maintenance of the tax; and it may be observed that the Commissioner seems to have been in error in supposing the tax to be a monthly levy, instead of for the season.

The Commissioner's observations and opinions.

908. I have only to observe that, the Salt Tax having existed under the Burmese Government ought not, while it is levied elsewhere in India, to be relinquished in these provinces, because of its insignificant amount; but that attention should rather be turned to the improvement of the Revenue from this source, upon the present simple system of excising the manufacture; the rate of excise being raised to that which now prevails in the adjoining Province of Pegu, namely 8 annas per earthen pot. This rate, it will be seen, would

still be very light.* A drawback of the Excise Duty should be allowed on Salt exported by sea, and Foreign Salt should be admitted on payment of a Customs' Duty equal to the Excise Duty.

SECTION VII.

ON THE SUPPLY OF SALT FOR THE PROVINCE OF PEGU.

Acquisition and administration.

909. THE province of Pegu was acquired by conquest from the Burmese, in December, 1852. It is attached at present to no Presidency; its administration being conducted by a Commissioner, in subordination to the Government of India.

Boundaries.

910. The British possessions are bounded on the north by Burmah, on the south by the Bay of Bengal, on the east by the Sitang River, and on the west, partly by the Province of Arracan, but principally by the Bay of Bengal.

Districts.

911. The province is divided into four districts, viz., —Rangoon, Bassein, Prome, and Sarawah, each constituting the jurisdiction of a Deputy Commissioner.

Lca lities of the Salt mufoa cture.

912. Salt is manufactured in the two Districts of Bassein and Rangoon, the works being situated principally on the banks of creeks in the numerous islands forming the delta of the Irrawady, and in the townships along the mouth of the Sitang River. In the District of Bassein they are scattered over an area of about 150 square miles. In the district of Rangoon they are spread over a line of about 120 miles of sea coast, varying in breadth from one to ten miles.

Period and process of manufacture.

913. The manufacture is carried on for four months in the year, viz., from January to April, and the Salt is usually obtained by the combined process of solar evaporation and boiling. Sea-water being conducted into suitable shallow beds, expressly prepared for the purpose, is allowed to stand for some days, until sufficiently condensed by the rays of the sun, when the brine thus formed is run into a deeper pit, or reservoir, whence it is transferred to earthen or iron pots to be boiled. Sometimes sea-water is boiled at once, without being subjected to previous condensation by solar evaporation.

914. The works, in addition to the evaporating beds and brine reservoirs, consist of kilns of brick work, built up in the form of an arch, having a small central furnace for the fuel, and with holes above, usually in double lines, into which the pots of earth or iron, in which the brine is boiled, are set. The kilns are of various sizes, holding from 50 to 225 pots; but under the Burmese Government kilns of 350 pots were not uncommon.

915. The furnaces, when once lighted, are kept burning night and day, being attended to by relays of men. The fire is kept at a gentle heat, and the Salt granulates and sinks to the bottom of the pot in from three to five hours, according to the size of the kiln; it is then withdrawn, and thrown in a heap in the sun, upon shelving boards, to allow the bittern, or mother water, to drain off; in two or three days it becomes dry and ready for sale. After each boiling, there adheres to the bottom and sides of the pot a white calcareous substance, which, from the brittle nature of the pots, cannot be detached; and, after about thirty boilings, the kiln has to be renewed with pots, the stony crust within the pots having by this time grown so thick as to render them liable to be burnt and fall away. A kiln of fifty pots requires two men, and one of 225 pots six men, to keep it at work.

* See paragraphs 926 and 928, Section VII, Pegu.

Produce per earthen pot.

916. The pots are generally of uniform size, and produce, in the Bassein district, on the average, one viss, or 3·65 lbs. of Salt, at each boiling. In the Rangoon district, it is estimated that one pot produces, during the twenty-four hours, not less than 5 viss, or 18¼ lbs. of Salt in three boilings.

Quality.

917. The quality of the Salt is said to be far from pure; no second solution or crystallization is attempted, nor do the Burmese appear to have any method of clarifying the brine, or skimming off the frothy scum, which rises to the surface in the process of boiling.

Cost of production.

918. The cost of production may be approximately obtained as follows :—

919. A kiln of fifty pots, calculating upon two boilings per diem, and that each pot will produce one viss at a boiling, will yield 100 viss in a day, 3,000 viss in a month, of 30 days, and 12,000 viss in the season of four months; 12,000 viss being equal to 43,800 lbs., or 532 Indian maunds. The produce of a single pot in the season would thus be ten maunds and about twenty-four seers.

920. The expenses would be, for the labour of two men, for four months, at 6 rupees each per mensem, which includes the cost of cutting fuel on the spot, 48 rupees, and for the price of earthen pots for the whole season, rupees 39 : 7 : 5, as follows :—The price of an earthen pot is 1 anna 7 pies; calculating that a pot would last for thirty boilings, each pot, at two boilings per diem, must be changed twice a month—100 pots would, therefore, be expended in a month, and 4,000 pots in the season of four months, the cost of which, at 1 anna 7 pies per pot, would be rupees 39 : 7 : 5, as above-mentioned.

921. The whole expenses of the season being thus—rupees 87 : 7 : 5, and the whole produce 532 Indian maunds, the cost of production per maund would be about 2 annas and nearly 8 pies.

Right in the Salt works.

922. The question of right in the Salt Works must depend upon the establishment of any right to the land on which they are situated. At present, the sites where the manufacture is carried on remain the quasi property of the party in possession, as long as he occupies the ground, and pays the Government demand on the Salt Works. The right of occupancy is frequently rented and mortgaged, and sometimes sold, but many of the Salt Works have descended in one family for several generations, and there is a general disinclination to alienate them permanently by absolute sale.

Actual manufacturers, and terms on which they labour.

923. The actual manufacturers are generally the people of the lower country, though some come from a distance to make Salt during the season. At other seasons, they follow the occupations of cultivators, fishermen, &c. They are either hired by the proprietors of works as labourers, on fixed wages, or on the agreement that they shall receive a certain proportion of the profits of the season; or the proprietor transfers his works to the actual manufacturer for one or more seasons, on rent, mortgage, or loan.

Freedom of the manufacture and sale.

924. The manufacture and sale of Salt in Pegu is absolutely free, subject only to the payment of an Excise Duty. Any person may establish a kiln, on application to the Myo-oke, or chief native officer of the township, or other Government officer.

System of Excise.

925. The Burmese levied a Tax of 7 annas, for the season, on every pot of which a kiln was composed and also a Ghaut Tax, or Transit Duty, of 4 annas the 100 viss at the Ghaut, from which the Salt was embarked. The Burmese method of Excise has been maintained. The local village officers, who collect the Land, Capitation, and other Taxes, are also responsible for the Salt Excise. At the commencement of the season, or early in March, the Thoogyee, or head man of a cluster of villages, proceeds with the Goungs, or heads of each of the villages in his circle, to examine the kilns. He makes, with their assistance, a Roll, showing the name of each Salt manufacturer, the situation of his Salt Works, and the number of pots of each description, earthen and iron, they contain; these Rolls when completed are given to the Myo-oke, or head of the township, who forwards

them to the office of the Deputy Commissioner of the district. There, stamped receipts are prepared from the Rolls for the amount of Tax payable by each manufacturer, and these receipts are delivered to the Myo-oke, who distributes them to the several Thoogyees in his township, and they collect the Revenue and pay it to the Myo-oke, who pays it into the Deputy Commissioner's Treasury.

Rate of Excise.

926. The Excise for the past year, 1853-54 was fixed so low as 4 annas per earthen pot. This was because the disturbed state of the country during the previous year, 1852-53, had cut off the ordinary supply of labourers, and almost entirely stopped the manufacture of Salt throughout the whole delta. It was, therefore, considered desirable to place a low rate at first on the manufacture, and thus give it time to revive. It was proposed in the present year, 1854-55, to raise the rate to 8 annas per pot, when the Duty would still be, on the whole, slightly below the double Tax, that is, on the manufacture and transit levied by the Burmese Government. The rate on the few iron cauldrons that are used is rupees 2 : 8 for the season.

Protection of the revenue.

927. The suppression of illicit manufacture and the protection of the Revenue, depend entirely, according to the description of the system given at paragraph 925, upon the honesty and vigilance of the of the village officers, in making a correct return of the number of pots contained in each of the licensed kilns, and in seeing that no kilns are established without permission.

Sale of the Salt—price in the market—profit on the manufacture—and pressure of the Excise.

928. The Salt is sold by the manufacturers as soon as, or soon after, it is made, to merchants, salt-fish curers, and others. The market price is from rupees 2 to rupees 2 : 8 per 100 viss. The profit of the manufacturer, and the pressure of the Excise, are, therefore, easily ascertained by a continuation of the calculations given at paragraphs 919 and 920 as follows :—

929. The value of 12,000 viss of Salt at the mean of the above amounts, rupees 2 : 4, per 100 viss, would be rupees 270. The season's Tax on a kiln of 50 pots, at 8 annas per pot, would be rupees 25, which, being added to the expenses, amounting to rupees 87 : 7 : 5, gives a total outlay of rupees 112 : 7 : 5, which being deducted from the value of the produce leaves a profit, supposing the Salt to be bought at the kiln, of rupees 157 : 8 : 7, or about 140 per cent. on the outlay, the amount taken as Tax being equal to about $22\frac{1}{4}$ per cent. of the expenses and scarcely 16 per cent. of the profit. The rate of Tax per maund, at 8 annas a pot, taking a pot to produce in the season 10 maunds and (say) a half, would be about 9 pies or $\frac{3}{4}$ths of an anna.

Quantities produced—consumed in the province—and exported.

930. As the Revenue is not collected on the amount of produce, no account is taken of the quantity of Salt made, but kilns containing 16,600 pots were worked in the District of Bassein during the past season, 1854, which, on a calculation of two boilings a day for four months, and supposing each pot to yield one viss, or 3·65 lbs. of Salt at a boiling, or 7·30 lbs. daily, would give a total produce for the season of 1,81,770 maunds. It is supposed, however, that the actual produce was considerably below that quantity, which is estimated on the assumption that two boilings of each pot was made every day for four months. This, with a people of steady, industrious habits, would not be much ; but it is thought to be more than the Peguers were fitted to accomplish. About one-third of the above-estimated quantity is said to have been exported across the frontier to the Ava dominions, and the remainder to have been consumed in the province.

931. The number of pots worked in the Rangoon district has not been stated, but an estimate of the quantity of Salt produced there may be similarly derived from calculations based on the amount of Excise Revenue collected. This is stated to have been rupees 10,000, as nearly as possible, which, at the rate of 4 annas Excise per pot, would give a total of 40,000 pots, and these, at two boilings each per diem, for four months, and a daily produce of 7·30 lbs., would yield a total produce for the season of 4,18,889

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Indian maunds. How much of this quantity may have been exported out of the province, and how much consumed within it, does not appear. The total produce of the year for the whole province, according to the foregoing calculations, would be 6,00,659 maunds.

Gross Excise Revenue charges, and net revenue.

932. The gross revenue collected on account of the Salt Excise for the past year, 1853-54, was, rupees 14,263 annas 4.* The only charge on this was a commission of 10 per cent. to the village Thoogyee, which he received on all revenue collections made by him. Deducting this commission, the net revenue amounted to rupees 12,837.

Excise revenue previously collected by the Burmese, in Bassein.

933. From papers captured during the war, it appears that the Revenue collected, and paid into the Royal Treasury, on Salt, by the Burmese authorities in Bassein, during the four previous years, amounted annually to 102 viss and 71 ticals of silver, equal to rupees 13,552.†

Imports by Sea—and customs' revenue thereon.

934. The imports by sea of Foreign Salt during the year, amounted to 42,294 maunds,‡ nearly the whole of which came from Arracan. The Import Duty on Salt is, at present, 6 annas per maund, a Customs' Revenue of rupees 15,860 was therefore collected on the Imports. There is no doubt that the deficiency in the home supply, necessitating foreign importations, was entirely caused by the almost total cessation of the manufacture in the previous year, 1852-53, owing to the country being in a state of war, and that in times of internal peace the province will be altogether independent of any foreign supply of the article. There were no Imports by land, nor, from the situation of the Province, are such importations to be expected.

Exports by Sea and Land.

935. The Exports by sea, amounted to 4,800 maunds, the whole from the district of Rangoon. At present there is no duty on the sea Export ; but northwards, a frontier duty of 1 rupee the 100 viss (about $4\frac{1}{2}$ maunds), is levied on the land Export. No account has been received of the quantity of Salt exported across the land frontier into the Ava dominions, or of the amount of Revenue collected thereon. The Bassein Revenue, as shown in the note to paragraph 932, certainly does not include any Customs' Revenue on land exports, because the number of pots worked (16,600) gives, at only the Excise rate of 4 annas per pot, almost exactly the amount of Revenue collected ; viz., rupees 4,263 : 4 : 0 ; but whether any Customs' Revenue on land Exports is included or not in the Rangoon Revenue of rupees 10,000, seems not certain. If any is, then the calculations of produce given at paragraph 931 are vitiated, inasmuch as they proceed altogether on the Excise Duty of 4 annas per pot, the produce of a pot per season, being, according to the calculations at paragraph 919, 240 viss, whereas the Customs' Duty on Export by land is 1 rupee per 100 viss, or a little more than $9\frac{1}{2}$ times higher than the Excise rate on the home consumption.

936. As the Ava dominions would seem to be entirely dependent on the Pegu coast line for their supply of Salt, it may be expected that a brisk trade in Salt will spring up between the lower and upper countries of the valley of the Irrawady, which, under an effective system should be productive of a considerable Revenue to the Province at the expense of the foreign consumer.

	Rs.	A.	P.
* Rangoon District	10,000	0	0
Bassein do.	4,263	4	0
Total. ..	14,263	4	0

† There are 100 ticals in a viss, and a viss is equal to rupees 131 [illegible]ths.

	Maunds.
‡ Rangoon district	35,529
Bassein do.	6,765
Total	42,294

The Commissioner's opinions.

937. On a consideration of the foregoing narrative, I come to the following conclusions:—

First.—That a drawback of the Excise Duty should be allowed on Salt exported by sea.

Second. That no Customs' Duty should be levied on the exportation of Salt by land; consequently, that the Duty of 1 rupee the 100 viss, or $4\frac{1}{2}$ maunds, now taken on Salt exported across the frontier, which is nearly five times higher, according to the calculations above given, on the Excise Duty of 8 annas per pot, should be relinquished.

Third.—That the Customs' Duty of 6 annas per maund, now levied on imported Salt, should be reduced to the Excise rate per maund, which, at 8 annas per pot, amounts, according to the calculations above given, to only 9 pies, or $\frac{3}{4}$ths of an anna per maund.

SECTION VIII.

ON THE SUPPLY OF SALT FOR THE NORTH WESTERN PROVINCES OF THE BENGAL PRESIDENCY.

The system on which the Revenue from Salt is now derived in the North Western Provinces, and sources of supply.

938. IT is not necessary to enter into the past history of the Salt Revenue system in these provinces. At present the manufacture of alimentary Salt in them is strictly prohibited under the provisions of Act XIV of 1843, and the consumption is supplied partly by Rock Salt from the Punjab mines, and partly by Marine Salt from the Lower Provinces of Bengal, manufactured in India or imported from abroad, but chiefly by Salt, produced by solar evaporation, from the Sambhur Salt Lake in Rajpootana, and other localities on the western side of India. The Punjab Salt, having paid the Excise Duty of rupees 2 a maund at the mines, passes free into the North West Provinces, as does the Salt from Bengal after having paid the Excise or Import Duty of rupees 2 : 8 a maund. The Sambhur and other Western Salts, being produced not in British, but in native, territory, are intercepted by a customs line, stretching along the entire western frontier, on crossing which they are subjected, in one part, to a duty, per maund, of 2 rupees; in another part of 1 rupee, 8 annas; and in a third part of 1 rupee; the Salt crossing that portion of the line on which a duty of 2 rupees is levied, being subjected to a further duty of $\frac{1}{2}$ a rupee per maund, on transmission to the eastward of Allahabad, thus coming into competition with the Salt from Bengal, which meets the Western Salt, and divides the market with it in the Province of Benares, under an equal duty of rupees 2 : 8 a maund.

Relative quality of the different Salts consumed.

939. The Marine Salts of Bengal are superior in quality to the Mineral Salt of the Punjab, and this Salt is superior to all the Western Salts. Among these latter, the best is that which comes from the Sambhur Lake situated near Ajmere, on the mutual frontier of the Jeypore and Joudpore States. The least pure kind is collected without any previous preparation on the retirement of the Salt waters of the lake. During the rains, the lake overflows, and when the waters subside, a deep incrustation of Salt is deposited on its shores for several miles round. A better kind is composed of the Salt deposited in large enclosures formed with wattles and mud, which become filled with water upon the rising of the lake, and upon its retirement the process of evaporation commences; and the purest of all is that which crystallizes upon branches of trees, with which these enclosures are strewed for the purpose. As the Salt water is to be had in any quantity, without any further expense than that which is involved in the arrangements above described, all these processes of manufacture are extremely cheap. But the Salt in most common use is imported from the Bhurtpore territory, and other Native

States on the south bank of the Jumna, and is known as Salumba, Balumba, &c. Being produced by evaporation from well water, it costs more in making than the Sambhur; but this is counterbalanced by the circumstance of the manufactories being near the frontier. The foregoing account is taken, principally, from Mr. Trevelyan's Report on the Inland Customs, published in 1834, page 104.

Position of the Customs' line on the western frontier, and breadth of Customs' jurisdiction.

940. The Customs' line on the western frontier, commences on the extreme north, at Fazilka or Fazilpore, on the eastern bank of the Sutlej, the point of junction with the Punjab preventive line on that river, which starts from Umrookee ghaut on the opposite or western bank, and is carried down that bank to the termination of the river opposite Mittunkote on the Indus. From Fazilka, the line passes by Sirsa, Hissar, and Hansi, and skirting the Jhujjur territory to Pulwul, runs in the direction, but at some distance west, of the Jumna, until it reaches the junction of the rivers Jumna and Scinde. From that point, the line runs through the districts of Jaloun, Jhansee, Chandeyree, Saugor, and Nursingpore, to a point on the river Nerbudda, at or near the south-eastern frontier of the State of Bhopal, and thence along the left bank of the Nerbudda, to the western boundary of the territory above mentioned, where it terminates.* From Fazilka to the junction of the rivers Jumna and Scinde, Custom-house jurisdiction extends for a breadth of ten miles, and from thence to the termination of the line to a breadth of fifteen miles, over all territory in British possession within those spaces; save and except that the cities and marts of Delhi, Bindrabun, Muttra, Agra, Jhansee, and it may be some other towns, are excluded from Customs' jurisdiction, the space so excluded being a circle of two miles from the cotwalee or chief police station of each town; but where these tracts are so excluded, the breadth of the line is extended in a correspondent measure to the westward and southward, so that the breadth may in no place be less than fifteen miles.

Duties levied on the western frontier line.

941. On this line, from Fazilka to the junction of the rivers Jumna and Scinde, duty is levied not only on the import of Salt, but also on the import of cotton and the export of sugar, the import of this latter article being prohibited. From the junction of the rivers Jumna and Scinde to the termination of the line on the extreme south, a duty is levied on the import of Salt only. On that portion of the whole line, which lies more than ten miles north of the town of Saugor, the duty on Salt is two rupees per maund; from that point southwards to the Nerbudda, the duty is one rupee and a half per maund; and on the remainder of the line it is one rupee per maund.

From the junction of the rivers Jumna and Scinde southwards the present line is a new projection.

942. The line from the junction of the rivers Jumna and Scinde southwards, is a new line established by the Lieutenant-Governor, under the power vested in him by Section 3, Act XIV, of 1843, by a public notification† dated the 9th of May, 1855. Previously, the line continued to run from the above-mentioned point, in the direction of the Jumna, till it reached the boundary between the Banda and Allahabad districts, whence it ran in the direction of the southern frontier of the Allahabad and Mirzapore Districts, till it met the Soane river, across which it extended southwards to the fullest limit of British Singrowlee, where it terminated. On the whole of this line, duty was levied not on Salt only, as now on the new line, but also on Cotton and Sugar.

In substitution of the old line from the same point to the frontier of the Mirzapore District.

943. The notification provided that, after the expiration of six months from the date of its publication, so much of the existing line as extended from the junction of the Rivers Jumna and Scinde along the line of the Jumna, and thence southwards to the frontier of the

* See Map No. 1; but, since that Map was compiled, the Customs' line on the Western Frontier of the North West Provinces has been altered from the junction of the Rivers Jumna and Sinde, southwards, by a Notification of the Lieutenant-Governor, dated the 9th of May, 1855. The direction of the new line is accurately described in Paragraph 940 of the Report, where also the Map is referred to.

† Appendix U.

Mirzapore District, should be abolished. In the meantime, the old line was maintained in addition to the new one.

Whether the old line from the Mirzapore frontier to Singrowlee is included in the abolition is not clear.

944. From the wording of the above notice it would seem that the whole of the old line from the junction of the Rivers Jumna and Scinde has not been abolished, but that a portion, from the frontier of the Mirzapoor District to Singrowlee, remains; and yet the object of retaining this isolated portion is not immediately apparent—If it were united to the special line which is drawn at Allahabad, for levying the differential duty of eight annas a maund on all Western Salt passing to the eastward of that line, it might be supposed that it was retained in aid of the purposes of that line; but there seems to be a considerable gap between the frontier of the Mirzapoor district and the head of the Allahabad line, which appears to have crossed a point on the old line a long way higher up than the Mirzapoor frontier; and this gap would, seemingly, neutralize any benefit which might otherwise be afforded to the Allahabad special line by its extension to Singrowlee; but, possibly, the defect is in the wording of the notice, and the old line has in fact been abolished as far as Singrowlee.

Position of the Allahabad special line, and breadth of the Customs' jurisdiction along it.

945. The Allahabad special line, for the levy of the Differential Duty on Salt only, proceeds from the fortress of Allahabad, due south to the Rewah frontier, and due north to the Oude frontier, and thence along the eastern boundary of the Oude territory, till it reaches the Nepal frontier, where it terminates.* Customs' jurisdiction on this line extends for a breadth of ten miles, except where the line skirts the Oude frontier, where the jurisdiction extends for a breadth of 13 miles.

Administrative system. The Commissioner, Collectors, and Deputy Collectors.

946. The administration of the Customs' Revenue is at present entrusted to a single Commissioner, acting in subordination to the Board of Revenue, and having his head-quarters at Agra. Until the late alteration in the western frontier line, the Customs' jurisdiction was divided into nine Collectorships, the Customs' Houses being located at Sirsa, Hansi, Delhi, Hodul, Agra, Calpee, Rajapoor, Allahabad and Mirzapoor. By the notification altering the line, Customs' Houses were established at Jhansee, Saugor, and Hoshungabad, and a collector stationed at Saugor, was appointed to the charge of the whole new line, with one deputy at Jhansi and another at Hoshungabad. In pursuance of this arrangement, it may be presumed that the Calpee and Rajapoor, and, possibly the Mirzapoor, collectorships have been abolished. The Sirsa division is controlled by the Superintendent of the Bhuttee territory, who is *ex officio* Collector of Customs. The Collectors and Deputy-Collectors of the other divisions are Uncovenanted European officers, employed exclusively in the Customs' Department. They are of three grades. In the first there are two, who receive salaries of rupees 600 a month; in the second two, who receive rupees 500; and in the third, four who receive rupees 400 a month each. Promotion takes place as vacancies occur, three years approved service being the condition of advancement. Originally, the rule was that the incumbents should receive an increase of rupees 100 a month after every 5 years service, without reference to vacancies.

The Patrols, Assistant Patrols, and grades subordinate to these.

947. A mofussil establishment of Patrols, Assistant Patrols, Superintendents, &c., is attached to each Collectorship. The Patrols and Assistant Patrols are mostly European officers. The grades subordinate to these are filled by natives. The patrols enter on a salary of rupees 200 per mensem, which is increased progressively to rupees 250, rupees 300, and finally to rupees 350, after 3 years' approved service in the first grade, 2 years in the second, and 3 years in the third. The Assistant Patrols receive first, rupees 100 a month, which is increased after 3 years approved service to rupees 125, and, finally, after 2 years further approved service, to rupees 150.

Establishments, Suddur and Mofussil, their strength and cost.

948. The following tables (Nos. 1 and 2) exhibit the numerical strength of the Mofussil Establishment, and the cost of the entire Customs' Establishment, Suddur and Mofussil, as they stood before the late change in the western frontier line. That change may have caused some alteration in the details, but the aggregate strength and cost have probably remained the same, or nearly the same.

* See Map No. 1.

TABLE No. 1.

Numerical Strength of the Mofussil Establishment.

Designation of Officers.	Rates of Pay per Mensem.	Number of Officers.
	Rupees.	
Commissioner	3,166 : 10 : 8	1
Collector and Deputy Collectors ..	400 to 600	9
Patrols	200 to 350	32
Assistant Patrols	100 to 150	53
Superintendents	50	37
Darogahs	20, 25, 30	48
Mohurrirs	10, 15, 20	146
Weighmen	5 and 6	72
Kotegushts	10	55
Jemadars	5, 6, 7, and 8	748
Chuprassees	4 and 5	5,386
Manjees	4 and 5	3
Dandees	3 and 4	9
Total ..		6,599

TABLE No. 2.

Monthly and Annual Cost of the entire Customs' Establishment, Suddur and Mofussil.

Description of Establishment.	Monthly Charge.			Annua Charge.
	Rs.	a.	p.	Rupees.
Commissioner of Customs	3,166	10	8	38,000
His Office Establishment	1,161	0	0	13,932
Collectors and Deputy Collectors	3,800	0	0	45,600
Their Office Establishments	4,473	0	0	53,676
Mofussil Establishment of Patrols, &c. ..	53,357	0	0	6,40,284
Total ..	65,957	10	8	7,91,492

Salt laws.

949. Until lately, Act XIV of 1843 was the only Salt law of the North Western Provinces, but, on the 21st of December last, another law, Act XXXVI of 1855, was passed for the better protection of the Salt Revenue.

Act XIV. of 1843, and its provisions. Section IV.

950. By Act XIV of 1843, the manufacture of alimentary Salt throughout the North Western Provinces, without the express sanction of Government, is prohibited.

Section IV.

Persons engaging in, or preparing for, and proprietors of land, or their agents, conniving at, illicit manufacture, are liable, on conviction by the Magistrate, to a fine not exceeding 500 rupees, commutable to imprisonment, not exceeding six months, with or without hard labour. The illicit works to be destroyed, and any Salt stored thereat to be confiscated.

Section V.

Collectors of Customs and Land Revenue are empowered to destroy all illicit works, to seize the Salt in store, and to apprehend and make over to the Magistrate, for trial, all persons concerned in the illicit manufacture of Salt.

Section VI.

All Salt imported without payment of duty, or in contravention of any orders issued under the provisions of the Act, and all boats, carriages, and conveyances, and all animals used in transporting the same, are liable to seizure and confiscation,

Section VII.

All persons evading, or attempting to evade, the payment of duty, or aiding or abetting such evasions or attempts, or in any manner contravening the Act, or any order issued under its provisions, and all proprietors of land, or their agents, wilfully conniving at such evasions or attempts, or aiding such acts, are liable, on conviction by a Magistrate, to the punishment specified at Section IV.

Section VIII. All Customs' officers are empowered, upon reasonable grounds of suspicion, to search any carriages and conveyances, and any packages, for Contraband Salt, and to detain all such Salt.

Section IX. Collectors and Deputy Collectors of Customs and Land Revenue, are required to report such seizures without delay, for the determination of the Commissioner of Revenue, who may confiscate the Salt, or impose a lesser penalty.

Section X. All Customs' officers are empowered to apprehend any person upon reasonable grounds of suspicion that he has committed a breach of the Salt laws, and to make him over to the Magistrate for trial.

Section XI. Any Customs' officer searching, or apprehending, without reasonable grounds of suspicion, is liable, on conviction by the Magistrate, in the one case to a fine not exceeding 250 rupees, commutable to simple imprisonment, not exceeding three months, and in the other case, to a fine not exceeding 500 rupees, commutable to simple imprisonment, not exceeding six months; the fine in both cases being payable to the party aggrieved.

Section XII. Appeals lie from the sentences passed, in pursuance of the Act, by Magistrates, or persons exercising the powers of Magistrate, as in ordinary cases.

Section XIII. All officers of Police, and all officers of the Government engaged in the collection of the Land Revenue, are required to aid the Customs' officers in the execution of the Act.

Extension of the provisions of the Act to the new line in the Saugor and Nerbudda Territories. 951. The Act does not apply to the Saugor and Nerbudda territories, or to the district of Ajmere, but has been made applicable to the new line established in the former by the notification of the 9th of May, 1855.

Act XXXVI. of 1855, and its provisions. Preamble. 952. Act XXXVI of 1855 empowers officers of Customs or Land Revenue to search houses and other enclosed places for contraband Salt, that is, Salt manufactured or stored contrary to the provisions of Act XIV of 1843.

Sections I. to IV. It indicates the officers empowered to search, and lays down the rules of search.

Section I. Search can only be made within the limits of Customs' jurisdiction.

Section II. No search can be made between sunset and sunrise.

Section V. No Salt stored in any house or place, not being Salt unlawfully manufactured thereat, can be treated as contraband, unless the quantity exceeds five seers in weight.

Section IX. The purification or refinement of impure Salt obtained in the manufacture of Saltpetre, so as to produce alimentary Salt, is declared to be a manufacture of Salt within the meaning of the Act, and of Act IV, 1843.

Sections VI. and VII. Penalties are enacted for police officers refusing, or neglecting, to attend, or aid in search or seizure; and also for vexatious search, and for wilfully and maliciously giving false information.

Working of the Customs' lines, and duties of the establishments employed upon them. 953. The following extracts, taken from pages 95 to 99 of a work published in 1854 by Mr. Hickie, a Collector of Customs at Delhi, entitled "A Brief Review of the Old and New Systems of levying Customs' Taxes on the Trade of the North West Provinces," contain a full description of the working of the Customs' lines, and the duties of the establishment employed upon them.

From the lowest subordinate upwards, to the Collector, each grade is subjected to a series of checks by which no neglect of duty, or other irregularity, can be committed without being brought to light. A high road runs along the chowkeys, and when on duty at night, the chuprassees are posted a quarter of a mile from each other, and required to walk up and down that space. Every Jemadar has the supervision of one mile of road, over which he patrols, to see that the men are vigilant, to superintend the relief of the watches, and in the morning to examine the plains and fields on either side for the purpose of discovering any trace that may exist of the uninterrupted

passage of smugglers during the night. A daily report of the result of these examinations is sent up verbally to the patrol or assistant patrol. The Jemadars are in turn checked by the orderly establishment, who take up positions under the line, as it is commonly styled, to catch all that may happen to slip through. In the morning they proceed to the line, and make an examination similar to that which the Jemadars are supposed to have previously made, the result being in the same way reported to the patrol. Then to prevent any of the Jemadars or the orderlies from concealing any instances of neglect or probable collusion they may have detected, or from being remiss themselves, the patrols and assistant patrols make unexpected excursions along their respective beats, at all hours of the night and morning. The activity of these officers again is maintained under influence of the necessity of recording, and reporting daily to the Collectors of Customs, the work they have performed, which is done by means of the diary; and a further stimulus to exertion in all grades on the line is supplied by the formation of permanent patrolling parties north and east of the line. These parties are composed of drafts from the chowkey establishment, of which however, they are entirely independent, and with whom they are prohibited from holding intercourse, unless when duty renders it unavoidable. Their instructions require them to patrol in different directions, north and east of, but two or three miles distant from, the line, and, when they make a seizure, to follow up the track of the smugglers to the point of the line at which they crossed, reporting the circumstance to the patrol or assistant patrol, who receives charge of the captured salt, and with whom rests the further prosecution of the investigation.

"In the performance of their preventive duties, the establishment are aided in many beats by a thick thorny hedge, composed of bya bushes, and raised sufficiently high to prevent its being surmounted without being broken through, and so creating an alarm which speedily brings the men on duty in the vicinity to the spot. On some parts of the line, the patrols have commenced sowing a live hedge, and others have it in contemplation to adopt the same plan, so that in the course of a few years we may calculate upon having an impenetrable and permanent barrier to head-load smuggling across a large portion of the North-west frontier line.

"Until within a late period it was exceedingly difficult to pr[illegible] against any particular chuprassee the neglect by which a gan[illegible] smugglers might have escaped. There was the trail; but, a[illegible] night is divided into several watches, each man would deny tha[illegible] passage had been effected in his, so that the only alternative w[illegible] punish the innocent with the guilty, or to allow the delinquent t[illegible] unpunished.

"The difficulty has been removed by a very simple method, on all parts of the line where the soil is loose and sandy. It is this: before setting the first night watch, a large branch of a tree, or a light frame work of bamboos and grass, is required to be dragged along the quarter-mile beat of each chuprassee. On the relief taking place the drag is repeated, and two broad lines, a few feet apart, are thus marked on the sand. If the smugglers have passed in the first watch, the first line only will be intersected by their footsteps; if in the second, both will bear the foot prints; and in either case the man chargeable with neglect stands convicted. Should there be a greater number of watches than two, the same process has only to be gone through at each relief to secure the same results.

"It is extraordinary with what accuracy long practice enables the native subordinates to determine the number of head-load smugglers that have crossed the line in a body at any one time, by an examination of their track, which, to an inexperienced eye, would seem a confused heap of footsteps, defying conjecture as to whether they represented the feet of five men or of fifty; but from which the chowkey people learn without difficulty the actual strength of the gang. A very fair presumption can be formed, also, from the appearance of the footsteps, as to whether there has been collusion, or negligence merely, on the part of the establishment in failing to seize the dispatch. In the former case, the impression of the foot at the heel is deep, betraying the heaviness of the load carried, and if the steps are those of shod feet, the probability of connivance is still stronger, for it is well known that smugglers never come heavily laden, or with their feet burthened with shoes, unless they have previously bought over the establishment, and secured an uninterrupted passage. On the other hand, when the footsteps are shallow and those of naked feet, the case is seldom one in which anything but neglect can be imputed to the men on duty, the smugglers having come with light loads and barefooted to be prepared for a run in the event of being intercepted. On these occasions, they adopt the precaution of halting and laying down their bags a short distance from the line, while one of the gang creeps forward to see if the road is clear. To meet and prevent this manœuvre, which would give them considerable advantage, short excursions are made to the south and west of the line by the Jemadar, and a chuprassee at the relief of every watch, and now and then between the watches.

"With respect to the open posts, which give passage to the legal trade, the great check consists in having the register of trade written up, and closed with the seal and signature of the examining officer, every evening, and in the punctual transmission to the Sudder office of a copy of each day's registry. The cancelled Rowannahs for the same date are sent in at the same time, and marked off in the register of issue kept up at the Collector's office, as having been brought into use, a process by which we prevent attempts at employing forged Rowannahs. The issue of Rowannahs by the Collectors of Customs is checked by an account prepared in the office of the Commissioner of Customs, in which the duty value of the trade, shown by the patrol returns to have been imported and exported during the year, is compared with the amount of duty credited to Government in the books of the Collectors. In short, no fraud can possibly be committed either in the Collectors' offices, or at the patrols' posts, without a combination so wide spreading that its very extensiveness would alone ensure its ultimate exposure."

Gross collections, charges, and net Customs' Revenue.

954. The following table exhibits the collections on each article for each of the nine years, from 1844-45, the first full year after the passing of Act XIV of 1843, to 1852-53, the latest year of which I have an account. It exhibits also the total collections, the charges and net Customs Revenue of each year.

Year.	Salt. Quantity.	Salt. Duty.	Collections on Sugar.	Collections on Cotton.	Total Collections including miscellaneous receipts.	Charges.	Net Customs Revenue.
1844—45	20,88,951	48,26,974	5,24,589	4,08,892	57,74,399	6,72,636	51,01,763
1845—46	17,58,023	37,93,016	6,58,387	5,29,267	49,88,474	6,58,312	43,30,162
1846—47	23,68,321	52,82,026	6,02,825	5,40,518	64,55,240	7,53,989	57,01,251
1847—48	22,84,606	49,29,001	6,66,700	5,24,523	61,67,074	9,53,945	52,13,129
1848—49	21,61,240	46,69,994	6,36,572	3,60,555	56,92,861	9,99,723	46,93,138
1849—50	25,56,812	54,84,901	7,24,579	5,24,796	67,65,533	8,92,783	58,72,750
1850—51	18,64,500	39,76,664	7,08,748	6,42,316	53,66,720	9,24,909	44,41,811
1851—52	22,14,574	47,14,270	6,89,331	6,01,898	60,17,219	8,09,926	52,07,293
1852—53	22,60,376	48,42,448	9,96,434	4,99,101	60,46,446	8,11,347	52,35,099
Total ...	1,95,57,403	4,25,19,294	59,28,255	46,31,866	5,32,73,966	74,77,570	4,57,96,396
Average ...	21,73,045	47,24,366	6,58,695	5,14,652	59,19,330	8,30,841	50,88,488

In the latest year, 1852-53, the charges amount to something less than 13½ per cent on the gross collections, and about 15½ per cent on the net Revenue. On the average of the nine years, they

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amount to a little more than 14 per cent on the gross collections, and a little more than 16 per cent on the net Revenue.

Causes of the great falling off in the collections from Salt in the year 1850-51. The Lieutenant-Governor's opinions.

955. With reference to the great falling off in the collections from Salt in the year 1850-51, as compared with the previous year, 1849-50, amounting to rupees 15,08,237,* it may be observed that the Lieutenant Governor was disposed to attribute it to excessive importations in the preceding year, transfer to the Punjab receipts, in consequence of the abolition of the Jullundur Customs' line, and transfer to the Bengal receipts, in consequence of the increased consumption of the Eastern Salt in the Benares Division, in the respective proportions noted below,† but with the reservation that a part of the falling off in the consumption of Western Salts within the Benares Division might be the result of the introduction of untaxed Sambhur Salt. He was further of opinion that the consumption of the Rock Salt of the Punjab would increase in the Western markets, and also that the sea-borne Rock Salt from Europe would find its way more and more into the central provinces. Both these causes, he observed, would occasion a diminution of apparent receipts, whilst the preventive Establishments must still be retained in their full efficiency. This, however, he went on to remark, would afford no ground for regret. The people would be furnished with a purer and more wholesome Salt than heretofore, and the duty upon it would find its way into the Lahore and Bengal Treasuries, instead of into those of the North West Provinces. It must only be remembered that the Customs' Establishments of the North West Provinces keep a market for the Bengal and Punjab Salts, and that their costliness is not to be judged simply by a reference to the receipts from Salt which crosses the Customs' line.‡

The opinions of the Calcutta Board of Revenue.

956. But the Calcutta Board of Revenue considered that the abolition of the Punjab Frontier Duties, with the excessive importations of the previous year, were fully sufficient to account for the falling off, and that it was not necessary to look for special causes affecting particular localities. There was no doubt, they observed, that the consumption of Eastern Salt was increasing in the Eastern Districts of the Benares Province, but it was reasonable to suppose that the increase had been, and would continue to be, very gradual, and they saw no ground whatever for assuming that any considerable part of the difference between the North Western Collections of 1849-50 and 1850-51 was due to that increase.§

The opinion of the Commissioner of Customs.

957. Mr. Smith, the Commissioner of Customs held that the falling off arose more from temporary causes;‖ and he would seem to have judged rightly, for in the following year the collections regained their level. There can be no doubt, however, that the receipts at the Punjab Mines must now displace so much of the Customs' receipts of the North West Provinces as used, before the abolition of the Jullundur Customs' line, to be derived from the consumption of Punjab Salt; but this transfer to the Lahore Treasury must be attended with some little loss, inasmuch as the Excise

1849-50		54,84,901
1850-51		39,76,664
	Decrease ..	15,08,237

Excessive importations		3,06,276
Transfer to Punjab receipts		5,79,816
Ditto to Bengal ditto		6,22,145
	Total ..	15,08,237

‡ Letter from the Secretary to the Government of the North West Provinces to the Financial Secretary to the Government of India, dated the 7th of November, 1851.

§ Letter of the Calcutta Board of Revenue to the Bengal Government, dated the 10th January, 1852.

‖ Letter from the Commissioner of Customs, North West Provinces, to the Board of Revenue, North West Provinces, dated the 15th of February, 1854.

Duty taken at the Punjab mines is less than the Customs' Duty levied in the North West Provinces by the amount of the mining expenses, estimated at two annas per maund.

Rates of Duty.

958. By Act XIV of 1843, the duty leviable on all Salt imported into the North Western Provinces is two rupees per maund; but the duty levied on one portion of the Customs' line on the western frontier, it has been seen, is one rupee and a-half per maund, and in another portion, one rupee a maund. These rates have been fixed by the Lieutenant Governor's notification of the 9th of May, 1855.* Being confined to that portion of the line which extends southwards, from a point ten miles north of the town of Saugor, they do not encroach upon the consumption of any part of the country, previously, as now, taxed at two rupees a maund. The effect of the measure carried out by the notification above-mentioned was, by throwing forward the old line from the junction of the Rivers Jumna and Scinde, and extending it farther south, to subject the consumption of a large additional tract, partly to the full tax of two rupees, and partly to lower rates of duty. The districts of Humeerpore and Banda and nearly the whole of Bundlecund, previously exterior to the Customs' line, that is, lying on the same side of it as the Salt producing tracts, have now been subjected to the full tax, and nearly the whole of the Saugor and Nerbudda territories to the lower rates, in one part, of a rupee and a-half, in another part, of one rupee per maund. It seems to me questionable however, in the first place, whether, as the Saugor and Nerbudda territories are specially exempted from the operation of Act XIV of 1843, by its last section, the provisions of section 5 of that law can be taken to convey any power to the Lieutenant Governor in respect of those territories, notwithstanding they are now attached to the Government of the North Western Provinces; and, in the next place, whether those provisions empower the Lieutenant Governor, in any case, to impose any other rate of duty on Salt imported into the North Western Provinces than two rupees a maund. If these objections be well founded so much of the notification of the 9th of May, 1855, as affects the Saugor and Nerbudda territories wants authority.

Relation borne by the cost of an adequate supply of Salt to the wages of labour.

959. The following extract from an article in the Delhi Gazette of the 8th of November, 1851, condenses authentic information regarding the price of the Salt consumed in the North West Provinces.

"In the North West Provinces, Salt is imported principally from the independent Native States on the south bank of the Jumna, from Lahore, and from the Sambhur Lake near Ajmere. The duty paid on all Salt crossing the frontier is two rupees a maund—four shillings for 80 lbs. Salt may be carried throughout the Provinces to the north without paying further duty; but there is another line to the eastward, drawn from Jounpoor south through Allahabad to Rewah, beyond which Salt cannot be carried without paying a Special Duty amounting to twelve† annas more. We find in the Revenue Report for 1848-49, that Sambhur Salt (the best quality of Salt brought to market) sells in twenty-seven districts at prices averaging from $4\frac{1}{2}$ seers per rupee to 26 seers, that is, from 9 lbs. to 52 lbs. for 2 shillings, according to the distance the Salt has to be carried, the district in which the Salt is dearest being that farthest from the frontier; but, even there, the price of this article is only 2 shillings for 9 lbs., or $2\frac{1}{3}$ pence per lb., the common Salt being much cheaper. The Salt imported from the Bhurtpore territory, known as Salumba, Balumba, Bhurtpore, &c., sells at 20 seers per rupee after it has crossed the frontier some distance; this is about $1\frac{1}{4}$ lb. per penny, but this common Salt cannot be carried so far as Benares and Jounpore, although the favourite Sambhur is taken as a luxury. These districts are supplied with common and cheap Salt from neighbouring districts. Jounpore receives Salt from the Oude territory, and Benares imports Koteearee at prices not exceeding 20 seers per rupee. In short, the labouring population of the North Western Provinces can always procure good Salt at a price

* See Appendix U.

† Now 8 annas.

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not exceeding one pound and a quarter for the equivalent of one penny in Indian money. In many districts they can buy it much cheaper."

To the mass, then, of the population, the price of Salt may be taken at one penny, or, in Indian money, at eight pies, or two-thirds of an anna, for a pound and a quarter. At this rate, the annual cost to a single person consuming six seers, or twelve pounds, would be, as nearly as possible $9\frac{1}{2}$ pence, or $6\frac{1}{3}$ annas; and this cost, assuming the average wages of agricultural labour at only 2 rupees per mensem, or 24 rupees per annum, would amount to the sixtieth and one-third part of his yearly earnings, or a tax upon his income of $1\frac{2}{3}$ per cent. At the same price, the annual cost to a family of 5 persons, adults and children, consuming on the average 8 lbs. of salt each, or in the aggregate 40 lbs, would be rupees 1 : 5 : 4; and this cost, supposing such a family to earn between them only 3 rupees per mensem, or 36 rupees per annum, would amount to the 27th part, or $3\frac{2}{3}$ per cent., of their yearly earnings. The wages of labour have here been assumed at a very low average, still the cost of an adequate supply of Salt cannot be regarded as burdensome to the labourer, especially when it is considered that the Salt Tax is, as I have before shown,* the only tax, direct or indirect, of any description, which he is obliged to pay. Much less can it be said that an adequate supply of good wholesome Salt is beyond his reach.

Relation borne by the licit consumption to the population.

960. The Table at paragraph 954 shows that there was no material
increase in the importations of Salt in the nine years from 1844-45 to
1852-53. Nor do the importations of those years exhibit, on an
average, an advance of so much as a lakh of maunds on the average
importations of the preceding six years from 1838-39 to 1843-44. In
fact, the importations during the fifteen years from 1838-39 to 1852-53
may be said to have been stationary. The number of the population
who were dependent for their supply of Salt upon the importations
across the Customs' line on the western frontier of the North Western
Provinces, as it stood before the recent alteration, not being known, it
is impossible to arrive at any trustworthy approximation to the relation
borne by the licit consumption to that population. There can be no
doubt, however, that it is very small. In the Tables prepared at the
India House, and transmitted to the Government of India on the
29th of August last, the population of the British possessions in the
North Western Provinces, derived from a very careful and minute
census taken on the 1st of January, 1853, is set down at 30,872,766,
as shown below.† The only Native States lying within the Cus-
toms' line appear to be Rampore in the Bareilly Division, contain-
ing a population of 320,400, and the Province of Oude, the population
of which is set down at 2,970,000. These numbers being added to
the population of the British possessions give a total of 34,163,166.‡
But from this total the population of the districts of Humeerpore and
Banda, among the regulation districts, and of Kote Kasim, Ajmere,
and British Nimaur among the non-regulation provinces, numbering

* See Paragraphs 823 and 824.

† Divisions.	Population.
	2,195,180
Delhi	4,522,165
Meerut	5,217,507
Rohilcund	4,373,156
Agra	4,526,607
Allahabad	9,437,270
Benares	600,881
Non-Regulation Provinces	
Total	30,872,766

	30,872,766
‡ British Possessions	320,400
Rampore	2,970,000
Oude	
Total	34,163,166

1,556,861, as shown below,* must be deducted, because all that tract was exterior to the Customs' line. In like manner, a proportionate deduction should be made from the population of such districts as were intersected by the line, but in these cases it is impossible to determine what proportion of the total population inhabited the tract on either side of the line. It is probable also that the consumption of Oude is supplied, in chief part, by Salt produced in the province. On the other hand, Salts crossing the western frontier are largely consumed in the Cis-Sutlej and Trans-Sutlej Divisions of the Punjab, and credit should be taken, on this account, for, perhaps, the larger proportion of the Cis-Sutlej population, numbering 2,311,969, and a considerable proportion of the Trans-Sutlej population, the number of which is not known. On the whole, balancing the deductions to be made against the additions, it may perhaps be safely assumed, that the numbers of the population who were dependent for their supply of Salt upon the importations across the Customs' line on the western frontier was not less than the number inhabiting the British possessions, viz., 30,872,766. This population, at an individual consumption of 6 seers or 12 pounds, would consume 46,30,915 maunds of Salt; but the quantity imported in the latest year, 1852-53, was only 22,60,376 maunds, or less than half the quantity required for human consumption alone. Either, therefore, the population consume on an average, less than a half allowance of Salt, which is not probable, or, as may be more safely assumed, the difference is supplied through illicit channels, that is, either by smuggling from abroad, or by illicit production at home, but for which, the importations should be 46,30,915 maunds, instead of only 22,60,376 maunds, and the collections more than 96,84,896 rupees, instead of only 48,42,448 rupees, or more than double their present amount; the quantity of Salt on which duty is evaded being thus 23,70,539 maunds, and the loss sustained in the collections more than 48,41,948 rupees. In other words, not half the quantity of Salt consumed is brought under contribution, and not half the Revenue is collected that ought to be collected; and this, without taking into calculation Salt consumed by cattle, or in the preparation of hides, and such like purposes.

The modes in which the illicit consumption is supplied.

961. The illicit consumption is said to be supplied in some part by head-load smuggling across the line, in a greater part by smuggling across the Oude frontier: and, in chief part, by illicit manufacture.

Head-load smuggling.

962. It is supposed that very little untaxed Salt finds its way across the line above the confluence of the Rivers Jumna and Chumbul, and that head-load smuggling prevailed chiefly below that point; across that portion of the line which was known as the Mirzapore line. Throughout this lower section, the establishment was much weaker than it is on the Upper Station. On the latter, the Chuprassees, when on duty at night, are posted at distances of only a quarter of a mile apart, and every mile of the line is supervised by a Jemadar. On the former, the Chowkeys were, in many places, from one and-a-half to six miles apart, with only a Jemadar and two Chuprassees attached to each. It appears to me that it would have been better to have had no line than one so weakly guarded as this. It has been seen, however, that this portion of the line has now been abolished and a new line substituted, the Establishment on which, it may be presumed, has been placed on a proper footing.

Smuggling across the Oude frontier.

963. With respect to smuggling from Oude, it appears that the revised rules of the 10th of February, 1844, for giving effect to the provisions of Act XIV, of 1843, prescribed the formation of a line, for the levy of a duty on Salt only, along both the western and the

* Humeerpore	548,604
Banda	743,872
Kote Kasim	13,767
Ajmere	224,891
British Nimaur	25,727
Total ..	1,556,861

eastern boundary of the Oude territory; but no line has ever been established on the western boundary; on that frontier, the duty of preventing the importation of Salt into British territory is entrusted to the ordinary officers of Revenue and police; while on the eastern side the Customs' posts are represented to be weak and inefficient. It seems to have been a great error, considering the high value of Salt in the British possessions on either side, to leave the Oude frontier almost entirely unguarded; but, as that State has now been incorporated with the British territories, and as the Salt produced in it is said to be of a very inferior quality, the course to be followed under existing circumstances is, not to strengthen the posts on the eastern border, nor to establish a line on the western side, but to abolish the former, and to prohibit the manufacture of Salt in Oude, by extending Acts XIV of 1843, and XXXVI of 1855, to that territory.

Illicit manufacture.

964. Illicit manufacture is carried on, not in remote and uninhabited tracts, as in Bengal, but in the villages, and within the dwelling-houses. The earth all over the country is impregnated with Salt, which sprouts out on the surface of the ground. Some of this earth is scraped up and taken by the villagers to their houses; there it is thrown into water, and the brine thus produced is exposed to the rays of the sun on the tops of the houses, until the water evaporates, and only Salt remains; or, in wet weather, the Salt is obtained by boiling the brine within inclosures. It has further been established, by an inquiry undertaken for the purpose, that illicit Salt is very extensively produced in works ostensibly employed in manufacturing only Saltpetre. In order to check the illicit production of Salt in these ways, a draft Act for "Regulating the Manufacture of Alimentary Salt, at Salpetre manufactories, and elsewhere within the limits of the North West Provinces," was drawn up in 1847, and submitted in the following year to the Supreme Government. This draft was, however, finally rejected in 1852, principally on the ground that the surveillance to which it was proposed to subject the works, at which Saltpetre is manufactured might seriously affect the production of that staple article, and an amended draft, subsequently submitted, was, in like manner, rejected; but the means of check have now been supplied in the provisions of Act XXXVI of 1855, which, as has been seen, empowers officers of Customs or Land Revenue in the North West Provinces to search houses and other enclosed places for contraband Salt, including Alimentary Salt produced in Saltpetre manufactories.

Observations and opinions of the Salt Commissioner.

Services of Mr. G. H. Smith, late Commissioner of Customs in the North West Provinces.

965. That portion of the Customs' line which lies above the confluence of the Jumna and the Chumbul, and formerly constituted the first, or Delhi Division, has long been known to be exceedingly efficient. It was formed, and for many years superintended, by Mr. G. H. Smith, the late Commissioner of Customs in the North Western Provinces. That portion which constituted the second, or Mirzapore Division, was not so efficient, owing to a weaker establishment. Towards the end of 1852, the two divisions were united, and the whole line was superintended by Mr. Smith, until his retirement from the service in the early part of 1854. By this union an annual saving of between 30,000 and 40,000 rupees was effected in the charge for establishments. Mr. Smith was attached to the Customs' Department of the North Western Provinces, for nearly the whole period of his service. He was employed in it for twenty-two years, without interruption, and there can be no doubt, as was acknowledged by the Lieutenant-Governor, that the existing Customs' system in those provinces, by which a large Revenue is collected, with very small hinderance to the general trade of the country, on three staples, and principally on Salt, in place of a smaller Revenue on more than 300 articles, owes its present development to that gentleman. He was its untiring advocate against the most galling antagonism and discouragement, and his energetic efforts have mainly produced the great comparative success which has attended it.

A marked improvement should now take place in the collections on Salt.

966. But though the comparative improvement has been great in the collections on Salt alone, it has been seen, are still very inadequate in proportion to the consumption, and it is obvious that under the combined operation of the advanced and extended line, the annexation of the Oude territory, and the increased powers lately conferred by the Legislature for the suppression of illicit manufacture, a further very marked improvement should now take place in the Salt Revenue.

The abolition of the Customs on Sugar and Cotton recommended, whenever the amount of the remaining collections on those articles is covered by increased collections on Salt.

967. At present a duty on Sugar and Cotton is levied only on the line above the confluence of the Jumna and the Sinde. The duties which used to be levied on those articles on the old line below that point appear to have been relinquished about six months ago, when that portion of the old line was abolished, consequent upon the formation of the present new line from the junction of the rivers above-mentioned. Whenever the increased collections on Salt reach the aggregate amount of the remaining collections on Sugar and Cotton, I am of opinion that the customs on those articles should be altogether abolished, and a duty levied on Salt alone throughout the North Western Provinces.

The Allahabad special line might be abolished if the duty on Bengal Salt were reduced to rupees 2 per maund, but not otherwise.

968. It has been seen that the preventive line maintained at Allahabad to secure the Differential Duty on Western Salt, might be abolished at once if the duty on Bengal Salt were reduced, as I have recommended, to rupees 2 per maund, and so equalised with the rate of duty levied on Salt in the North West Provinces and the Punjab, but not otherwise. The abolition of the Allahabad line would be attended with a saving of nearly half a lakh of rupees per annum, which might advantageously be applied to strenthening the new line on the western frontier, below the junction of the Jumna and the Sinde, if the Establishment on that line has not already been placed on the same footing as the Establishment on the line above that point, of which it is the continuation.

SECTION IX.

ON THE SUPPLY OF SALT FOR THE PUNJAB.

Extent of the Salt range of the Punjab.
Punjab Report, 1849-50 and 1850-51, Paragraph 301.

969. THE famous Salt range of the Punjab commences near the River Jhelum, and runs thence due west, right athwart the Sind Saugur Dooab (separating the Dooab into two divisions) till it reaches the Indus. Then leaving at Kalabagh a narrow channel for the river to pass through, it crosses the Trans-Indus region, till it meets at right angles the Sulimanee ridge, which runs from north to south.

Salt wealth of the range, and quality of the Salt.

970. The Salt in this range is either found cropping out in all directions, or else lies in strata, commencing near the surface, and extending downwards in deep veins of inexhaustible fecundity. The mineral when excavated can be brought up to the mouth of the mine for less than two annas a maund. It is extracted in a pure state, requiring, for consumption, no preparatory process except pounding. It is of excellent flavour and purity, of transparent brilliancy and consistency; but it assumes a reddish hue, when, as is sometimes the case, veins of iron lie adjacent to the saline strata. It is in this latter respect that the Salt of the Cis-Indus portion of the range may be distinguished from that of the Trans-Indus. The latter species of Salt has a darkish tinge, and is generally of inferior quality to the former.

The common Bay and and Mundee Salts.

971. Besides the Salt range excavations, there were no mines or manufactories of any note or importance in the Punjab territories. The common Bay Salt might, indeed, be made in many localities, but not cheaply or easily; and in all parts of the country the ground is occasionally impregnated with a saline efflorescence, resembling saltpetre. In the alpine principality of Mundee, an impure Salt is produced, but, it is strongly mixed with earthy ingredients, and its consumption is confined to the limits of the principality.

Sikh management of the Salt Revenue.
Punjab Report, 1849-50, and 1850-51, Paragraphs 301 and 302.

972. Under the Sikh Government, Salt was one among 48 articles liable to Customs, Excise, Town, or Transit, Duties.

Cis-Indus Mines.

973. The Sikh Government did not establish any systematic management for their Salt Revenue; no scale of duties was fixed. The Cis-Indus Mines were farmed out to individuals of rank and eminence. The farmer, as long as he paid in the amount of his contract, enjoyed a monopoly of the sale. He was under no restrictions as regards time, place, or price. He might sell, wholesale or retail, at the mine, or at distant markets. He might regulate his proceedings by the state of prices and markets, by the briskness or sluggishness of the demand; or, if he preferred, he might hoard up the Salt in depôts or entrepôts.

Trans-Indus Mines.

974. The Trans-Indus Mines were managed differently, or rather were not managed at all. They were held by the fierce mountaineers of Kohat; no speculator would be rash enough to set up a concern there, and even the Government would have to collect its Revenue with the sword; so the matter was compromised by surrendering the mines to some local chieftain, on the payment of a small annual tribute; but the Salt, when in transit, was liable to Town Duties at Peshawur and other cities.

Reforms introduced under the Regency.
Punjab Report, 1849-50, and 1850-51, Paragraph 304.

975. When the Sikh Government passed under British control after the Sutlej campaign, the Lahore Council of Regency, acquiescing in arrangements proposed by the British Resident, abolished the duties on twenty-seven articles, chiefly the products of domestic industry, indigenous agriculture or internal commerce, and also reduced the duties on nine articles. All the interior lines were swept away, and the Town and Transit Duties were abolished. The three grand frontier lines were kept up: one along the Indus, to intercept goods coming from the west; one along the western bank of the Beas and the Sutlej, for goods, chiefly British, coming from the east, and the third running along the base of the Himalaya range, to meet the imports from Cashmere and Jummoo. The province of Mooltan was excluded from these arrangements, which took effect during the year 1847.

976. To compensate for the deficiency in the Revenue occasioned by these remissions and reductions of duties, amounting together to upwards of six lakhs of rupees, a moderate toll on ferries was introduced, the Excise on drugs and spirituous liquors was improved by a system of licences, and the Salt Revenue was reformed. A fixed duty of two rupees on the Punjabee maund was demanded on this article from the merchants at the Cis-Indus mines. But these duties were levied by a new contractor, who bore the cost of management and collection, and paid to the State an annual Revenue of six lakhs of rupees, being an increase of two lakhs on the previous out-turn. No alteration was made in the management of the Trans-Indus mines.

Reforms introduced after Annexation.
Punjab Report, 1849-50, and 1850-51, Paragraphs 308 to 310, and other sources.

977. After the annexation of the country to the British Empire in India in March 1849, the Customs' and Excise Duties levied in it under the reformed arrangements introduced by the Council of Regency in 1847, were taken into consideration. Under those arrangements, duties were still levied under 20 heads. They comprised Duties of Customs, both of Import and Export, Excise Duties on spirituous liquors and drugs, fines, seigniorage on mints, tolls on ferries, contract of the Salt mines, and other things.

978. From the year 1850, the whole of these duties were abolished, excepting three, namely, the Ferry Tolls, the Spirit Excise, and the Salt Excise; and one new tax was added, the Stamp Duty.

979. In connection with this measure, the three existing Customs' lines, viz. the Indus line, the line on the western bank of the Sutlej and the Beas, and the Jummoo line were abolished. A portion of the North West Provinces' Customs' line, namely, that running from Sirsa *viâ* Kotekapoora and Ferozepore along the eastern bank of the Beas, commonly called the Jullundur line, was also removed, and a new line was extended from Sirsa to Fazilka, on the eastern bank of the Sutlej, and carried down the western bank of that river from Umrookee Ghaut, the point of junction with the Sirsa line, to opposite Mittun-

kote,* to prevent any importation, in that direction, of Scinde or Rajpootana Salt into the Punjab, and of the latter Salt into the North-West Provinces, and so to compensate, in respect of these provinces, for the abolition of the Jullundur line. The Mooltan Duties were at the same time repealed.

Cis-Indus Mines.

980. On this occasion, an entire change was made in the system under which the Revenue from Salt was derived during the regency. Instead of letting the Salt mines by contract, the Government took the management of the Cis-Indus Mines into its own hands, levying an Excise Duty at the mouth of the mine of two rupees per Company's maund on the Salt delivered, to cover all charges, and allowing the Salt after this payment to pass free throughout the British dominions, subject however to the additional duty of 8 annas per maund levied on all Salts passing the special line at Allahabad, for the protection of the Bengal Duty, which is 2 rupees 8 annas per maund. The manufacture of Alimentary Salt in the Punjab was at the same time prohibited.

981. The line on the western bank of the Sutlej from Umrookee Ghaut to opposite Mithunkote is purely a preventive line to keep out Foreign Salt, the exportation of Punjab Salt being permitted. It is a Punjab line, and is superintended by the Commissioner of the Mooltan division.

Trans-Indus Mines.

982. With respect to the Trans-Indus Mines, it was resolved, on political and social considerations, to impose a light duty of two annas per maund at the Bahadoor Kheyl Mine, and four annas at the other mines, and to allow certain perquisites to the local Khuttuk chieftain with a view to reconcile the hill chiefs to the new system.

Indus preventive line.

983. In 1851, in order to guard against the influx of this lightly-taxed Salt across the Indus, to the detriment of the revenue derived from the produce of the Cis-Indus Mines, a system of prevention, resembling that which obtained under the Sikh Government of watching the ferries of the Indus, was introduced. Under this system, parties are stationed at each ferry, on the eastern bank of the Indus, from Attock on the north to Leia on the South, controlled and watched by a roving party constantly moving up and down the line,† the establishments on the upper portion of the line, between Kalabagh and Attock, being superintended by one European officer, those on the lower portion, between Kalabagh and Leia, by another.

Proposition to extend the Sutlej line from Mithunkote up the Indus.

984. In the same year, and at the same time, a question arose as to the expediency of extending the preventive line on the Sutlej from Mithunkote up the Indus, so as to prevent the Rajpootana and Scinde Salts, and the manufactured Salt of the Derajat, from crossing the Indus, but such a line was not considered necessary; and from a report subsequently received from the Commissioner of Scinde, who was called upon for his opinion, it clearly appeared that there was no reason to apprehend, in the present condition of the Salt manufacture and trade in Scinde, that any quantity could be exported from that province for use in the Punjab, so as to call for an expensive line of frontier posts, or for any other preventive measure.

Administration and collection of the Salt Revenue Cis-Indus Mines.

985. The supply of Salt for the Punjab east of the Indus is derived from the Cis-Indus Mines, in the Sind Saugur Dooab, and from the mines at Kalabagh. All other Salt, in the country between the Indus to the west and the Beas and Ghara to the east and south, is contraband.

986. The mines lie within the jurisdiction of the Commissioner of the Jhelum Division, who is in charge of the Salt Revenue Department, the administration and collection of the Revenue being vested in a Collector, acting under the superintendence and control of that officer as regards the mines and the Indus preventive line, and of the Commissioner of the Mooltan Division in respect of the Sutlej line.

Establishments and their cost.

987. The cost of the Establishments entertained at the mines amounts to rupees 7,495 per mensem, or rupees 89,940 per annum.

* See Map No. 1. [and Note at Page 197].

† See Map No 1.

988. The Sudder Department comprises the Collector on a salary of rupees 800 per mensem, and an Establishment at rupees 810 per mensem; total rupees 1,610 per mensem.

989. The Mofussil Department consists of the Deputy Collector in charge of the mines, and the Establishment of officers, employed for working them, and for the protection of the Revenue, viz.:

	Rupees.	
Deputy Collector	500	
3 Patrols at 300 each	900	
4 Assistant Patrols—1 at 225, 2 at 200, and 1 at 150	775	
		2,175
Native Establishment		3,710
Total Rupees		5,885 per mensem.

990. The total cost of the Establishment entertained for the Sutlej preventive line is rupees 6,537 per mensem, or rupees 78,444 per annum, as follows:—

	Rupees.	
A Deputy Collector	500	
Establishment	390	
		890
4 Patrols—2 at 400, and 2 at 300	1,400	
4 Assistant Patrols—2 at 250, 1 at 225, and 1 at 200	925	
Subordinate Native Establishments	3,322	
		5,647 per annum.
Total per mensem, Rupees		6,537 × 12 = 78,444

991. And of the Establishment entertained for the Indus preventive line, rupees 1,424 per mensem, or rupees 17,088 per annum, as follows:—

2 Patrols, 1 at 300 and 1 at 200 ..	500
Subordinate Native Establishment ..	924
Total per mensem, rupees ..	1,424 × 12 = 17,088 per annum.

992. The total cost of the Salt Establishments in the Punjab thus amounts to rupees 1,85,472, per annum, as shown below.* The present cost may be a little more or less than the above amount, in consequence of recent changes, but the difference either way cannot be material.

Scale of allowances for Patrols.

993. A scale of allowances for Patrols and Assistant Patrols has been sanctioned with special reference to the peculiar hardships to which such officers are exposed in the Punjab, and from which the same class in the North Western Provinces are in a great measure exempt. The scale sanctioned is contrasted below with that prevailing in the North Western Provinces.

Assistant Patrols.

	Punjab. Rupees.		North West Provinces. Rupees.
At first ..	150	.. .. ..	100
After 3 years good service	200	.. .. ..	125
After 3 years more	250	After 2 years more ..	150

Patrols.

	Punjab. Rupees.		North West Provinces. Rupees.
At first	300	.. .. ..	200
After 5 years	350	After 3 years ..	250
		After 2 years more ..	300
After 5 years more ..	400	After 3 years more ..	350.

* At the Mines	89,940
Sutlej Line	78,444
Indus Line	17,088
Total ..	1,85,472

Rules for the protection of the Revenue.

994. For the repression of illicit manufacture and smuggling, the penal provisions of Regulation XIV of 1843, have been introduced, with certain modifications to suit the Punjab. The prohibitions and penalties to be enforced under these modifications, and the duties and powers of the Salt excise and preventive officers, have been embodied in a set of rules, a copy of which is appended.* A copy of parts of a memorandum showing the duty and arrangement of the patrolling force on the Sutlej preventive line, from which a general idea of the patrolling system may be formed, is also appended.†

Amount of the Salt Revenue.

995. Under the Sikh Government, the Revenue derived from the Salt Farm amounted to four lakhs of rupees per annum. Under the Regency it was raised to six lakhs. When the present Excise system was introduced, in October 1849, it was estimated that the sales would amount to six lakhs of Indian maunds, and the gross receipts, at two rupees per maund, to twelve lakhs of rupees. The actual results have been as follows :

Years.	Maunds of Salt Sold.	Gross Receipts.
	Rupees.	Rupees.
From October, 1849, to end of April, 1850....	4,03,426	8,06,852
1850-51	7,68,703	15,37,406
1851-52	6,40,647	12,81,295
1852-53	8,42,108	16,84,216
1853-54	9,75,267	19,50,535

Punjab Report, 1851-52, and 1852-53, Paragraph 357.

996. The interruption to the progressive increase in 1851-52 was owing to partial failure of harvest combined with general lowness of prices, and also to over speculation. The present increase is attributed, not only to exportation, but also to increased consumption within the Punjab. The exportations, however, across the Beas and the Sutlej must be taken to have displaced to a corresponding extent the Salt Revenue of the North Western Provinces. The transfer from the North Western Provinces Customs' receipts, on account of Salt, to the Punjab receipts, from this cause, in 1850-51, the first year after the abolition of the Jullundur Customs' line, was computed at rupees 5,79,816.‡

Receipts and charges.

997. The gross receipts from the sales in the past year 1853-54 amounted to rupees 19,50,535. From this must be deducted rupees 1,21,908 being at the rate of two annas per maund on the Salt sold, for expenses of excavation, leaving a net profit of rupees 18,28,627, from which rupees 1,85,472 being further deducted, for cost of Establishments, there remains a net Revenue for the year of rupees 16,43,155. The cost of Establishments, constituting the charge of collection, amounts on the net Revenue to a little more than 11 per cent, on the net profit to a little more than 10 per cent, and on the gross receipts to nearly $9\frac{1}{2}$ per cent.

Trans-Indus Mines.

998. The Trans-Indus Salt Mines are not included in these calculations. The Salt of those mines is contraband to the east of the Indus, and is kept out by the preventive line on that river. It is sold for consumption in the Kohat and the other country west of the Indus, at the rates before mentioned at paragraph 982. That country is, in fact, not included at present, in the Salt Revenue system of the Punjab, the manufacture of Salt in the Derajat, and the consumption of other Salts than Government Salt, not being prohibited. A time may come when it will be practicable and expedient to raise the duty on the Salt of the Trans-Indus Mines, to

* Appendix V, No. 1. † Appendix V, No. 2.

‡ Letter from the Secretary to the Government of the North Western Provinces to the Financial Secretary to the Government of India, dated the 7th November, 1851, No. 3879, Paragraph 8.

forbid the manufacture in the Derajat, and to draw a preventive line from Mithunkote due west to the Soliman Range, in order to keep out the importation of Scinde and Rajpootana Salts in that direction, and to confine by these measures the consumption of Salt, within the entire Punjab, to the produce of the Government mines on both sides the Indus.

Improvement of the Mines.

999. In 1850, very soon after the mines were taken under the direct management of the Government, measures were proposed by the Collector of Salt Revenue having in view the creation of greater facilities for working the mines, the improvement of the condition and health of the miners, and the promotion of the comforts and convenience of the Government Establishments, and the merchants resorting to the mines.

Punjab Report, 1851-52 and 1852-53, Paragraph 380.

1,000. In that portion of the Salt range which borders the River Jhelum, near the city of Pind Dadun Khan, there are some eight localities whence Salt has been, or is, extracted. Of these the two principal are the Sojeewala and the Buggee Mines, both near the village of Khewra, about six miles from Pind Dadun Khan. The improvements which have been effected have been confined to the Sojeewala Mine. Those of the Buggee Mine are as yet only in design. The other mines appear to be situated in the vicinity of the places specified below,* the Kalabagh Mines lying, apparently, immediately on the opposite, or western, bank of the Indus.

Paragraph 381.

1001. The necessity for improvement was manifold. The transit from Pind Dadun Khan to Khewra was difficult, and still more so from the village to the mine. The passage through the hill-side to the vault was crooked and dangerous. The atmosphere within the cavernous chamber of the mine was fetid and oppressive, and the temperature high. The miners were a wretched short-lived race; in former days, their shrunken, cadaverous appearance, their squalid houses, and their early deaths, formed a theme for the description and commiseration of travellers. The Salt merchants were liable to long detention at the depôt, owing to the difficulties of transit, and the scarcity of labour; and they, in common with the inhabitants, suffered from the deleterious nature of the water, the springs being all more or less impregnated with Salt.

1002. The improvements which have been effected for the removal of these evils consist in the construction of a gallery, an aqueduct, and a road.

Paragraph 382.

1003. The gallery has been fully completed. It is 250 feet long, 10 feet broad, and 10 feet high. The tunnel is faced with masonry on all its sides. The windlass intended to be used at its mouth, to facilitate the exit of the Salt, remains to be fixed. This work proves beneficial not only to transit, but to ventilation. The old passage, though abandoned, is still kept open, and acts as a kind of chimney to the new gallery; and has now become an excellent ventilator. The atmosphere of the chamber is no longer oppressive, its mean temperature has been reduced from 82° to 75°; indeed, it is now a cool subterraneous retreat.

Paragraph 383.

1004. The aqueduct is also complete. The villagers, the miners, the merchants, and the cattle were supplied with water from a stream which, though pure at its source, crossed, in its passage down the hill side, a stratum of Salt, and consequently became brackish. To obviate this, a large dam, fortified by masonry, has been erected at the crest of the gorge where the water is uncontaminated. The water thus collected is thence conducted by a wooden trough, supported by brick pillars, to the village. Since January, 1853, it has been regularly delivered at the village. The supply is 8,000 gallons per hour.

Paragraph 384.

1005. A masonry tank, 100 feet square and 11 feet deep, has been constructed at the depôt for the use of the merchants and their cattle. It is fed by hill torrents; a similar tank has also been

* Mukrach, Surdee, Warcha, Kalabagh.

constructed by the district authorities in the same vicinity. The road from Pind Dadun Khan to Khewra is in most respects completed. From Khewra to the mines it has been perfected.

Cost of improvements. Paragraph 385.

1006. The cost of these works has been as follows :—

	Rupees.
Gallery	13,771
Aqueduct	13,555
Tank	5,345
Road	911
Establishment and contingencies	5,798
Total rupees	39,380

Tendency of the improvements. Paragraphs 386 and 387.

1007. The tendency of these improvements is to concentrate the trade on the two Khewra Mines, as will appear from the following statistics of the Salt trade at those mines :—

Maunds of Salt sold.		
1851-52.	1852-53.	1853-54.
3,84,426	5,29,149	6,43,753

1008. The Surdee Mines it was proposed to close as soon as all the projected improvements at the Khewra and Mukrach Mines had been completed, and it was supposed that the Kalabagh Mines would also be much less resorted to then. The Buggee Mine belongs, apparently, to the Mukrach group.

Consequence of the improvements. Paragraph 388.

1009. The consequences of these works have been in every way beneficial. The health of the miners has rapidly revived under the influence of fresh air and fresh water. The mines have become so easy to work, that other classes of labourers, besides the miners, who formerly held a monopoly, have been introduced. The mineral itself, from the admission of air, has become more consistent, and less liable to fall in masses. There is, consequently, less danger of accidents, and a greater facility for excavating the Salt by means of blasting. The convenience of the merchants has been vastly promoted, and they are now able to take ten trips instead of four.

Observations and opinions of the Commissioner. No simpler or less objectionable mode of raising a Revenue from Salt in the Punjab could be established.

1010. From the foregoing narrative, it appears that, in that portion of the Punjab, which lies to the west of the Indus, the trade in Salt is altogether open and untaxed. The mines are the property of the Government, and Salt is sold from them at a low profit, but at the same time, any person is at liberty to manufacture and sell the article in the Trans-Indus limits, or to import it for sale, within those limits from abroad. On the other hand, the supply of Salt in that portion of the Punjab which lies to the east of the Indus, and to the west and north of the Beas and Ghara Rivers, is a close Government monopoly, the manufacture of Alimentary Salt within that tract being strictly prohibited, and its importation prevented. It is obvious, however, that if a Revenue is to be derived from Salt in the Punjab, no simpler or less objectionable mode of raising it could be established than to confine the first transactions in the article exclusively to the mouth of the mines. In the hands of the Government, the arrangements at the mines are conducted with liberality and humanity; and nothing would be gained by allowing private manufacture under Excise Licences in addition to sale from the Government mines, at all commensurate with the additional expense and inquisition which that measure would render necessary. In all its parts, the system, as it now exists, has been carefully and judiciously organized; and the efficiency which characterizes the Punjab administration in its other branches is equally manifest in the management of the Salt revenue.

It is a question whether the price of Salt at the Mines ought not to be raised to rupees 2 : 2 annas a maund.

1101. It is true that the price of Salt at the mines is now considerably higher than the prices which used to be levied by the farmers under the Sikh Government; but, in commutation for this increase, all Duties, whether Export or Import, Town or Transit, on all other articles,

which were leviable in the British possessions, west of the Rivers Sutlej and Beas, were abolished, the entire trade of the Punjab, with the single exception of the traffic in Salt, having thus been set free. By this commutation the people unquestionably gained a great advantage. Nor is the tax on Salt, though higher than formerly, so high as in the adjoining provinces; for the price of the Salt at the mines being two rupees the maund, and the mining expenses being estimated at two annas the maund, the net profit, representing the duty, is only one rupee, fourteen annas the maund, or two annas (equal to about 3 per cent.) below the rate of Customs levied on the Foreign Salt which supplies the North Western Provinces. It is, therefore, a question for consideration, whether, in order to equalise the tax in the Punjab and the North Western Provinces, the price of Salt at the mines in the former ought not to be raised to two rupees two annas a maund.

Relation borne by the cost of an adequate supply of Salt to the wages of labour.

1012. As regards the relation borne by the cost of an adequate supply of Salt to the wages of labour, taking the price, in the markets most distant from the mines, at the highest quotation, namely, one rupee for 25 lbs.,* the annual cost to a family of 5 persons, adults and children, consuming on the average 8lbs. of salt each, or in the aggregate 40lbs., would be about 1 rupee 10 annas; and, supposing such a family to earn between them only 3 rupees per mensem, or 36 rupees per annum, the cost, namely, 1 rupee 10 annas, of their annual supply of Salt, would amount to the twenty-second and a quarter part or 4½ per cent of their yearly earnings. This is a somewhat higher rate of pressure than has been obtained for the North West Provinces; but the case put is an extreme one in all its parts.

Relation borne by the licit consumption to the population.

1013. It has been seen that the quantity of Salt sold at the mines has greatly increased, and is progressively increasing; but the relation borne by the sales to the population cannot be fixed, because the number of the Punjab population supplied by the sales is not known, nor what proportion of the total quantity of Salt sold is consumed within the British limits of the Punjab. In the India House tables, already referred to, the total population of the British possessions in the Punjab is set down at 11,465,178 as shown below ;† but of this number it is probable that, perhaps, the larger proportion of the Cis-Sutlej population, and a considerable proportion of the Jullundur Dooab, or Trans-Sutlej, population, consume Sambhur and other Salt crossing the North Western frontier Customs' line. The total quantity of Salt sold at the Cis-Indus and Kalabagh Mines in the latest year, 1853-54, was 9,75,267 maunds, which quantity, at an individual supply of 6 seers or 12lbs. per head, per annum, is sufficient for the consumption of 6,501,780 persons, and this number, being less by by 2,651,429‡ than the total population of the Punjab, exclusive of the Cis-Sutlej portion of it, is probably even below the population of that portion of the Punjab Proper, which lies between the Indus on the west, and the Sutlej and the Beas on the east, within which all other Salt than that of the mines above-mentioned, is contraband. But it has been shown that a considerable quantity of the Salt sold at the mines in question is exported across the Beas and the Sutlej into the Cis, and, more especially, into the Trans-Sutlej divisions of the Punjab, and it may be supposed that a small quantity finds its way into some of the Native States of the Punjab, containing, accord-

* See Report on the Punjab for the year 1849-50 and 1850-51, Paragraph 310.

† Punjab, inclusive of Jullundur Dooab and Koola Territory ..	9,153,209
Cis-Sutlej	2,311,969
Total ..	11,465,178

‡	9,153,209
	6,501,780
	2,651,429

ing to the same India House tables, an aggregate population of 4,055,191, as shown below.*

The Salt Revenue apparently susceptible of much greater development.

1014. It thus seems certain that the sales, though increasing, are at present, in low proportion to the population which they may be supposed to supply, and that, under a continuance of efficient management, the Salt Revenue of the Punjab admits of much greater development than it has yet attained. It might be well, therefore, if inquiries were directed towards a more exact ascertainment of the relation borne by the sales to the population supplied by them, with a view if it proved as low as my estimates indicate, to the discovery and cure of the causes.

SECTION X.

RECAPITULATION.

Summary of the conclusions arrived at in the foregoing Sections.

1015. The following is a summary of the conclusions arrived at in the foregoing Sections of this part of the Report, relating to the Bengal Presidency.

BENGAL.

The re-opening of the eastern portion of the Agency of the Twenty-four Pergunnahs does not interfere with the Excise experiment in progress in the western portion.

1. The re-opening of the eastern portion of the Agency of the Twenty-four Pergunnahs does not operate as any interference with the Excise experiment now in progress in the western portion of the same District.

Under a system of private manufacture the supply of Salt would not be deranged.

2. Under a system of private manufacture, the supply of Salt in the interior of the country would not be deranged.

Nor would a few capitalists obtain a monopoly.

3. Under a system of private manufacture, a few capitalists would not obtain a monopoly of the supply.

Nor need there be more evasion of the tax.

4. Under a system of private manufacture, there need be no more evasion of the Tax by illicit manufacture and sale, than there is under the present system of Government manufacture.

Nor, under a regulated excise, need the preventive system be more expensive or more vexatious than at present.

5. The preventive system necessary under a *regulated* Excise need not be more expensive to Government, or more vexatious to the Molunghees, than the present plan of Government manufacture.

It is not practicable to render the manufacture and sale of Salt in Bengal absolutely free.

6. It is not practicable to establish any system under which the manufacture and sale of Salt in Bengal should be "absolutely free, subject only to such Excise or other duties as may now, or from time to time, be levied on such Salt so manufactured;" if, by this expression, it be meant that, subject to such duty, any person might make Salt, in any quantity, and at any time and place.

A system of modified excise is perfectly feasible.

7. A system of private manufacture, in particular places, under such restrictions and rules as may be necessary for the security of an Excise Revenue, but free so far as to be open to all speculators who satisfy the necessary conditions; which is what is understood by "a system of modified Excise, such as that of granting licences to private persons to manufacture Salt at stated localities," is perfectly feasible.

The Excise system commenced in the Twenty-four Pergunnahs should be extended gradually, as speculators become prepared to take the field.

8. The regulations and arrangements under which the manufacture and sale of Salt have been thrown open in the Twenty-four Pergunnahs should be extended gradually as private speculators become prepared to take up the field now occupied by Government. If the change be not introduced gradually, there will be a risk of the supply of Salt failing; but there is no reason why the Excise system should not be eventually extended so as, in course of time, to admit of

* Bahawulpoor	..	Cis-Sutlej	600,000
Golab Singh's Dominions,		Punjab	750,000
Hill States	..	Cis-Sutlej	631,020
Ditto	..	Trans-Sutlej	139,017
Sikh protected States		Cis-Sutlej	1,935,154
		Total	4,055,191

the Government withdrawing altogether from any direct interference with the manufacture.

At the present moment the Government have done all that can be done to encourage private manufacture without incurring the risk of a dearth of Salt.

9. When the Government stocks are replenished, private manufacture may safely be encouraged further, by gradually giving up to speculators portions of the best Salt Districts, such as Tumlook and Hidgellee. But, at the present moment, the Government have done all that can be done, without incurring the risk of a dearth of Salt.

The Agency Establishments should be revised and the pay of the native officers employed in superintending the manufacture increased.

10. A general revision of the Agency Establishments, with a view to increasing the pay of the native officers employed by the Government to superintend the manufacture, is a measure which should receive early consideration, as the manufacture on account of Government is likely to be continued for some time.

In Tumlook and the Province of Cuttack the preventive Agency should be separated from the manufacturing Agency, as elsewhere.

11. In Tumlook and the Province of Cuttack, the preventive Agency should be separated from, and made independent of, the Agency employed in the manufacture of Salt on account of Government, and the whole preventive force in those tracts should be placed under the authority of the Comptroller of Salt Chowkeys, in accordance with the system which prevails in all the other Salt-producing localities.

The preventive force should be concentrated in greater strength in the neighbourhood of the Government manufacture, and the guarded tract might be still further limited.

12. As a general rule, the preventive Agency should be concentrated in the neighbourhood of actual Government manufacture, and distributed more sparsely over those parts of the country were manufacture is not authorized. The River Hoogly and the channels of the Sunderbuns require to be closely watched. On the other hand, in the Delta of the Ganges, and especially in the District of Backergunge, the guarded tract might be still further limited by the abandonment of some of the northern chowkeys most distant from the sea.

The practice of endorsing Rowannahs might be entirely abandoned.

13. The practice of examining and endorsing Rowannahs, protecting the cargoes of boats carrying Duty-paid Salt by the principal river routes, might be entirely abandoned.

The pay of the subordinate officers of the Preventive Establishment should be raised.

14. The pay of the subordinate officers of the Preventive Establishment is generally on too low a scale, and should be raised. The saving consequent upon the greater concentration of the force, and the further limitation of the guarded tract, might afford the means of increasing the emoluments of these officers without any additional charge to the State.

Under the proposed system of Excise probably no great change will be practicable in the preventive arrangements.

15. Under the proposed system of Excise, it is probable that no considerable change will be found practicable in the strength and distribution of the existing preventive force.

The system of retail and local sales, at reduced prices, should be abandoned at once.

16. With respect to sales from Government depôts, at reduced prices, in certain localities, the conclusion arrived at, on the whole, is that it would be proper, practicable, and profitable, to abandon the system of retail sales in Bengal, and of local sales at low prices, in addition to retail sales, in Orissa, at once.

The wholesale prices of Government Salt are adjusted with as much accuracy as is possible.

17. The wholesale prices of Government Salt are adjusted with as much accuracy as the nature of the case admits of, and it seems certain that the tendency of the adjustments is to include in the cost price every item that can with reason be classed in that category, so as to obviate any imputation of unfairness as towards the importer of Salt from abroad, or the producer of Salt under Excise.

One general price should be fixed for all kinds of Salt conveyed for sale to the Sulkea depôt.

18. There is a clear necessity for modifying the principle laid down for observance, in accordance with the recommendation of the Select Committee of 1836, in the pricing of Government Salt; and in order to meet this necessity, there seems to be no objection, either in principle or practice, to fix one general price for all kinds of Salt hereafter conveyed for sale to the Sulkea depôt, whether it be brought from any one of the Cuttack Agencies, from Tumlook, from Hidgellee, or elsewhere. The intense avidity with which the cheap Salt is bought up as soon as advertised, proves the desirableness of some such measure as this. The difference of quality in the different descriptions is small, compared with the difference of price, and it so happens that, under the present system, what difference there is, is in favour of the cheapest Salt.

The present bonding rules give full satisfaction.

19. The Rules for bonding Salt, as they now stand, are believed to give complete satisfaction.

The treatment and condition of the Molunghees are open to no objection.

20. There is nothing on record to indicate, or the slightest reason to suppose, that the Molunghees are subject to the least degree of coercion, or that their condition is in any respect worse than that of any class of labourers in Bengal.

Nor, under the proposed system of Excise, do the Molunghees need to be specially protected.

21. Under the proposed system of Excise, no special regulations for the protection of the interests of the Molunghees are needed.

The laws for the protection of the Salt Revenue do not operate with undue severity.

22. The laws for the protection of the Salt Revenue, in the Lower Provinces of the Bengal Presidency, are not considered to operate unjustly, or with undue severity, upon any class.

The Salt Tax is the only tax which labourers in India are obliged to pay.

23. The Salt Tax is the only tax, direct or indirect, of any description, which labourers, and other poor people, in India are *obliged* to pay.

Salt is not the only condiment an Indian labourer consumes with his food.

24. The argument that Salt is the only condiment an Indian labourer consumes with his food, which is of such a nature that without Salt it would be intolerably insipid, is a mistake of fact.

The Indian labourer lives under a less burdensome fiscal system than the English labourer.

25. The Indian labourer, when the facts of his case are ascertained, is found to be much more fortunate in the fiscal system under which he lives than the English labourer.

No less objectionable tax than the Salt Tax can be pointed out.

26. The whole of the evidence on both sides of the question of monopoly goes to this, that it is impossible to point out any equally productive source of Revenue, in India, less objectionable, all things considered, than a moderate Salt Tax.

The Salt Tax, even at its present high rate in Bengal, is not "a heavy and grievous burden" to the labouring man.

27. The Salt Tax, even at its present high rate in Bengal, is not, all things considered, "a heavy and grievous burthen" to the labouring man, or to any one else, living under the protection of the British Government.

At the same time the tax is positively too high.

28. At the same time, the tax is positively too high, even at its present reduced rate, and apart from financial considerations, it is very desirable that further reductions of duty should be made.

The tax should be reduced eight annas per maund, if at all.

29. If any reduction be made, it should be a reduction of eight annas per maund at one leap.

The Select Committee of 1836 did not intend to recommend that the Salt Revenue should be kept down to a fixed amount.

30. The recommendation of the Select Committee of 1836, "that the duty to be imposed shall be fixed at the lowest rate consistent with the maintenance of the Revenue, and not exceeding the average rate of the net profit of the Company's monopoly for the last ten years," was not intended to convey that the average aggregate amount of Revenue from the Salt Tax for past years should not be exceeded in future years; but, rather, that the rate of duty should be fixed on the maund of Salt, according to the average net profit derived during the past ten years from every maund consumed.

The rate of duty should be reduced at once to rupees 2 per maund, if the finances can bear the loss which the measure would cause for several years to come.

31. If the finances are considered capable of bearing the loss which the measure would cause for several years to come, the rate of duty ought to be reduced at once from its present amount of rupees 2 : 8 per maund to the rate which prevails in the North-West Provinces, namely, rupees 2 per maund, the Differential Duty of 8 annas per maund, now levied on the Allahabad line of those Provinces, for the protection of the Bengal Revenue, being, of course, discontinued at the same time, and the line abolished.

In time the rate of duty might be reduced throughout the Bengal Presidency and the Punjab to rupees 1 : 8 per maund.

32. In course of time, the rate of duty might be further reduced, throughout the Bengal Presidency and the Punjab, to rupees 1 : 8 per maund, or double the Excise Rate prevailing in the Bombay, and proposed for the Madras, Presidency, without ultimate injury to the Revenue.

ARRACAN.

The extension of the Salt Tax to Arracan not expedient at present.

33. The extension of the Salt Tax to Arracan does not appear necessary or expedient at present.

The private exportation of Salt from Arracan to the eastern districts of Bengal should not be allowed except from a Government depôt.

34. The prohibition to export Salt from Arracan to Chittagong and the Eastern Districts of Bengal, except from a Government Depôt, should be strictly maintained.

Nor to Calcutta, by way of the Soonderbuns.

35. In like manner, the exportation of Salt from Arracan to Calcutta, by way of the Soondurbuns, should continue to be strictly prohibited.

But private exportation to Calcutta, by the sea route, should be freely permitted.

36. But private parties should be allowed to ship Salt for transport to Calcutta, by the sea route, in any part of the province, in vessels of any tonnage, without let or hinderance, the duty on such Salt being levied in Calcutta, as in the case of all other imported Salt.

TENASSERIM AND MARTABAN PROVINCES.

The Salt Tax should not be relinquished in these provinces.

37. The Salt Tax ought not, while it is levied elsewhere in India, to be relinquished in the Tenasserim and Martaban Provinces; but attention should rather be turned to the improvement of the Revenue from Salt upon the present simple system of excising the manufacture.

The rate of Excise should be raised to eight annas per earthen pot.

38. The rate of Excise should be raised to that which now prevails in the adjoining province of Pegu, namely eight annas per earthen pot.

On export by sea, a drawback should be allowed. On import, Customs should be levied at the Excise rate.

39. A drawback of the Excise Duty should be allowed on Salt exported by sea, and Foreign Salt should be admitted on payment of a Customs' Duty equal to the Excise Duty.

PEGU.

In Pegu a drawback should be allowed on Salt exported by sea.

40. In Pegu, a drawback of the Excise Duty should be allowed on Salt exported by sea.

No Customs' Duty should be levied on the exportation of Salt by land.

41. No Customs' Duty should be levied on the exportation of Salt by land; consequently the duty of one rupee the 100 viss, or 4½ maunds, now taken on Salt exported across the frontier, which is nearly five times higher than the Excise Duty of eight annas per pot, should be relinquished.

The Customs' Duty on imported Salt should be reduced to the Excise rate.

42. The Customs' Duty of six annas per maund, now levied on imported Salt, should be reduced to the Excise rate per maund, which, at eight annas per pot, amounts to only nine pies, or three-fourths of an anna per maund.

NORTH WEST PROVINCES.

The Lieutenant Governor's Notification of the 9th of May, 1855, in so far as it affects the Saugor and Nerbudda territories, appears to want authority.

43. It seems questionable whether the provisions of Section 3, Act XIV, of 1843, can be taken to convey any power to the Lieutenant-Governor of the North West Provinces in respect of the Saugor and Nerbudda territories; and, also, whether those provisions empower the Lieutenant-Governor, in any case, to impose any other rate of duty on Salt imported into the North West Provinces than two rupees a maund. If these objections be well founded, so much of the Lieutenant-Governor's Notification of the 9th of May, 1855, as affects the Saugor and Nerbudda territories, wants authority.

The Salt Tax in the North West Provinces is not burdensome to the labouring man.

44. The cost of an adequate supply of Salt cannot be regarded as burdensome to the labourer in the North Western Provinces. Much less can it be said that an adequate supply of good wholesome Salt is beyond his reach.

Not half of the Salt consumed pays the tax.

45. It is calculated that not half the quantity of Salt consumed in the North Western Provinces is brought under contribution; consequently that not half the Revenue is collected that ought to be collected.

The Salt Laws of the North West Provinces should be extended to Oude.

46. The Customs' line on the eastern frontier of Oude should be abolished, and Acts XIV of 1843, and XXXVI of 1855, should be extended to that territory.

A very marked improvement should now take place in the collections from Salt in the North West Provinces.

47. Under the combined operation of the advanced and extended Customs' line on the western frontier, the annexation of the Oude territory, and the increased powers lately conferred by the Legislature for the suppression of illicit manufacture, a very marked improvement should now take place in the Salt Revenue of the North West Provinces.

Eventually the Customs on Sugar and Cotton should be abolished.

48. Whenever the increased collections on Salt reach the aggregate amount of the remaining collections on Sugar and Cotton, the Customs on those articles should be altogether abolished, and

a duty levied on Salt alone throughout the North West Provinces.

The abolition of the Allahabad Customs' line depends upon the reduction of the Bengal duty to rupees 2 per maund.

49. The Customs' line maintained at Allahabad, to secure the Differential Duty on Bengal Salt be reduced, as recommended, to rupees 2 per maund.

The saving by the abolition of the Allahabad line might be expended in strengthening the new line on the Western Frontier.

50. If the Allahabad line be abolished, the saving might advantageously be expended in strengthening the new line on the western frontier, if that line has not already been placed on the same footing as the line above the junction of the Jumna and the Sinde, of which it is the continuation.

PUNJAB.

No better system could be established in the Punjab.

51. In the Punjab, no simpler or less objectionable mode of raising a Revenue from Salt could be established than the existing system of confining the first transactions in the article exclusively to the mouth of the mines.

Nothing would be gained by allowing private manufacture.

52. Nothing would be gained by allowing private manufacture under Excise Licences, in addition to sale from the Government Mines, at all commensurate with the additional expense and inquisition which that measure would render necessary.

It is a question whether the price of Salt at the mines should not be raised to rupees 2 : 2 per maund.

53. It is a question for consideration whether, in order to equalise the tax in the Punjab and the North Western Provinces, the price of Salt at the mines in the former ought not to be raised to 2 rupees 2 annas a maund.

The Salt Tax does not press severely on the labouring man.

54. The pressure of the Salt-tax on the labourer in the Punjab is about the same as in the North Western Provinces, and cannot be regarded as severe.

The sales, at present, are in low proportion to the population.

55. Though the sales of Salt in the Punjab are increasing, they are, at present, in low proportion to the population, and the Salt revenue admits of much greater development than it has yet attained.

The causes of this disproportion should be investigated and cured.

56. Inquiries should therefore be directed towards a more exact ascertainment of the relation borne by the sales to the population, with a view, if it proved as low as the estimates indicate, to the discovery and cure of the causes.

SECTION XI.

CONCLUDING OBSERVATIONS.

The completion of the Report delayed by the ill-health of the Commissioner.

1016. In forwarding the Bombay Part of the Salt Report, and its Appendix, together with the Maps and Plans of the entire Report, twelve in number, to the Government of India, on the 3rd of November last, I fully expected to be able to dispatch the Madras Part, and its Appendix, in time for its transmission to England, from Calcutta, by the first mail in December, and the last instalment, consisting of the Bengal Part and its Appendix, to Bombay, in time for its transmission from thence to England by the first steamer in January. The Bombay Part and its Appendix, together with all the Maps and Plans, were dispatched from Calcutta by the second mail in November, the first Section of the Madras Part, together with the entire Appendix of that Part, by the first mail in December; and the Bengal Appendix, complete, by the second mail in that month; but I was prevented by failing health from completing the remainder of the Madras and Bengal Parts, so as to dispatch it to Bombay in time for its transmission to England from thence by the first mail in January; and, from the same cause, I was afterwards able to make only very slow progress with that remainder. I, therefore, thought it better in my then state of health, and as the Report was urgently called for by the Home Authorities,

56

to dispatch the concluding portion, in some shape, by the next mail from Bombay, rather than incur any further delay.

For the same reason the Report was temporarily closed on the 30th of January last.

1017. With this view, I closed the Report on the 30th of January last, temporarily, from the point to which it had been transcribed, with the expression of my naked opinions on the remaining essential questions, leaving its more elaborate completion, upon the plan of the preceding portion, to be supplied afterwards, as quickly as the state of my health might permit. The remainder of the Report closed in this temporary form, was forwarded to the Home Authorities by the mail from Bombay of the 2nd of February last.

But has now been finally completed in full execution of the original design.

1018. For some time, my health continued so weak as entirely to incapacitate me from resuming the Salt Report in addition to the performance of my other laborious duties. But the Report has now been finally completed, in faithful execution of the original design described in the introductory portion. The small remainder of the second Section of the Madras Part was forwarded to England by the mail from Bombay of the 28th of April; the remaining three Sections of the Madras Part, and the four first Sections of the Bengal Part, were transmitted by the following mail of the 12th of May; and the remaining seven Sections of the Bengal Part, completing the Report, will be forwarded by the next mail of the 28th instant. A duplicate copy of the Report and Appendices has also been transmitted to Calcutta, on various dates, of all but the last four Sections of the Bengal Part of the Report, which are now about to be dispatched.

The only deviation from the original design explained.

1019. The only deviation from the original design has been this; that questions common to all the Presidencies, such, for instance, as the rate of duty, have not been considered separately, as imperial questions, as I at first proposed, but under each Presidency; because it was found more convenient, on the whole, to treat them in that manner.

For a year past the Salt Commissioner has performed the duties of Commissioner of the Province of Nagpore, in addition to the business of the Salt Commission.

1020. In estimating the time occupied by the Commission, I beg that it may be considered that, besides that my health began to fail me in the early part of December, I have, for a year past, performed the duties of Commissioner of the Province of Nagpore in addition to the business of the Salt Commission. On the 25th of May last year, I was ordered to proceed without delay to Nagpore, and to take the Salt papers with me. A week was occupied in bringing these papers and the Report into such a state as would admit of my dispensing with as many as possible of the former; three days in other preparations; and on the 19th of June, after a rapid journey of 900 miles in the hottest season, I assumed charge of the Commissionership of Nagpore from my *locum tenens* Captain Elliott, whose health had completely broken down under the pressure of the duties of that office.

The time occupied in travelling.

1021. From the 19th of February, 1854, the date on which I left Calcutta for Bombay and may be said to have entered upon my Commission, to the 3rd of June, I was occupied in visiting the Presidencies of Bombay and Madras, and from that date to the 1st of July in visiting the Tumlook and Hidgellee Salt Agencies, and some of the manufacturing localities of those Agencies. In this interval I could, of course, do no more, besides making some personal inquiries and local observations, than inspect the records of the two Presidencies above mentioned, and indicate the information and the papers I required. The Madras papers followed me to Calcutta, and were not finally received until the beginning of July. Some of the Bombay papers I brought with me, but a very large and material portion of them did not reach me, notwithstanding repeated requisitions, until the middle of October. This, I have reason to believe, was owing to the illness of the Chief Secretary, Mr. Goldsmid, who shortly afterwards died.

The time occupied in digesting and collecting materials.

1022. On my return to Calcutta from Hidgellee on the 1st of July, the whole of the Bombay and Madras papers had still to be digested, all the previous time having been occupied in travelling and in collecting them; and the Bengal papers had still to be sought out and collected. While I was in Calcutta I was incessantly occupied from morning till evening, and generally for a part of the night, in digesting the materials collected, in collecting further materials, and in making considerable progress in the preparation of the Report and the Appendices. After my arrival at Nagpore, by dint of labouring daily from morning till evening and for many hours of the night, until my health failed me and obliged me to relax for a time and in a measure, I managed to make constant progress in the Salt Report, and have now completed it, simultaneously with the discharge of my heavy duties as Commissioner of a new province. I do not state these facts for the purpose of vaunting my own labours; very far from it; but in order that it may not be supposed that I have been loitering over the Salt Report, when I have, in fact, during half the period of my commission, been performing, by extraordinary exertions, the duties of two offices, namely, those of the Commissionership of a new province, which were alone sufficient to tax all my energies and my whole time always during ordinary hours, and often beyond them, and those of the Salt Commission, which still required for their proper completion, some six months of continuous application and keen mental exertion.

The scope of the Report.

1023. The Report embraces the whole subject of the supply of Salt for every part of British India, and is fitted to be a text book for future reference on the whole subject. The Bombay Part contains a complete history of the Salt Revenue system of that Presidency from the earliest discussion and legislation to the latest. There is no material paper from 1816 to 1854 that has not been consulted and condensed, and no material part of the system that has not been carefully investigated and discussed. The same may be said of the Madras Part, but in this case the records were consulted from 1795. The Bengal Part is equally complete, and involved scarcely less research of the records. No adequate notion can be formed from the Report, in its finished state, of the difficulties experienced in tracing out the sources of information, of the mass of official and unofficial papers consulted, and of the intricate labour of picking out and condensing from the reserved portion of the official mass all the information on the same point promiscuously scattered through every part of it.

The scope of the Appendix.

1024. The Appendix contains a great deal of original matter, such as the notes on the agencies, the Narainpore and Goordah English Works and the preventive and retail systems, not less difficult of preparation than the Report itself, besides summaries of correspondence and many figured statements. It comprises also a mass of information, evidence and opinions, on all points, and on all sides, drawn from every source, from the earliest period to the latest, and classified, as far as it was possible to classify them.

The scope of the Maps and the extent of the mechanical work which devolved on the Commissioner.

1025. The compilation of the maps occupied much of my personal attention; there is no topographical item of Salt information for all India which they do not illustrate. The labour of compiling even the figured statements devolved, chiefly, on myself personally; so also the calculations; and all the accessories of abstracting and indexing the paragraphs, with whatever else was necessary to fit the Report and the Appendices, in every particular for the press. The nature of the Commission was such that I could derive, comparatively, but scanty aid from any subordinate assistance, except in the mere matter of copying, and such like clerical work.

The time occupied by the Madras Public Works and the Post-office Commissions.

1026. The first Report of the Madras Public Works Commission occupied three stationary Commissioners two years uninterruptedly. The Post Office Commission occupied three Commissioners, one for each Presidency, for 14 months and a half. In the Salt Commission I have been alone. I had, of course, no knowledge whatever of the subject in the Presidencies of Bombay and Madras (nor had any one else in Bengal) and had, for the most part, as regards those Presidencies, to trace out even the sources of information. In Bengal, I had never been employed in the Salt Revenue Department; consequently, though I had some general acquaintance with the subject there, I possessed no really serviceable knowledge of it, even in respect of that Presidency.

The subject itself was of greater magnitude than the Post Office question, and having undergone much more discussion, necessitated much more research and reading than the inquiry on that question. The bulk of the Salt Report is also, as well as I can judge in comparing manuscript with print, twice, if not thrice, the bulk of the Post Office Report and the Appendices of the former exceed in bulk the Appendices of the latter in the same proportion. These comparisons are made for no other purpose than to show that, all things considered, the time occupied by the Salt Commission has not been excessive. It should be remembered also, that the Report, including its Appendices, has been placed gradually in the hands of the printer since November last, and will be published almost simultaneously with its completion.

Possibly the Commission may have been executed on a more comprehensive scale than was required.

1027. Possibly, I may have conducted my inquiries, and framed my Report on a more comprehensive scale than was required. If so, I trust that the gratuitous labour I have undergone, from a desire to dispose of the subject once for all, will be deemed a sufficient penalty, and the completeness of the work a sufficient compensation, for the mistake.

Acknowledgment of assistance afforded.

1028. In conclusion, I beg to express my obligations to Mr. H. Young, then Commissioner of Customs, Salt, and Opium, now Chief Secretary to Government, for the assistance afforded me at Bombay; and to Sir H. Montgomery, then Chief Secretary to Government, now a Member of Council; Mr. W. H. Bayley, then Secretary to the Board of Revenue, now a Member of that Board, and Mr. J. D. Sim, Deputy Secretary to Government, for the assistance afforded me at Madras.

I have the honour to be,

Sir,

Your most obedient Servant,

GEO. PLOWDEN,

Commissioner of Inquiry on Salt.

Nagpore, May 24, 1856.

he

Secretary to the Government of India.

MAPS AND PLANS

REFERRED TO BY

MR. PLOWDEN

IN THE

SALT REPORT AND APPENDIX.

Presented to both Houses of Parliament by Command of Her Majesty.
1856.

LONDON:
PRINTED BY HARRISON AND SONS.

List of Maps and Plans.

GENERAL.

1. Salt Map of India.

BOMBAY.

2. Plan of the Salt Works at the Village of Jeao, Pergunnah Bullesur.
3. Plan of the Salt Works at the Village of Oomur Tulungpoor, Pergunnah Choraisee.
4. Plan of the Salt Works at Patree Zillah, Ahmedabad.
5. Plan of the Salt Works at Ooreo Zillah, Ahmedabad.

MADRAS.

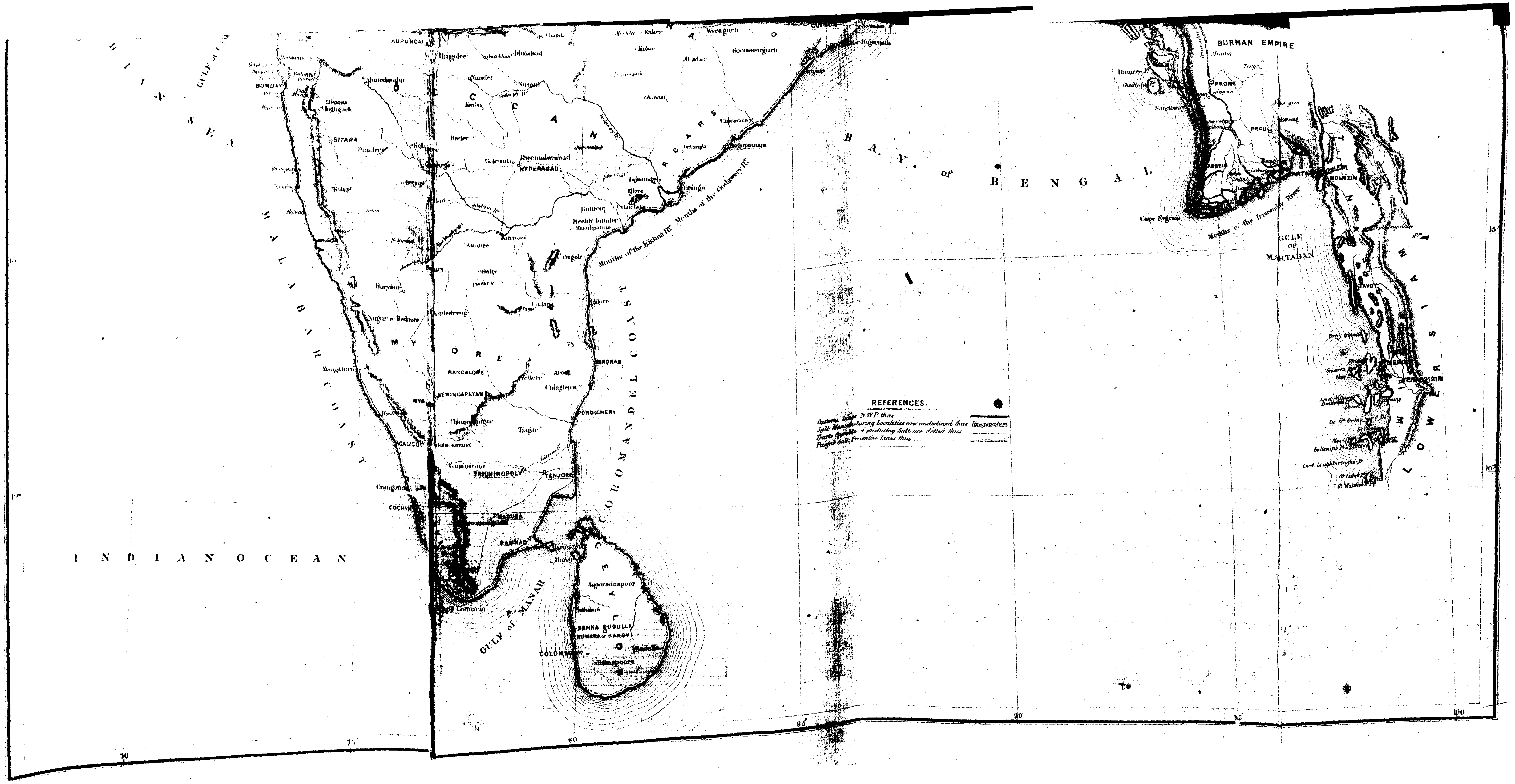
6. Plan of the Attiput Salt Pans.
7. Map of the Salt Trade of Canara.

BENGAL.

8. Map of the Tumlook and Hijlee (Hidgellee) Salt Agencies and Salt Chowkey Superintendencies.
9. Map of the Salt Agency and Salt Chowkey Superintendency of Chittagong.
10. Map of the Salt Agencies and Salt Chowkey Superintendencies of Balasore, Cuttack (Kuttuk), and Pooree.
11. Map of the Salt Preventive Superintendencies.
12. Plan of the Narainpore Salt Works.

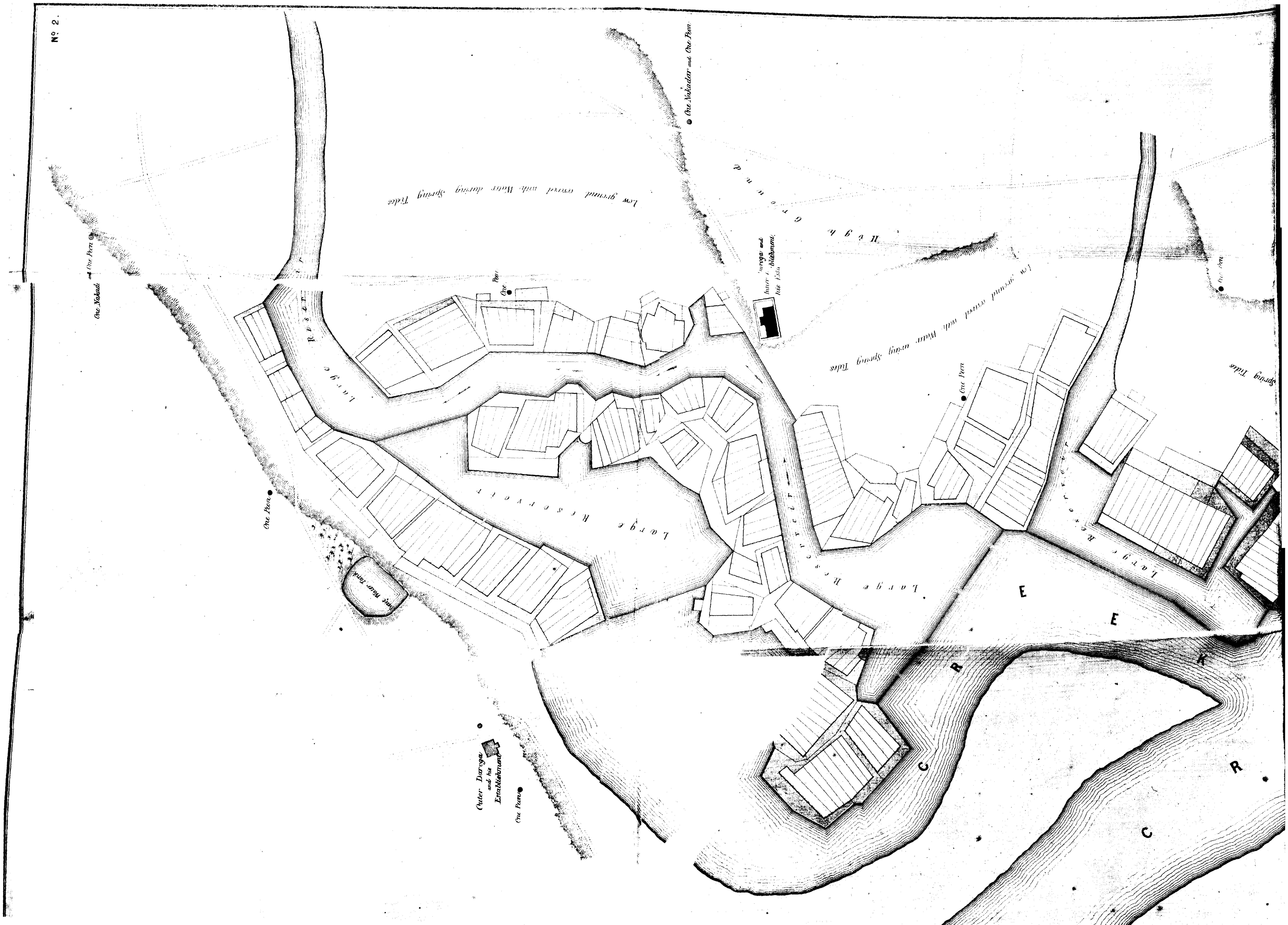
No. 1


Map of
INDIA
ILLUSTRATING ALL TRACTS PRODUCING OR CAPABLE OF PRODUCING SALT
AND EXHIBITING ALSO THE
SALT PREVENTIVE & CUSTOMS LINES
Scale 96 British Miles to an Inch.
GULF OF KUTCH

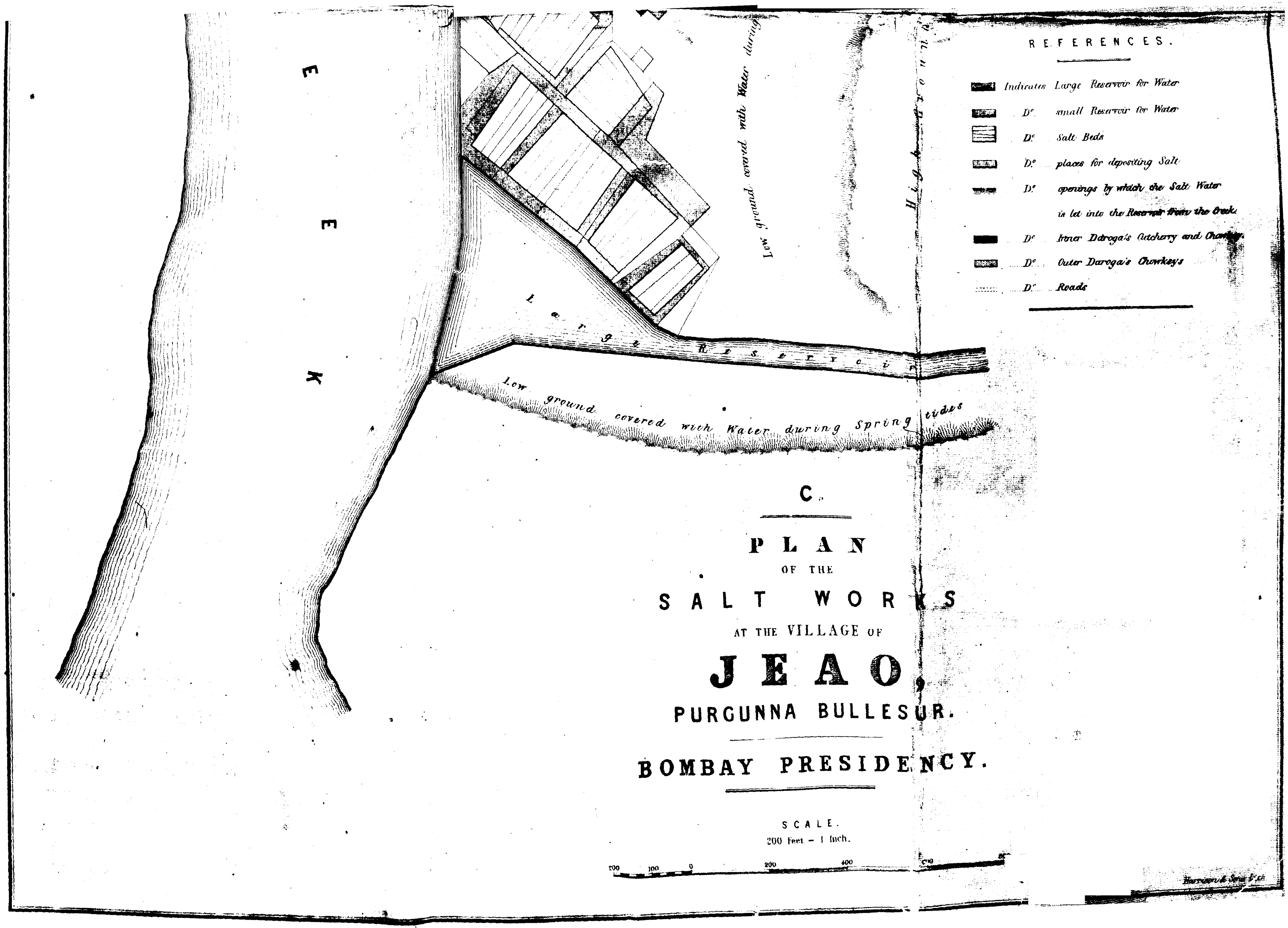


BOMBAY
SITARA
GOA
MALABAR COAST
CALICUT
COCHIN
INDIAN OCEAN
HYDERABAD
Secunderabad
BANGALORE
SERINGAPATAM
MADRAS
PONDICHERRY
TRICHINOPOLY
TANJORE
COROMANDEL COAST
GULF of MANAR
C. Comorin
COLOMBO
Anooradhapoor
KANDY
Mouths of the Kistna R.
Mouths of the Godavery R.
BAY of BENGAL
REFERENCES.
BURMAN EMPIRE
PRONE
PEGU
Cape Negrais
Mouths of the Irrawaddy River
GULF OF MARTABAN
TAVOY
LOWER SIAM
70
75
80
85
90
95
100

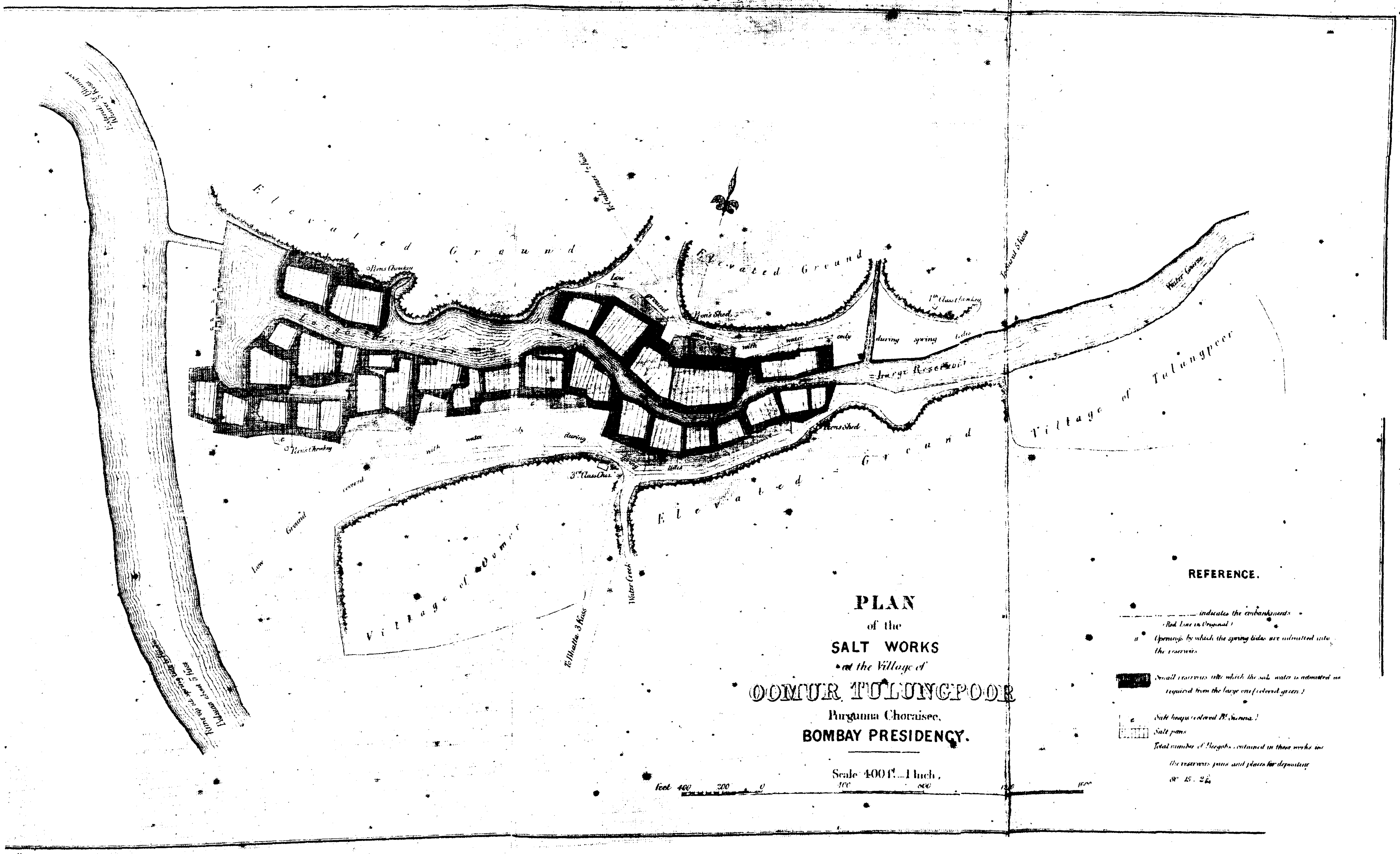
No. 2.



One Nakadar and One Peon
Low ground covered with Water during Spring Tides
High Ground
Large Reservoir
Large Reservoir
Large Reservoir
Large Reservoir
One Peon
One Peon
One Peon
One Peon
Outer Daroga and his Establishment

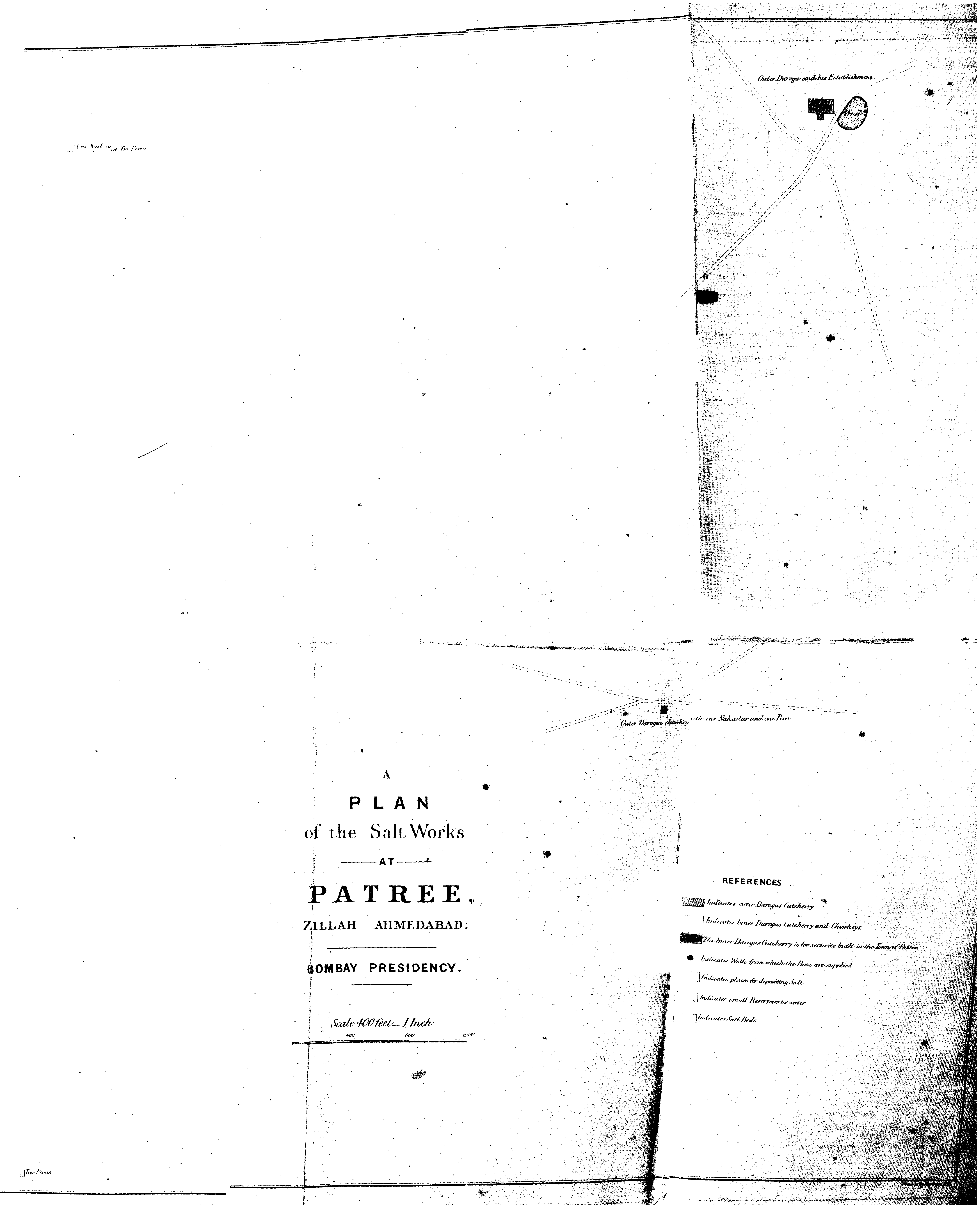

REFERENCES.
Indicates Large Reservoir for Water
D° small Reservoir for Water
D° Salt Beds
D° places for depositing Salt
D° openings by which the Salt Water is let into the Reservoir from the Creek.
D° Inner Daroga's Catchery and
D° Outer Daroga's Chowkeys
D° Roads
E
E
K
Large Reservoir
Low ground covered with Water during Spring tides
Low ground covered with Water during
C.
PLAN
OF THE
SALT WORKS
AT THE VILLAGE OF
JEAO,
PURGUNNA BULLESUR.
BOMBAY PRESIDENCY.
SCALE.
200 Feet = 1 Inch.
200 100 0 200 400

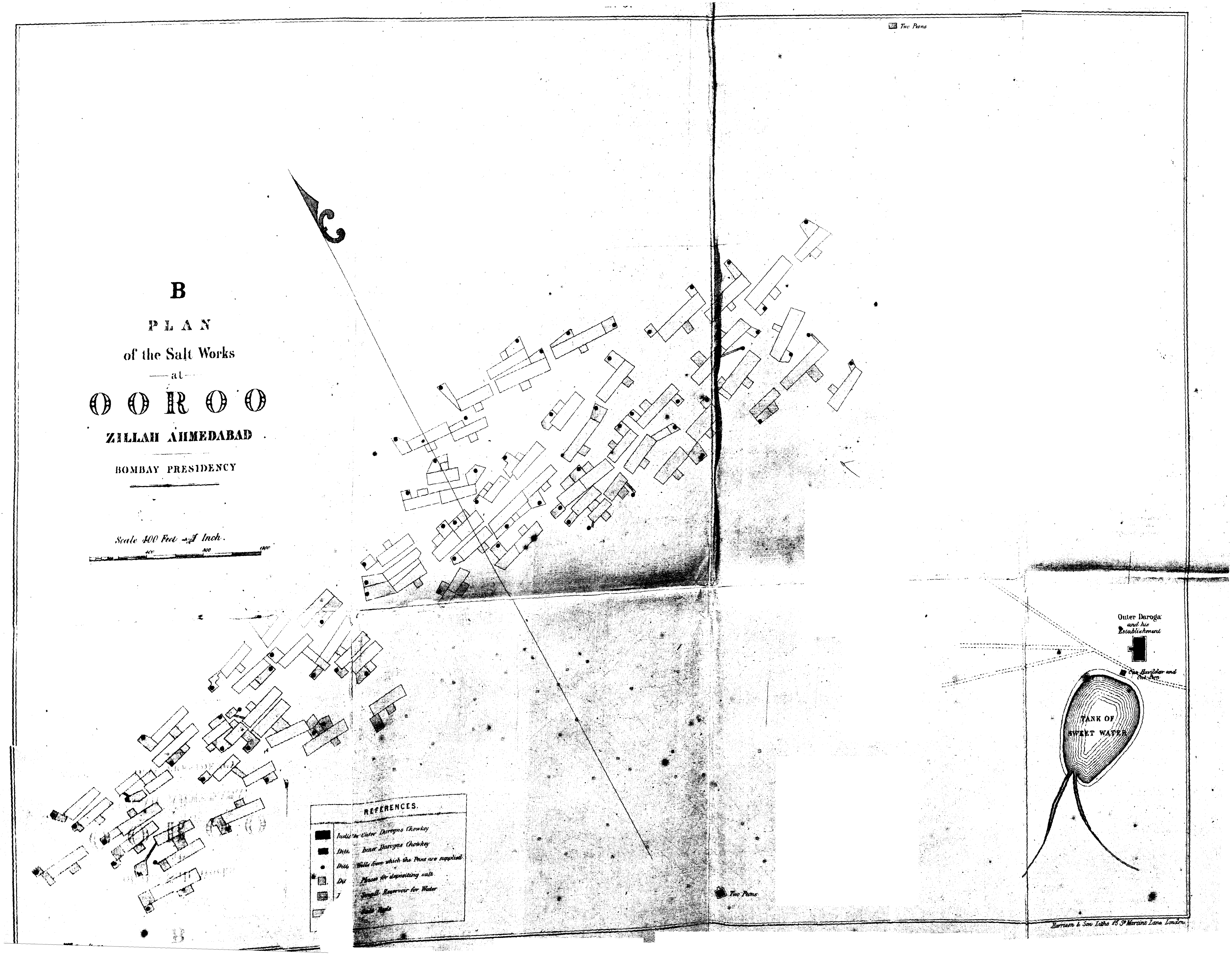
No 3.



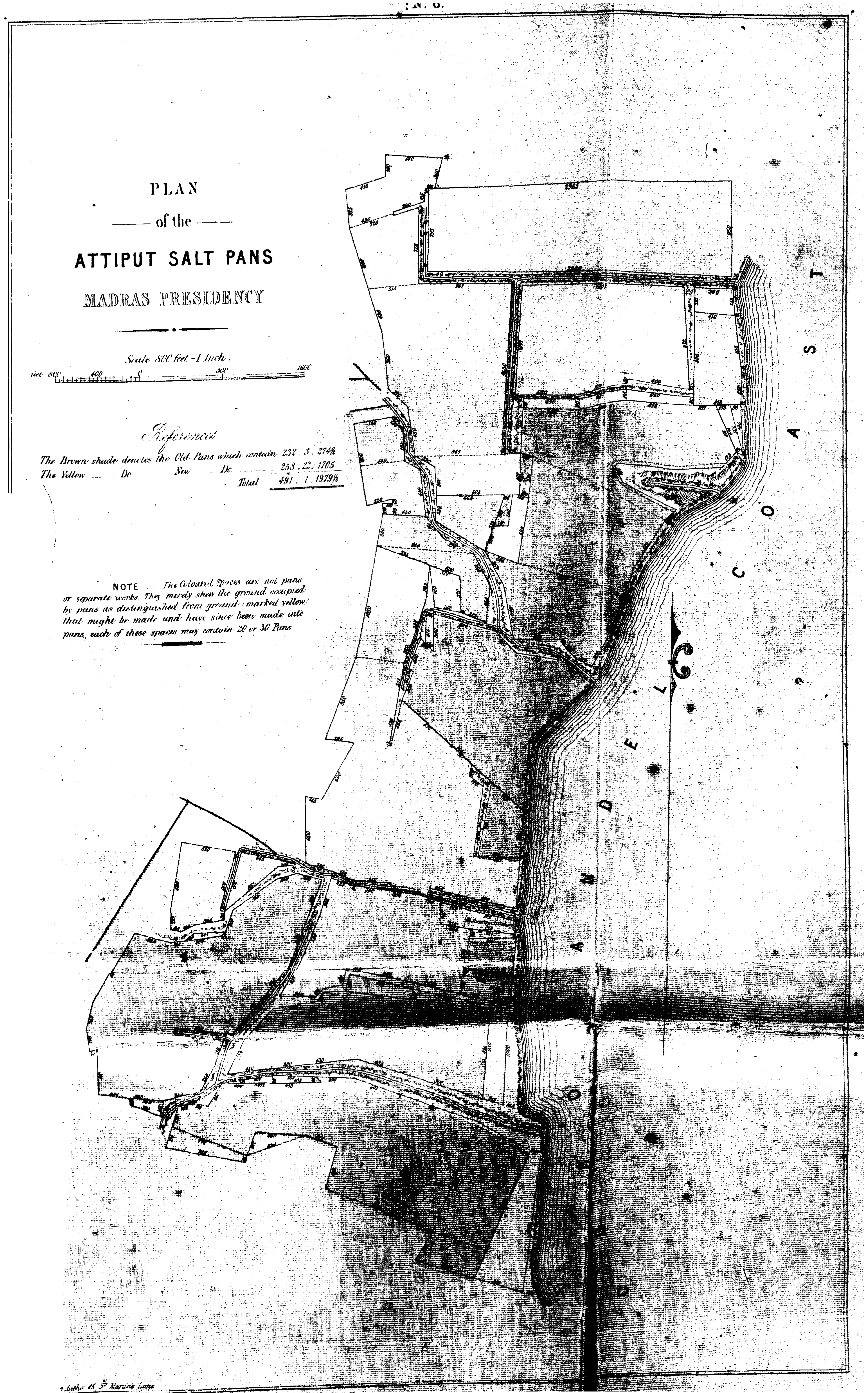
Elevated Ground
Elevated Ground
Elevated Ground
Large Reservoir
Large Reservoir
Village of Oomer
Village of Tulungpoor
Low Ground covered with water only during spring tide
Peons Shed
Peons Shed
3rd Class Chowkey
1st Class Chowkey
Peons Chowkey
Peons Chowkey
Water Course
Water Creek
PLAN
of the
SALT WORKS
at the Village of
OOMUR TULUNGPOOR
Purgunna Choraisee,
BOMBAY PRESIDENCY.
Scale 400 Ft. = 1 Inch.
feet 400 200 0 400 800 1200 1600
REFERENCE.
indicates the embankments
(Red Line in Original)
Openings by which the spring tides are admitted into the reservoirs
Small reservoirs into which the salt water is admitted as required from the large one (coloured green)
Salt heaps (coloured Bt. Sienna)
Salt pans

N° 4

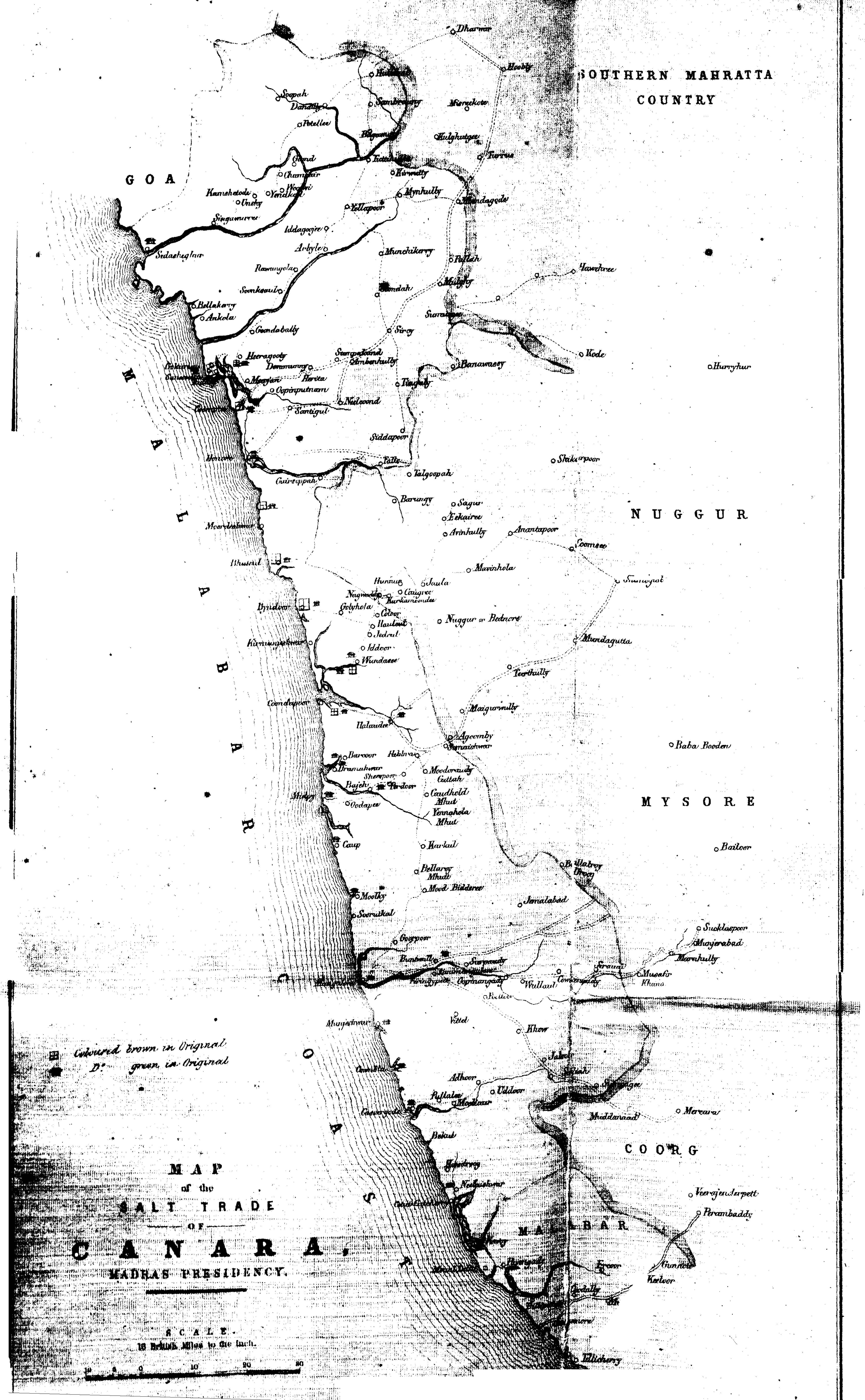

A
PLAN
of the Salt Works
AT
PATREE,
ZILLAH AHMEDABAD.
BOMBAY PRESIDENCY.
Scale 400 feet — 1 Inch
400
800
1200
Outer Daroga and his Establishment
Pond
Outer Darogas Chowkey with one Nakadar and one Peon
REFERENCES
Indicates outer Darogas Cutcherry
Indicates Inner Darogas Cutcherry and Chowkeys
The Inner Darogas Cutcherry is for security built in the Town of Patree
Indicates Wells from which the Pans are supplied
Indicates places for depositing Salt
Indicates small Reservoirs for water
Indicates Salt Beds
Two Peons



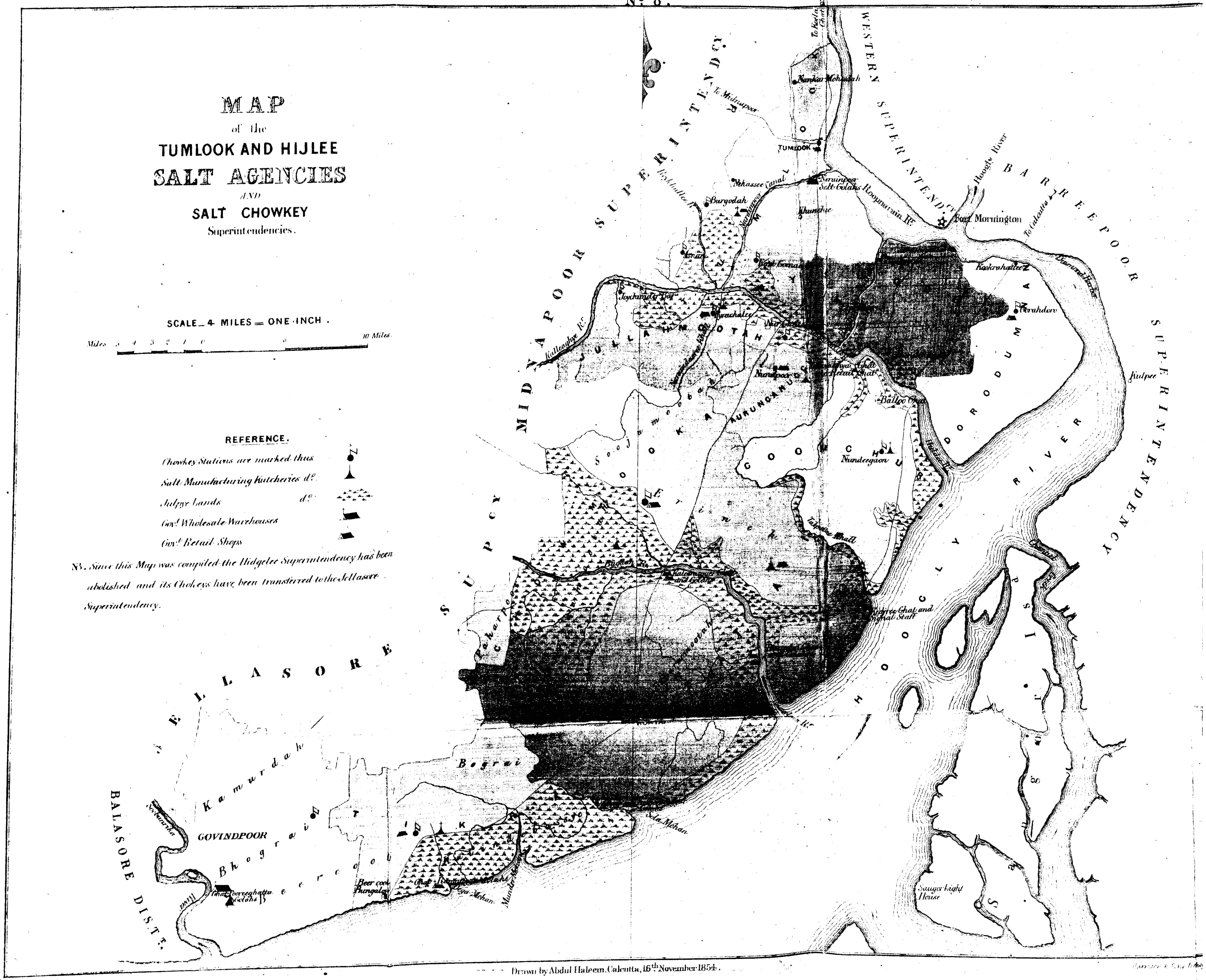
Harrison & Son Litho 15 St Martin's Lane London


PLAN
of the
ATTIPUT SALT PANS
MADRAS PRESIDENCY
Scale 800 feet - 1 Inch.
feet 800 400 0 800 1600
References.
The Brown shade denotes the Old Pans which contain 232 . 3 . 274½
The Yellow — Do New — Do 258 . 22 . 1705
Total 491 . 1 . 1979½
NOTE — The Coloured Spaces are not pans or separate works. They merely shew the ground occupied by pans as distinguished from ground (marked yellow) that might be made and have since been made into pans, each of these spaces may contain 20 or 30 Pans.
COAST

No. 7.

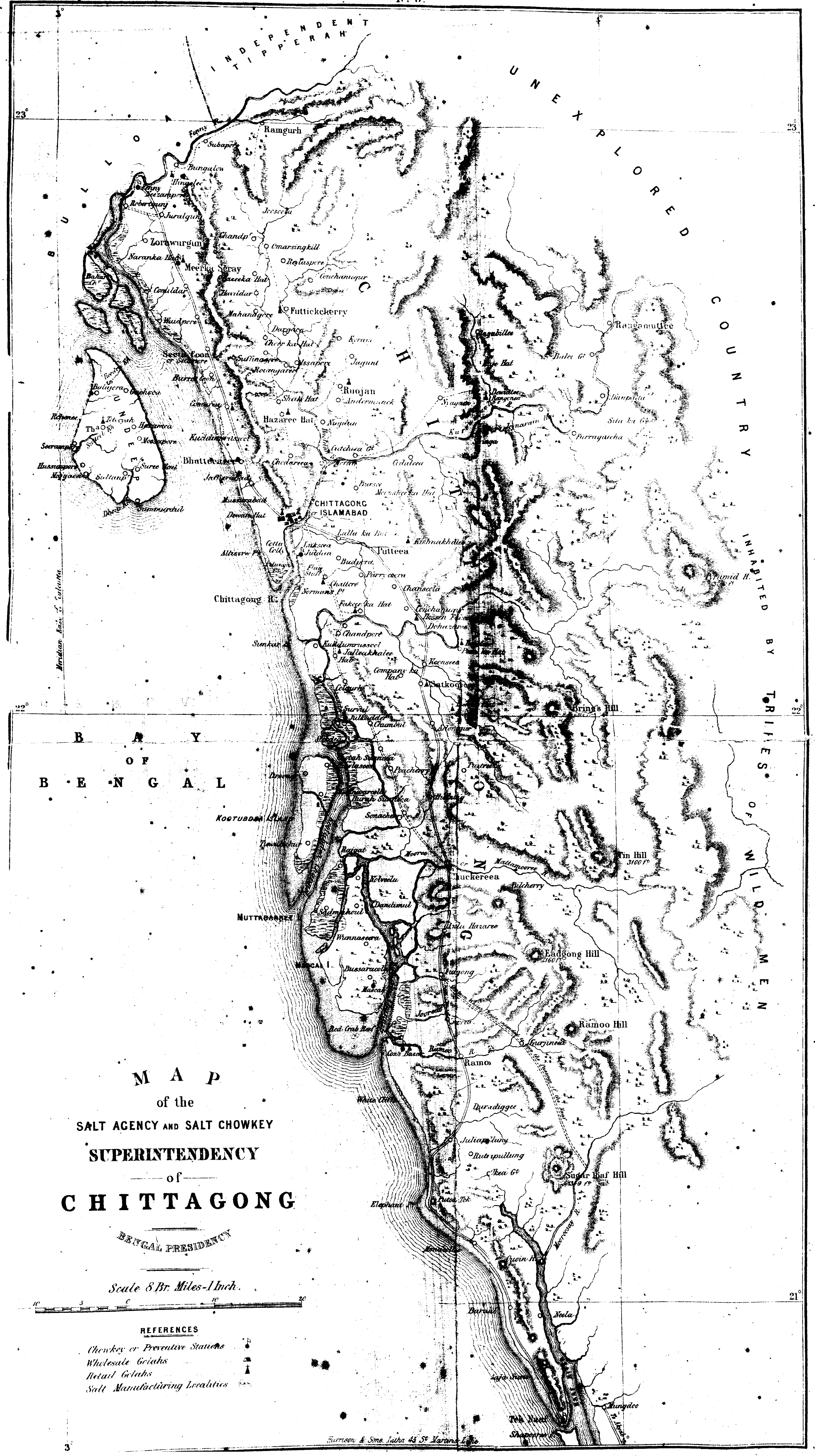

MAP
of the
SALT TRADE
OF
CANARA,
MADRAS PRESIDENCY.
SCALE.
16 British Miles to the Inch.
Coloured brown in Original
Do. green in Original
SOUTHERN MAHRATTA COUNTRY
GOA
NUGGUR
MYSORE
COORG
MALABAR
Dharwar
Hoobly
Sedashegur
Ankola
Goondabully
Siddapoor
Talgoopah
Nuggur or Bednore
Mundagutta
Baba Booden
Bailoor
Sucklaspoor
Munjerabad
Mercara
Veerajundurpett
Ellichery

No 8.

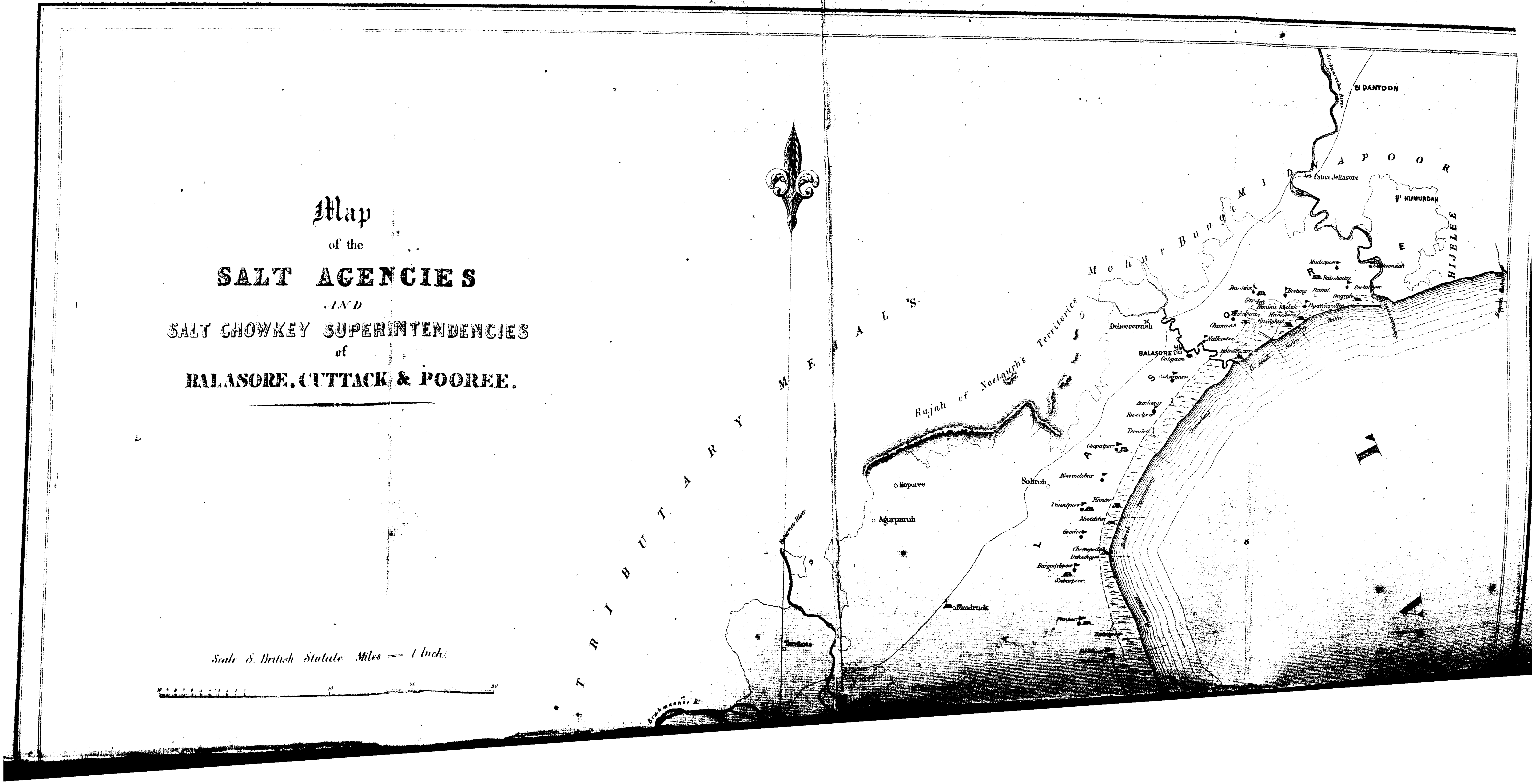


Drawn by Abdul Haleem, Calcutta, 16th November 1854.

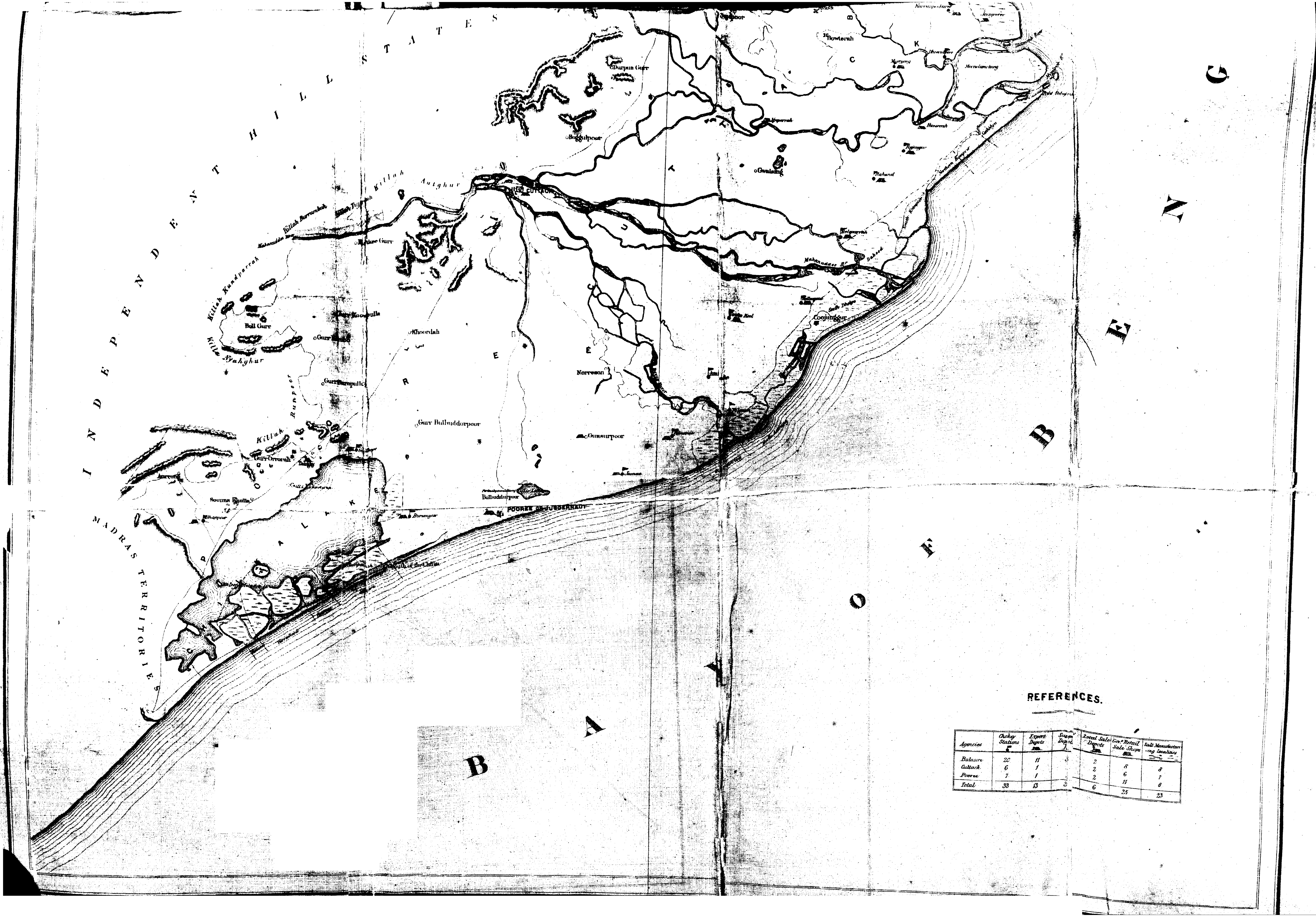
№ 9.


MAP
of the
SALT AGENCY AND SALT CHOWKEY
SUPERINTENDENCY
of
CHITTAGONG
BENGAL PRESIDENCY
Scale 8 Br. Miles-1 Inch.
REFERENCES
Chowkey or Preventive Stations
Wholesale Golahs
Retail Golahs
Salt Manufacturing Localities
INDEPENDENT TIPPERAH
UNEXPLORED COUNTRY INHABITED BY TRIBES OF WILD MEN
BULLOA
BAY OF BENGAL
CHITTAGONG
SUNDEEP
CHITTAGONG ISLAMABAD
Ramgurh
Zorawurgunj
Meerka Seray
Futtickcherry
Ruojan
Hazaree Hat
Bhattewaree
Puttees
Chittagong H.
Satkoonia
Brinj's Hill
Tin Hill
Chuckereea
Eadgong Hill
Ramoo Hill
Ramoo
Sugar Loaf Hill
Tek Naaf
KOOTUBDEA ISLAND
MUTTABARREE
MOISCAL I.
23°
22°
21°
Harrison & Sons Lithᵒ 45 Sᵗ Martins Lane

No. 10.

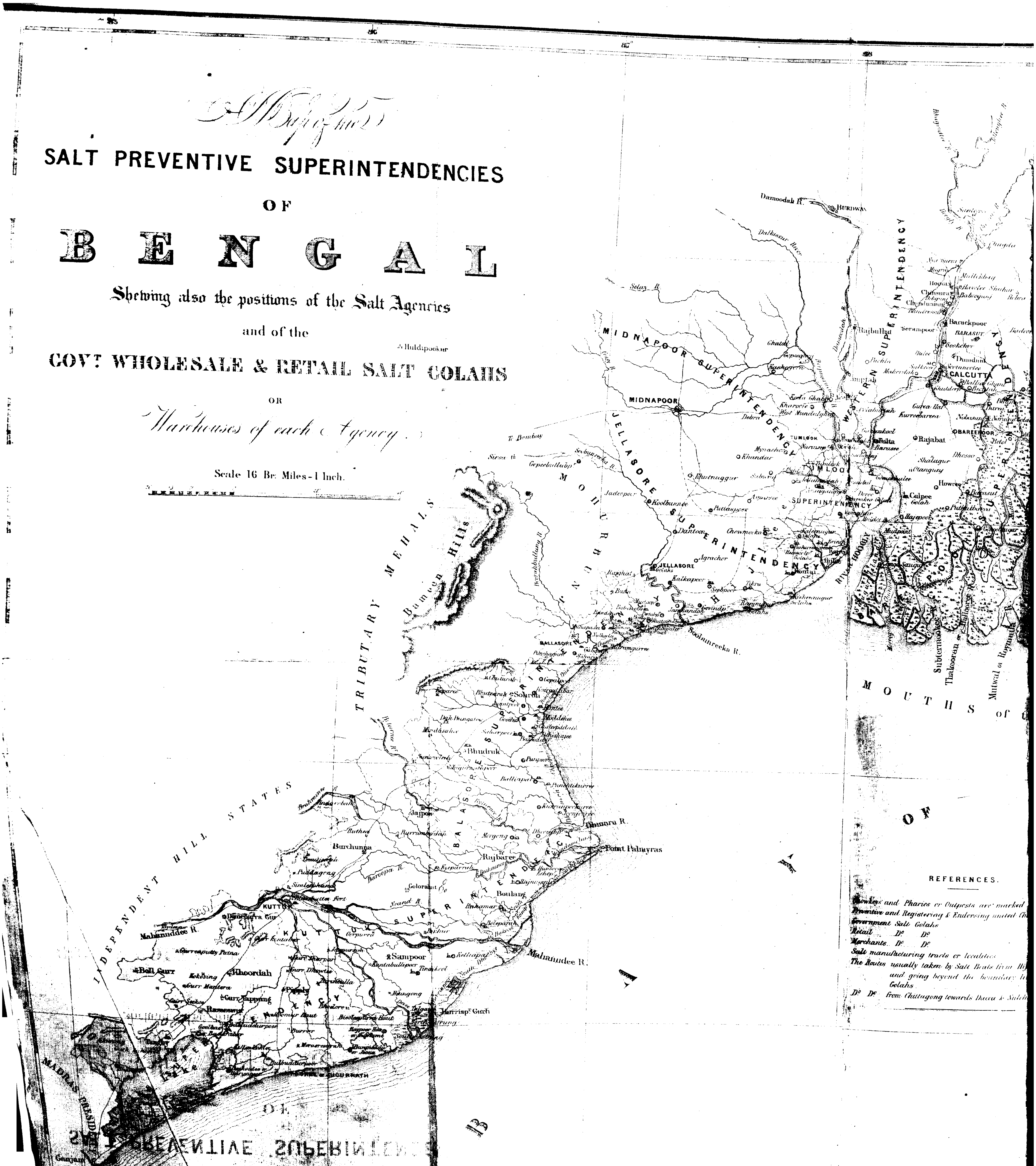


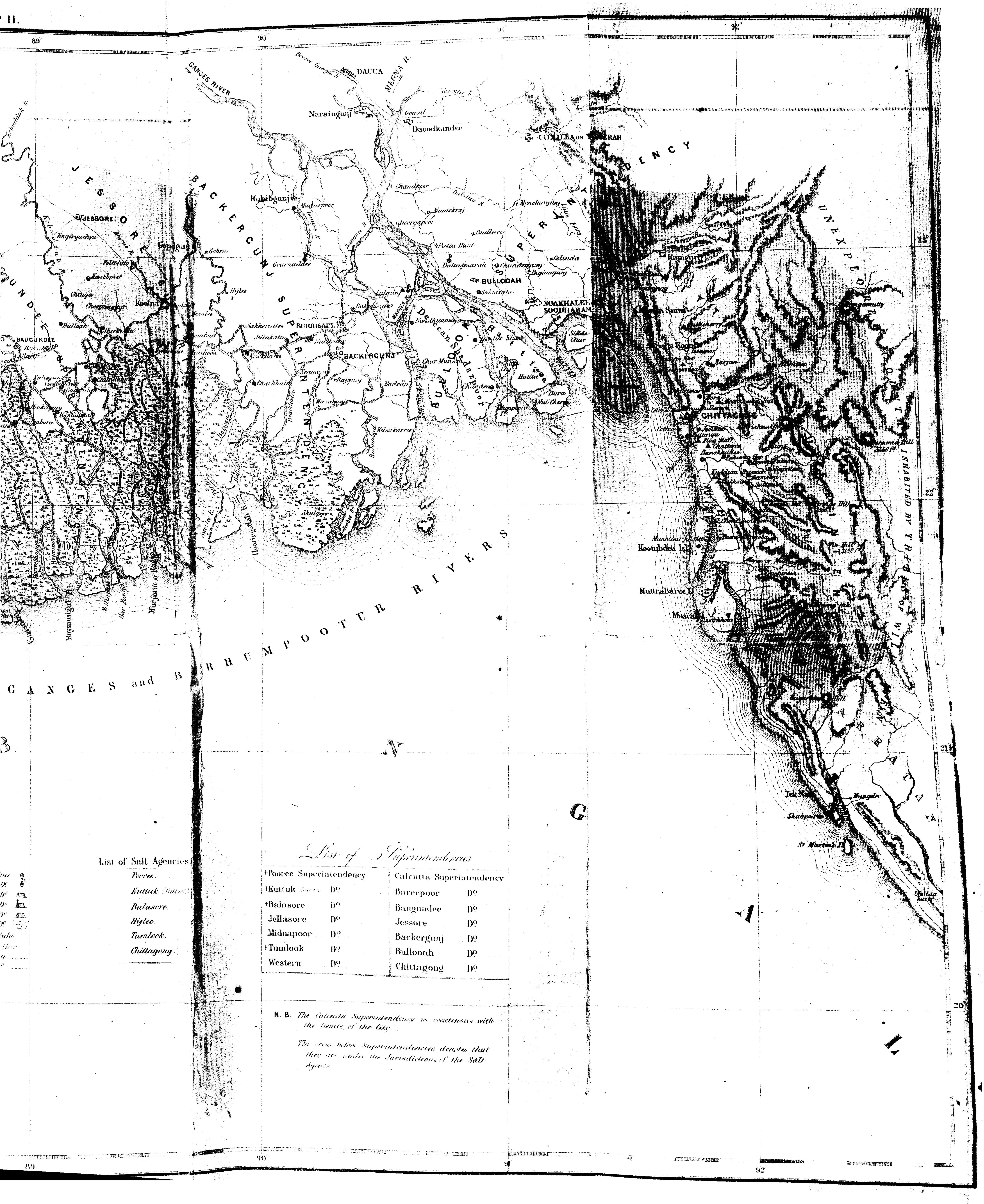
Map
of the
SALT AGENCIES
AND
SALT CHOWKEY SUPERINTENDENCIES
of
BALASORE, CUTTACK & POOREE.
Scale 8 British Statute Miles = 1 Inch.
TRIBUTARY MEHALS
Rajah of Neelgurh's Territories
Mohur Bunge
MIDNAPOOR
HIJELEE
DANTOON
Patna Jellasore
KUMURDAH
BALASORE
Deheeremah
Sohroh
Koparee
Agurparuh
Bhadruck



REFERENCES.

Agencies	Chokey Stations	Export Depots	Sup[illegible] Dep[illegible]	Local Sale Depots	Govt. Retail Sale Shops	Salt Manufactur-ing localities
Balasore	20	11	3	2	8	8
Cuttack	6	1		2	6	7
Pooree	7	1		2	11	8
Total	33	13	3	6	25	23

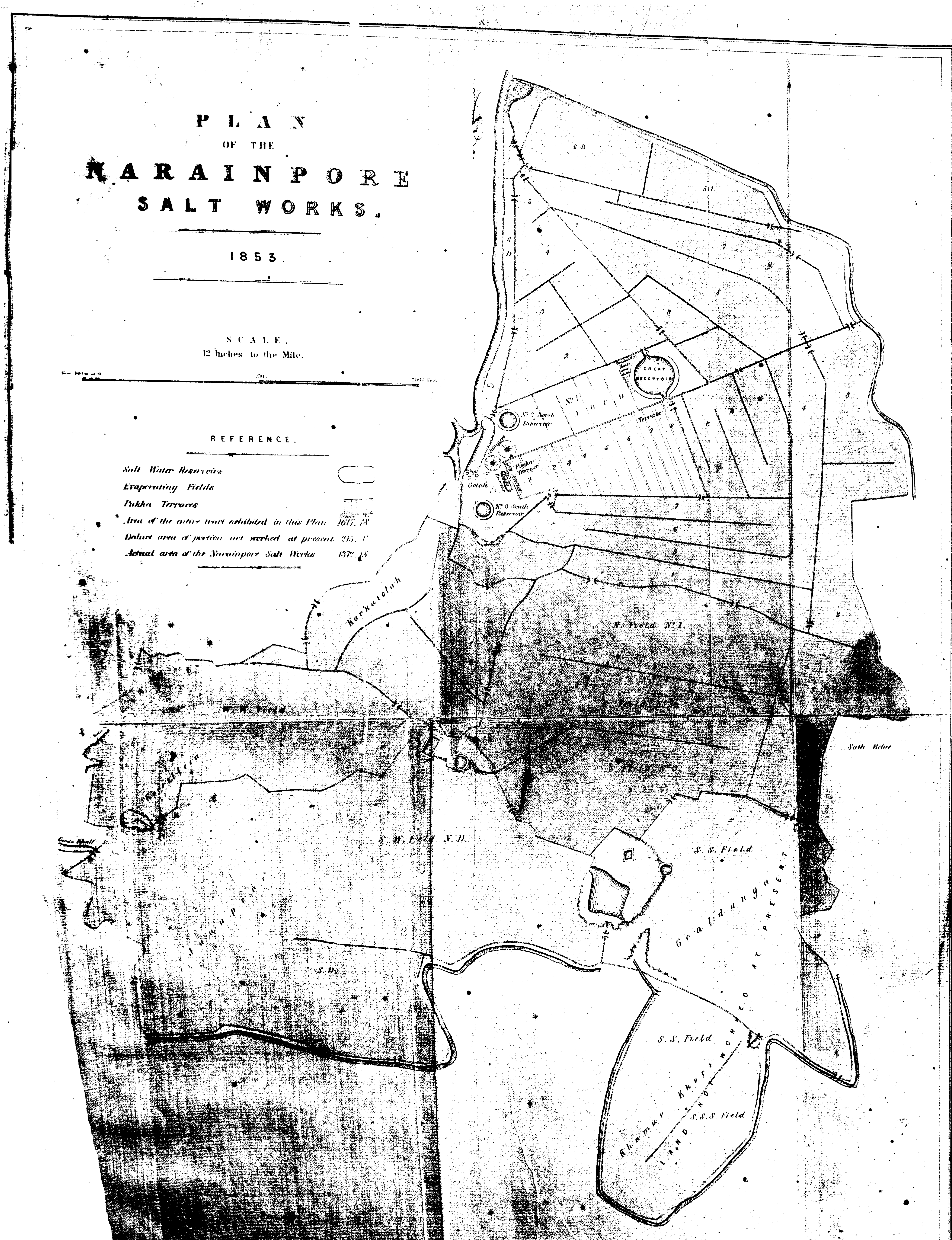

A Map of the
SALT PREVENTIVE SUPERINTENDENCIES
OF
BENGAL
Shewing also the positions of the Salt Agencies
and of the
GOVT. WHOLESALE & RETAIL SALT GOLAHS
OR
Warehouses of each Agency.
Scale 16 Br. Miles - 1 Inch.
MIDNAPOOR SUPERINTENDENCY
WESTERN SUPERINTENDENCY
JELLASORE SUPERINTENDENCY
TUMLOOK SUPERINTENDENCY
HIDGELEE SUPERINTENDENCY
BALASORE SUPERINTENDENCY
KUTTACK
MOHURBUNJ
TRIBUTARY MEHALS
INDEPENDENT HILL STATES
MADRAS PRESIDENCY
MIDNAPOOR
JELLASORE
BALLASORE
CALCUTTA
KUTTACK
Point Palmyras
Mahanuddee R.
Damoodah R.
BURDWAN
RIVER HOOGLY
MOUTHS of the
BAY OF BENGAL
REFERENCES.
Longitude East from Greenwich



†Pooree Superintendency		Calcutta Superintendency	
†Kuttuk	Do	Bareepoor	Do
†Balasore	Do	Baugundee	Do
Jellasore	Do	Jessore	Do
Midnapoor	Do	Backergunj	Do
†Tumlook	Do	Bullooah	Do
Western	Do	Chittagong	Do

N. B. *The Calcutta Superintendency is coextensive with the limits of the City.*

The cross before Superintendencies denotes that they are under the Jurisdiction of the Salt Agents.


PLAN
OF THE
NARAINPORE
SALT WORKS.
1853.
SCALE.
12 Inches to the Mile.
REFERENCE.
Salt Water Reservoirs
Evaporating Fields
Pukka Terraces
Area of the entire tract exhibited in this Plan 1617.18
Deduct area of portion not worked at present 245.0
Actual area of the Narainpore Salt Works 1372.18
GREAT RESERVOIR
No. 2 North Reservoir
No. 3 South Reservoir
Pukka Terrace
Terrace
Golah
Karkatolah
No. Field No. 1
Sath Behe
S. S. Field
Graldunga
LAND NOT WORKED AT PRESENT
Khemar Khore
S. S. S. Field
S. W. Field N. D.
S. D.
W. W. Field
Jawapoor

APPENDIX V.

Punjab Papers.

No. 1.—Rules for the Realization and Protection of the Revenue derived from the Salt Mines in the Scindh Saugur Doab and at Kalabagh in the Punjab.

No. 2.—Memorandum shewing the Duty and arrangement of the Patrolling force on the Sutlej Preventive Line.

Appendix V.—No. 1.

RULES for the Realization and Protection of the Revenue derived from the Salt Mines in the Scindh Saugur Dooab and at Kalabagh, in the Punjab.

THE salt in these mines is the property of the State. The mines are worked and the produce sold for the benefit of the Public Revenue.

2. The price of salt at the mines has been fixed at (2) two rupees per Government maund.

3. Persons desirous of purchasing salt from the mines may pay the price of the quantities they intend to purchase into the Treasury of the Collector of Salt Revenue, or into that of any district in the Punjab. In the latter case, the officer in charge of the Treasury will grant a receipt for the money so paid.

4. On presentation of such receipt, or on payment of the money into his own Treasury the Collector of Salt Revenue will, the same day, deliver to the purchaser a "rowannah" or pass, written in English and Persian and Nagree; specifying, in addition to other necessary particulars, the quantity of salt that has been purchased, and the mine at which it is to be delivered.

5. The rowannah is to be in duplicate, and is to be signed by the Collector, and by his Sherishtadar and Treasurer. It is to have effect for two months from the date it bears.

6. On the Merchant or his Agent presenting the "rowannah" to the Patrol or Assistant Patrol in charge of the Mine, that officer will allow him to fill his bags at the store, and when they are filled, he will have each weighed, and will ascertain that the total quantity agrees with that specified in the Rowannah; then, after entering the particulars of the rowannah in his register, he will endorse the original and duplicate, giving the former to the Merchant to accompany his goods, and sending the latter to the Collector with his daily report.

7. Purchasers are expected to remove the salt as soon as possible to some spot beyond the limits defined in paragraph 9.

•8. Should anything, however, occur to prevent the removal being effected within the term of the rowannah, the purchaser is to present a petition to the Patrol, Deputy-Collector, or Collector, at least three days before the expiry of the term. The Petition shall contain a statement of the cause of the delay, and if the reasons given are satisfactory, the Collector may extend the term to any period not exceeding four months from the date of the rowannah; should the salt not be removed within four months, the term may be further extended by the Commissioner of the Jhelum Division, who is in charge of the Salt Revenue Department, but this extension will be conditional on payment of a fine equal to one-twentieth of the amount paid for the Rowannah. Should the reasons given for the non-presentation of the rowannah, or non-removal of the purchased salt within the original or extended term of the rowannah not be satisfactory, the Commissioner may declare the Rowannah cancelled, and the purchase money forfeited.

The powers of the officers of Government to interfere with the salt obtained from the mines of the Scindh Saugur Dooab, and of Kalabagh is hereby limited to a space which extends around each mine or salt bed, to a distance of 10 miles: but, whenever the right bank of the River Jhelum lies within the ten miles, that bank is the limit of jurisdiction.

10. Within the limits defined in the foregoing paragraph, it is lawful for all officers of the Salt Establishment, to search any carriages and packages upon reasonable grounds of suspicion, that such carriages or packages contain salt not covered by a rowannah, and if the salt thus found exceed one seer, the officer shall retain it; and if it exceed five seers he shall also detain the carriages and animals used in transporting the same.

11. If the salt thus detained exceed five seers, the Collector of salt revenue shall, with all practicable despatch, report the case for the determination of the Commissioner

of the Jhelum Division; and it shall be lawful for that officer to confiscate the salt and also the carriages and animals, or to impose such lesser penalty in lieu thereof as may to him seem fit.

12. Within the limits defined in paragraph 9, it is lawful for all officers in the Salt Department to apprehend any person on reasonable grounds of suspicion that such person is liable to punishment under these rules, and to make him over for trial, with all practicable expedition to the nearest Deputy-Commissioner, Assistant-Commissioner, or Extra Assistant-Commissioner.

13. Within the limits defined in paragraph 9, the Collector of Salt Revenue, the Deputy-Collector, the Patrols, and Assistant Patrols, may search any house said to contain illicit salt, after taking the deposition of the informer, and obtaining the attendance of the Police. The search is to be made by daylight.

14. Every person having in his possession, within the limits defined in paragraph 9, salt exceeding five seers, and not protected by rowannah, or purchased from a licensed vender according to paragraph 19, as also every person who excavates salt, without being employed to do so by the Salt Department, becomes liable on conviction by a Deputy-Commissioner, or Assistant-Commissioner, or Extra Assistant-Commissioner, to be punished by a fine not exceeding 500 rupees, and on non-payment thereof, by a term not exceeding six months, with or without hard labour.

15. Also every person aiding, or abetting, or wilfully conniving at the offences mentioned in the foregoing paragraph, is liable to the penalties therein stated, whether he may himself be within the limits stated in paragraph 9 or not.

16. If the salt found in the possession of any person within the limits defined in paragraph 9, exceed one seer, but do not exceed five seers, it shall be confiscated, and that person will be liable to pay a fine equal to the value of the salt. The Deputy-Collector, Patrol, or Assistant Patrol, may demand the fine, and in the event of its being paid, he will release the person and retain the salt, reporting the case to the Collector who is competent to pass orders upon it; should the party not pay the fine, on being first apprehended, he is to be sent immediately to the nearest Deputy-Commissioner or Assistant-Commissioner, and on proof of the facts before that officer, he will be liable to imprisonment, with or without labour, for a period not exceeding 15 days.

17. Parties wishing to purchase salt for the purpose of retailing it at places within the limits defined in paragraph 9, must state this to the officer in charge of the mine, at the time they are purchasing it, and that officer, provided the quantity applied for be not more than is required for the purpose avowed, will grant permission, reporting the case to the Collector. The person who thus receives salt for retail, within the limits above defined, must keep a register of daily sales, and must give each purchaser a certificate which is to contain a statement of the date of sale, the name of the purchaser, and the quantity purchased. The Board of Administration will issue from time to time such further rules to regulate the retail sale within the limits defined in paragraph 9, as may by experience be found conducive to the convenience of the public, and protection of the revenue.

18. Persons who, within the limits above defined, are in possession of salt purchased from a retail vender, licensed under the foregoing paragraph, will be held exempt from all the penalties above described for possession of salt unprotected by a rowannah, provided they can produce the retailer's Certificate above referred to, and provided also they conform to the bye laws, which, as above stated, will be issued on this subject as occasion may require.

19. Every despatch of salt though covered by a rowannah, shall, while it remains within the limits defined in paragraph 9, be liable to one re-weighment by the Collector or any person bearing a special order from him, or by the Deputy-Collector, Patrol, or Assistant Patrol.

20. Should the examination shew that the despatch exceeds, by more than five per cent, the amount stated in the rowannah, the parties shall be liable at the discretion of the Commissioner of the Jhelum Division to a fine not exceeding double the value of the excess at the Government price. But if the despatch amounts to more than 10 per cent beyond the quantity entered in the rowannah, the whole shall become liable to confiscation, or to such lesser penalty as the Commissioner may determine; and, in addition to this, the parties concerned in the fraud will be held liable to the penalties stated in paragraph 14.

21. Throughout the whole extent of country, which is included between the Indus to the West, and the Beas and Ghara to the East and South, the manufacture of alimentary salt is prohibited, as is also the possession of this description of salt, or of any rock salt, excepting that obtained from the mines of Scindh Saugur, and Kalabagh.

22. For the enforcement of this rule two lines of posts are to be established. The one to be on the Indus. The other to join the Sirsa Customs line at Umrokee ghaut on the Sutlej, to be carried down the right bank of that river, and to terminate at the Mithunkote. When the exact position of these lines has been determined, it will be notified in the Government Gazette.

23. The jurisdiction of the officers of the salt department is hereby declared to extend upon these lines from the chain of posts to the river on the one side, and to a distance of 5 miles on the other. Where the line crosses a river the jurisdiction is to extend from the line five miles up stream, and the same distance down; such, for instance, is to be the case on the Sutlej at Umrokee, on the Chenab at its confluence with the Sutlej, and on the Indus at Mithunkote.

24. The administration and collection of the salt revenue is vested in the Collector under the superintendence and control of the Commissioner of Mooltan, in respect to the Sutlej line, and and under the Commissioner of the Jhelum Division as regards the mines of the Scindh Saugur Dooab and the Indus line.

25. Within the limits defined in the 23rd paragraph, it is lawful for all officers of the Salt Establishment to search any carriages and packages upon reasonable grounds of suspicion that such carriages or packages contain contraband salt, and to retain any salt so found, and, should the amount exceed one seer, the boats, carriages, and animals, used in transporting the same. If the salt does not exceed one seer, the Collector of salt revenue will order it to be destroyed.

26. Whenever the salt thus detained exceed one seer, the case is to be reported with all practicable expedition for the determination of the Commissioner in charge of the preventive line, and if that officer be satisfied that the salt is not the produce of the Scindh Saugur or Kalabagh mines, he shall direct that it be destroyed, and he may declare the boats, carriages, and animals, to be confiscated, or impose such lesser penalty in lieu thereof as may to him seem fit.

27. Also within the limits defined in paragraph 23, it is lawful for all officers of the salt department to apprehend any person on reasonable grounds of suspicion that such person is liable to punishment under these rules, and to make him over, with all practicable expedition, to the nearest Deputy-Commissioner.

28. Within the limits defined in paragraph 23, the Collector of salt revenue, the Deputy-Collector, the Patrol, and Assistant Patrols, may search any house or boat said to contain illicit salt, after taking the deposition of the informer, and obtaining the attendance of the Police. The search is to be made by daylight.

29. All Officers of Police and all Officers of Government engaged in the collection of the land revenue are empowered and required to aid and assist the officers of the Customs department in the execution of these rules.

30. Within the tract defined in paragraph 21, it is incumbent on Deputy-Commissioners and their assistants to destroy all works for the manufacture of salt, and to apprehend the person concerned in the manufacture. These officers are required to seize all salt of every description but that obtained from the Scindh Saugur mines, or from Kalabagh; and they are also to apprehend the possessor of such illicit salt if the amount exceed one seer. The seizure is to be reported to the Commissioner of the Division, and the salt is to be destroyed under his orders.

31. Within the tract defined in paragraph 21, the Tehseeldars and Thannadars may search for salt factories, or for illicit salt on receipt of creditable information, and on recording the evidence of the informer. They may also suppress factories they themselves see in operation, and seize illicit salt which they see exposed for public sale. In all these cases, they may apprehend the parties concerned in the manufacture, and the possessors of the illicit salt if it exceed one seer. But with the foregoing exceptions the police and revenue Establishments subordinate to the Deputy-Commissioner, are not authorized to interfere of their own instance, but are to confine themselves to giving the earliest information of the existence of salt factories, or of illicit salt, and to carrying out the special orders which they receive in each case.

32. Every person having in his possession, within the limits defined in paragraph 21, contraband salt exceeding one seer, and every person engaging in the manufacture of salt, and all proprietors of land, or their Agents, conniving at such manufacture, or concealing the existence of contraband salt, shall, on conviction by a Deputy Commissioner, Assistant Commissioner, or Extra Assistant Commissioner, be liable to be punished by a fine not exceeding 500 rupees, and on non-payment thereof, by inprisonment for a term not exceeding six months, with or without hard labour.

33. All Deputy Commissioners, Assistant Commissioners, and Extra Assistant Commissioners, are competent to receive and determine all charges on account of offences against these rules, and all sentences passed in pursuance of these rules shall be open to appeal in regular course.

34. A moiety of all the fines imposed under these rules will be given to the informers or captors, and if the fine be not realized this moiety will be charged on account of Government, and be charged to the salt department.

35. Any Officer of the Salt Revenue Establishment, or of the preventive line, who shall, without reasonable grounds of suspicion, search any carriage or package, shall, upon conviction thereof before the Deputy Commissioner, within whose jurisdiction the offence may have been committed, be punished with a fine not exceeding 250 rupees, which fine shall be paid over to the party aggrieved, and on non-payment of such fine, with imprisonment not exceeding three months, and any officer of the aforesaid department who shall under colour of these rules apprehend any person without reasonable grounds of suspicion that such person is liable to punishment under these rules, shall upon conviction before the Deputy Commissioner, within whose jurisdiction the offence may have been committed, be punished with fine not exceeding 500 rupees, which fine shall be paid over to the party aggrieved, and on non-payment of such fine, with imprisonment for a period not exceeding six months.

36. On receipt of the sanction of Government to the foregoing rules, a Proclamation is to be issued and posted up in every Cutcherry and Revenue and police station in the Territories west of the Beas and Sutlej, and east of the Indus, explaining briefly the prohibitions, and the penalties attached to the breach of these rules.

Appendix V.—No. 2.

Memorandum shewing the Duty and arrangement of the Patrolling Force on the Sutlej Preventive Line.

The total line is divided into Beats of nearly equal length about 53 miles in direct line, on the Sutlej, but much more by the windings of the river.

In each Beat, there is a Patrol, an Assistant Patrol, and a Superintendent. The Patrol's head quarters are about the centre of the beat, and his personal beat is the largest of the three. The Superintendent and Assistant are posted at subordinate stations on the line. With each is a Mohurrir, for writing reports of seizures and the daily report of work done, 2 Kotegushts and a certain number of Burkundazes, whose duty it is to patrol with the officer, or as he may direct. Under these Superintendents are Chowkeys along the line, each consisting of a Jemadar and 4 men. Their duty is to patrol, night and day, on either side. During the day, a man is posted at an outpost, termed "Naka," intermediate between the chowkeys. The chowkeys are known by their numbers, as No. 1, 2, 3, 4, &c., of such a beat; the superior posts, by the name of the place. These chowkeys are from 2 to 3 miles asunder, generally so placed as to be within sight of one another, or at least of the intermediate Naka. A chowkey is generally near every ferry.

Every Patrol and Assistant sends a daily report to the Deputy Collector in English and Persian, (if he understand English), otherwise in Persian only, showing how his Chuprassees and himself have been employed.

There are likewise returns of all seizures whether made personally, or by the Burkundazes, in three forms, so that there is a constant superintendence of every officer over his subordinate, and all is reported to the Deputy Collector, whose duty it is to hear all complaints against his subordinates, disburse their pay, superintend them in every way, and form the medium of communication with others, whether the Commissioner, or District officer.

The Establishment aids the police in checking thefts, and from its position on the Sutlej, where thieves from the Bhawulpoor territory must cross, ought to be of immense use.

APPENDIX W.

Glossary of Bengal Native Terms.

Abra .. .. .. A superior description of kurkutch salt.
Adul .. .. .. A wooden seal for stamping salt.
Aduldar .. .. A person employed in stamping salt.
Amlah .. .. .. A native official.
Anna .. .. .. The sixteenth part of a rupee.
Arye Pyke .. .. See Shikaree.
Assul .. .. .. Original. Assul-salt. Salt paid for by Government, and brought to account.
Athyalla-muttee .. A peculiar soil, which gives a whity-brown or reddish tinge to the salt produced on it.
Atrafee .. .. A pass covering a portion of a quantity of salt, included in a rowannah.
Aulung .. .. A drying shed.
Aurung .. .. A manufacturing district; a division of an Agency.
Bahar-kandy .. .. Process of heaping salt in the open air thatched over.
Banghy .. .. A slender pole carried on the shoulder, supporting a load suspended at each end.
Barburdaree Mohurir .. A person who keeps an account of contingent expenses incurred in dispatching salt.
Baree .. .. .. A manufactory.
Bazar .. .. .. A market.
Beegah .. .. A denomination of land measure containing 20 cottahs, and equal to about one-third of an acre.
Beoparee .. .. A travelling dealer, or small trader.
Bhadro.. .. .. The name of a month corresponding with the last half of August and the first half of September.
Bhangah .. .. Weighment.
Bhangah Mohurir .. An officer who checks and writes down the weighment.
Bharbojaee boat .. A cargo boat.
Bhoonree ghur .. Boiling house.
Bhowree .. .. A sub-division of an aurung.
Birtee .. .. .. A charitable allowance.
Bund .. .. .. An embankment.
Bungalow .. .. A house with a thatched roof.
Burkundaz .. .. A guard, or watchman.
Bysack .. .. The name of a month corresponding with the latter half of April and the first half of May.
Chappadar .. .. A person who assists in weighing.
Chappakurna .. .. Treading down.
Chappur .. .. The process of treading down.
Char, or Char-chittee .. A delivery order.
Chattee .. .. A name given to a collection of choolas, or boiling houses.
Chattee-paik .. .. A superintendent of a chattee.
Chattur .. .. Land on which salt is found. A salt field.
Chelaun .. .. An advice.
Chittack .. .. The sixteenth part of a seer.
Chokee, or Chowkey .. A guard station.
Chokeedar .. .. A watchman.
Choolah .. .. A fire place.
Chooleah .. .. The person who contracts for a khalaree.
Chowkey .. .. See Chokee.
Chuck .. .. .. A parcel of land.
Chukkur .. .. See Jhant Chukkur.
Chun .. .. .. A species of straw.
Chuprassee .. .. A peon or messenger, so called from the chupras or badge which he wears.
Chur .. .. .. A bank exposed to submersion.
Churbojaee Golah .. This is the name given to golahs so situated that the salt collected in them must be conveyed in boats for a considerable distance before it can be shipped.
Churrundar .. .. A supercargo.
Chuttee .. .. Gunny, or sack cloth.
Cooly .. .. .. A hired labourer.
Coot .. .. .. Estimate. Cooting; estimating.
Coss .. .. .. A measure of distance, being about two English miles.
Cottah .. .. .. A land measure, the twentieth part of a beegah.
Cutcherry .. .. A place of business; an office.

Dadun	A payment in advance.
Dangah	A flat piece of wood to beat down a heap.
Darogah	An officer in charge of a pokhtan, or larger division of a Salt Agency.
Dessee	Of, or belonging to, the country. Dessee boat; a country boat.
Dewan	The native head of a department.
Doolye	Transport operations.
Doosra Sajun	The process of re-impregnating exhausted chutturs, or salt fields, by letting in the spring tides.
Droon	A land measure in the eastern parts of Bengal, containing nearly 7 acres.
Dur-char	A sub-pass or permit.
Dustoory	A customary allowance or present.
Etmandar	A manufacturer, more commonly called molunghee.
Fazil, or fazil dadun	A term denoting the balance payable in excess of advances.
Fusly	A particular æra current in the North-West Provinces.
Gaboo	A labourer.
Gatcha	Salt of a superior quality, formed from the drippings of a basket of salt on wisps of straw.
Gewa-rus	Bittern.
Ghas	Grass or fuel.
Ghaut	A place for landing.
Ghurra	An earthen vessel.
Golah	A warehouse, or storehouse.
Golah Shoomar	A golah account.
Goldar	An inferior servant in connection with a golah.
Gomastah	An agent or manager.
Goolpahurry	A person who watches a golah.
Gujeenah	A sort of grass.
Gurjaut Estates	Estates comprised in the Gurjat, or tributary portion of Cuttack.
Gurjaut Rowannah	Pass protecting salt in the Gurjat territory.
Hath, or Haut	A market held on stated days.
Hath-Chitta	A ticket or memorandum.
Hath-Shoomar	A day-book, or account of daily manufacture.
Hetaul	A tree growing in the jungle used for fuel.
Hijree	Mahomedan æra.
Hoodah	A sub-division of an aurung.
Hoodahdar	The officer in charge of the sub-division called Hoodah.
Hoozoor	The Presence; a title of respect.
Jageer	A piece of land bestowed in reward for services performed.
Jageerdar	The holder of a jageer.
Jal	Brine contained in the boilers.
Jalthelee	A two-pronged bamboo fork.
Jat salt	See Putnee.
Jemadar	The headman of a guard.
Jhant, or Jhant Chukkur	A boiler of a circular shape, about 5 cubits in diameter.
Jhoolah	A frame made of two bamboos, with a net work of rope between them.
Joon	Straw.
Joorah	A basket.
Jooree	A reservoir.
Julkur	An asset derived from fisheries and watercourses.
Jullan-thannah	Ground for the store of grass and other fuel.
Julpye	Fuel lands.
Julpye Mohurir	A native clerk who keeps accounts of the fuel lands.
Jumma	Revenue; a fixed rental.
Jungle	Land covered with forest or brushwood, or even grass.
Kandah	Raised edges of a fireplace to support the boiling pot.
Kandy	A heap.
Kantah Mohurir	An officer who attends the scales, and keeps an account of the weighment of salt.
Karkoon	The superior accountant of a pokhtan.
Keearee	A space bunded in for salt manufacture.
Khal	A creek, a canal.
Khalaree, or Khullaree	A salt work, containing a sufficient space for the salt fields, vats, and boiling apparatus prepared by each chooleah or contractor.
Khas	Special. Khas management. Special management by the officers of Government.
Khazana-khuttee	The name of a khuttee, or enclosure for the reception of store salt.
Khorakee	Diet allowance. An allowance of a certain quantity of salt made to zemindars.
Khullaree	See Khalaree.
Khusreh	Measurement in detail, or the record of such measurement.
Khuttee	A square enclosure.
Khutwah	A boat contractor.
Khoorpa	An iron scraper with a wooden handle at each end.
Killah	A fort.
Kitabut	The duties of a char mohurir.
Koonah	A dry well or hole.
Koondee, or Koonree	An earthen pot.
Kurkutch	Salt produced entirely by solar evaporation.
Kyal	A weighman.
Lakhiraj	Rent free.
Maharas-kandy	Salt heaped off after measurement.

Maidah	A filterer of a peculiar construction.
Malikanah	Proprietary profits.
Manjee	A boatman.
Maund	An Indian weight of $80\frac{2}{7}$ lbs. avoirdupois.
Mehal	A place; an estate.
Modhoormatee	A name given to the earth on the higher level of the Chilka Lake from which salt is extracted.
Mofussil	The interior of a district; country in opposition to town.
Mogulbundee	A territory of Cuttack in the British jurisdiction as distinguished from the Gurjat territory.
Mohurir	A native clerk or accountant.
Mokam	A sub-division of an aurung.
Molunghee	A manufacturer of salt, or person contracting to manufacture a certain quantity of salt.
Mootaien	A person specially appointed.
Mooteah	A common labourer.
Mootyan	Appointed.
Moshaira	An allowance or compensation.
Moye	A machine used for levelling a ploughed field by breaking the clods of earth.
Muchdiah	Privilege of fishing.
Mudhooree	Land become sweet, or deprived of its saline properties.
Muhajun	A dealer or merchant.
Muzoor	A cooly or labourer.
Nad	A receiving vessel. Also refuse earth from which salt has been extracted.
Naib	A deputy.
Naib Jemadar	The assistant, or deputy, of a jemadar.
Nazir	An officer who sees to the service of writs and the execution of orders.
Nulbun	A field of wild straw.
Nullah	A canal or watercourse.
Nyakhuttee	A new enclosure.
Ooriah	A native of Orissa.
Pakee	The person who superintends the boiling of the brine.
Paun	Betel leaf.
Pawnsway	A country boat used for travelling.
Peon	A messenger; a police officer.
Pergunnah	A division of a district.
Peshkar	A ministerial officer of a cutcherry.
Pharee	A police station.
Pherrah	A measure of capacity.
Pherriah	A retail dealer.
Poddar	An examiner of money.
Pokhtan	The highest division of a Salt Agency.
Pungah	Salt produced by boiling the brine.
Purtal	Weighment or measurement.
Puteet	Fallow.
Putnee	The earthen pot in which the brine is boiled.
Putnee Talook	A talook, or tenure, separated from an estate with an assigned jumma.
Pyke	A watchman.
Rajah	A title of nobility.
Roojoonuvees	A tally-writer.
Rowannah	A pass or permit.
Rowanadar	A person holding a pass.
Rughoonath khuttee	The name of a khuttee or enclosure.
Ryot	A cultivator or tenant.
Sajun	The season when salt lands are prepared; the preparatory process for rendering lands fit for the production of salt. See Doosra Sajun.
Salamee	A douceur, a present.
Salmatee	A name given to the earth on the lower level of the Chilka Lake, from which salt is extracted when the bed of the lake has become dry.
Seer	The fortieth part of a maund.
Sherishtadar	A head native officer.
Shikaree	A huntsman.
Shoomar	An account.
Shuhur rujub	The month of Rujjub.
Sirdar	An overseer; a headman.
Soorbelle	A species of reed growing in marshy situations.
Sowdah	Distribution.
Sowdaputter	An agreement.
Surruff	Surplus.
Taggar	Brine pit.
Taidad	Fixed quantity.
Talook	An estate paying revenue to Government, or to a superior landlord.
Tarputtur	An account of daily sales effected by retail dealers.
Teepah	A memorandum, or paper, on which the tally is kept in weighing.
Teepah-nuvees	A writer of a teepah, or memorandum, at weighing.
Telin	A pot of the larger size for boiling brine.
Telineah Salt	Salt produced in the Telin.
Teerundauz	Peon or watchman.
Thannah	A police division.
Thannah-kuttee	An enclosed receiving place.

Thannah-muttee	.. Earth collected in heaps for manufacturing purposes in wet weather, or whilst the salt fields are being prepared.
Thannah-nad ..	.. Brine receiver.
Tolah	.. A weight of 180 grains troy; a rupee weight.
Tukrar doolye ..	.. Literally, disputed transport.
Tunkha ..	.. A delivery order.
Tuppeh ..	.. A division.
Umlee	.. An æra current in the Cuttack province.
Wuzun-buhee ..	.. Book or register of measurements.
Zemindar ..	.. A landholder.
Zemindaree ..	.. The estate of a zemindar.
Zillah	.. A district.
Zillahdar ..	.. An officer in charge of a zillah.