REPORT

OF THE

SALT COMMITTEE,

APPOINTED UNDER THE ORDERS OF THE
GOVERNMENT OF INDIA.

(Resolution in the Department of Finance and Commerce, No. 4844 S. R., dated the 11th August 1903.)

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INTRODUCTORY.

The Salt Committee, consisting of the officers named in the margin, was appointed under the Resolution of the Government of India in the Finance and Commerce Department, No. 4844 S.R., dated the 11th August 1903, to enquire into and report upon the following questions:—

Mr. H. Bradley, I.C.S., Member of the Board of Revenue, Madras	President.
Mr. R. M. Dane, I.C.S., C.I.E., Commissioner, Northern India Salt Revenue	Member.
Mr. J. L. Jenkins, I.C.S., Commissioner of Customs, Salt, Opium and Abkari, Bombay . . .	"
Mr. H. Wheeler, I.C.S., Secretary, Board of Revenue, Lower Provinces	" and Secretary.

I. The desirability of amalgamating the Bombay and Northern India Salt Revenue Departments.

II. The expediency or otherwise of amalgamating the Bengal and Northern India Salt Revenue Departments.

III. The system of agencies for the sale of Government salt in the Bombay Presidency.

IV. The supply of salt in Bombay and the Deccan.

V. The advisability of permitting the export of unexcised salt from Bombay to the Native States of Cochin and Travancore.

VI. A proposal of the Madras Government to make the retail sale of salt by weight compulsory in that Presidency.

VII. The question whether the production of light large-grained salt is prejudicial to the interests of the consumer or of the revenue, and whether any modification or restriction is called for.

VIII. A proposal of the Chief Commissioner of Assam that legislation should be undertaken to provide for the introduction into that province of an inland bonded warehouse system; also, an application from the Oriental Salt Company, Limited, for permission to transport salt in bond by rail from their factories in Madras to Bengal under a system similar to the inland bonded warehouse system; and a proposal of the Bengal Government to reduce the amount of wastage allowance given under their system.

2. The Committee assembled at Simla on the 2nd November 1903, and presented its Report on the 21st March 1904. Its tour, which lasted 94 days, extended to the Punjab, Sind, Rajputana, the Bombay and Madras Presidencies, the Native States of Mysore and Cochin, and to Bengal. Details of the localities visited are furnished in Appendix I.

3. In the different Chapters of the Report we have dealt with the subjects referred to us in the order in which they are set forth above, but the desirability of amalgamating the Salt Department in Sind (which is separate from the Salt Department in Bombay) with the Department in Northern India has been discussed separately from the general question as regards Bombay.

4. We sign the Report subject, in certain instances, to the minutes of dissent recorded.

H. BRADLEY, President.

R. M. DANE,
J. L. JENKINS,
H. WHEELER, } Members.

REPORT

OF THE

SALT COMMITTEE,

1904.

CHAPTER I.

THE PROPOSED AMALGAMATION OF THE BOMBAY AND NORTHERN INDIA SALT REVENUE DEPARTMENTS.

1. Before proceeding to discuss the proposed amalgamation of the Northern India and Bombay Salt Departments, a brief description of each Department may be useful.

Constitution of the Northern India Salt Revenue Department.

2. The Department of Northern India Salt Revenue is administered, under the direct supervision of the Government of India, by a Commissioner (pay, ₹2,500 with head-quarters at Agra and Simla), with the assistance of a Deputy Commissioner (pay, ₹1,000—50—1,200). Its permanent strength, all told, is 1,923, as shown in the margin, and for the year 1902-03 the expenditure amounted to ₹40,30,052, of which ₹29,74,445 was on account of treaty payments, against receipts of ₹1,93,78,967, of which ₹1,81,58,559 was under the head of duty on salt. Its operations extend throughout the North-West Frontier Province, the Punjab, the United Provinces of Agra and Oudh, and the Patna and Bhagalpur divisions of Bengal, and officers are occasionally deputed to ascertain by inspection the extent to which the Native States of Central India and Rajputana comply with their treaty obligations in the matter of salt. The Department is concerned with the suppression of salt smuggling, of the illicit manufacture of salt, and of the removal of salt from natural deposits within the area of British territory thus specified. It also controls the manufacture and refinement of saltpetre,* together with the reduction of salt during the process and the production of sulphate and carbonate of soda. The following are the salt works under the Department: the Mayo Mines and the other minor sources in the Salt Range in the Punjab; the Kohat and Mandi quarries the Sambhar lake, Pachbadra and Didwana (held under

Permanent.	
Assistant Commissioners	7
Superintendents	29
Assistant Superintendents (excluding probationers)	7
Inspectors	90
Clerks and treasurers	128
Petty officers	182
Peons, weighmen, daftaries, and khalasis	1,468
Medical officers	2
Hospital assistants	3
Hospital servants	7
TOTAL	1,923
Temporary.	
Petty officers	25
Peons and chaukidars	164
Menials	38
TOTAL	227
GRAND TOTAL (PERMANENT AND TEMPORARY)	2,150

* No. of factories working in 1902-03 :—

Crude saltpetre works	38,859
Refineries	399
Sulphate of soda works	5,156
Carbonate of soda works	913

lease in Native States); and the Sultanpur works in the Gurgaon and Rohtak districts of the Punjab. The quantity of salt produced during the year 1902-03 was 87,97,584 maunds, and 76,57,854 maunds (exclusive of 39,360 maunds issued to Native States free of both price and duty) were sold through the agency of the Department. The salt of the Northern India Department is consumed in the North-West Frontier Province, the Punjab, and the greater part of Kashmir, where it practically holds the field: in the United Provinces and Rajputana it constitutes the main source of supply, although the Baragara salt of Bombay is also consumed: in the Central Provinces and Central India it takes a place secondary to Baragara and to Bombay and Madras sea salt: while in the Patna division of Bengal it competes to some extent with salt imported by sea.

NAME OF WORK.	QUANTITY OF SALT DURING 1902-03.	
	Produced.	Sold.
	Mds.	Mds.
Punjab Salt Range	25,18,014	25,56,951
Kohat quarries	3,74,644	3,74,644
Mandi quarries	1,29,862	1,29,862
Rajputana salt sources	56,58,494	44,84,404
Sultanpur works	63,930	59,353
Internal Branch (saltpetre salt)	52,640	52,640
	87,97,584	76,57,854

3. The control of the Government of India over the Bombay Salt Department is exercised through the Local Government, subordinate to whom are the Commissioner of Customs, Salt, Opium and Abkari (pay, R3,000 or R3,500, according to grade), and the Collector of Salt Revenue and Continental Customs * (pay, R1,800 or R2,325, according to his grade as Collector). The latter officer is assisted by a Department of the permanent numerical strength of 4,629, of which details are given in the margin, and for the year 1902-03 the expenditure amounted to R16,89,057, against receipts of R2,33,39,633, of which R2,26,83,795 was on account of the duty on salt. Throughout the Presidency of Bombay, exclusive of Sind, the Bombay Salt Department is entrusted with the prevention of breaches of the salt law, the production and sale of salt at the Government sources of Kharaghoda and Dharasna, and the supervision of the excise works. The quantities of salt produced and sold during the year 1902-03 from these sources are shown in the margin. Bombay salt is consumed in practically the whole of the Presidency itself. Outside the Presidency, Baragara salt is in demand in the Central Provinces, Central India and the United Provinces, in all of which it comes into contact with Northern India salt. Excise sea salt is consumed in the Central Provinces, Central India, Madras, the Nizam's Territory, Mysore, Cochin and Travancore, and Calcutta. In Madras, the Central Provinces, the Nizam's Territory, and Mysore, it competes with Madras salt; in Calcutta, it forms a small proportion only of the salt imported by sea.

Constitution of the Bombay Salt Department.

* i.e., Customs outside the island of Bombay.

	Throughout the year.	For a portion of the year only.
Assistant Collectors	10	...
Native Assistant to Collector of Salt Revenue	1	...
Sarkarkuns	34	...
Inspectors, Superintendents and Darogas	68	...
Clerks	553	140
Medical staff	4	...
Petty officers	468	13
Subordinates, (peons, boat crews, etc.)	3,491	1,394
TOTAL	4,629	1,547
	$\underbrace{\qquad\qquad}_{6,176}$	

NAME OF WORK.	QUANTITY OF SALT DURING 1902-03.	
	Produced.	Sold.
	Mds.	Mds.
Kharaghoda	28,01,779	20,91,508
Dharasna	1,70,107	2,62,302
Excise works	74,14,866	68,58,807
TOTAL	1,03,86,752	92,12,617

An important feature of the Salt Department in Bombay is the extent to which it is connected with other branches of the administration. Thus the Commissioner supervises also the working of the Customs, Excise and Opium Departments, while the Collector of Salt Revenue is in charge of the sea customs at all ports except Bombay itself and the ports in Sind, and of the land customs on the Kathiawar, Goa, and Daman frontiers. His supervision extends over the administration of port funds,† the coast guard service, and light houses,‡ while he also controls the working of the Uran distilleries § near Bombay. The establishments subordinate to him are further responsible for the prevention of offences against the excise and opium laws within the areas under their supervision.

	1902-03.
† Receipts	R87,233
Expenditure	R87,846
‡ Number during 1902-03	29
	1902-03.
§ Number	18
Outturn	galls. 13,96,731
Receipts	R20,36,742
Expenditure	R37,970

4. The close connection of the work of the Bombay Salt Department with the sea is the most important factor in the case. The greater part of the salt manufactured at the excise works leaves them by water, and it is on the side of the sea and the numerous creeks intersecting the coast line, that the main danger from smuggling lies. It is the fact that Goa and Daman have seaboards, and that both salt and liquor are manufactured in them, which renders necessary the expensive preventive lines around their land frontiers, and the coast line of the Kathiawar States is similarly the justification of the southern portion of the Northern Frontier line and of the interdiction of the carriage of salt by sea north of Bombay. The figures in the margin show the importance of these land frontier lines. Hence many salt officers are necessarily also customs officers, and customs officers, salt officers. Scattered down the west coast are customs ports, the officers in charge of which are responsible for the examination of all consignments of salt transported under permit and the prevention of the importation of illicit salt; they also supervise the deposits of natural salt within the limits of the different ports, that is to say, throughout the whole length of the coast line of the Presidency south of Sind. Of the salt preventive officers four * are stationed on barges, and three † at wharves at customs ports, and it is by virtue of their powers as customs officers that they control the registration and movement of vessels by which the legitimate trade is, and smuggling may be, carried on. Again, it is as customs officers that the officers of the Department supervise traffic on the land frontiers. The coast line, with its intricate system of creeks and inlets, is patrolled by 15 inspectors in boats, whose duty it is to supervise the land guards under the customs sarkarkuns and to check breaches both of the salt and customs laws. The administration of the Transport of Salt Act is in their hands, and they are required to make unexpected visits to salt works and to check weighments. The prevention of excise and opium offences falls naturally within the scope of their supervision, while to the Collector and his subordinates, whose duties take them constantly along the littoral, the supervision of port funds and light houses is conveniently delegated. To the control of the Uran distilleries as part of the functions of the Collector of Salt Revenue, we do not attach so much importance. Since his duties take him to Uran where there are salt works at which an Assistant Collector is resident, the distilleries come easily within his charge, but their management need not necessarily be combined with his functions as a salt or customs officer.

Close connection between Salt and Customs work in Bombay.

	Length, miles.	FORCE ENTERTAINED.		
		Officers.	Men.	Cost.
				R
Northern Frontier	213	17	1,153	1,96,730
Damau ,,	17	3	269	45,869
Goa ,,	182	15	837	1,91,950

* Bassein.
Trombay.
Uran.
Karanja.

† Bhainder.
Mahul (Matunga).
Chendni Bandar (Thana).

5. The proposal that the Northern India and Bombay Salt Departments should be amalgamated, came before the Government of India on the suggestion of the Secretary of State in 1889, but it was at that time part of a wider scheme for the centralisation of the salt administration throughout India in the hands of one Director. The larger proposal was then negatived, it being held in accordance with the weight of opinion expressed that the advantages of local control in Madras and Bombay outweighed the drawbacks which might attach to the existence of several subordinate controlling authorities. It has been suggested that a reconsideration of the earlier view may be desirable, at any rate in respect of the two divisions of the administration to which the specific recommendation now before us is confined.

Earlier proposals for amalgamation.

Government of India despatch No. 239, dated the 10th August 1889, to the address of the Secretary of State.

6. So long, however, as the administration of salt and customs in Bombay continues to be connected as at present, we are unanimously of opinion that one single authority cannot control the salt

Effect of connection between Salt and Customs in Bombay.

interests of Bombay and Northern India. Any arrangement under which the Collector of Salt Revenue would be subordinate to the head of a combined Department in salt matters, and to the Commissioner of Customs, Opium and Abkari as regards customs, would be unsatisfactory. Unless some change is made in the duties of the Collector of Salt Revenue and Continental Customs, we consider, either that he must remain as at present subordinate to the local Commissioner, or that the Director of a combined Department must assume control of customs both at Bombay and at the other coast ports of the Presidency. That one authority could efficiently unite these duties with the control of the Northern India Salt Department we do not deem practicable.

The possibility of separating Salt and Customs in Bombay.

7. It has been suggested, however, that under possible contingencies the management of continental customs might be withdrawn from the Collector of Salt Revenue, Bombay. That such a separation is theoretically possible we do not deny, but we are of opinion that effect could not be given to it without loss of efficiency, and at the cost of the entertainment of more expensive dual establishments. Any such separation would involve the removal of the port and customs establishments, coast patrols, and frontier lines from the jurisdiction of the Collector of Salt Revenue, leaving them to collect duty upon salt licitly imported and to prevent the introduction of illicit salt as they would of any other contraband article; but we would apprehend much trouble in the future if the head of the Department responsible for the salt administration of the Presidency were deprived of control over the establishments upon whom the responsibility for the exclusion of smuggled salt would chiefly lie. Moreover, the joint salt and customs officers are entrusted with the supervision of natural deposits of salt, and the reweighment of duty-paid salt entering the ports; it is difficult to see how these duties could be discharged in independence of the Salt Department. Again, the barge and wharf officers are responsible for the check weighments of salt leaving the works; they are also the customs officers charged with control over vessels quitting and entering the ports. In the former capacity they are essential for the check of consignments of salt leaving the works, and the officer responsible for the salt revenue must have powers over them.

There are of course the alternatives of having the combined staff under separate masters, or of duplicating the establishments. The conflict of authority and consequent friction likely to result from the first course must be detrimental to efficiency, and the second would result in unnecessary expenditure. The question, moreover, has already been decided practically. Some of the continental ports which were formerly under the District Collectors, were transferred to the Collector of Salt Revenue because it was found by experience that this course was necessary for the safety of the salt revenue.

Previous arguments on the subject of amalgamation.

8. Apart from the practical aspects of the question, it has been suggested that the amalgamation of the salt administrations in Bombay and Northern India might be desirable if the Bombay Salt and Customs Departments were separated. We therefore notice the arguments which, in such a contingency, might be used on either side.

When the question of placing the Salt Departments in India under one official head was discussed in 1889, it was argued that the equalisation of the salt duty throughout India and the importance of the salt revenue as an available reserve of the imperial exchequer justified the centralisation of control. It was held then, and we all agree in the conclusion, that neither circumstance constituted a valid reason for the change. It was admitted in 1889 that one of the drawbacks of the existing system was that the experience of one Department was not fully utilised in another, and with this we agree. The majority of us are also agreed that this defect is more than counterbalanced by the other advantages of the present system.

9. The following additional arguments have now, however, been adduced :

Further arguments on the subject of amalgamation.

(i) It is represented that as seven-tenths of the Bombay salt revenue is derived from consumption outside the Presidency, the management of the Bombay salt sources is a matter of imperial rather than provincial concern.

A similar argument was used in 1889 as justifying the direct control of the Government of India in the interests of consumers who obtain their supplies of salt from sources outside the provinces in which they are themselves resident. It was then held that it was not established that the interests of such consumers required to be safeguarded, or were likely to be prejudicially affected by the control of the salt supply being under another Government, and this contention we fully accept.

It is urged that, with the exception of Bengal, Baluchistan, Sind, and the area to the east of the Central Provinces which is supplied with salt from Madras, the Bombay and Northern India Salt Departments are responsible for the supply of salt to the whole of Upper India. From this it is argued that the question how the quantity of salt required (say a crore of maunds) for the supply of this vast area can best be provided, would be dealt with more comprehensively and efficiently if the two Departments were under one management. The reference is particularly to the regulation of the proportions of the total supply extracted from the different competing sources.

Resolution of the Government of India, No. 326, dated the 17th January 1882.

The position so far assumed by Government has been that while the salt revenue is derived from duty, and the sale price of salt is so fixed as to cover certain defined items of expenditure incidental to manufacture, the demands upon the different sources and the distribution of the salt purchased from them should be left entirely to the requirements of trade. In this connection the remarks of the Secretary of State, in Despatch No. 85, dated the 13th October 1881, are relevant :

"It is true that * * * the policy of expending a considerable sum with the result of increasing the supply of a particular class of salt to provinces already well provided with salt of good quality appears at first sight questionable; but, on the other hand, the alternative—which is practically that the authorities at Kharaghoda shall sell salt only on being satisfied that the purchase is for local consumption till convinced that the local demand has been fully supplied—appears to me opposed to the true principle which should regulate the administration of Government salt works. That principle is to allow the free purchase of salt by whoever chooses to pay the price and duty, leaving its subsequent disposal to be regulated by the demands of trade.

* * * * * * * *

"I doubt not that Your Excellency will fully agree with me that the policy should everywhere be to ensure, subject only to the condition of the security of the revenue, the freest and fairest competition between different kinds of salt, whether the produce of Government or of private works and whether paying duty to the credit of one or of another Department. This principle is evidently most advantageous to the public, as ensuring the largest possible supply at the lowest price, and it is equally advantageous to the revenue, which benefits by the largest possible consumption."

But it is argued that the present policy of unrestricted competition between different sources may be detrimental to the sources themselves. It has been apprehended, for instance, that the Sambhar lake cannot continue to supply the large quantities of salt which in recent years have been taken from it, and that an extension of the Kharaghoda works in order to open new pans in place of others which have been worked out may become necessary in the not very distant future. It is to be observed that the data in support of these statements are somewhat indefinite, and as regards the Sambhar lake in particular, that enquiries are now in progress, the results of which have still to be seen. It may be that while the Sambhar lake has a practically perpetual life at a certain rate of annual extraction, the working of it at a pressure exceeding this limit may result in irretrievable damage. Even granting this, there would appear two courses open to Government: either to definitely limit the yearly manufacture to such quantity as may seem expedient, or to arrive at the same end by an enhancement of price calculated to diminish the demand. To some extent the latter course has already been adopted in the interests of the Pachbadra and Didwana sources by fixing the sale price of salt at Sambhar at 4 annas a maund against 1 anna 6 pies and 9 pies per maund respectively at the other two. In either case we fail to see that the discretion of Government in their control over the Northern India Department, is affected by the fact that a separate local authority subordinate to them has jurisdiction in Bombay.

Again, it may be, as Mr. Jenkins thinks as regards Kharaghoda, that there is only a certain amount of salt to be extracted from the source, which is independent of the rate at which it is removed. In this case the retardation of the annual output can have no ultimate effect, and granting the existence of unlimited areas for extension, as is the case in the Runn, the only need would be the timely provision of the possibility of exhaustion, and a decision whether the cost of further development should be left to be met from the price of salt in future, or anticipated by a smaller immediate increase in price calculated to establish a reserve fund. In any case, the independent operations of the Northern India Department need not prejudice the adoption of the most expedient course. Questions of this nature, should they arise, are of such importance as to require consideration by the Government of India, to which both Departments are subordinate, and which is in a position to take a comprehensive view of the facts.

It is represented further that the consumers are vitally interested in the working of the different sources in relation to one another, since under independent management it may occasionally happen that a local failure creates a temporary scarcity of salt. The instances quoted are the failure of manufacture at Sambhar in 1892-93, and the diminished production of the Bombay sea salt works owing to unfavourable climatic conditions in 1903; but such occurrences could not be prevented by the amalgamation of the two Departments.

(ii) Another argument adduced is that although competition between different Departments for the supply of salt to particular areas is in some respects beneficial, there is a danger that the financial interests of Government may not be sufficiently considered in the struggle.

The contention is an extension of that put forward in 1889 regarding the evils of divided management, to which it was answered that such a result would only be likely to ensue if different administrations attempted to interfere within the same area, which was not the case. In exemplification of the argument in its present shape various instances are quoted:—

(*a*) Involved in the sale price of salt produced at the Rajputana sources are certain payments made to the Native States of Jaipur and Jodhpur, as shown in the margin, aggregating R11,25,773. Of this total only R5,00,000 are recovered from the sale price of the salt manufactured, the remainder being regarded as a political charge * to be met from the duty. It is the opinion of Mr. Dane that a larger proportion of these payments should be recovered from the sale price by a proportionate enhancement, not only of the price of Rajputana salt, but also of that of salt from the other competing sources in the Punjab and at Kharaghoda. The attitude of the Bombay Government in 1890, in opposing an increase in the price of Baragara salt, is instanced as exemplifying the difficulties existing under a system of divided management, and it is argued that considerable sums have been lost which might have been recovered if the interests of the salt revenue had been regarded as a whole, instead of from a provincial standpoint only.

	R
Rent of the Sambhar lake . .	5,50,000
Rent of the Pachbadra, Didwana, and Falodi sources, and the Luni tract .	3,76,000
Royalty of 40 per cent. of the sale price payable upon all salt produced at Sambhar in excess of 17¼ lakhs of maunds (average of ten years ending 1902-03)	1,99,773
TOTAL .	11,25,773

* Letter of the Government of India, to the address of the Commissioner of Northern India Salt Revenue, No. 5441, dated the 22nd November 1890.

Bombay Government letter No. 1649, dated the 8th July 1890, to the address of the Government of India.

We would observe, in the first instance, that although the suggestion that the treaty payments should be equitably distributed over several sources was contained in the papers, the actual proposal referred to the Government of Bombay in 1890 was as to "the expediency of lowering the price of Sambhar salt, if simultaneously the sale price of salt at the Punjab mines and at Kharaghoda can be raised, so that, on the whole, there may be no reduction in the revenue." Secondly, it was the Government of India which finally decided to recover only five lakhs of the treaty payments as well as not to press upon the Bombay Government the enhancement of the price of Baragara salt. It does not come within the terms of our present reference to discuss these decisions, but we cannot admit that the existence of separate control over the two Departments influenced them in any way. Under any scheme of amalgamation the Local Government would presumably be consulted before any action was taken

which would have the effect of raising the sale price of salt. If so, the position would be as in 1890, that the Government of India, having the facts of the case before them, would decide what they thought best.

(*b*) The loss to the public revenues from the maintenance of agencies for the sale of salt in Gujarat is also quoted as an example of the harm done by indiscriminate competition.

But as Northern India salt has never been sold in Gujarat, the element of departmental competition does not exist. Here again, the matter would have been for the ultimate decision of the Government of India, and it cannot be said that it has not been frequently considered by them. In the case of the agencies of the Bombay Government outside the Presidency, in regard to which there is perhaps more colour for the allegation of competitive bias, the Government of India did intervene and directed them to be closed.

(*c*) Lastly, it is argued that, under the stress of competition, the Bombay Salt Department has been selling Baragara salt at a rate lower than is justifiable under the orders of the Government of India of 1882.

This is a matter which we have separately discussed (Chapter IV, paragraph 7). The idea that the efficiency of an administration should be gauged by the amount of salt issued, irrespective of other considerations, should be easily kept in check by the Government of India under the principles laid down by whom the sale price of salt is fixed, and within whose power it lies, either under separate or amalgamated Departments, to enforce compliance with their instructions.

(iii) Thirdly, it is argued in favour of amalgamation that it would permit of the creation of one strong Department, the larger cadre of which and the offer of more numerous prizes in recognition of good work would enable the recruitment of a better class of officer.

While not admitting that the existing type of officer employed is unsuitable, we would welcome anything in the direction of improvement. Since no proposals are contemplated for a general enhancement of pay, the proportion of prizes to the strength of the cadre would remain the same, and we are sceptical of any material change resulting in the class of men attracted to an amalgamated service. The advantage to be gained would seem mainly to lie in the larger field of selection for some appointments existing in both Departments, as now constituted, which demand special qualifications. There would, however, always remain such difficulty in the way of selection as would be caused by the great divergence of conditions between the different parts of one Department, which would inevitably have the practical result of splitting it into two. The men who understood the customs and languages of Bombay would gradually drift mainly into service there; those who were acquainted with the local circumstances of Upper India would tend to remain there. On the whole, while we admit that the argument offers some advantages, we do not lay much stress upon it.

(iv) Carrying a similar argument to the case of the superior staff, it is represented that men of experience would be more readily available for the control of one amalgamated Department. The form of organisation contemplated is that of one Director, assisted by two Deputy Commissioners, on R1,500, in charge respectively of the Northern India and Bombay divisions, under which it is argued that a certain number of members of the Civil Service could be trained as Assistant and Deputy Commissioners, thus ensuring that a well qualified officer would always be available for appointment to the post of Director. It is urged that at present an officer newly appointed as Commissioner in Northern India usually knows nothing previously about salt, and if of senior standing, it is possible that he may never be able to acquire the intimate knowledge of the technical details of the Department which is desirable. The same is alleged to be the case in regard to the appointment of the Collector of Salt Revenue in Bombay, while as regards the Commissionership of Salt, Customs, Opium and Abkari, it may happen, if the appointment is made by seniority, that the officer chosen has no previous knowledge of salt questions.

Whether the two Departments were amalgamated or not, it is possible to post members of the Civil Service as Assistant Collectors of Salt Revenue in Bombay, and the objection that the smallness of the cadre in Northern India would render this difficult, should give way if such a course is thought otherwise desirable. In the absence of such an appointment, a member of the Civil Service joining the amalgamated Department as a Deputy Commissioner, would necessarily come to it without previous experience, as is the case with the Collector of Salt Revenue, Bombay, but it is to be noted that whereas the latter officer is now usually of some seniority, whose knowledge of the conditions of the Bombay Presidency is at least guaranteed, and who works under the immediate supervision of the Commissioner of Customs, Salt, Opium and Abkari and the Local Government, a civilian Deputy Commissioner on R1,500 would probably be a more junior officer, with possibly no previous acquaintance with Bombay. At the same time the importance of his charge would be enhanced by the fact that the Director of the amalgamated Departments would exercise a more distant, and necessarily a more general, control. It is also obvious that a Deputy Commissioner upon R1,500 per mensem, could not possibly hold the same position in his relations with Collectors of districts, as the Collector of Salt Revenue does now.

Under existing conditions it may be said that for the post of Commissioner of Customs, Salt, Opium and Abkari in Bombay, the Local Government have ordinarily at their disposal an officer who has had previous training as Collector of Salt Revenue, and the appointment has usually been so filled. We doubt if we are justified in assuming that undue weight would be given to claims based upon seniority in preference to those of a properly qualified candidate. With the Commissionership of Northern India Salt Revenue circumstances are somewhat different, and unless an officer of Madras or Bombay experience were selected for the post, it is the case that his previous acquaintance with salt affairs is of a general character only. The disadvantage is one shared by other appointments in this country of a more or less technical character, *e.g.*, Commissionerships of Excise, and can be soon got over by a capable officer with the assistance of a responsible departmental adviser in the shape of the Deputy Commissioner.

The administration of a combined Department.

10. At present the final direction and supervision of both Departments vests in the Government of India. Some of the criticisms adduced might appear to suggest that the control of the Northern India and Bombay Departments is nowhere centralised, and the practical portion of the difference of opinion between ourselves and the advocates of amalgamation is as to the point at which that centralisation should be introduced. Under existing circumstances the Department in Northern India is actually administered by a Commissioner assisted by a Deputy; in Bombay, the immediate supervision vests in the Local Government aided by a senior officer in the appointment of Commissioner of Customs, Salt, Opium and Abkari, while the administration is entrusted to an officer of responsible standing in the shape of the Collector of Salt Revenue. The scheme of amalgamation which has been outlined contemplates that the details of administration should be entrusted in both Divisions to Deputy Commissioners upon R1,500, one of the two being ordinarily a covenanted, and the other a departmental officer. The latter would necessarily be of senior standing; the former would almost certainly be junior to the average Collector of Salt Revenue under present circumstances in Bombay. Over these two officers, and directly subordinate to the Government of India, would be placed a Director, charged with functions of inspection and control as distinct from administration. The intervention of the Local Governments would only be invoked in questions of a general nature affecting the action of the Department in its relation to the people, *e.g.*, the enhancement of the price of salt or the limits of preventive action. The point at issue is which system would be likely to yield the best results.

We are of opinion, looking to the areas already entrusted to the separate Departments and to the pecuniary magnitude of the interests of Government involved, that the present administrative machinery in its higher appointments is neither unnecessarily strong nor too highly paid. The consequence of the proposed change would not be that the Commissioner of Northern India, retaining his present position as such, would, with the assistance of another Deputy, assume similar functions in Bombay; his position even in Northern India would undergo material modification. Instead of administering the Department with the assistance of a Deputy, the latter would administer the Department

and the Commissioner would control him in such portion of his time as was not devoted to supervision in Bombay. It seems to us that a weakening of the departmental organisation in Northern India is necessarily involved. In Bombay this supervision by an officer necessarily more remote, and possibly unacquainted with local conditions, would take the place of the direction of the Local Government and the authority of a Commissioner combining previous experience with frequent local inspection, while, in the immediate administration of the Department, the place of the present Collector would be taken by a Deputy Commissioner. The advantage claimed for the innovation is that a Director as proposed, acting with experience of the combined Department, would be able to control the administration of either division of it with greater knowledge and efficiency than is practicable under the existing system in which the broader and more comprehensive view is not reached until the stage of the Government of India. At the same time it is urged that the administration could safely be entrusted to officers of the standing of Deputy Commissioners. We have no desire to minimise the advantages of a wider experience which apply to the case of every officer employed in India. The question is rather whether there will be a sacrifice of existing efficiency in seeking to obtain a control which, if more experienced, would be less direct.

Difficulties of distance.

11. We consider that the difficulties surrounding the exercise of the Director's supervision would be so great, that it would necessarily be reduced to a slighter degree of control than there is at present. Assuming that the appointment, carrying a pay, say, of R3,000, would ordinarily be held by an officer of seniority, it seems to us that the mere inspection of his vast charge would demand from the incumbent physical qualifications greater than would probably exist in the majority of cases, and we do not consider that the objection is met by the answer that the Commissioner in Northern India already travels great distances, while the sources of supply in Bombay are with few exceptions either centred at Kharaghoda in some proximity to the salt sources of Rajputana, or grouped around the town of Bombay commanding easy access by rail. The first point, if anything, may be a reason against adding to an already widely extended Department; the second ignores the whole working of the Department in Bombay outside the immediate producing centres. Even if the Director were a man of considerable bodily activity, it is difficult to see how at reasonable intervals he could visit even the principal centres, staying at each long enough to acquire more than a general knowledge of the position of affairs. Personal acquaintance with detail or with the personnel of the Department, other than its superior officers, would seem beyond attainment in the case of the ordinary man, even assuming that the appointment was held by him continuously for a number of years without interruptions of leave. The result would be that the administration of the Department would be entrusted with a great measure of independence to Deputy Commissioners in charge of either division, whose control, in our opinion, would be weaker than that now existing. If it is argued that their authority would be sufficient, the conclusion seems to follow that the Commissionership is a superfluity in Northern India, which we do not admit; while in Bombay, we doubt whether an officer out of touch with the Local Government and possibly a stranger to the province, would be able to control a Department which constantly encounters strong trade interests and intimately affects the daily life of the people.

Difficulties of language and prospects of economy.

12. We have not dwelt at length on the difficulties likely to arise from the variety of languages spoken within the jurisdiction of the combined Department, as in the case of the directing head they would not seem likely to be practically felt. Hindustani and English would probably enable him to conduct all the enquiries which would be within the compass of his visits. Neither do we attach great weight to the allegation that economy would result from the change. As regards the controlling officers of the Department, any saving would clearly be insignificant, and there would only remain such economy as might lie in the adoption of less expensive methods of working which the experience of the Director might suggest. Unless either Department as now constituted is more grossly inefficient than we have reason to suspect, the room

for changes, other than may be introduced under the existing system of management, would not seem great.

The strengthening of the control of the Government of India in salt matters.

13. The last argument which has been put to us is that the constitution of one Department, the head of which would be in direct communication with the Government of India, would facilitate the supervision by the supreme authority of salt administration throughout India, while the knowledge which the officer in charge of such a Department would acquire would be of much assistance to the Government of India in rendering the lessons of experience in one province available in others.

It seems to us that the proposal differs materially from that which has been referred for our consideration. The suggestion practically is that in order to enforce control over the varying conditions of salt affairs in India, it is desirable that the Imperial Government should have the assistance and advice of an officer in direct personal touch with the subordinate departmental organisations. The functions of such an officer would be essentially advisory only, and logically should extend to Madras (the salt questions arising in which are at least as intimately connected with those of Bombay as are those of the latter Presidency with Northern India), and to the rest of India. In fact, we would strongly urge that any officer appointed as an expert adviser with the Government of India should be placed in a position to acquaint himself with the local conditions of all parts of the country regarding which he may be called upon to advise. It is only in this way that an officer occupying the position could do justice to himself and to the provincial interests in the disposal of which he would speak with authority. There is a wide difference, however, between such an appointment and the amalgamation of the Bombay and Northern India Salt Departments under one head.

MINUTE OF DISSENT BY MR. R. M. DANE.

Amalgamation impossible under existing conditions.

1. I agree that the amalgamation of the Northern India Salt Department with the Bombay Salt and Continental Customs Department as at present constituted is impracticable.

I agree also that under the existing conditions of 'Customs' administration the balance of advantage is in favour of the maintenance of a combined Salt and Continental Customs Department in Bombay. The necessity which has recently arisen for the levy of Customs duties on the Kathiawar Frontier Line constitutes a strong additional argument for the retention of the existing arrangements.

The combined establishments under the control of the Collector of Salt Revenue, Bombay, are employed to a great extent upon Customs work. Of the 27 'Talukas' or sub-divisions, which with the Pritchard Salt Works in Gujarat, and the Goa, Daman, and Kathiawar Frontier Lines constitute the Department, only 10 can be said to be primarily concerned with Salt, and even in these ten, Customs duties are regularly collected, although the amounts except in one instance are insignificant. Mr. Carey, who was Collector of Salt Revenue in Bombay for five years before he was appointed to be Commissioner of Salt Revenue in Northern India, appears to have thought in 1889 that the amalgamation of the Bombay and Northern India Salt Departments would be possible without withdrawing his Customs work from the Bombay Collector, but I agree with my colleagues that it would be impossible to effect a satisfactory working arrangement if the Collector were placed under two masters, one 'Provincial' and the other 'Imperial.'

Amalgamation possible and desirable in certain contingencies.

2. Changes in the Customs administration are, however, impending, and the necessity for the levy of Customs duties on the Kathiawar Frontier may not be permanent. The administration of the Customs revenue at the minor or continental ports must necessarily have a close relation to the administration of such revenue at the port of Bombay; and if an Imperial Customs Department be formed and a Customs expert be placed in charge of the administration at Bombay, it may be considered advisable to place specially trained members of the Customs service in charge of the more important Customs ranges of the combined Salt and Continental Customs Department. Such officers would naturally be subordinate to the head of the Customs Department in Bombay and not to the Collector of Salt Revenue. It appears to be an article of belief in Bombay that there is some inseparable connection between Salt and Customs, but I have not been able to satisfy myself that the present arrangement, though it is undoubtedly convenient under existing conditions, is in any way indispensable to the efficiency of the administration of the Salt Revenue. If the Customs administration is specialised and improved, it seems to me quite possible that it may be considered advisable to modify the arrangements under which the Collector of Salt Revenue controls the administration of Customs in Bombay outside the Presidency town. If this contingency should arise, and the control of Customs, the minor ports, and the Coast Guard service should at any time be withdrawn from the Collector, I am of opinion that the Bombay Salt Department could be amalgamated with the Salt Department in Northern India, and that there would be sufficient advantages in such amalgamation to far more than outweigh any possible disadvantages. There is an increasing tendency to specialise the different branches of the administration in India, and Salt, like Customs, is a subject which eminently lends itself to specialisation.

Questions arising in connection with supply of salt better dealt with by amalgamated and specialised Department.

3. The Bombay salt works are the most important in India. In the north the salt from the Pritchard Salt Works in Gujarat competes with salt from the Punjab and Rajputana. In the south the sea salt made at the excise works in the vicinity of Bombay competes with Madras salt in the Madras Presidency, the Central Provinces and the States of Hyderabad and Mysore; and so far as can at present be foreseen the area occupied by Bombay salt to the exclusion of Madras salt is not unlikely to be extended.

In the north of India a serious problem for consideration is how the enormous quantity of salt is to be provided, which Upper India * annually requires. I have shown in my historical note in the Northern India Salt Manual how time and the policy of the British Government have resulted in the extinction of all the less important salt sources in Upper India. The Provinces of Agra and Oudh were at one time largely supplied with salt made from saline earth and from well brine, factories for the manufacture of earth salt being numerous in both provinces. The salt works in Bharatpur were the principal source of supply for these Provinces, and the works at Sultanpur and Nuh in the Gurgaon and Rohtak districts of the Punjab were thriving concerns. The works in Bharatpur were closed by the Maharaja in 1879. The works at Sultanpur still linger on, but all other works in Oudh and the Gangetic Doab have been closed either by order or in consequence of their inability to stand the pressure of competition of superior salts at a uniform rate of duty. Production has been concentrated at the few most-favoured centres. At the same time the population continues to increase, and the strain thrown upon the sources now at work is very great. We have enormously increased the output of salt at Sambhar since we leased the Lake from the States of Jaipur and Jodhpur in 1870, and many competent observers are of opinion that the productiveness of the Lake brine has been affected. The question of the origin of the salt is now being investigated, and it is to be hoped that the investigation will show that the supply of salt is in no danger of exhaustion, but it seems necessary to look ahead. At Didwana large quantities of salt can be cheaply made, but the salt cannot be described as first class, and the source is not on the line of rail. Unless it can be linked with the railway, it can hardly be regarded therefore as anything but a subsidiary source. The capabilities of Pachbadra also appear to be limited. The brine springs at Kharaghoda are failing. Of the 5 sidings alongside which the works were laid out, 2 have been abandoned, at 2 more a few works only remain, and at 1 only are the springs still yielding well. It is estimated that the salt at Kharaghoda will be exhausted in 20 years, and the works at Udu will presumably in time be exhausted in the same way. Similar works can apparently be established at other places along the Runn, but the shifting of the head-quarters and the extension of the railway to the new sites selected will entail much expense. The great Mayo Mine at Khewrah appears to contain a practically inexhaustible supply of salt, but as the workings go deeper the cost of excavation will be increased, and an unlimited expansion of the existing output may be found to be disadvantageous. No other place with salt in such abundance or with the same natural advantages for mining it has yet been discovered in the Salt Range. The questions, how the existing sources should be worked and whether new works should be opened, would be dealt with more successfully by one specialised Department working directly under the orders of the Government of India than by competing Departments controlled by officers with a knowledge, which is not unfrequently limited, of the subject.

Similarly, the various questions arising out of the competition between Madras and Bombay salts would be dealt with by the Government of India much more promptly and effectively if the Bombay works were under the management of a Department, the head of which would be in direct subordination to that Government. I do not suggest that the Government of Bombay are less solicitous for the interests of consumers outside the Presidency than the Government of India; but the Government of India are in a better position than the Government of Bombay to direct the management of the Bombay salt works so as to effectively safeguard those interests. In so far as the Government of Bombay are required to deal with questions of which they have necessarily no special knowledge, their intervention cannot, it appears to me, be beneficial, while the necessity for obtaining the orders of an intermediate authority in cases which have eventually to be referred to the Government of India for decision involves delay and circumlocution which may often be positively harmful.

* Bengal, which is supplied almost entirely with imported salt, is not included.

Supervision of supply and distribution the most important duty of a Salt Department in India.

4. The supervision of the arrangements for the supply and distribution of salt is, in my opinion, the most important duty which a Salt Department in India has to perform. We have seen how a failure in the outturn of the Bombay sea salt works in 1903 has nullified the effect of the reduction in the salt duty, and has raised the price of salt to the consumers in many places dependent upon this source of supply to a rate considerably higher than that which prevailed before the reduction. It is said that this failure could not have been prevented by the amalgamation of the two Departments. I agree that it would not necessarily have been prevented, but I maintain that under the improved administration that would result from the formation of an amalgamated and specialised Department, such a failure would be much less likely to occur. The portion* of our Report dealing with the supply of salt in Bombay and the Deccan should be referred to. The failure might, as there shown, have been foreseen. The heavy rain which destroyed a large quantity of the manufactured salt and prevented further manufacture fell between the 20th and 25th May, ten days at the outside before the south-west monsoon would ordinarily be expected. The licensees for their own convenience allowed stocks to run low, and delayed manufacture and failed to thatch and protect their salt in 1903, in the expectation that the monsoon as in the immediately preceding years would again be late. If more attention had been given to the matter of stocks and a little judicious pressure had been brought to bear on the licensees to induce them to start work earlier, the magnitude of the disaster at any rate might have been averted. Artificial enhancements of prices by trade rings or monopolies have also to be guarded against. The price of salt at the factory is but a small part of the price to the consumer in the distant inland markets, a fact which appears to have been somewhat overlooked in the discussions regarding the excise system as established in Madras in accordance with the recommendations of the Salt Commission of 1876, and much can be done to reduce prices by attention to the course of trade. An amalgamated Salt Department, with jurisdiction over both the sources of production and the areas of consumption, and controlled by officers who have made a special study of the subject, will deal with all these questions with a fuller knowledge and a wider experience than is possible under the present system.

Financial interests of Government not considered as carefully at present as they would be if there were no divided management.

5. It seems clear that under the present system the financial interests of Government are not considered as carefully as they would be if there were no divided management. The objection of the Government of Bombay in 1890 to raise the price of Baragara salt issued to markets in Upper India can only, as it appears to me, be ascribed to unwillingness to take any action which might have the effect of producing a less favourable departmental balance sheet. The area within which Baragara salt is consumed in Bombay is very limited, and there would have been no difficulty in arranging for different prices within and without the Presidency if it were considered undesirable to raise the price of the salt in Gujarat. The prices are in fact different now and were different at the time. The matter is financially important, as whether the Departments are amalgamated or not there appears to be no reason why the Government should sacrifice 3 lakhs of rupees a year.

Rajputana Treaty payments.

6. By the terms of the treaties with the Native States of Jaipur and Jodhpur, we pay R5,50,000 for the lease of the Sambhar Lake and also pay to the Darbars 40 per cent of the price realised for all salt sold in excess of $17\frac{1}{4}$ lakhs of maunds. For Didwana and Pachbadra we pay to the Jodhpur Darbar R3,70,000 a year. The payments for the two minor sources are crushing, and any recovery of the amount from the price of the salt there made is out of the question. The R6,000 paid annually to Jodhpur for the lease of Falodi and the Luni Salt tract is also a dead loss. As Mr. Carey rightly observed, it is essential to the success of our administration to work the three Rajputana sources as one. A flood or a drought may at any moment cause a failure of manufacture at Sambhar. The accumulation of stocks sufficient to enable us to tide satisfactorily over bad seasons has not hitherto been found practicable; and it is absolutely necessary to maintain Pachbadra and Didwana

* Chapter V.

as going concerns that they may, to some extent at any rate, take the place of Sambhar when one of these failures occurs.

The statement published as Appendix VII to the Annual Administration Report for 1902-03 shows that in the 21 years from 1882 we have sold maunds 10,06,08,544 of salt from the Rajputana sources at a net profit of 6 pies a maund. From Pachbadra we have sold maunds 1,44,80,904 at an average loss of 1 anna 6 pies per maund, and from Didwana we have sold maunds 75,13,458 at an average loss of 1 anna 2 pies per maund, but the profit from Sambhar has more than covered the above deficits. This favourable result has, however, been secured by charging against the sale price of salt from the three sources since 1890-91 a fixed sum of 5 lakhs a year instead of the 11¼ lakhs in round numbers payable under the treaties, *viz.*, R9,20,000 fixed payments for Sambhar, Pachbadra and Didwana and something under R2,00,000 a year for royalty on the sales of Sambhar salt in excess of 17¼ lakhs of maunds. If the whole of the treaty payments be charged against the sale price of Rajputana salt, the result, as will be seen from the statements * attached, is a net loss on the working of the three sources during the last 20 years of R67,98,747.

Treaty payments—(*contd.*).

7. If the price of Sambhar salt had been regularly fixed in accordance with the orders contained in the Resolution of the 17th January 1882 as modified by the orders of the 22nd November 1890, as was done from the 1st January 1891 to the 6th July 1893, the loss would have been much greater. But the impossibility of meeting the demand for Sambhar salt at a price so fixed necessitated an enhancement of the price from 2 annas 9 pies (exclusive of the Through Traffic charge) to 4 annas, and this enhancement has had the effect of diminishing the loss. If the ten years from 1893-94 to 1902-1903 only be taken, the loss is reduced to R32,22,887. Even this, however, is a large amount, and there seems to be no reason why any loss should have been, or should in future be, incurred.

Treaty payments—(*concld.*).

8. The financial result of all the salt treaties and agreements in Rajputana and Central India is profitable to Government, as in some instances we derive a large revenue from the consumption of salt in non-producing States. It may also be argued that the treaty payments, which made possible a great administrative reform like the equalisation of the salt duties and the abolition of the Customs Line ought to be accepted as a charge against administration. From this point of view the present arrangement, under which Government recovers from consumers 5 lakhs of the payments made for the lease of the salt sources and writes off the remainder, may be regarded as not unsatisfactory.

The prices of salt at the sources under Government management in Upper India and at Kharaghoda are, however, so low compared with the prices of imported salt at Calcutta and compare so favourably with the existing prices of sea salt made and sold by private agency, that the Government may, in my opinion, fairly recover from consumers the whole of the payments made for the Rajputana sources *plus* all other manufacturing charges. The lease of the Rajputana sources rendered possible the existing state of affairs under which Bombay salt has unrestricted access to the markets in Upper India, and in the circumstances it is reasonable that Kharaghoda in so far as it contributes towards the supply of salt for Upper India should bear its share of the burden of the payments. The recovery can easily be made by a small addition to the issue price of salt at each of the competing sources, *viz.*, the Punjab cis-Indus Mines, Rajputana sources and Kharaghoda. An addition of 7 pies a maund in each case would be sufficient to make good the loss now annually incurred on account of the payments and would leave a small margin for unforeseen charges, and an addition of this amount would not be felt by the consumer. The loss which has been accepted on account of these payments during the past 12 years need not, it appears, have been incurred, and would not, in my opinion, have been incurred if the two Departments had been under one head and under the direct control of the Government of India. It is, in my opinion, unnecessary and unwise for Government to lay itself open to attack by maintaining a salt duty which is undoubtedly high compared with the price of the article, while it is actually issuing salt below cost price.

* Pages 21 and 22.

Examples of undue Departmental zeal, resulting from divided salt management.

9. The attempts made by the Bombay Government to push the sale of Kharaghoda salt in Upper India by agencies, which entailed an unnecessary expense upon the Government, afford another example of undue departmental zeal. It appears to have been assumed that an increase in the sales of Kharaghoda salt conferred some benefit upon the Government and upon consumers, an assumption which, in view of the possible exhaustion of the existing works and of the quality of the salt as shown by chemical analysis, does not appear to have had any sufficient foundation. As recently as the 25th July 1903, the Collector of Salt Revenue, Bombay, when proposing to establish agencies for the sale of Kharaghoda salt in districts of the Presidency which consume sea salt only, wrote :—"It will also benefit the Government by increasing the sales of its valuable product. I may add that this benefit will probably be permanent, for once the public learn the qualities of Baragara salt they are unlikely to do without it in the future."

The Sukkur depôt in Sind, which appears to have been established and worked at a loss mainly with the object of keeping out of the province Punjab salt brought there under a system of free trade, is also a striking instance of the evils of divided management.

In the Chapter* of our Report dealing with the agencies, we have, I think, shown that the existing price of Baragara salt is insufficient to cover the cost to Government of its production and storage. A detailed account has yet to be prepared, but the deficiency, so far as can at present be calculated, appears to be not less than 3 pies a maund on salt sold for consumption beyond, and 5 pies a maund on salt sold for consumption within, the Presidency. Taking the sales within the Presidency at maunds 4,00,000, and the sales outside it at maunds 16,00,000, the annual loss of revenue on this account therefore apparently exceeds R40,000. The exhaustion of the works, even if other works equally productive can be established elsewhere, will entail a further heavy capital expenditure, and in the circumstances it appears undesirable to push the sale of the salt by selling it below cost price.

I do not wish to suggest that this undue departmental zeal is confined to Bombay. The officers of the Northern India Salt Department are just as keen to push the sale of their salt in competition with Baragara, as the Bombay officers are to push the sale of Baragara. A certain amount of competition is beneficial, but the competition is less likely to ignore the financial interests of Government if it be carried on between Divisions of one Department instead of between two rival Departments.

Practical possibility of amalgamation.

10. As regards the practical possibility of amalgamating the Departments, the rapid development in recent years of railways and telegraph lines has facilitated centralisation. The Bombay salt works with the exception of the unimportant factories* at Shiroda and Sanikatta in the Ratnagiri and North Canara districts are conveniently and centrally situated. The Pritchard Salt Works in Gujarat are connected by rail with the Rajputana works and are at no great distance from them, the preventive establishments of the two Departments meeting on the south of the delta of the Luni river, as it enters the Runn of Cutch. The works are similar in character to the Rajputana works especially Didwana, and a Salt Officer acquainted with Rajputana would have no difficulty in managing the Pritchard Works, or *vice versâ*. The one Government sea salt factory at Dharasna is in the Surat district, 2 miles from a station on the main Bombay, Baroda and Central India line, and one unimportant excise sea-salt work is at Umbargaon in the Thanah district, about 60 miles from Bombay. All the other excise works (except Shiroda and Sanikatta already referred to) are in the immediate vicinity of Bombay on the shores of the creek which extends from Bombay to Bassein and separates Bombay, Trombay, and Salsette from the main land, and in the immediately adjacent Panwel and Karanja creeks. The Bombay salt works, with the exception of Shiroda and Sanikatta, are in fact nearer in point of time to Agra than many of the Punjab and Kohat mines; and the whole of the Rajputana and Bombay salt works could easily be visited and thoroughly inspected by the head of an amalgamated

* The average annual outturn of these works in the three years ending with the 31st March 1903 was—

	Mds.
Shiroda	1,04,855
Sanikatta	1,71,752

* Chapter IV.

Department in a 3 months' tour. The head of such a Department would of course spend much of his time in Bombay.

Bombay Salt and Customs arrangements and possibility of their being modified in the event of amalgamation.

11. The greater part of the sea-salt made at the Bombay excise works is certainly removed from them by boat, but with the exception of the salt which is taken by sea to Calcutta, the Bombay districts of Colaba, Ratnagiri, and North Canara, the Madras districts of South Canara and Malabar,* and the Native States of Travancore and Cochin, all salt, not intended for the local market, is taken either up or down the creeks to the Bombay, Baroda and Central India and Great Indian Peninsula Railways, by which it is carried to the inland districts of the Presidency, the Central Provinces, Hyderabad, Mysore, and the Madras Ceded Districts. By far the greater part of the produce of the excise works is therefore removed from their vicinity by rail, and the area over which the Salt Department has to exercise jurisdiction in order to regulate the production of the licit salt is comparatively small.

* From Malabar Bombay salt goes to the Madras districts of Salem and Coimbatore.

At present the import of goods on payment of Customs duty is permitted at 20 places or ports in the creek from Bassein to Uran opposite Bombay and in the Panwel and Karanja creeks, and at 3 places in the Umbargaon Taluka. It is of these ports so called that the Preventive officers stationed at the salt works are Customs Officers, and even if the control of the Customs administration and of the Coast Guard service were withdrawn from the Collector of Salt Revenue, there appears to be no reason why the Salt Preventive officers should not retain powers under the Customs Act in virtue of which they could control the movements of vessels in the vicinity of the salt works. It appears doubtful also whether in the interests of the Customs revenue it is necessary to permit the import of dutiable goods and collect Customs duty at so many places in the immediate vicinity of Bombay, while as regards Continental Customs generally it is note-worthy that the cost of establishments in the 17 Talukas, which have no salt works within their limits, has apparently exceeded the revenue collected during each of the past two years by more than half a lakh of rupees.

The examination on import into the open ports south of Bombay of licit consignments of salt could, in my opinion, safely be entrusted to the Customs establishments at those ports, and the imports into British India of Portuguese salt from Goa and Daman and the landing of sea salt on any portion of the coast of the Presidency north of Bombay could similarly be prevented by the Customs establishments and the Coast Guard service. There appears to be no reason to suppose that officers in these services would not interest themselves to keep out illicit salt, if they were not under the direct orders of a Salt officer, and I believe I am right in saying that the smuggling of sea salt from the Kathiawar Coast has not at any time since the conclusion of the agreements in 1884 with the Kathiawar maritime States assumed any importance. Such establishments as it might be necessary to entertain to prevent the illicit manufacture or the removal of salt from natural deposits along the coast would be controlled by the Salt Department, and these establishments, wherever they existed, would of course assist the Customs officers and the Coast Guard service to keep out Portuguese and Kathiawar salt. The danger of salt being smuggled from Muscat or the Red Sea is, in my opinion, small.

I do not suggest that the efficiency of the purely preventive arrangements in Bombay would be increased by these changes, but there would certainly not, in my opinion, be any such loss of efficiency as to compare with the advantages that would be secured by amalgamation.

Prevention of smuggling and illicit manufacture offers little difficulty if there is a good supply of cheap licit salt in market.

12. With a well managed Department and a good supply of cheap licit salt in the market, the prevention of smuggling and illicit manufacture of inferior salt offers comparatively little difficulty. When a man can buy $1\frac{1}{2}$ to 2 lbs. of good licit salt for 1 anna, he has no great inducement to purchase an inferior article which may be cheaper by a few pies. The Government of Madras in 1889 made a great point of the necessity for retaining the control of the Local Government over the Salt Department so as to prevent undue stringency in the execution of preventive operations. One of the results, likely to follow from the creation of a strong specialised Salt Department, would be that the officers in charge of it would be well aware of the undesirability and futility of harassing people by prosecutions for petty offences, and would direct their energies more to the important questions of the production and distribution of salt than to elaborate preventive operations. The idea that the high rate of consumption of salt in Southern India is due to the efficiency of the preventive arrangements is, in my opinion, sufficiently disproved by the fact that the rate of consumption in the Native States of Travancore and Cochin is higher than the rate in any part of British India except perhaps Malabar and two or three other coast districts in Madras.

Amalgamation would permit of the formation of a better and stronger Salt Department.

13. The argument that amalgamation would permit of the formation of a stronger and better Salt Department than at present exists is admitted by my colleagues to have force. The cadre of the Northern India Salt Department, which comprises 44 appointments all told in the superior executive grades, is so small that difficulty may hereafter be experienced in finding officers who will be thoroughly qualified to fill the more important departmental posts, such as the Deputy Commissionership and the charge of the Sambhar and Punjab Mines Divisions. The officers, who now hold these posts, came to the front in the days of the Customs Line when the number of officers in the superior executive grades considerably exceeded 100, and a wide field of selection was available. The existing sanctioned rate of recruitment is 1 and 2 in each alternate year. A sufficient number of candidates is at present available, but with a larger Department offering more prizes I think that a better stamp of candidate would come forward, and the field of selection for the more important appointments in the two Presidencies would be widened. I do not agree that the great divergence of conditions existing between the different parts of the amalgamated Department would inevitably have the effect of splitting it into two. There is much less difference in conditions between the Rajputana and the Bombay salt works than there is between the Rajputana works and the Punjab mines. English is at present the official language for nearly all branches of work in the Northern India Salt Department, and the same rule is, I understand, likely to be introduced before long in Bombay. Hindustani also is a *lingua franca*, and a knowledge of it will enable an officer to transact business with all officials, with the great majority of the traders, and with many of the salt makers in the Bombay Presidency. Many of the petty officers and men employed on the Northern Frontier and Daman preventive lines are up-country natives. In the case of an officer employed in the south of the Presidency a knowledge of Marathi would certainly be desirable, but an officer born and brought up in the country, as most Salt Officers are, soon picks up a sufficient colloquial knowledge of a local dialect to enable him to get through his daily work.

Control of the head of amalgamated Salt Department would be as close as that exercised by Commissioner, Customs and Salt, Bombay, and there would be no weakening of the departmental organisation in Northern India.

14. My colleagues have taken the view that the control of the head of an amalgamated Department would be more distant and necessarily more general than that now exercised by the Commissioner of Salt, Customs, Opium and Abkari over the Bombay Salt Department, and that the proposal that one Commissioner should administer the amalgamated Department with the assistance of Deputies involves a weakening of the departmental organisation in Northern India. I am unable to agree with either of these opinions. My experience as Commissioner of Excise in the Punjab for 20 months, as Commissioner of Northern India Salt Revenue for 5 years, and as Deputy Secretary dealing with Salt and Excise questions in the Finance Department of the Government of India, enables me to confidently assert that the Commissioner of an amalgamated Department (who would, it is important to remember, often be a Bombay officer), would be able to exercise as close a control over the operations of both divisions of the Department, as is now exercised over the Bombay Salt Department by the Commissioner of Salt, Customs, Opium and Abkari in Bombay. His control would in fact probably be closer, as the Excise and Customs work with which the Bombay Commissioner has to deal must be at least as heavy as the work of the Northern India Salt Department, while the greater knowledge of the subject and the wider experience which the head of the amalgamated

Department would possess, would render his control much more effective and useful. Of course if the officer appointed were badly chosen, there would be a greater danger of inefficiency than there is at present, as the charge would be so much more important than either of those now existing, but it does not appear necessary to assume that the appointment would not be given to a properly qualified officer. It would be a prize, as it would offer many amenities, and many of the best men in India would be glad to have it.

Wherever it is possible, without incurring heavy unnecessary expense, there are many advantages in having a special Salt Department for Salt work. An officer who has to deal with Excise and Customs as well as with Salt is much less likely to acquire a thorough knowledge of the technical details connected with Salt, and of the questions arising in connection with its production and distribution, than an officer who has dealt with such matters throughout his life. The same principle applies in the case of the head of the Department. Excise in particular is a subject which gives much trouble, and when Excise and Salt are in competition for an officer's time there is a risk of Salt being pushed into the background.

In addition to controlling generally all the operations of the Department, the Commissioner of Northern India Salt Revenue has at present sufficient leisure to permit of his entering closely into details. *Inter alia*, with the assistance of the Deputy Commissioner, he personally disposes of all cases of appointment, promotion, reduction, retirement, dismissal or removal of officers in superior service: all applications for permission to compete for admission to the superior executive grades of the Department: all cases of any importance in which members of the establishment have been concerned in assaults or affrays or have been charged with any crime: all cases connected with the manufacture and excavation of salt; and all cases of errors in the weighment and issue of salt from the works. He sanctions all contracts for work to be done for, and goods to be supplied to, the Department, and all estimates for original works and repairs to buildings, roads, etc., and he passes all completion reports. He also sanctions the purchase of all new camp equipment, and of all new uniforms, arms, accoutrements, weighing machines and weights. He conducts all correspondence with Political Officers regarding the deputations of officers to Native States. He passes orders on all seizure and reward statements, and personally sanctions all special rewards and all ordinary rewards in excess of half the maximum admissible under the Rules. He sees the diaries of all Assistant Commissioners and frequently also the diaries of Superintendents and Assistant Superintendents, and every order issued by the Deputy Commissioner or the Personal Assistant is brought to his notice in a daily précis of letters received and issued from the Central Office. All correspondence between Assistant Commissioners and officers of other Departments is also brought to his notice in the same way by the submission of a monthly précis from each Divisional Office.

The head of an amalgamated Department would be obliged to delegate some portion of this office work to the Deputy Commissioner in charge of the Northern Division, but he would have no difficulty in maintaining a direct and close personal control over all the operations of the Department in both Divisions.

Amalgamation would permit of the training of Civilians in subordinate appointments to qualify themselves for charge of the Department.

15. The argument, that with an amalgamated Department it would be possible to train officers of the Indian Civil Service as Assistant Commissioners and Deputy Commissioners and to secure in this way a thoroughly qualified officer for the important appointment of Salt Commissioner, seems to me to have more weight than has been allowed to it by my colleagues. In Bombay it may be possible at present to appoint a member of the Indian Civil Service to be an Assistant Collector so as to train him for the appointment of Collector. I understand, however, that no appointment of this kind has yet been made, and that a proposal to the effect that in making appointments to the post of Collector of Salt Revenue preference should be given to officers who had qualified by service as Assistant Collectors was rejected by the Local Government. In Northern India the Department is so small, and the higher appointments (other than that of the Commissioner) have been filled so regularly by promotions within the Department, that the appointment of a member of the Indian Civil Service as Assistant Commissioner could not be made without hardship unless a special appointment were created for the purpose, while the appointment of such an officer as Deputy Commissioner would be out of the question.

Except in the comparatively few districts where there are saliferous areas and preventive work may be prominent, Salt is not a subject that enters in any way into the daily work of the Indian Civilian, and the duties to be performed by an officer appointed to the administration of the salt revenue differ widely from those upon which he has previously been engaged. While he is learning the work he must be largely in the hands of his subordinates, and if he be a senior officer there is a great danger that he may never acquire a sufficient knowledge of the practical details of the business to render his administration properly efficient. The successful management of a salt source presupposes the existence of considerable technical knowledge. The Bombay Salt and Customs Department is at present efficiently administered, but under existing conditions there appears to be no guarantee that this will always be the case. The Collectorship of Salt Revenue is, as I understand, on the graded list of Collectors' appointments, and appointments to it are usually made more by seniority than by selection. It may not infrequently happen also that the Commissioner of Salt and Customs may have had no previous experience of Salt work. The greater specialisation of Salt appointments both in Northern India and in Bombay is very desirable in the interest of the Government and in the interest of the people of a great part of India.

Economy resulting from amalgamation.

16. The direct economy that would result from amalgamation would, it must be admitted, be inconsiderable. It seems probable, however, that by the application of the principles which have been followed in recent years with success in Northern India a considerable saving in establishments might in time be effected. Considerable economies also might be expected to result from the greater acceleration of business, from the elimination of the factor of undue departmental competition, and from the greater efficiency of the administration.

Experience gained in one Department not utilised in another: Bombay Northern Frontier Line.

17. It is admitted that under the present system the experience gained in one Department is seldom fully utilised in the other. The salt preventive Line which has been maintained in Gujarat to prevent the smuggling of salt from Kathiawar, and the system of management of the excise salt works near Bombay appear to be noteworthy instances of this.

In Northern India it is found possible to prevent the smuggling of salt to any serious extent from the Native States of Rajputana by much less drastic and costly methods than those considered necessary in Bombay, although some of the States, notably Jaipur and Bharatpur, before the abolition of the Customs Line in 1879, and the negotiation of the existing treaties, produced large quantities of salt. The Gujarat Line, except for a comparatively short distance, is a nominal barrier and can be passed by men at night without difficulty; and the great majority of the seizures made by the establishments posted on the Line are made by searches upon information of houses, persons, carts and baggage animals in the vicinity of the Line. The Kathiawar salt-producing States have bound themselves by agreements to limit the production of salt to the quantity required for the consumption of the province, to make no Baragara salt, *i.e.*, salt made upon the Kharaghoda method, to open no new works and to permit no existing work to be enlarged without the consent of the Government of Bombay, and to prohibit and prevent the export of salt from Kathiawar to British territory by sea. The Kathiawar salt works also are at all times open to the inspection of the Political Officers of the Kathiawar Agency. The Native States in Northern India are on the whole loyally fulfilling the salt agreements into which they entered; and with agreements in existence with the Kathiawar chiefs of the nature above indicated a costly preventive Line merely to keep Kathiawar salt out of Gujarat ought not to have been necessary. As Baragara (Kharaghoda) salt is in general consumption throughout Gujarat, there ought not to be any difficulty in recognising smuggled Kathiawar salt if any of it is brought into British territory, and this must much facilitate the work of prevention. The success with which Kohat salt has been kept out of cis-Indus territory since the abolition of the Indus Line, though the difference in duty up to the 17th March 1903 was nearly 1 rupee a maund, is a case in point. The cost of the Gujarat Line is about R2,00,000 a year. The northern portion along the Runn of Cutch causes practically no inconvenience or hardship, but from Kharaghoda to the Bholad river the Line crosses the Gujarat peninsula, and must interfere considerably with trade and traffic of all descriptions. It is noteworthy that a considerable quantity of licit Baragara salt is consumed in the British parganah of Dhanduka which is on the Kathiawar side of the Line.

Owing to the necessity which has arisen for the levy of Customs duties on the Kathiawar frontier, the Line must of course remain, but if this necessity should disappear, the retention of the Line in the future for the protection of the salt revenue could not, in my opinion, be justified, and its maintenance in the past has involved a heavy unnecessary expense to Government.

Management of Bombay sea-salt works and system of appointment of officers.

18. As regards the salt works, it appears necessary to add a few words to the remarks in Chapters V and VIII regarding the supply of salt and the manufacture of light salt in Bombay. In Upper India all officers employed upon the management of works belong to the superior executive grades of the Department. Some of these officers are Natives, but the service is European in character, and all accounts are kept and all correspondence regarding the works is conducted in English. In Bombay the Native sarkarkuns, who manage the sea-salt works, form a separate class. They are usually, if not invariably, promoted karkuns or clerks. Their pay ranges from (say) R70 to a maximum of R250, and the appointment of Native Assistant to the Collector is the only higher appointment to which they can aspire. All the accounts also of the works are kept in the vernacular. The sarkarkun is of course under the supervision of the Assistant Collector in charge of the range, but supervision of the accounts in particular must under existing circumstances be exceedingly difficult. It would, I think, be better if the managers of these works were regularly graded in the superior executive grades of the Department.

The system of appointment to the higher posts is also different in the two Departments. In Northern India a Superintendent, who is qualified, rises in ordinary course to be an Assistant Commissioner, and admission to the superior executive grades is by competitive examination or by promotion of a deserving subordinate. In Bombay the Inspectors, who correspond with the Superintendents in Northern India, are all appointed by nomination, and Assistant Collectorships are usually given to candidates specially selected for social *status* and educational qualifications and trained for some time as Inspectors. The Bombay system has its advantages, but the Northern India system is in my opinion more likely to produce honesty, encourage good work, and stimulate exertion throughout the Department. A subordinate officer ought to feel assured that promotion is open to him if he displays zeal and ability.

Appointment of an expert adviser to the Government of India in Salt matters. Conclusion.

19. It may be admitted that if any means could be devised for providing the Government of India with the advice and assistance of an expert in Salt matters throughout India they would be better able to exercise a close supervision over the production and distribution of salt and the administration of the revenue from it, and some of the arguments above advanced in favour of amalgamation would therefore be met. The objections to such an appointment are (1) the expense, (2) the difficulty under existing conditions of finding any officer with the requisite knowledge and experience, and (3) the danger that an officer holding such an appointment would in time get out of touch with the practical details of administration, and his advice would in consequence be less valuable. It would in my opinion be possible for one Department to control closely and effectively the administration of the salt revenue in Bombay and Northern India, and the experience and advice of the head of that Department would be of great assistance to the Government of India in dealing with Salt questions arising in any part of India. In favour of amalgamation there appear to be many cogent reasons. Against it there appears to be no argument of any force except that which has been described by Mr. Jenkins, in his Minute of Dissent about Sind, as the 'political' one. It appears to me that financial considerations and the interests of consumers, who will benefit by improved administration, are of more importance than the considerations which are involved in that argument.

Statements regarding Rajputana Treaty payments—(To accompany paragraph 6 of Mr. Dane's minute of dissent—Chapter I.)

[Abstract for 20 years.]

Source.	Salt. Opening Balance.	Salt. Production.	Salt. Sales.	Salt. Closing Balance.	Actual Expenditure. Realizations.	Actual Expenditure. Expenditure.	Difference. Profit.	Difference. Loss.
	Mds.	Mds.	Mds.	Mds.	R	R	R	R
Sambhar	45,45,290	7,53,05,813	7,46,37,758	51,56,987	1,89,28,654	1,90,51,288	...	1,22,634
Pachbadra	5,06,566	1,34,45,146	1,39,50,113	– 249	14,42,594	45,25,178	...	30,82,584
Didwana	4,44,127	69,72,063	71,65,974	2,00,617	6,22,130	42,15,659	...	35,93,529
Total	54,95,983	9,57,23,022	9,57,53,845	53,57,355	2,09,93,378	2,77,92,125	...	67,98,747

R. M. DANE.

Sambhar.

Year.	Salt. Opening Balance.	Salt. Production.	Salt. Sales.	Salt. Closing Balance.	Actual Expenditure. Realizations.	Actual Expenditure. Expenditure.*	Difference. Profit.	Difference. Loss.
	Mds.	Mds.	Mds.	Mds.	R	R	R	R
1883-84	45,45,290	67,06,915	36,81,360	...	12,08,226	10,68,207	1,40,019	...
1884-85	...	– 5,72,098	42,99,141	...	9,41,142	10,09,858	...	68,716
1885-86	...	11,83,216	17,29,406	...	4,69,668	8,90,424	...	4,20,756
1886-87	...	65,15,183	37,85,516	...	11,05,731	8,70,641	2,35,090	...
1887-88	...	35,38,499	35,45,930	...	9,28,096	10,06,901	...	78,805
1888-89	...	61,74,367	35,96,049	...	9,78,576	10,32,201	...	53,625
1889-90	...	18,32,640	38,34,805	...	9,89,894	9,65,706	24,188	...
1890-91	...	58,35,346	42,82,236	...	10,03,942	10,31,423	...	27,481
1891-92	...	34,80,701	45,67,912	...	8,17,679	10,31,385	...	2,13,706
1892-93	...	—4,69,520	51,09,601	...	9,00,293	8,49,944	50,349	...
1893-94	...	43,79,919	27,95,141	...	9,77,341	9,63,880	13,461	...
1894-95	...	70,47,145	40,31,618	...	11,30,121	9,54,304	1,75,817	...
1895-96	...	51,45,297	37,15,774	...	9,43,662	10,33,041	...	89,379
1896-97	...	31,43,895	39,31,210	...	9,98,071	9,70,311	27,760	...
1897-98	...	18,14,563	41,03,440	...	10,53,136	9,28,167	1,24,969	...
1898-99	...	52,15,056	41,26,743	...	10,54,104	9,55,460	98,614	...
1899-1900	...	17,84,917	32,01,233	...	8,15,497	8,79,536	...	64,039
1900-01	...	12,80,073	63,34,189	...	9,31,093	8,15,659	1,15,434	...
1901-02	...	63,52,204	31,57,207	...	7,97,780	9,30,307	...	1,32,527
1902-03	...	49,17,495	35,09,247	51,56,987	8,84,602	8,63,933	20,669	...
Total	45,45,290	7,53,05,813	7,46,37,758	51,56,987	1,89,28,654	1,90,51,288	10,26,400 Net.	11,49,034 —1,22,634

* Includes R5,50,000 Treaty payments *plus* Royalty.

Pachbadra.

	Mds.	Mds.	Mds.	Mds.	R	R†	R	R
1883-84	5,06,566	5,53,581	4,97,473	...	1,04,439	2,07,167	...	1,02,728
1884-85	...	1,56,442	4,31,409	...	41,772	1,79,744	...	1,37,972
1885-86	...	5,82,820	4,94,225	...	46,334	2,06,268	...	1,59,934
1886-87	...	5,37,496	4,81,576	...	45,148	2,04,975	...	1,59,827
1887-88	...	10,06,105	7,15,942	...	74,568	2,40,463	...	1,65,895
1888-89	...	6,81,046	6,53,453	...	68,215	2,21,100	...	1,52,885
1889-90	...	6,62,861	6,14,901	...	64,769	2,19,648	...	1,54,879
1890-91	...	4,73,669	4,49,166	...	46,236	2,01,259	...	1,55,023
1891-92	...	2,98,253	3,69,120	...	36,531	1,88,221	...	1,51,690
1892-93	...	1,14,389	4,79,263	...	47,678	1,90,164	...	1,42,486
1893-94	...	7,54,579	12,04,268	...	1,25,873	2,39,873	...	1,14,000
1894-95	...	10,98,213	8,39,818	...	86,896	2,76,134	...	1,89,238
1895-96	...	6,99,185	5,97,114	...	61,504	2,24,678	...	1,63,174
1896-97	...	7,11,765	6,43,102	...	66,680	2,26,105	...	1,59,425
1897-98	...	4,85,718	5,94,827	...	61,199	2,12,952	...	1[illegible],753
1898-99	...	7,61,303	7,70,574	...	75,578	2,32,504	...	1,56,926
1899-1900	...	10,31,199	11,26,396	...	1,03,658	2,61,793	...	1,58,135
1900-01	...	7,00,965	12,28,496	...	1,13,100	2,51,403	...	1,38,303
1901-02	...	11,67,429	10,87,722	...	1,00,509	2,86,060	...	1,85,551
1902-03	...	9,68,128	6,71,268	—249	71,907	2,54,667	...	1,82,760
Total	5,06,566	1,34,45,146	1,39,50,113	—249	14,42,594	45,25,178	...	30,82,584

† Treaty payments debited R1,70,000.

Didwana.

Year.	SALT.				ACTUAL EXPENDITURE.			
	Opening Balance.	Production.	Sales.	Closing Balance.	Realizations.	Expenditure.*	Difference.	
							Profit.	Loss.
	Mds.	Mds.	Mds.	Mds.	R	R	R	R
1883-84	4,44,127	4,19,310	3,08,196	...	67,418	2,11,673	...	1,44,255
1884-85	...	3,88,955	3,61,986	...	40,231	2,11,152	...	1,70,921
1885-86	...	4,67,320	7,14,833	...	67,016	2,12,558	...	1,45,542
1886-87	...	5,24,694	5,89,296	...	55,247	2,13,192	...	1,57,945
1887-88	...	4,42,[illegible]21	4,51,571	...	42,335	2,12,139	...	1,69,804
1888-89	...	6,14,635	4,00,236	...	37,522	2,15,992	...	1,78,470
1889-90	...	4,23,573	3,77,068	...	35,350	2,12,318	...	1,76,968
1890-91	...	2,70,313	2,60,168	...	40,038	2,09,649	...	1,69,611
1891-92	...	3,81,089	2,28,037	...	28,527	2,12,074	...	1,83,547
1892-93	...	1,89,046	2,23,218	...	24,897	2,06,932	...	1,82,035
1893-94	...	63,233	5,00,899	...	31,306	2,04,495	...	1,73,189
1894-95	...	4,16,508	3,91,121	...	24,445	2,14,126	...	1,89,681
1895-96	...	6,13,820	3,64,678	...	22,792	2,18,784	...	1,95,992
1896-97	...	4,54,158	2,77,235	...	17,327	2,14,125	...	1,96,798
1897-98	...	2,07,450	2,78,403	...	17,400	2,08,420	...	1,91,020
1898-99	...	2,19,342	2,92,582	...	16,539	2,05,689	...	1,89,150
1899-1900	...	2,18,031	2,94,283	...	13,795	2,07,838	...	1,94,043
1900-01	...	1,29,531	2,32,273	...	10,888	2,05,711	...	1,94,823
1901-02	...	2,67,101	3,18,510	...	14,930	2,08,607	...	1,93,677
1902-03	...	2,61,933	3,01,381	2,00,617	14,127	2,10,185	...	1,96,058
Total	4,44,127	69,72,063	71,65,974	2,00,617	6,22,130	42,15,659	...	35,93,529

* Treaty payments debited R2,00,000.

R. M. DANE.

CHAPTER II.

THE ADMINISTRATION OF THE SALT REVENUE IN SIND.

Scope of the reference.

1. In the foregoing Chapter we have discussed the proposed amalgamation of the Northern India and Bombay Salt Departments. The latter, however, does not administer the salt revenue in Sind, where the Commissioner discharges the functions exercised in the Presidency proper by the Commissioner of Salt, Customs, Opium and Abkari, and there is a special Collector for Salt and Customs. We therefore deal separately with the question of amalgamation as affecting Sind.

We have not had the advantage of discussing the subject with the Commissioner in Sind who was unable to meet us at Karachi. It was also unfortunate that at the time of our visit, the Collector of Salt Revenue (Mr. Aitken) had only held that appointment for a short time.

System of salt administration.

2. The present system of salt administration in Sind dates from the year 1878-79, when on the enhancement of the rate of duty from 8 annas to R2-8-0 a maund, the previously existing earth salt factories were suppressed, manufacture was concentrated at the Maurypur works upon the Moach plain adjacent to Karachi, and the preventive establishments were revised. An Assistant Commissioner, working under the orders of the Commissioner, was at the same time placed in charge of the salt administration of the province, but the appointment was combined with that of Collector of Customs, Karachi, in the year 1882. At the present time the salt supply of the province, which for the five years ending 1902-03 averaged rather over three lakhs of maunds annually, is derived mainly from the factory at Maurypur supplemented by the working of the natural deposits in the Thar and Parkar district at Saran and Dilyar. According to the local statistics an average of 8,610 maunds per annum of rock salt was brought in from the Punjab during the same period, but except in the case of small quantities of table salt there was no importation by sea. The net revenue derived from salt during the year 1902-03 was R6,39,377.

Name of work.	Average annual quantity excavated or manufactured.
	Mds.
Maurypur	2,70,952
Saran	17,133
Dilyar	19,444
	3,07,529

	R
Receipts	7,79,608
Expenditure	1,40,231
	6,39,377

Constitution of the Salt Department.

3. The Salt Department in Sind is administered, under the control of the Commissioner in Sind, partly by the Collector of Salt Revenue and Customs, whose pay is debited to these two heads in equal proportions, and partly by District Collectors and Deputy Commissioners. The Collector of Salt Revenue, with the aid of two Assistant Collectors (one-third of whose pay is debitable to salt although the duties of one at least are confined solely to customs), is responsible for the supervision of the production and distribution of salt from Maurypur, Saran and Dilyar, and the annual review of the operations of the Department is submitted by him. The only preventive establishment which is subject to his direct control, consists of the two sea coast Inspectors who patrol in boats the coast line between Karachi and Lakhpat, and an officer known as the Special Inspector (pay, R150), who tours generally throughout the province assisting the local revenue officers in the supervision of preventive work. The preventive forces are controlled in their respective districts by Collectors and Deputy Commissioners, who also issue licenses for the sale of salt, and are responsible for the inspection of licensees' stocks and accounts.

Sources of supply of salt.

4. So far as the production of salt is concerned the province of Sind is fortunate. The works at Maurypur are capable of supplying a large quantity of cheap salt of good quality, and at Saran and Dilyar there are natural deposits amply sufficient for the needs of the isolated areas within which they lie. There are also large deposits of natural salt as yet unworked, *e.g.*, at Sarganda,

which may in future be rendered accessible by the improvement of railway communications.

We are, however, of opinion that the control of the sources of supply is not as efficient as it might, and should be. It is admittedly impossible for the Collector of Salt Revenue to absent himself for more than a few days at a time from his head-quarters at Karachi. His work as Collector of Customs, to which Mr. Aitken estimates that three-fourths of his time is devoted, necessarily detains him at the Customs House, while in his capacity of Vice-Chairman of the Port Trust, he is required to be present in Karachi whenever the District Collector, who is Chairman, is away. Thus even to Maurypur, situated only nine miles from Karachi, his visits are not frequent, and the direct supervision of the works devolves upon the Superintendent (pay, R300 per mensem) and the Inspector (pay, R50). The closer control of a superior officer would certainly be beneficial. At the Saran and Dilyar deposits, the management is still more completely in the hands of the local officers - Superintendents on R100 and R60. Both localities are difficult of access from Karachi, and Mr. Aitken himself agrees that the supervision exercised is insufficient.

Distribution from the Maurypur works.

5. The immediate purchase of salt at Maurypur is in the hands of three merchants of Karachi who hold the Government contracts for bagging and conveying salt to the railway *en route* to Sukkur, and whose acquisition of the grazing rights in the vicinity renders it difficult for the camels of their competitors to remain near the works. These men are practically the sole agency for purchases from the works, and we consider it desirable that some means should be devised of breaking a monopoly which must tend to prevent the free access of dealers to the source. In fact a system of direct distribution from the factory to the districts supplied seems never to have been arrived at in Sind. The through traffic procedure was introduced in 1884-85, but the reports of the next four years show that no applications were preferred under it—a result scarcely in accordance with the facts elsewhere. The absence of railway communication between the Maurypur works and the Karachi station presents some difficulty, but it should not be insuperable.

The Sukkur depôt.

6. To facilitate distribution a depôt has been established at Sukkur for the sale of Maurypur salt. The idea that depôts along the line of rail were a necessary complement of the scheme of supply, was entertained at the time of the reorganisation of the Department in 1879, but when difficulty was experienced in obtaining sites, etc., for the intended depôts, Mr. Maury (on special duty in connection with the reorganisation) wrote as follows:—

Mr. Maury's letter No. 739, dated the 19th June 1879, to the address of the Commissioner in Sind.

"Failing the introduction of the depôt system, there seems to be only one other course open and that is to let the public make its own arrangements for the supply of salt from the Moach salt works, and I do not hesitate, now, to propose this course, as I might have done at the commencement. For the difficulty of coming to terms with the Sind, Punjab and Delhi Railway authorities, and in obtaining a contractor, having delayed, so far, the introduction of the depôt system has taught the public to make its own arrangements, with which, I submit, it would not be wise now to interfere. Such interference would, I think, but unhinge the minds of the public to no end. For nearly a year now, the traders have been obtaining their salt direct from the Moach salt works, without Government intervention, and were the Government now to step in and make temporary arrangements for the supply of salt by the depôt system, simply to abandon them hereafter . . . the condition of the public would be worse than it is at present.

"Further, Government have laid it down as a broad principle that State interference with trade is wrong, and I think there is no reason to abandon this principle in the present case. The laws of supply and demand are sure to assert themselves anyhow, but more especially as there is only the one base of supply—the Moach."

Bombay Government Resolution No. 3871, dated the 24th July 1879.

The Commissioner agreed that "it will be preferable to leave the public throughout the whole length of Sind, to supply themselves as they have already commenced to do," and the Government of Bombay concurred. In 1881, however, opinions appear to have changed, and the opening of a depôt at Sukkur was proposed by the Bombay Government as "a legitimate aid to the development of the sale of Moach salt" or, as expressed by the Commissioner in Sind,

Bombay Government letter to the address of the Government of India, No. 2848, dated the 20th May 1881.

on the ground that "the consumption of Moach salt in Upper Sind has not extended itself as rapidly as was anticipated." Although the desire to drive Punjab salt from the market was expressly disclaimed, it is obvious that the Local Government was influenced in framing its proposals by the competition of this salt. The Commissioner in Sind observed that "the presence of Punjab salt in Upper Sind is an obstacle to the extended consumption of Moach salt. * * * If Moach salt can, by improved arrangements, be sold at a depôt in Sukkur as cheap as Punjab salt is sold at the same place, it is right to make those arrangements." While the Bombay Government remarked that "it may be more to the interest of the salt revenue if Moach salt holds the markets of Upper Sind than if they are supplied from the Punjab." In support of the proposal the analogy of the depôts in Gujarat and Upper India was quoted, regarding which it is now only necessary to note that the advantages of the Ahmedabad depôt and the agencies in Gujarat have always been a moot point outside the Bombay Presidency, while the depôts in Northern India and at Broach and Surat were closed, after trial, as a failure. The Government of India, however, sanctioned the proposal, and the depôt has been worked since the year 1883-84. A proposal to open additional depôts at Kotri, Radhan and Larkhana was negatived* by the Government of India in 1883.

* Government of India letter to the address of the Government of Bombay, No. 3423, dated the 28th September 1883.

Upon the establishment of the depôt it was ordered that Punjab salt should also be sold there, and up to the year 1886 six consignments were despatched from the Kalabagh quarries to Sukkur. The experiment was then discontinued, on the ground that salt could not be consigned there by river under Government management as safely or as cheaply as by private enterprise, under which rock salt, as already mentioned, is still imported into Upper Sind.

Sale price of salt at the Sukkur depôt.

7. If there is to be a depôt at Sukkur, the price of salt sold there should be such as will cover all charges to Government on account of its maintenance, but the figures do not show that this is the case. The sale price of salt (*ex* duty) at the depôt is 9 annas per maund, which is made up as follows:—

	As.	p.
(a) Manufacturing charges	1	0
(b) Storage charges	0	3
(c) Bagging charges	0	3
(d) Establishment charges	0	6
(e) Conveyance from Maurypur to Karachi Bandar station .	1	3
(f) Railway freight from Karachi to Sukkur	5	9
TOTAL .	9	0

Of these items, all except (*d*) represent the recovery of actual charges incurred, and it is only necessary to consider how far the receipts under this head cover the expenditure legitimately debitable, which may be detailed as follows:—

	R
Interest at $3\frac{1}{2}$ per cent on the capital cost of construction of the depôt—R25,692	899
Annual repairs to the depôt (average)	300
Establishment at the depôt	2,964
Value of the average† annual wastage on salt stored in the depôt—706 maunds at 8 annas 6 pies per maund	375
TOTAL .	R4,538

† For the five years ending 1902-03.

This account appears to be rather under the mark than otherwise; petty contingent expenses and pensionary charges are not debited, and the cost price of the salt should include some portion of the establishment charges at Maurypur. Against this total should be set the realisations on sales averaging‡ 55,722 maunds yearly, at the rate of 6 pies per maund, which amount to R1,741. It would seem therefore that the Sukkur depôt was worked for some time at a loss of

‡ For the five years ending 1902-03.

nearly R3,000 a year. With effect from June 1900, however, the rate of railway freight between Karachi and Sukkur has been reduced to 5 annas 3 pies per maund without a corresponding reduction in the sale price. From that date, therefore, the annual loss has been reduced by R1,741, but salt is still being sold below cost price.

Sale prices of salt at Maurypur, Saran, and Dilyar.

Government of India letter No. 3423, dated the 28th September 1883, to the address of the Government of Bombay.

8. The idea appears to be entertained locally that recoveries on account of sales at Maurypur, Dilyar and Saran cover a portion of the cost of the depôt at Sukkur. This, if it were the case, would be opposed to the orders of the Government of India, who, in addressing the Government of Bombay in 1883, wrote as follows:—

"The price of salt at Moach should be regulated solely by the cost of management and manufacture there. To maintain a high rate there for the purpose of covering the cost of depôts in the interior of the province, means practically an increased taxation of almost all the salt consumed by the people in order to cover the cost of working a system of depôts. This in the opinion of His Excellency in Council would be unfair."

But so far as we have been able to ascertain, the sale price of salt at these sources leaves no appreciable margin over the expenses incurred.

The cost price of salt (*ex* duty) at all three sources is one anna six pies per maund, of which the component items are as follows:—

Maurypur.

	As.	p.
Cost of manufacture . .	1	0
Storage	0	3
Establishment . . .	0	3
	1	6

Saran and Dilyar.

	As.	p.
Excavation and storage .	0	9
Establishment . .	0	9
	1	6

The establishment charge is the only item which is not a recovery against a corresponding item of expenditure.

Upon the average * yearly sales at Maurypur of 1,75,406 maunds, a charge of 3 pies per maund would yield R2,740, and if the cost of the salt be debited with one-third (R3,740) of the actual establishment charges at Maurypur (R11,220), which we do not consider an unfair proportion, there is obviously no margin but a deficit. This too is exclusive of any recovery of the value of salt lost by wastage which is reported to have averaged 4·5 per cent of the quantity manufactured annually. Of this only 3 per cent is recovered by deductions on this account from the quantity for which the salt-makers are paid; and the figures do not include the exceptional wastage of 2,35,509 maunds destroyed by a cyclonic storm in June 1902. At Dilyar, the receipts on account of establishment from the average† annual sales, 21,526 maunds, amount to R1,009. Against this may be similarly debited one-third, R812, of the annual establishment charges (R2,436), and a small item of wastage—R31—on an average annual wastage of 678 maunds. At Saran, the average § annual sales of 15,579 maunds realise R730, against yearly establishment charges (one-third of total) of R848 and wastage of the value of R69 upon 1,469 maunds.

* For the five years ending 1902-03.

† For the five years ending 1902-03.

§ For the five years ending 1902-03.

The necessity for a depôt at Sukkur.

9. Now that railway communication between Karachi and Sukkur exists on either bank of the Indus, we do not consider that the maintenance of Government stocks of salt in Upper Sind is necessary, and judging from experience elsewhere there does not appear adequate reason for supposing that private trade would be unequal to supplying the market at a fair price. The districts of Larkhana, Sukkur and the Upper Sind Frontier contain 6,421 retail licensees, and the wholesale trade at Sukkur is equal to the importation of salt from the Punjab. We do not see why it should be supposed that it is unequal to supplying the market from Karachi. If the price of salt at the depôt were fixed so as to cover its cost, and facilities were given for private trade to obtain supplies direct from Maurypur, it seems probable from the experience of depôts in Northern India, that that at Sukkur would be unable to compete. In any case

the continuance of the depôt should be conditional upon the expense involved to Government by its maintenance being fully recouped from the sale-proceeds of the salt.

Preventive work.

10. It seems to be generally admitted that the working of the preventive establishments calls for closer control, and when addressing the Government of Bombay in May 1902, the Commissioner (Mr. Giles) observed that "all (District Officers) are agreed that the present salt preventive system is quite inadequate and unsatisfactory." A scheme of reorganisation on the lines of a combined staff for the supervision of salt, opium, and excise, was under consideration at the time of our visit.

Special Inspector	1
Superintendent	1
Inspectors	6
Sea Coast Inspectors	2
Assistant Inspectors	6
Sub-Inspectors	135
Peons	31
	182

* *I.e.*, the gross receipts less the recovered charges on account of manufacture, storage, bagging, conveyance, and railway freight.

Numerically, the preventive establishment, of which an abstract is given in the margin, is not inconsiderable, and its total annual cost, R42,936, amounts to 5·9 per cent of the net* departmental receipts of 1902-03. The pay of individual officers, however, is low: with the exception of the two coast guard Inspectors, the pay of Inspectors is R50, and the Superintendent on R60 is practically of this class; Assistant Inspectors receive R25, and the remuneration of Sub-Inspectors ranges from R25 to R15, the majority being on the lower figure. In fact the employment of these lowly paid officers, who supply their own ponies, appears to be an unsatisfactory feature of the present system.

Year.	Number of cases of — Illicit manufacture.	Illicit removals from deposits and works.	Smuggling from foreign territory.
1881-82 .	243	121	53
1891-92 .	95	42	28
1901-02 .	8	48	25
1902-03 .	17	33	32

The statistics of cases instituted for offences against the Salt Law, seem to show that the illicit manufacture of earth salt has been checked. This result, if it has been attained, is attributable as much to the fact that an abundant supply of good cheap salt has been rendered available, as to the preventive action taken. There is no recent information regarding the locality and present condition of the saliferous areas and natural deposits of salt, and without this the establishment cannot be properly reorganised. When this information has been collected, most of the establishments can probably be concentrated upon the principal natural deposits, leaving the check over illicit manufacture from salt earth to patrols. Many of the deposits are situated in outlying tracts which are difficult of access by the district staff, and while their inaccessibility to some extent lessens the danger from their existence, it emphasises the need for a special establishment for guarding them.

The licensed sale of salt.

11. We further consider that in the maintenance throughout the province of a system of licensed sale of salt, a restriction on trade has been allowed to continue with which it is now possible in great measure to dispense.

Licenses for the sale of salt were prescribed by the rules under the "Inland Customs Act, 1875," promulgated† at the time of the reorganisation of the Department in 1878-79. In the districts of Karachi, Hyderabad, Shikarpur, and the Upper Sind Frontier, the sale of salt without a license was prohibited; inside the "protected area" lying within a ten-mile radius from a deposit of natural salt, a rowana was required to cover salt kept for sale, while accounts had to be kept of all quantities sold and certificates given to purchasers. In 1881 a rowana was declared‡ unnecessary to cover salt up to the limit of one seer.

† Notification No. 244, dated the 7th August 1878.

‡ Notification No. 1925, dated the 22nd July 1881.

The system engaged the attention of the Government of India when reviewing the departmental report for the year 1879-80, and the opinion was expressed that it should be abandoned. This view was challenged by the local authorities, who, holding that the inspection of licensees' accounts gave them a control over the use of illicit salt which was not otherwise obtainable, urged the retention of the procedure as essentially necessary in the interests of the revenue.

Letter of the Government of India, No. 2093, dated the 30th July 1881, to the address of the Government of Bombay.

To this representation the Government of India deferred to the extent of refraining from directing any immediate change, *but in doing* so they wrote as follows :—

"The Governor General in Council at the same time desires that the Government of Bombay will keep in view the expediency of contracting, as opportunities offer, the area within which the license system is to work and of relying for protection against smuggling upon general preventive arrangements wherever they can be adopted .... His Excellency in Council will be glad to be furnished with a full report upon the measures which in the opinion of the Bombay *Government, may* be adopted with a view to the gradual abolition of the license system."

We have been *unable to find* that the report thus called for was ever submitted, or that the subject was further discussed, and the whole system was confirmed by the enactment of section 36, Act II (Bombay) of 1890, providing that in Sind, as a whole, no salt shall be stored or had in possession for the purpose of sale, except under the authority and subject to the terms and conditions of a license to be granted by the Collector. We have been unable to trace any particular discussion of the point at the time of the passing of the Act.

Merits of the license system.

12. It may be admitted that the prohibition of sale except under license is of value as a means of ascertaining the consumption of licit, and preventing the sale of illicit, salt in *localities offering* special opportunities for malpractices, but the declaration of the whole province as a protected area is a measure which seems to us to be unnecessary.

The number of licensed vendors in Sind during the year 1902-03 was 12,235, and the necessity of obtaining a license coupled with the subsequent friction and annoyance occasioned by the interference of subordinate officers with stocks and accounts, must constitute a serious hindrance to the trade, and must tend in some measure to enhance the retail price of salt. The opportunities of abuse afforded by the system are obvious. Much of the time of the preventive officers, which *might be devoted to* more useful methods of the detection of offences, must be wasted in inspecting the licensees' accounts if such inspections are to be effectual.

Working of the license system.

Bombay Government Revenue Notification No. 4678, dated the 23rd July 1897.

Bombay Government Revenue Notification No. 1728, dated the 12th March 1901.

13. It may be mentioned that among the local officers questioned by us there appeared to be considerable uncertainty as to the working and scope of the system of licensed sales. Thus the separate forms of wholesale and retail license prescribed by a notification of 1897 were abolished in 1901, yet, according to Mr. Aitken's statement, effect has even now not been generally given to the orders. Again under the single form of license now in force a certificate is only required to be given by the vendor to a purchaser of *over one* maund, yet the Special Inspector informed us that within a "protected area" a pass was *needed* covering all salt in excess of one seer. This possibly refers to some local *orders* which District Officers are apparently allowed to issue to supplement the rules framed under the Act. We doubt therefore whether, as it is, the system is effectively worked, and we are of opinion that the area of its operation might be considerably reduced without loss of any security to the revenue and with a marked relief to the general conditions of the trade.

Conclusion.

14. The conclusion at which we have arrived after such enquiries as we have been able to make into the salt administration in Sind, is that a closer and more effective supervision is certainly called for. This *in great* measure appears to be admitted by the local *officers*. Unless the Commissioner in Sind may have happened during his service to have been Collector of Salt Revenue or Commissioner of Salt, Customs, Opium and Abkari in Bombay, it is obvious that he can have no special knowledge of salt administration. The scheme now under local consideration proceeds upon the lines of a combined preventive establishment for salt, opium, and excise, under an Assistant Collector working directly under the Commissioner. We agree as to the necessity of the appointment of a Special Assistant Collector to relieve the Collector of Customs of duties in respect of salt which he cannot under present conditions satisfactorily perform;

but we consider that he should be placed under the departmental supervision of a superior officer having special knowledge of salt matters. Either the Commissioner of Salt, Opium, Customs and Abkari, Bombay, or the Commissioner of Northern India Salt Revenue could undertake the task. Since Sind is subordinate to the *Government* of Bombay, *there* is so far a reason that the local Salt Department should be placed under the Commissioner of Salt, Bombay, but the relations of that officer towards the Commissioner in Sind would then have to be decided by the Local Government, and from the approximate equality of standing of the two officers this might not be easy. It is, moreover, to be observed that in matters of customs, excise and opium, the Commissioner of Customs, Salt, Opium and Abkari, Bombay, has no jurisdiction in Sind, and his functions in respect of opium were deliberately transferred to the Commissioner in Sind at *a recent date. On the other hand, the* fact that the revenue from salt is imperial justifies the introduction *of the agency* of the Commissioner of Northern India Salt Revenue, and there seems to be no reason why that officer should not occupy towards the Commissioner in Sind and the Government of Bombay a position analogous to his relationship towards the local administrations within whose jurisdictions his operations are at present conducted. The Commissioner of Northern India Salt Revenue already exercises supervision in areas abutting upon Sind, and in view of the fact that his Department works without friction under several local administrations and amid such specialised conditions as those of the North-West *Frontier* Province, it seems to us unreasonable *to suppose* that any circumstances exist in Sind which would render cordial co-operation with the local officers impossible.

We further consider it advisable that the duties of the Assistant Collector and of his subordinate establishments should be confined to the supervision of salt, and that there is ample work in this connection, for some years at least, for one man to do. With proper reorganisation the cost of an efficient establishment for the effective supervision of the salt revenue should not be prohibitive, and we would look for better results therefrom than might be expected from a combined force.

Summary.

15. To summarise our conclusions :—

(*a*) We are all agreed that the salt administration in Sind demands a stricter supervision than it at present receives.

(*b*) With one dissentient we are of opinion that to ensure this result the Department should be placed under the charge of an Assistant Collector working either under the Commissioner of Customs, Salt, Opium and Abkari, *Bombay, or the* Commissioner of Northern India Salt Revenue. While both courses seem possible, we think that the balance of advantage is on the side of the latter alternative.

(*c*) We are unanimously of opinion—

(i) That an accurate account having been prepared in the sense of the Government of India Resolution No. 326, dated the 17th January 1882, of the cost of salt at the different producing sources, the sale price should be readjusted at each accordingly, and as regards the price of salt sold at the Sukkur depôt, that it should be so fixed as to cover fully all charges incurred *on* account of the maintenance of the depôt, *i.e.*, the pay and pensionary charges of establishments, interest on the capital cost of construction, repairs, wastage, contingencies, etc. At the same time every facility and encouragement should be afforded to up-country merchants to deal direct with the producing centres under a system of through traffic. If this is done the continuance of the depôt will probably be found unnecessary.

(ii) That the system of licensing the sale of salt should be restricted to those areas in which the danger from illicit practices is extreme.

MINUTE OF DISSENT BY MR. JENKINS.

1. I regret that, while agreeing with much which has been stated by the other members of the Committee regarding the present state of the salt administration in Sind, I am obliged to dissent from the conclusions at which they have arrived regarding the measures which should be taken for its improvement. But as I served in Sind for ten years, and have been Collector of Salt Revenue in Bombay for a like period, it is natural that I should hold a strong and definite opinion as to the manner in which the salt administration of the Province should be carried on.

Special conditions obtaining in Sind.

2. The Province of Sind is, perhaps, the most distinct and homogeneous in India. On the land frontiers it is bounded on all sides by Native States except where, along a narrow strip, it touches the Punjab. The great majority of the population consists of Musalmans, who, though of diverse tribes and races, are bound together by the ties of religion and a common language. There is no village system, and the efficiency of the administration depends, in great measure, upon the personal influence of the district officers with the zemindars, and, through the zemindars, with the people. An officer who is unable to converse freely with the people, and to enter into friendly relations with the zemindars, soon finds that Sind is no place for him. It has long been recognised that, in these conditions, the best policy is to place all branches of the administration in the hands of the Commissioner in Sind. Thus when the Bombay District Police Act was passed, Government were careful to exclude Sind from the sphere of the authority of the Inspector General of Police; and recently the powers exercised in Sind under the Opium Act by the Commissioner of Customs, Salt, Opium and Abkari, were transferred to the Commissioner in Sind, because it was found that they could only be effectively exercised through him. This policy has been amply justified by results. Sind is loyal, prosperous, and contented; and the good will which exists between the district officers and the people is so manifest, as to be apparent to every one who visits the Province.

Bad effect of disturbing existing relations between Government officers and the people.

3. The introduction of an alien element into the administration would certainly lead to misunderstanding and friction; and if the officers of the Salt Department were not subject to the control of the Commissioner in Sind they would receive less support from the district officers and the zemindars, even if they were not hampered in their work by covert hostility. What may be called the "political" argument against depriving the Local Governments of the control of the salt administration in the territories for the good government of which they are responsible, an argument which has been stated with admirable force and clearness in the letter No. 448, dated the 1st June 1889, from the Madras Government to the Government of India, applies with double force to the Province of Sind. In my opinion nothing short of the proved inability of the Commissioner in Sind to manage the Salt Department efficiently could justify the abrogation of his control over a branch of the administration which comes into contact with the daily life of the people so frequently, and at so many points.

Good results obtained under the present system.

4. I do not think the Report does justice to the salt administration of the Province in the past. When, in 1878-79, the reorganization of the Department was entrusted to Mr. Maury, one of the ablest officers of the Bombay Salt Department, the difficulties to be surmounted were very great. There was no good source of supply; earth salt was in general use, and even with a duty of 8 annas per maund, much illicit salt, the facilities for obtaining which are probably greater than in any other part of India, was consumed, and the licit consumption was only 5 lbs. 12 oz. per head. A duty of R2-8-0 per maund had to be collected from a people accustomed to get their salt for little or nothing, and the sudden enhancement of price, combined with the strict measures taken to prevent illicit practices, produced a strong feeling of resentment, which I found in full force when I went up to Sind in 1881. The district officers, who were, as I believe they still are, jealous guardians of the interests of the people committed to their charge, were disposed to look upon the proceedings of the salt officers with distrust and suspicion. The attitude of the Sadar Court, the ultimate Court of Appeal for the Province, was undisguisedly hostile, and in the Magistrates' Courts, it was difficult to obtain convictions, or adequate sentences after conviction. In the Khairpur State salt was under no sort of control, and the Ruler of the State was most unwilling that his people should be deprived of the right of manufacturing salt, and subjected to a salt tax for the protection of the salt revenue in the adjoining British districts. Let it now be considered what was effected, in the face of these difficulties, by Mr. Maury, and afterwards by Mr. Coghlan, another officer of the Bombay Salt Department, under the guidance of the Commissioner in Sind. A work was established which furnishes an abundant supply of cheap and good salt. The people were gradually weaned from the use of salt earth; smuggling and illicit manufacture were successfully checked; and the consumption of licit salt increased steadily until, in 1884-85, it reached 8 lbs. a head, an amount which so good a judge as the late Sir C. Pritchard held to be fully satisfactory in a country where saline deposits are so numerous, and no salt is required for cattle. This standard has since been fairly well maintained. The district officers were induced by the Commissioner to take a more reasonable view of the matter, and, under their influence, the sense of grievance among the people gradually disappeared. The Sadar Court, which in one year reversed 44 out of 52 convictions, and directed that all cases of convictions under the salt laws should immediately be sent up for revision, was, through the Commissioner's persuasion, brought to a more judicial frame of mind, and there was a corresponding improvement in the Magistrates' Courts. Finally, the Amir of Khairpur was persuaded to make satisfactory arrangements for the control of salt within his territory. When the measures taken were considered to be in a fair way to success, it was thought that there was not sufficient work for an officer engaged solely in the salt administration, and in 1882 the office of Assistant Commissioner of Salt Revenue, then held by Mr. Coghlan, was combined with that of Collector of Customs. For some time this arrangement worked well, and Mr. Coghlan continued to make tours of some duration in the districts; but, as the work of the Custom House became more and more exacting, he and his successors found it more and more difficult to give to salt administration the attention which it required. At the same time the constantly increasing burden of work in the districts, where the charges are very heavy, made it less possible for the district officers to supervise the preventive establishments. The consequence is that, of late years, the supervision, in salt matters, has been less complete and thorough than it should be. It has not, however, been left to the Committee to make this discovery. The Commissioner in Sind and the district officers have, for some time, been aware that the existing state of affairs is unsatisfactory; and a scheme of reorganisation has already been prepared, and is now under the consideration of the Bombay Government. On the whole, the administrative record of the Salt Department in Sind has been a remarkably good one; and there does not appear to be anything which would justify a revolutionary change. I do not know for what purpose the disquisitions upon the maintenance of the depôt at Sukkur, and the sufficiency of the price of salt have been introduced into the Report. They are not matters of great importance, and there is room for difference of opinion with regard to them. If there is anything wrong, no radical change in the administration is required to set it right.

Argument in favour of change controverted. Probability of the Commissioner in Sind being as much an expert in Salt matters as the Commissioner of Northern India Salt Revenue while in other respects his control would be more effective.

5. The other members of the Committee, however, recommend that the control of the Salt Department should be transferred to the Commissioner of Northern India Salt Revenue, on the ground that the Department should be placed under the supervision of a superior officer, having special knowledge of salt matters. It appears to me that this reason is entirely inadequate to justify the proposed change. It cannot, I think, be even suggested that the Commissioner in Sind is unable to exercise effective supervision, for the reforms, which have now become requisite, are insignificant compared with those, which were carried out with conspicuous success in 1878-79 and the following years, under the guidance of the Commissioner in Sind.

As regards expert knowledge, I do not think it can be predicted that the Commissioner in Sind will, at any given period, be inferior to the Commissioner of Northern India Salt Revenue in this respect. The Commissioner in Sind has been, and may be again, an expert in salt matters when he takes up the appointment. On the other hand, it has happened, and must, under the present system, constantly happen, at longer or shorter intervals, that the Commissioner of Northern India Salt Revenue is absolutely innocent of any tincture of knowledge of salt administration. Moreover, the Commissioner in Sind is always able to consult the Commissioner of Customs, Salt, Opium and Abkari or the Collector of Salt Revenue on important matters, and frequently does so. On the whole, therefore, the Salt Department in Sind is no more likely to suffer from want of expert guidance under the present arrangement than it would be if the proposed change were introduced. In the matter of knowledge of local conditions, which is of prime importance in a province possessing such distinctive features, the superiority of the Commissioner in Sind cannot be gainsaid. If, further, the commanding influence of the Commissioner in Sind over all branches of the administration, the importance of which in connection with the smooth working of the Salt Department I have briefly indicated above, be thrown into the scale, there cannot, I think, be much doubt as to how the balance of advantage will lie.

Necessity for supervision of opium and excise. Two officers not required.

6. There is a further difference of opinion as to the duties which the officer, who, we all agree, should be appointed to the charge of the Salt Department, should perform. The other members of the Committee consider that his duties should be limited to salt administration, while I agree with Mr. Giles that he should also exercise supervision over the excise and opium establishments. The duties of the officer in charge of the Salt Department will constantly take him to places where there are excise and opium establishments. As a salt officer he must, in the course of his tour, traverse the length and breadth of Sind, and will be brought into contact with the excise and opium establishments wherever they exist. In particular, he will be charged with the supervision of the frontier patrols, who are already directly responsible for the prevention of smuggling of opium and excisable articles, as well as of salt; and their work has become of immensely greater importance since the introduction of the hemp drugs' legislation. If he is not required to pay any attention to excise and opium matters, it is evident that there must be a waste of power. Further, the need for improved supervision in matters of excise and opium is almost as great as it is in the case of salt. It is necessary, or at least highly desirable, that an officer should be appointed to look after these branches of the revenue. If therefore the proposal of the majority of the Committee is accepted, there will be two officers, one for excise and opium, and another for salt. I confidently assert that there is no room for two such officers in the Province.

This fact a conclusive argument against the proposed change.

7. The necessity of entrusting a single officer with these combined duties constitutes an additional, perhaps a final, argument against the transfer of the control of the Salt Department to the Commissioner of Northern India Salt Revenue. It is natural that the majority of the Committee, having found that the transfer should be made, should also find that the officer to be appointed should be entrusted with the management of the Salt Department alone. The one finding is, in fact, the necessary complement of the other. But if the question be considered without regard to any suggestions as to the headship of the Department, it appears to me the arguments in favour of entrusting the supervision of salt, excise and opium matters to a single officer are incontrovertible.

The fact that salt revenue is Imperial does not justify proposed change. The position of the Commissioner, Northern India Salt Revenue, would be different from what it is elsewhere.

8. It is stated that "the fact that the revenue from salt is Imperial justifies the introduction of the agency of the Commissioner of Northern India Salt Revenue, and there seems no reason why that officer should not occupy towards the Commissioner in Sind and the Government of Bombay a position analogous to his relationship towards the Local Administrations within whose jurisdictions his operations are at present conducted."

In the first place I would observe that the fact that the salt revenue is Imperial would equally justify the transfer of all the other Salt Departments to the control of the Commissioner of Northern India Salt Revenue. The argument was rejected by the Government of India, when the general question of placing the whole salt administration of India under a single Director was discussed in 1889, and it has not been allowed to influence the recommendations of the Committee in the cases of the Bombay and Bengal Departments. Indeed, in one of those cases the argument has not been thought worth mentioning, and in the other it has only been mentioned to be summarily dismissed. No special reason has been shown why it should be applied to Sind alone. In the next place Sind is still attached to the Bombay Presidency, and though the Commissioner in Sind exercises wider powers than a Commissioner of Division, yet he is subordinate to the Government of Bombay. Unless, therefore, it is proposed to deprive the Bombay Government of all authority over salt administration in Sind, the Commissioner of Northern India Salt Revenue would not occupy a position analogous to that which he holds in other provinces. He would have to deal both with the Commissioner in Sind and with the Government of Bombay, and he could not overlook, or go past, an officer holding the position of Commissioner in Sind. Hence the Commissioner of Northern India Salt Revenue would be concerned with three authorities—the Commissioner in Sind, the Government of Bombay, and, in the last resort, the Government of India. The peculiar status of the Commissioner in Sind would render the proposed change most difficult, and the multiplication of authorities would not be conducive to good administration.

9. My conclusions therefore are:—

(1) That, in the interests of good administration, the control of the Salt Department should remain with the Commissioner in Sind as at present, but,

(2) That he should be given the assistance of an officer, who should be directly subordinate to him, for the supervision of the salt, excise and opium administration.

J. L. JENKINS.

CHAPTER III.

THE PROPOSED AMALGAMATION OF THE BENGAL AND NORTHERN INDIA SALT REVENUE DEPARTMENTS.

Scope of the reference.

1. In Chapters I and II we have discussed the proposal that the Salt Departments of Bombay and Sind should be amalgamated with that of Northern India. It has also been suggested that the Northern India Department should be entrusted with the preventive work in Bengal, in which province it is now only concerned with the supervision of the saltpetre refineries in the Patna and Bhagalpur divisions. The question is of considerably less importance than the proposal as regards Bombay. There is no licit manufacture of salt in Bengal (except that incidental to the refining of saltpetre), and the local Department has to deal only with the prevention of illicit practices along the coast, and the supervision of the saltpetre refineries in the neighbourhood of Calcutta.

Assistant Commissioner . .	1
Superintendents . . .	3
Inspectors	14
Sub-Inspectors	24
Petty Officers	46
Peons	329
Launch and boat establishments .	144
Clerical staff . . .	29
Refinery establishment (Calcutta)	5
Menials	19
	614

Constitution of the Bengal Salt Department.

2. The actual numerical strength of the Department in Bengal is shown in the margin. Proposals have been submitted for various additions to the staff which do not, however, affect the question at present under discussion.

Under the supervision of the Local Government and the Board of Revenue, the Department is administered by the Commissioner of Excise and Salt (pay of his grade plus an allowance of R250), and the total expenditure incurred during the year 1902-03 amounted to R2,20,363. The jurisdiction of the Assistant Commissioner extends over the districts of Midnapore, Howrah, the 24-Parganas, Khulna, and Noakhali, subject to the control of the different Collectors, while a Superintendent is in charge of each of the three districts of the Orissa Division —Puri, Cuttack, and Balasore. The Inspectors in Chittagong work directly under the Collector, and operations in Backerganj have been discontinued. A scheme to make over a portion of the charge of the Assistant Commissioner to one of the Superintendents now in Orissa, and to transfer a second Superintendent from Orissa to Chittagong, is under consideration. It is also proposed to bring the Collector into closer relations with the Department in the districts at present under the Assistant Commissioner.

Earlier proposals for amalgamation.

3. The suggestion that the Bengal Salt establishment should form part of one centralised Department for the whole of India working directly under the Government of India, was made in connection with the general scheme of amalgamation put forward in 1889, to which reference has already been made (Chapter I, paragraph 5). The Local Government was then in favour of the change, but the matter was eventually dropped on account of the legal difficulties arising from the existence of the local Salt Act VII of 1864. At that time, however, the management of salt affairs in Orissa was in the hands of the Commissioner of Salt, Madras, and, outside Orissa, preventive operations were entrusted to the police. The Bengal Board of Revenue resumed salt jurisdiction in Orissa in 1897; and in the same year the special Department outside that division was created under the immediate control of the Commissioner of Excise and Salt. The present conditions, therefore, are widely different from those of 1889.

Despatches of the Government of India to the Secretary of State, No. 239, dated the 10th August 1889, and No. 16, dated the 21st January 1899.

Local opinion regarding the proposal for amalgamation.

4. In the course of our enquiry we visited the districts of Puri, Cuttack, Balasore, the 24-Parganas, Khulna, Backerganj, and Chittagong, and discussed the proposed amalgamation with the local officers. We did not ascertain the opinion of the Local Government, since such a reference would have delayed the submission of our Report to an extent which appeared unnecessary. Generally speaking, among the officers consulted, the departmental feeling (exclusive of the opinion of the Commissioner) was in favour of absorption by the Northern India Department, from which an improvement of prospects was anticipated. The opinions of the Commissioner and district officers were in the main adverse to the change, as more calculated to lead to friction than the present system of control. It is to be observed that relations in Orissa between the local salt officers and the district officials during the jurisdiction of the Commissioner of Salt, Madras, were not altogether satisfactory.

Arguments in favour of amalgamation.

5. In favour of amalgamation the following grounds may be urged :—

(*a*) The prospects of the local preventive establishment would be improved by incorporation in a larger cadre, and it would be easier to arrange for the transfer of officers whom, for reasons of health or unsuitability for any branch of the work, it might be desirable to post to other duties. In a Department of the present size in Bengal promotion must necessarily be slow and prospects limited. The scope for selection and transfer is also restricted. In the event of the severance of the districts of Chittagong and Noakhali from the present province, the difficulty would be accentuated.

(*b*) The expert knowledge of the officers of the Northern India Salt Department is doubtless greater than that of the members of a small local staff. The Commissioner of Excise and Salt, Bengal, has little special knowledge of salt matters upon first appointment, and the supervision of Collectors is interfered with by other demands upon their time. The head of a large specialised Department has also a larger body of skilled advisers to draw upon. On the other hand the need for expert knowledge in the course of the preventive duties upon which officers are employed in Bengal, is less than in Departments concerned with technical questions of manufacture as in Northern India, Madras, and Bombay, and acquaintance with the local conditions is a first essential in preventive work. The Commissioner of Northern India Salt Revenue, equally with the Commissioner of Salt, Bengal, may come to the appointment without previous knowledge of salt administration, though his opportunities for acquiring such knowledge are no doubt greater.

(*c*) The increase to its cadre by the extension of its operations to Bengal might to some extent improve the prospects of recruitment in the Northern India Department.

(*d*) The control by Collectors of preventive operations has not always been successful in other provinces. On the other hand the plan has apparently worked satisfactorily in Bengal, in the Orissa division and in Chittagong.

Arguments against amalgamation.

6. The following are the principal arguments in favour of the continuance of the present system of local control over the Department in Bengal :—

(I) The authority of the District Officer is likely to minimise friction between the officers of the Salt Department, the police, and the people. The experience of the Madras Department in Orissa has already been instanced, and in the Sundarbans in particular, collisions between the Department and the people are not improbable.

(II) The operations of the Bengal Department are conducted along a littoral widely different in its physical features from the other areas supervised by the Northern India Department, and in scattered localities which are often difficult of access. In the language and character of the people the conditions bear little resemblance to those of Upper India. The season during which illicit manufacture is possible is short, extending only from January to June, and as members of a local staff, the salt officers might perhaps be advantageously employed during the slack season on other duties connected with the district administration.

(III) It would be impossible for the Commissioner of Northern India Salt Revenue, in view of more important demands upon him elsewhere, to devote much personal attention to Bengal, and the authority of an Assistant or Deputy Commissioner in charge of salt affairs in the province, might not carry the same weight with other Departments as that of the Board of Revenue and the provincial Commissioner of Excise and Salt

(IV) The Bengal Department on its present footing appears to have done useful work and to have successfully checked illicit manufacture, notwithstanding the absence of any provisions of law making penal the possession and sale of earth salt.

(V) Constant changes in administration are not desirable, and the Department in Bengal (outside Orissa) has been organised only recently, and scarcely completely even now.

Conclusion.

7. Upon the whole, we think that unless a change in the direction of amalgamation with the larger Department of Northern India is desired by the Local Government, it would be preferable to leave matters as they are. The present working of the Department is not unsatisfactory, and against possible advantages to be derived from amalgamation, there are drawbacks to be set which perhaps on the whole outweigh them.

If effect were given to the suggested transfer to Bengal of the district of Ganjam with its important salt works, the position of the Salt Department in Bengal would be materially changed, but we do not think it necessary to discuss such a contingency at present.

CHAPTER IV.

THE AGENCIES FOR THE SALE OF SALT IN THE BOMBAY PRESIDENCY.

Scope of the reference.

Letter of the Bombay Government to the address of the Government of India, No. 6010, dated the 1st September 1903.

1. The question of the sale of salt by Government agencies in the Bombay Presidency has been referred for our consideration in immediate connection with a proposal made by the Bombay Government on the 1st September 1903, to open agencies at Bombay, Poona and Sholapur. This proposal turns upon circumstances affecting the supply of salt in the Presidency as a whole, and will be separately discussed. The previously existing agencies, with two exceptions which are in Rajputana, were established in those parts of the Bombay Presidency which consume Baragara salt, and are all in Gujarat. Our present remarks deal with them only.

2. The statement in the margin furnishes the names of the agencies now in existence together with the years in which they were respectively established. Their management is in the hands of the firm of Messrs. Naoroji Pestonjee who have been connected with them since the outset. The agent finds the sheds for the storage of salt and the establishment for the conduct of the actual sales and for supervision. The stocks maintained are of Baragara salt only, which is obtained by indent upon the Government works at Kharaghoda, and the agent is under obligation to sell salt in quantities of one maund and upwards, at an uniform price of R2-5-6 per maund (exclusive of the price of the bags), except at the four agencies of Abu Road, Rohera, Godhra and Dohad, at which in consequence of their greater distance from the source of supply R2-7-0 is charged. He is remunerated by the payment by Government of commission at the rate of 1 per cent. upon the sale proceeds credited into the Treasury, and by an allowance for wastage of 1 per cent. on the quantity of salt issued. This wastage is allowed him by the consignment to any agency indicated by him of one bag for every hundred bags sold.

Description of agencies.

Name of agency.	Year in which opened.	Name of agency.	Year in which opened.
Viramgam	1873	Godhra . .	1882
Sanand .	„	Abu Road .	1883
Nadiad .	„	Rohera . .	„
Anand .	„	Ranpur . .	„
Mehmedabad	„	Dohad . .	1894
Wasad	„	Dehgam . .	1897
Baroda .	„	Talod . .	„
Dakore .	1874	Prantij . .	„
Umreth .	1878	Idar Ahmednagar	„
Thasra .	„	Petlad . .	1899
Kalol .	1879	Patan . .	„
Dungarwa	„	Keralu . .	„
Mehsana .	„	Deesa . .	„
Unjha .	„	Cambay . .	1901
Sidhpur .	„	Dholka . .	1903
Palanpur .	„		

Closure of previously existing salt works.

3. The scheme of Government interference in the distribution of salt outside the source of supply formed part of the proposals made by Mr. Pedder in 1870, in accordance with which the previously existing salt works, as noted in the margin, were closed, and manufacture was concentrated, in the year 1872, at Kharaghoda, which was at the same time connected by rail with the Viramgam Junction on the Bombay, Baroda and Central India Railway. In 1881 in consequence of the inability of the works at Kharaghoda to meet the demand, new pans were opened at Udu, and the railway sidings were extended to them. Mr. Pedder contemplated a series of Government depôts at all important railway stations between Patri (Kharaghoda) and Dhanoo (south of Daman), but they were eventually constructed at Ahmedabad, Surat, and Broach. To meet the demand at

In the Runn. (Baragara salt.)

Name of work.	When closed.
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Udu	„
Jhinjuwada	„
Fatepur	„
Anwarpur	1875-76

Outside the Runn. (Sea salt.)

Name of work.	When closed.
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Katpur	1872
Dolia	1872
Umar Bindia	1875
Panad	1872
Kundiana	1872
Bhatta	1872
Jiav	1875

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Bhatta	1872
Jiav	1875

intervening places Mr. Pritchard (then Collector of Salt Revenue) proposed the opening of agencies by the firm of Messrs. Naoroji Pestonjee, and this was sanctioned by the Government of Bombay in 1873.

Bombay Government Resolution No. 3019, dated the 31st October 1873.

The objects of the agency system.

4. It was with the object of "securing to the inhabitants of the districts formerly served by the salt works which were suppressed on the concentration of manufacture north of Bulsar at the Government works at Kharaghoda, the same facilities for obtaining their supplies and of protecting themselves against extortionate charges on the part of the dealers and middlemen which they enjoyed before the suppression of the works in question" that these agencies were originally established. Experience, however, showed that the inhabitants of the country south of Baroda retained so great a preference for sea salt that they were unwilling to purchase Baragara salt even when brought to their doors, a fact which led to the closure of the Surat depôt in 1877, and of that at Broach in 1879, when it was seen that the sales effected there did not justify the expenditure involved. In the circumstances it appears to us doubtful whether by the centralisation of works at Kharaghoda and Udu the interests of the people, who previously consumed Baragara salt and who then dealt with either Jhinjuwada, Fatepur or Anwarpur, were seriously prejudiced, seeing that the most distant work of the three—Anwarpur—is only about 36 miles from Kharaghoda, and the extension of the railway to the latter place afforded facilities for communication with it which were before unknown.

Letter of Mr. Trevor, Collector of Salt Revenue, No. 4641, dated the 29th September 1885, enclosure of Bombay Government letter to the Government of India, No. 10073, dated the 15th December 1885.

Again, from a perusal of the papers regarding the opening of the 21 existing agencies started since 1879, it appears that a request for the opening of an agency has been usually sanctioned at any station along the line of rail, and that no agencies have ever been started in outlying areas to which railway communication did not extend. In the instance of the Ahmedabad-Pahlanpur line the sanction solicited by the agents was "to open agencies at all stations where there is a likelihood of our selling salt." It appears, therefore, that latterly at any rate the local officers, believing in the benefits conferred by the agencies, have permitted them to be established wherever the commercial instincts of Messrs. Naoroji Pestonjee foresaw a profitable opening. This view is supported by instances which are found of deference to opposition on the part of the firm to the opening of agencies in particular localities. The general argument, that the maintenance of the agencies is justified by the protection they afford to the interests of the consumer, will be noticed below.

Previous discussions of the agency system.

5. Such in brief being the history of the foundation of the agencies, the occasions upon which the merits of the system have been discussed by the Government of India may shortly be noticed. In 1883 the Government of Bombay extended their system of agencies into Central India and the Central Provinces, and in 1885 memorials from various traders of Ujjain, Jaora and elsewhere were presented to the Government of India, protesting against this interference with private trade. After consulting the Government of Bombay the Government of India eventually directed the closure of the agencies opened since the 1st January 1883, and adhered to that decision in spite of a request for its reconsideration. Following these orders, protests were received from private merchants against the continuance of the agency system in Gujarat also. The Government of India having expressed doubt as to its necessity, the Local Government again entered upon a justification of their attitude, in deference to which the Supreme Government refrained from further pressing the proposal to close all the agencies. In the meantime, upon political grounds, the re-opening of the agencies at Abu Road and Rohera was permitted. The

Government of India letters to the Government of Bombay, No. 2183, dated the 27th July 1886, and No. 17, dated the 7th January 1887.

Government of India letter to the Government of Bombay, No 6584, dated the 11th December 1888.

subject did not come up again till the year 1894 when the Government of India rejected a proposal of the Bombay Government to open an agency for the sale of Baragara salt at Rutlam, while in 1897 the merits of the system were further discussed on a representation from certain residents of Ahmedabad protesting against the opening of fresh agencies along the newly constructed Ahmedabad-Prantij line. The Government, however, declined to take action. The latest revival of the question was the proposal to establish agencies at Bombay, Sholapur, and Poona, to which reference has already been made.

Government of India letter to the Government of Bombay, No. 5103 S. R., dated the 11th October 1894.

Letter of the Government of India to the address of the Government of Bombay, No. 420 S. R., dated the 25th January 1898.

The incidence of the allowances for commission and wastage.

6. In order to arrive at a decision regarding the advantages and disadvantages of the agency system, it seems desirable in the first place to ascertain, as exactly as may be, its financial effect, especially as various views have been expressed from time to time regarding the question whether it is or is not an expense to Government. The disbursements which Government make in this connection are a commission of 1 per cent paid to the agent upon the sale-proceeds of the salt, and an allowance of 1 per cent for wastage given to him upon the quantity issued. It has been consistently maintained on behalf of the Government of Bombay that the cost of the former is borne by the consumer and not by Government, and that the expenditure is recovered along with the price of the salt sold. As regards the allowance of wastage, the views expressed from time to time seem to have varied. Writing in 1885 (letter No. 4641, dated the 29th September 1885), Mr. Trevor, as Collector of Salt Revenue, observed that "the prices at which salt is sold at the main stores and at the agencies, are adjusted so as to cover, taking them altogether, the general cost of production and distribution including the contractor's commission and wastage allowance on what is sold through the agencies." Again in 1886 (letter No. 4293, dated the 21st September 1886), he remarked that "the wastage allowance is covered by the 5 per cent deduction made for wastage in settling with the *agrias*," a statement which was explained more fully in 1888, in the remarks noted in the margin, which were quoted by the Commissioner of Customs, Salt, Opium and Abkari (letter No. 2403, dated the 12th March 1888). Finally, in 1897 it was explained by the Collector (Mr. Jenkins - letter No. 2565, dated the 15th June 1897), that "the prices at which the salt is issued are adjusted so as to cover the charge of one per cent on account of commission. The commission is paid by the consumers and Government lose nothing. Nor do Government lose anything by the dryage allowance. The salt is to all intents and

"The *agrias* or salt-makers work under yearly engagements which are liable to modification. The customary arrangement is that they should receive 1 anna 3 pies per maund out of the sale-proceeds of the salt, at 2 annas a maund, Government taking the remaining 9 pies as royalty or ground-rent. Under this arrangement which was followed at the Runn works of Anwarpur, Jhinjhuwada, Fatepur, and Patri, closed to make room for Kharaghoda, and which is still followed at the only other works remaining in Gujarat, those near Bulsar, they had to wait for their money till the salt found purchasers, sharing with Government, in the proportion of $\frac{5}{8}$ to $\frac{3}{8}$, the loss arising from wastage or destruction of the produce before sale, and bearing, besides, out of their share of the proceeds, the cost of heaping and protecting the salt from the weather, flood, etc., in the meantime. At Kharaghoda it has been modified to suit the improved system of storage and management, and Government buys the salt from the *agrias* as soon as it is ready, paying them in full and relieving them of all further expense and responsibility. It is in return for these advantages that the allowance of 5 per cent over and above the quantity they are paid for is taken. The works on the Runn are specially liable to floods. The average annual loss at the old Runn works, for the five years preceding the submission of his report, is stated by Mr. Pedder to have been about 32 per cent. That the loss at Kharaghoda is not equally great now is due to the fact that the storage is not left to the *agrias*, and that Government having bought up the salt brings it away from the works and stores it under improved conditions introduced at a heavy outlay. The bargain is a good one for the *agrias*. Having made it, they have nothing whatever to do with the manner in which the allowance is turned to account. The first legitimate charge against it is the covering of all wastage which still occurs, whether in transit to the stores, at the stores, or at the depôts or agencies, between the time the salt is taken over and its final sale to the public. The 1 per cent wastage allowance made to the agent is thus treated as covered by it, and rightly. But it is not correct to speak of it as taken from the salt-makers to cover an allowance to the agent, and Government is clearly entitled to the benefit of any economy which may at any time result from improved methods of storage introduced at its own expense. If it were admitted that the wastage allowance paid to the agent is excessive or objectionable on other grounds, any trifling saving which might be effected by reducing or abolishing it might properly be claimed by Government as a return for its capital outlay, or be applied to the reduction of the price of salt to the public, but hardly, as it seems to me, to a reduction in the allowance taken from the salt-makers. And it may be observed, in passing, that the wastage actually written off during the last five years, at Kharaghoda, has amounted to an average, including the allowance made to the agent, of 5·13 and excluding it, 4·94 per cent on the total stock, so that in point of fact no reduction is practicable."

purposes Government salt in charge of the agents, and if it remained in store instead of being issued to the agents for sale, the wastage would probably be more, not less, than one per cent."

Generally speaking, therefore, the claim has been that the wastage allowance is no loss to Government, while, in relation to the contractor, it has been supposed that it is no profit, since the greater part at least of the salt represented by it must actually have disappeared.

7. In order to test the validity of these arguments, it appears to us to be necessary first to examine the sufficiency of the price paid for Kharaghoda salt generally, and secondly the statement of profit and loss upon that portion of it which is sold through the agencies. In doing so we are confronted with the fact that no account of the cost of the manufacture of Baragara salt, prepared in accordance with the Government of India Resolution No. 326, dated the 17th January 1882, is in existence. An account appears to have been called for in the letter of the Government of India, No. 4715, dated the 6th November 1882, but so far as we have been able to ascertain, it was not submitted. We have endeavoured to compile the figures as far as they are available, and the result is embodied in the following statement:—

The cost price of Baragara salt.

	R
Interest at $3\frac{1}{2}$ per cent on the capital outlay of R8,33,149 on the construction of sidings to the works and of the main store	29,160
Do. at 4 per cent on the capital outlay of R2,70,575 involved in the provision of a water-supply	10,823
Do. do. on capital outlay of R23,000 on miscellaneous buildings	921
Annual recurring charges for the up-keep of sidings	*17,830
Establishment charges	10,550
Payments to the zamindars of Jhinjhuwada and Patri	19,088
*Value of annual average wastage	9,520
	97,892

One or two points perhaps require special notice. Interest has been calculated at $3\frac{1}{2}$ per cent in the case of the capital account of the sidings and store, and at 4 per cent in that of the water-supply and miscellaneous buildings, since under the first head the annual cost of up-keep is separately specified. It has been argued that Government considered that the cost of carrying out the original scheme at Kharaghoda should be a charge against the revenue derived from salt, and that there was no intention of recovering the outlay by an addition to the sale price of the salt. When the works were extended to Udu, however, the Government of India expressly requested that the sale price of Kharaghoda salt should be recalculated with reference to the heavy expenditure which was being incurred at the works, and, in our opinion, all sidings to the salt pans both at Kharaghoda and Udu and the buildings constructed for the storage of salt at the Kharaghoda station are items of expenditure which should be taken into account in calculating the cost of production, and which should be recovered from the sale price of the salt.

In 1888 Mr. Trevor, as Commissioner of Customs, Salt, Opium and Abkari, was disposed to debit one-half of the establishments engaged in the supervision of the salt pans, to the cost of salt. Mr. Jenkins agrees that a part of the cost of general supervision should also be taken, but would place the proportion of both combined at one-fourth. Absolute accuracy in these matters is impossible, but we consider that at least one-third of the combined cost is fairly debitable, and we have prepared the account accordingly. The payments to the zamindars of Jhinjhuwada and Patri appear to be chargeable to the sale price. They are said by the Government of Bombay to represent "the amounts annually paid to the Thakur of $\frac{\text{Patri}}{\text{Jhinjhuwada}}$ in compensation for the loss of revenue consequent on the assumption by the British Government of the management of the salt

Bombay Government letter to the address of the Government of India, No. 7010, dated the 20th October 1888.

* Average of ten years' figures ending 1902-1903.

works in his territory." Lastly, it is to be noted that credit has been taken in the calculation of wastage for the 5 per cent deduction from the salt workers referred to in paragraph 6. It is obvious, therefore, that this cannot again be taken as a set-off to the wastage allowance given to the agency contractors.

Dividing the total expenditure so arrived at by 23,01,342 maunds, the average annual production of the ten years ending 1902-03, we obtain 8·17 pies per maund, to which must be added 1 anna 3 pies per maund, the cost of production, and 4 pies per maund, the cost of haulage and storage, making a total of 2 annas 3·17 pies as the cost of the salt. It, should, moreover, be borne in mind that the actual price should leave some margin over this figure, since there can hardly fail to be some items of miscellaneous expenditure, such as the up-keep of miscellaneous buildings, etc., legitimately recoverable from the sale-proceeds, which have escaped enumeration. The actual sale prices (*ex*-duty) of Baragara salt are, however, 2 annas 4 pies, and 2 annas per maund, composed of the following items respectively:—

	Within the Presidency.		Outside the Presidency.	
	a.	*p.*	*a.*	*p.*
Cost price	1	3	1	3
Proprietary right and ground-rent	0	9	0	3
Haulage and storage	0	4	0	6
	2	4	2	0

The cost price represents the actual payment to manufacturers for salt delivered. The charge for proprietary right and ground-rent was originally supposed to include the cost of establishment. When submitting his proposals for the establishment of agencies in 1873, Mr. Pritchard argued that, as a rent charge, it was unnecessarily high, but he preferred to retain it as it was, rather than to add a specific item covering the 1 per cent commission payable to the agency contractors. A portion of it, therefore, represents a debit on account of the agencies, and the legitimate debit on account of establishment and rent cannot exceed 3 pies, which is the debit under the same head to salt sold outside the Presidency with which the agency charges have no concern. The item of 4 pies for haulage and storage represents the actual payments to the railway for haulage ($3\frac{1}{2}$ pies) and the cost of storage ($\frac{1}{2}$ pie). It was explained in 1899 that the additional 2 pies under this head on salt consumed outside the Presidency was charged "with a view to counterbalance any possible loss on the agency system." As such we do not consider it a legitimate charge, as the salt sold through the agencies should bear all charges of that scheme, but it has also been suggested that inasmuch as the extension of the works to Udu in 1881 was undertaken in the interests of consumers beyond the Presidency, they should properly bear a larger share of the uniform rate of haulage (3 and a half pies per maund) paid to the railway on account of the carriage of salt from both the nearer and the more distant works.

Enclosure to Bombay Government letter to the address of the Government of India, No. 6565, dated the 19th September 1899.

It will be seen, therefore, that upon the data calculated by us the sale price of Baragara salt charged outside the Presidency, namely 2 annas per maund, is insufficient, and inside the Presidency the price, 2 annas 4 pies, is also inadequate, as the 6 pies per maund, which are collected on account of the agencies, must be excluded since the cost of the agencies has not been included in the above account.

8. Coming now to the profit and loss account of the agencies, we have examined the question on the basis that the 6 pies per maund, just referred to, is available, as assumed by the Bombay Government—(*vide* Appendix II). The proceeds of the 2 pies per maund collected on sales outside the Presidency cannot be credited to the agencies, since even when this is included in the charge for salt outside the Presidency, the price, as we have shown, is inadequate.

Profit and loss account of the agencies.

The only sums which can be placed on the credit side of the account are the realisations at 6 pies per maund on salt sold through the agencies and the collections on account of the freight of salt from Kharaghoda to the agencies, which are recovered from the consumer, along with the sale price, at the uniform * rate of 3 annas 2 pies per maund, thus making the price (*ex*-duty) of agency salt 5 annas 6 pies† per maund. On the debit side we have the actual freight charges incurred, the commission of 1 per cent payable to the contractors, concerning which there is no dispute, and the wastage which is, in our opinion, a proper debit against the agencies. Salt is supplied from the works to the agent in 3-maund bags, and we are informed that as a matter of practice he does not ordinarily sell less than one bag at a time. Although the rules give to the purchaser the right to have his salt weighed out loose, it appears that this is not usually done, and a 3-maund bag changes hands unopened as such. It is not unreasonable that this should be so, since as it has been pointed out in the course of previous discussions on the subject, the normal wastage upon salt of the physical properties of Baragara would not amount to 1 per cent. We have seen a letter from Messrs. Naoroji Pestonjee referring to an instance in which purchasers removed the bags without re-weighment, and the salt was subsequently found by them to be of full weight when unpacked at their own shops. We think it clear that the greater part, if not the whole, of the allowance of 1 per cent for dryage is profit to the contractor, and forms part of the consideration for which he works the system. That being so, we have debited to the account the value of the wastage allowed him, namely, 2 annas 4 pies per maund, plus 3 annas 2 pies the all-round rate of freight (it has been already explained that delivery can be claimed at any agency), plus duty.

* Except at the agencies of Abu Road, Rohera, Godhra and Dohad where the charge is 4 annas 8 pies per maund.

	a.	p.
† Cost of production	1	3
Proprietary right and ground rent .	0	9
Storage and haulage . . .	0	4
Railway freight to agency . .	3	2
TOTAL .	5	6

The results of the working of the Ahmedabad depôt should be included in the account, since the depôt formed an integral part of the scheme, and had it not been established, its place would have been taken by an agency. The sale price at the depôt being the same as at the agencies, the items of credit are similar. On the debit side are interest upon the capital cost of construction inclusive of the cost of repairs, which we have taken at the rate of 4 per cent., and the cost of the establishment‡ entertained, which amounts in all to R4,714-8 yearly. We find, however, that the sale price of all "through traffic" salt ordered at Ahmedabad (and the transactions are very heavy, the centre being an agency for localities outside the Presidency) and other miscellaneous receipts are paid into the depôt treasury at Ahmedabad, and transmitted thence to the local branch of the Bank of Bombay. On the figures of the five years ending 1902-03 such sums have averaged over 30 lakhs of rupees annually. It is alleged that the practice is a convenience to traders, but, in our opinion, it is neither necessary nor safe (the pay of the Superintendent in charge of the depôt at the time of our visit was R80 only), and it would seem preferable that such payments should be made direct into the Bank. As matters stand, however, a portion of the cost of the establishment should be debited to these transactions which are independent of the depôt, and one-half has been suggested as a suitable amount. We consider this excessive, and have allowed R600 on a rough estimate of the additional staff which would have to be engaged in the bank or treasury to deal with these transactions.

Two clerks on R25 each.

Designation.	Pay. R	a.	p.	Designation.	Pay. R	a.	p.
‡ 1 Superintendent . . .	80	0	0	2 Peons, at R9-11-0 . .	19	6	0
1 Head Clerk . . .	40	0	0	3 „ at R8-11-6 . .	26	2	6
1 2nd Clerk	25	0	0	5 „ at R7-12-0 . .	38	12	0
1 Shroff	30	0	0	2 Weighmen, at R8-11-6 .	17	7	0
1 Weigh Clerk . . .	25	0	0	1 Hakdar Weigh Clerk . .	50	0	0
1 Havildar	14	8	6	1 Hakdar Weigh Clerk (nine months at Rs. 20 a month)	15	0	0
1 Naik	11	10	0				

Average monthly total R392-14-0.

Financial loss involved by the agency system.

	R		R
1898-99 .	17,069	1901-02 .	12,510
1899-1900 .	13,903	1902-03 .	12,891
1900-01 .	14,025		

9. The accounts upon this basis for five years show a total loss for that period of R70,400 or an average of R14,080 per annum.

It is clear, therefore, that the agency system as now worked, entails considerable expense to the State.

The arguments in favour of the agency system.

10. We will now examine the arguments which may be adduced in justification of the agency system :—

(*a*) The agencies are intended to meet the inconvenience caused to the people of Gujarat by the suppression of previously existing sources, possibly intensified by the more recent prohibition (justified by preventive considerations) of the import of salt into Gujarat by sea.

To this we have already referred, and would only add that salt sources have been closed elsewhere, *e.g.*, in Northern India and Rajputana, without the necessity for any such measure as a permanent arrangement. As regards the prohibition of the importation of salt by sea, we understand that the people of Northern Gujarat consume Baragara salt only, and that such salt is only manufactured at the Government works on the Runn.

(*b*) The agencies afford protection to the people against middlemen and have a steadying effect upon prices.

The fact that the salt supply of Gujarat has for the last thirty years or so been derived from these agencies and the Ahmedabad depôt renders impossible any comparison between ruling prices and the rates which might otherwise have prevailed. But it is argued that the fact that Government lays down salt locally at cost price *must* cheapen the price of salt to a greater extent than if distribution were left to private trade. In comparing agency prices with the wholesale market rates at places where there are no agencies, it is to be remembered that salt sold at the agency must frequently change hands more than once before it reaches the retail vendor, and with a low-paid establishment such as is employed, it must always be uncertain whether salt is actually sold at the out-lying agencies at the prescribed price. The statistics of retail prices show that in Gujarat, where the agency system prevails, the retail prices are not lower than they are in the Trans-Sutlej portion of the Punjab, which in the matter of the facilities for obtaining salt may fairly be compared with Gujarat, and where the distribution of the salt after it leaves the source is left entirely to private trade (*vide* Appendix III).

Moreover by the adoption of an uniform freight rate, the Local Government lays down salt below cost price at some places and above it at others. A statement is annexed (*vide* Appendix IV) showing the actual freight rates to the different agencies in comparison with the uniform * charge of 3 annas 2 pies per maund, from which it will be seen that at 13 out of the 32 agencies (including Ahmedabad), the actual freight rates are less than 3 annas 2 pies per maund, and at Ahmedabad, the average sales at which were 14 per cent of those of the quinquennium ending 1902-03, there was an overcharge of 1·04 annas per maund under this head. We consider it wholly unreasonable that certain localities should thus benefit at the expense of others, and the treatment of Ahmedabad in particular appears to us to be unjustifiable, though it is obvious that the profit on the freight charged to that town is of importance in meeting the losses under this head elsewhere. It is only possible to maintain this system because consignments by rail from Kharaghoda are not permitted to stations where there are agencies, and we find that in 1874 Mr. Pritchard, as Collector of Salt Revenue, ordered the Assistant Collector in charge of the Runn works "to refuse applications tendered by private persons for salt to be transmitted by railway to any station on the Bombay, Baroda and Central India Railway where we have a depôt or an agency for the sale of salt." He added that "the tenderers of such applications should be referred to the Government depôts or the Govern-

* 4 annas 8 pies in the case of the agencies at Abu Road, Rohera, Godhra and Dohad.

Letter No. 576, dated the 27th January 1874.

ment contractor as the case may be." These instructions are still in force. In this connection we think it a relevant fact that since 1899-1900 purchases have been made direct from Kharaghoda for carriage by cart to Viramgam (population, 18,952; distance from Kharaghoda, 23 miles), notwithstanding the existence of an agency there. The excess charge on account of railway freight at this agency amounts to 2·04 annas per maund.

Further, we fail to see on what grounds these exceptional measures are necessary in Gujarat, when elsewhere the ordinary channels of trade are capable of supplying, without complaint or serious difficulty, remote corners of the country. As a tract Gujarat is not unfertile; its people are generally well-to-do, and of keen business instincts in other directions; railway communication is excellent, and no agency is as much as 200 miles by rail from Kharaghoda, while 16 are less than 100 miles from it. We have shown that Government does not, as a matter of fact, sell salt at the agencies at a price sufficient to cover the real cost of manufacture together with the commission and dryage. The people in a great part of Gujarat, therefore, benefit unfairly at the cost of the general tax-payer.

16 agencies are in Native States (10 in Baroda). In all these States only British duty paid salt is consumed.

(c) The agency system has been instrumental in developing the consumption of licit salt in Gujarat, and, with the facilities for the introduction of illicit salt afforded by the proximity of Native territory, the demand for duty paid salt will necessarily decline if the agencies are withdrawn.

This argument, as the preceding one, presupposes the failure of ordinary trade to adequately meet the demand at a reasonable price. As a matter of fact under the agency system the annual rate of consumption does not indicate any advance in Gujarat. Though the recent famine may partly account for this, the average consumption during the decade ending 1902-03 is slightly less than the average consumption during the ten years commencing with 1875-76, the first year from which continuous figures are available. The opposite is the case in the rest of the Presidency (*vide* Appendix V). With reference to the Baroda State, we understand that more stringent rules for the suppression there of illicit manufacture are under consideration, and their effect has yet to be seen.

Annual average consumption of salt.

	In Gujarat.	In the rest of the Bombay Presidency.
	lb	lb
1875-76 to 1884-85	9·32	11·65
1893-94 to 1902-03	8·56	12·59

The arguments against the agency system.

11. In opposition to the agency system, on the other hand, the following are the principal arguments:—

(i) The maintenance of agencies involves expense to Government.

This we have shown to be the case, as they are worked at present.

(ii) Their retention constitutes an unjustifiable interference with private trade.

Government of India letter No. 2183, dated the 27th July 1886, to the address of the Government of Bombay.

The principles which should regulate the sale of salt on behalf of Government were defined in 1886 as follows, and with these we entirely agree:

"As a rule, Government should content itself with the levy of the duty and price at the sources of supply, and leave the subsequent disposal of the salt to the natural course of trade. The intervention of Government becomes necessary when from any measures taken by it (as in the case of Gujarat and Rajputana), there is a scarcity of salt and a consequent rise in prices in any particular area, or when, owing to a combination of traders, prices are maintained at an unreasonably high level. Such intervention should, however, be reduced to a minimum and be so applied as not to exclude or discourage private enterprise in the same direction, and it should cease as soon as the necessity has passed away. No measures should be adopted in order to attract business to any particular salt work or depôt which may have the effect of preventing the trade from supplying itself by the cheapest means."

Government of India letter No. 5108 S. R., dated the 11th October 1894, to the address of the Government of Bombay.

Writing again in 1894, the Government of India observed that they had "definitely accepted the principle that agencies should not be established for the sale of salt in tracts where trade, in its ordinary course, is, or is likely to become, sufficiently active to fully supply."

The only question seems to be whether the case of Gujarat is so exceptional as to justify special measures for the continuance of agencies, as we recognise that such cases may exist. The agencies at Abu Road and Rohera are possibly instances in point. Whatever the conditions in Gujarat may have been in 1873, the necessity for agencies there must have ceased by now, while in so far as a direct prohibition has been placed upon the private supply of salt by rail to the agency centres, it would appear that the principles defined by the Government of India have been contravened.

(iii) The system has the disadvantages attendant on the creation of a monopoly.

It has already been seen that at stations at which these agencies exist no wholesale merchant can obtain salt from Kharaghoda. It has happened that in the agent selected, the Bombay Government appear to have been fortunate enough to find a gentleman of integrity in whom the local officers have placed complete reliance, but it would seem quite possible in the future that so excellent an agent may not always be forthcoming, and whatever his personal qualifications, it is apparent that much power must be in the hands of his subordinates, which they can misuse with advantage to themselves. Lastly, there are the disabilities entailed on ordinary merchants by the interference of Government in favour of a selected individual. These, it seems to us, can only be justified by the strongest proof of their necessity.

Conclusion.

12. Our conclusion upon consideration of the whole case is that there is no justification for the continuance of the agency system in its present shape, by which Government is an actual loser from its existence. The remedies are either to abolish it after due notice, or to place it upon a self-supporting basis, and at the same time to throw open the trade to competition. Under existing circumstances we prefer the second course. The salt trade in Gujarat, having for thirty years run through artificial channels, may suffer some derangement at first if these be summarily blocked, and in the case of some of the agencies (*e.g.*, Abu Road and Rohera) political considerations in favour of their retention have been recognised in the past, and may still exist. By the adoption of this course any actual loss to Government will cease, and private trade will have an opportunity for establishing itself. The adjustment of agency prices so as to cover all charges is a principle which has been prescribed by the Government of India and admitted by the Government of Bombay.

Government of India letter No. 2183, dated the 27th July 1886, to the address of the Government of Bombay.

In 1886, when directing the closure of the agencies outside the Presidency, the Government of India desired that "until the agencies are closed as now directed, the price of salt sold from them should be so fixed as to cover all charges, including the commission and wastage allowance granted to the contractor and that no portion of the cost of the agencies should be included in the price charged at the main stores at Kharaghoda."

Government of India letter No. 4140, dated the 4th August 1887, to the address of the Government of Bombay.

Again in 1887, when suggesting the withdrawal of the Gujarat agencies, the Government of India observed that they desired "in any case to urge on the consideration (of the Government of Bombay) that the agencies, if they are to be retained, should be so worked that the conditions shall approximate closely to those under which the operations of the ordinary trader are carried on," and the Government of Bombay in reply concurred with the Government of India that "it will be expedient to raise the selling price of salt to a level admitting of private competition at a reasonable profit as soon as the increase in the taxation of liquor * * * * * through the area served by the agencies, ceases to be felt as a new burden."

Government of Bombay letter No. 2620, dated the 28th April 1888, to the address of the Government of India.

Recommendation.

13. The necessary preliminary of the readjustment of prices is the preparation of a full account of the proper sale price of Kharaghoda salt. When this has been ascertained, salt should be sold at each agency at the price so fixed

plus an amount sufficient to cover the allowances to the contractor for commission and dryage (inclusive of duty on the wastage and not only its cost price), plus the actual railway freight to each agency. The retention of the uniform rate of freight is advocated because it is most convenient for practical business purposes, and ensures publicity regarding the sale price of agency salt. There is, it is urged, less chance of abuse when the price is uniform, than if each agency sold at a price of its own. It is, in our opinion, unfair that any locality should in the matter of its salt supply be forced to lose the advantages of its position, and this factor outweighs any advantages which may lie in the adoption of an uniform rate as a protection to the purchaser. Moreover, if free competition be admitted, the agent would be handicapped in the contest at all stations to which the actual freight is less than the uniform rate, and a reduction of his business at such stations will obviously entail frequent revision of the rates elsewhere.

If salt is thus sold by the contractor at its cost price plus the 2 per cent now given, it only remains to allow to outside trade the advantages of the "through traffic" system to any centre on the line. The agent will still retain the advantages of his established connection with the trade, of his relations with the railway, and of his shops and staffs *in situ*, but so far as otherwise practicable, private trade will be placed on an equality with him, and if prepared to occupy any portion of the field, will have an opportunity of doing so. It is objected that in the event of such a change combinations of merchants will oust the agent, and having established themselves in undisputed possession will raise their prices. It seems to us to be scarcely consistent, first to assert that there is no private trade in Gujarat fit to undertake the distribution of salt at reasonable rates, and secondly, that there is such a well organised mercantile community that, if not vigorously repressed, it will gain a monopoly of the market. We believe that, under open competition, the trade will adjust itself to the supply of the demand at a reasonable rate of profit to the distributor, and that this long cherished belief in the need of artificial restrictions will be demonstrated to be without foundation.

The relations between Messrs. Naoroji Pestonjee and the Railway authorities are admittedly most cordial. The Railway assists them in the erection of their sheds in station yards, and when the agencies were extended along the Ahmedabad-Pahlanpur line in 1879, the firm was allowed the privilege of free telegrams on salt business, free carriage of letters by train, and free return of empty bags and carriage of new bags from Bombay.

We have already referred to the contingency of political considerations requiring the maintenance of agencies in a few isolated localities. An agent employed to sell salt at such places only would probably require more favourable terms than if the places formed part of a general system of agencies throughout a large tract of country. We would not object to a higher rate of commission being given, provided that the price of salt at such agencies is fixed, in accordance with the principles above recommended, so as to cover all charges, and no monopoly is created. If private trade is left unrestricted and people are willing to buy salt at an agency at the full cost price, it will show that the agency is required in the interests of the consumer, and in such cases its establishment is of course unobjectionable.

MINUTE OF DISSENT BY MR. JENKINS.

1. I regret that I am unable to concur with the other members of the Committee in their strictures upon the agency system in Gujarat; or in their recommendations as to the manner in which the agency business should be conducted in future, except as a device for preventing the trouble which would undoubtedly arise, if the system were summarily abolished.

Question of cost of Baragara salt to be considered separately.

2. The report contains a digression into the question of the cost price of Baragara salt, which appears to me to be irrelevant to the issue. If it is found that the present price is inadequate, it will be raised both at the agencies and generally; whatever the result may be, it can have no bearing on the question of maintaining the agencies. I propose, therefore, in order to avoid confusion, to deal with this matter in a separate note.

General conditions, under which the agency system works, stated.

3. In the first place I think it will be well to make it perfectly clear that in the main area in which Baragara salt is made and sold on behalf of Government, which may roughly be described as the tract bounded by the Gulf of Cambay and Kathiawar on the west, by Rajputana on the north, by Central India on the east and the Mahi river on the south, the salt does not enter into competition with any other licit salt, whether manufactured by Government or by private individuals. Within this area the manufacture of salt is the absolute monopoly of Government, and no private factories are permitted. The system of sale interferes with no existing trade, nor has it driven out any trade which ever existed. The most that can be said is that it has prevented a new and small body of middlemen, whom the concentration of manufacture and the exclusion of other salts, in the absence of arrangements for sale at local centres as well as at the seat of manufacture, would have created, from coming into existence.

Reasons for the establishment of the agencies not insufficient.

4. The other members of the Committee consider that the reasons originally assigned for the establishment of depôts or agencies for the sale of the salt, *viz.*, "securing to the inhabitants of Gujarat the facilities for obtaining salt without the intervention of the middleman which they enjoyed before the concentration of manufacture," have no foundation in fact. On this point I should be content to accept the opinion of Mr. W. G. Pedder and Sir Charles Pritchard, whose knowledge of the conditions existing thirty years ago must necessarily have been much greater than ours can be now, even after a few days' sojourn in Gujarat. It is a question not merely of the people who formerly consumed Baragara salt, but of those who drew their supplies both from the Runn and the sea salt works. It is an undoubted fact that many of the agencies do supply places where sea salt, obtained from local works, was formerly consumed, and other places where both Runn salt and sea salt were sold together.

Effect of railway communication.

5. It is, however, alleged that the opening of railway communication has compensated for any disadvantages caused by concentration. As a matter of fact, however, the railway is the middleman's greatest ally, because it does not pay to convey salt from the seat of manufacture in any quantity less than one wagon load, which is at this moment 309 maunds. This quantity represents the annual consumption of some 3,000 persons, and at any of the local centres would cost on the average about R700. Now the number of retail dealers who have customers representing 3,000 consumers of salt, or could afford to lay in a stock of 309 maunds at a time is very small indeed, and I venture to say that none will be found except in the largest towns. It is evident, therefore, that in default of arrangements for the sale of the salt at local centres, the retailers will be compelled to resort to the middleman, and that under a system of strict monopoly and concentration of manufacture, the retailers, and consequently the consumers, have less facilities for obtaining their salt, without the intervention of the middleman, than they would have under a system of numerous local factories. The middleman is, in fact, a necessary product of a monopoly system which is only carried as far as the concentration of manufacture and sale at the

place of manufacture; and experience has shown that such public monopolies have a strong tendency to the creation of private sub-monopolies.

Agencies at Railway Stations provide a cheaper supply of salt than agencies at outlying places and are established wherever required.

6. It is objected that the agencies do not fulfil the purpose for which they were established because they have usually been opened at railway stations, and not in outlying areas in which railway communication does not exist. It appears to me that this objection is based upon a fundamental misconception as to the manner and cost of the distribution of salt. The object of the agencies is to provide the cheapest possible supply of salt, and salt can be most cheaply supplied from a railway station. It can be conveyed from a railway station more cheaply by the customers than by Government agency, because the carts bringing produce to the station, which would otherwise go empty away, take back salt to the different villages at cheap rates; whereas an agent sending salt by road to one place would have to engage carts for the special purpose, and carts would have to come to that one place from the different villages for the special purpose of taking salt away. It is obvious therefore that a railway station is the cheapest and most effective centre of distribution; and I confess that I am surprised to find what is really a simple point of good management treated as a fault. As regards the allegation that agencies have only been opened where Messrs. Naoroji Pestonji & Co. wished to have them, I will only say that the agents have never refused to open an agency wherever they have been required to do so; that an agency has been established at every point from which salt can be conveniently and cheaply supplied; and that, as a reference to the map will show, the agencies are well distributed thoughout the whole area which they are intended to serve. The allegation of subservience to the Agents' commercial instincts is, just now, peculiarly ill timed when Messrs. Naoroji Pestonji & Co., in deference to the wishes of Government, have opened agencies in Bombay and in the Deccan, although they were as well aware as I was that the chances of success were of the slightest, and that the experiment would probably cause them considerable pecuniary loss.

Arguments in favour of system. The cheapening of salt.

7. The Report states certain arguments in favour of the system of distribution, and then proceeds to demolish them. The arguments are not mine, and are merely partial exemplifications of the great argument, to which all others can be reduced, *viz.*, that salt is supplied to the retail dealers, and therefore to the consumers, at the lowest possible price, combined with equality of price within a given area. It appears to me that the principal question in issue is whether this object has, or has not, been attained; and as the Report contains no definite reply, I will endeavour to answer it myself. I will, for the moment, discard the question whether the prices charged at the agencies have been sufficient, since that matter is one which can, if necessary, be remedied without affecting the principle of the case, or the practical working of the agencies. I will assume that all possible charges, both the one per cent. commission paid to the agent and the value of the one per cent dryage, are to be included in the price of the salt; and this may, for the present, be taken as the lowest price at which Government can afford to sell.

Evidence that salt has actually been cheapened.

8. In order to determine whether the price so fixed is lower than the price at which the salt could be supplied by any private agency we may proceed by two methods: firstly by an estimate of the usual profits of the trade; and secondly by a comparison of the price of the salt in markets where there are no agencies with the prices at which it would be sold if there were agencies. The present price of salt including average freight to the agencies, but excluding the special charge of six pies per maund for agency expenses, is R2-5 per maund. Two per cent upon this amounts to nine pies per maund; so that Government can, undoubtedly, afford to sell salt at the agencies at an all-round price of R2-5-9 per maund. The question is whether it could be sold for a less price by private agency. I do not think that any one will venture to assert that the private trader in Bombay would be satisfied with so low a rate of profit. In the Bombay sea salt trade the up country wholesale merchant takes half an anna per rupee on the prices of the Bombay merchant, and this is over and above the merchant's profit, which is considerable. It is rightly stated in the Report that no

comparison of agency and trade prices can be made in Gujarat since agency and trade prices cannot exist in the same place. But there are markets outside Gujarat where such a comparison is possible, the results for which are shown in detail in the statement* annexed to this note. The agency price includes all charges and both commission and dryage; and the trade price is certified by the Collector of Salt Revenue to be that of one whole maund of salt actually purchased in the market. The prices and the differences between them are as follows:—

Station.	Trade price.			Agency price.			Difference.		
	R	a.	p.	R	a.	p.	R	a.	p.
Rutlam	3	2	0	2	10	3	0	7	9
Indore	3	1	0	2	11	11	0	5	1
Mhow	3	0	0	2	12	1	0	3	11
Ujjain	3	0	0	2	11	7	0	4	5
Khandwa	3	0	0	2	13	1	0	2	11
Itarsi	3	5	0	3	0	9	0	4	3
Piparia	3	5	0	3	1	11	0	3	1
Gadarwara	3	5	4	3	2	9	0	2	7
Jabalpur	3	8	0	3	4	8	0	3	4

The figures are instructive. It will be seen that the difference is greatest where Baragara salt has the greatest hold on the market, and least where it comes into close competition with sea salt, as at Jabalpur and Khandwa. The phenomenon is not an unusual one. We have, in the course of our inquiries, found other instances in which the price of a salt in the home market, which it commands, is relatively, and sometimes actually, higher than in distant markets where it competes with other salt. In Northern Gujarat Baragara salt has complete command of the market, and it may be inferred that if the distribution were left entirely to private trade, the difference would be nearer the superior than the inferior limit. The difference at Rutlam is excessive and is probably due to temporary causes. I have several times made inquiries regarding the price of salt there and the ordinary difference is about 5 annas per maund. I think, therefore, it may be estimated that, if the distribution of Baragara salt were abandoned to private trade the price of one whole maund of salt would rise, in the area now served by the agencies, by at least four annas per maund.

Advantages of equal prices at all agencies within a defined area.

9. It is argued, however, that, owing to the equalisation of prices at all the agencies, except four, which lie on the outside verge of the area supplied, customers at centres near the source have to pay more, and those at a distance less, than the actual cost of laying down; and that the former might be supplied more cheaply by private agency. It is therefore necessary to say a few words on this point. The principle of fixing the same prices for articles of monopoly within certain defined areas or zones has, I believe, been adopted in most European countries where Government monopolies exist, as the best means of equalising and lightening the burden of the monopoly. It is obviously equitable; for a man who, but for the intervention of Government, might get his goods from a factory at his door, ought not to be required to pay more than the man who, by chance, happens to live in a place where a central factory has been established by Government. It is, in my opinion, beside the question to speak of persons being deprived of the natural advantages of their position in proximity to a salt work, for the advantages are purely artificial and have been created by Government. The arrangement also immensely facilitates the account part of the business and prevents imposition on purchasers. We found the system established in the States of Travancore and Cochin, where salt, which is a State monopoly, is sold everywhere at depôts for an uniform price of R2-8 per maund, to the great benefit both of the States and the consumers. The germ of the principle, as applied to the sale of Baragara salt, is to be found in a pencil note made by Sir Charles Pritchard on Mr. Pedder's report. I cannot discover that Sir Charles Pritchard had any knowledge of continental monopoly systems, and he appears to have arrived independently at the same conclusion as continental finance ministers, who have a far wider experience of the working of monopolies than most Englishmen possess. Under the agency system equality of price is obtained by fixing an average freight rate, sufficient to cover the whole cost of freight to all the agencies; and this average rate is added to the issue price of the salt. In only one case, that of

* Page 55.

Viramgam, is the excess of the average over the actual freight rate as much as two annas per maund; in three cases it is as much as an anna, in three between half an anna and an anna, and in four below three pies. At all the other centres the price is less than the cost of laying down by amounts ranging from half an anna to half a pie. Even in the extreme case of Viramgam, if regard be had to the prices quoted above in outside markets, it is highly improbable that rail-borne salt could be supplied at a less price than that now charged. The fact urged in the report, that certain quantities are now taken by cart from Kharaghoda to Viramgam, does not really affect the case. The distance is only 23 miles, and petty traders are able to get carts, carrying goods from Viramgam to outside villages, to bring back salt at cheap rates of carriage. The essence of the thing is that they are able to get small quantities of salt by cart, whereas by rail they would have to get at least 309 maunds at a time, which few of them could afford to do. It is an instance, in fact, of the demand for lesser quantities of salt than can be carried profitably by rail at the same rate of freight as is charged for wagon loads; and it is precisely this demand which the agency system supplies.

Lower prices to retailers mean lower prices to consumers.

10. In the course of this argument I have not taken the recorded retail prices into consideration, because I have frequently found them untrustworthy. The agencies do not, as a rule, supply consumers direct. Their business is almost wholly with the retailers, in quantities of one maund and upwards; and about the price of one whole maund there can be no mistake. I have assumed that, if all the thousands of retail dealers can obtain an unlimited quantity of salt at a low price their customers will get the benefit; and therefore I hold it to be proved that consumers generally get Baragara salt cheaper under the agency system than they would if the distribution were left entirely to private trade. Any other conclusion would involve the assumption that if all the retail traders in a certain area pay less for salt than they otherwise would they will charge their customers a higher price; and conversely if they pay more for their salt they will charge their customers less; which appears to me to be absurd.

Lower prices encourage licit consumption and discourage illicit practices.

11. I think also it may be assumed that, the lower the price of salt, the less temptation there is to illicit practices; and that the lower prices maintained under the agency system must have had some effect in encouraging the consumption of licit, and discouraging that of illicit, salt. The other members of the Committee point to the fact that, during the ten years ending 1902-03 the recorded average consumption has been slightly less than that for the ten years beginning 1875-76. In the first place, during the earlier years, before the great extension of railways, much salt, which really passed out of Gujarat ,must have been shown as issued for Gujarat; and as there was also great uncertainty as to the population of the Native States, which form a great part of the area in which Baragara salt is consumed, the figures for the earlier period have not much value; secondly, the last decade comprises many years of plague and the worst famine known in India; and thirdly, after a certain point, in areas where all that is possible has been done to secure the salt revenue, no great progressive increase in the consumption per head can be expected. There can, I think, be no doubt that in the Native States, where we have little control and natural deposits abound, the low prices have greatly contributed to the consumption of British taxed salt. It may be noted that 16 of the 31 agencies are in such Native States, and if they are withdrawn I confidently predict a very large decrease in the revenue derived from those States. It is said that there is no reason to presuppose the failure of the ordinary trade to meet the demand at a reasonable price. I would point out that it is not a question of a "reasonable" price, but of a trade price, as compared with an agency price. From one point of view every trade price is a reasonable price; and it is quite certain that the trade price would be considerably higher than the agency price, and that the higher price would tend to diminish the consumption of licit salt.

Objections to system.

12. Having established the point that, under the existing system of strict monopoly and centralisation of manufacture, Baragara salt has been and can be

supplied through the agencies more cheaply than by private trade, which is the only, and in my opinion a complete, justification of the agency system, I will proceed to examine the objections which have been brought against it. They are as follows:—

(1) That their maintenance involves a loss to Government.
(2) That their retention constitutes an unjustifiable interference with private trade.
(3) That the system has the disadvantages attendant on the creation of a monopoly.

Whether system has caused expense to Government questionable, but immaterial to issue.

13. Even if the first objection is held to be well founded, it would furnish no argument against the retention of the agencies, since, as I have shown above, the agency prices will be much lower than those which would otherwise obtain, even when all possible charges have been included in the price of the salt. But there is a good deal to be said on the other side. My account of the financial results of the working of the agencies for the last ten years is as follows:—

Average of five years, 1898-99 to 1902-03.

Credit.	R	*Debit.*	R
Royalty at 6 pies per maund	14,385	Commission at 1 per cent.	11,329
Profit on freight	515	Interest on cost of construction and repairs	2,238
Saving in establishment charges at the main stores	1,000	Establishment charges	2,357
Overcharge on account of haulage recoverable	2,000		
	17,900		15,924

	R
Profit excluding wastage allowance	1,976
Wastage allowance	11,280
Loss including wastage allowance	9,304

My account differs from that given in the Report in the following points. I have only charged half the cost of the Ahmedabad depôt establishment against the cost of distribution while the majority of the Committee would charge all but R600 per annum. As explained in the Report the office receives large amounts paid on account of duty under the through traffic system, as many of the merchants engaged in the trade outside the Presidency have their headquarters at Ahmedabad. It appears to me that the attitude of the majority on this point is somewhat inconsistent. They enlarge upon the importance of the duties, and say that it is not safe that they should be entrusted to the Superintendent; though, as a matter of fact, the experience of thirty years has shown it to be perfectly safe. Yet they decide that one-eighth of the cost of the establishment is a sufficient charge on this account. It is also alleged that it is unnecessary that the Superintendent should do this work. I have never maintained that it is necessary, but it is certainly of great service to the merchants, who get their business done much more promptly than at the Treasury and the Bank, and at a place close to the railway station, which is more convenient to them. So much is this the case that, when owing to the opening of the Ahmedabad-Parantij railway, the sales at the depôt declined, I intended to propose that the depôt should be converted into an agency, on the ground that it could no longer afford the establishment required; and I only refrained from taking that course on the urgent representations of the merchants. The duties are, undoubtedly, of a highly responsible nature, and I think that one-half of the cost of establishment should be debited against them. I see no reason why the merchants should not continue to enjoy the facilities now given them; but if it is held that almost the whole of the cost of establishment must be charged against the cost of distributing salt from the depôt, then I would propose that the depôt should be converted into an agency. I have taken credit for the savings which are effected in the establishment of the main stores at Kharaghoda, through the issue of salt to the depôt and the agencies instead of to individual customers. At present the issue of salt to the depôt and the agencies practically costs nothing, because they can be replenished at convenience when other work is slack. The number of consignments would also be much greater if issues were made to individual customers instead of in large amounts to a few centres. If therefore the depôt and the agencies were abolished, it would be necessary to increase the staff at the main stores, and the cost of doing so would certainly not be less than R1,000 yearly. I think credit may reasonably be taken for this amount. I have also entered on the credit side R2,000 on account of the overcharge in the rate of haulage on salt issued within the Presidency, the reason for which is explained in the following paragraph.

Only possible loss is on account of duty on dryage. Whether duty should be recovered or not a question for the decision of Government; but decision will not affect working of agencies.

14. According to this account the only possible loss to Government is that on account of the one per cent dryage allowance made to the agents; and we return to the old question, which has been argued and re-argued, whether the value of this dryage allowance should be included in the price of the salt. It has always been the contention of the Bombay Government that it should not, on the ground that it is covered by the five per cent deducted, on account of wastage, from the amount of salt received from the salt makers. This argument, at one time, was perfectly good, though it only related to the value of the salt *ex* duty; but since it has been necessary to keep a reserve stock to meet a possible failure at Sambhar, the wastage has exceeded 5 per cent. It is, however, at least arguable whether an addition should be made to the price of salt in Gujarat on account of the insurance of the Sambhar supply. Again, it has been customary to take the additional charge of 2 pies per maund, on account of haulage to store of salt sent beyond the Presidency, as available to meet any deficiency in the cost of working the agency system. Enough salt for local consumption can be obtained quite near the store, and it is necessary to haul the salt required for outside consumption from a greater distance. For the sake of convenience an all-round rate of $3\frac{1}{2}$ pies per maund for haulage has been settled with the Railway Company, but it is evident that the local salt should properly be charged with a lower, and outside salt with a higher rate than the all-round rate; and it was intended to apply part of the receipts under this head to the reduction of freight charges on local salt. As a matter of fact, however, these freight charges have been so adjusted as to leave a small profit; and therefore something is due to the local salt on account of haulage. It is difficult to estimate what the amount should be, but I should say that roughly the difference would be three-quarters of a pie per maund, giving, on an average local consumption of 500,000 maunds, a sum of R2,000, which is fairly available in reduction of the cost of local salt. I do not think however that any other portion of the charge of two pies should be credited against the cost of the agencies, and it will be better to consider the question of the cost of dryage on its own merits.

15. It is argued that the agents derive profit from the allowance for dryage. With careful handling, and good arrangements for storage, no doubt this is the case. But it does not follow that what is gain to the agents is loss to Government. It may reasonably be held that, if it is not equitable that consumers should pay for salt which has disappeared through wastage and never passed into consumption, all Government can do is to fix a fair rate of wastage, and leave the merchants or agents to do what they can with it. That one per cent is a fair rate of wastage in private trade is, I think, unquestionable. It may be compared with the fixed wastage of 2 per cent on exports by sea from the Madras Presidency, on which careful exporters will certainly make a profit; with the one per cent fixed wastage in Bengal on consignments to bonded warehouses; and with the 3 per cent wastage in Bengal on salt stored in bonded warehouses, which, though not fixed, is generally worked up to. If wastage, which may be a source of profit to the traders is permitted in these cases, it is not clear why it should not be allowed to Government agents in Gujarat; and if the establishment of bonded warehouses became general, it would be necessary to allow at least one per cent wastage on Baragara salt. The question may be an open one; but it is also one of no great importance; and if it should be decided

that the duty on the wastage allowance should be recovered, it will only mean an average addition of $4\frac{1}{2}$ pies per maund to the price of the salt, which will not have the least effect upon the successful working of the agencies.

Argument of interference with private trade considered.

16. The second objection, that the retention of the agencies constitutes an unjustifiable interference with private trade, is a theoretical argument, which is entirely inapplicable to the conditions of the case. The order made by Sir Charles Pritchard in 1874 prohibiting the consignment of salt, on behalf of private traders, to stations where agencies existed was intended to prevent not fair competition, since at the prices fair competition was impossible, but malicious underselling, of the existence of which Sir Charles Pritchard had evidence at the time the order was passed. There has, in fact, been no interference with trade, except in so far as a small class of middlemen has been prevented from springing up; and as they never had any existence, there can have been no interference with them. To the trade as a whole, the system has been beneficial, as the great body of traders are enabled to obtain salt at many different centres more easily and cheaply than they could obtain it for themselves direct from the works or from middlemen. The application of maxims inculcating the value of the policy of non-interference with trade, in a business in which Government have already interfered to the extent of concentrating manufacture at one place, refusing to permit the opening of private works, and prohibiting the importation of salt by sea, seems to me to be in the last degree incongruous.

Objection on ground of creation of a monopoly considered.

17. As a general statement, and it is nothing more, the objection that the system has the disadvantages attendant on the creation of a monopoly, is manifestly contrary to fact. The principal disadvantages of a monopoly arise from the power of the monopolist to control the supply, and fix prices in accordance with his own interests. It cannot be pretended that the agency system places this power in the hands of any one, except Government, who have it already independently of the agency system. The agents who are bound to sell salt in unlimited quantities at fixed prices, are certainly not monopolists in the ordinary acceptation of the term. The observations, which follow the statement of this objection, and are presumably intended to support it, though the connection is not apparent, may be briefly dismissed. The apprehension expressed that such satisfactory agents as Messrs. Naoroji Pestonji & Co. may not always be forthcoming may be set aside, as, valuable as the services of this firm have been, no man is indispensible, and the Bombay Government may be trusted to see that it is faithfully served in this as in other greater matters. The allegation of disabilities entailed on private merchants is merely a repetition of the general argument of interference with private trade which has been considered above.

No harm, but good caused by the system.

18. I have frequently asked, and continue to ask in vain, what specific evil has been caused by the existence of the agency system. Apart from theoretical talk about interference with the freedom of trade, and the evils of monopoly, in a business which is a monopoly, and in which interference has already gone almost to the utmost possible lengths, no answer has ever been given to the question, and I do not believe that any answer is possible. On the other hand, it has been clearly established that under the system salt can be supplied to the consumers at a cheaper rate than would otherwise be possible; and I trust that they will never be deprived of this positive good in order to further the misapplication of the doctrines of political economy.

19. I am glad to find myself in accord with the other members of the Committee upon one point, namely, the danger of suddenly withdrawing the agencies. Their abolition would certainly be followed by a great and sudden rise in prices, which would cause general discontent, which, though it might not find such forcible expression as it did in the tracts served by the Abu Road and Rohera agencies, when those agencies were closed, would be none the less real. It is proposed therefore to retain the agencies, with certain modifications, which are briefly, that there should be charged at each agency the actual cost of laying down the salt *plus* commission charge; and that the restriction upon the consignment of salt by private traders to agency stations should be removed. The first of these changes would involve the abandonment of the

system of equal prices, the advantages of which I have already explained. The second would deprive the agents of the protection, which they now receive, against malicious underselling, a common trick in the salt trade, which will certainly be brought into practice. Fair underselling would be impossible, because no private traders can afford to sell continuously at prices lower than the Government prices. But malicious underselling may and probably will be continued long enough to make the agencies temporarily unprofitable. In fact I do not see where, under the proposed arrangements, the advantages to the agents come in. They are apparently to be placed precisely on the same footing as ordinary traders, but at the same time are to be bound to sell salt at a fixed price. I have no doubt that Messrs. Naoroji Pestonji & Co. will loyally attempt to carry out any arrangements which Government may decide to make; but from a purely business point of view I do not see what inducement they would have to continue in the service of Government. They would probably do far better for themselves by entering the trade as private individuals. The existing system has harmed no one, and has benefited many; it is thoroughly understood and appreciated by the people; and I can see no reason why Government should enter upon a fresh experiment, the results of which no one can foresee.

J. L. JENKINS.

Statement showing the rates of salt at certain stations. (To accompany Mr. Jenkin's Minute of Dissent—paragraph 8, Chapter IV.)

1	2	3							4	5		
										REMARKS.		
No.	Names of Stations.	Duty.	Price.	Ground rent.*	Haulage.†	Railway freight.	Bagging charges.	Rate exclusive of commission per Bengal maund if agencies established.	Current rate per maund.	Commission 1 per cent., 1 per cent. dryage.	Price, *i.e.*, cost of laying down *plus* commission.	Difference.
		R	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
1	Rutlam	2	0 1 3	0 0 3	0 0 6	0 6 11	0 0 6	2 9 5	3 2 0	0 0 10	2 10 3	0 7 9
2	Indore	2	0 1 3	0 0 3	0 0 6	0 8 6	0 0 6	2 11 0	3 1 0	0 0 11	2 11 11	0 5 1
3	Mhow	2	0 1 3	0 0 3	0 0 6	0 8 8	0 0 6	2 11 2	3 0 0	0 0 11	2 12 1	0 3 11
4	Ujjain	2	0 1 3	0 0 3	0 0 6	0 8 2	0 0 6	2 10 8	3 0 0	0 0 11	2 11 7	0 4 5
5	Khandwa . . .	2	0 1 3	0 0 3	0 0 6	0 9 8	0 0 6	2 12 2	3 0 0	0 0 11	2 13 1	0 2 11
6	Itarsi	2	0 1 3	0 0 3	0 0 6	0 13 3	0 0 6	2 15 9	3 5 0	0 1 0	3 0 9	0 4 3
7	Piparia	2	0 1 3	0 0 3	0 0 6	0 14 5	0 0 6	3 0 11	3 5 0	0 1 0	3 1 11	0 3 1
8	Gadarwara . . .	2	0 1 3	0 0 3	0 0 6	0 15 3	0 0 6	3 1 9	3 5 4	0 1 0	3 2 9	0 2 7
9	Jabalpur . . .	2	0 1 3	0 0 3	0 0 6	1 1 2	0 0 6	3 3 8	3 8 0	0 1 0	3 4 8	0 3 4

* Commission being charged separately.
† Sales being outside the Presidency.

J. L. JENKINS.

Prices reported are those of one maund of salt actually purchased at one time.

NOTE ON THE COST OF BARAGARA SALT BY MR. JENKINS.

In paragraph 7, Chapter IV of the Report, it is stated that "no account of the cost of manufacture of Baragara salt, prepared in accordance with the Government of India Resolution No. 326, dated the 17th January 1882, is in existence." To this it may be replied that the account has kept itself, since the sale price is composed of parts, most of which cover, or more than cover, corresponding items of expenditure, as shown below:—

	Sale price within the Presidency. As.	P.		Sale price outside the Presidency. As.	P.	
Cost of production	1	3	Less 5 per cent. for wastage.	1	3	Less 5 per cent. for wastage.
Haulage and storage	0	4	Actual cost.	0	6	Two pies in excess.
Ground rent { ordinary	0	3	Unappropriated.	0	3	Unappropriated.
Ground rent { additional	0	6	To cover cost of distribution through agencies.			
	2	4		2	0	

The unappropriated 3 pies per maund on all issues and the excess of 2 pies on the haulage of salt sold outside the Presidency are obviously more than sufficient to cover the establishment charges and interest on the small capital expenditure exclusive of railway works and sidings; and the 5 per cent. deduction more than covers ordinary wastage. An account based on these lines has often been submitted to the Local Government and the Government of India, and has been accepted.

2. The allegation really is that certain items of expenditure, which should have been included in the account, have been omitted. One of these is an annual payment of R19,088 as compensation to the zamindars of Patri and Jhinjuwada, which my colleagues on the authority of a single remark in a return prepared in the Bombay Secretariat, and no other evidence whatever, consider to be in the nature of a rent charge. A little further enquiry, however, would have shown that the payments cannot be in the nature of a rent charge since it is an established principle that the right to manufacture salt in the Runn vests solely in the British Government. No rent was paid when the Udu work was opened in 1881 or for the several extensions at Kharaghoda; nor ought any to be paid for new works which may be opened in the Runn. Similar payments are made to other chiefs, and in the case of Radhanpur the circumstances are identical. Out of the whole number these payments alone have been selected for inclusion in the account, apparently because the existing Kharaghoda work is near Patri, and the existing Udu work is near Udu, though the old works at Patri and Udu were closed in 1874-75, and the new works out in the Runn occupy entirely new sites at a distance from the old ones. The inclusion of this charge has, I think, been made without due consideration and enquiry. It may be the cause of serious embarrassment, and of injury to Government interests, when it becomes necessary to open new works in the Runn, and I have no hesitation in excluding the charge from the account.

3. The other item of importance which has not been taken into account is the capital expenditure on railway works and sidings. In order that the position with regard to this expenditure may be understood, it is necessary to give a brief history of the undertaking. The construction of a railway, with the necessary sidings, from Viramgam to Patri, near Kharaghoda, was an essential part of Mr. W. G. Pedder's scheme for concentrating the manufacture of Baragara salt at one place. The objects of the scheme were described in the letter of the Bombay Government, Public Works Department (Railway), No. 624, dated the 29th April 1870, and, among other inducements to the construction of the line, the following were mentioned:—

(1) A saving of R34,000 per annum in establishment charges.

(2) An increase of at least R1,50,000 annually, owing to the stoppage of smuggling from the isolated works, which it was impossible to prevent.

(3) An increase of 2¼ lakhs in railway earnings.

The Government of India approved of a survey being made, and in forwarding the estimates the Bombay Government proposed (letter No. 1437,

dated the 2nd October 1870) that the construction of the line should be entrusted to the Bombay, Baroda and Central India Railway Company as part of their system. In a further letter No. 131, dated the 7th February 1871, it was pointed out that sidings to the salt pans would be required, but the submission of estimates for these was deferred. The Government of India communicated their orders on the subject in their letter No. 362 R., dated the 2nd March 1871. Their decision was that "the line being projected solely in the interests of the salt trade and revenue, and not being likely to be remunerative in any other point of view, it seems proper that the Salt Department, which will receive a great benefit from it, both directly and indirectly, should provide the necessary funds for its construction. The Government of India are therefore prepared to sanction the cost of the line as a charge on the revenue of the Salt Department." *At the same time certain terms for the construction and* working of the line were embodied in a working agreement with the Bombay, Baroda and Central India Railway Company. Under this agreement the Company were to carry as much salt as the Salt Department might desire at one-fifth of a pie per maund per mile over the branch; the income and charges were to be dealt with as income and charges of the main line; and additional works required by the Salt Department or for railway purposes were to be paid for by the Salt Department and the Company respectively. The Government of India approved of the agreement and sanctioned the following outlay for the line:—

	R
State outlay	8,59,056
Guaranteed railway outlay	68,575
TOTAL .	9,27,631

Plans and estimates for the salt sidings and buildings at the terminus, and for local depôts at Ahmedabad, Baroda, Broach and Surat were prepared by the Railway Company and submitted to Government in July 1872. The estimates were as follows:—

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Sidings at the terminus and at the pans at Kharaghoda .	3,35,838
Depôt at Ahmedabad	47,726
Depôt at Baroda (transferred to railway)	47,726
Depôt at Broach (transferred to Land Revenue Department)	47,726
Depôt at Surat (transferred to railway)	47,726
Miscellaneous buildings	23,026
TOTAL (SAY) .	5,50,000

Meanwhile the Government of Bombay had addressed to the Government of India a letter No. 1863 F. D., dated the 2nd July 1872, in which it was urged that since this expenditure was *undertaken with the sole view of improving the* imperial revenue derived from salt, the Government of India would be pleased to direct the necessary expenditure to be passed as an imperial charge. In reply the Government of India, in their letter No. 3773 Finance and Commerce Department, dated the 24th October 1872, sanctioned the addition of £55,000 to the Provincial assignments in order to provide for these works.

4. It is evident, I think that Government considered that the cost of carrying out the original scheme should be a charge against the revenue derived from salt, and that there was no intention of recovering interest on the outlay by an addition to the sale price of the salt. *There was good reason for this decision.* The cost of the railway works was much more than covered by the saving in establishment charges, and the cessation of smuggling which resulted from the closing of the many isolated works; and it would not have been equitable to attempt to exact a further profit from the consumers. If the estimates, which were accepted at the time, are in any way correct, the cost of these works has been recouped several times over during the 32 years they have been in existence.

5. In 1881, however, the original project was expanded by the construction of a new work at Udu, seven miles from Kharaghoda. The new work was

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5. In 1881, however, the original project was expanded by the construction of a new work at Udu, seven miles from Kharaghoda. The new work was

connected with Kharaghoda by a tramway and served with a set of sidings and a high level platform. For these works an estimate, amounting to R2,36,261, was prepared and sanctioned (Government Resolution in the Public Works Department, No. 728, dated the 4th October 1882). But the amount proved insufficient and a second estimate of R2,61,000 was sanctioned. Thus the whole estimated cost of the tramway and sidings for the Udu extension was R4,97,261. I have not been able to obtain any figures of the actual expenditure, but I believe it was a good deal less than the estimate.

6. In connection with the second estimate the Government of India desired that the sale price of Baragara salt should be recalculated and that they should be furnished with a copy of the calculation, with a full explanation of all items (Government of India letter, Department of Finance and Commerce, No. 4715, dated the 6th November 1882). The request was duly conveyed to the Commissioner of Customs, Salt, Opium and Abkari, by the Bombay Government; but it does not appear that any report was ever made. As the Government of India took no further steps in the matter, it can only be supposed that Mr. Pritchard was able to satisfy the Local Government and the Government of India, personally or by demi-official correspondence, that no change was necessary.

7. It seems to me quite reasonable that Government should be satisfied with the direct and indirect advantages gained by the construction of the railway and sidings without seeking to recover the cost by enhancing the price of salt. I understand that the whole cost of the railway and sidings made to serve the Sambhar Lake has not been taken into account in fixing the price of salt at that place. If Government had not elected to carry out the work at Kharaghoda in the manner described, it is probable that the Railway Company would have constructed the railway and most, if not all, of the subsidiary works, as in the case of the sidings at the Madras Depôt, and the railway connections with works on the Madras coast, which have involved no increase in the sale price of salt. The salt traffic on the Viramgam-Kharaghoda Branch is constantly increasing, but there is also a considerable goods and passenger traffic, which alone would justify the existence of the line. The line which, in ordinary course, will shortly come into the possession of Government, has certainly been a highly profitable investment; and since the undertaking as a whole has been signally successful, I think Government would be justified in deciding that the consumers should not be required to pay for the railway and the subsidiary sidings.

8. I have prepared estimates, which are appended, showing what the different sale prices of Baragara salt would be, (1) if all railway expenditure except that on the main line were taken into consideration, which is the course suggested by the Committee; (2) if only the expenditure on extensions incurred after the original scheme of 1870 was completed were included in the calculation, which in view of the decision of the Government of India, is in my opinion, the most that can be done; and (3) if all expenditure on the railway and sidings were omitted, which is the method hitherto adopted. The first and second calculations show a loss of 2·1 pies and 1·04 pies per maund respectively. The third shows a profit of 1·9 pies per maund.

9. For the purpose of these calculations I have accepted the figures given under the different heads of expenditure in the Report, though in some respects they require modification. Thus the proportion of establishment charges is certainly excessive, if it is intended only to cover the cost of supervision of manufacture. I understand, however, that, in fixing the proportion the other members of the Committee were influenced by the consideration that the establishment also supervises storage; but the same, or even a greater amount of supervision of storage would be required if the work were managed as an excise work. In excise works water is, when necessary, supplied to the establishments at Government cost, and the water works at Kharaghoda supply water to other establishments besides those employed about the salt works, so that some reduction should be made on this account. The debit on account of wastage is entirely due to the maintenance of large stocks on account of the uncertainty of the supply of Sambhar salt. The reduction of 5 per cent is more than sufficient to cover ordinary wastage. It seems to me that either sufficient reserve stocks should be kept at Sambhar to meet any failure in the supply, or the

cost of the insurance of the supply should be debited to the cost of Sambhar salt. If expenditure were incurred at Sambhar on account of the supply of Baragara salt, the Commissioner of Northern India Salt Revenue would be the first to demand that such expenditure should be charged to the cost of Baragara salt. The difference which would be made by a re-adjustment of the figures would affect the calculations to the extent of a pie or more per maund. It may be taken that, upon a most stringent application of the principles by which the sale price of Government salt is to be regulated, the deficiency in the sale price of Baragara salt is about two pies per maund, while if the calculation is made with due regard to the facts of the case, and the original intention of the Government of India, there is no deficiency. These results may be compared with those obtained in the case of the Rajputana salts, which have continuously been sold at prices greatly below cost price; while, though accounts have professedly been kept, it was not known, a few days ago, to what extent the prices now charged meet even that portion of the expenditure which they are supposed to cover.

J. L. JENKINS.

Estimates of the cost of Baragara salt.

In these estimates the cost of the depôts at Baroda, Broach and Surat which have been made over to other departments has been excluded; and also the cost of the depôt at Ahmedabad which is debited separately against distributing agencies.

So too the additional charge of six pies per maund for cost of distribution has been omitted from the sale price of salt within the Presidency.

The average quantity of salt produced during the last ten years has been 23,00,000 maunds.

The average issues for the last ten years have been—

Within the Presidency . . 4,80,413 maunds at $1\frac{5}{6}$ annas per maund.
Outside " " . . 14,61,972 " " 2 " "

And the average sale price deduced from these figures is 1 anna 11·496 pies per maund.

Estimate I.

This includes the cost of *all* sidings, but is exclusive of the cost of the railway line.

Capital Expenditure.

		R
Sidings at Kharaghoda		3,36,000
Miscellaneous buildings at Kharaghoda		23,000
Sidings at Udu		4,97,000
	Total	8,56,000
Water works		2,70,000

Annual Expenditure.

			R
Interest on Capital	8,56,000 at $3\frac{1}{2}$ per cent.		30,000
	2,70,000 at 4 " "		10,800
Upkeep of sidings			18,000
Establishment charges			10,500
Haulage and storage 23,00,000 maunds at 4 pies			48,000
		Wastage	9,500
		Total	1,26,800

	A.	P.
Incidence of above expenditure per maund	0	10·6
Add cost of production per maund	1	3
	2	1·6
Sale price	1	11·496
Deficiency	0	2·1

Estimate II.

This includes only the cost of sidings, etc., made after the original scheme of 1870, the cost of which the Government of India declared to be a charge against the salt revenue, had been carried out.

Annual Expenditure.

	R	R
Interest on Capital	5,00,000 at $3\frac{1}{2}$ per cent.	17,500
	2,70,000 at 4 " "	10,800
Upkeep of sidings		18,000
Establishment charges		10,500
Haulage and storage 23,00,000 maunds at 4 pies		48,000
Wastage		9,500
TOTAL		1,14,300

	A.	P.
Incidence of above expenditure per maund	0	9·54
Add cost of production per maund	1	3
	2	0·54
Sale price	1	11·496
Deficiency	0	1·044

Estimate III.

This is exclusive of all expenditure on railway and sidings.

Annual Expenditure.

	R	R
Interest on Capital 2,70,000 at 4 per cent.		10,800
Establishment		10,500
Haulage and storage		48,000
Wastage		9,500
TOTAL		78,800

	A.	P.
Incidence of above expenditure per maund	0	6·6
Add cost of production	1	3
	1	9·6
Sale price	1	11·496
Profit	0	1·896

J. L. JENKINS.

CHAPTER V.

THE SUPPLY OF SALT IN BOMBAY AND THE DECCAN.

Scope of the reference.

Letter of the Bombay Government to the address of the Government of India, No. 6010, dated the 1st September 1903.

1. The Committee have been directed to enquire into the arrangements for the supply of salt in Bombay and the Deccan, in consequence of the recommendation, submitted by the Government of Bombay in September 1903, that agencies for the sale of Baragara salt should be opened at Bombay, Poona, and Sholapur, in order to meet the unusual enhancement of the sale price of sea salt due to the temporary depletion of stocks. While according sanction to the course proposed as a temporary expedient, the Government of India considered that the facts reported indicated that the general question of the supply of salt called for investigation.

The agencies at Bombay, Poona, and Sholapur.

2. With the subject of the sale of salt at agencies managed under contract from Government, we have already dealt in the preceding Chapter, though mainly as regards Gujarat. Its application to Bombay and the Deccan scarcely calls for detailed discussion, since, so far as we can judge, the scheme will work out its own dissolution owing to the unwillingness of the people, for whose benefit it was intended, to consume the Baragara salt offered for sale. It has been already noticed that a similar state of affairs brought about the closure of the depôts for the sale of Kharaghoda salt at Surat and Broach, the inhabitants of which are accustomed to the use of sea salt. The dates of opening the three depôts and the sales effected at each up to the time of our enquiry are shown in the margin, and taken in conjunction with the prevailing high prices of sea salt, the figures indicate conclusively that no real demand for Baragara salt exists in this portion of the Presidency. The fact is valuable in considering any general question of the salt supply to these areas, as demonstrating that it is upon sea salt only that reliance must be placed. The question of renewing the term for which the agencies have provisionally been permitted will probably not arise.

Name of Agency.	Date when opened.	Date of enquiry.	Sales effected up to the date of enquiry.
			Mds.
Bombay	2nd Nov. 1903	11th Dec. 1903	92[illegible]
Poona	3rd " 1903	15th " 1903	114
Sholapur	2nd " 1903	16th " 1903	75

Failure of the supply of Bombay sea salt in 1903.

3. The immediate cause of the shortage of stocks experienced during 1903 in the areas supplied by Bombay sea salt, was the continuous and heavy downpour of rain between the 20th and 25th of May of that year, which not only destroyed large quantities of salt in the works around Bombay, but by flooding the pans brought the season to an untimely end.* The total actual loss of salt was estimated at over $11\frac{1}{2}$ lakhs of maunds, and this, combined with the cessation of manufacture, reduced the estimated balance of salt in hand upon the 30th June 1903 to 29 lakhs of maunds in comparison with $55\frac{1}{2}$ lakhs on the corresponding date of the previous year. There being no possibility of a fresh local supply before the new crop of 1904 came into the market (say the middle of January), and the total demand between July 1903 and the end of January 1904 being estimated at over 27 lakhs of maunds, a serious depletion of stocks was to be foreseen, in anticipation of which prices rose considerably. The scarcity of salt which was experienced was, therefore, the direct sequel to unusual climatic conditions.

* Manufacture can ordinarily be counted upon to continue till the end of May.

The area in which Bombay sea salt is consumed.

4. The question before us is whether the salt supply of the Presidency (outside Sind and Gujarat) is normally so precarious as to afford no safeguard against an early exhaustion of stocks following upon any accidental interruption of one year's manufacture. In reality, however, the problem is of wider application.

Figures are furnished in Appendix VI showing the distribution of Bombay sea salt during the last ten years, and from the totals of 1902-1903 noted in the margin, it will be seen that in that year the Bombay Presidency itself was interested in the total supply only to the extent of about two-sevenths. Outside the Presidency, South Canara, Malabar, Cochin, and Travancore are almost entirely dependent upon Bombay for their supply. Elsewhere other salts share the market, and may be available to supplement any deficiency, *i.e.*, Baragara and Rajputana salts in the Central Provinces and Central India; and Madras salt in the Central Provinces, Nizam's Territory, the Madras Presidency (outside Malabar and Canara), and Mysore. In Calcutta, Bombay salt forms but a small portion of the consumption. But even granting the presence of other salts upon the market, it is obvious that a failure of a large section of the normal supply is calculated to lead to a considerable rise in prices. The consequences will be most serious where other sources of supply are least readily available, but they will be felt in any case, and it is to be observed that the extent of country within which Bombay salt is sold will probably in the future increase rather than diminish. In the interests, therefore, both of the Bombay Presidency and of large areas outside it, the security of the supply of sea salt manufactured on the West Coast is a matter of concern to Government.

Area supplied.	Quantity of Bombay sea salt supplied during 1902-03. Mds.
Bombay Presidency . .	20,33,385
Central Provinces . .	10,88,978
Central India . . .	11,390
Nizam's Territory . .	9,68,745
Calcutta	5,31,305
Malabar and South Canara .	12,17,788
Rest of the Madras Presidency	2,47,148
Cochin and Travancore .	6,31,946
Mysore	3,90,424
TOTAL .	71,21,109

Manufacture, sales, and stocks of Bombay sea salt.

5. Figures are furnished in Appendix VII showing the quantities of sea salt manufactured and sold in the Presidency during the last 20 years, together with the quantities held in stock upon the 30th September, 31st December, and 31st March of each year. It will be observed that the average amount of salt produced yearly was 76 lakhs of maunds, the maximum having been 1,01,53,826 maunds (in 1900-01), and the minimum 56,86,562 maunds (in 1883-84). During the same period the annual sales averaged 67 lakhs of maunds, the maximum having been 76,49,896 maunds (in 1894-95), and the minimum 53,97,401 maunds (in 1883-84). A crore of maunds might be taken approximately as representing the present maximum output of the works, but as a rule the quantity manufactured is regulated by the amount of the anticipated sales.

For this the conditions of production are sufficient to account. With the small exception of Dharasna, the factories are worked by excise licensees conducting their operations upon a commercial basis; sea salt deteriorates as a marketable commodity by keeping, and it is not to the interest of the manufacturer to accumulate large reserve stocks representing so much capital lying idle and depreciating. Thus from a business point of view, there is a distinct disadvantage in maintaining any such standard as is set by Government, for instance, at the Kharaghoda source, where a reserve stock equal to two years' requirements is aimed at, or at the monopoly factories in the Madras Presidency, where it is sought (with more or less success) to retain a balance of salt equal to the demand of eighteen months. Such regulation of manufacture may be justifiable on the part of Government to whose interest it is that a sufficient supply should at all times be available for the benefit of the consumer, but it is impossible to expect the same solicitude from excise licensees who look to their own commercial profit only. This necessary incident of an excise system is clearly borne out by the figures, which show that on the 31st December, that is, within one month of the time when the new salt may ordinarily be expected to come upon the market, the average quantity of salt in stock is usually somewhat less than six months' supply. On the 31st March, that is, in the middle of the manufacturing season, the average reserve is even lower.

Working of the excise system in Bombay.

6. It is the fact that the supply will ordinarily be adjusted as nearly as possible to the immediate needs of the market, under a system of free excise such as governs practically the entire manufacture of sea salt in Bombay, which has created the situation to which the attention of Government has been drawn.

The records do not justify the conclusion that the Bombay excise system, as such, has proved a failure. The returns of prices of sea salt represent a conversion of the market rates from measure to weight, and so far contain a margin of error which detracts from their value, but they do not show any such ordinary dearness of salt as would indicate a general insufficiency of supply, or the presence of such combination among manufacturers as to seriously prejudice the consumer. Nor, for the most part, have violent general fluctuations been characteristic of the market. The report of the year 1879-80 refers to a rise in prices due to the shortage of stocks consequent upon the destruction wrought by a cyclone. That of 1893-94 states that prices had risen considerably as the result of two consecutive bad seasons: and we have the recent instance of 1903. Such cases therefore have occurred, but they have been the exception. Competition among the licensees is active, and under its stress, the market has generally been sufficiently supplied. The risk of an unforeseen interference with manufacture must always exist in such a process as the production of salt in which climatic conditions play so large a part. Should such interruption occur, the calculations of manufacturers are upset; the producer protects his stocks by an enhancement of prices, and the consumer suffers proportionately.

Conclusion as to failure of supply in 1903.

7. Our conclusion, therefore, with regard to the shortage of stocks and rise in prices which occurred in 1903, is that a similar result may be expected under similar circumstances, whenever the supply of salt is derived under a system of unrestricted excise, but that so far such results have neither been so frequent nor so serious as to require a radical reform. Immediate hardship has no doubt been caused, nullifying in the most recent instance, for the time being, the effects of the recent reduction of the duty on salt, but it is disappearing with the arrival of the new season's salt upon the market, and the situation has already ceased to be acute. We would, however, add a word of warning as to the future, and indicate lines upon which, even as matters stand, action might advantageously be taken.

Position of excise licensees as regards the maintenance of stocks.

8. A feature of the Bombay salt trade of the present day is the energy with which it is applying itself to the capture of distant markets. With every success achieved, the circle of possible disturbance widens, should climatic or other influences affect the supply. Moreover, there are indications that less consideration is ordinarily paid to the wants of the consumer who is practically dependent upon the local supply, than to the more distant markets outside the Presidency in which the competition of other salts is encountered. We would therefore emphasise the necessity for the closest scrutiny by the local authorities of the state of the reserve stocks of salt. Although it is impracticable without legislation to compel existing licensees to maintain reserves, we recommend that they should be given clearly to understand that Government is not prepared to allow the balances of salt in hand to continue at a dangerously low level solely to meet the convenience of the trade. On the contrary, that it will be prepared to seek a remedy should representation prove unavailing. Action has, in fact, been occasionally taken upon these lines in the past, and with some result. Thus, after the year 1893-94 closed with the dangerously low balance of a little over $4\frac{1}{2}$ lakhs of maunds, the Collector of Salt Revenue, by putting pressure upon the licensees and by the threat of opening new works should larger stocks not be maintained, was able (with the assistance of propitious seasons) to ensure two years of manufacture well above the average. After that the quantity manufactured again fell off, and the reserve dwindled steadily. Had it not been for the fact that the depleted stock of about 9 lakhs of maunds at the close of the year 1899-1900 was made good in the succeeding season by the record outturn of over a crore of maunds, matters might have reached a critical stage at an earlier date. In the years 1901-02 and 1902-03 the balances of salt in hand again declined, and there was little therefore to fall back upon when the season of 1903 proved a failure. We are not aware if any attempt was made to urge upon the manufacturers the necessity for

Year.	Quantity of salt manufactured. Mds.
1894-95 . . .	92,70,098
1895-96 . . .	89,69,177

increasing the output of the year 1902, but had this been done, the effect of the disaster of 1903 might not have been so serious. It is, we consider, one of the most important functions of the Collector of Salt Revenue to pay constant attention to the state of the stock of salt. Upon his discretion and influence with the licensees the proper up-keep of a reserve stock largely depends, and while it is not certain that he will always be successful, it is probable that, if it is seen that the Government is in earnest, the manufacturers will comply with its wishes.

Extension of the excise system as a remedy for deficient stocks.

9. Should he be unsuccessful, it may be necessary to seek for other means, and the possible courses which would seem open, should such a contingency aris, may usefully be noted. The simplest procedure would be the opening of new excise works. Uniformity of system would thus be maintained, and the difficulties which have been experienced in Madras in the management of a joint system of excise and Government works would be avoided. Suitable sites for new works are available, at which factories, well laid out and favourably situated as regards communication by rail and water, could exercise a powerful and successful competition. Moreover, an addition to the sources of supply would *pro tanto* increase the stock of salt in hand. But as in the case of the existing works, the new excise licensees would be tempted to maintain only such stocks as in their estimate are likely to carry them over until the next season's manufacture, and their estimates may not amount to the quantity adequate to ensure the continuity of a full supply.

This difficulty may, however, in some degree be overcome by opening the new works under a system of a modified excise such as is current in certain factories in Madras. Though Government is hampered by vested interests in dealing with existing licensees, new licenses can be issued subject to whatever conditions may be thought desirable. Under the scheme of modified excise, the option is secured to Government of purchasing the whole or any quantity of the salt manufactured at a specified price, and a powerful instrument for the control of the supply is thus placed in their hands. The option need not necessarily be exercised. We would suggest that such powers be taken in any case in which extensions of manufacture on the excise system are sanctioned.

Establishment of Government works as a remedy for deficient stocks.

10. The alternative to the extension of manufacture under the excise system is the establishment of Government works. We have referred to the excise system as practically governing the production of sea salt in Bombay. The exception is the Government work of Dharasna in the district of Surat with an average* annual outturn of 3,37,069 maunds; the demand met by it is mainly local, and its influence on the markets outside its immediate proximity is small.

* Ten years' figures ending 1902-03.

Locality.	Number of works.	Average† annual outturn.	Date of expiry of lease.	Rental.
		Mds.		R
Taluqa Matunga	5	3,55,621	31st July 1904	25,651
Do. Bassein .	4	2,28,689	30th Sept. 1904	26,126
Do. Pen .	1	20,474	31st Augt. 1908	1,900
Do. Uran .	1	18,945	30th Sept. 1905	525
Do. Shiroda	9	19,941	31st Dec. 1906	3,236
TOTAL .	20	6,43,670†		57,438

† Ten years' figures ending 1902-03.

But Government is also the possessor of the other works noted in the margin, although they are let on lease to excise licensees mostly for terms of five years, and in one instance, (in Taluqa Pen), for ten. The four taluqas first named are in the large producing centres adjacent to Bombay; Shiroda is in the Ratnagiri district.

We are advised that peculiar difficulties would attach to the direct management of a Government work in Bombay in the neighbourhood of the existing large excise works, where it should be placed, if competition with them is to be effectual. The example of Dharasna in this respect is not relevant; it is an isolated work and has no near competitors. Elsewhere, considerable difficulties in the matter of labour are to be feared, and the special arrangements for recruitment which are open to excise licensees are difficult of adoption by Government. The experience of Madras exhibits the objections to the existence of Government works in competition with excise. The merits of either system are a matter of argument, but a combination of the two presents many practical difficulties.

Introduction of a modified excise in Government works held on lease.

11. We would, however, strongly urge that upon the renewal of the present leases of the Government works mentioned above, the opportunity should be taken to introduce in them the system of modified excise. Earnest will thereby be given of the intention of Government in the matter, and experience will be gained, while although the total outturn from these works is not large, the quantity is appreciable. It is not necessary in order to influence the market that Government should be in possession of a large proportion of the year's supply. The mere knowledge of the existence of Government stocks will have a good effect.

If Government works were leased to excise licensees on the conditions suggested above, the results would be similar to those obtainable from private works under a system of modified excise, and a system of modified excise at the existing Government works and at any new excise works which may hereafter be opened, appears to us to offer the greatest probability of success in the event of any change in the existing arrangements being found to be necessary.

CHAPTER VI.

THE SUPPLY OF SALT TO THE NATIVE STATES OF TRAVANCORE AND COCHIN.

Scope of the reference.

1. The system under which salt is supplied by sea from Bombay to the States of Cochin and Travancore has already occupied the attention of the Government of India upon more than one occasion. The present re-examination of the question is the outcome of a suggestion of the Government of Bombay that enquiry was desirable in order to ascertain whether under the existing procedure any danger to the revenue was involved, and, if so, what measures should be taken to place the traffic upon a satisfactory footing.

Letter of the Bombay Government, to the Government of India, No. 5907, dated the 29th August 1903.

Sources of supply of salt to Travancore and Cochin.

2. The State of Travancore derives its supplies of salt (*a*) by importation from Bombay by sea; (*b*) from the local manufacture of sea salt; and (*c*) in one small isolated tract in the hills, by importation from Madras by land. The requirements of the Cochin State are entirely met by sea imported salt from Bombay. In both States the supply of salt is a Government monopoly, and both maintain central stores and outlying depôts from which the public are supplied.

The present arrangements are based upon agreements arrived at in 1865 between the Government and the two States, the general object of which was to free trade between British and Native territory from the restrictions of customs and preventive lines. As regards salt the intention was to secure to each of the contracting parties the revenue within its own territory by the adoption of similar rates of duty and sale price. As a complement to this arrangement, the States were to be supplied with salt from British sources on the same terms as those on which it was sent to other British Indian ports. At that time Bombay salt was consigned to Malabar and Canara free of duty, bearing only a charge of 3 pies per maund on account of local expenses. Imports on behalf of Government into Malabar and Canara ceased with effect from the year 1877-78, but duty free salt is still supplied to Cochin and Travancore at a nominal charge of 3 pies a maund.

Clause 13 of the Convention of 1865.—"The Cochin and Travancore States will adopt the British Indian selling price of salt, the rates at inland depots being raised so as to place the salt of Cochin, Travancore and British India on the same footing in the market."

Clause 14.—"The Cochin and Travancore States will import British Indian salt on the same terms on which it is imported into British Indian ports."

The convention did not mention the local manufacture of sea salt in Travancore. There are no factories in Cochin. Both States have prohibited the production of earth salt.

Madras salt is imported by land from Tinnevelly to Yellopetti, an outlying portion of Travancore, under conditions sanctioned by the Government of India in 1901. The salt is conveyed in sealed bags and is weighed on arrival, double duty being recovered in favour of the British Government on all short deliveries in excess of an allowance of 1½ per cent for wastage.

Government of India letter to the address of the Government of Madras, No. 2400 S.R., dated the 6th May 1901.

The quantities of salt supplied yearly to each State on the average of the five years ending 1078 ***Malayalam Era**** are shown in the margin. The average annual consumption during the same period was **1,73,131** maunds in Cochin, and **6,78,087** maunds in Travancore, giving an average of 17·06 lbs. and 18·37 lbs. per head respectively, calculated upon the population† of 1901.

* *i.e.*, 1st August 1902 to the 31st July 1903.

	Cochin.	Travancore.
	Mds.	Mds.
Duty free salt from Bombay paying a charge of 3 pies per maund.	1,70,746	5,02,077
Salt locally manufactured	*Nil*	1,72,260
Madras salt . . .	*Nil*	385
Total .	1,70,746	6,74,722

States.	Population by census of 1901.
† Cochin	8,12,025
Travancore . . .	29,52,157

The danger of smuggling nominal duty salt.

3. Objection has been taken to the system under which salt is supplied to these two States upon two main grounds. It has been alleged that the conditions under which salt is carried there are so defective that danger arises to the interests of the British salt revenue in the districts of the west coast which are passed by the carrying vessels *en route*. This view is based upon certain conditions which the Bombay Government consider essential to the efficient management of their sea salt factories. These are, either that duty shall have been paid on all salt before it leaves the works, or that any salt, upon which duty has not been prepaid, shall be conveyed in steamers or square rigged vessels of not less than 300 tons. It is stated that the issue of duty free salt for transport by sea is peculiarly likely to lead to malpractices, since the smaller pecuniary value of the cargo lessens the deterrent effect of the risk of confiscation. Further, the natural conformation of the west coast, which is indented with numerous creeks navigable for boats of small tonnage, renders it necessary in order to prevent smuggling that non-duty-paid salt shall not be carried by country craft capable of creeping down the coast and touching anywhere. These considerations led to a notification enjoining the compulsory prepayment of duty, issued with effect from the 1st October 1874, and to the enactment of the "Transport of Salt Act, XVI of 1879." Under special orders of the Government of India neither of these provisions is enforced in the case of Bombay salt exported to Cochin and Travancore by sea. It is to this exception that the Government of Bombay took objection.

Bombay Gazette of the 3rd September 1874, Part I, page 728.

Government of India letter to the address of the Government of Bombay, No. 238, dated the 30th August 1876.

Government of India letter to the address of the Government of Bombay, No. 1045, dated the 8th March 1881.

The rate of consumption of salt in Travancore and Cochin.

4. During the discussion of the general question of the supply of salt to these States, a second set of considerations, essentially different from the first, was introduced. Looking to the population of Cochin and Travancore it was suggested that the average annual rate of consumption of salt per head was so abnormally large in comparison with that recorded in other parts of India, as to raise the suspicion that a considerable portion of the salt consigned to them from outside or manufactured locally (in the case of Travancore) must find its way into British India to the detriment of the revenue. The remedy proposed was that the States should be required to prepay the duty on all salt imported by them from Bombay, an allowance being made in compensation up to a fixed maximum limit calculated on the duty at an assumed rate of consumption per head of the population; or in a subsequently slightly modified form, that a maximum limit should be fixed up to which the States should be allowed to import salt duty-free, any additional importations being subject to the prepayment of full duty at Bombay. On the other side, arguments were adduced explaining the large consumption of salt by the people of Cochin and Travancore, and combatting the allegation of the extensive smuggling of salt from the States into the adjoining British districts. Measures were eventually taken to ensure a stricter control over the local manufacture of salt in Travancore, but no change was made in the system of the supply of salt from Bombay by sea.

Letter of the Government of India to the address of the Government of Madras, No. 10, dated the 5th April 1882.

Letter of the Government of India to the address of the Government of Madras, No. 368, dated the 22nd January 1883.

The rate of consumption of salt in Travancore and Cochin—(*contd.*).

5. With this second aspect of the question we do not now propose to deal. It is not alleged by the Madras Government that serious smuggling of salt from Cochin and Travancore into British territory is carried on, and there is no need, therefore, to again go over the various grounds which have at one time and another been adduced in order to account for the large consumption of salt in the two States. The reference therefore narrows itself to the question which particularly affects the Bombay Government, namely, whether the duty free salt exported from their works is secure during its transit by sea.

It is to be noted that the estimated consumption during 1901-02 was 19·89 lbs., and during 1902-03 was 17·23 lbs. per head, in the adjoining British district of Malabar.

The port of Goa as affecting the danger of smuggling.

6. The States of Cochin and Travancore employ contractors for the supply of salt who make their own arrangements for the purchase of the salt at the Bombay works, and undertake to deliver it at a fixed price at certain ports. Upon all differences between the quantities reported to have been issued from the works in Bombay and those delivered, the contractor is required to pay full duty to the State. The special element of danger in the transport of unexcised salt down the west coast lies in the situation of the foreign port of Goa on the line of route. The fraudulent landing of duty-free bags is possible almost anywhere along the coast, but the certain detection of vessels arriving with deficient cargoes is only a matter of efficient supervision over the landing of the salt. The Bombay Government, however, have for long apprehended that any shortage in a consignment due to smuggling on the way might be made good by loading up with Goa salt, either taken from fishing boats met at sea by preconcerted agreement, or surreptitiously placed on board a vessel touching at a Portuguese port. Consequently, when the Transport of Salt Act became law in 1879, the Local Government proceeded to enforce its restrictions upon the vessels carrying duty-free salt to Cochin and Travancore. Remonstrances from both States, supported by the Government of Madras, at once ensued, regarding which the Government of India, after enquiry, summarised their conclusions as follows:—

Resolution of the Government of India in the Department of Finance and Commerce, No. 2297, dated the 13th August 1880.

"In his letter of the 29th March 1879, Mr. Pritchard reported that free salt shipped at Bombay was smuggled ashore *en route* and replaced by unexcised salt from foreign sources * * If * * * the objection had ever any force, which the Government of India doubts, it has lost much of such force under the altered relations of the British Government with the Government of Portuguese India * * * Even if salt from Goa could still find its way untaxed to a smuggling vessel, it could not be mixed with Bombay salt without risk of detection in consequence of its very different appearance; and being practically unsaleable in Travancore and Cochin its admixture with Bombay salt would, it is believed, be at once detected there and brought to notice by the officials of those States."

Letter of the Government of India, to the address of the Government of Bombay, No. 1045, dated the 8th March 1881.

In their orders, which have been already referred to (paragraph 3), exempting such duty-free salt in transit to Cochin and Travancore from the requirements of the Transport of Salt Act, the Government of India further remarked, among other reasons for doing so, that "now that the Goa Salt Works are placed under the control of the British Government the risk of loss to British revenues must be small."

It will, therefore, be seen that the treaty of 1878 between the British and Portuguese Governments, giving to the former the supervision of the Goa salt works, weighed with the Government of India in their decision that the special restrictions of the Transport of Salt Act were in this case unnecessary, and it is the fact that this treaty expired in 1892, since when all British control over the manufacture of salt in Portuguese territory has ceased, which justifies the re-opening of this question.

The conditions under which smuggling could be carried on.

7. In order, however, to furnish a basis for an alteration of arrangements which certainly meet the convenience of the two States, and their part in which, so far as can be gathered, they have loyally carried out, it seems to us to be necessary not only to show that opportunities for smuggling exist, but that there is some strong ground for believing that they have been made use of. The first proposition may be admitted; the second demands some proof that vessels carrying duty-free salt often arrive with cargoes which are unreasonably deficient or are suspected of having been mixed with Goa salt: or again that boats have been caught with some frequency in the act of smuggling salt ashore.

As regards the possibility of fraud by short delivery at the port of arrival, the balance of the unexcised salt having been got rid of in British territory *en route*, it cannot be to the interest of the contractor to resort to such a malpractice. Under the terms of his agreement he is bound to pay full duty upon all salt short-landed, and although this penalty is payable to the Durbars while the loss by any smuggling that there may be is to the British revenue, there is no reason to suppose a wanton desire on the part of the contractor to injure the latter at no personal profit to himself. If therefore the smuggling is on behalf of the principal, it can only be as a preliminary to replacing the shortage by foreign salt. But the principal may be the victim of the servants in charge of his boats, who obviously profit by any portion of the cargo which they may make away with, whether the deficiency is subsequently made good or not. In the prevention of fraud of this class the interests of the British Government and of the contractor are identical, and his co-operation may be relied upon for its detection. But we understand that consignors of cargoes of all kinds by country boats do frequently suffer at the hands of the crews, and the risk of smuggling of this kind no doubt exists. Nevertheless it is probable that malpractices on an extensive scale could only continue with the connivance of the State contractor for the supply of salt, and the substitution of foreign salt for unexcised salt abstracted would necessarily accompany them.

Wastage upon salt in transit by sea.

8. In the course of the previous discussions of the subject it was held that a wastage of 2 per cent was a reasonable allowance upon salt in transit between Bombay and Cochin and Travancore, and this we certainly do not regard as excessive. The maximum wastage permitted on salt carried from Bombay to Malabar is 5 per cent. So far as we could judge by personal inspection at Malliapuram (the port of Cochin), the arrangements for landing salt and for its weighment into store were efficient, and this was the opinion of Mr. Merriman, an officer of the Madras Salt Department who investigated the question in 1900, as regards Alleppey also. The greater part of the imports into Travancore pass through Alleppey.

Enclosures to the letter of the Government of Madras, No. 1032, dated the 6th July 1881, to the address of the Government of India.

From the statistics of consignments and deliveries supplied to us by the two States (*vide* Appendix VIII) it appears that, on the average, during the ten Malayali years ending the 31st July 1903, the short deliveries upon the average annual shipments of 1,72,082 maunds of salt from Bombay were 5,400 maunds, or 3·13 per cent, in the case of Cochin, and 12,636 maunds, or 2·82 per cent, on shipments of 4,48,061 maunds to Travancore. The short deliveries are not excessive. A detailed examination of the shipments by each vessel, which we have made for the three years ending 1078 M. E., only reveals 6 cases in the case of Cochin which give *primâ facie* ground for suspicion. The Superintendent, Mr. Brown, an officer of the Madras Salt Department lent to the Cochin State, was disposed to accept the explanations of jettison and leakage in the two most important cases in which 494 and 124 maunds respectively were lost; the four doubtful cases involved very small amounts. In Travancore some bad cases appear to have occurred, notably one in October 1903 in which 1,423 maunds were short-landed out of a shipment of 4,320 maunds, and the allegation of a storm encountered off Goa during which the cargo was jettisoned to that extent was not corroborated by the weather reports of the dates concerned.

The facts ascertained would seem to show that suspicious instances of short delivery have occurred in which the only reasonable explanation is that the salt lost must have been smuggled ashore *en route*, but that such cases are not numerous looking to the total number of shipments.

The smuggling of salt from Goa.

9. The above figures have reference to consignments actually found short on arrival, but there is the further possibility of deficiencies being made good by picking up Goa salt off the Portuguese coast. As regards this contingency, the mere replacement of a bag of smuggled salt by a bag from Goa, as already noticed by the Government of India, would be so easily detected upon arrival owing to the difference in the appearance of the salts as to be impracticable, unless the officers supervising the discharge of the salt could be won over. In order therefore to ensure the success of this manœuvre, it would ordinarily become necessary to mix the foreign with the licit salt, but we are disposed to regard the physical difficulty of doing this upon a small and heavily laden boat, as likely to be a guarantee that the practice cannot be resorted to upon any large scale. Again the evidence of Mr. Merriman is relevant, and he after "diligent search" was unable to detect among the stored stocks at the ports of landing any sample which he could confidently state to be Goa salt. It is true that he adds that among the large heaps in dark sheds such salt may have passed unnoticed, but

we have the statement of Mr. Brown, who has been Superintendent at Cochin for four years, that he had discovered no introduction of Goa salt among Bombay consignments, although, during the first three years, it was his duty to personally examine the quality of each bag, and during the fourth year, the quality of the deliveries as a whole. Direct evidence of resort to this form of malpractice is not therefore forthcoming.

Statistics of cases of smuggling.

10. As regards the actual detection of cases of smuggling, etc., it is, of course, probable that all instances do not come to light, but since it is claimed that the preventive arrangements are on the whole efficient, the cases seized ought to bear a fair proportion to those which occur. As a matter of fact, very few cases have been seized. In the Bombay Presidency there have been only five such instances in the last fourteen years, the most serious case being one on the Ratnagiri coast in 1899 when upwards of 2,000 maunds of salt were confiscated. In Madras, the statistics of seizures do not distinguish between nominal duty and other salt.

Feasibility of the adoption of steamer carriage.

11. We do not therefore consider that any case has been established requiring the strict enforcement of the provisions of the Transport of Salt Act, which would necessitate either the prepayment of duty on salt removed from the Bombay works, or its subsequent shipment down the coast in steamers or square rigged vessels of not less than 300 tons, but we have considered the possibility of the States themselves agreeing to adopt carriage by steamer as more regular, reliable, and expeditious, than the country boats at present employed. We are informed by the Dewan of Cochin that the present freight rates by native craft from Bombay to Malliapuram amount to 2 annas 4 pies* per maund. On the other hand, the rates by British India steamers ascertained by him, and corroborated by our own enquiries of the Company's Agents, are R3-8 per ton plus marine insurance and a higher landing charge, working out to an approximate total of 5 annas 2 pies † per maund. The agents of the Company in Calcutta quoted to us the prohibitive rates of R5 per ton to Alleppey, and R7-8 to Quilon and Trivandrum. The employment of steamers therefore would put the States to greater expense than they at present incur, and the more rapid and regular consignments which they would secure would not be of particular advantage to them. Their existing godown accommodation would not be equal to housing the larger shipments which steamers would bring, and it suits them better to receive their supplies at more frequent intervals between November and April. Again, in the case of Travancore, steamers would only land salt regularly at Alleppey and occasionally at Quilon and Trivandrum. With country boats cargoes can be taken to Manampam also, and the abandonment of this port would add to the cost of subsequent distribution inland. The Dewans of both States object to the suggested change on the ground of the greater expense and inconvenience involved, and their objections are well founded.

	a.	p.	
* Freight . . .	1	5	
Loading charges at Bombay . .	0	8	
Landing charges at Malliapuram . .	0	3	
	2	4	

	a.	p.	
† Freight . .	2	1	
Loading charges at Bombay . .	0	8	(Assuming the same rate as in the case of native craft. It would probably be more.)
Landing charges at Malliapuram . .	1	0	
Carriage to weighment shed . .	0	1	
Insurance . .	1	4	
	5	2	

Conclusion

12. The net result of our enquiries leads to the conclusion that it is desirable on the whole to leave matters as they are. It is to be noted that since the previous discussions of the subject, the precautions adopted against smuggling have been rendered stricter in two important respects. Licit importation of Goa salt into British India by sea is at present impracticable, and boats carrying duty-free salt to the States from Bombay have been forbidden to touch at intermediate ports, and commit an offence if they do so. Both measures tend to render easier the detection of illicit dealings. Another improvement, which we suggest might be commended to the Government of Bombay,

is the use of sealed and specially marked bags for salt consigned to Cochin and Travancore. This would render it more difficult either to open the bags or to substitute others. The States on their part, should be pressed to take action on the lines of section 167 (17) (20) of the Sea Customs Act, 1878, against the *tindals* of the importing vessels when shortages are not satisfactorily accounted for.

Need for continued efficient supervision.

13. In acquiescing, however, in the continuance of existing arrangements, we would observe that this recommendation is conditional upon the States continuing to maintain the same efficient supervision over the landing of salt as exists at present. Should laxity of procedure be permitted at the ports of importation, the circumstances of the case would be materially altered, and while there is no immediate reason to suppose that such will be the case, the point is one to which the attention of the local officers may well be directed.

CHAPTER VII.

PROPOSAL THAT THE RETAIL SALE OF SALT BY WEIGHT SHOULD BE MADE COMPULSORY BY LAW.

Scope of the reference.

Letter of the Government of Madras, No. 229 Rev., dated the 2nd March 1903, to the address of the Government of India.

1. The proposal which has been referred for our consideration is that put forward by the Government of Madras in 1903, that legislation should be undertaken in order to render the sale of salt otherwise than by weight illegal.

Letter of the Government of Madras, No. 137, dated the 16th February 1894, to the address of the Government of India.

A similar recommendation was submitted by the Government of Madras in 1894, and was then negatived by the Government of India, but the question has a longer history within the Presidency itself, the course of which it appears desirable to examine.

Early history of the proposal to legislate in order to enforce the retail sale of salt by weight.

Proceedings of the Board of Revenue, No. 1869, dated the 18th July 1874.

2. The earliest advocate of the compulsory sale of salt by weight in Madras seems to have been Dr. Ratton, who raised the question in the belief that heavy salt was synonymous with good salt and light salt with bad, and that sale by weight would therefore conduce to the manufacture of a superior article. The Board, however, were not then prepared to support the remedy proposed, and held that they did not see how they could interfere with the retail dealers. "To attempt to regulate such a matter by law would be misunderstood and would lead to all sorts of complications." This conclusion was accepted by the Local Government of the day and was confirmed after a general reference to district officers.

The question next arose in 1882, the immediate cause being the difficulty which was experienced in disposing of the heavier salts manufactured, and Mr. Bliss reverted to the suggestion that "for the protection almost as much of the trade as of the consumer" all sale of salt by measure should be prevented by law. On this occasion the Board, with one dissentient, held that the earlier decision of 1874 should be modified, on the ground that under a specialised Department they had since acquired further knowledge of the salt business.

It will be seen from the following extract from the Board's proceedings of 1882 that the idea of a necessary connection between light and inferior salt was still present, but that other arguments were also introduced:—

Madras Board's Proceedings No. 2215, dated the 5th September 1882.

"The proposal that an enactment be passed rendering it obligatory on all dealers to sell salt by weight instead of by measure, is one which, for the following reasons, strongly commends itself to the Board. It does not admit of doubt that the existing practice by which the commodity is purchased from Government by weight and retailed to the consumer by measure, affords to those engaged in the trade the means of unduly enriching themselves at the expense of the retail purchaser. The possible advantage derivable is shown by the result of a series of experiments made some years ago in the Board's Office, from which it appeared that the weight of salt for a given volume varied not less than 37 per cent.* Thus it is to the dealer's interest to buy from the depôts salt of the lighter and usually inferior descriptions with a view to the enhancement of his profits upon his retail transactions with consumers who purchase from him by measure. Nor is this all. The Board have reason to believe that by combination amongst traders, distant places are at times left with only a short supply of salt, while merchants are waiting to make purchases at the depôts until heaps of the kind they require are opened for sale, or until a rise in price at the local market, resulting from low stocks, enables them to sell such heavy salt as they may have on hand at not less profit than the lighter article. The demand for light salt is always in excess of that for salt which is comparatively heavy, and consequently one depôt is exhausted while another is avoided and becomes over-stocked. If, however, selling by weight were made compulsory, the demand on the various pans would be equalised and each *kotar* would supply, as it should do, its immediate neighbourhood to the benefit of the consumer, who, in many cases, would be required to pay less for carriage than under the present system whereby the commodity is often conveyed to him over an unnecessary distance. The proposed law, if brought into force, would moreover be advantageous in enabling the Government to overcome the difficulty, hitherto insuperable, of finding a market for spontaneous salt, Nature's own production, which is at the same time the cheapest to Government and the best for the consumer.

* *Vide* Appendix A of the Report of the Madras Salt Commission, 1876.

Apart, however, from the distinct advantages which sale by measure offers to the dealer who buys by weight, the former method affords undoubtedly additional facilities for underhand practices."

The view adopted by the one Member of the Board who recorded a minute of dissent was that any legislation in restriction of legitimate trade was undesirable; that to buy by weight and sell by measure was in nowise illegitimate; that no outcry had been made by the consumer who presumably therefore had no grievance, and that there was no pretence that he was cheated since he paid the market value of what he bought and got his money's worth.

Madras G. O. No. 1089 Rev., dated the 10th October 1882.

The Government again declined to entertain the proposal for legislation, observing that "the proper remedy for the evil effects dwelt upon, ... is to improve the quality of the article wherever it is light and inferior and thereby make it in all localities as far as possible uniform." In 1885 they again refused to discuss their previous decision.

Proceedings of the Madras Government, No. 255, dated the 12th April 1888.

By this time, however, the view that a heavy salt was necessarily better in quality than a light salt had been disputed, and as a valid argument in favour of compulsory sale by weight it was discarded by the Board after the finding of a Committee, which sat in 1887, to the effect that the theory, if not absolutely erroneous, required to be somewhat more guardedly stated. In the course of a review of the report of this Committee and of the position of their salt administration generally, the Government of Madras put aside the suggestion to render sale by measure penal mainly on the ground that an improvement in the quality of the salt would not necessarily follow, but they remarked at the same time that "the great objection to requiring weighment in retail transactions is not one of principle, involving any question of freedom of trade, but of expediency, the rule being one difficult of enforcement in retail transactions in the village markets throughout the Presidency except with a great amount of inquisitorial interference and risk of oppression."

Summary of the first stage of the discussion.

3. Up to this stage, therefore, it may be said that the proposal to legislate with a view to enforce the sale of salt by weight had been considered mainly in its aspect as improving the purity of the supply, an argument which seems to have weighed with the Government of India when in their letter No. 2380, dated the 7th May 1887, to the address of the Government of Madras, they enquired whether there would be any practical difficulties in the way of substituting weighment for the measurement of salt. Latterly arguments had been brought forward, based upon the undue profits derived by the trade from the sale of light salt by measurement and the sacrifice of the consumer's interests thereby involved. After having been originally negatived both by Government and by the Board, the recommendation received the support of the latter. Government, however, continued in opposition to it, influenced mainly apparently by the disproof of the theory of weight as a necessary condition of purity, but foreseeing also other administrative objections to the proposed change.

The early competition between Bombay and Madras salts.

4. A new element was now, however, introduced into the discussion. In 1888 the Government of Madras came to the conclusion that the action, taken as the outcome of the report of the Madras Salt Commission of 1876 towards the substitution of an excise system of salt manufacture in place of the previously existing monopoly, had not yielded altogether satisfactory results, and with the approval of the Government of India decided to resort to a conjoint system of excise and Government works. Various reviews of the state of affairs followed, and in 1890 when discussing the means of cheapening salt, the Board referred to the successful efforts of the Bombay traders to supplant Madras salt; to the intrusion of Bombay salt *viá* the Southern Mahratta Railway into Bellary and Mysore; and to the fact that it had "even invaded Bangalore." It was stated that whereas Madras salt measured 19 to 21 measures to the maund, the specially prepared salt of the Bombay excise works ran from $22\frac{1}{2}$ to 25 measures, and it was observed that

"a gross fraud is thus perpetrated on the consumer." In summing up the case the Board wrote as follows :—

Proceedings of the Board of Revenue, Madras, No. 522, dated the 18th November 1890.

"Weighment is the only fair method of levying the tax, and measurement is maintained solely in the interests of the trader who, as usual, abuses the advantage. In view of the various legislative expedients which have to be resorted to to protect the consumer in England from the artifices of tradesmen, the Board is able to see little force and even less justice in the argument which has been started against the proposed change to the effect that the Indian purchaser ought to be able to protect his own interests and that trade relations must be left to mutual adjustment. Experience has abundantly shown that neither thing happens. The consumer, who in this instance is the tax-payer also, and who in that capacity ought to be the peculiar care of the Government, is, as a fact, left entirely at the mercy of the trader and the bazaarman, and it is abundantly clear that the incidence of the excise duty on salt is thereby rendered capricious and unequal. The worst of it is that it is precisely the class of the population who from their position are least able to protect themselves, namely, the inhabitants of districts inland, who suffer most severely from this cause, and who must always pay dearest for their salt under any circumstances."

The remedy urged was "the speedy adoption of legislative action," but the orders of Government, which are quoted below, were again unfavourable to that course :—

Madras Government Proceedings No. 138, dated the 21st February 1891.

"This proposal was deliberately considered and negatived less than three years ago, and there appears to be no reason for reconsidering the decision then arrived at. His Excellency the Governor in Council is of opinion that the idea of imposing upon salt traders by legislation a particular method of selling salt, cannot be entertained. As regards the competition of Bombay salt which, though seemingly cheaper, is really dearer than the heavier but purer Madras salt, the Government considers that the consumers will find this out in time, and that Madras salt will then regain the ground which it has lost. Any interference of the kind proposed by the Board would induce evils greater than those which it would remedy."

Proceedings of the Madras Board of Revenue, No. 68, dated the 18th February 1893.

Letter of the Government of Madras, No. 137, dated the 16th February 1894, to the address of the Government of India.

The Board, however, returned at intervals to a condemnation of what was described as "the vicious practice of sale by measurement in the local bazaars which also enables the trader to levy an illegal tax on the consumer by cheating him," and in 1893 in particular they reiterated their proposals for legislation, observing that "the evil has now arrived at an acute stage because the salt of the East Coast cannot compete with that of Bombay in the race for lightness." Moved by these arguments and upon consideration of a representation from certain licensees of the Merkanam Circle advocating the compulsory sale of salt by weight, the Government of Madras became converts to the need for legislation, and addressed the Government of India to that effect in 1894.

Summary of the second phase of the discussion.

5. The prominent feature therefore of the discussion in its second phase was the competition of Bombay light salt,* in proportion to the advance of which the representations of the Board regarding the injustice to the consumer became more urgent. For some time the Government of Madras adhered to their original view as to the undesirability of legal prescription, but eventually they accepted the view that legislation was "the only complete remedy for the inequality of taxation upon which the Board has laid so much stress," and recommended that the sale of salt in retail transactions by weight should be made compulsory by law. Moreover, they urged, "it will tend to encourage the manufacture of heavier salt which is generally though not necessarily purer, and will enable the Commissioner to overcome the difficulty, hitherto insuperable, of finding a market for the inexhaustible supply of spontaneous salt which is available in this province."

Letter of the Government of Madras, No. 137, dated the 16th February 1894, to the address of the Government of India.

* Writing in 1893, the Board observed :—"The difficulties attending light *versus* heavy salt, resulting from the action of Government in regard to the proposal of the Board to prohibit by law the sale to the consumer by measurement, came into prominence in 1890 owing to successful competition by Bombay. This introduced great complications."

Letter of the Government of India, No. 3175 S.R., dated the 26th June 1894, to the address of the Government of Madras.

As already mentioned, the Government of India declined to undertake the legislation proposed, and in so doing they commended to the consideration of the Government of Madras the desirability of ascertaining whether Madras salt, if manufactured light instead of heavy, could not hold its own in the competition.

Experiments in Madras with the making of light salt by Bombay methods.

6. The suggestion was one which had been anticipated by the Madras Government, and as early as 1893 experiments were made to ascertain the feasibility of producing light salt consistent with chemical purity.

Board's Resolution No. 207, dated the 15th May 1893.
Board's Resolution No. 157, dated the 17th April 1895.
Board's Resolution No. 3128, dated the 22nd July 1896.

The results of 1893 were held to have contributed no information of value, and from the continued experiments of 1894 (conducted in 19 factories), the Board were "unable to draw any useful inference," the want of interest in the operations on the part of subordinates having apparently prevented the preparation of any useful record of ascertained facts. The action taken during the season of 1895 towards the making of light salt was reported "to have proved as unproductive of results as that of the previous year." In 1896, the experiments seem to have been mainly confined to the sifting of salt before storage, and yielded no results which it was thought necessary to report to Government. No trials were made during the years 1897 and 1898; and writing in 1898 the Board observed that they "saw no way of producing as light salt as Bombay does, except by the abandonment of restrictions which in its view are essential to the protection of the revenue."

Board's Resolution No. 127, dated the 23rd April 1898.

So far, however, operations appear to have been upon a limited scale and of an experimental character; but during the five seasons 1899—1903, the Board actually endeavoured to place the product upon the market, and we quote below the reasons of Government (Sir H. Bliss dissenting) for ordering this to be done :—

Paragraph 6 of Madras G. O. No. 667-A., dated the 8th November 1898.

"The first question is whether it is not time to devise means to produce light salt in the factories in this Presidency. On a careful consideration of the question, His Excellency in Council has arrived at the conclusion that such a course is desirable. It may be argued that inasmuch as both Bombay and Madras salt are charged with the same rate of duty, which is wholly an Imperial item of revenue and not a Provincial receipt, it makes no difference which salt is consumed in any given part of the Presidency. It is true that the successful competition of Bombay salt will, so far as the Provincial revenues are concerned, have no effect, but the Government considers that in the interests of the salt manufacturers of the Presidency who have invested large sums of money in the business, it is proper to see that they are not placed at a disadvantage as compared with the salt manufacturers of Bombay, and that suitable measures are adopted to enable them to obtain a fair share of the trade and so ensure sound and wholesome competition. It is also argued that the production of light salt will increase the cost to the consumer as under the system of sale by weight to the salt merchants and by measure to the public, the merchant will make an undue profit at the expense of the consumer. This argument is no doubt true to some extent, but the consumer may be trusted to take care of himself and to know what he wants. From the increasing consumption of Bombay salt it must be inferred that he wants what he does not get from the Madras factories, namely, light salt. Hence if the existing methods of manufacture remain unaltered, the only result will be that the traders will continue to derive their profit, but if no light salt is produced in this Presidency the profit will go to the traders in Bombay. The so-called merchants are also themselves virtually the consumers in a very large number of instances, for the salt and grain retail trades are very often combined and much of the salt which passes into consumption does so by pinches thrown in with the grain sold. It has also to be remembered that the factories should meet their market and produce the article which is in demand. In this view the preference that is shown for the light salt of Bombay points to the desirability of adopting some such methods of manufacture as those in vogue there, so as to produce a lighter variety of salt suitable to the taste of the consumers."

Attempts in Madras to make light salt by Bombay methods on a commercial basis.

7. An abstract of the results achieved during these years will be found in Appendix IX. The trial was confined to five factories. In the Attiput and Vallur factories in the Ennore Circle (which are near to Madras), the experiment was continued for four years out of the five; in two of the other three factories it was worked for three and two years respectively; and in one, for one season only. In the course of the five years 4,87,746 maunds of large grained sifted salt, 21,42,247 maunds of small grained residue, and 4,02,024 maunds of unsifted light salt were turned out at a cost varying fr[illegible] 10·7 pies to 3 annas

6·2 pies per maund. The maximum number of Madras measures to the maund obtained was $34\frac{1}{2}$ and the minimum 21. Various difficulties, however, attended the experiments. Thus it was not till 1901, after the deputation of an officer of the Department (Mr. Merriman), that it was fully known what the Bombay processes actually were, and even in that year various departures from the Bombay practice were made. During the four earlier years sifting was through one sieve only, and in 1903 it was abandoned altogether, while the reports of different years contain references to difficulties with the brine supply and in inducing the licensees to prepare the beds properly and to rake.

But it was in disposing of the salt produced that the greatest obstacles were encountered. As regards the large grained salt, recourse was had to sale by departmental agency; through the Madras Railway Company at their stations; by dealers stipulating to dispose of the salt within specified areas, namely, Erode in the Coimbatore District and the country to the westward, in the Ceded Districts, and in Mysore; and by ordinary and auction sales. The object in view was to gain a footing for the salt in areas where it would compete with salt imported from Bombay. The sales by the officers of the Department were on a small scale only. The Railway Company disposed of the Ennore salt of 1900 which was made over to them, at rates specially reduced below cost price, the Board observing that they "thought it best to lose money at first so as to create a taste for Madras salt in places hitherto supplied from Bombay." The prices charged were reported to have been Rs. 6-1-10 and Rs. 6-3-4 per bag (2 maunds), at Coimbatore and Bangalore respectively, as against Rs. 7-4 per bag for Bombay salt at either place. At Coimbatore, the Ennore salt was said to measure 47 local measures to the bag as against 49 of the Bombay salt; at Bangalore, the Madras salt measured 80 local measures to the bag as against 84 measures in the case of Bombay salt.

Board's Resolution No. 1313, dated the 17th December 1900.

An attempt to dispose of the Ennore salt of 1901 through the Railway Company, on terms substantially the same as in the previous year but at a price sufficient to cover the cost of production plus commission to the railway, failed. The salt, as it was reported, could not be sold owing to the presence in the market of large quantities of Bombay salt, with which the Madras salt, which was inferior in measurement, could not compete at the price fixed—Rs. 6-6-0 per bag at Coimbatore. Some difficulty having apparently arisen with regard to the terms, the Railway Company abandoned the experiment.

Sales through contractors met with more success, but even they appear to have found great difficulty in disposing of the salt made over to them, as their reports on the results of their sales up to the end of 1902 were stated to be "not very encouraging." Salt of the Sevandakulam extension manufactured in 1900 was offered on the west coast in Malabar and South Canara at 9 annas a maund, but found no purchasers; a reduction of price to 6 annas got rid of a small quantity only, and the greater part eventually found its way to the fish-curing yards. The Bombay salt in the market which rendered this salt unsaleable does not appear to have had any marked advantage in the matter of lightness. The Madras salt as originally manufactured was stated to have measured from 56 to 61 Madras measures to the bag (2 maunds). From papers submitted to the Committee by Mr. Sherman, Assistant Commissioner of Salt Revenue at Calicut, it appears that the Inspector of the Punani circle reported on the 29th December 1900, that the Sevandakulam salt received there measured 24 Madras measures to the maund, and that the Bombay salt (price Rs. 6-4 per bag of 2 maunds inclusive of the gunny), measured the same. In January 1902, when it was found to be unsaleable, the Madras salt was reported by Mr. Johnston, the Inspector at Calicut, to measure from $51\frac{1}{2}$ to 52 Madras measures to the bag (2 maunds); and the fresh Bombay salt then entering the market was said by the Assistant Commissioner, in a report dated the 17th February 1902, to measure from 52 to 62 measures to the bag. The Madras salt had by this time been for some time on sale and had passed through the monsoon of 1901; consequently it did not show the original measurement. The inability of this salt to find a sale, when first landed on the West Co[illegible] cold weather of 1900-01, was apparently due

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rather to its inferiority than to any marked difference in measurement as compared with Bombay salt.

The small grained salt produced in the Ennore circle was not sold separately but was mixed with the ordinary salt manufactured, thus rendering, as it was reported, the whole less saleable. In the other factories it was only disposed of at specially reduced rates.

Local opinion as to the success of the attempts.

8. The opinions as to the degree of success attending the experiments varied during their progress. After the results of the manufacture of the seasons of 1899 and 1900 the Board were of opinion that "there is no doubt that Madras can produce salt which will compete successfully with the Bombay article," but in 1901 the experiments at Ennore (the most important centre) were not considered on the whole to have been successful, and the difficulties in effecting satisfactory sales were becoming prominent. Similar conclusions in a more definite form followed from the working of the experiment during the year 1902, and the remarks of the Board on the subject are reproduced below:—

Board's Resolutions No. 5240, dated the 22nd November 1899; No. 4343, dated the 17th December 1900; and No. 6094, dated the 30th December 1901.

"The Board succeeded in making a considerable quantity of very marketable salt, but the old difficulties still prevented effective competition with Bombay. These are the increase in cost involved by preventive measures which are considered essential to the protection of the revenue in Madras, but are not observed in Bombay; the crushing effect of storage on the Madras system, the difficulty of disposing of the refuse, and most important of all, the impossibility of keeping Madras large grained salt on the market when a regular supply cannot be guaranteed. .. .. The Board has no hesitation in reporting that the experiment is a failure, not because large grained salt cannot be made, but because it cannot be made in sufficient quantities to effectually oust Bombay salt without great loss. This is because the small grained salt is unsaleable in large quantities and will have to be destroyed. If the small grained salt is destroyed at the factories, the cost of the large grained will be so greatly enhanced that it will be impossible to sell it at a profit. It is possible years hence that a market might be found for the small grained salt, but in the meantime if manufacture upon the Bombay methods is continued, it must be either upon a merely experimental scale or it must be at a steady loss."

Board's Resolution No. 308, dated the 27th January 1903.

In the hope of avoiding these difficulties in disposing of the small grained salt, the process of sifting was abandoned in February 1903, but after the conclusion of that season's operations the factory officers recommended the discontinuance of the whole experiment in view of the fact that there was very little difference between the measurement of the salt produced by Bombay methods and that produced under the ordinary system. Difficulty too had been experienced by the licensees in keeping the brine at the required depth, admission by gravitation as in Bombay being impossible in Madras. The Board, however, were disposed to favour further trial of the manufacture without sifting, and to this course Government agreed.

Board's Resolution No. 3191, dated the 31st December 1903.

Submission of the most recent proposals for legislation.

9. In the meantime in March 1903, the Madras Government approached the Government of India for the second time with proposals for the legal enforcement of the sale of salt by weight, and the reference of the question to the present Committee followed.

Letter of the Government of Madras, No. 229-Rev., dated the 2nd March 1903, to the address of the Government of India.

The most recent aspect of the question therefore has been characterised by the continuance by the Government of Madras, at the suggestion of the Government of India, of experiments which they had already undertaken for the production of light salt, with the express object of competition with the importations from Bombay. First, on a small and tentative scale, and latterly, on a larger commercial basis, the attempts in their complete form (inclusive of sifting) were held to have failed; with the important omission of sifting, they are still continuing. Finally, the Government of Madras returned to the remedy of the prohibition of the sale of salt by measure to which the Board of Revenue had recurred at intervals as the only satisfactory course to be pursued.

The bearing of the competition between Bombay and Madras salts upon the proposals for legislation.

10. It will be seen, therefore, that even in Madras the practical difficulties surrounding the proposal have been clearly recognised, and it was not, in the first instance, until the competition of Bombay

salt was making itself keenly felt, and, in the second, until lengthy local experiments with the manufacture of light salts to meet the continuing and increasing competition had proved unsuccessful, that the Madras Government were prepared to resort to the extreme measure. It is of course the case that the issue is not solely between the relative merits of Madras and Bombay salt. The Madras factories themselves produce salts of varying degrees of lightness, and the arguments which are adduced against the sale of light salt as such, are urged equally against the lighter varieties of Madras salt and against the still lighter grades from Bombay. It seems, however, to us to be clear that it is essentially the competition of Bombay salt with the local product which has given to the question its present prominence, and the legislative proposals submitted are in the first instance designed to remedy the state of affairs created by this competition. Our enquiries therefore have been directed mainly to those markets in which the salts of Madras and Bombay compete. It was impossible in the time at our disposal to investigate the competition between Madras light and heavy salts in other markets in the Presidency, but we considered it sufficient to investigate the circumstances which were apparently responsible for the proposal which has been referred for our consideration.

Extent of the competition between Bombay and Madras salts.

11. The areas in which this competition has up to the present time mostly made itself felt are Mysore, the Nizam's Territory, and the Central Provinces, outside the Madras Presidency; and within it, the districts of Bellary, Anantapur, Kurnool, Coimbatore, and Salem. The two districts last mentioned are accessible to Bombay salt by the route of the Madras Railway from Calicut, to which carriage is by sea. The Ceded Districts are approached by the various branches of the Southern Mahratta Railway which also give access to Mysore. The latter State is also reached by salt arriving by sea at Mangalore, whence it proceeds inland by cart, and by redistribution from the surrounding districts. The Nizam's Territory is reached by the Great Indian Peninsula Railway, and the Nizam's State Railway, the first section of which was opened in 1874. Figures are furnished in Appendix X showing for the twenty years ending 1902-03, the quantities of Madras and Bombay salt consigned to these different areas. The correctness of the statistics is subject to the limitations inseparable from their compilation, as it is difficult to enumerate completely the various ramifications of distribution, but the general conclusions which may be drawn from them are sufficiently accurate for our present purpose.

Taking the averages of the first and last three years of the competition within the last twenty years, the increase or decrease in the case of each salt in each area is as follows:—

Province or District.	INCREASE OR DECREASE FOR THE PERIODS MENTIONED IN THE CONSUMPTION OF							
	BOMBAY SALT.				MADRAS SALT.			
	Average of first three years.	Average of last three years.	Increase.	Decrease.	Average of first three years.	Average of last three years.	Increase.	Decrease.
			(In thousands of	maunds.)				
Mysore and Coorg	(a) 76	363	287	...	375	61	...	314
Nizam's Territory	664	910	246	...	206	212	6	...
Central Provinces	1,092	1,069	...	23	151	237	86	...
Madras Presidency.								
Bellary and Anantapur Districts	(a) 38	155	117	...	267	102	...	
Kurnool District	(a) 4	51	47	...	79	142	63	...
Coimbatore District	(b) 139	173	34	...	330	256	...	74
Salem District	(b) 50	177	127	...	267	189	...	78

(a) For the three years commencing 1890-91.
(b) " " " 1886-87.

It will be seen that Bombay salt has very largely displaced Madras salt in Mysore and Coorg. In other areas the competition is still active. The increased consumption of Bombay salt in Hyderabad where sale is by weight in some districts, by measurement in others, and by both methods in the remainder, is specially noticeable. Another noteworthy feature in the statistics is the large increase in recent years in the importations of Madras salt into the Central Provinces. Since the construction of the East Coast Railway and the extension linking it with the Bengal-Nagpur Railway, Madras salt has entered Orissa and the Chhatisgarh Division of the Central Provinces in largely increasing quantities. The departmental reports exhibit an increase in the issues from the Ganjam and Vizagapatam factories for home and inland consumption from 14,63,145 maunds in 1893-94 to 19,43,589 maunds in 1902-03. In the Sambalpur and Bilaspur districts of the Chhatisgarh Division salt is reported to be sold partly by weight and partly by measure. In the Raipur district sale is occasionally by weight but generally by measure. This competition is, in our opinion, very important. Except in so far as there has been an increase of consumption, the increased quantity of Madras salt imported has evidently displaced a corresponding quantity of Bombay salt. The development of communications and the extension of railways have, in fact, a much greater effect in determining the areas of consumption of different varieties of salt, than any considerations of lightness or heaviness.

The arguments in favour of legislation.

Madras Government letter to the address of the Government of India, No. 137, dated the 16th February 1894.

Ditto, No. 229, dated the 2nd March 1903.

12. On the two occasions upon which the Government of Madras have proposed that the sale of salt by weight should be made compulsory by law, the arguments adduced have been of a general character. The competition of Bombay and Madras salts is only incidentally touched upon in the letter of 1894, and is not directly mentioned in that of 1903. Taking the more recent reference, it is represented that since salt crystals may vary greatly in size, the retail dealer, who buys by weight and sells by measure, cares only for a light, flaky, spongiose or big grained crystal which packed in bulk includes more empty space than a heavy, solid or small grained salt. Hence it is sought to establish the following propositions:—

(a) That the purchaser of light salt by measure gets for his money less chloride of sodium than if at the same price he purchased a measure of heavy salt, and that in so far as the practice of sale by measure enables empty space to be sold as salt, the consumer is a victim of a fraud against which he is powerless to protect himself. "The preference is on the part of the trader only. The consumer is ignorant and has no choice. * * * * It is not the public convenience that is in question; the public gets salt anyhow; the point is that they get it in the way it suits the trader to sell it to them and of the sort that yields him the most profit without consideration of the intrinsic value of the article."

Letter of the Government of Madras, No. 229-Rev., dated the 2nd March 1903, to the address of the Government of India.

(b) That the sale of light salt enhances the cost of salt to the consumer without any increase of the duty to Government.

The conclusion arrived at is that the only remedy for these evils lies in the legal prohibition of the retail sale of salt by measure.

The undue importance attached to the factor of lightness in salt.

13. Were the question merely one of the academical definition of the best method of retail sale, we agree that it would be preferable that salt should be distributed to the consumer by the same standard as that by which the duty upon it is fixed, whether that standard be one of weight or measure. The element of the duty has so preponderating an effect upon the sale price of salt, that it is undoubtedly convenient that the unit upon which the duty is assessed should be in direct relation to that by which the salt is sold to the consumer. For example, the correspondingly smaller price

which should be asked for a seer or chitak, if a remission of eight annas per maund be made in the duty, is calculated more easily than can be possible when the standard of sale is a measure of varying capacity. In proportion as it is easier, the greater is the likelihood that the benefit of the lower duty will reach the consumer.

It is also undoubtedly the case that *granted equal purity of the two descriptions of salt*, a measure of light salt contains less sodium chloride than the same unit of heavy salt. The reason lies in the physical differences between the grains of each, those in the latter case packing more closely than in the former. In our opinion it is the undue significance attached by the Madras Government to this fact, regardless of other considerations, which has led to the present proposal. It has been laid down that the market is ruled by the preference of the trader, and it appears to have been assumed that the success of Bombay salt in the competition with Madras salt is entirely due to the fact that the trader makes a greater profit by its sale. The possibility of its popularity being due to a genuine preference on the part of the consumer has throughout been ignored. Mr. Merriman, in comparing Bombay with the locally made Travancore salt, speaks of the sale of "Bombay filth," and the views of the Board as expressed in 1900 were as follows:—

Board's Proceedings No. 290, dated the 30th October 1900.

". . . . all that the manufacturer or trader cares for is a big grain or crystal, quality as regards deleterious ingredients being of no import to him. . . . . . The consumer does not demand a light salt. He has no option in the matter and knows nothing of the matter."

The same view, restricted, as we consider, to one aspect of the question only, was expressed in a more recent instance by the Board in October 1903, when dealing with certain replies received from the District Officers of the Presidency regarding the merits of the proposal to make the sale of salt by weight compulsory:—

"The Board believed that it was a matter of general knowledge that salt being bought wholesale by weight and retailed by measure, was a commodity regarding which constant frauds were being practised upon the consumer. . . . . . The following example tends to show the extent to which the sale of light salt by measure defrauds the consumer:—It was found that Madras salt could be delivered at Erode for R3-2-8 per maund; Bombay salt cost R3-7-0 per maund at Erode. The former gave 21 local measures per maund; the latter 24. The price per measure of both salts was $2\frac{2}{3}$ annas per measure. A maund of Madras salt therefore sold for R3-8-0 and a maund of Bombay salt for R4, the profit in the one instance being 5 annas 4 pies and in the other 9 annas per maund. Naturally it would be supposed that the seller of Bombay salt would reduce his retail price so as to exclude Madras salt. But this was not what occurred. The retail price remained constant, but the Bombay merchant paid to the seller a commission to sell Bombay salt only and Madras salt ceased to be sold."

The preference of the consumer as exemplified by the Committee's enquiry.

14. The fact, however, that Bombay salt is usually lighter than Madras salt is only one of the factors in the problem. Another factor of at least equal importance is the preference of the consumer. In the course of our enquiries we have obtained sufficient evidence that the statement, that opportunities for the exercise of such preferences do not exist, is incorrect. For many years the Madras and Bombay salts have been in open and active competition, and the popularity of Bombay salt is largely due to the preference of the consumer for it, apart from any question of lightness. In the Sholapur bazaar a heavier Madras salt was found competing with Bombay salt and at a lower price, sale being by weight—the system followed in transactions among the townspeople. The presence of Madras salt in this market was of course due to the shortage in the Bombay supply during 1903.

Madras salt—1 anna $4\frac{1}{2}$ pies per seer (weight).
Bombay salt—1 anna $6\frac{1}{2}$ pies to 1 anna 7 pies per seer (weight).

In Bangalore where Bombay salt has only entered the market in large quantities since the completion of the Southern Mahratta Railway between Poona and Bangalore in 1890, but where the two salts since then have been in active competition, Madras salt was found selling at 1 anna 4 pies to 1 anna 6 pies per measure, and Bombay salt at 1 anna 7 pies to 1 anna 8 pies per measure, Bombay salt fetching the higher price though it was lighter in weight.

Figures showing the quantities of Madras salt consigned to Bangalore during the last ten years, which illustrate the course of the competition, are reproduced in the margin. We publish as Appendix XI some interesting papers regarding the consumption of Madras and Bombay salt in the Mysore State. Although the Darbar favours the sale of salt by weight, the existence of a distinct preference for Bombay salt throughout a great portion of the Mysore State is distinctly recognised, for which the people are willing to pay up to a certain point. In the words of the Secretary to the Mysore Government, "in some places a preference is shown for Bombay salt which is larger grained and lighter than Madras salt, and, in some, the force of habit restricts the demand only to Madras salt. This variation in taste, however, it has been ascertained, has not tended to prejudice the consumers to any material extent. In several places both kinds are freely offered for sale, and retailed to purchasers at their option." The Resident, Sir James Bourdillon, K.C.S.I., is of opinion that the proposed legislation "is unnecessary and would be futile as well as irritating."

Year.	Importations of Madras salt into Bangalore.
	Mds.
1893-94	67,273
1894-95	58,670
1895-96	32,770
1896-97	15,136
1897-98	11,539
1898-99	10,286
1899-1900	7,013
1900-01	19,125
1901-02	3,596
1902-03	8,258
1903-04 (April-November)	50,523

In Salem the lighter Bombay salt was found fetching the higher price per measure; and, as was also the case in Bangalore, the two salts were found selling at different prices in the same shop. Madras salt was said to ordinarily find a sale in this town during the monsoon months when Bombay salt was less readily available, but the figures showing the quantities of Madras salt consigned to Salem town during the last three years, which are reproduced in the margin, show that the vendors of Bombay salt have no monopoly of the market, and any one wishing to buy Madras salt can have no difficulty in obtaining it.

Madras salt—2 annas 2 pies per measure.
Bombay salt—2 annas 3 pies to 2 annas 4 pies per measure.

Year.	Importations of Madras salt into Salem town.
	Mds.
1901-02	1,687
1902-03	484
1903-04 (April-December)	27,596

At Calicut (Malabar) and Podanur (Coimbatore) no Madras salt was found in the market, though some was said to have been sent for sale to Cannanore and Tellicherry in the Malabar district. At Erode (Coimbatore) Madras salt only was on sale. Bombay salt was stated to have been sold there about two years ago, but the people were said to prefer Madras salt. At Bellary only Bombay salt was found, but Madras salt was said to have been on sale up to within a short time of the Committee's visit.

It was perhaps unfortunate that the Committee was unable to visit more markets in the area of competition in the Madras Presidency and the States of Mysore and Hyderabad, but the tour programme was drawn up in accordance with the President's suggestion.

The Committee did not, as a body, visit Hyderabad, but enquiries made there and at Secunderabad by Mr. Dane showed that, though the practice of the sale of salt by weight prevails in both places, Bombay salt was selling at higher prices, both wholesale and retail, in competition with Madras salt in a large number of shops, and the higher prices were invariably charged even when the two kinds of salt were offered for sale in the same shop.

Madras salt 9 to 10 seers to the rupee.
Bombay salt 8 to 9 seers to the rupee.

When reporting on the experimental manufacture of salt on the Bombay methods in 1899, the Madras Board of Revenue admitted that this preference exists. "There are," as they said, "some difficulties on the score of taste to be got over," before Madras salt can enter into effective competition with Bombay salt.

In view of facts such as these, the argument that the will of the trader entirely governs the market and that the consumer has no preference and no opportunity for its exercise, is, in our opinion, disproved.

15. It is argued that the circumstances prevailing at the time of our enquiry were so exceptional as to nullify the value of any deductions drawn therefrom, since the manufacturing season of 1903 in Bombay closed with a serious shortage of stocks and prices rose in consequence. (*Vide* Chapter V, paragraph 3.) This fact, it is urged, has rendered it possible for Madras salt to make its way into markets in which it was previously at a disadvantage, and it is contended, therefore, that the facts as ascertained throw little light upon the normal course of the trade. We consider, on the contrary, that the conditions were peculiarly favourable for our enquiry as we were able to find salt of the different descriptions in active competition in markets usually held more or less completely by one of them, and it was conclusively demonstrated that while a preference on the part of the consumer exists up to a certain point, yet when the price of the salt which he prefers passes beyond that point, he turns to a cheaper kind. The higher price at which, under systems of sale both by measure and weight, Bombay salt is found selling in the market is, in our opinion, the result of the preference which exists for it; but the consumer is willing only to pay a certain amount for his choice, and an undue enhancement of the cost of Bombay salt offers an opportunity to Madras salt to reassert itself, of which it promptly takes advantage. It is possible that the circumstances of 1903 pushed back the border line of competition westwards: Madras salt advanced and Bombay salt receded. But such competition, it seems to us, must in any year exist somewhere, possibly in no two consecutive years along precisely the same line, but ebbing and flowing according as the demand of the consumer asserts itself in either direction. Throughout this area of competition, the two salts fight for the market; the victory of either depends upon the taste of the public and the price of the salt.

The circumstances of the year 1903 as affecting the salt market.

Up till the year 1898-99, the annual reports of the Madras Salt Department contained information regarding the sources of supply to different district markets and as to the prices prevailing in them. The prices given appear to have been inaccurate, but the returns show that Bombay and Madras salts were in competition for many years in a great number of markets in Salem, Coimbatore, and the Ceded Districts.

16. This existence of a preference on the part of the consumer is not a newly discovered fact. It has been demonstrated by the experience of widely different parts of the country, and the conclusion of the Salt Commission of 1876 upon the point, was expressed as follows :—

Evidence as to the existence of preference on the part of the consumer.

"There is, we think, sufficient evidence in facts which have come to our knowledge in the course of our enquiry to show that consumers discriminate between different kinds of salt and that the better kinds fetch higher prices and are preferred."

Our experience has been similar. Preferences for salts of different kinds are everywhere expressed, and we cannot disregard them entirely because the reasons given for their existence are often vague and contradictory; nor can we accept the explanation that they are all attributable to the interested instigation of the trade. Thus, in areas unconcerned with the present discussion we find that Punjab rock salt cannot compete with Sambhar salt in Delhi and the Upper Gangetic Doab, though it sells readily in certain districts in Oudh, in the eastern districts of the United Provinces, and to some extent in Bihar. The Baragara salt of Kharaghoda is in demand in the eastern districts of the United Provinces as far as the confines of Nepal, though it is unsaleable in the Deccan districts of the Bombay Presidency. The issue of the salt to prisoners in the Yarrowda Jail at Poona after the establishment of the Government agency in the current year, was actually made the subject of complaint by them. In Orissa we were informed that crushed *karkach* salt will sell north of Cuttack but not south, while uncrushed *karkach* salt will only sell south of Cuttack. In Travancore again, we have the evidence of the Dewan that the people will not readily consume the locally made salt, though both it and Bombay salt are offered for sale at the Government depôts and the former at the cheaper price, even allowing for the fact that it is slightly heavier.

17. It is difficult, if not impossible, to frame an accurate estimate of the additional cost to the consumer of the exercise of such a choice. We may assume, however, that the average Madras salt yields from 24 to 26 Madras measures to the maund; a similar quantity of Bombay light salt would give on an average from 29 to 31 measures—an average difference of five measures in the maund or ·06 measures to the pound: that is to say, that in order to purchase a pound of salt, the consumer must buy ·06 of a measure more in the case of light Bombay salt than he would require to do if he was content with Madras salt of a heavier kind. The average annual consumption per head of the population in Madras* during 1902-1903 was 17·36 lbs.; and, if we apply this rate of consumption, it follows that a consumer of Bombay light salt would have to purchase in the year 1·0416 measures more than would have been necessary if he had taken the heavier Madras salt,—a matter of about two annas. In the districts in which Bombay and Madras salts meet, however, it is to be noted that the rate of consumption is not as high as 17·36 lbs. per head. The additional cost to the consumer would, therefore, be proportionately less.

The cost of his preference to the consumer.

* Exclusive of the districts of Malabar and South Canara, Mysore and Coorg, and Travancore and Cochin.

It may be noted that at the time of our local enquiries the price of Baragara salt at the Government agencies at Bombay, Poona and Sholapur were Rs.2-10-10, Rs.2-12-9 and Rs.3-1-1 per maund, respectively, while the prices of the cheapest Bombay sea salts in the same three markets were, respectively, Rs. 3-6-5, Rs. 3-11-3 and Rs. 4-2-0; yet the Baragara salt was practically unsaleable.

18. We have said that the grounds for preference, given in response to enquiry, are frequently vague and absurd, but various facts may be adduced to show that the preference for Bombay sea salt, as compared with that of Madras, is not altogether without reason. It appears to be the case that Bombay salt is freer from both moisture and grit than that of Madras, and there are various stages followed in the course of manufacture in Bombay, but not in Madras, which would render this probable. We deal with the processes of manufacture in greater detail in the following Chapter, but briefly it may be said that the salt in Bombay, which is exposed to the sun in thin layers upon the ridges of the pans, is more thoroughly dried than is possible in Madras, where it is laid out in heaps in more confined spaces. Bombay salt is sifted primarily in order to grade the crystals, but with the incidental result of eliminating the separate particles of grit and dirt, while in the manufacture of light salt special attention is paid to the preparation of a good bottom to the pans, thus reducing the likelihood of grit being taken up in the course of scraping.

Dirt and moisture in Madras and Bombay salts.

In the course of our enquiry we were unable to select typical samples of Madras and Bombay salt with a view to their analyses for comparison. The failure of manufacture in Bombay during 1903 had emptied the factories of the higher grades of light salt, and it was urged that any samples selected would not be representative. The fact was unfortunate, since action is not taken in Bombay (as we think it should be) to analyse periodically samples of the salt produced, and recent analyses recorded in Madras are usually exclusive of moisture, a system which, as the Board of Revenue observed in 1896, is not calculated to give "a true idea of what the consumer gets for his money." In Appendix XII, we have, however, tabulated such analyses containing details of moisture as we have been able to obtain from various sources.

Board's Resolution No. 1520, dated the 14th April 1896.

Excluding the samples from Calicut, where owing to the humidity of the climate salt in store would naturally absorb large quantities of moisture, the figures seem to show that the percentage of moisture in Bombay salt is less than that in Madras, while the percentage of sodium chloride is higher. The percentage of insoluble matter is also higher in the case of Madras salt.

Apart from these figures it is observed that the proportion of moisture in the Madras salt has in recent years been a subject of complaint by the local authorities. Writing in 1896, the Board of Revenue spoke of the "usual proportion of moisture in the salt of the

Board's Resolution No. 1520, dated the 14th April 1896.

Presidency" as between 9 and 10 per cent, while in 1897 they referred to the bad quality of the salt now made under Government supervision as "undeniable," and added that "the salt when it left the pans contained over 6 per cent of impurities to which must be added another 8 per cent more or less for moisture due chiefly to the presence of these impurities." Again in 1900, it was observed by them that "the moisture in salt made in this Presidency is undoubtedly excessive," and Mr. Bennett, the chemical analyst attached to the Board's office, informed us that he would take the average percentage of moisture in Madras salt as between 7 and 8 per cent. It is the case that these figures appear to have reference to analyses made of salt as stored, and that during storage some moisture may be lost, but, speaking generally, the moister the salt when stored, the moister will it be when issued.

Board's Resolution No. 755, dated the 22nd February 1897.

Board's Resolution No. 290, dated the 30th October 1900.

The Board in 1900 as illustrative of this point quoted the percentage of 5·79 of moisture in 20 samples taken some time after storage.

Complaint about the grittiness of Madras salt was made to us on various occasions, and the sandy nature of many of the beds seen by us makes it probable that grit is taken up along with the salt while it is being scraped. Mr. Judge, the Superintendent of the Preventive Service in Calcutta, informed us that the same allegation as regards Madras salt has been made to him.

19. We would not attach undue importance to detailed differences in the chemical composition of salt of different kinds. Cases have in fact come under our notice in which technical impurities seem to impart to the salt a flavour which is liked, but we think that the question of moisture and inorganic impurity is relevant, since the substitution of sale by weight for sale by measure might possibly tend to encourage the production of a wet and dirty salt.

The chemical composition of salt as affecting its market value.

The technical value of salt in the laboratory may rightly be gauged by the proportion of sodium chloride it contains and by its freedom from impurities, but it does not follow that its popularity in the market is governed by the same considerations. Punjab rock salt is chemically a purer and a better salt than those produced either at Sambhar or Kharaghoda, but the latter are preferred to it in many markets of the United Provinces even at higher prices. Any allegation of "fraud" based upon the amount of sodium chloride which a purchaser can obtain in buying one kind of salt or another should be received, therefore, with caution. For the same price more saccharine matter can be purchased in the shape of coarse brown sugar than of beet sugar, yet the purchaser of the latter has not hitherto been regarded as the victim of a fraud.

20. A consideration other than that of chemical purity which undoubtedly weighs with the public in its estimation of the value of salt is the size and uniformity of the crystal. It was frequently brought to our notice that a mature large-grained salt was accounted the best. In the sale of Rajputana salt in northern India the same preference has been experienced, and no question arises there of the use of weights or measures. A salt of this description carries better, wastes less, and is more attractive to the eye.

The size of the crystal as affecting the market value of salt.

21. We are not therefore prepared to accept as valid the argument that the consumer is the helpless victim of the trade. We do not deny that under a system of sale by measure, the dealer who can purchase salts of varying degrees of weight at the same price and can sell the lighter at a price higher than, or equal to, that of the heavy salt, will make a larger profit upon it. As a matter of fact, a good light salt costs more to produce than an ordinary heavy salt (Chapter VIII, paragraph 2), and its sale price must therefore necessarily be higher if dealings in it are to be remunerative; but under the existing conditions of manufacture and trade, the element of lightness gives to the merchant a larger advantage than is thus accounted for. The introduction in a bazaar of a salt markedly lighter than its competitors undoubtedly offers an opportunity of profit of which the trader is not slow to take advantage, but in accordance as

The lightness of salt as affecting the trade.

the salts on the market tend to conform to a uniform standard (as is the case with the graded salts of Bombay), this margin of additional profit will disappear. In Madras, where all Government salt is sold at the same price (3 annas per maund), irrespective of weight and quality, the trader naturally endeavours to obtain the lighter salt, and the difficulty thus created is a serious one. In our opinion, however, it should be met by improvements in administrative methods rather than by legislation.

22. Without desiring in any way to criticise the administration of the Salt Department in Madras, we think that it is only right to draw attention to circumstances other than the lightness or heaviness of the salts produced, some of which have admittedly assisted Bombay in the contest, and others which seemed to us in the course of our enquiries to be calculated to have that effect:—

Disadvantages under which the Madras Salt Department has laboured.

(*a*) The large Bombay excise works are more favourably situated than many of the factories in Madras for the furtherance of an active competition. They are grouped together in the vicinity of Bombay with facilities of communication by rail and water, and the activity of any one of them is a stimulus to the others. The position of Bombay as an important port of export enables the railways converging upon it to convey salt up-country at favourable rates of freight in wagons which would otherwise return empty. The manufacturing season in Bombay is longer than that in Madras, and in the matter of the brine supply we concur with the opinion expressed by Mr. Merriman that the Bombay works are at an "immense advantage."

(*b*) There are differences in the character of the excise licensees of the two Presidencies. To quote Mr. Merriman:

> "Practically the whole of the trade in salt (in Bombay) is in the hands of capitalists * * * chiefly Muhammadans, Parsees and Bhattias, who have places of business in Bombay, and also compete with each other very keenly in pushing their trade."

While the Madras Board of Revenue observed:—

> "As regards trade facilities there is no doubt that the Bombay manufacturer is more energetic and capable than the Madras merchant. Whether, if the excise system had continued in existence in Madras to the extent that it did in 1887, the excise traders would not by this time have improved their methods of manufacture and sale and brought them up to the Bombay standard may be doubted; but there can be little doubt that the long existence of the excise system in Bombay has had the effect of stimulating the trade."

Board's Proceedings No. 155, dated the 14th June 1900.

The remark was made to us in various bazaars that in the matter of sales on credit the Bombay merchants offered better terms than those of Madras, and the general impression we derived was certainly that the former, as business men, were the more intelligent and enterprising. The intervention of capitalists in the salt trade in Madras is apparently discouraged, and the more powerful interests engaged in the business in Bombay must have some advantage in the competition.

(*c*) It seems to be admitted by the local authorities that the system of distribution in Madras has frequently presented difficulties in working. The Oriental Salt Company, the largest individual licensee in Madras, gave it as their opinion that "there is no distributing agency in Madras, and Bombay traders with their power of making and choosing salt suited for each locality, are securing the supply of the whole of the interior of the Madras Presidency." Without attaching undue importance to a statement of an interested party, we note that the Board wrote as follows:—

> "Government has not set itself to find new markets outside the Presidency nor engaged in the process of distribution within it. These fall naturally to the unofficial trader, and Government by its system of credit sales has contributed more than could be expected of it, towards diminishing the final cost to the consumer; in the result, however, the credit market is occupied by buyers and sellers of credits not by genuine traders."

Board's Resolution No. 290, dated the 30th October 1900.

In fact in 1890 the Board went so far as to propose the abolition of the credit system "as unsuited to present conditions under the excise system." They added that "the up-country merchant

Board's Proceedings No. 522, dated the 18th November 1890.

and consumer would be no worse off (in that event) than they are at present seeing that they do not participate in its advantages to the extent of a single anna." Again, in 1900 the Board in discussing the credit system observed that every effort had been made to popularise it among up-country merchants. "The efforts made have been, however, to a great extent unsuccessful owing largely to the fact that there is no market for Government paper up country, and the credit system at present works in a very different way from that intended by its original framers." "It is almost," they said, "as much the case now as it was . . . in 1891, that the native merchants in the interior make very little use of the system."

Board's Resolution No. 2310, dated the 22nd May 1900.

(*d*) The history of salt administration in Madras has presented circumstances calculated to prejudice the trade in Madras salt. Writing in 1900, the Board observed:—

"Excise manufacture . . . . continued up to the tenth year after its introduction, to fail either to reduce prices, to improve the quality of the salt or naturally to find foreign markets; on the contrary, it was forfeiting a large portion of the Madras manufacturers' market to Bombay."

Board's Resolution No. 290, dated the 30th October 1900.

Again, writing in 1893 in criticism of the system of the storage of salt at the factories of the Ennore Circle in place of a depôt in Madras town, into the merits of which it is unnecessary to enter, but which was effected under the orders of the Madras Government during the transition from Government works to a system of excise, the Board wrote as follows:—

Board's Resolution No. 68, dated the 18th February 1893.

"Efficient competition is out of the question. As long as Government maintains the system ordered to be introduced in 1889-90 (*i.e.*, of storage at the factories *vice* the depôt) light salt will continue to pour into markets formerly supplied by Madras through the railways and by sea to Calicut. The supply of considerable portions of the central districts in the Madras Presidency and of the province of Mysore, has been lost in this way."

Government eventually reverted to the depôt, but markets are easier lost than regained.

There is no need to multiply instances of this kind. It is probably undisputed that during the successive phases of its change from Government works to excise, and from excise to a combined system of Government and excise works, the salt trade of Madras has been handicapped.

(*e*) The construction of the Southern Mahratta Railway has thrown open to the Bombay manufacturers markets which were before inaccessible. Such great changes in the means of communication must tend to throw the course of trade into new channels, and we have already referred to the opportunity which has been given to the northern Madras factories to extend their business in Orissa and the eastern portion of the Central Provinces by the construction of the East Coast and Bengal Nagpur Railways.

The lightness of salt as affecting the revenue.

23. The considerations discussed above bear rather upon the consumption of light salt as affecting the consumer, but in its second aspect the case is argued as affecting Government. We do not deny that under a system of sale of salt by measure, the purchasers of a given quantity of sodium chloride will need to buy more measures of a light, than of a heavy, salt. Also the price of a measure of light salt is seldom less, and may be more, than that of the same measure of heavy salt. It is argued therefrom that consumption will decline if heavy salt be ousted from the market by a lighter variety. The argument was put forward by Mr. Merriman in the course of his enquiries into the Bombay methods of the manufacture of light salt, and we quote below the observations of the Board regarding it:

"The Board * * * * will now discuss, as far as is possible with the limited information available, whether there is not reason for suspecting, as Mr. Merriman does, whether this increase in the sale of light salt does not reduce the revenue as well as defraud the consumer. This theory is a perfectly simple one. It rests on the supposition that an Indian household bases its consumption of salt very much more on the measure than on the weight, that a family consuming so many measures of salt per annum will not vary that consumption, whether the salt it gets is light or heavy, and that therefore the increased diffusion of light salt means an actual decrease in consumption.

Proceedings of the Board of Revenue, Madras, No. 165, dated the 14th June 1900.

"Mr. Pedder in 1870 after calculating on the best *data* available came to the conclusion that the consumption per head in the Bombay Presidency was 14 lbs. He considered that the difference between this and the $10\frac{11}{16}$ lbs. per head which he found to be the licit consumption in Bombay was the amount of smuggled illicit salt consumed. From the following table it will be seen that the licit consumption in Bombay continues to be far below that of Madras:—

Year.	Rate of consumption in the Bombay Presidency.			Rate of consumption in the Madras Presidency with Mysore and Coorg and the Native States attached to it except Travancore and Cochin and the three Northern Districts.
	Bombay Presidency, including Janjira.	Gujarat.	Khandesh, the Deccan, and other districts in the Presidency including Janjira.	
	lbs.	lbs.	lbs.	lbs.
1880-81	10·41	8·21	11·55	13·35
1881-82	9·62	8·69	10·09	12·49
1882-83	9·90	9·01	10·28	14·00
1883-84	10·87	9·77	11·43	14·97
1884-85	10·43	9·92	10·69	15·16
1885-86	10·82	10·24	11·18	15·43
1886-87	10·54	9·92	10·92	15·35
1887-88	11·59	10·33	12·23	16·20
1888-89	10·96	9·66	11·61	16·29
1889-90	11·59	9·61	12·58	16·84
1890-91	11·23	9·83	11·94	14·90
1891-92	12·33	9·30	13·91	15·18
1892-93	11·44	9·19	13·02	15·53
1893-94	11·44	9·27	12·58	15·37
1894-95	11·77	9·02	13·13	15·85
1895 96	11·35	9·49	13·20	16·18
1896-97	11·61	9·35	12·66	15·50
1897-98	12·13	8·97	13·60	16·46
1898-99	11·66	9·55	12·71	16·09

Presuming that smuggling except in small quantities has ceased in Bombay, it is at least a matter deserving attention that the consumption per head has not reached a higher figure. Looking again to the probabilities of the case, it certainly appears very probable that the production of a light salt has diminished in some degree consumption. It is difficult to suppose, for instance, that at a place like Coimbatore, the people, buying their salt by measure, have increased the number of measures consumed by the difference between the light Bombay salt now eaten there and the heavy Madras article they used to consume. The taste of natives in the matter of salt is no doubt very delicate, but one can hardly imagine the native housewife who finds she can buy a measure of salt at a slightly cheaper rate, because it happens to be light salt, not feeling satisfied with crediting her household account book with the difference, part of which should go into the Imperial coffers. If this is done as a rule, then taking the consumption of the area from which the Bombay light salt has driven out the Madras heavy article, a very large loss must have accrued to the revenue. The consumer in fact can only prefer the light salt to the heavy, because he cheats himself in thinking he gets the same amount of sodium chloride in the cheaper seer. He buys it because it is cheaper. It is cheaper because there is actually less of it, and a diminished quantity means less consumption and so less revenue. It is quite possible, if this is so, that the general introduction into this Presidency of light salt will bring about a reduction of consumption per head, and when it is considered that a reduction of 10 of a pound per head in the Presidency means a loss of revenue to the extent of R1,04,478 on present consumption, it is, the Board considers, as well to pause before a further step is taken. If the consumption in Madras runs down to the present rate of consumption in Bombay, the revenue will be reduced by R35,52,284. The Board is not prepared to say whether Mr. Merriman's theory is correct or not, but it does hold that there is reason to apprehend at all events that with light salt there is considerable danger of diminished consumption, and with that in view it cannot recede from the position that it has already taken up that, if any change is to be made, it should either be in the direction of prohibiting sifting everywhere or of introducing the compulsory retail sale by weight. The very large consumption per head in Travancore and Cochin can no doubt, to a great extent, be accounted for by causes which have been noticed from time to time. There is probably a large consumption of duty-paid salt on fish-curing, and the food commonly eaten by the poorer classes in Travancore and Cochin probably requires more salt than that consumed elsewhere. There seems, however, little reason to suppose that the importation of salt into Travancore and Cochin is enormously in excess of the requirements of the population or that much of it is consumed in British territory (page 51—The Systems and Practice of Salt Administration in India). Mr. Merriman could find no reasons for supposing this was the case, and it is impossible that there can be much smuggling into British territory without the departmental officers knowing it. It seems much more probable that the large consumption per head in these States is in part due to the peculiar customs of their inhabitants, and in part to the very heavy salt which finds a sale there. A curious case has recently come to the notice of the Board where in Adoni town which is inside the area supplied by Bombay salt, Madras salt is in favour and is consumed, because salt is there for some reason unknown to the Board sold by weight and not by measure. There can be little doubt that if a similar practice prevailed elsewhere in the Ceded Districts, the Bombay salt would no longer be the salt in favour with the consumer. The Board hopes that before any orders are passed as to the general adoption of Bombay principles of manufacture this feature of the problem will be fully considered. The fact that salt differs so much in weight according to the method of manufacture, coupled with the fact of its being sold wholesale by weight and retailed by measure, makes the consideration of any such matters as those discussed in these Proceedings very difficult and obscure."

It will be observed that the Board declined to commit themselves to the accuracy of the theory, and we doubt the validity of the premise that a native will regulate his consumption of salt by the number of measures to which he is accustomed, irrespective of the salinity thereby imparted to his food. We can understand his buying less salt because he cannot afford to buy more, but failing this condition, we apprehend that he will insist upon the degree of saline flavour in his food which suits his taste. We have shown above that the actual additional expense, to which the consumer is put by purchasing by measure a given quantity of salt in the form of light, instead of heavy salt, is small, and it is of importance to remember that he takes the lighter salt by choice. This being so, it is, to say the least, probable that if he can only savour his food up to his customary standard by the purchase of more measures of the salt he chooses to buy, he will do so.

There are other portions of the Board's remarks which seem open to challenge. Thus it is observed, "The consumer in fact can only prefer the light salt to the heavy because he cheats himself in thinking he gets the same amount of sodium chloride in the cheaper seer. He buys it because it is cheaper." The statement is not in accordance with the result of our enquiries. We have shown that Bombay salt (to take the typical instance of a light salt) may be dearer per measure than Madras salt, and yet the consumer is willing to pay for it. There seems no need to suppose the element of "cheating." The consumer may have a legitimate preference which he may indulge. Again, the conclusion that "there can be little doubt that if a similar practice (of sale by weight) prevailed elsewhere in the Ceded Districts, the Bombay salt would no longer be the salt in favour with the consumer," appears to us to rest upon the assumption underlying the whole case as presented, that it is the lightness of Bombay salt, and that only, which enters into the question. It is absolutely contradicted by the experience of the Nizam's Territory to which we have already referred (paragraph 11).

The Board's remarks regarding the consumption of salt in Cochin and Travancore have reference to Mr. Merriman's argument which he states as follows :—

"If we look at the three groups, *viz.*, (1) Bombay, (2) Madras, and (3) Cochin *cum* Travancore, we find No. 1 using the lightest, No. 2 medium, and No. 3 heavy salts, and their rate of consumption follows the same order."

We would only observe that, as a statement of fact, we doubt the correctness of the allegation that the salt consumed in Cochin and Travancore is markedly heavier than that consumed in many places in the Madras or Bombay Presidencies, though it is the case that the lightest varieties of Bombay salt are not exported to these States. We agree with the Board that the effect of the manufacture of light salt upon consumption is "difficult and obscure," but we are of opinion that it has not so far been established that the substitution of light for heavy salt will diminish the total quantity consumed. We are not prepared to accept as proof of that conclusion, the fact that the rate of consumption in Madras is higher than the same figure in Bombay; the considerations entering into the question are numerous involving differences of race, customs and

climates; physical features of districts; diet and standard of living. The consumption of salt in Gujarat, in a great part of which sale is by weight, is less than that in the rest of the Presidency, and the consumption in Upper India where all sale is by weight is considerably less than in Bombay. It is admittedly in the more recent years that attention has specially been directed to the manufacture of light salt, while the phenomenon of the varying rate of consumption in either Presidency is of long standing.

Statistics of the consumption of salt in the Madras Presidency.

24. Apart from mere conjecture, the only evidence which has been produced before us in support of the contention consists of certain figures which were supplied by the President and are reproduced in Appendix XIII, with the object of showing that in the Madras districts in which Bombay salt is consumed the rate of consumption is lower than in the districts which are supplied wholly with Madras salt. The suggestion is that the comparatively low rates of consumption recorded in Coimbatore and Salem, and in the Ceded Districts (Bellary, Anantapur, Kurnool, and Cuddapah), are due to the fact that light Bombay salt is consumed there. The figures, however, show that the rate of consumption in South Canara and Malabar, which are exclusively supplied by Bombay salt, is as high as the rate in the rest of the Presidency, and reference has already been made to the rate of consumption in Cochin and Travancore. Again, in the Ganjam district, where Madras salt alone is used, the consumption is comparatively low. It is not the practice in Madras to consider the consumption in Ganjam separately, but we observe that the rate for Ganjam alone approximates closely to the rate of consumption in Orissa, and Ganjam is in the main an Uriya district. If it is alleged that there are special circumstances which account for these results in cases in which Bombay or Madras salt is solely used, it is not unreasonable to suppose that there may be special circumstances which cause the lower consumption in districts where both Bombay and Madras salts are used. In the case in particular of the Ceded Districts, which differ widely from the other districts of the Madras Presidency in climate and character, the existence of such circumstances appears undeniable. Bombay salt was practically first introduced into the Ceded Districts in 1890-91, but the low rate of consumption in these districts is characteristic of the whole period of twenty years for which figures have been quoted.

Again, if it is a fact that the use of Bombay salt tends to diminish consumption, it might be expected that the introduction of Bombay salt into any district would be followed by a diminution of consumption. Yet for 1890-91 and the following years, the deduced figures of consumption per head are lbs. 10·83, 10·90, 11·57, 12·06, 13·53, and 14·96. In 1896-97, the rate dropped to 12·64 owing apparently to scarcity. After 1896-1897, although the proportion of Bombay salt steadily increased, the series is again an ascending one—lbs. 12·64, 13·34, 14·33, 15·63—until again checked by unfavourable seasons in 1900-01 and the following year. The violent fluctuation in 1902-03 has not been explained, but it may be due to some extent to the prevalence of plague.

The Ceded Districts have been taken together for the purpose of this argument, as is the practice in Madras, but it is to be noted that in the Cuddapah district, in which the recorded importations of Bombay salt are insignificant, the rate of consumption is at least as low as in the other three.

We refrain from entering into an enquiry into the true causes of the variations in the rates of consumption in the Madras districts. It is sufficient to say that, in our opinion, the figures furnish no proof that the introduction of Bombay salt has diminished consumption in the districts into which it has found its way, or that the use of light salt generally leads to a diminution of consumption and consequent loss of revenue.

The form of any legislation on the subject of the sale of salt by weight.

25. So far we have dealt with the grounds upon which the desirability of legislation to prevent the retail sale of salt by measure has been urged, and have given it as our opinion that the necessity for that course, either in the interests of the consumer or of the revenue, has not been established. It merely remains to consider the possible form of such legislation. In Madras itself there appears to be some difference of opinion as to its necessity. In a circular letter, dated the 21st August 1903, enquiry was

made by the Board from the Collectors throughout the Presidency whether "there was any objection to the sale of salt or of any other commodity by weight being made compulsory." From the replies received it seems that thirteen Collectors supported the suggestion while eight were opposed to it.

It is presumed that any law enacted on the subject would be applicable to all parts of India in which the system of the retail sale of salt by measure prevails, that is to say, to the whole of the Madras, and the greater part of the Bombay Presidencies, and to the Central Provinces. We have not thought it requisite to ascertain how the proposal would be regarded by other administrations outside Madras, but if a *prima facie* case in favour of legislation were held to exist, it would be necessary to consult them.

We are at the disadvantage of not knowing the exact form of legislation which commends itself to the Madras Government. In the Proceedings of the Board, which led to the submission of the present proposals, the course recommended was that the whole matter of the competition between the Presidencies should be laid before the Government of India "with special reference to the question whether Bombay is not largely aided in the competition by the laxity of its preventive measures." "If this," said the Board, "is out of the question, the enactment of a law making the retail sale of salt by weight compulsory, is a practical measure which will end the difficulty." The Government of Madras in their letter No. 229 Revenue, dated the 2nd March 1903, to the address of the Government of India, suggested that legislation should be initiated "to render the sale of salt otherwise than by weight illegal." It would appear, therefore, that a general enactment applicable to the sale of salt throughout the Presidency was contemplated. It having been suggested, however, that the sale of salt by weight might be made compulsory by law at the option of the purchaser, we addressed to the Government of Madras the letter No. 49, dated the 12th January 1904, which will be found in Appendix XIV. In reply we were informed on the 3rd March 1904 that the matter was still under consideration. We have not therefore thought it desirable to postpone further the submission of our report which was otherwise complete.

Board's Proceedings, No. 308-R., dated the 27th January 1903.

Objections to such legislation.

26. If legislation is to be undertaken, the simplest, and in our opinion the only efficacious, course would be to declare it a cognizable offence for any retail dealer to sell salt except by standard weights, and we are doubtful whether any action short of a comprehensive enactment of this kind would have any effect in changing so well recognised and long established a practice as that of sale by measure. No case, however, appears to us to have been established which would justify the harassment of the people which would be involved in such a course. A wholly artificial class of offences would be created, and, if any attempt were made to enforce the law with vigour, the evil resulting from inquisitorial interference, and the opportunities offered for the levy of blackmail and the institution of false cases, would be out of all proportion to any benefit which might be expected. The disadvantages of the sale of salt by measure are to a great extent problematical, and the people are entirely unconscious of them. The evils resulting from legislation would be grievous, and their operation would be obvious. The necessities of fiscal administration already add largely to the number of criminal offences, and we note in the margin the prosecutions under the existing Excise and Salt Laws which were instituted in the different provinces in India during 1902-03. It is, in our opinion, highly undesirable to add to the unpopularity of the salt tax by subjecting the people to any restraints in connection with it which can be avoided. The prohibition of sale by measure seems to carry with it as a necessary complement the prescription of standard weights by which all transactions should be governed. If no such standards are prescribed, it can scarcely be said that any protection is afforded to consumers, and the advantage of the same standard for retail sale as for the purpose of the levy of duty is lost. We understand, however, that the enforcement of a system of standard weights and measures has already been considered, and that Government have deliberately refrained from taking action in that direction.

Provinces.	Number of prosecutions during 1902-03 under	
	The Excise Law.	Salt Law.
Bengal	3,625	813
United Provinces	1,658†	
Punjab	550	1,182*
Central Provinces	905	
Bombay	3,170†	1,428
Madras	18,796	4,469

* Northern India Salt Revenue.
† Figures are for the year 1901-02.

Objections to such legislation—(contd.).

27. It may be argued, however, that it would be sufficient if the offence of selling salt by measure were made cognizable only upon the complaint of the intending purchaser. If this course were adopted, the power of abuse would be taken out of the hands of the police, but the opportunity for the gratification of malice or of trade jealousy would still be left to private parties, and it would still be open to unscrupulous subordinates to instigate charges for their own benefit.

Moreover, upon the hypothesis upon which legislation has been advocated, the consumer is the ignorant victim of the trade. If he is unaware that a fraud is being practised upon him, it is unlikely that he will have recourse to law to remedy it, and even if he is conscious of the fraud, it is unlikely that in the absence of any private grudge he will institute a prosecution.

Again if, as alleged, the consumer is at the mercy of the trade, it only remains for the dealer to refuse to sell to him at all except by measure. To prescribe by law that every shopkeeper shall sell salt by weight when required to do so seems impracticable. A mere refusal to sell can hardly be made an offence in law, and an obviously possible means of evasion would be to demand a prohibitive price for any purchase by weight.

Objections to such legislation—(concld.).

28. It has been suggested that any form of legislation might be tried first in large towns and municipalities and the desirability of its extension elsewhere determined upon in accordance with the results shown. The area, within which the difficulties resulting from such legislation would be felt, would certainly thus be restricted, but the difficulties themselves would not be removed.

MINUTE OF DISSENT BY THE PRESIDENT.

Conclusions of the Report.

1. I regret that I am unable to agree with my colleagues that it is not advisable to enter upon legislation in order to enforce the sale of salt by weight. My colleagues have agreed that from a theoretical point of view salt should be sold by weight, but they do not consider it necessary to enter upon legislation to ensure this result, and they are of opinion that the injury to the consumer by the retailing by measure of salt sold wholesale by weight is too small to make it necessary for Government to interfere. They consider that the preference of the consumer as distinguished from that of the trader regulates the description of the salt sold in any market.

Opinions of Commissioners of Salt, Madras.

2. The subject of the retail sale of salt by weight has engaged the attention of the Commissioner of Salt, Madras, more or less, ever since the appointment was created in 1875. Every officer, who has held the appointment of Commissioner of Salt permanently, has recommended that legislation should be undertaken requiring the retail sale of salt to be by weight. Every officer, who has officiated in the appointment, who has expressed an opinion upon the subject, has expressed the same opinion. The Government of Madras rejected the idea for many years, and then contrary to the advice of Mr. Bliss, their salt expert, attempted to make light salt to be sold in competition with the light salt which comes into the Madras Presidency from the West Coast, but finally recommended to the Government of India that legislation should be undertaken.

Government of India not disinclined to undertake legislation in 1887.

Letter from the Government of India to the Government of Madras, No. 2380, dated May 7th, 1887.

3. My colleagues, in dealing with the historical portion of the question, refer to the correspondence of 1887, in which the Government of India asked what practical difficulties stood in the way of substituting weighment for measurement in the sale of salt. In 1887, at any rate, the Government of India were not disinclined to undertake legislation.

Mr. Venkasami Row's views in 1876.

4. In the first place, I beg to draw attention to paragraph 23 of Mr. T. Venkasami Row's minute of dissent from the report of the Madras Salt Commission of 1876. This gentleman, whose opinions have stood the test of time better than those of the other members of the Commission, recorded the following remarks:

"The manufacturer has to deal not with the consumers themselves but with traders, and so long as the trader has to buy by weight and sell by measure (this system must, I presume, continue for years to come), he would naturally care more for bulk than for quality. Indeed, I doubt whether the mass of consumers would care less for bulk."

The suggestion thus thrown out nearly 30 years ago by a native gentleman with an unrivalled knowledge of the Madras Presidency has been carried out to the letter. The trader looks for nothing but the salt which will yield the greatest number of measures to the maund, and the mass of the consumers look to the apparent bulk of a measure of salt when turned out of the measure.

Variations in weight of salt.

5. There have always been considerable differences between the weight of different salts even in Madras. The Salt Commission Report, 1876, paragraph 477, refers to experiments, which showed that the variation in the weight of a given quantity of salt was as great as 37 per cent, though the variation amounted to only $17\frac{1}{2}$ per cent in the case of Madras salts. In the heavier Bombay salt of that time found at Calicut the greater variations occurred. When Mr. Pedder wrote in 1870 sifting of unstored salt was apparently not allowed in Bombay, and the heaviness of the salt at Calicut in 1876 seems to show that sifting did not exist then. I have been unable to find out when sifting began in Bombay.

Course of enquiry.

6. It is a most unfortunate circumstance that, owing to the short supply of sea salt in Bombay in 1903, the ordinary course of the salt trade was completely upset at the time of our inquiries. Madras salt was selling in places to which it had never penetrated before, and owing to the shortness of the supply, the price of Bombay salt was unusually high everywhere. The stock

of Bombay salt in the Madras Presidency was far from equal to the demand. My colleagues were therefore entirely unable to judge by personal observation of the ordinary course of the salt trade in the Madras Presidency. Our inquiries into the price of salt were made in the following bazaars in the Presidency—Calicut, Podanur (Coimbatore), Erode, Salem, Madras, and Bellary. Salem was the only one of these places in which we found Madras and Bombay salt on sale. We also inquired into the price of salt at Bangalore, where we found both Bombay and Madras salt on sale, and in Bombay, Poona, Sholapur, and Bijapur. Of these places the two kinds of salt were on sale only at Sholapur. I also made inquiries at Adoni during the Christmas holidays, and Mr. Dane made inquiries at Hyderabad and Secunderabad. Mr. Dane found both Bombay and Madras salt on sale, I found Madras salt only. The small number of places in which we found Bombay salt on sale made it difficult to draw any satisfactory conclusions from our inquiries even as to the course of trade in this year, while the unusually high price of Bombay salt made it impossible to judge from what we found as to the course of trade in an ordinary year. An extension of our inquiries would have been of little assistance as there was so little Bombay salt in the market in the districts in which the competition takes place. The results of our inquiries were also misleading because the Bombay salt which we found in the markets was less light than usual.

Ordinary conditions of salt trade.

7. In an ordinary season Bombay and Madras salt hold distinct areas which are well known, and it is unusual to find both kinds of salt on sale in the same market. When both salts are so sold the price of both is generally the same, unless a merchant is specially pushing the sale of one or the other. Lately, since efforts have been made to supply specially made light Madras salt to certain markets, both kinds of salt are now and then found on sale together at different prices as in the present year. When Bombay light salt has taken hold in any market ordinary Madras salt disappears from it, and as long as the supply of Bombay salt can be maintained ordinary Madras salt is not sold. But if the supply of Bombay salt runs short Madras salt at once reappears. When light Bombay salt comes into a market it frequently undersells Madras salt at first. As it gets a hold upon the market the price is raised. Sometimes a commission is paid to the retail dealers to sell Bombay salt, and it is made worth their while to sell Bombay salt only. In such a case the price of both salts will be the same. It is generally stated wherever we have been that it is more profitable to sell Bombay salt than Madras, owing to the larger number of measures which can be got out of a maund of Bombay salt, and it is this preference of the trader's, rather than any preference on the part of the consumer, which decides the kind of salt which is sold in any bazaar. This is the main point upon which I dissent from the views of my colleagues.

Anomalies in supply of salt.

8. The salt which is imported on the West Coast for consumption in the Coimbatore and Salem districts, and that which is brought to Bellary, Anantapur, and Kurnool from Bombay has to be very light in order to compete successfully with Madras salt. The average cost of the salt laid down at Calicut during the last ten years was 9 annas 7 pies per maund *ex*-duty, against 3 annas, the price of salt in Madras. Salem town is about equidistant from Calicut and Madras, and Coimbatore is about 300 miles from Madras and 100 from Calicut. Bellary is 580 miles from Bombay by the Southern Mahratta Railway, and only 307 miles from Madras. Anantapur is even nearer Madras. Kurnool Road, the nearest station to Kurnool, is 655 miles from Bombay compared with 304 miles from Chinna Ganjam, the nearest Government factory. It is clear, therefore, that in order to compete with Madras salt only the lightest Bombay salt will be of any use in the Ceded Districts, Coimbatore, and Salem. The supply of this salt is limited, and as it is impossible to supply the whole demand of these districts, the Bombay merchants confine their efforts to the larger towns, and actually settle down, in some cases permanently, as we saw in Salem and Bellary, fixing their attention upon the supply of the larger towns, and leaving the outside markets to Madras and local merchants. This is the explanation of the fact that Madras salt is hardly ever on sale in the town of Coimbatore, and in ordinary seasons, as we were told by the merchants, is not sold in Salem

except when the supply of Bombay salt runs short in the monsoon. It also accounts for the fact that Bombay salt is not now sold in Erode, a small municipal town between Coimbatore and Salem. The instance quoted in the Board's Proceedings of October 1903 referred to in paragraph 13 of my colleagues' report came to the notice of Mr. Crole in 1890-91. The following remarks written by the Commissioner of Salt, Bombay—*vide* No. 4389, dated August 17th, 1903, exactly express the position:—"Many of the retail dealers are bound to the great salt merchants in Bombay whose interest it is to prevent the introduction of salt from other sources." In the towns, which the Bombay merchants have marked for their own, Madras salt is hardly ever found on sale except when there is a temporary shortage of Bombay salt. To meet the competition of light salt from the West, the East coast factories have set themselves to make their salt as light as possible. Consequently all the salt in the markets in which the competition occurs is lighter by far than it used to be.

Experiments made by Madras Government.

9. Since 1899 special attempts have been made to manufacture salt in some of the Madras Government factories in order to compete with Bombay light salt, and some of the salt made compared favourably with the Bombay salt which it met. These experiments, for they have never gone beyond an experimental stage, were instituted by the Government of Madras against the advice of Sir Henry Bliss, who recorded a minute of dissent, dated 3rd November 1898, in connection with the matter. The first special light salt made in the Ennore (Madras) group of factories was sold easily by the Madras Railway Company, and the Board of Revenue reported that "the result of the experiment was to show that any preference for Bombay salt was entirely due to the profit it gave to the retail trader owing to the greater bulk of any given weight of salt; that if Madras salt measuring equally well with Bombay salt can be put down in any market at an equal price, it is, if anything, preferred by the consumer." In the subsequent seasons there was untimely rain, and the salt in no case measured so well as that manufactured in the first year. As the supply of this special salt could not be kept up, it became impossible to maintain its hold upon the markets, and manufacture of special sifted salt in the Madras factories has ceased. A special light unsifted salt is now made which has been in great demand during 1903-04. My colleagues in paragraph 7 of their Report refer to certain light salt made at Tuticorin in 1900, and quote certain reports from some of the West Coast Inspectors, which I have not seen. These reports refer to portions of the experiment in which an attempt was made to sell the sifted salt made at the Sevandakulam Extension in 1900 in the West Coast Circles by departmental agency in 1901. These isolated reports by some of the Inspectors give merely local views of the matter; the Board's report summing up the whole of the experiments dated December 30th, 1901, R. No. 6094-Salt, was as follows . . . . "The salt compares most unfavourably with Bombay salt in measurement and appearance." It was almost certain from the beginning that this experiment would be a failure because Bombay salt has been practically the only salt consumed in Malabar and Canara for many years.

Competition between Bombay and Madras salt.

10. For many years past the Commissioners of Salt in Madras and the superior officers of the Salt Department have been making inquiries during their tours into the subject of the competition of Bombay and Madras salt. They have recorded the uniform opinion that there are not many places in the country where light and heavy salt come into competition, or having come, continue in competition. The light can always drive the heavy out and then has the market to itself. When Bombay thus drives out Madras salt, it holds the market as long as it can be regularly supplied, unless there is a considerable decrease in the weight of the Madras salt in the market. Thus in place of a heavy Madras salt the consumer can get nothing but a light Bombay salt, or a Madras salt much lighter than that on sale when Bombay salt first began to come into the market. Both Madras and Bombay salts are considerably lighter than they were 15 years ago. My colleagues in paragraph 5 of their Report suggest that the competition of Bombay salt led to the representations of the Board of Revenue, Madras, becoming more urgent. I join issue here, and submit that it was the increased

lightness of Bombay, and in a less degree of Madras salt, which was accentuating the injustice done to the consumer, that led to the anxiety of the Board to get rid of sale by measure.

Government a loser by customs of trade.

11. No merchant purchasing salt for sale in the south of India applies any test except the number of measures to the maund; the very best and dryest salt is unsaleable unless it is light. Thus in 1891 the price of salt at Kuppili was very high, and 2,000 maunds were brought down from a neighbouring factory and offered at 3 annas a maund. Kuppili salt gave 28 measures to the maund, the other 23 measures. At 2 annas per measure the purchaser of Kuppili salt had a clear gain of 10 annas, and the heavier salt could not have been sold even if it had been offered below the rate of duty. One of the most serious results of the advantage, which the present custom of sale gives to light salt, is that only the lightest available salt is in the market at any time, so that a large proportion of the stock of salt is prevented from competing, and the price of salt is unduly raised. Hence the Bombay manufacturers keep their stock as low as possible, and hence considerable quantities of salt, which have been in store for some time in Madras, have to be destroyed. Some of this salt may be the property of Government and have been paid for out of taxation. It can hardly be right that a custom of trade should expose Government to the risk of such losses, especially when it is also to the disadvantage of the consumer, who is the tax-payer. In one case to which my attention has been drawn the purchaser of a measure of heavy chemically pure salt would obtain 100 parts of salt, while the purchaser of a measure of light impure salt would only obtain 60, and yet the wholesale value of the latter was considerably greater than that of the former.

Why Bombay salt is sifted.

12. It is the practice of sifting salt which has enabled the Bombay manufacturer to produce his very light salt. This practice has grown up comparatively recently, and has increased very rapidly. My colleagues in paragraph 18 of their Report state that Bombay salt is sifted primarily in order to grade the crystals, but with the incidental result of eliminating the separate particles of grit and dirt. In this I cannot agree. It is sifted solely to enable the Bombay manufacturer to sell his salt in a distant market in which, but for the custom under which salt is taxed by weight and sold for consumption by measure, it could not possibly be sold. It is for the wholesale merchant that the business of sifting salt has been created, and for no one else. No consumer ever asked for a light salt. Sifting is not the creation of a superior article out of an inferior, but a mere preparation of salt for a particular market. If salt were sold by weight, and there is the preference for Bombay salt which my colleagues consider to exist, as much Bombay salt as ever will be sold, but sifting will cease. As to the elimination of dirt by sifting, I refer to the analyses in Appendix XII. Among the samples taken by Mr. Merriman, the dirtiest Bombay salt was a first grade large grained salt, and one of the refuse salts No. XI was cleaner than the specimen of unsifted salt. The dirt in sea salt is crystallized in the salt, and cannot be separated mechanically.

13. In paragraph 11 of the Report my colleagues have compared the imports of salt into Mysore and Coorg, the Central Provinces, the Nizam's Dominions, and the Bellary and Anantapur, Kurnool, Coimbatore, and Salem districts during the last three years, and during three other years selected during the earlier days of the competition between Bombay and Madras salt. They draw attention to a decrease in the consumption of Madras salt in the Nizam's Dominions in the years 1900-01 to 1902-03 as compared with the years 1883-84 to 1885-86. A comparison of a few years in this way is misleading. In the first 10 years for which figures are given in Appendix X the average consumption of Madras salt in the Nizam's Dominions was 170 thousand maunds, and in the last 10 years, 205 thousand maunds. The figures for Bombay salt were 685 thousand in the first 10 years, and 755 thousand in the last 10. The increase in Madras salt was 20·5 per cent, in Bombay salt 10·2 per cent. Similar figures for Bellary and Anantapur from 1891-92 give an increase of 83 per cent for Bombay salt in the last 6 years, and a decrease of 36 per cent for Madras salt. The difference in these results can only be attributed to the fact that salt sells by weight in a great part of the Nizam's Dominions. The increase in the sales

of Madras salt for the Central Provinces could not have occurred if it had been the custom to sell by measure only in the Sambalpur and Bilaspur districts. Raipur is further from the nearest Madras factory than from Bombay. It is of course very misleading to compare the imports of Bombay salt into a district in the earliest days of the competition with those of the present time. The three years, which my colleagues have selected for comparison in the case of Bellary and Anantapur, are three years in which the imports of Bombay salt did not reach $\frac{1}{6}$, $\frac{1}{3}$, and $\frac{1}{4}$, respectively, of the consumption.

In the case of Kurnool the proportions are even smaller $\frac{1}{15}$ $\frac{1}{72}$ and $\frac{1}{64}$. The same applies to the Salem figures. No useful deductions are possible under such conditions.

My colleagues have also omitted to notice that prior to January 1st, 1899, all export of salt from the Madras Presidency northwards was registered for Orissa, and it was not until that date that bookings were separated for Orissa and for the Central Provinces, *vide* paragraph 58, Madras Administration Report for 1899-1900. There was, however, an increase in the total quantities sent, due to improved railway communications, as the following figures show:—

	Central Provinces.	Orissa.	Total.
	(In thousands of maunds.)		
1893-94	36	446	482
1894-95	40	351	391
1895-96	76	294	370
1896-97	45	395	440
1897-98	34	442	476
1898-99	56	489	545
1899-1900	265	395	660
1900-01	312	431	743
1901-02	165	594	759
1902-03	235	692	927

Consumer cannot exercise preference when he has one.

14. In paragraph 13 of the Report, my colleagues have been at considerable pains to show that consumers have a preference for various kinds of salt, and write of an implied admission by the Board of Revenue "that this preference exists." It has never been denied, and therefore it has never been necessary to admit, that preferences for particular kinds of salt exist on the part of the consumer. It is asserted that the consumer seldom, if ever, has the opportunity of gratifying his preference. The trader takes care to supply the salt which gives him the greatest profit, and the consumer has to take what the trader offers him. I quote in this connection the following passage from Sir Henry Bliss' minute of dissent, dated 3rd November 1898: "It is vain to say that he can guard himself. In the first place, he is ignorant; in the second, he has no option. Every bazaarman in the Presidency sells by measure and will continue to do so .... To whom can the poor man go to buy by weight, or the rich man either? There is no one who will sell him salt except by measure." As a matter of fact the markets in which a man is able to gratify his preference for heavy salt are few in number in an ordinary season, besides which a very large number of consumers are in debt to a particular bazaarman and cannot go to any one else for salt. The following passage from Board's Proceedings No. 5240-Salt, dated November 22nd, 1899, is also to the point:—"It (the Board) has made further inquiry as to whether there is any real demand on the part of the consumer for a light salt, and is more convinced than ever, that, though there may be local undefinable preferences for the taste of Bombay salt, there is no real demand for lightness anywhere. On the other hand, the ignorance of the effect of levying the duty on the weight, and selling by measure extends to the best educated men in the country."

Special cases in 1903-04.

15. To turn now to the special cases quoted by my colleagues—

I. In Sholapur bazaar Madras salt was selling by weight at a lower price than Bombay. Considering that it was the excessive price of Bombay salt in 1903 that enabled the hitherto unknown Madras salt to be sold at Sholapur, it would have been very strange indeed, if the price commanded by Madras salt, a new salt in the market, had been equal to that at which Bombay salt was selling.

II. In Bangalore the price of Bombay salt was 1 anna 7 pies, or 1 anna 8 pies per measure, and that of Madras salt was 1 anna 4 pies to 1 anna 6 pies. Ordinary Madras salt had been practically driven out of the market since 1899-1900, and the greater part of the Madras salt sent in 1900-01, 1901-02, and 1902-03 to Bangalore, a good deal of which goes outside Bangalore for sale, was specially made light salt. Hence it is clear that Bombay salt practically held the market. It therefore seems but natural, when the price of Bombay salt rose so high, that the importers of Madras salt endeavoured to push their business by underselling Bombay salt. But, as will be seen below, my colleagues have stated that the Bangalore market is usually held more or less completely by Bombay salt.

III. In the Salem case similar remarks apply. The merchants clearly told us that Madras salt only sells here when Bombay salt cannot be obtained. When Bombay prices rose high the Madras merchants naturally tried to push their salt. It is obvious that, but for the shortage in Bombay salt, there would have been no Madras salt in the market, and but for the high price asked for Bombay salt, the whole supply of it would have been sold out. I cannot understand how my colleagues can reconcile the statement that Madras salt ordinarily finds a market in the monsoon months (meaning only in the monsoon months), with the assertion "that any one wishing to buy Madras salt can have no difficulty in obtaining it." My colleagues consider that the importation of 1,687 maunds in 1901-02 and 484 maunds in 1902-03 in the case of Salem shows that there is plenty of Madras salt in the market. But in Chapter V they have stated,* and I agree with them, that the sale of 75 maunds of Baragara salt in Sholapur, a town of about the same size as Salem, in less than $1\frac{1}{2}$ months, shows that there is no real market for Baragara salt there. The quantities of Bombay salt imported into Salem town in 1901-02 were 1,30,046 maunds, and in 1902-03 1,51,731 maunds.

In paragraph 15 of the Report my colleagues state that "we were able to find salt of the different descriptions in active competition in markets usually held more or less completely by one of them." The only markets, in which both the salts were on sale at the time of our visits, were Sholapur, Salem, and Bangalore. If it be true that Salem is a market usually held more or less completely by Bombay salt, it is clear that it is not correct to say that any one wishing to buy Madras salt in Salem can have no difficulty in obtaining it.

IV. I have mentioned the case of Hyderabad below, but I cannot see how any conclusion can be drawn from results found in a place where salt is sold by weight in a season when Bombay salt was unusually dear and scarce. In fact the high prices generally at which Bombay salt was selling were due to its scarcity.

The position in Mysore.

16. Regarding Mr. Ananda Rao's Mysore report, I would point out that in the previous papers it is distinctly stated that the price per measure of salt is generally uniform whatever the variety, and this is reported by Mr. Lloyd to be true for Bangalore. The price quoted by Mr. Ananda Rao is the number of seers per rupee. The difference of one seer or so in the price of Bombay salt is about correct when salt is bought by weight by the rupee's worth for retail sale by measure. The wholesale price of light salt is always greater than that of heavy. Mr. Davidson's report that the Virajpet merchants in Coorg are careful to obtain heavy salt *for their own use* is an interesting contribution to the information on the subject.

It is an undoubted fact that Bombay and Madras salts were upon sale in Salem, Coimbatore, and the Ceded Districts up to 1898-99 in a number of different markets. The figures collected in Appendix F to the Madras Salt Administration Reports up to that year show that at first Bombay salt generally sold wholesale more cheaply than Madras. Its price was gradually enhanced, and notwithstanding the lower price at which Madras salt was sold wholesale, Bombay gradually occupied a more and more defined share of the market, and the cases in which both Bombay and Madras salt were selling at the same time in the same place gradually became fewer in proportion to the number of markets from which reports were received.

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* *Vide* page 61.

Heavy salt unsaleable by measure.

17. The fact that the very heavy Baragara salt can be sold on the confines of Nepal where salt is sold by weight, and is unsaleable in the Deccan districts of the Bombay Presidency, where it is generally sold by measure, appears to point to the preference of the trader ruling the market. The evidence of the Dewan of Travancore was, "The truth is the bazaarmen make great profits by selling by measure and preferences depend on that," and considering that Travancore local salt when analyzed gave only 89 per cent of chloride of sodium, and 11 per cent of impurities after eliminating moisture, it is not surprising that the local salt cannot be sold easily. I think I am justified in saying that the consumer, as distinguished from the distributor, does not care, or know, whether salt is light or heavy. The traders, however, know well enough and turn the custom of sale to their own profit. To the trader no question of the quality of salt, or whether it keeps well or not, ever occurs. He finds out the number of measures contained in a maund, and sells the salt out of which he can make the greatest profit. He does not care whether it will keep, as he buys for rapid sale. Dry salt is as useless to him, if it is heavy, as salt just scraped out of the pans.

Quality of Bombay and Madras salt.

18. It is difficult to compare the quality of Madras and Bombay salts. A series of analyses was made year after year with the object of comparing the quality of the salt imported at Calicut with the Madras salt with which it competes. These analyses appear in the Administration Reports, and they certainly show no balance in favour of Bombay. The analyses of 1886 which appear in Appendix XII are ancient history. I cannot admit that the analyses of salt from Calicut should be excluded. They were made in Madras, and if my colleagues' theory that salt absorbs moisture so very quickly is correct, this fact is favourable to them as Madras is dryer than Calicut. The real criterion of the value of salt to the consumer at Calicut is the state in which it reaches him at Calicut. Whatever the results of analyses may be, I cannot admit that the purchaser of a measure of light Bombay salt gets as good value for his money as a purchaser of a measure of heavy salt when he pays the same or a higher amount for it.

I do not see how the substitution of sale by weight for sale by measure could encourage the production of a wet and dirty salt. It is obvious that wet salt would not keep, and it is a fact that a crystal of salt containing a large percentage of moisture is lighter than a solid crystal of dry sodium chloride. When salt is sold by weight a clean looking salt will always have the preference, both of the trader and the consumer, except where the consumer has been taught that salt is not good except when it is black, a common theory where Bombay salt only is sold. It is quite true that in some places preference is given to uniform crystals, but that this is not uniformly the case is clear from the fact that the highest price in Calcutta was commanded at the time of our inquiries by the siftings which the Bombay manufacturer calls his refuse salt.

With reference to paragraph 22 of the Report, I have to remark that the recommendation made in 1890, that the credit system should be abolished, was based upon the state of the excise system in that year, which is now greatly changed.

Reply to paragraph 23, Chapter VII.

19. My colleagues' remarks in paragraph 23 regarding preference for light salt ignore the fact that competition where it exists between Bombay and Madras salt, is competition not between light Bombay and heavy Madras salt, but between light Bombay and the lightest Madras salt that can be brought to the spot. The consumer's option, when he has one, lies between two light salts. It may be that the richer people are ready to pay a higher price for a superior kind of salt. The masses will buy the salt which they judge to be the cheapest which they can get. If a measure of the lighter salt is selling at the same price as one of the heavier, they may believe that they are buying the cheaper salt because it appears bulkier. If there is any difference in the price they will purchase the lower priced salt, if they can get it. The average quantities of Madras salt imported into the Nizam's territory were greater during the last 10 years than during the previous 10 years, which seems to support the view of the Board of Revenue that if salt were sold by weight in the

Ceded Districts more Madras salt would be sold there. I am bound to admit that the salt consumed in Cochin and Travancore is not markedly heavier than that consumed in many places in Madras, but it is much heavier than that consumed in the Madras districts which consume Bombay salt. I have no knowledge of the weight of the salt consumed in Bombay in an ordinary season. Mr. Merriman arrived at consumption figures for Cochin and Travancore, which give an average for five years of 16·84 lbs. for Cochin and 18·07 lbs. for Travancore. These figures are not higher than those of most of the coast districts in the Madras Presidency. The salt, which Mr. Merriman described as Bombay filth, is the refuse after sifting, and in appearance it is filthy. It is also decidedly heavy. I had a sample of refuse salt analyzed, and was informed that the Chemical Examiner would have no hesitation in declaring it unfit for human consumption. We were also informed in Bombay that refuse salt is now being exported to Travancore, the Dewan of which State informed us that Travancore salt is of lower quality than that imported by Cochin.

My colleagues refer in paragraph 24 to the consumption of Cuddapah for which the Madras Salt Department has never published separate figures. The figures referred to are unpublished and uncorrected figures prepared in the office of the Board of Revenue in 1903, and do not purport to be correct for each district. A glance at them will show how unreliable they are. The consumption figures for Ganjam district alone do not purport to be correct as the Administration Reports of the Madras Salt Department have stated year after year for many years, *vide* G.O., Madras, dated 21st November 1888, No. 807, Revenue.

I must point out that the figures contained in Appendix XIII with the exception of the last three lines are taken from the Administration Reports of the Madras Salt Department published annually. The last three lines have never been published, and do not purport to be correct.

Low consumption in areas in which Bombay salt is used.

20. The consumption of salt in the Ceded Districts, Salem, and Coimbatore is markedly lower than in the rest of the Presidency. I do not ascribe this fact to the consumption of Bombay salt entirely, but I cannot help thinking that the lightness of the salt used has some effect upon the consumption. The price of salt in these districts is naturally high, and is rendered higher by the lightness of the salt consumed, and this naturally reacts upon the consumption. A comparison of these districts with Canara and Malabar is misleading, because the salt sent to the two latter districts for local consumption is not particularly light. There is no competition to be feared in those districts, and no effort is made to supply them with any light salt.

My colleagues suggest that if the use of Bombay salt tends to diminish consumption, the introduction of Bombay salt into a district should be followed by a decrease in consumption. This argument fails in the Ceded Districts, because the advent of Bombay salt into them followed closely upon the suppression of the manufacture of earth salt, and was simultaneous with the completion of the Southern Mahratta railway in them, which, of course, increased consumption. In Salem and Coimbatore there has been a decrease in consumption during the ten years ending 1902-1903 compared with the previous ten years:—

AVERAGE CONSUMPTION.

	For first 10 years.	For last 10 years.	First 5 years.	Last 5 years.
Salem	13·59	13·50	14·22	14·15
Coimbatore	15·48	15·09	15·48	15·18

In the group consisting of Canara, Malabar, and Mysore, notwithstanding the opening of the Southern Mahratta Railway, there has been a reduction of consumption since 1886-87, when the figures were first given in the Administration Reports. The average for 16 years is 12·23 lbs., for the first 4 years 12·65, for the last 4, 11·95 lbs.; for the first 8, 12·28, and the last, 12·18.

The falling-off in the imports of salt into the Ceded Districts, both in 1896-97 and 1900-01, was due to bad seasons with high prices of grain following unusually great importations of salt in the previous years. 1900 and 1901 were both bad seasons, and the districts did not recover until 1903. Nevertheless, the average quantity of salt imported into these districts during the five years ending 1902-03 was greater by 36,000 maunds than the average for the preceding five years.

Sale by measure increases price of salt to consumer.

21. The effect of the sale by measure of light salt purchased by weight is to very greatly increase the price of the salt to the consumer, and the present system of arriving at the number of seers of 80 tolas sold for a rupee at each of the price recording stations makes it perfectly impossible to check the real price of salt. When salt is always sold by measure the price recording officer ascertains the price of a measure of salt, applies a conversion table, and reports that so many seers of salt are sold per rupee. This result can never be correct because the weight of the salt contained in a measure is never constant. Besides the errors which are inevitable from variations in the weight of salt, it is impossible for a man measuring out salt to measure out the same quantity by weight in each measure. It is also well known that a professional measurer can make at will an enormous difference in the quantity which he measures out. In the experiments made by Sir Thomas Munro (East India Home Selections, Volume I, page 852), the maximum difference between two measurements was no less than 53 per cent. It is in fact impossible to form any accurate conclusion as to the price of salt to the consumer, when salt is sold by measure, except by weighing a measure of salt, and then the result is accurate only for the particular measure of the particular kind of salt weighed. It is this fact which renders all our present statistics of salt prices absolutely inaccurate when salt is sold by measure. The statistics for the Madras Presidency are based upon a conversion table prepared in 1875, which has undergone very little alteration since, although there has been a very great decrease in the weight per measure of the salt sold in the Presidency. In 1875 sifting was apparently not allowed in the Bombay Presidency, and the only Bombay salt which reached the Madras Presidency, that consumed on the West Coast, was very heavy indeed (*vide* paragraph 478 of the report of the Madras Salt Commission). Some years after Bombay sifted salt began to come into the Madras Presidency, it was reported in 1890 that it gave from $22\frac{1}{2}$ to 25 Madras measures per maund. It now gives from 26 to 31 measures ordinarily, and has been known to give up to $35\frac{1}{2}$ measures. Madras salt for competition has been made lighter, and whereas in 1890 it gave from 19 to 21 measures per maund, it now sometimes gives 25 measures or even more. Formerly, under the impression that light salt was necessarily bad, the Madras Salt Department set itself to make heavy salt, now under the demand for light salt the salt made throughout the Presidency is generally lighter than it was 20 years ago. When Government salt is light, although it is sold by Government for 3 annas a maund, it is worth much more to the wholesale trader. It is more costly to make light salt than to make heavy salt, but the chief cause of the increase in the price of salt to the consumer is the sale by measure of light salt.

Prices of salt in places visited by the Committee.

22. I have prepared a statement* showing the price of salt at each of the centres at which we made experiments as to the weight, and inquiries as to the selling price of salt. I have added the results of my own inquiries at Adoni made during the Christmas holidays, and of Mr. Dane's inquiries at Hyderabad. The actual weight of a measure of salt was ascertained in each case by experiment, and the price to the consumer per maund, and the number of seers of 80 tolas purchasable for a rupee, has been worked out arithmetically. With the single exception of Hyderabad the price of salt was highest in the town of Bombay. The price of Bombay salt at Poona was considerably higher than it was at Bangalore. At Adoni, where salt is sold by weight, the price of Madras salt was Rs. 3-2 per maund, while at Bellary which is 2 miles nearer Madras than Adoni, and salt is sold by measure, the price of Bombay salt, the only salt in the market, was Rs. 4-3-6 per maund. At Podanur, where Bombay salt only is sold, the price was a good deal higher than that of Bombay salt at Salem, which is 95 miles further from Calicut, the

*Pages 103—105.

port of import. At Salem the price of Madras salt was higher than it was at Erode, which is 36 miles further from Madras. But the most remarkable results were those obtained by Mr. Dane at Hyderabad, 491 miles from Bombay, where the price of Bombay salt was considerably higher than it was at Bellary, which is 580 miles from Bombay. The Bombay salt which Mr. Dane purchased was, however, salt of a superior quality which was not even exposed for sale in the shop. The price of Madras salt in Hyderabad was also exceedingly high. Hyderabad is only 291 miles from Chinna Ganjam, a factory under the monopoly system. Adoni is 307 miles from Madras. Salt is sold by weight at both places, and yet the price of Madras salt at Hyderabad was nearly Re. 1-8 per maund higher than at Adoni. The price of salt at Hyderabad and Secunderabad in 1900 and 1901 before the duty was lowered was 9·48 and 9·14 seers, respectively, to the rupee. There must, I submit, have been some special cause for the state of prices at Hyderabad.

Rise of prices since 1890.

23. In the years 1887 to 1890 the Secretary of State and the Government of India noticing the enhancement of the prices of salt in the Madras Presidency called for reports, as a result of which the excise system was discredited, and it was decided to open factories under the monopoly system in order to keep down prices. A statement showing the course of prices was appended to the order of the Madras Government printed in the Government of India Proceedings Nos. 815—822 of December 1891. The prices of the years 1888, 1889, and 1890 were compared with those of 1878, 1879, 1880, and 1881. In the statement annexed,* I have taken the average of these figures and added a column showing the average prices in each district for the years 1899, 1900, and 1901, the latest figures to which I have access. It will be observed that in all the districts to which Bombay salt comes, except Malabar and Bellary, even with the existing conversion table, which understates prices very greatly in districts in which light salt is sold, there has been an increase of price. It is clear from the Administration Reports that the Bellary figures for 1899, 1900, and 1901 refer only to Madras salt, and that they should therefore be rejected, for the average price in seers of 80 tolas for Bombay salt, which is chiefly consumed, is much higher. The average price of the salts tested by us while under sale in Calicut was 11·04 seers per rupee. All the figures in the statement require very considerable correction owing to the impossibility of relying upon the conversion table as the following figures will show. These figures have been prepared from the Madras Salt Administration Reports, and show the results obtained by experiments made by selected officers of the Salt Department. The experiments were stopped after 1898-99 as it was found that they were not being conducted with accuracy and the necessity for their collection had ceased. At any rate the number of seers per rupee is overstated rather than understated. I have also annexed the results obtained by ourselves :—

District.	Average of years.			Results of experiments.	
	1896-97.	1897-98.	1898-99.	1903-04.	
	In seers of 80 tolas per rupee.				
Bellary	10·30	10·41	10·86	Madras salt	12·8
				Bombay salt	9.48
Anantapur	10·89	10·75	11·11		
Kurnool	10·85	10·75	11·11		
Coimbatore	11·25	11.33	11·36	Bombay salt	10·0
				Madras salt	13·02
Salem	11·00	10·91	11·12	Bombay salt	10·56
				Madras salt	13·10

It must be observed that the figures ascertained by us were obtained in towns on the railway lines, and would naturally show prices to be lower than the district averages.

It will thus be seen that the price of salt has increased largely in the districts which consume Bombay salt since 1888, 1889, and 1890, w[illegible]ease in the price of salt attracted the attention of the Secretary [illegible] State, but [illegible] to the impossibility of obtaining accurate statistics under the present system of sale by measure, the fact has entirely escaped notice. The annexed statement prepared from the Report on Prices and Wages in India shows that the

* Page 105.

average price of salt has risen in every inland district in the Presidency. The averages are for 1879 to 1881, and 1896 to 1901 :—

	1879 to 1881.	1896 to 1901.
Coimbatore	11·96	10·89
Salem	12·33	11·19
Bellary . . . . }	12·91	12·40
Anantapur . . . . . }		11·45
Cuddapah	13·98	12·09
Kurnool	12·33	10 64
Trichinopoly	12·01	11·87
North Arcot	12 25	11·93

This can only be attributed to the enhanced cost of light salt : the inaccuracy of the conversion tables does not affect these figures.

Increased cost of carriage of light salt.

24. In addition to the actual cost of producing light salt the consumer has also to pay increased cost of carriage for his salt. For the fact that Bombay light salt can compete with Madras salt in the Bellary and Anantapur districts little more than 200 miles from Madras, and more than 600 miles from Bombay by the Southern Mahratta Railway, makes it obvious that the consumer has to pay for the carriage of his salt over a distance of 400 miles unnecessarily. It is nothing but the lightness of the salt which enables it to compete, as is shown by the fact that Bombay salt is not sold by retail in the town of Adoni where salt is sold by weight. If there really existed the preference for Bombay salt on the part of the consumer upon which my colleague's Report is based, it would be sold by retail in Adoni.

Increase in the lightness of salt will reduce consumption.

25. My colleagues have arrived at 2 annas as an estimate of the extra cost of his annual supply of salt to the consumer of light salt. This sum is small to the individual, but spread over the whole of the population of the Madras Presidency, Mysore, and Coorg, it amounts to a very large figure. If sifting and drying on the ridges are to be permitted in Bombay, these privileges cannot be denied to manufacturers in Madras, and generally throughout the whole of the Madras Presidency salt will be lighter and dearer than it is at present. At 2 annas per head, which is in my opinion an underestimate, the amount of duty involved is over 10 lakhs of rupees per annum. Any means of increasing the lightness of salt will increase this amount. I have no hesitation in saying that sifting salt and drying salt on the ridges are unsafe even in fenced factories, and that if these processes are allowed in the Madras Presidency, and the lightness of the salt is increased thereby, the cost to the consumer will steadily increase, and the revenue will fall. Salt should reach the consumer with as little addition as possible to the cost of production and the tax levied by Government. Any means by which the lightness of salt is increased adds unnecessarily to the cost price where salt is retailed by measure. The ability of the State to enhance taxation is *pro tanto* reduced whenever the sale price of salt is increased without reference to the duty. The salt tax should fall equally upon all, and it does not fall equally upon persons who have to buy by measure, and persons who are able to buy by weight.

Effects of light salt upon the trade.

26. I have omitted to point out that it is not asserted that the trader makes unusual profits by selling light salt. The profits are no greater than those made in any other trade. But he makes a profit by selling light salt in a market in which his salt would be unsaleable, if salt were sold by weight. The railways are thereby enabled to make an unnecessary profit out of salt. The wholesale price of light salt is always greater than that of heavy in the Madras Presidency, as it gives more measures per maund. Thus a wagon load of light Madras salt at the Madras salt depôt often commands a profit of from 2 to 4 annas a maund before it has left the depôt. If the number of tolas in a measure of Bombay salt, say, at Salem be 125, and the price annas 2·3, it does not follow that 125 tolas of salt is the quantity which would be sold for annas 2·3 if sale were by weight; 140 tolas or more of Madras salt would be obtainable if the results of our experiments are worth anything.

The one idea of the trader being to obtain a light salt the whole salt trade becomes a gamble. If a man can obtain salt which is light, he makes

a profit, if his salt turns out to be heavy, he loses. Every weighment, check weighment, and reweighment of salt injures it by crushing the crystals, and the salt merchant spends much time in endeavouring to save his salt from handling. This applies to Bombay as well as Madras salt, and I have been informed by Madras merchants that the struggle is a very anxious one. Even on the West Coast I am informed that the agents of the Bombay merchants are becoming weary of the constant anxiety thrown upon them by having to prevent any but the bags of lightest salt from being sent to Coimbatore and Salem. Some of the Madras merchants and manufacturers are now beginning to petition that the sale of salt by weight may be made compulsory by law, and in Nanguneri, a town in the Tinnevelly District, a merchant has introduced retail sale by weight.

Salt is already sold by weight in a very great part of India and it is only in part of Bombay, Madras, Mysore, and parts of the Central Provinces and the Nizam's Dominions that it is sold by measure. For this reason I cannot believe that there would be any difficulty in introducing sale by weight. Nor do I think that it would lead to much oppression. I believe that it would be accepted without difficulty, and that such oppression, as it might lead to during the initial stages, would be worth risking in consideration of the benefit to the consumer, and to the State.

Advisability of legislation.

27. The interference of the State in the salt trade in India is already so great that I do not think any objection would be taken to the introduction of what is after all merely the natural corollary of the system of weighment by which salt is issued from Government works. The State sells by weight, and all transactions down to the retail sale are made in terms of weight; the statistics also are kept in terms of weight. What stands in the way of the further step except a custom of trade, which is by no means general, and which is injurious both to the State and the consumer ? I can see no reason why the sale of salt in retail transactions of a certain amount should not be made compulsory by law, the measure being introduced gradually in the larger towns. At present salt, in the very smallest quantities in which it is sold, is neither weighed nor measured.

The Government of Mysore strongly favours legislation, though the Resident is opposed to it.

Sifting should not be allowed before storage.

28. In any case sifting of salt before storage should not be allowed. If there is any real demand for sifted salt, the manufacturers would sift duty-paid salt for the benefit of the few rich people who were prepared to pay for it.

Statement showing the price of salt at certain centres. (To accompany paragraph 22 of the President's Minute of Dissent, Chapter VII.)

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Seers of 80 tolas per rupee.
			BOMBAY.			
		lbs. oz.		a. p.	R a. p.	
Shop I . .	White . .	4 5	19·0	4 0	4 12 0	8·42
	Grey . .	4 15½	16·5	4 0	4 2 0	9·69
Shop II . .	White . .	4 8	18·2	4 0	4 8 10	8·78
	Grey . .	5 1	16·2	4 0	4 0 10	9·87
Shop III . .	White . .	4 8	18·2	4 0	4 8 10	8·78
	Grey . .	5 3½	15·7	3 6	3 6 11	11·65
	Liverpool .	5 14	14	4 0	3 8 0	11·43
	Baragara .	8 1½	10·2	Not on sale.		
			POONA.			
Cantonment . .	Two salts from different factories.	2 2	38	1 9	4 2 6	9·62
Town shops . .	Two kinds .	2 4	36·5	1 7½	3 11 3	10·81
				1 9	3 15 10	10·02

Statement to accompany paragraph 22 of the President's Minute of Dissent, Chapter VII—contd.

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Seers of 80 tolas per rupee.	
			SHOLAPUR.				
		tolas.		a. p.	R a. p.		
Bazaar .	Pen salt .	145	22·0	3 0	4 2 0	9·69	At Sholapur within the bazaar salt is sold by weight. It is only sold by measure to be sent to neighbouring villages and districts. The prices are Pen 1·7½, Bhaindur 1·6, Madras 1·4½ per seer or Rs. 4-1, Rs. 3-12, and Rs. 3-4-6 per maund.
	Bhaindur .	139	23·0	3 0	4 5 0	9·27	
	Madras .	162	19·7	3 0	3 11 1	10·83	
	Large grained Bhaindur.	133	24		4 8 0	8·88	
	Kharaghoda .	208	15·3	No price quoted.			
			BIJAPUR.				
Market .	Grey . .	132	24·2	3 0	4 8 7	8·81	The black salt is sold only for use in Hyderabad territory. It is very bad refuse.
	Black . .	135	23·7		4 7 1	9·00	
			ADONI.				
Shop I . .	Covelong white.	96 to 98	33·3	1 6	3 2 0	12·8	Salt is sold for local consumption by weight and for sale outside the town by measure.
Shop II .	Tada white .	96 to 98	33·3				
Shop III .	Bombay coarse grained.	75	42·6	Not stated			This salt was bought before the duty fell and was not on sale.
	Madras white depôt.	98	32·6	Do.	...	13·3	This shop-keeper really sells at 4 pies per seer weight of 21 tolas and 14 annas per maund of 24 pounds or Rs. 3-2-9 in small quantities and Rs. 3-0-0 per maund of 82 2/7 pounds.
			BANGALORE.				
Shop I .	Bombay .	81	39·5	1 7	3 14 6	10·24	
	Madras .	97	33·0	1 4 to 1 5	2 12 2 to 2 14 6	14·54	
Shop II .	Bombay .	88	36·3	1 8	3 12 6	10·59	
	Madras .	96	33·3	1 5	2 15 1	13·61	
Shop III .	Madras .	103	31·0	1 6	2 14 6	13·94	
Shop IV .	Madras .	99	32·3	1 6	3 0 6	13·19	
	Bombay .	91	35⅛	1 8	3 10 7	10·92	
			CALICUT.				
Custom House .	Bombay, Mora	58¾	54·4		Not on sale.		We were informed that retail prices were As. 1-1 and As. 1-2 per local measure, the higher price being charged in the parts of the town most distant from the Custom House.
Shop I .	Bombay .	58	55·1	1 0	3 7 1	11·61	
	Bombay .	58	55·1				
Shop II .	Bombay .	63	50·7	1 2	3 11 1	10·84	
Shop III .	Do. .	Not weighed.		1 2	......	...	
Shop IV .	Do. .	62¼	51·4	1 2	3 11 10	10·69	
			PODANUR.				
Shop I .	Bombay .	75	42·6	1 6	4 0 0	10	The wholesale price of all these salts was said to be the same, *viz.*, Rs. 3-4-0.
Shop II .	Do. .	67	47·7	1 6	4 7 0	8·95	
Shop III .	Do. .	73	43·8	1 6	4 1 8	9·74	
			ERODE.				
Several shops .	Madras .	77 to 79	41·25 to 41·5	1 2	3 0 1 to 3 0 6	13·31 to 13·19	One shopkeeper said he sold at 1 anna 1 pie per measure. He could not do so at a profit at the price at which wholesale merchants were selling.

Statement to accompany paragraph 22 of the President's Minute of Dissent, Chapter VII—concld.

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Seers of 80 tolas per rupee.	
			SALEM.				
		tolas		a. p.	R a. p.		
Several shops .	Bombay .	121	26·4	2 3	3 11 4	10·78	
	Do. .	125	25·6	2 4	3 12 1	10·65	
	Do. .	123	26·0	2 4	3 13 7	10·37	
	Do. .	122	26·4	2 3	3 11 5	10·77	
	Do. .	118	27·1	2 3	3 12 11	10·50	
	Tuticorin .	131	24·4	2 0	3 0 4	13·24	
One shop .	Madras .	140	22·8	2 2	3 1 4	12·97	
	Bombay .	120	26·6	2 3	3 14 1	10·30	
			MADRAS.				
	Depôt . .	132	24·24	1 7 to 1 8	2 6 4 to 2 8 6	16·69 to 15·80	
	Covelong .	128	25·0		2 7 7 to 2 9 10	16·16 to 15·29	
	Depôt . .	136	23·5	1 7	2 5 2	17·21	This man buys a rupee's worth 10⅜ measures and sells at a profit of 1 pie per measure.
	Covelong .	126	25·4	1 8	2 10 4	15·11	A well-to-do shop.
			BELLARY.				
	Bombay .	Not weighed.	Said to be 45	1 6	4 3 6	9·48	No Madras salt on sale.
			HYDERABAD.				
							Sold by weight.
Hyderabad .	Madras .	...	...	...	4 9 1	8·75	3 annas for 3lbs. 6oz.
	Bombay .	...	...	...	5 2 3	7·79	2 annas for 2lbs.
Secunderabad .	Madras .	...	...	...	4 0 0	10	These figures are derived from quotations of prices in terms of so many seers to the rupee.
	Bombay .	...	...	...	5 0 0	8	
	Do. .	...	...	...	4 7 1	9	
	Baragara .	...	...	...	5 0 0	8	

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Statement showing the average retail price of salt in certain districts. (To accompany paragraph 23 of the President's Minute of Dissent, Chapter VII.)

Average retail prices of Salt (in seers to the rupee).

	1878, 1879, 1880, and 1881.	1888, 1889, and 1890.	1899, 1900, and 1901.
Ganjam . . .	11·74	11·37	10·15
Vizagapatam . .	10·63	11·27	13·10
Godavari . . .	12·41	11·77	12·29
Kistna . . .	12·84	13·13	13·19
Nellore . . .	12·77	12·31	12·81
Cuddapah . . .	13·84	12·41	12·13
Anantapur . . .	12·53	11·44	11·48
Bellary . . .		11·88	12·72
Kurnool . . .	12·0	11·48	10·56
Madras . . .	13·8	12·56	13·09
North Arcot . .	12·06	11·37	11·99
South Arcot . .	14·57	11·66	13·19
Tanjore . . .	12·61	12·61	12·92
Trichinopoly . .	12·2	12·56	12·15
Madura . . .	13·54	13·45	13·12
Tinnevelly . . .	14·26	14·58	14·11
Coimbatore . . .	11·83	12·05	11·08
Salem	12·21	13·41	11·30
South Canara . .	11·63	13·25	11·94
Malabar . . .	10·23	11·86	12·40

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CHAPTER VIII.

THE MANUFACTURE OF "LIGHT" SALT IN BOMBAY AS AFFECTING THE REVENUE.

Scope of the reference.

1. In the foregoing Chapter we have discussed the proposal that the sale of salt by weight should be made compulsory by law, and in so doing have considered how far the manufacture of light salt affects (*a*) the consumer, and (*b*) the revenue in so far as it is alleged that a diminution of consumption may follow upon the substitution of light for heavy salt. But we have also been directed to consider whether the actual processes of the manufacture of light salt are dangerous to the revenue, and, if so, whether they should be modified or restricted; that is to say, whether, during the different stages incidental to the manufacture of light salt, it is possible to enforce such precautions as are necessary to protect the salt, and whether, as a matter of fact, this is done.

Processes involved in the production of light salt.

2. The manufacturers in the Bombay factories attempt to preserve the methods of producing light salt as trade secrets, and there is some difference of opinion among departmental officers as to the relative importance of each stage, but the main processes may be thus described :—

(*a*) The more elaborate preparation of the pans. We were informed in Bombay that while an ordinary pan might be got ready in ten days, from fourteen to twenty-five days might be spent in working up a bed designed to yield good light salt.

(*b*) The careful admission of brine of proper density into the pans in single shallow irrigations, at one time and not at intervals. The depth of brine required is said to vary with the soil of the pans, the state of the weather, etc.

(*c*) The skilful raking of the crystals as they form.

(*d*) The thorough drying of the salt scraped, in thin layers affording a good exposure to the sun without damage to the crystals.

(*e*) The sifting of the salt through sieves of varying mesh. Five grades of salt for trade purposes are recognized, and there may occasionally be more.

(*f*) The storage of the salt in small heaps so as to save the crystals so far as possible from crushing.

The manufacture of good light salt is not a matter which even in Bombay can be attained with little effort. It involves more labour, more skilled supervision, and more expense than the ordinary processes. The excise licensees in the neighbourhood of Bombay are in the habit of importing for the season gangs of specially skilled workmen (Kharwars) from Surat, and the employment of these men is considerably more costly than that of the local labourers. The latter, in addition to the actual manufacture of salt, repair the works, embankments, etc., and thatch and unthatch the heaps, taking a share of the sale-proceeds when the salt is disposed of. The former merely make the salt, and demand for their services a cash payment of about R60 per head. Their headmen receive as much as R75, and a payment (not exceeding R1), for each member of the gang.

The relation of such processes to the safety of the revenue.

3. It is obvious that of the different processes involved, the laborious preparation of the pans, the regulated admission of the brine, and the raking of the crystals during formation, do not affect the question whether the manufactured article is, or is not, secure against malpractice. The points of danger in this respect are the drying of the salt upon the ridges of the pans; the sifting of the salt into different grades; and the storage of the salt without weighment so that there may be the minimum of handling and crushing. The various objects sought to be attained in addition to the production of a salt which is light and which will measure

well, are (*a*) the greater dryness of the salt; (*b*) the classification of the salt in grades according to the size of the crystals, thus producing a salt answering a specific trade definition and capable of being despatched to the market whose demand it best suits; and (*c*) the protection of the crystals from such damage as may detract from the market value of the salt. In discussing the conditions under which these processes are carried out, some comparison becomes necessary between the salt works in Bombay and Madras and between the means adopted in each to ensure the safety of the salt after manufacture and prior to its issue upon payment of duty.

Mr. Merriman's Report.

4. The contention that the precautions observed at the salt works in Bombay are not such as to ensure an efficient control over the salt produced was prominently urged by Mr. Merriman, an officer of the Madras Salt Department, who visited Bombay in 1899-1900 with the object of gaining acquaintance with the methods of making light salt. We may say at the outset that in our opinion the general tone of his report is such as to convey to any one unacquainted with the actual conditions an exaggerated impression of the greater physical security of the salt factories in Madras in comparison with those in Bombay. The report may be held to imply that the quantities of Bombay salt illicitly passed out of the works are so great as to give an appreciable advantage to the trade in its competition with Madras. We understand that this suggestion was not intended, and in any case we consider that there is no foundation for any such allegation.

Physical characteristics of the salt works in the Madras and Bombay Presidencies.

5. The main points of difference characteristic of the works in either Presidency, are the following. In Madras, the factories are scattered along the eastern coast line, many of them being in localities difficult of access, and the Inspectors and Assistant Inspectors in charge of them have usually heavy excise duties which necessitate the absence of one or the other of them on tour during the greater part of each month. The charges of the supervising officers are large and scattered, and they too have excise as well as salt duties to perform. In Bombay, the majority of the works are concentrated within a short radius of Bombay town and permit of sudden and unexpected visits of inspection. The customs duties of the Assistant Collectors in charge of the ranges in which the principal works are situated are exceedingly light, and they are therefore able to devote nearly their whole time to salt. In a Madras factory, the reservoirs, condensers, and pans cover a continuous stretch of ground surrounding a few central platforms for storage and drying purposes; in Bombay, a factory is usually made up of many works, the reservoirs, condensers, and pans of which are intermingled with one another; there are no special drying grounds, and storage spaces being attached to each work, are far more numerous and scattered. In Madras, the outer circuit of the factory, and the storage and drying grounds within it, are usually enclosed with thorn hedges with gates at intervals, but as we have seen in some instances, the outer hedge is not altogether an effective barrier, and in some places, owing to the unsuitability of the soil, no hedge or fence exists. The guards are concentrated upon the platforms and patrol the outer periphery of the factory. In Bombay, hedges are not planted, though the intricate encircling system of creeks and waterways affords some measure of protection in many places against theft except by means of boats. The guards are stationed upon the platforms scattered throughout the whole area, and a system of patrols is maintained outside the factory independent of the factory establishment.

The process of drying.

6. The salt as scraped from the pans is necessarily wet, but there are differences in the manner of exposing it to be dried by the sun. In the Bombay factories this is done by spreading the salt in thin layers upon the ridges surrounding the pans, thus securing the minimum of handling while it is wet and liable to be crushed, and exposing to the sun as large a surface as possible. At the Government factory of Dharasna the salt (as in Madras) is taken to central platforms to be dried. The drier climate of the Surat district lessens the need of drying upon the ridges, and the work, being the property of Government, was laid out with a view to the concentration of storage.

The Madras system is based upon the view that it is essential that the salt when scraped should be brought with the least possible delay to a central spot which can be fenced and upon which guards can be concentrated. Hence the salt is only allowed to remain upon the ridges until its quantity is estimated, and by the evening of the day of scraping it is removed to grounds appointed for the purpose, which are surrounded by hedges or fences. This is not the case at the factories of the Merkanam circle in the South Arcot district or at those of the Ennore circle in the district of Chingleput. In the Merkanam factories salt is manufactured under the accretion system, *i.e.*, a large quantity is scraped at one time instead of at the frequent intervals at which ordinary single irrigations are dealt with. The salt is allowed to remain on the ridges up to a limit of three days, and the licensees have been allowed to dry their salt in this manner since 1885. The Attiput and Vallur Government factories of the Ennore circle are two of those selected for the experimental manufacture of light salt by Bombay methods (*vide* Chapter VII, paragraph 7), and the drying of salt upon the ridges is permitted there for ten days at a time. At the Kattur and the Vyalur factories of the same circle it is allowed for three days at a time. The prescribed term of days is practically of little importance where the accretion system is not followed, as with frequent successive scrapings the net result will be that salt is almost always on the ridges.

The advantage of the Madras system is greater security; the disadvantages involved are the damage done to the salt and imperfect drying. It is essential for the production of light, and, it may be added, of good salt that it should be thoroughly dry. A damp salt cannot be sifted. The following remarks by the Board of Revenue, Madras, on the subject of moisture, are relevant:—

Appendix I. Proceedings of the Board of Revenue, Madras, No. 290, dated the 30th October 1900.

"At present the moisture in salt made in this Presidency is undoubtedly excessive. The reason is that the salt is required to be stacked on drying grounds the same day as it is scraped. The drying grounds are not large enough to admit of its being stacked otherwise than in heaps of such a size that the sun cannot get in to the under layers. Moreover, as the result of a series of moisture tests made by Mr. Willock in 1897, the period allowed for drying has been largely reduced. This reduction has been urged by several experienced Inspectors as the reason for the salt of recent years showing an excess of moisture."

Moreover, since space is limited, fresh scrapings may be ready while the drying grounds are already full, and the salt upon them must then either be stored before it has completed the prescribed period for dryage, or manufacture must be interfered with. Again, the drying grounds are necessarily distant from many of the pans, and salt has to be carried to them while wet, and again removed when it is stacked upon the storage platforms. The frequent handling of the salt crushes the crystals, and diminishes its value in the market.

We consider that dryness is of such importance in the interests of the consumer and the trade, that no reasonable measure, which will ensure it, should be prohibited. The utilisation of the ridges is the only means of obtaining a sufficient drying area short of the provision of special grounds of a size which, in the case of the existing excise works in Bombay, would be prohibitive. The issue therefore resolves itself into whether it is possible to so guard the salt around the pans as to render it reasonably safe against theft. In Bombay, apart from supervision by superior officers, this is sought to be effected inside the factory, by the peon guards stationed upon the platforms, and, outside the factory, by the guards who search boats leaving it. If these men do their work properly, the fraudulent removal or theft of salt upon any considerable scale can, in our opinion, be prevented. We admit that the danger of illicit practices, when quantities of salt lie loose over an extended area, must always be greater than if the salt were heaped in a few enclosures, but the question is really one of the counterbalancing of comparative advantages and disadvantages. In our opinion the risk of pilfering, which undoubtedly exists under the Bombay system, should be accepted as a practical necessity in view of the benefit to the consumer from the provision of salt of a quality which is certainly good and which, as we have already shown, he appreciates (*vide* Chapter VII, paragraph 14).

Any special establishments which it may be necessary to entertain to guard the salt drying on the ridges should, in our opinion, be paid for by the licensees for whose benefit they are entertained. The cost involved is not likely to be heavy. In the Madras factories of the Ennore circle, at which drying on the ridges has been permitted, the small special staff shown in the margin was employed.

Factory.	*Sub-Inspectors.*	*Peons.*
Attiput .	3	8
Vallur .	2	6
Vyalur .	1	2
Kattur .	*Nil*	*Nil*

We think, however, that more attention might well be paid in Bombay to the matter of fencing, which should be erected wherever natural hedges can be grown. We may particularly instance the Matunga factory, as one undesirably exposed upon the land side, and at which the close proximity of a profitable market in Bombay town offers special temptations for the removal of salt. Entry and exit should be by specified routes, and persons leaving the works should be searched. Subject to these remarks, however, we do not consider that the system of drying salt adopted in Bombay entails any risk to the revenue greater than may properly be accepted in consideration of the advantages which it secures, and we observe that the Madras Government, referring to the results of the system of drying upon the ridges permitted in the Merkanam and Ennore circles, remarked that the advantages had been such that the question of its general adoption was then under their consideration.

Letter of the Government of Madras, to the Government of India, No. 775, dated the 30th August 1901.

The process of sifting.

7. In the factories of the Bombay Presidency, the sifting of salt after storage appears to have been allowed at one time, but it was prohibited many years ago. Sifting before storage has always been permitted, but the practice has only attained its present dimensions within the last twenty years. In Madras, about the year 1894, permission was given, as an experiment, to sift salt after storage in certain factories and at the Madras depôt, but the concession was in force for a few months only. The sifting of unstored salt was permitted generally throughout the Presidency in 1891, but the orders were cancelled in 1896, although an exception was made in the following year, subject to payment by the licensee for any additional guards required, in favour of sifting in the course of any process which at the same time removed impurities and moisture. At the present time the only licensees enjoying the right to sift salt are the Oriental Salt Company, who are allowed to do so in the course of their special processes for the treatment of salt.

With reference to the possible danger to the revenue involved in the process of sifting, it is obvious that the salt when dried must be carried to the final storage place, and to throw it through a series of sieves previous to heaping merely prolongs the operation of storage by a few hours. The salt passes through a few additional hands, but sifting is conducted immediately below the storage grounds upon which the guards are stationed, and in the presence of a sufficient number of people to render even petty pilfering at this stage unlikely. Where there are central drying grounds the sifting would to some extent retard final storage, and in the meantime salt, which is at present kept in stamped heaps, might be left loose upon the grounds. Additional guards, however, could prevent any serious danger.

The process of storage.

8. In the matter of the storage of salt there are considerable divergencies between the Madras and Bombay systems. In the former Presidency stocks are kept upon central platforms usually adjoining the drying grounds and, like them, surrounded by fences and gates. A different procedure obtains in the four factories of the Ennore circle, where salt is heaped temporarily upon the open banks of the canals traversing the works and removed thence in bags by boat to a central depôt in the Madras town. In Bombay, each work is allowed one or more storage platforms adjacent to its pans; the grounds are not fenced, and are scattered about the works. The only exceptions are at the Government work of Dharasna where central storage spaces have been provided as in Madras, although there are no fences; at the excise work of Sanikatta in the district of North Canara, which was originally a Madras work and where the principle of central storage has been maintained; and at Shiroda in the Ratnagiri district (also under the excise system), where, on account of its isolated position, bamboo fencing round the platforms has been insisted on.

The Madras practice is undoubtedly the better one, but its adoption in Bombay is apparently impossible unless legal power be taken to compel the excise licensees to remodel the whole group of works so as to provide central storage grounds. It may be possible to realign and to some extent to regroup the existing platforms so as to facilitate their supervision, and we understand that the advisability of so doing is recognised by the local officers and improvements are effected as occasion may offer, but any wholesale re-arrangement of the works would involve a more drastic interference with the vested interests of the licensees than we are prepared to recommend.

Storage by weighment or on estimate.

9. The essentials of an efficient system of storage and issue of salt are that the quantity in stock should be known; that a secure guard should be maintained over the stores; and that the salt should be issued only under proper supervision and check. In Madras all salt is weighed as it passes into store; weighment is so conducted that the responsibility for its accuracy can be traced to one officer; the heaps are of specified sizes and are occasionally reweighed as tests; and a record is kept of the conditions of weather, etc., likely to affect the salt in store, in order to enable a judgment to be formed of the reasonableness of the wastage found when the heap is finally cleared. The check is no doubt valuable, but weighment into store is only possible where there is central storage. With storage in progress at a few centres only, an efficient establishment can be concentrated at each at a reasonable cost; with storage going on at the numerous platforms characteristic of the Bombay factories, the expense would be prohibitive. Complete dependence, moreover, cannot be placed upon the check owing to the uncertainty attaching to the rate of wastage. It is practically impossible to absolutely define what the rate of wastage for a given quantity of salt should be, as the rate necessarily varies according to the climatic conditions under which the salt may have been made, stored, or issued, and with the quality of the salt itself. Neither in Madras nor Bombay is all the salt produced of uniform character or quality, and even in the Calcutta golas in which the salt is stored in buildings where it is protected from sun and rain, the rates of wastage of different kinds of salt show widely divergent results.

In Bombay, on the other hand, the contents of the heap are estimated as it is stored; then follows measurement by chain, rectified at intervals during the period of storage by additions and subtractions on account of estimated gain or loss. The result is a complicated system of account, and not infrequently a final result on clearance of the heap which is widely different from the estimate. The system is criticised in detail by Mr. Merriman in paragraphs 20—29 of his report dated the 27th March 1900, and we agree that, as the accounts are kept at present, no reliance can be placed upon them as a check upon fraud. We certainly think also that they should be in English, not vernacular. It is understood that an improved system of account is now under trial, though so far experiments on a small scale only have been made with the revised forms. We recommend that the question be dealt with at an early date. The original estimate of the contents of each heap should be made by a competent officer, and that estimate should be carried upon the books unaltered until the heap is cleared. Notes should be kept of climatic or other conditions likely to affect the results, but the wastage should be calculated upon the original estimate of the heap less the quantity actually issued, and the results reported to the Assistant Collector in charge of the range, by whom they should be closely scrutinised.

Any scheme of accounts, however, is valueless if a heap is of such a size as to permit of its clearance without check by a responsible officer between storage and sale. In Madras, heaps are of the size of 1,200, 2,400, and 3,600 maunds; in Bombay, the rules prescribe a minimum size of 120 maunds. We consider that this is too low, and that whenever * practicable, 500 maunds is the minimum which should be allowed. At present we understand that when sales are brisk, it is practically possible for a heap to be thrown up, passed as 120 maunds, and issued before it is possible that any officer, other than a *sazadar* on R40 to R50 a month, can check it. The defect seems a serious one. Heaps should be of such a size as to render this impossible, and should in all cases be traceable through the books. At present the latter process is one of time and difficulty.

* This is not always possible in dealing with petty licensees whose total outturn of salt is small.

As long as the arrangements for guarding the factory are efficient, we think that the Bombay system of storage upon estimate and not on central platforms, with the modifications we have suggested, will sufficiently meet the practical requirements of the case. We admit that the Madras procedure is preferable, but the difficulties in the way of its introduction in the excise works in Bombay are, in our opinion, insuperable.

The issue of salt from the works.

10. The greatest danger in the management of salt works lies in the possibility of the over-issue of salt upon which duty is supposed to have been paid. It is difficult if not impossible to tamper with closed heaps without detection, and thefts from open heaps can only be effected if the guarding establishment is inefficient. In Madras, except in the case of salt actually leaving the factory by rail, which is weighed upon weighbridges, salt is weighed for issue by petty officers, and the weighments are checked to the extent of 15 per cent by the Inspector or Assistant Inspector in charge of the factory. In Bombay, the salt is weighed by two clerks in the presence of the licensee and purchaser, and all four are jointly and severally liable to legal or departmental penalties in the case of fraud or mistake. The weighments are checked to the same extent of 15 per cent by a preventive officer outside the factory and independent of its staff. Check weighments are also made inside the works by the superior officers of the Department. It does not appear to us that the procedure for the issue of salt in Madras is superior to that in force in Bombay, and the procedure in either case, if properly carried out, should ordinarily ensure the safety of the revenue.

Conclusion.

11. Subject to the modifications and restrictions which we have suggested above, we do not think it is necessary, for the safety of the revenue, to attempt to interfere with the operations of the salt manufacturers in Bombay or to prevent them from producing salt of any degree of lightness which they may think proper.

MINUTE OF DISSENT BY THE PRESIDENT.

Remarks on Mr. Merriman's report.

1. I regret to find myself unable to agree with my colleagues in all the conclusions at which they have arrived upon the subject of the manufacture of light salt in Bombay. The strictures which they have passed upon Mr. Merriman's report appear to me undeserved. As a Madras officer, who had never seen salt manufactured otherwise than in fenced enclosures, it seems to me natural that he should have been greatly astonished at the Bombay system, and his report was intended for submission to an officer well acquainted with the subject of the manufacture of sea salt, upon whom a false impression would not be likely to be made. It distinctly impugns the security of the salt works in Bombay, but I do not think it was intended to suggest that the trade was able to obtain duty-free issues of salt.

Drying on the ridges.

2. I cannot agree with my colleagues that drying upon the ridges should be permitted. The presence of unascertained quantities of unstored salt all over the pans for months together must be a serious danger to the revenue, and I do not think that the result obtained, *viz.*, the alleged superior dryness of the salt, can compensate for the risk run. Unfortunately our records are very incomplete upon the subject of moisture in salt. The analyses frequently show a considerable percentage of moisture in Madras salt, but it must be remembered that samples of Madras salt are taken for analysis at the time of storage, and that it has been demonstrated that the percentage of moisture in salt, which has been some time in store, is considerably reduced. The Bombay samples analysed in Madras are taken from the salt exposed for sale in the markets, and some of them show considerable amount of moisture, *vide* samples of 1890 and 1891 in Appendix XII.

I am inclined to believe that light salt contains more water in its crystals than heavy salt, but this is a question which I have not yet been able to fully investigate. At any rate the lightest of the Bombay salts, the analyses of which are attached to Mr. Merriman's report, were by no means the dryest; *vide* the same Appendix.

Sifting.

3. Sifting is also dangerous to the revenue, but if salt is allowed to lie upon the ridges all over a factory, the process of sifting will not add to the danger. Mr. Pedder's report, paragraphs 38, 41, 155 and 183, seems to show that there was no sifting before storage in his time. The whole question, however, is one which depends upon the degree of confidence which can be placed in the factory guards. I have referred to sifting in its effect upon the consumer in my minute of dissent from the previous Chapter.

Stock accounts and wastage.

4. As to storage, it must be clear that unless there is a proper stock account there cannot be a complete check over the issues of salt. I cannot regard a stock account based upon the estimation of the contents of a vast number of small heaps of salt as a satisfactory one. A comparison of the wastages recorded at the Government factory at Dharasna, and at the excise works will show that it is possible to control wastages, under a Government system of central storage, much better than under the arrangements in force at the excise works. The average rate of wastage at Dharasna during the six years ending 1902-03 was 2·7 per cent, at the excise factories it was 9·1 per cent. The proportionate excess in the wastage of the excise salt over the Government salt amounts during the six years to over 33 lakhs of maunds. It is true that the rainfall at Bombay is heavier than that at Dharasna, but the latter is considerable. It was 74·23 inches in 1902, and 81·98 inches in 1903, at Bulsar within a few miles of Dharasna. I cannot approve of any system short of weighment into store.

Incompleteness of present accounts.

5. It is necessary also that, if sifting is to be allowed, the accounts should show the quantity of each class of salt produced. At present no such account is maintained, and no one knows what kind of salt is contained in a heap until it is opened. Licensees are supposed to be allowed to have one heap of salt of each kind open at the same time on each storing platform. As often as not, at present, all the open heaps may be of the same kind of salt. All salt including the "refuse" should be stored as soon as it has been sifted. All storage should be concentrated.

Joint storage.

6. I cannot see why a licensee, whose outturn is small, should be allowed privileges which are not allowed to other licensees. If a man cannot make up a heap of salt, he should be required to store jointly with some one else, as is done in Madras.

Dangerous to lay down rates of wastage.

7. With regard to wastage I would observe that if it were possible to define "what the rate of wastage for a given quantity of salt should be," it would be dangerous to do so. It would inevitably lead to that rate being worked up to in every case.

Details of danger in Bombay.

8. There are several other matters in which in the endeavour to obtain a light salt the safety of the revenue is in my opinion not sufficiently considered in Bombay. For instance, the 'Kharwars' from Gujarat are allowed to live in the pans. In fact, with these men, the families of the guards, and boatmen, who are allowed to be in the Bombay works at night, drying on the ridges must be much more unsafe than it is even in Madras, where no one but the guards is allowed in the pans at night, and where the guards at each post are constantly changed.

Drying on the ridges should not be allowed.

9. I do not consider that the drying of the salt on the ridges at Ennore ought to be permitted, as, even with fences, the practice is unsafe. The cost of the additional guards required to guard such salt in a fenced factory in Madras can be no criterion of what additional guards would be required in an unfenced factory in Bombay.

Danger from boats leaving factories at night.

10. I am not aware of the extent to which guards outside a factory in Bombay search boats leaving it. But I understand that there are no regular boat patrols round the Bombay factories, and that boats do enter and leave the factories at night. When unstored salt is drying all over the factory, this practice must be unsafe.

Conclusion.

11. For the above reasons I consider the manufacture of light salt as practised in Bombay is dangerous to the revenue, and for this reason, and for those recorded in my minute of dissent from the previous Chapter, I am unable to agree with my colleagues that the risk should be accepted.

H. BRADLEY.

CHAPTER IX.

INLAND BONDED WAREHOUSES.

Scope of the reference.

1. The reference to the Committee on the subject of the inland bonded warehouse system raises two issues. The first, whether in the system as actually working in Bengal, the wastage allowance given to the bonders of salt should not be reduced: the second, whether it is desirable to extend the privilege of bonding (*a*) to Assam, and (*b*) within Bengal itself, so as to cover the case of salt imported by rail from the Madras Presidency. The second question may have a wider significance since it may lead to applications for the establishment of such warehouses in other parts of India.

Description of the system of bonded warehouses.

Act VIII of 1894, Schedule III (3).

2. The customs law permits bonding, and the fact that the greater part of the salt consumed in Bengal is imported by sea, and that the duty on it is levied under the provisions of the Tariff Act, has led to the introduction of bonded warehouses for salt in the province. Public warehouses for salt under the control of Government officers have been established under the provisions of section 15 of the Sea Customs Act, 1878, at the ports of Calcutta and Chittagong. Private bonded warehouses may be established under section [illegible] of the Inland Bonded Warehouses Act, 1896, at places other than warehousing ports, subject to the sanction of the Local Government and the approval of the Chief Customs Authority of the locality, site, and type of building to be erected by the bonder. At each private warehouse a daroga and two peons are entertained on behalf of Government, but at a total monthly cost to the bonder (inclusive of contingencies) of R67.* These officers supervise the receipt and issue of salt, and the warehouses may not be opened in their absence. Salt may be stored either in a public or private warehouse under bond, and duty upon it is payable only when the salt is issued, and in the case of a public warehouse, upon the quantity actually issued. At a private warehouse a wastage allowance is permitted, up to a maximum of 3† per cent, on any difference actually occurring between the quantity of salt originally delivered from shipboard or the public golas, and the quantity finally cleared. Salt is consigned to an inland warehouse either direct from the importing vessel, or after bonding in the public golas. During the year 1901-02, 81 per cent of such consignments were made from shipboard direct; the corresponding percentage during 1902-03 was 55.

	Monthly cost.
	R
* Daroga	50
2 Peons @ R7 each	14
Contingencies	3
	67

† $2\frac{1}{2}$ per cent. in the case of a private warehouse at a warehousing port. (Rule 11, Section II, of the Rules published under Bengal Government Notification No. 149 T. F., dated the 12th September 1898.)

Other facilities offered for the distribution of salt.

3. The bonding system is one of the various facilities offered by Government for the distribution of salt with the object of reducing its price to the consumer. Other expedients adopted elsewhere with the same object are as follows:—

(*a*) In Madras and Bombay systems of credit are permitted. It is open to a merchant upon deposit of Government securities up to the full amount of the duty and the execution of a bond, to take delivery of salt, and to postpone payment of the duty for a period of six months in Madras, or of two months in Bombay (three months in the case of salt exported by sea to Calcutta). A similar concession is allowed in Assam, though hitherto no use has been made of it. The period of the bond is three months, and the only departure from the system as working in Madras and Bombay is that the salt in transit through the saliferous tracts of Bengal is subject to the same checks and precautions as are applied to duty-paid salt passing through the same area.

(*b*) In Northern India, at the Kharaghoda Works in Bombay, and to a small extent in Madras, the "through traffic" system allows a merchant to pay into a treasury or post office the amount of duty and freight charges, and to receive delivery on the railway of the consignment ordered, direct from the source of supply and without the intervention of a middleman. The system is practicable only where the works from which the supplies are drawn are controlled by Government.

(*c*) Under sections 5—7 of the Inland Bonded Warehouses Act, 1896, rules have been framed in Bengal for the removal of salt upon the execution of a time bond and the deposit of securities up to the amount of the duty. The rules combine certain features of the credit systems of Madras and Bombay and of the inland bonded warehouse system of Bengal. But the salt when delivered is not entirely at the disposal of the merchant. It is required to be taken, under precautions designed to ensure its safety, to a warehouse specially licensed and open to inspection, but at which no permanent supervising establishment is posted. Storage in the warehouse must be in the presence of an inspecting officer, who is required to examine the stock in hand at least twice a month. The duty is payable in instalments: one quarter when a fourth of the consignment has been passed out; a further quarter upon delivery of one half, and so on until the expiry of the bond or final clearance, whichever may be the earlier.

(*d*) In Gujarat in the Bombay Presidency agencies are maintained for the sale of Government salt from the Kharaghoda works at selected stations along the line of rail. The agent is remunerated by a commission of one per cent and an allowance of one per cent for wastage.

(*e*) In the export of salt by sea from Bombay to Calcutta and certain selected ports of British India, an allowance is made for wastage up to a maximum of 5 per cent. In the similar case of export from Madras, salt may either be conveyed after prepayment of duty or under the credit system, with a fixed allowance of 2 per cent for wastage; or it may be carried in steamers of not less than 1,000 tons burden and (if so required) under the escort of a preventive officer, in which case duty is leviable only upon the quantity actually cleared for consumption at the place of destination.

It is to be noted that it is only under the agency system of Gujarat, and in the case of salt exported from Bombay and Madras by sea, that any allowance is made for the wastage of the salt after its original delivery from the prime source of supply, whether this be the place of manufacture, the importing ship, the public gola, or a Government depôt. Duty is payable upon the full quantity so delivered.

The practice of bonding salt, therefore, is peculiar to Bengal, and it is advisable to examine the origin of the system and its present scope.

Early history of the inland bonded warehouse system.

4. The establishment of private bonded warehouses at declared warehousing ports was authorised by section 19, Act XXV of 1836, and in 1841 we find the Board of Customs, Salt and Opium, in a letter to Government, No. 1090, dated the 3rd August 1841, referring to the question of bonding salt as "now under agitation by merchants interested in the trade." The earliest concession in this direction seems to have been in the form of permission to bond salt for a period of three months in private warehouses at warehousing ports, upon the deposit of promissory notes or accepted securities up to the value of the duty. The location of the warehouse had to be fixed, and a salt officer attended at the time of original storage and subsequent sales.

G. O. No. 354, dated the 11th August 1841, to the address of the Board of Customs, Salt and Opium.

Under a notification of the 30th June 1847 more favourable terms were offered to persons who were able "to provide warehouses so constructed and situated as in the opinion of the Board effectually to provide for the secure custody of salt while under bond." Such premises were to be licensed, and the necessity for the deposit of securities and the limitation of the three months' term disappeared. Provision was also made for the bonding of salt in a public warehouse at Sulkea, but it was distinctly specified that "all expenses attending the receipt, storage, custody and delivery of salt at warehouses licensed as above, or in the Sulkea golas, will be borne by the parties availing themselves of the privilege." To those who did not care to construct a licensed warehouse, the old rules of 1841 were still left open.

Under the rules of 1847, as modified by a Notification of the 14th May 1853, a considerable number of private warehouses for salt sprang up in and around Calcutta—on the Howrah side of the river from about 1858, and on the Calcutta side from 1862. The alternative of bonding in the public golas, at which duty was payable only upon the quantity of salt actually cleared and there was only a rent charge to be paid, offered superior attractions, and the private warehouses gradually disappeared as Government increased the public accommodation at Sulkea and Kidderpur.

So far bonding was in force at warehousing ports only. But the enactment of Act VI of 1863 conferred upon the Chief Customs Authority the power to license private bonding warehouses "in any warehousing port *or place*" (section 15), and in 1864 an application to establish a private warehouse for salt outside Calcutta was made by the Agent of the Eastern Bengal Railway, who desired to open a warehouse at Kushtia in the Nadia District, then the terminus of the line. His object was to attract traffic to the line, the idea being that country boats would bring produce to the rail-head and return with cargoes of salt, but the Board were doubtful of the legality of opening such warehouses at places other than ports, though, if legal, they considered "the extension of the warehousing system to the interior......... to be very desirable, inasmuch as it will open new marts and greatly encourage commercial enterprise." The legal objection was overruled by Government, and the licensing of a warehouse at Kushtia followed in February 1866. Its career was brief, as the building collapsed in September of the same year, and was not rebuilt.

Letter of the Board to the Government of Bengal, No. 610, dated the 15th July 1864.

Bengal G. O.s No. 3712T., dated the 30th September 1864, and No. 2127, dated the 2nd June 1865, to the address of the Board.

History of the inland bonded warehouse system —(*contd.*).

5. Under the provisions of Act VIII of 1878 the power to establish private warehouses was more strictly defined. Under section 14 only a Customs port may be declared a warehousing port, and under section 3 (*d*) a Customs port is explained to be a place declared to be a port for the shipment and landing of goods. Under section 16 private warehouses may be licensed only at warehousing ports. Under the Act of 1878, therefore, the opening of a private warehouse at a place like Kushtia would not have been possible, even had it been legal under the Act of 1863, which was perhaps open to question.

The question of opening inland bonded warehouses did not again arise until 1885, when two proposals came before the Board, one backed by the Bengal Central Railway Company and a Calcutta firm, to open a warehouse at Khulna, and a second supported by the Commissioner of the Chittagong Division, to establish a warehouse at Teknaaf in the Chittagong district. This second project was ultimately dropped, but both received the support of the Board. Government, however, pointed out the legal restrictions placed by Act VIII of 1878 upon the places which could be declared warehousing ports, and desired the Board to make out a case for legislation. We quote below the grounds adduced by the latter in support of their proposal:—

Bengal G. O. No. 114 T. F., dated the 20th April 1886, to the address of the Board.

"At present salt is conveyed by water from Calcutta to the eastern districts by way of Khulna which is 115 miles by river route from Calcutta. By establishing a salt warehouse at Khulna, a quicker and less dangerous route is secured, as the salt will be carried by the Bengal Central Railway almost from the ship's side to the warehouse door........... ...... If the business succeeds, it will be advantageous as providing a ready supply of licit salt for the Jessore, Khulna and Backarganj districts and as opening out additional traffic for the Bengal Central Railway,...... ......"

Board's letter No. 706 B., dated the 17th August 1886, to the address of the Government of Bengal.

The result of the correspondence was the enactment of Act XXI of 1887 by the Imperial Government, providing for "the establishment of bonded warehouses at places other than Customs ports." By this time the promoters of the Khulna scheme had abandoned it, but other applications were apparently expected, and rules* were accordingly framed providing for the specific case of Khulna.

* Published in the *Calcutta Gazette* of the 5th December 1888.

No applicants for licenses came forward, and the Board expressed the opinion that the rules were not sufficiently elastic or liberal. It was not until 1893 that the Calcutta firm of Messrs. Turner, Morrison & Co. proposed to open warehouses at Khulna and Narayanganj, and a discussion of the proposed rules ensued, in which both they and the Bengal Chamber of Commerce took part. Revised rules were eventually published with Notification No. 2565 S. R., dated the 23rd April 1894, and Messrs. Turner, Morrison & Co. opened their first two warehouses at Khulna and Balasore in 1894-95. In the succeeding year the same firm extended their operations to Chandbali and Bhairab Bazaar, and in 1896-97 to Narayanganj.

Annual Report upon the administration of the Salt Department 1892-93, and Board's letter No. 770 B., dated the 6th September 1893, to the address of the Government of Bengal.

It cannot be said, therefore, that the system of bonding salt up-country had so far met with much favour from the trade. While the state of the law was perhaps uncertain, there was only one abortive effort to open a warehouse, and even after the law was made clear, only one firm attempted to take advantage of its provisions. The question of granting further facilities had, in fact, already arisen.

The time bond system.

6. In October 1893 Mr. D. R. Lyall, as Member of the Board of Revenue, examined at some length the conditions of the salt supply in Bengal, and we quote below that portion of his proposals which was concerned with the bonding of salt:—

"Greater facilities should be given to the trade generally, so as to reduce the charges which fall on the wholesale dealer, to the lowest limit possible. At present salt is dealt with partly under the Customs Act, which affects imported salt up to the time when the duty is paid, and partly under the Salt Act, and in the case of Bombay and Madras sea imported salt, the duty is levied as excise, while on its importation here it falls under Customs rules. To make the trade more free, it will be necessary to make the Customs Act more elastic, and to give the Collector of Customs power to allow salt to be bonded in licensed warehouses under the sole control of the bonder. I do not anticipate any loss to the State from this proposal. Wholesale salt merchants are generally men of substance, and it would be the duty of the Board not to grant licenses for warehouses, and of the Collector of Customs not to accept bonds from men of straw. At present Government insists on every particle of salt paying duty before it passes out of Government control, and the loss in interest to the merchants is often great. If bonds were taken for payment of duty within a fixed time and without restricting the issue of salt under bond, Government would lose a certain amount of interest, but this would, in my opinion, be far more than covered by the increased duty which would be levied on the larger consumption, and the people at large would benefit by a reduction in price. In order to allow this, Chapter XI of the Sea Customs Act would have to be altered so as to allow goods to be bonded under a time bond with power to the Collector of Customs to extend the time. A wastage allowance of 2 per cent might be allowed in such bonds. The extension of the private bonded warehouse system has already been provided for by Act XXI of 1887, and the extension of the bonding system seems a logical sequence of that Act.

"I would allow such warehouses even at places where there was no Government officer, such as Bhairab Bazaar in the Mymensingh district, which is an important trade centre. This change in the Customs Act should be made at once......... "

The Board elaborated the details of the proposal in a subsequent letter from which we extract the following passage:—

Board's letter to the address of the Government of Bengal, No. 63 B., dated the 23rd January 1894.

"The Bill ...proposes to allow persons who have been allowed to open private warehouses at places other than ports, to remove salt to such warehouses under a bond securing the payment of the duty at the end of a reasonable time, or when the salt has all passed into consumption (should that take place before the end of the period fixed in the bond), minus a reasonable allowance for wastage. This has been fixed in the Bill at 3 per cent as a maximum. On such a bond being given it is proposed to make the salt over absolutely to the bonder and to allow him to sell as he pleases. At present Government maintains an establishment at each warehouse, and duty is paid on each maund as it passes into consumption. The bonder has now therefore to pay (*a*) the cost of weighment in Calcutta, (*b*) transport charges, (*c*) cost of the warehouses and its repair, (*d*) pay and allowances of the Customs officer deputed under section 93 of the Sea Customs Act, (*e*) the cost of the warehouse establishment (at present R51 per month), and (*f*) cost of weighment out and of Government supervision of this weighment. Under the proposed system he would only have to pay (*a*), (*b*), (*c*), and part of (*f*), *i.e.*, so much as he may find necessary for his own protection."

Bengal Government letter No. 1309 S. R., dated the 26th February 1894, to the address of the Government of India.

The Government of Bengal described the measure as calculated "to protect the salt dealers from unnecessary expense and thus to facilitate the transport of salt," and recommended that effect should be given to it. After some discussion Act VIII of 1896 was finally passed by the Government of India, and rules under it applicable to Bengal were published under Bengal Government Notification No. 1440 S. R., dated the 1st March 1897.

Under section 4 of the Act the provisions of the Inland Bonded Warehouses Act of 1887, were re-enacted, but under sections 5 and 6 a time bond system was created, to the nature of the rules under which we have already referred (paragraph 3). It is noticeable that during the discussion of the Bill in Council, Sir P. Playfair on behalf of the European mercantile community observed that the European merchants, as before, would elect to continue their business under the provisions of section 4, and that even as regards the native traders sections 5 and 6 were likely to be of little use. This prediction has been fully confirmed, and the rules have since remained a dead letter. It seems to us clear that this result was inevitable. The Act, as passed and as given effect to by rule, departed considerably from the draft Bill of the Board, and the system of time bonds, in comparison with the system of inland bonded warehouses already working, offered few advantages. Under both, a licensed warehouse was necessary, and under neither was the bonder entirely free to deal with the salt as he would. It is true that the executant of a time bond was saved the cost of a permanent Government establishment at the warehouse, and received a slight concession in the instalments by which the duty upon the salt was payable. On the other hand, he lost the wastage allowance permissible under the older bonded warehouse rules, and was required to deposit securities up to the full amount of the duty. The latter disadvantages far outweighed the concessions given.

Development of the inland bonded warehouse system.

7. Under the stimulus either of the discussions which thus took place concerning the conditions of the trade, or of the experience of Messrs. Turner, Morrison & Co. as salt bonders, a considerable advance took place in the popularity of inland bonded warehouses in Bengal from this time onwards. The year 1896-97 closed with one firm working at five centres, but in the succeeding year native bonders entered into the field, and since then development has been continuous. The quantities of salt at inland bonded warehouses upon which duty was paid since the system first started, are shown in the margin, and in Appendix XV details are furnished regarding each locality in which a warehouse has been established up to the close of the year 1902-03. There have been eleven such centres, but at Khulna, Balasore, Bhagulpur and Purulia the warehouses were closed after some experience, and at Dacca notice of closure has recently been given. The surviving centres and the number of separate bonders working at each are as follows:—

	Mds.
1894-95	800
1895-96	1,31,744
1896-97	3,14,343
1897-98	6,17,439
1898-99	8,10,090
1899-1900	8,90,991
1900-01	10,46,650
1901-02	12,55,792
1902-03	12,40,308

Name of centre.	No. of separate bonders at each.
Chandbali	1
Bhairab Bazaar	2
Narayanganj	4
Jhalakati	4
Ashuganj	1
Madaripur	1

During the current year (1903-04) one fresh warehouse has been licensed at Chandpur, and another at Kamla Ghat (near Narayanganj). A warehouse was opened also at Baruipur in the 24-Parganas district, but was soon closed. Since, however, the same bonders in some instances conduct operations at more than one place, the separate interests represented (inclusive of the licenses recently granted), are **11** only, and Messrs. Turner, Morrison & Co. continue to be the one European firm which has availed itself of the system. The total sales of imported salt in Bengal during the year 1902-03 amounted to 1,06,38,590 maunds. Of this quantity 20,59,253 maunds, or 19 per cent, were sold *ex* shipboard at Calcutta, Chittagong and Narayanganj: 73,39,029 maunds, or 69 per cent, were delivered from the public golas at Calcutta and Chittagong: and 12,40,308 maunds, or 12 per cent, were sold at the different inland bonded warehouses. The system does not therefore even now play a very large part in the distribution of salt in Bengal as a whole, but in the small group of districts served by the warehouses the proportion of the total supply which is derived from them is considerable, and tends to increase. These districts are Khulna, Faridpur, Backerganj, Mymensingh, Dacca, Tippera, Noakhali and Balasore. No reliable figures of the consumption of salt by districts are available, from which the quantities supplied by the inland bonded warehouses, or by despatches of salt under rowanas direct from the place of import, can be ascertained, but there is little doubt that rowana sales decline in areas in which bonded warehouses have once been established. In the same way, the opening of new bonded warehouses affects the sales of others previously licensed. Thus the trade of the former warehouse at Khulna was largely diverted to Jhalakati, and the latter centre has suffered since warehouses have been started at Chandpur and Madaripur.

Effect of inland bonded warehouses on prices.

8. The advantages of inland bonded warehouses may be considered from the point of view of (*a*) Government, (*b*) the consumer, and (*c*) the trade. Since the object of Government was to cheapen the retail price of salt, the system should be judged by the success achieved in this respect. The interests of Government and the consumer are identical. We have been unable to obtain any figures of the quantities of salt consumed in the areas affected by the existing warehouses before and since they were opened, and a definite statement as to the effect of the system upon consumption is therefore not possible, but as regards its effect upon the wholesale price of salt, the evidence of the local officers and traders though necessarily general in character, shows that prices have fallen where inland bonded warehouses have been established. The question is complicated by fluctuations in the wholesale price of Liverpool salt in Calcutta, which during 1902-03 comprised rather over 90 per cent. of the total consignments to inland warehouses, and it is impossible to definitely assign any cheapening of rates to one cause or the other. There are obviously also many other circumstances which may affect the market, *e.g.*, competition, the state of the stocks of salt in hand, rates of freight, etc. Figures supplied to us by the Sub-Divisional Officer of Narayanganj, show that prices,* which ranged from annas 15 to R1-6-0 per maund prior to the opening of the inland warehouses, have since varied from 12 annas to 14 annas 9 pies. At Bhairab Bazaar the variation is said to have been from R1-7-0 before the warehouses there were licensed to R1-2-6 subsequently. At Jhalakati it was stated by the local dealers that they could purchase salt from the bonded warehouses cheaper by one or two annas a maund than was possible when salt was brought under rowana from Calcutta, though figures of average wholesale prices for the district show a fall of about four annas a maund since the year 1897-98. The evidence of the bazaar vendors at Chandpur was to the effect that they saved 1 anna 5 pies per maund since the warehouse had been started there, but the comparison made by them was with prices at the bonded warehouses at Jhalakati and Narayanganj from which they used to obtain their salt.

* *Ex* duty.

It is to be observed, however, that the prices at the warehouses are not the prices at which the salt reaches the consumer or, necessarily, even the retail vendor. The bonded warehouses conduct a wholesale trade, and the course of business appears to be that while the local bazaar shopkeepers purchase from them in small quantities of ten or twenty maunds, which they probably retail themselves, the smaller wholesale men in the adjoining country take consignments of two or three hundred maunds, passing these on to the retail vendors in their own neighbourhood. The salt, therefore, between the inland warehouse and the consumer certainly passes through one, and possibly through two or three additional hands, during which process some portion of any saving upon the original price will be absorbed.

The advantages of the bonding system to the trade.

9. The advantages of the inland bonded warehouse system to the large wholesale trader are undoubted. By the postponement of the payment of duty practically until the salt passes out of his hands, he is enabled to conduct his business with considerably less capital than would be the case had duty to be prepaid. He can consign salt from the place of import to the local market in quantities which would be prohibitive if the salt were duty paid; and in the case of water carriage (by which all the existing warehouses are served), the larger the consignment, the greater the facilities for economical, prompt, and safe despatch. Prior to the introduction of the system of bonding, duty-paid salt was for the most part forwarded to the riverain districts of Bengal as return cargo in the country boats which brought down jute and other produce. This method of conveyance was slow, and accidents were not uncommon. Salt in the large quantities delivered at the inland warehouses is now taken in steamer flats; the rates of freight appear to be slightly higher than in the case of country boats, but there is a gain in rapidity and security of transit. Lastly, but not least, the bonder gains the advantage of the wastage allowed at the time of the clearance of each consignment from the warehouse.

The disadvantages of the bonding system to Government.

10. Turning to the other side of the question, the disadvantages to Government of the system consist in the loss of the duty payable upon the quantities of salt written off as wastage, and in the necessity for the exercise of supervision over the salt after it has once quitted the original source of supply up to the time when it next changes hands on its way to the consumer.

The actual quantity of salt exempted from duty as wastage during 1902-03 at the inland bonded warehouses was 25,929 maunds: duty thereon at the rate of R2-8-0 per maund would amount to R64,822. This sum was therefore lost to Government, unless there has been an increase in consumption resulting from the existence of the warehouses.

The necessity for Government supervision over the salt after it has once left the primary source of supply causes administrative inconvenience. Except in Gujarat and at the Sukkur depôt in Sind, it is only in Bengal that Government concerns itself with the salt after it has once left the source (taking as the source the ship's side or the public golas in the case of salt brought to Calcutta or Chittagong by sea), and the principle that all salt should pay duty before it leaves the source is undoubtedly the most convenient for Government. At the source it is possible for Government to concentrate reliable establishments competent to ascertain the exact quantities of salt passing through their hands. When once the salt has left the source, Government is dependent upon isolated officers of a less trustworthy type, to whom a large measure of independence must necessarily be accorded. In the bonded warehouses in Bengal the supervision over the salt in bond is entrusted to a daroga on R50. It is admitted that such an agency is not entirely reliable, and suspicion that wastages are incorrectly reported and that salt passes out of the warehouses previous to the payment of duty upon it, seems to be general. In order to supervise this agency, as far as may be, the warehouses have to be inspected and returns submitted, while the selection of sites, approval of warehouses, issue and renewal of licenses, and disposal of connected questions which must inevitably arise, all help to increase the work of the district officials.

It is impossible, moreover, to ensure that duty shall be levied only upon the quantity of salt which actually passes into consumption. The rate of duty is arbitrarily fixed. If a wastage of 3 per cent free of duty is allowed, the rate of duty becomes R1·94 instead of R2 per maund. No principle of equity is involved in the exemption of wastage from duty, and even at the inland bonded warehouses Government does not succeed in limiting the tax to the salt consumed.

The salt does not pass from the warehouse direct to the consumer, and in the intermediate stages some wastage must occur which it is impossible to exempt from duty. It is for Government to prescribe the point at which the duty should be levied. This point should, in our opinion, be fixed with regard to administrative convenience, and should as far as possible be the same throughout India.

The disadvantages of the bonding system to the consumer.

Vide the notes of Mr. Judge, Superintendent of the Calcutta Preventive Service, and of Mr. Maffin, Chief Inspector. (Enclosure to Board's letter No. 2288 B., dated the 19th March 1903, to the address of the Government of Bengal.)

11. To the consumer, the only possible disadvantage which might arise from the establishment of inland bonded warehouses would be in the concentration of the trade in the hands of capitalists who might create a monopoly. We have found no evidence of such a result. At the centres visited by us there were formerly four or five dealers on a large scale who imported salt from Calcutta and retailed it to the smaller men. Under the bonding system, though some of these dealers have ceased to import, several have started warehouses, and the number is sufficient to prevent the control of the market falling into the hands of any one of them. The bonders also now maintain larger stocks than was previously the case. At Jhalakati keen competition is said to exist; at Chandbali the Oriental Salt Company is competing with the bonders; and at Chandpur a gola for duty-paid salt competes with the bonded warehouse. The only evidence of combination was at Narayanganj, at which it was admitted by one of the bonders that all had come to an agreement to sell at uniform rates; but, so far, the position does not appear to have been abused.

The disadvantages of the bonding system to the trade.

12. From the trader's point of view, the drawbacks to the bonding system lie in the restrictions imposed upon the free transit of the salt purchased by him, and in the monthly payment for establishment, etc. (R67), which he is required to make to Government. We were informed by Messrs. Turner, Morrison and Co. that they regarded the presence of the Government daroga as an useful check upon their own subordinates, but the native bonders did not seem to share this view. Apart from the actual sums payable by the bonder, there must be some inconvenience to him from the necessity of licensing his warehouse, bringing his salt to it under various precautions, and storing and selling it only in the presence of the daroga. However, the extension of the system which has taken place in recent years would seem to show that, so far as the bonder is concerned, its advantages outweigh its drawbacks.

Conclusions as to the balance of advantage and disadvantage from the system.

13. On the whole, we are of opinion that the inland bonded warehouses offer a distinct advantage to the large wholesale dealer, and to a less extent to the smaller trader. Since every facility for trade is calculated *pro tanto* to benefit the public, the consumer is likely also to profit, but the extent of his gain must be small. From the point of view of Government, the system renders the realisation of the duty upon salt more troublesome, and causes actual pecuniary loss unless consumption is encouraged to an extent which compensates for the revenue lost through the allowance made for wastage.

The bonding system in its relation to carriage by water or by rail.

14. It is not, moreover, a system which seems likely to be beneficial under all conditions. In fact it has failed to prove its utility except under the special circumstances of the areas in which it was created and has been developed. All the existing warehouses are approachable by water, and traffic to and from them is mainly by boats. Whenever, as in the case of Balasore, Khulna, Bhagulpur or Purulia, the system has been tried upon a line of rail, it has failed. The explanation seems to be that communication by rail does not lend itself so readily to the formation of large distributing centres, or offer inducements for the transport of salt in large quantities at one time. The unit of railway carriage is the truck load; two wagons cost twice as much as one, and nothing is to be gained by the multiplication of wagon loads. Again, it is cheaper to send one wagon load to each of two stations than two wagon loads to one for subsequent redistribution. Lastly, the carriage

of salt by rail in bulk is troublesome and wasteful. Salt carried by rail is almost always bagged, and when salt is sold in bags the question of wastage does not arise. We were informed by Messrs. Turner, Morrison & Co. that in their rail-borne business one hundred bags of one maund each change hands *ex* railway wagon as one hundred maunds. Consignments are made to order and paid for on delivery.

The case when carriage is by water is different. The most economical method of conveyance is in large quantities by flat or boat load, and the salt is carried not in bags but in bulk, poured straight from the importing steamer into the vessel proceeding up-country. In Eastern Bengal, trade clusters round various central markets to which the surrounding villagers resort by boat. There are therefore distinct advantages in storing large quantities of salt at such marts. The necessity for bagging the salt does not arise, as the smaller purchasers usually take away their salt in their own boats in bulk. On the other hand wastage becomes a more important factor in such a case. The handling of salt in bulk necessarily involves a larger wastage, and the maintenance of large stocks has the same result.

Recommendations as to the bonding system in Bengal.

15. We recognise, therefore, that in districts like those in Eastern Bengal where communication is by water, the system of inland bonded warehouses offers special advantages, but we recommend that it should be confined to such areas. Elsewhere in Bengal we are of opinion that sufficient facilities to trade can be given at far less inconvenience to Government by the adoption of a credit system such as prevails in Madras and Bombay. For this purpose legislation would apparently be required, and we suggest that it should be undertaken.

In comparison with the establishment of inland bonded warehouses, the maximum loss to the trade under a credit system, is (*a*) the allowance on account of wastage, and (*b*) the difference between the interest upon the Government paper deposited as security and the rate which could be obtained by investment in other ways. When capital is turned over rapidly this loss is materially reduced. On the other hand, there is not the same necessity in a rail-borne business for large stocks, and the wastage of salt in transit is either ignored, or is discounted in the transactions. The gain to the trade under a system of credit is to be found in freedom from restrictions after the salt has been delivered from the prime source of supply. When once the bond has been executed and security given, the salt is at the disposal of the trader; there are no warehouses to be licensed or establishments to be paid for.

The time bond system of Bengal was necessarily a failure; it did not offer the facilities of the bonding system, while it retained some of its restrictions. The result is that outside the area affected by the bonded warehouses in Bengal no facilities are at present offered for the distribution of salt which commend themselves to the trade.

The wastage allowance in reference to a credit system.

16. We do not recommend that a wastage allowance should be given under any system of credit which may be introduced in Bengal. It has not been found necessary elsewhere, and if permitted in Bengal the question of its extension to other provinces would almost certainly arise. It has been granted as an incident of the system of bonding, and where the restrictions of a bonding system exist, we consider that Government may continue to give a reasonable allowance on this account. The deduction for wastage admittedly constitutes the chief attraction of the bonding system, and the principle of the allowance has been admitted in Bengal from the outset.

History of the wastage allowance under the bonding system.

17. In the case of the public golas the permissible rate of wastage was originally 4 per cent under the rules of 1847, but it was restricted in 1853 to $2\frac{1}{2}$ per cent upon the quantity delivered over the ship's side. Under the Customs Acts of 1863 and 1878 duty is chargeable only upon the actual quantity ultimately delivered from the public warehouse.

A concession on account of wastage was extended to private warehouses under the regulations of 1841, to the extent of an allowance of $3\frac{1}{2}$ per cent, and although the rules of 1847 and 1853 appear to have permitted no wastage in the case of such private warehouses at ports, the power to fix a rate was conferred upon the Local Government by the Acts of 1863 and 1878, and the rate of $2\frac{1}{2}$ per cent upon the quantity originally delivered is at present in force.

As regards warehouses other than at warehousing ports, an allowance of $2\frac{1}{2}$ per cent on the quantity bonded was given by the rules in the earliest case of the warehouse at Kushtia in 1865. The same rate was given in the rules for the Khulna warehouses published in 1888, and on the revision of the rules in 1894 the present maximum limit of 3 per cent, if actually found at the time of clearance, was given upon the quantity delivered from the ship's side or public gola. It is to be observed that the request of the Bengal Chamber of Commerce and of Messrs. Turner, Morrison & Co. at that time was for an allowance of $3\frac{1}{2}$ per cent, and the Board in explanation of their proposed rate of 3 per cent wrote as follows:—

Board's letter to the address of the Government of Bengal, No. 322 B., dated the 19th April 1894.

"The maximum allowance (for wastage) at present is $2\frac{1}{2}$ per cent, but the bonders have pressed for a larger margin as the wastage in taking salt to distant places will be greater and the present allowance was fixed for a route by which wastage was small. The Board hold that Government only desires to levy duty on salt actually going into consumption and that none should be levied on actual wastage. The proposed figure has therefore been accepted as the maximum allowance a local officer can make. Any larger wastage is provided for by the next rule" (*i.e.*, conferring power to grant special rates in special cases).

Bengal Government letter to the address of the Government of India, No. 4593 S. R., dated the 20th August 1896.

Since 1894 the orders as regards wastage have remained unchanged and even under the time bond system as introduced by Act VIII of 1896 the Local Government considered the grant of a wastage allowance "essential if the Bill is to satisfy the legitimate demands of the trade and to promote the more rapid and extensive sale of salt."

Government of India letter to the address of the Bengal Government, No. 4876 S. R., dated the 26th October 1899.

Government of India letter to the address of the Bengal Government, No. 6065 S. R., dated the 6th December 1900.

Letter of the Board of Revenue, No. 2288 B., dated the 19th March 1903, to the address of the Government of Bengal.

Letter of the Government of Bengal, to the address of the Government of India, No. 813 T.F., dated the 3rd June 1903.

The question of the reduction of the allowance was raised by the Government of India in 1899. Discussion ensued in which the Bengal Chamber of Commerce again participated, and it was ultimately decided to leave matters as they were, subject to further enquiry and report. The revised proposals of the Board of Revenue, submitted in 1903, provided for the grant of a fixed allowance of 2 per cent upon the quantity actually consigned to the warehouse. The Local Government, however, suggested a maximum allowance of actual wastage up to a limit of 2 per cent, and it is this recommendation upon which the opinion of the Committee has been requested.

The rate of wastage which should be allowed under the bonding system.

18. If the principle of the grant of a wastage allowance is admitted, we have little to add to what has already been said by the Local Government and Board of Revenue upon the subject. The concession of an allowance for wastage is an integral part of the bonding system as it has been established in Bengal, and unless the system is to be abolished altogether, can scarcely be withdrawn. The system was established with the encouragement of Government, and we have already said that in the river districts of Eastern Bengal it has special advantages. While we would restrict its operation to those areas, it does not appear necessary or desirable to make any such change as would render it unworkable. We agree that the data which are available afford grounds for believing that the present maximum allowance of 3 per cent is needlessly high, and that improper advantage has probably been taken of the fact. The proposal of the Local Government to permit a deduction on account of the wastage actually occurring up to a maximum of 2 per cent is in our opinion justified by the facts, and is preferable to the suggestion of the Board of Revenue that the allowance should be a fixed rate of that amount. With the limitation of the wastage allowance now proposed, we do not think it likely, *if the accuracy of the amounts despatched from the ships' side or public golas be ensured*, that any appreciable quantity of salt will be cleared from the warehouses without payment of the duty upon it.

We think, however, that it would be as well at once to prescribe the differential rates which will be required, if salts of varying liability to wastage are largely bonded. The present rates have been fixed with reference to the circumstances of Liverpool salt in particular and the Aden and Rowayah crushed salts which are akin to it in this respect. There are indications, however, that the trade in Hamburg and Salif salts is likely to develope, though so far it has been inconsiderable. A maximum of one per cent would seem suitable in the case of salt of these two descriptions. The firm of Messrs David & Co. are now doing a large business in Hamburg salt at Chittagong, and we were informed by their agent that the wastage upon it while in store is practically *nil*.

Description of salt.	Quantity despatched to inland bonded warehouses during 1901-02. Mds.	1902-03. Mds.
Hamburg . .	12,005	7,000
Salif . .	3,000	*Nil*

19. We would draw attention to Rule 35 of the rules republished under Bengal Notification No. 1390 T. F., dated the 6th July 1903, governing inland bonded warehouses, under which it is permissible to take delivery of a consignment at an inland bonded warehouse without warehousing it, and with the concession of 1 per cent for wastage. During the years 1901-02 and 1902-03, delivery of 1,09,410 and 71,800 maunds respectively was taken under this rule. The procedure has the disadvantage of dispensing with such check over the accuracy of delivery in Calcutta as is secured by the weighment of salt on sale from the inland warehouse, and the concession is perhaps of doubtful legality. We recommend that it should be withdrawn.

Rule 35.—Bengal Government Notification No. 1390 T. F., dated the 6th July 1903.

Rule 35.—"When the seals (on arrival of a consignment of salt at an inland bonded warehouse) are found intact, the owner or his agent may within 24 hours from the time of the arrival of the salt at its destination, pay the duty on the whole quantity of salt, less 1 per cent for wastage in any consignment as shown in the pass or boat note, after which the Collector of the district or the Collector of Customs, if there be any, shall allow him to break bulk without weighing or warehousing being required * * * ."

20. A special procedure obtains in the case of salt transhipped between Chittagong and Narayanganj the history of which was as follows. In 1881 the Calcutta firm of Messrs. G. Henderson & Co. requested permission to tranship salt at Chittagong into country brigs for subsequent conveyance to Narayanganj where it was to be bonded. The Board supported the proposal, which ultimately received the sanction of the Government of India as one calculated to encourage and develope the import trade in salt. The rules originally framed and approved by Government contemplated the construction of a bonded warehouse by the licensee at Narayanganj, and the adoption of the usual procedure under the supervision of a daroga, with the addition that the consignment on arrival at Narayanganj was to be weighed into the warehouse. Full duty was to be paid upon any deficiency then discovered, as compared with the quantity delivered at Chittagong, less an allowance of 1 per cent for wastage, if actually occurring, and upon final clearance from the warehouse actual wastage was to be allowed upon the quantity bonded up to a maximum of $2\frac{1}{2}$ per cent. In modification of this procedure permission was sought in 1882 by Babu Rai Nityanandan Roy Bahadur, a leading salt merchant of Chittagong, to clear transhipped salt at Narayanganj without warehousing it, but on various occasions the proposal was disallowed. In 1886, however, the Board withdrew their previous objections to bulk being broken at Narayanganj without bonding or further weighment, but they observed that "as it is not intended to weigh the salt at Narayanganj before delivery......the wastage allowance asked for ......cannot be granted." An allowance of 1 per cent was, however, given by Government, and the existing rule upon the point is quoted in the margin.

Rule 8.—Bengal Government Notification No. 6444 S.R., dated the 2nd December 1899.

Board's letter to the address of the Government of Bengal, No. 719 B., dated the 1st September 1881.

Government of India letter to the address of the Government of Bengal, No. 3661, dated the 18th October 1881.

Bengal Government letter to the address of the Board of Revenue, No. 644—26S., dated the 16th March 1882.

Board's letter to the address of the Government of Bengal, No. 431 B., dated the 23rd May 1886.

Bengal G.O. No. 714 T.F., dated the 5th June 1886.

Bengal Notification No. 6444 S.R., dated the 2nd December 1899.

Rule 8.—"Both the seals on the hatches and the stamps on the salt as reported on clearance by the Collector of Customs at Chittagong shall be separately examined and reported on by an officer deputed by the Collector of Customs, Narayanganj, to the Collector of Customs, Narayanganj, and if they be found intact, the owner may, within twenty-four hours from the time of the arrival of the cargo, pay the duty on the whole amount of salt less 1 per cent for wastage in any vessel as shown in the pass, after which the Collector of Customs shall allow him to break bulk without further weighment."

We are opposed to the allowance for wastage except as an accompaniment to the system of bonding, and in the case of salt coming from Chittagong in particular, we attach importance to its subsequent reweighment on clearance as some check upon the original delivery from shipboard at the place of import. No check weighment of such deliveries is made at Chittagong, and in other respects there appeared room for improvement in the procedure followed there. Now that the importance of the port is likely to increase, we suggest an examination of the local preventive arrangements by a trained officer of the Calcutta staff.

21. In connection with the working of the bonding system in Bengal we are divided in opinion upon the following point.

The despatch of large consignments of salt in flats direct from the ship's side.

In the case of large consignments of from 10,000 to 20,000 maunds of salt delivered in bulk into steamer flats direct from shipboard, such as are commonly despatched under the inland bonded warehouse system, only one weighment, that over the ship's side, can be applied. There is no possibility of any check weighment at the place of import. The reweighment of such large quantities would be tedious and troublesome, and no Steamer Company would allow its flats to be detained during the process. When delivery from shipboard is into country boats, it is feasible to exercise some check by reweighing whole boat loads selected at random, and this is actually done. In the case of delivery into a flat in bulk all depends upon the reliability of the one weighment upon board ship, and the possibilities of *bonâ fide* mistake, or of fraudulent delivery in excess, are obvious. Should either occur the only subsequent opportunity for its detection is at the time of the clearance of the salt from the inland warehouse, but this is dependent upon the reliability of the daroga in whom implicit confidence cannot be placed.

Mr. Judge, the Superintendent of the Preventive Service, is fully aware of the danger of the existing procedure, and we have consulted him as to the possible remedies. He has suggested that a trustworthy officer, accompanied by weighmen with scales, should be deputed from time to time after the despatch of consignments, to reweigh them on arrival at the inland warehouse. The party would be deputed under the orders of the Collector of Customs in such cases only as he might select.

A check of this kind would be troublesome, and it is doubtful whether it would be entirely effectual. It may be argued that if frauds were in progress, the persons concerned could obtain notice of the departure of the officer from Calcutta and of the warehouse to which he was bound, in which case they might have opportunities to conceal the frauds and to cause evidence to disappear. Messrs. Bradley and Jenkins are strongly of opinion that the only safe course is to insist that all salt intended for an inland warehouse shall, like all other dutiable goods, be first warehoused at Calcutta, and that removals thence shall be made under section 105 and the following sections of the Sea Customs Act. Messrs. Dane and Wheeler do not consider it necessary to go so far as this, and think that if such weighments from the importing vessel are made with special care and the attention of the Superintendent of the Preventive Service is particularly directed to their supervision, the existing procedure may be allowed to continue.

22. The case of the bonded warehouse of Messrs. Turner, Morrison & Co. at Chandbali presents some special features. Salt is conveyed to this gola by steamer from Calcutta, and delivery at night is permitted by rule "only on condition that special permits are first obtained from the Collector of Customs, Calcutta, who may at his discretion refuse to grant such permission." We understand that such permission is usually granted, and that the movements of the steamers frequently necessitate delivery at night, in the course of which there are opportunities for fraud. For the reasons given in the succeeding paragraph Messrs. Bradley and Jenkins consider that the license of this warehouse should be withdrawn. If, however, the license be renewed, we are all agreed either that permission to unload at night should be refused, or that such additional precautions should be taken at the expense of the bonder as will ensure the safety of the revenue.

The inland bonded warehouse at Chandbali.

23. Passing to the suggested extension of the bonding system so as to permit of the storage in bond of salt imported into Bengal from Madras by rail, the request is one which was preferred by the Oriental Salt Company with special reference to their salt manufactured at Naupada in Ganjam. The Governments of Madras and Bengal endorsed the proposal, and the question has been referred to the Committee for consideration.

The request of the Oriental Salt Company for bonding facilities in the case of salt imported from Madras into Bengal by rail.

It follows from the criticisms and recommendations which we have made above regarding the inland bonded warehouse system in Bengal that we are not prepared to recommend its extension in the present instance, a course which it seems to us, must logically be followed by its extension, if applied for, to other parts of India. The practice of bonding in Eastern Bengal is the outcome of conditions which do not exist in the case of salt imported by rail from Madras. Now that the bonding system has taken root among local circumstances which are especially favourable to it, its continuance may be justified, but, in our opinion, it is unnecessary for Government to deliberately introduce it as an innovation into the ordinary conditions of the rail-borne traffic in salt. Its advantages do not seem to us to be commensurate with the inconvenience which it involves.

In so far as it is urged by the Oriental Salt Company that the facilities allowed to others in the case of sea imported salt should not be refused to them in respect of their salt manufactured in this country, it is to be observed that the only existing inland bonded warehouse which can affect the operations of the Company in Orissa, is that at Chandbali belonging to Messrs. Turner, Morrison & Co. For the following reasons Messrs. Bradley and Jenkins are of opinion that the license for this warehouse should be withdrawn. It is the only warehouse outside the area to which the Committee has recommended that the system of inland bonded warehouses should be confined. If it is allowed to continue, permission cannot equitably be refused to open warehouses elsewhere in Orissa, for Messrs. Turner, Morrison & Co. cannot reasonably be granted the sole privilege of having a bonded warehouse in this part of the country. The advantage of closing the warehouse will be that there will be no departure from the principles which, in the opinion of the Committee, should govern the establishment of inland bonded warehouses in the future, and that all ground of complaint on the part of the Oriental Salt Company will be removed. Messrs. Dane and Wheeler, on the other hand, consider that there is no sufficient necessity for the withdrawal of the license for the warehouse. It is unlikely that the transactions effected by the bonder have much influence outside the proximity of the warehouse, and although Orissa does not form part of the area in which the inland bonded warehouse system may usefully be retained, they do not consider it necessary, in the interests of the Oriental Salt Company, to propose the closure of a warehouse which has been licensed for the last eight years. The suitability of the locality for a warehouse consists in the water carriage to it which is available from Calcutta. It is between 20 and 30 miles from the rail, and it would not be possible for the Oriental Salt Company to establish a warehouse there connected by rail with their factories in Madras even if they were allowed the concession which they seek.

We are all agreed that no extension of the bonding system in Orissa should be permitted.

24. We have dealt with the inland bonded warehouse system in Bengal as it is now actually working, but Messrs. Bradley and Jenkins, in the separate note annexed, have discussed certain points in the present procedure which, in their opinion, are not in accordance with the requirements of the law. Messrs. Dane and Wheeler are doubtful as to the correctness of the argument in paragraphs 1 to 7 of the note. We suggest that the Bengal Government, in consultation with their legal advisers, might be requested to examine the points raised.

The legality of certain points in the inland bonding procedure in Bengal.

25. The last proposal upon which the opinion of the Committee has been requested, is that of the Chief Commissioner of Assam, that legislation should be undertaken to provide for the introduction of inland bonded warehouses for the sale of salt in that province.

The extension of the inland bonded warehouse system to Assam.

In various forms the subject has been under discussion for some years. Messrs. Turner, Morrison & Co., when starting their bonding business in Bengal in 1894-95, also turned their attention to Assam, and at their request the Bengal rules, published with Notification No. 2565 S. R., dated the 23rd April 1894, were extended *mutatis mutandis* to Assam by the notification of the Chief Commissioner (Notification No. 600 R., dated the 21st February 1895). No immediate action was taken under these provisions, and the subject did not come up again till February 1897, when, in connection with the enactment of rules under the time bond system in Bengal, enquiry was made by the Government of India, whether it was desirable to extend sections 5 to 7, Act VIII of 1896, to Assam. The reply of the Chief Commissioner was in the affirmative, but further enquiry revealed legal difficulties, and with the acquiescence of the Assam authorities the matter was dropped.

Government of India letter No. 938 S. R., dated the 27th February 1897, to the address of the Chief Commissioner, Assam.

Government of India letter No. 2884 S. R., dated the 2nd July 1897, to the address of the Chief Commissioner, Assam.

The discussion, however, brought to notice the illegality of the action taken in 1895 to extend to Assam the bonding rules current in Bengal, and when an application was preferred by Messrs. Turner, Morrison & Co., towards the end of 1897, for a license for a warehouse at Balaganj, it was realised that it could not legally be granted. The firm considers itself aggrieved by these circumstances and represented them before us.

The question again came up in 1898 when the Chief Commissioner submitted a view of the legal position under which it would have been open to him to establish an inland bonding system; he was still of opinion that, if special legislation were requisite, the matter was not worth pressing. The expedient suggested was held to be inadmissible, but in its place an extension of the time bond system was offered and accepted. This, however, was rather the credit system of Madras and Bombay than the time bond system of Bengal; the only modification of the system as one of credit lay in the precautions adopted in order to supervise the salt during its transit through the saliferous areas in Bengal. As in Bengal, the rules failed to prove attractive, and, writing in April 1903, the Chief Commissioner summed up the position as follows:—

Letter of the Chief Commissioner, Assam, to the address of the Government of India, No. 108 F. and C., 3500 R., dated the 25th July 1898.

Letter of the Chief Commissioner, Assam, No. 56 F. and C.,1392 R., dated the 18th April 1899, to the address of the Government of India.

Letter of the Chief Commissioner, Assam, No. 46 F. and C., 643 F., dated the 16th April 1903, to the address of the Government of India.

"The time bond system . . . has proved unsuccessful, owing to the unwillingness of importers to give security in Government promissory notes. Of the three firms who desired to establish bonded salt warehouses in Assam, Messrs. Turner, Morrison & Co. intimated that they had no intention of establishing warehouses under the time bond system, as they regarded the rules framed by the Government of Bengal for the purpose to be unworkable, while the Sylhet Trading Company and Messrs. Krishna Prasad Roy Chaudhuri and Gopi Mohan Roy Chaudhuri objected to being required to deposit Government promissory notes to the extent of the value of the salt duty on each bond . . . Their objections appear to the Chief Commissioner to be not unreasonable, as a considerable loss of interest is involved by the locking up of money in these securities.

"It seems to the Chief Commissioner that there is no alternative to the bonded warehouse system if the Government wish to encourage the importation and consumption of salt by freeing importers from the payment of duty in advance of their sales. Bonded warehouses are apparently needed in Assam, and, having regard to the vital importance of the salt trade to the well being of the country, the Chief Commissioner would be glad were it possible to remove by legislation the technical difficulties which now render it impossible to open them."

It was decided by the Government of India to defer orders upon this proposal pending the submission of our Report.

Government of India letter No. 4900 S. R., dated the 13th August 1903, to the address of the Chief Commissioner of Assam.

26. In consultation with the Chief Commissioner, we decided that local enquiry in Assam was unnecessary, but the Honourable Mr. Fuller has favoured us with his views in writing in greater detail, from which we quote the following:—

Enquiry of the Committee as regards Assam.

Assam letter No. 154 Finance—832 F., dated the 29th February 1904, to the address of the Committee.

"The Chief Commissioner is not acquainted with the working of the salt credit system of Madras and Bombay, but it would seem from previous experience that any system involving the deposit of security for the payment of duty, in the form of Government promissory notes for the full value of the duty payable, will not be acceptable to the firms which are interested in the wholesale importation of salt to Assam. * * * The Chief Commissioner is most anxious that measures should be taken to facilitate the import of salt into Assam and to lower its price, and to this end it appears to him very desirable that bonded warehouses should be established in the province.

"It would appear that the consumption of salt per head of population in Assam is considerably less than in Bengal. The average quantity of salt annually imported into Assam for the three years ending the 31st March 1903, amounted to 6,53,144 maunds. These figures represent the whole quantity of salt used in the province except an insignificant amount imported across the land frontiers, and they give an average rate of consumption of 8 lbs. 4 ozs. per head per annum. From paragraph 17 of the annual report on the administration of the Bengal Salt Department for the year 1902-03, it appears that the average consumption of salt per head was 12·21 lbs. in the saliferous tracts and 11·18 lbs. in the rest of the province."

Recommendation of the Committee as regards the extension of the inland bonded warehouse system to Assam.

27. The information on record regarding the salt trade in Assam is somewhat meagre. The argument adopted assumes that inland bonded warehouses assist trade. All facilities to the salt trade in Assam would be beneficial; the inland bonded warehouse system should, therefore, be introduced. We have, however, shown that while the system offers advantages to the trader, it has various drawbacks from the point of view of Government, and the actual benefit from it which accrues to the consumer is small. At the same time it is the case that many parts of Assam are fed by river carriage as in Eastern Bengal, and that in such areas the bonding system offers special advantages.

It was brought to our notice at Chittagong that Messrs. David & Co. in arrangement with the local station-masters have opened an active trade in Hamburg salt up the Assam Bengal Railway line as far as Tinsukia. We would not recommend any extension of the bonding system to the line of rail.

If, however, after consideration of this Report the Chief Commissioner still considers that the establishment of bonded warehouses would be advantageous, there would, in our opinion, be no objection to opening them at central markets similar and similarly situated to those which are served by the rivers of Eastern Bengal.

As regards the legal aspect of the introduction of an inland bonded warehouse system into Assam, the inclusion of Chittagong in that province, if given effect to, would apparently remove the difficulty at present arising from the absence of any local Chief Customs Authority.

Summary.

28. Our recommendations, therefore, regarding the points which have been referred to us, are as follows :—

(*i*) That the inland bonded warehouse system should not be extended to any province other than Bengal and, possibly, Assam.

(*ii*) That in Bengal the system should be confined to the eastern districts, and in Assam to the riverain tracts, if the Chief Commissioner, after consideration, still desires its introduction.

(*iii*) That in Bengal licenses for inland bonded warehouses should not be granted in any areas to which salt is ordinarily conveyed by rail.

(*iv*) That the application of the Oriental Salt Company for permission to open such warehouses should be rejected.

(*v*) That in Bengal the rate of maximum actual wastage allowance should be reduced from 3 to 2 per cent in the case of Liverpool and other salts, and in the case of Hamburg and Salif salts to 1 per cent.

(*vi*) That the rules permitting an allowance for wastage without the salt being warehoused should be withdrawn.

NOTE BY MESSRS. BRADLEY AND JENKINS ON THE LEGALITY OF THE RULES FOR THE REMOVAL OF SALT UNDER BOND TO INLAND BONDED WAREHOUSES.

Section 4 (1).

Under the Inland Bonded Warehouses Act, 1896, a Chief Customs Authority may, with the previous sanction of the Local Government, appoint a public, or license a private, warehouse at any place which is not a warehousing port.

Section 4 (2).

When such a warehouse is appointed or licensed, the provisions of the Sea Customs Act, 1878, with respect to (1) the levy of customs duties on goods brought in bond from one customs port to another, and (2) with respect to warehousing, are to be construed as though the place were a customs port, and a warehousing port, and the warehouse a public or private warehouse, as the case may be, appointed or licensed under that Act. The procedure in respect of such warehouses must therefore be governed entirely by those provisions of the Sea Customs Act to which reference is made, and by rules made under the Act in connection with those provisions.

Notification No. 1390 T. F., dated the 6th July 1903.

2. In Bengal the Chief Customs Authority with approval of the Local Government has issued rules under Sections 9, 105, and 130 of the Sea Customs Act, regulating the removal of salt to inland bonded warehouses. These rules permit the removal of salt on which import duty is leviable, under bond direct from shipboard, by rail or boat to an inland bonded warehouse. Salt is not now removed in this way by rail, but large quantities are weighed in bulk over the ship's side into flats and sent, under bond, direct to inland bonded warehouses. The procedure has been shown to be dangerous; it appears also to be of doubtful legal validity.

3. Dutiable goods entering a Custom Port must be dealt with in one of three ways. They must be either :—

(1) Cleared for home consumption (sections 87 and 89), or,

(2) Entered for warehousing and warehoused (section 87 and Chapter X), or,

(3) Transhipped (Chapter XII).

Dutiable goods cannot legally be dealt with in any other manner. But the salt imported into Calcutta, and sent direct to the inland bonded warehouses, in the way mentioned above, is not cleared for home consumption, nor warehoused ; and the conditions are such that, as will be shown below, it cannot be transhipped without a breach of the law.

4. If it is maintained that the salt is entered for warehousing, but is warehoused, under section 90 of the Sea Customs Act, in an inland bonded warehouse, it may be observed that this argument takes no account of the intermediate stage of export from the port of entry, which cannot be passed over. In reference to the places at which warehouses have been established under the Inland Bonded Warehouses Act, certain provisions of the Sea Customs Act are to be construed as if the places were customs ports and warehousing ports. The places are not included within the limits of the Port of Calcutta, and the provisions of the Sea Customs Act, which are applicable to them, can only be applied to them as separate ports. This is also evident from the fact that some of the provisions of the Sea Customs Act, which are to be applied to these places, are those which relate to the levy of customs duty on goods brought in bond *from one customs port to another*. Goods on which import duties are leviable can only be sent under bond, without payment of duty from one customs port to another by (1) transhipment (section 128 *et seq*), and (2) transfer from one bonded warehouse to another (section 105) ; and, indeed, it is under these sections that the rules purport to have been made. One essential condition of transhipment is that the goods should be ***specially and distinctly manifested at the time of importation*** for transhipment to some other customs or foreign port (section 128) ; and section 135 expressly prohibits the transhipment of goods at any port or place in British India except as provided in the act. In the case of removals of salt from the ship's side in Calcutta to the inland bonded warehouses the condition is not fulfilled. It

would appear, therefore, that the procedure, in so far as it purports to be based on the transhipment sections, is contrary to law.

5. The removal of non-duty paid salt from shipboard in Calcutta to the inland bonded warehouses can, therefore, only be made under section 105. In order, however, to have the benefit of that section, the owner of the goods must first have warehoused them at a warehousing port. Under this provision of the law non-duty-paid salt may be removed under bond from a warehouse in Calcutta to a warehouse at Jhalakati, or from a warehouse at Jhalakati to a warehouse at Chandpur. But it cannot be removed under bond direct from shipboard in Calcutta to a warehouse at Jhalakati.

6. It would appear from what has been said above that the provisions of section 90, under which, when any dutiable goods have been entered for warehousing and assessed under section 87, the owner may apply for leave to deposit the same in any warehouse appointed or licensed under the Act, only refers to a warehouse at the port of entry, because the goods can only leave the port of entry under certain specified conditions. The Act contains elaborate provisions for the removal of warehoused goods from one warehouse to another (sections 105 *et seq.*). If it was intended that dutiable goods should be removed direct under bond from shipboard to a warehouse in another port, a proceeding which is really a form of transhipment, and requires much more careful regulation, the procedure would certainly have been prescribed in the Act. It is true that such a proceeding is not forbidden by the Sea Customs Act, but the question is whether it is allowed. Under customs law only that which is prescribed is permitted, and local authorities are not empowered to supplement, by their own orders, any deficiencies which they may consider to exist. Under section 9 of the Sea Customs Act the Chief Customs authority may, from time to time, with the sanction of the Local Government make rules generally to carry out the provisions of the Act. But the rules must be consistent with the Act, and there is no power to add to its provisions. The rules now under consideration appear to be inconsistent with the provisions of the Act, and introduce a new form of procedure not contemplated by the Act.

7. If this view of the matter is correct, it follows that all non-duty-paid salt which is intended for removal under bond to inland bonded warehouses must be warehoused at Calcutta before removal.

8. In the case of removals from Calcutta to the inland bonded warehouses and from Chittagong to Narayanganj with a special wastage of 1 per cent, of which mention has been made in paragraphs 19 and 20 of this Chapter, there is no question of warehousing. It is a matter of transhipment only. Here we are confronted with the anomaly that, while the transhipment of salt at Calcutta for Chittagong and Rangoon is not permitted unless the condition laid down in section 128 of the Act is satisfied, the local authorities have dispensed with the condition in the cases mentioned above, in spite of the express injunction of section 135 that no goods shall be transhipped at any port or place in British India except as provided in the Act.

H. BRADLEY.

J. L. JENKINS.

APPENDICES TO THE REPORT

OF THE

SALT COMMITTEE.

APPENDIX I.

Tour statement of the Salt Committee.

Place.	Date.	Place.	Date.
Simla . .	1903. 2nd to 8th November.	Calicut . .	1904. 8th to 10th January.
En route . .	9th and 10th „	*En route* . .	11th January.
Khewra . .	11th and 12th „	Podanur . .	12th „
En route . .	13th and 14th „	Erode . .	13th „
Sukkur . .	15th November.	Salem . .	13th „
En route . .	16th „	Madras . .	14th to 25th January.
Karachi . .	17th and 18th November.	Bellary . .	26th January.
En route . .	19th November.	*En route* . .	27th „
Pachbadra . .	20th and 21st November.	Coconada . .	28th „
En route . .	22nd November.	Waltair . .	29th „
Sambhar . .	23rd and 24th November.	Naupada . .	30th „
En route . .	25th November.	Humma . .	31st January to 3rd February.
Kharaghoda .	26th November to 2nd December.	*En route* . .	4th February.
En route . .	3rd December.	Puri . .	5th „
*Dungri . .	4th „	Cuttack . .	6th „
Daman Road .	5th „	Balasore . .	7th „
†Bombay . .	6th to 14th December.	Calcutta . .	8th to 14th February.
Poona . .	15th December.	*En route* . .	15th and 16th February.
Sholapur . .	16th „	Khulna . .	17th February.
Bijapur . .	17th „	Barisal . .	18th „
En route . .	18th „	Narayanganj .	19th „
Castle Rock .	19th to 22nd December.	Dacca . .	20th to 22nd February.
Christmas Holidays	23rd December 1903 to 1st January 1904.	*En route* . .	23rd February.
		Chittagong .	24th and 25th February.
Bangalore . .	1904. 2nd to 4th January.	Chandpur . .	26th February.
En route . .	5th January.	*En route* . .	27th „
Ernakulam (Cochin)	6th and 7th January.	Calcutta . .	28th February to 21st March.

* Visited the salt works at Dharasna.
† Visited the salt works at Matunga, Trombay, Uran, Karanja, Bassein and Ghorbandar
‡ Visited the Covelong and Ennore factories.

APPENDIX II.

Profit and loss statement showing the working of the agency system in the Bombay Presidency. [*Chapter IV, paragraph 8.*]

1898-1899.

Names of Agencies.	Sales.	Credit.		Debit.			Net Result.		Remarks.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at R2-13-6 per maund).	Profit.	Loss.	
	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Viramgam	10,536	329 4 0	2,085 4 0	740 13 0	299 9 9	299 9 5	1,074 7 10	...	
Sanand	7,143	223 3 6	1,413 11 8	930 1 3	203 2 0	203 1 8	300 10 3	...	
Nadiad	33,798	1,056 3 0	6,689 3 0	6,337 2 0	961 2 1	961 1 0	...	513 15 1	
Anand	14,616	456 12 0	2,892 12 0	3,045 0 0	415 10 3	415 10 2	...	526 12 5	
Mehmedabad . . .	11,144	348 4 0	2,205 9 4	1,857 5 4	316 14 6	316 13 10	62 11 8	...	
Wasad	18,635	582 5 6	3,688 2 10	4,270 8 4	529 14 11	529 14 11	...	1,059 13 10	
Baroda	10,758	336 3 0	2,129 3 0	2,689 8 0	305 14 11	305 14 8	...	835 15 7	
Dakore	30,159	942 7 6	5,968 15 6	7,382 10 9	857 10 4	857 9 7	...	2,186 7 8	
Umreth	4,944	154 8 0	978 8 0	1,158 12 0	140 9 6	140 8 10	...	306 14 4	
Thasra	4,326	135 3 0	856 3 0	1,081 8 0	123 0 5	122 15 10	...	336 2 3	
Kalol	8,532	266 10 0	1,688 10 0	1,155 6 0	242 10 2	242 10 3	314 9 7	...	
Dangarwa	8,781	274 6 6	1,737 14 6	1,326 4 9	249 11 4	249 10 11	186 10 0	...	
Mehsana	35,571	1,111 9 6	7,040 1 6	5,094 12 10	1,011 8 9	1,011 8 6	1,033 12 11	...	
Unjha	6,324	197 10 0	1,251 10 0	1,169 4 6	179 13 5	179 12 8	...	79 10 7	
Sidhpur	13,836	432 6 0	2,738 6 0	2,774 6 6	393 7 4	393 6 11	...	390 8 9	
Palanpur	26,832	838 8 0	5,310 8 0	6,218 14 0	763 0 6	762 15 7	...	1,595 14 1	
Godhra	51,597	1,612 6 6	15,049 2 0	14,780 6 3	1,515 10 7	1,515 9 7	...	1,150 1 11	
Abu Road . . .	11,325	353 14 6	2,241 6 6	3,332 9 10	322 0 10	322 0 10	...	1,381 6 6	
Rohera	17,751	554 11 6	3,513 3 6	5,685 13 10	504 12 8	504 12 3	...	2,627 7 9	
Ranpur	9,810	306 9 0	1,941 9 0	2,197 0 6	278 15 6	278 15 6	...	506 13 6	
Dohad	65,709	2,053 6 6	19,165 2 0	20,534 1 0	1,930 3 2	1,930 2 4	...	3,175 14 0	
Dehgam	4,839	151 3 6	957 11 6	882 1 9	137 9 7	137 9 1	...	48 5 5	
Talod	23,889	746 8 6	4,728 0 6	5,101 4 9	679 5 4	679 4 2	...	985 5 3	
Prantij	9,357	292 6 6	1,851 14 6	2,095 9 3	266 1 5	266 1 5	...	483 7 1	
Idar Ahmednagar . . .	39,465	1,233 4 6	7,810 12 6	9,866 4 0	1,122 4 7	1,122 4 7	...	3,066 12 2	
Petlad	...	...	...	...	...	...	...	...	Not open.
Patan	...	...	...	...	...	...	...	...	
Keralu	...	...	...	...	...	...	...	...	
Deesa	...	...	...	...	...	...	...	...	
Cambay	...	...	...	...	...	...	...	...	
Dholka	...	...	...	...	...	...	...	...	
TOTAL . .	4,79,677	14,989 14 6	1,05,933 8 4	1,11,707 8 5	13,750 11 10	13,750 0 6	+2,972 14 3	—21,257 12 2	
Net result .	...	...	...	...	...	...	...	—18,284 13 11	
Ahmedabad Depôt . . .	78,550	2,454 11 0	15,546 5 8	10,432 6 9	Proportion of establishment charges . R 4,114 a. 8 p. 0 Interest on cost of construction and repairs . 2,238 10 2 —4 per cent on R55,966	6,353 2 2	+1,215 7 9	...	
							NET LOSS.	R17,069 6 2	

(a) At 4 annas 8 pies per maund in the case of the agencies at Abu Road, Rohera, Godhra, and Dohad.
NOTE.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX II—(*contd.*).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.

1899-1900.

Names of Agencies.	Sales.	Credit.		Debit.			Net Result.		Remarks.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at R2-13-6 per maund).	+	−	
	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Viramgam	8,208	256 8 0	1,624 8 0	577 2 0	233 6 6	233 6 5	837 1 1	...	
Sanand	7,277	227 6 6	1,440 3 10	947 8 5	207 0 0	203 15 3	306 2 8	..	
Nadiad	23,220	725 10 0	4,595 10 0	4,353 12 0	660 5 1	660 5 1	...	353 2 2	
Anand	9,636	301 2 0	1,907 2 0	2,007 8 0	274 0 4	274 0 0	...	347 4 4	
Mehmedabad	11,246	351 7 0	2,225 12 4	1,874 5 4	319 12 9	319 12 6	63 4 9	...	
Wasad	9,542	298 3 0	1,888 8 4	2,186 11 4	271 5 7	271 5 10	...	542 11 5	
Baroda	6,999	218 11 6	1,385 3 6	1,749 12 0	199 0 4	198 15 10	...	543 13 2	
Dakore	26,193	818 8 6	5,184 0 6	6,411 13 3	744 13 9	744 13 7	...	1,898 15 7	
Umreth	2,781	86 14 6	550 6 6	651 12 9	79 1 3	79 0 11	...	172 9 11	
Thasra	1,545	48 4 6	305 12 6	386 4 0	43 15 0	43 14 11	...	120 0 11	
Kalol	8,913	278 8 6	1,764 0 6	1,206 15 6	253 7 4	253 7 2	328 11 0	...	
Dangarwa	9,408	294 0 0	1,862 0 0	1,421 0 0	267 8 7	267 8 5	199 15 0	...	
Mehsana	30,714	959 13 0	6,078 13 0	4,399 2 3	873 6 11	873 7 4	892 9 6	...	
Unjha	4,467	139 9 6	884 1 6	825 14 10	127 0 6	127 0 0	...	56 4 4	
Sidhpur	12,942	404 7 0	2,561 7 0	2,595 2 3	368 0 7	367 15 8	...	365 4 6	
Palanpur	15,054	470 7 0	2,979 7 0	3,489 1 3	428 1 6	428 0 10	...	895 5 7	
Godhra	54,381	1,699 6 6	15,861 2 0	15,577 14 3	1,597 7 0	1,597 6 7	...	1,212 3 4	
Abu Road	9,135	285 7 6	2,387 14 6	2,688 2 7	265 7 6	265 7 11	...	545 12 0	
Rohera	5,418	169 5 0	1,294 8 0	1,735 7 3	156 4 7	156 4 7	...	584 3 5	
Ranpur	6,891	215 5 6	1,363 13 6	1,494 5 9	195 15 4	195 15 0	...	307 1 1	
Dohad	41,667	1,302 1 6	12,152 14 0	13,020 15 0	1,223 15 5	1,223 14 6	...	2,013 13 5	
Dehgam	5,154	161 1 0	1,020 1 0	939 8 6	146 8 11	146 8 5	...	51 7 10	
Talod	24,468	764 10 0	4,842 10 0	5,224 15 0	695 12 11	695 12 8	...	1,009 4 7	
Prantij	10,314	322 5 0	2,041 5 0	2,309 14 6	293 4 9	293 4 2	...	532 13 5	
Idar Ahmednagar	34,266	1,070 13 0	6,781 13 0	8,566 8 0	974 7 0	974 6 7	...	2,662 11 7	
Petlad	17,379	543 1 6	3,439 9 6	4,163 11 6	494 3 5	494 2 9	...	1,169 6 8	
Patan	2,880	90 0 0	570 0 0	547 8 0	81 14 4	81 14 4	...	51 4 8	
Keralu	4,233	132 4 6	837 12 6	826 12 1	120 6 0	120 5 8	...	97 6 9	
Deesa	14,421	450 10 6	2,854 2 6	3,793 0 4	410 1 6	410 1 1	...	1,308 5 11	
Cambay	...	...	...	...	...	...	...	...	} Not open.
Dholka	...	...	...	...	...	...	...	...	
TOTAL	4,18,752	13,086 0 0	92,684 10 0	95,972 7 11	12,006 2 8	12,005 10 0	+2,627 12 0	−16,841 6 7	
Net result	—	...	...	...	...	...	...	−14,213 10 7	
						R a. p.			
Ahmedabad Depôt	69,155	2,161 1 6	13,686 14 10	9,184 10 4	Proportion of establishment charges	4,114 8 0	+310 3 10		
					Interest on cost of construction and repairs	2,238 10 2			
					TOTAL	6,353 2 2	NET LOSS	R13,903 6 9	

(a) At 4 annas 8 pies per maund in the case of the agencies at Abu Road, Rohera, Godhra, and Dohad.

APPENDIX II—(*contd.*).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.

1900-1901.

Name of Agencies.	Sales.	Credit.		Debit.			Net Result.		Remarks.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at R2-13-6 per maund).	+	−	
	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Viramgam	6,798	212 7 0	1,345 7 0	477 15 9	193 5 1	193 5 1	693 4 1	...	
Sanand	7,972	249 2 0	1,577 12 8	1,038 0 4	226 11 2	226 10 4	335 8 10	...	
Nadiad	19,314	603 9 0	3,822 9 0	3,621 6 0	549 3 2	549 3 2	...	293 10 4	
Anand	11,319	353 11 6	2,240 3 6	2,358 2 0	321 14 1	321 13 5	...	407 14 6	
Mehmedabad	11,549	360 14 6	2,285 11 10	1,924 13 4	328 6 9	328 6 1	65 0 2	...	
Wasad	7,868	245 14 0	1,557 3 4	1,803 1 4	223 11 11	223 11 8	...	447 7 7	
Baroda	5,760	180 0 0	1,140 0 0	1,440 0 0	163 12 9	163 12 9	...	447 9 6	
Dakore	28,230	882 3 0	5,587 3 0	6,910 7 6	802 12 7	802 12 7	...	2,046 10 8	
Umreth	1,854	57 15 0	366 15 0	434 8 6	52 11 6	52 10 10	...	115 0 10	
Thasra	*Nil*	...	...	...	...	...	...	...	
Kalol	8,919	278 11 6	1,765 3 6	1,207 12 6	253 10 1	253 9 5	328 15 0	...	
Dangarwa	8,817	275 8 6	1,745 0 6	1,331 11 9	250 11 1	250 10 9	187 7 5	...	
Mehsana	28,692	896 10 0	5,678 10 0	4,153 14 0	815 14 10	815 13 11	769 9 3	...	
Unjha	4,074	127 5 0	806 5 0	753 4 3	115 13 8	115 12 11	...	51 4 10	
Sidhpur	11,388	355 14 0	2,253 14 0	2,283 8 6	323 13 6	323 13 4	...	321 7 4	
Palanpur	12,714	397 5 0	2,516 5 0	2,946 11 9	361 8 9	361 8 2	...	756 2 8	
Godhra	50,643	1,582 9 6	14,770 14 0	14,507 1 9	1,487 10 2	1,487 9 11	...	1,128 14 4	
Abu Road	7,452	232 14 0	2,173 8 0	2,192 14 6	218 14 9	218 13 6	...	224 4 9	
Rohera	3,381	105 10 6	986 2 0	1,082 15 7	99 5 0	99 4 5	...	189 12 6	
Ranpur	5,910	184 11 0	1,169 11 0	1,231 4 0	168 1 0	168 1 0	...	213 0 0	
Dohad	43,185	1,349 8 6	12,595 10 0	13,495 5 0	1,268 8 11	1,268 8 11	...	2,087 4 4	
Dehgam	5,772	180 6 0	1,142 6 0	1,052 3 0	164 2 3	164 2 5	...	57 11 8	
Talod	20,136	629 4 0	3,985 4 0	4,299 14 0	572 9 10	572 9 5	...	830 9 3	
Prantij	10,308	322 2 0	2,040 2 0	2,308 9 0	293 2 1	293 1 10	...	532 8 11	
Idar Ahmednagar	29,811	931 9 6	5,900 1 6	7,452 12 0	847 12 0	847 11 6	...	2,316 8 6	
Petlad	22,065	689 8 6	4,367 0 6	5,286 6 6	627 7 6	627 7 6	...	1,484 12 6	
Patan	7,554	236 1 0	1,495 1 0	1,511 8 3	214 13 0	214 12 4	...	209 15 7	
Keralu	6,498	203 1 0	1,286 1 0	1,322 6 3	184 12 5	184 12 4	...	202 13 0	
Deesa	16,407	512 11 6	3,247 3 6	4,315 6 1	466 9 2	466 8 3	...	1,488 8 6	
Cambay	...	...	...	...	...	...	...	...	} Not open.
Dholka	...	...	...	...	...	...	...	...	
TOTAL	4,04,390	12,637 3 0	89,847 7 10	92,743 15 5	11,597 13 0	11,597 1 9	+2,399 12 9	−15,854 0 1	
Net result	...	...	...	...	...	...	...	−13,454 3 4	
						R a. p.			
Ahmedabad Depôt	60,003	1,875 1 6	11,875 9 6	7,969 2 4	Proportion of establishment charges.	4,114 8 0	...	−571 9 6	
					Interest on cost of construction and repairs.	2,238 10 2			
						6,353 2 2	NET LOSS	14,025 12 10	

(a) At 4 annas 8 pies per maund in the case of the agencies at Abu Road, Rohera, Godhra, and Dohad.

APPENDIX II—(contd.).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.

1901-02.

Names of Agencies.	Sales.	Credit.		Debit.			Net Result.		Remarks.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at R2-13-6 per maund).	+	−	
	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Viramgam	6,252	195 6 0	1,237 6 0	439 9 6	177 12 7	177 11 9	637 10 2	...	
Sanand	5,916	184 14 0	1,170 14 0	770 5 0	168 3 9	168 3 3	249 0 0	...	
Nadiad	19,077	596 2 6	3,775 10 6	3,576 15 0	542 8 0	542 7 1	...	290 1 1	
Anand	11,688	365 4 0	2,313 4 0	2,435 0 0	332 6 0	332 5 9	...	421 3 9	
Mehmedabad	9,999	312 7 6	1,978 15 6	1,666 8 0	284 5 6	284 4 10	56 4 8	...	
Wasad	7,393	231 0 6	1,463 3 2	1,694 3 8	210 3 9	210 3 7	...	420 7 4	
Baroda	7,191	224 11 6	1,423 3 6	1,797 12 0	204 7 10	204 7 5	...	558 12 3	
Dakore	24,600	768 12 0	4,868 12 0	6,021 14 0	699 9 0	699 9 0	...	1,783 8 0	
Umreth	927	28 15 6	183 7 6	217 4 3	26 5 9	26 4 10	...	57 7 10	
Thasra	*Nil*	...	...	...	...	...	...	...	
Kalol	6,891	215 5 6	1,363 13 6	933 2 6	195 15 4	195 14 11	254 2 3	...	
Dangarwa	6,687	208 15 6	1,323 7 6	1,010 0 3	190 3 7	190 1 8	142 1 6	...	
Mehsana	16,551	517 3 6	3,275 11 6	2,416 10 1	470 10 6	470 10 3	435 0 2	...	
Unjha	3,624	113 4 0	717 4 0	670 1 0	103 0 9	103 0 2	...	45 9 11	
Sidhpur	10,005	312 10 6	1,980 2 6	2,006 3 4	284 8 9	284 8 3	...	282 7 4	
Palanpur	11,871	370 15 6	2,349 7 6	2,751 5 7	337 9 3	337 9 0	...	706 0 10	
Godhra	35,439	1,107 7 6	10,336 6 0	10,151 12 9	1,041 0 3	1,040 15 7	...	789 15 1	
Abu Road	5,340	166 14 0	1,557 8 0	1,571 6 6	156 13 9	156 13 9	...	160 12 0	
Rohera	2,766	86 7 0	806 12 0	885 15 9	81 4 0	81 3 6	...	155 4 3	
Ranpur	6,492	202 14 0	1,284 14 0	1,352 8 0	184 9 10	184 8 11	...	233 14 9	
Dohad	36,123	1,128 13 6	10,535 14 0	11,288 7 0	1,061 1 9	1,061 1 3	...	1,745 14 6	
Dehgam	4,215	131 11 6	834 3 6	768 5 9	119 13 9	119 13 9	...	42 2 3	
Talod	12,909	403 6 6	2,554 14 6	2,756 9 9	367 1 7	367 0 11	...	532 7 3	
Prantij	7,830	244 11 0	1,549 11 0	1,753 9 6	222 10 7	222 10 7	...	404 8 8	
Idar Ahmednagar	20,703	646 15 6	4,097 7 6	5,175 12 0	588 11 10	588 11 7	...	1,608 12 5	
Petlad	21,101	659 6 6	4,176 3 10	5,055 7 2	600 0 11	600 0 6	...	1,419 14 3	
Patan	9,552	298 8 0	1,890 8 0	1,844 12 0	271 10 1	271 9 3	...	198 15 4	
Keralu	9,642	301 5 0	1,908 5 0	1,910 15 3	274 3 0	274 3 4	...	249 11 7	
Deesa	9,876	308 10 0	1,954 10 0	2,597 9 6	280 13 6	280 13 3	...	896 0 3	
Cambay	4,207	131 7 6	832 10 2	1,161 4 11	119 10 2	119 9 3	...	436 6 8	
Dholka	...	...	...	...	...	...	...	...	Not open.
TOTAL	3,34,867	10,464 9 6	73,744 10 2	76,681 6 0	9,597 7 4	9,596 9 2	+1,774 2 9	—13,440 5 7	
Net result	...	...	...	...	...	...	...	—11,666 2 10	
Ahmedabad Depôt	57,176	1,786 12 0	11,316 1 4	7,593 11 0	Proportion of establishment charges R 4,114 a. 8 p. 0; Interest on cost of construction and repairs 2,238 10 2; 6,353 2 2		...	—843 15 10	
							NET LOSS	12,510 2 8	

APPENDIX II—(concld.).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—concld.

1902-1903.

Names of Agencies.	Sales.	Credit.		Debit.			Net Result.		Remarks.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at R2-13-6 per maund).	+	−	
	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Viramgam	2,305	72 0 6	456 3 2	162 1 1	65 6 9	61 7 4	236 4 6	...	
Sanand	6,456	201 12 0	1,277 12 0	840 10 0	183 4 2	179 4 1	276 5 9	...	
Nadiad	18,765	586 6 6	3,713 14 6	3,518 7 0	531 8 8	519 8 3	...	269 2 11	
Anand	12,339	385 9 6	2,442 1 6	2,570 10 0	350 2 8	342 5 6	...	435 7 2	
Mehmedabad	10,377	324 4 6	2,053 12 6	1,729 8 0	294 5 6	288 6 1	65 13 5	...	
Wasad	8,628	269 10 0	1,707 10 0	1,977 4 0	244 12 11	237 6 8	...	482 3 7	
Baroda	6,144	192 0 0	1,216 0 0	1,536 0 0	174 6 0	168 10 2	...	471 0 2	
Dakore	25,008	781 8 0	4,949 8 0	6,121 12 0	709 4 7	693 9 9	...	1,793 10 4	
Umreth	*Nil*	...	...	...	...	...	...	...	
Thasra	*Nil*	...	...	...	...	...	...	...	
Kalol	6,591	205 15 6	1,304 7 6	892 8 6	186 13 3	181 7 10	249 9 5	...	
Dangarwa	6,456	201 12 0	1,277 12 0	975 2 0	181 15 3	177 11 7	144 11 2	...	
Mehsana	14,043	438 13 6	2,779 5 6	2,011 5 10	397 2 8	386 13 4	422 13 2	...	
Unjha	3,243	101 5 6	641 13 6	599 9 10	91 15 6	89 10 6	...	38 0 10	
Sidhpur	9,090	284 1 0	1,799 1 0	1,822 11 9	257 12 10	250 14 6	...	248 5 1	
Palanpur	10,494	327 15 0	2,076 15 0	2,432 3 3	298 0 0	289 13 3	...	615 2 6	
Godhra	38,202	1,193 13 0	11,142 4 0	10,943 4 6	1,116 12 3	1,086 14 4	...	810 14 1	
Abu Road	5,532	172 14 0	1,613 8 0	1,627 14 6	162 1 6	157 13 3	...	161 7 3	
Rohera	3,339	104 5 6	973 14 0	1,069 8 4	97 11 9	95 0 7	...	184 1 2	
Ranpur	6,150	192 3 0	1,217 3 0	1,282 1 4	174 7 8	169 0 7	...	216 3 7	
Dohad	42,219	1,328 11 6	12,401 6 0	13,287 3 0	1,246 10 2	1,213 5 11	...	2,017 1 7	
Dehgam	4,752	148 8 0	940 8 0	866 4 0	134 10 11	131 12 5	...	43 11 4	
Talod	16,599	518 11 6	3,285 3 6	3,544 9 3	469 7 11	458 10 3	...	668 12 5	
Prantij	8,337	260 8 6	1,650 0 6	1,867 2 3	234 3 3	229 4 5	...	420 0 11	
Idar Ahmednagar	24,444	763 14 0	4,837 14 0	6,111 0 0	690 0 1	669 12 8	...	1,869 0 9	
Petlad	16,444	513 14 0	3,254 8 8	3,939 11 4	466 4 5	456 8 1	...	1,094 1 2	
Patan	8,250	257 13 0	1,632 13 0	1,568 5 9	233 3 6	227 3 8	...	138 2 11	
Keralu	9,054	282 15 0	1,791 15 0	1,768 5 9	256 11 9	249 14 11	...	200 2 5	
Deesa	9,601	300 0 6	1,900 3 2	2,525 4 2	271 14 5	264 5 6	...	861 4 5	
Cambay	6,249	195 4 6	1,236 12 6	1,724 15 9	177 2 4	172 12 3	...	642 13 4	
Dholka	...	...	...	...	...	...	...	...	Not opened.
TOTAL	3,39,411	10,606 9 6	75,574 5 6	79,315 7 2	9,698 4 8	9,452 7 8	+1,395 9 5	—13,680 13 11	
Net results								—12,285 4 6	
Ahmedabad Depôt	59,639	1,863 11 6	11,803 8 10	7,920 12 10	Proportion of establishment charges. R 4,114 8 0; Interest on cost of construction and repairs. 2,238 10 2; 6,353 2 2			—606 10 8	
							NET LOSS	—12,891 15 2	

(a) At 4 annas 8 pies per maund in the case of the agencies at Abu Road, Rohera, Godhra, and Dohad.

ABSTRACT.

Profit and loss statement showing the working of the agency system in the Bombay Presidency.

Year.	Net Loss.
	₨ a. p.
1898-1899 . . .	17,069 6 2
1899-1900 . . .	13,903 6 9
1900-1901 . . .	14,025 12 10
1901-1902 . . .	12,510 2 8
1902-1903 . . .	12,891 15 2
Total Loss .	70,400 11 7
Average Annual Loss .	14,080 2 4

APPENDIX III.

Comparative statement of the retail prices of salt at certain markets in Gujarat and the Punjab. [*Chapter IV, paragraph 10 (b).*]

Name of Mart.	Distance from source.	Average annual retail prices of salt (in seers to the rupee).									
		1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.
	(*i. e.*, Kharaghoda).										
Khaira	(About) 86 miles	12·27	12·46	12·0	12·0	12 1	12·5	12·5	12·42	12·55	12·54
Baroda	125 "	10·62	11·0	11·42	11·39	11·5	11·5	11·5	11·5	11·87	12
Ahmedabad	63 "	13·63	13·62	13 62	13 5	13·5	13·5	13·5	13·5	13·5	13·5
Godhra	152 "	12·46	12·5	12·5	12·23	12·0	12·0	12·02	12 02	12·83	12·62
Deesa	121 "	11·0	11·0	11·0	11·0	11·5	12·31	13·03	13·09	12·95	13 0
	(*i. e.*, Khewra).										
Rawal Pindi	(About) 158 miles	12·94	13·47	13·45	13·56	13 65	13·66	13·08	13·6	13·54	13·64
Lahore	143 "	11·48	12·55	12·77	12·96	12·9	12·86	12·88	12·8	12·78	12·74
Sialkot	108 "	13·34	13·37	13·5	13·47	13·66	13·75	13·75	13·75	13·75	13·73
Amritsar	175 "	12·04	12·0	12	12	12	12	12	12	12	12
Jullundur	226 "	12·04	12·94	12·96	13	13	13	12·98	13	13	13

NOTE.—Figures taken from the Statistics of Prices and Wages in India.

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APPENDIX IV.

Statement of railway freight rates of salt per maund between the Kharaghoda source and the agencies named. [*Chapter IV, paragraph 10 (b).*]

Agency or depot.	All-round rate of freight per maund taken in fixing sale price at agency.	Actual freight per maund.	Difference between actual freight and all-round rate. +	Difference between actual freight and all-round rate. −
	a. p.	a. p.	a. p.	a. p.
Viramgam	3 2	1 1½	...	2 ½
Sanand	3 2	2 1	...	1 1
Nadiad	3 2	3 0	...	0 2
Anand	3 2	3 4	0 2	...
Mehmedabad	3 2	2 8	...	0 6
Wasad	3 2	3 8	0 6	...
Baroda	3 2	4 0	0 10	...
Dakore	3 2	3 11	0 9	...
Umreth	3 2	3 9	0 7	...
Thasra	3 2	4 0	0 10	...
Kalol	3 2	2 2	...	1 0
Dangarwa	3 2	2 5	...	0 9
Mehsana	3 2	2 3½	...	0 10½
Unjha	3 2	2 11½	...	0 2½
Sidhpur	3 2	3 2½	0 0½	...
Palanpur	3 2	3 8½	0 6½	...
Godhra	4 8	4 7	...	0 1
Abu Road	4 8	4 8½	0 0½	...
Rohera	4 8	5 1½	0 5½	...
Ranpur	3 2	3 4*	0 2	...
Dohad	4 8	5 0	0 4	...
Dehgam	3 2	2 11	...	0 3
Talod	3 2	3 5	0 3	...
Prantij	3 2	3 7	0 5	...
Idar Ahmednagar	3 2	4 0	0 10	...
Petlad	3 2	3 10	0 8	...
Patan	3 2	3 0½	...	0 1½
Kheralu	3 2	3 1½	...	0 ½
Deesa	3 2	4 2½	1 0½	...
Cambay	3 2	4 5	1 3	...
Dholka	3 2	...	...	Not open.
Ahmedabad	3 2	2 1½	...	1 ½

* The rate per maund to Ranpur was reduced from 3 annas 7 pies to 3 annas 4 pies in 1899-1900.

NOTE.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX V.

Average annual consumption of salt per head in Gujarat and in the rest of the Bombay Presidency during the decade ending 1884-85. [*Chapter IV, paragraph 10 (c).*]

Year.	In Gujarat.			In the rest of the Bombay Presidency.		
	Salt consumed.	Population.	Consumption per head.	Salt consumed.	Population.	Consumption per head.
	Mds.	Souls.	lbs.	Mds.	Souls.	lbs.
1875-76	7,37,636	6,261,912	9 6	19,05,952	12,944,051	12 1
1876-77	Not available.		10·08	Not available.		10·71
1877-78			10·41			10·33
1878-79			8·9			10·48
1879-80	6,13,082	6,276,787	8 03	17,26,846	13,047,872	10·88
1880-81	6,70,999	6,276,787	8·79	18,47,286	13,308,452	11·42
1881-82	7,08,713	6,709,236	8 69	20,05,635	13,181,551	12·52
1882-83	7,45,536	6,709,236	9·01	21,03,845	13,181,555	13·13
1883-84	7,97,024	6,709,236	9·77	22,81,964	13,181,555	14·24
1884-85	8,08,862	6,709,236	9 92	17,13,220	13,181,555	10·69
		Average per annum.	9·32		Average per annum.	11·65

Average annual consumption of salt per head in Gujarat and in the rest of the Bombay Presidency during the decade ending 1902-03.

Year.	In Gujarat.			In the rest of the Bombay Presidency.		
	Salt consumed.	Population.	Consumption per head.	Salt consumed.	Population.	Consumption per head.
	Mds.	Souls.	lbs.	Mds.	Souls.	lbs.
1893-94	8,52,847	8,633,220	8·13	25,34,260	15,268,786	13·65
1894-95	8,29,294	8,633,220	7·89	24,38,014	15,268,786	13·14
1895-96	8,73,309	8,633,220	8·3	24,51,432	15,268,786	13·21
1896-97	8,60,255	8,633,220	8·2	23,62,506	15,268,786	12·73
1897-98	8,24,326	8 633,220	7·8	25,41,932	15,268,786	13·68
1898-99	8,78,480	7,564,935	9·5	23,59,427	15,272 085	12·71
1899-1900	7,54,775	7,564,935	8·20	23,16,792	15,272,085	12·48
1900-1901	7,10,718	6,022,804	9·70	21,89,064	14,944,179	12·05
1901-1902	6,52,948	6,024,402	8·91	20,78,063	14,990,247	11·4
1902-1903	6,58,126	6,024,402	8·99	19,89,345	14,990,247	10·9
		Average per annum.	8·56		Average per annum.	12·59

NOTE.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX VI.

Statement showing the distribution of Bombay Sea Salt during each of the ten years ending 1902-1903. [Chapter V, paragraph 4.]

Year.	Central Provinces.	Central India.	Nizam's Territory.	Calcutta.	Madras Presidency. British Malabar.	Madras Presidency. Rest of the Presidency.	Foreign Malabar. (Cochin and Travancore.)	Mysore.	Within the Bombay Presidency.	Grand total.
	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.
1893-94	11,00,664	5,010	8,73,739	5,15,908	11,26,791		6,33,768	1,14,764	24,42,429	*68,13,136
1894-95	11,40,532	1,836	8,55,256	7,18,231	15,78,139		7,47,660	1,01,967	25,06,275	76,49,896
1895-96	13,62,280	17,357	5,57,543	4,44,872	16,42,946		5,48,434	1,07,361	25,61,536	†72,42,801
1896-97	13,60,289	16,032	5,66,380	5,78,239	14,43,189		4,13,290	1,36,666	24,71,405	69,85,490
1897-98	13,10,522	15,814	5,61,954	5,41,249	11,28,223	3,54,974	5,55,376	2,12,519	26,13,235	72,93,866
1898-99	13,25,528	17,265	6,96,089	5,57,373	12,62,040	1,68,557	7,12,254	3,87,420	22,59,268	73,85,794
1899-1900	11,17,935	12,009	7,14,759	5,95,587	12,29,075	1,83,010	5,31,870	4,03,891	23,99,628	71,87,764
1900-01	10,49,980	8,861	8,75,303	6,34,760	11,52,331	2,22,152	7,09,346	3,81,399	21,78,642	72,12,774
1901-02	10,69,067	7,923	8,85,338	7,41,452	14,57,851	2,19,396	7,36,002	3,17,602	21,30,436	75,68,067
1902-03	10,88,978	11,390	9,68,745	5,31,305	12,17,788	2,47,148	6,31,946	3,90,424	20,33,385	71,21,109
Total .	1,19,25,775	1,13,497	75,55,106	58,61,976	1,46,33,610		62,19,946	25,54,013	2,35,96,239	‡7,24,60,697

* Includes 63 maunds sent to the United Provinces.
† Includes 472 maunds sent to the United Provinces.
‡ Includes 535 maunds sent to the United Provinces.
Note.—Figures taken from the Bombay Departmental Reports.

APPENDIX VII.

Statement showing the quantities of Bombay Sea Salt manufactured, sold, and held in stock during the 20 years ending 1902-03. [Chapter V, paragraph 5.]

(In lakhs of maunds.)

Year.	Quantity manufactured.	Quantity sold.	Quantity held in Reserve Stock on 30th September.	Quantity held in Reserve Stock on 31st December.	Quantity held in Reserve Stock on 31st March.
1883-84 . .	57	54	36	21	6
1884-85 . .	63	56	37	21	5
1885-86 . .	67	60	39	21	7
1886-87 . .	66	62	37	18	4
1887-88 . .	73	65	40	21	5
1888-89 . .	81	64	47	28	16
1889-90 . .	86	62	65	49	32
1890-91 .	69	66	59	40	24
1891-92 . .	83	74	57	36	22
1892-93 . .	68	70	45	25	9
1893-94 . .	69	63	26	17	5
1894-95 . .	93	76	52	35	13
1895-96 . .	90	72	60	40	23
1896-97 . .	72	70	43	28	16
1897-98 . .	82	73	56	34	15
1898-99 . .	78	74	48	25	9
1899-1900 . .	77	72	43	23	9
1900-01 . .	102	72	73	50	29
1901-02 . .	71	76	59	38	16
1902-03 . .	76	71	52	32	13
Annual average .	76	67	49	30	13

Note.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX VIII.

Statement showing the quantities of Bombay salt consigned to, and delivered in, the States of Cochin and Travancore. [*Chapter VI, paragraph 8.*]

COCHIN.

YEAR.	Quantity contracted for.	Quantity shipped from Bombay.	Quantity delivered.	Short delivery (column 3) *minus* column 4.	Duty at R2-8-0 per maund leviable upon the quantity shown in column 5.	Duty actually realised upon short deliveries.	Explanation of the difference, if any, between duty shown as leviable (column 6) and that actually levied (column 7).
1	2	3	4	5	6	7	8
	Mds.	Mds.	Mds.	Mds.	R a. p.	R a. p.	
1069 M. E.	1,90,000	1,88,714	1,81,133	7,581	18,952 8 0	19,351 8 3	*Difference, R399-0-3,* is the penalty of R4½ per cent. levied on 7,581 maunds (shown as short delivery in column 5) as well as on 1,286 maunds not shipped (*i.e.*, column 2 *minus* column 3) in addition to the usual duty of R2½ per maund on 7,581 maunds.
1070 "	1,80,000	1,74,115	1,69,108	5,007	12,517 8 0	12,772 3 2	*Difference, R254-11-2,* is the additional penalty of R4½ per cent. levied, as above, on 5,007 maunds short delivered as well as on 653 maunds not shipped. [No such penalty was levied on 5,232 maunds not shipped by contractor Hari Shenoi.]
1071 "	1,70,000	1,68,320	1,62,522	5,798	14,495 0 0	14,831 8 2	*Difference, R336-8-2,* is the penalty of R4½ per cent. levied, as above, on 7,478 maunds (*viz.*, 5,798 short delivered and 1,680 not shipped).
1072 "	1,30,000	1,30,000	1,26,566	3,434	8,585 0 0	8,739 8 6	*Difference, R154-8-6,* is the additional penalty of R4½ per cent. levied, as above, on 3,434 maunds. [The whole quantity contracted for was shipped.]
1073 "	1,80,000	1,79,672	1,73,750	5,922	14,805 0 0	15,086 4 0	*Difference, R281-4-0,* is the additional penalty of R4½ per cent. levied, as above, on 6,250 maunds (*viz.*, 5,922 short delivered and 328 not shipped).
1074 "	1,80,000	1,80,000	1,74,898	5,102	12,755 0 0	12,984 9 5	*Difference, R229-9-5,* is the additional penalty of R4½ per cent levied, as above, on 5,102 maunds. [The whole quantity contracted for was shipped.]
1075 "	1,60,000	1,60,000	1,54,146	5,854	14,635 0 0	7,860 9 8	*Difference, R6,774-6-4.* Out of 5,854 maunds shown as short delivery in column 5, duty at R2½ per maund was realised only on 3,144—9·57. *Re* the balance, 477-30-23 maunds were allowed as a 1 per cent. wastage to contractor Hari Shenoi; 2,232 maunds shipped from Bombay by the same contractor did not arrive, and a suit is in progress for the recovery of the amount due from him.
1076 "	1,70,000	1,70,000	1,65,658	4,342	10,855 0 0	10,855 0 0	
1077 "	1,80,000	1,80,000	1,75,929	4,071	10,177 8 0	10,177 8 0	
1078 "	1,90,000	1,90,000	1,83,103	6,897	17,242 8 0	17,034 0 0	*Difference, R208-8-0.* On 417 maunds out of 6,897 maunds short delivered, only the reduced rate of duty, *viz.*, R2 per maund was recovered. Hence the decrease in the amount actually realised.
TOTAL	17,30,[illegible]00	17,20,821	16,66,813	54,008			
Average	1,73,000	1,72,082	1,66,681	5,400			

1078 M. E. = 1st August 1902 A. D. to 31st July 1903 A.D.

NOTE.—Figures supplied by the Dewan of Cochin.

APPENDIX VIII—*concld.*

Statement showing the quantities of Bombay salt consigned to, and delivered in, the States of Cochin and Travancore—concld.

TRAVANCORE.

YEAR.	Quantity contracted for.	Quantity shipped from Bombay.	Quantity delivered.	Short delivery (column 3 *minus* column 4).	Duty at R2-8-0 per maund leviable upon the quantity shown in column 5.	Duty actually realised upon short deliveries.	Explanation of the difference, if any, between the duty shown as leviable (column 6) and that actually levied (column 7).	REMARKS.
1	2	3	4	5	6	7	8	9
	Mds.	Mds.	Mds.	Mds.	R	R		
1069 M. E.	3,80,000	3,76,464	3,65,976	10,488	26,221	26,221	*Nil*	The balance of salt due under the contract of each year has been included in that year. The figures given will not therefore tally with those given in the Administration Reports of the State in which only the actual landings of the year under report are shown.
1070 "	4,58,000	4,54,065	4,43,692	10,373	25,931	25,931	*Nil*	
1071 "	3,50,000	3,47,802	3,39,428	8,374	20,934	20,934	*Nil*	
1072 "	2,96,000	2,96,084	2,87,154	8,930	22,327	22,327	*Nil*	
1073 "	4,22,000	4,21,269	4,07,616	13,653	34,134	34,134	*Nil*	
1074 "	5,23,000	5,14,543	4,90,586	23,957	59,894	59,894	*Nil*	
1075 "	6,00,000	5,58,938	5,47,759	11,179	27,945	27,945	*Nil*	
1076 "	5,90,000	4,56,158	4,38,104	18,054	45,135	45,135	*Nil*	
1077 "	5,00,000	4,29,136	4,23,152	5,984	14,960	14,960	*Nil*	
1078 "	6,30,000	6,26,152	6,10,785	15,367	*36,693	36,693	*Nil*	*Duty at R2 and 2½ per maund. This includes 10,000 maunds of 1077 which were shipped along with the salt of 1078. Duty on 10 maunds 33 seers excess shipped was realised at Bombay.
TOTAL	47,49,000	44,80,611	43,54,252	1,26,359				
Average	4,74,900	4,48,061	4,35,425	12,636				

1078 M. E.=1st August 1902 A. D. to 31st July 1903 A. D.

NOTE—Figures supplied by the Dewan of Travancore.

APPENDIX IX.

Statement showing the results of experiments in the Madras Presidency with the manufacture of light salt according to Bombay methods. [*Chapter VII, paragraph 7.*]

Name of Factory.	Year of Manufacture.	Quantity of large grained salt.				Quantity of small grained salt.				Number of Madras measures to the maund.		Cost of production per maund.	
		Manufactured.	Sold.	Wastage.	Issued for fish curing.	Manufactured.	Sold.	Wastage.	Issued for fish curing.	Large grained salt.	Small grained salt.	Large grained salt.	Small grained salt.
		Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.			As.	P.
Ennore circle (Attipat and Vallur factories).	1900	43,344	42,891	453	...	2,19,993	*Nil* (a)	*Nil* (a)	...	26 to $31\frac{1}{2}$	25 to 28	3	6·2
	1901	1,13,842	1,04,302	9,216	324	6,96,406	*Nil* (a)	*Nil* (a)	...	$25\frac{3}{4}$ (d) to 29	$24\frac{2}{3}$ (d) to $25\frac{3}{4}$	3	1
	1902	2,03,919	1,90,475	13,444	...	9,62,037	*Nil* (a)	*Nil* (a)	...	26 (d) to $28\frac{1}{2}$	$23\frac{3}{4}$ (d) to 27	2	5·8
	1903	4,02,024	1,75,255 (c)	...	...	*Nil.* (b)	*Nil* (b)	*Nil* (b)	...	$23\frac{3}{4}$ (d) to $27\frac{1}{4}$	*Nil*	2	9·8
Karambalam Extension	1899	5,568	5,273	295	...	5,503	5,192	311	...	28 to 32	25 to $27\frac{1}{2}$	2	0·7
	1900	43,107	41,665	1,414	28	54,026	52,886	994	146	$28\frac{7}{8}$ to $34\frac{1}{2}$	$25\frac{1}{4}$ to $31\frac{1}{2}$	2	2·9
	1901	35,920	34,564	1,108	248	32,167	25,459	6,140	...	...			
Servandakulam Extension	1900	20,400	29,639 (1900 and 1901)	1,206	...	71,162	340 (1900 and 1901)	Not known.	1,46,026	28 to $30\frac{1}{2}$	22 to 24	2	2·1
	1901	10,445				75,204				28 to $30\frac{1}{2}$	21 to 24	2	2
Adirampatnam Extension	1901	11,201	10,180	1,021	...	25,749	24,075	1,694	...	$25\frac{1}{3}$ to 31	22 to 25	1	10·7
TOTAL	...	8,89,770	6,34,244	28,157	600	2,142,247	1,07,952	9,139	1,46,172				

(a) Small grained salt was mixed with the ordinary salt. It was not sold separately.
(b) Sifting was abandoned in 1903.
(c) Sold up to the end of 1903.
(d) After transport to the Madras depôt.

NOTE.—Figures supplied by the Board of Revenue, Madras.

APPENDIX X.

Statement showing the importations of Madras and Bombay salts into various areas. [*Chapter VII, paragraph 11.*]

(In thousands of maunds.)

Year.	Mysore and Coorg.		Nizam's Territory.		Central Provinces.		Madras Presidency.							
							Bellary and Anantapur.		Kurnool.		Coimbatore.		Salem.	
	Madras salt.	Bombay salt.	Madras salt.	Bombay salt.	Madras salt.	Bombay salt.	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).
	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.
1883-84	396	...	185	392	134	984	267	*Nil*	87	*Nil*	329	15	247	*Nil*
1884-85	322	32	159	636	170	1,116	258	*Nil*	76	*Nil*	336	9	259	*Nil*
1885-86	406	40	275	803	148	1,176	275	*Nil*	75	*Nil*	325	31	296	3
1886-87	378	47	213	866	128	1,184	248	8	87	*Nil*	221	158	265	28
1887-88	380	1	207	695	99	1,185	239	18	84	*Nil*	233	136	249	42
1888-89	245	...	59	654	121	1,204	218	*Nil*	75	*Nil*	216	123	188	80
1889-90	229	...	131	653	90	1,172	155	*Nil*	89	*Nil*	233	147	149	129
1890-91	194	41	140	677	91	1,262	186	29	141	9	204	166	137	134
1891-92	85	75	156	718	50	1,354	148	43	145	2	207	190	138	174
1892-93	145	112	177	756	63	1,151	175	42	129	2	252	143	178	150
1893-94	110	115	141	874	36	1,101	182	71	105	10	224	140	147	144
1894-95	107	102	221	855	41	1,141	221	72	140	11	290	114	186	95
1895-96	82	107	215	558	76	1,362	188	133	180	20	219	177	149	166
1896-97	62	137	188	566	45	1,360	150	95	107	43	196	202	142	189
1897-98	59	213	187	562	34	1,311	114	112	128	64	220	188	176	162
1898-99	82	387	248	696	56	1,326	165	120	137	58	235	175	191	171
1899-1900	57	404	221	715	265	1,118	94	140	173	46	246	171	206	155
1900-01	70	381	268	875	312	1,050	98	140	162	49	262	171	199	159
1901-02	53	318	186	885	165	1,069	108	171	166	54	247	178	197	170
1902-03	60	390	183	969	235	1,089	99	153	99	50	259	170	171	202

NOTE.—The figures of Bombay salt given are of sea salt. Baragara salt is imported into the Central Provinces, but the figures for it have not been included since the question is as to the competition of Bombay and Madras sea salts.
Figures are taken from the Departmental Administration Reports.
(a) Includes both Bombay and Goa salts.

APPENDIX XI.

Collection of papers of the Mysore Durbar on the subject of the sale of light and heavy salt and the proposal that the retail sale of salt by weight should be made compulsory by law.

[Chapter VII, paragraph 14.]

No. 924, dated Bangalore, the 24th February 1904.

From—R. C. H. Moss King, Esq., I.C.S., First Assistant to the Resident in Mysore,

To—The Secretary, Salt Committee, Calcutta.

With reference to your telegram dated the 9th February 1904, I am directed to forward herewith copy of a letter No. 2483 R., dated the 22nd February 1904, received from the Mysore Durbar, with its enclosures, containing a full report on the question of salt weighment.

2. In the opinion of Sir James Bourdillon legislation such as that proposed is unnecessary and would be futile as well as irritating. It is observed from the report now submitted that Bombay and Madras salt are about equally popular, and that it is a matter of custom and practice which salt the people eat. To insist that it should be sold by weight would be an innovation which, in the Resident's opinion, is based on purely academic grounds, and he is satisfied that if it were enforced the purchaser would be defrauded by weight just as easily as he is now by measure. It is common knowledge that false weights abound in every bazaar and are commonly used by all classes of shopkeepers. Lastly salt is so cheap a commodity that it is unnecessary to legislate on the sale of it—*De minimis non curat lex.*

Extract from the Proceedings of the Government of His Highness the Maharaja of Mysore, No. 1676-83 (Revenue), dated Bangalore, the 14th December 1903.

ORDER.—Deputy Commissioners are aware that the Government of India reduced the excise duty on salt from R2-8-0 to R2-0-0 per maund, with effect from 1st April last. This is a reduction of 20 per cent. Deputy Commissioners are requested to report to what extent the local wholesale and retail prices of salt have been influenced by this reduction, and if not, why not? A retrospect of fortnightly prices as quoted for Bangalore and Chitaldrug, two districts selected as being typical of the situation, shows that prices in Chitaldrug may be regarded as having been affected by reduction in duty, but not so the prices ruling in Bangalore. Deputy Commissioners will, however, have to examine the subject for their respective districts in other ways also. (For the retrospect, see the foot-note appended to these Proceedings.)

2. There is a distinction between Madras salt and Bombay salt, and statistics of rail-borne trade show that while the imports of sea-salt into Mysore have on the whole increased, Bombay salt has been in much greater request than Madras salt. What may be the reason of this?

3. What is the local feeling and practice as regards the sale of light (that is, large grained) and heavy (that is, small grained) salt, and how does the price vary according as the article is the one or the other? How is each kind sold in wholesale and retail transactions respectively, whether by weight or by measure?

4. It is alleged that sale by measure is the common retail practice, and that the price of a measure of salt is ordinarily uniform whatever the variety. On the other hand, sale at the producing works is by weight. It therefore pays the dealer to purchase light salt by weight in preference to heavy salt, and to retail by measure, since one maund's weight of light salt is equivalent to the larger number of measures which it yields than one maund's weight of heavy salt. This, it is argued, is a fraud against which the consumer should be protected. In buying a measure of light salt he is in reality buying less for the same price than in purchasing a measure of heavy salt. It is urged further that in so far as the consumer loses, the Indian Government also shares in the loss caused by a decreased consumption. Under these circumstances, the Government of Madras have advocated legislation to make the retail sale of salt by weight compulsory at the option of the purchaser. Is there any local feeling in this matter, more especially among the Mysore officials and leading merchants?

APPENDIX XI—*contd.*

FOOT-NOTE:—An examination of the fortnightly price returns as furnished by Deputy Commissioners and published in the Gazette yields the following results.

Bangalore, Wholesale.—In 1902 the price was R32-8-4 per ten maunds in the first fortnight of April. It continued at this figure till the middle of June, when it rose to R35-10-4. But, at the end of June, it fell to R24-9-11, at which figure it continued to the end of the year. In the current year (1903), on the other hand, the price stood at R32-4-5 on 15th April, and continued at this rate till the end of May, when it fell to R29-3-1; but it rose again to R32-8-5 on 15th June, at which figure it has stood since. Thus, on the whole, the wholesale price of sea-salt in Bangalore has this year, notwithstanding the reduction of duty, been the same as in the first half of last year, and about 33 per cent dearer than in the second half of last year.

Retail.—The retail rates also show much the same state of things. Except for a slight variation in May, it was 12 seers 1 chatak per rupee in 1902, and it has been 11 seers 8 chataks per rupee in 1903.

Chitaldrug, Wholesale.—In 1902 the wholesale price per ten maunds was quoted at R41-2-3 in the first fortnight of April, and every succeeding fortnight till the middle of July, when it rose to R45-11-5 and remained at this higher figure till the end of September, when it rose further to R51-6-10. In 1903, on the other hand, the quotation was R45-11-5 for the first fortnight of April, but it soon fell to R41-2-3 at the end of May, at which figure it has since remained. Thus, on the whole, 1903, compared with 1902, does not show the great fluctuations of 1902, and the figures, contrasting as they do, as shown in the margin, suggest the inference that prices have responded to the reduction in duty.

	1903.	1902.
15th April . . .	45-11-5	41-2-3
15th November . .	41-2-3	51-6-10

Retail.—The retail prices tell much the same tale. In 1902 the rate was 9 seers per rupee in the first fortnight of April, but ten seers in the second fortnight and afterwards up to the first fortnight of July, when it became 9 seers till the second fortnight in September, when it fell to 8 seers. In 1903, on the other hand, it was 9 seers in April and the first half of May, when it became ten seers per rupee and has continued thus till now.

Demi-official from Mr. LIONEL DAVIDSON, Commissioner of Coorg, dated 23rd December 1903.

YOUR demi-official of the 11th instant, regarding the sale of large and small grained salt. I have made enquiries on the subject and find the local practice is to sell salt by measure, not by weight. As might be expected, it is light or large grained salt which is ordinarily imported for sale. There does not appear to be any *strong* local feeling on the subject, but those of the consumers who appreciate the point in issue would prefer to buy salt by weight; I am informed that some of the Virajpet merchants are careful enough to obtain heavy salt *for their own use.*

Demi-official from Mr. E. S. LLOYD, Collector and District Magistrate, Civil and Military Station, Bangalore, dated 30th December 1903.

REFERENCE your demi-official of the 4th December on the question of the sale of large and small grained salt by measure. The matter is one of some intricacy with which I cannot pretend much acquaintance. I send you a memorandum prepared by Rolland and the Amildar. I have kept it back a day or two meaning to make some local inquiries myself but have found no opportunity. Rolland who has had some previous knowledge of the fight between Madras and Bombay salt doubts whether much would be gained by making sale by weight compulsory at the option of the purchaser.

The practice is as stated in the extract forwarded with your demi-official. There does not seem to be much local feeling in the matter, the people being apparently satisfied with the present state of things.

MEMORANDUM.

A series of experiments have been made by the Amildar and myself in connection with heavy and light salts.

2. Here one measure (local) is equivalent to 80 rupees weight.

3. Madras salt is invariably heavier than Bombay salt.

APPENDIX XI—*contd.*

4. A measure of Madras salt weighs as near as possible 4 seers (1 seer= 24 rupees) =96.

5. A measure of Bombay salt weighs $3\frac{1}{2}$ seers=84. The price of salt to the consumer is the same, *viz.*, 1 anna 6 pies per local seer. Before the reduction of the salt tax it used to be 1 anna 8 pies. The consumer is therefore defrauded of $\frac{1}{2}$ seer (12 rupees weight) of salt whenever he purchases Bombay or light salt.

6. Wholesale merchants who import direct from Madras or buy from Bombay salt traders, who trade in Bombay salt and bring it here at certain seasons, say they are satisfied if they gain a small profit when selling it to retail merchants.

Bombay salt costs them on an average R6-5 which they retail to small wholesale merchants for R6-8, and Madras salt costs them R5-3 which they retail for R5-6.

Retail merchants admit that they gain more by selling Bombay salt than they do by selling Madras salt.

Strange to say it was generally Madras salt which was exposed for sale in the shops, the Bombay salt being kept behind, and there was only a small quantity of it on hand.

Retail merchants state that the general public prefer Madras salt, which has a whitish appearance—that it is chiefly the country people and country merchants who insist on purchasing Bombay salt, as they consider, by its blackish appearance, that it is stronger.

On consulting a large number of local merchants both wholesale and retail, the verdict is unanimous that the people do not complain of the purchase of salt by measure.

A wholesale merchant, the largest, went so far as to say that he considered it would be less convenient to sell by weight as it would take much longer for the retail merchants to weigh out the salt.

The local public seem to be quite satisfied with the practice of buying salt by measure, and it would be an uphill task to convince the ignorant masses that they are defrauded when they purchase light salt by measure.

C. ROLLAND,
Superintendent of Excise.

C. V. SOONDRAM IYER,
Amildar.

CIVIL AND MILITARY STATION;
BANGALORE:
The 24th December 1903.

No. R. 2483, dated the 22nd February 1904.

From—L. ANANTASAMI RAO, Esq., B.A., Offg. Secretary to the Government of Mysore, General and Revenue Departments,

To—The First Assistant to the Honourable the Resident in Mysore, Bangalore.

With reference to the inquiry as to what the local feeling is towards making the retail sale of salt by weight compulsory at the option of the purchaser, I am directed to forward herewith, for the information of the Honourable the Resident and the Members of the Salt Committee, a note on the subject prepared by the Director of Statistics, and to state that the Durbar agree with the views of that officer that it is desirable to make the sale of salt by weighment compulsory instead of optionally by measure also.

2. In some places, a preference is shown for Bombay salt which is larger grained and lighter than Madras salt, and in some the force of habit restricts the demand only to Madras salt. This variation in taste however, it has been ascertained, has not tended to prejudice the consumers to any material extent. In several places both kinds are freely exposed for sale and retailed to purchasers at their option.

3. On the other hand, the fraud practised on the purchaser in selling salt to him by the measure is real and requires to be remedied. In the first place, there is the difference between what is called a "heaped measure" and a "struck measure" whereby ignorant consumers are cheated in the latter case to the extent of the quantity of salt standing above the rim of the measuring vessel. In the next place there is also dexterity in the way of filling the vessel itself, whereby a quantity measured out by an expert would measure much less than that measured by a layman. In the Mysore City, this difference is said to amount to about 25 per cent, while in other places it ranges from 10 to 12 per cent. There is no doubt that even in selling by weight the vendors can give short weights unless the purchasers are vigilant. But on the whole, it appears that there is less scope here than in the case of sale by the measure.

APPENDIX XI—*contd.*

4. As regards the proposal to enforce weighment only at the option of the purchaser, the Government of His Highness are of opinion that it is desirable to dispense with the qualification. As the Director of Statistics remarks in his note, this may not be inconvenient to dealers in miscellaneous articles who are generally provided with both weights and measures, but it will be inconvenient in the case of small traders who eke out a living by retail trade. It would also mean two schedules of prices for the same commodity.

5. There does not appear to be any sentiment on the part of the people in the matter, and a compulsory change from selling by measure to selling by weight would be beneficial to the consumers.

SALT WEIGHMENT AT RETAIL SALES.

1. The inquiries contained in Government Proceedings No. 1676-83, dated 14th December 1903, were addressed to all Deputy Commissioners of Districts, to the Vice-President, Mysore City Municipality, and to Mr. Graham Anderson, C.I.E., coffee planter near Saklespur. Samples of Madras and Bombay salt exposed for sale in the local markets were obtained from local officers at Mysore, Bangalore, Tiptur, Saklespur, Davangere, and Shimoga. The Chemical Examiner and the Agricultural Chemist to the Mysore Government were desired to analyse samples of Madras and Bombay salt and report the result. Replies have been received from all except the Deputy Commissioner of Kolar and the Agricultural Chemist. The subject has received some independent consideration also. The members of the Government of India Salt Committee have been also making inquiries, notably at Shimoga and in the bazaars of Bangalore.

2. The main question relates to the weighment of salt at retail sale. But some attention had to be drawn to the course of prices also, partly as throwing light on the main question, and particularly because the first merchant interviewed on the subject was unaware of the recent reduction of 20 per cent in the Imperial Excise Duty on salt.

3. The following notes are based upon the official Reports above mentioned and also on my own consideration of the subject.

4. Throughout Mysore, sea salt is retailed by measure. This is attributable to long-established practice. There is no superstition, or weighty or dominant sentiment, to support it, or to militate against retail by weight. Indeed it appears that in parts of British India sea salt is retailed by weight even now. At the salt works, it is by weight that it is purchased wholesale. The retail dealers negotiate with the wholesale dealers in the language of weighment though, owing to the exigencies of the retail sale, the contents of a bag are verified by measure. Under these circumstances, if, on a consideration of the subject in all its aspects, it be decided to direct that retail sale shall be by weighment, it may be taken that there will be no difficulty in giving effect to the decision.

5. There is no doubt that, theoretically, under a system of buying by weight and selling by measure, it is more profitable and therefore more tempting to traders to deal with Bombay salt which is larger grained and lighter than Madras salt. But I do not consider it proved that the trade works so largely on this basis as to prejudice the public to a material extent.

6. In the first place, there are wide tracts of country where, owing to the distance from the place of production and therefore in the cost of transit

APPENDIX XI—*contd.*

combined with the difference in price at the place of production, the one kind alone is practicable, and the other is out of the question.

7. In the second place, wherever owing to the facilities of transport both kinds can compete within a moderate difference in price, there is a popular taste which governs the preference and therefore the quantities of each kind sold. For example, in Bangalore and Mysore both Madras and Bombay salts are exposed for sale and sell largely; but the Bombay salt is stated to be sold to a greater extent than Madras salt though one seer per rupee dearer. At Tumkur, Tiptur, Hassan, and Saklespur, both kinds are exposed for sale and very much at the same price; but the Bombay salt is preferred by the masses, though at Hassan and Tumkur the higher classes prefer the Madras or the white variety. At Davangere where Madras salt is valued for medicinal purposes but is considered too expensive for ordinary use, the people prefer Kumti salt, which comes from North Canara, even to Bombay salt. As a proof of the force of habit it is stated that merchants who imported Bombay salt into Davangere and Kumti salt into Bangalore, could not effect a sale, and were obliged to forward the former to Bangalore and the latter to Davangere. The reason why some persons prefer the one and some the other, though many persons are indifferent, has not been satisfactorily explained. The reasons assigned conflict with each other and with the results of chemical analysis of the two classes of salt made by Dr. Sreenivasa Row, the Chemical Examiner to the Mysore Government. The probability is that very few people have fairly and carefully tried both with a view to judge which suits them better. In the case of many, a constitutional idiosyncracy will probably decide the preference. To those who have a tendency to constipation (owing to the water which they drink or otherwise), the Bombay salt (which is reported by the Chemical Examiner to contain more laxative ingredients) will probably be more agreeable than Madras salt. In the case of many, again, the difference in the saline properties will probably decide the preference, the careful cook preferring the Madras salt which is reported by the Chemical Examiner to be richer in this respect, the careless cook preferring the Bombay salt in respect of which a little more or a little less will not spoil the dish. A prejudice against Madras salt on the ground that it contains more sand and is otherwise unhealthy is reported from various parts of the country (Bangalore, Mysore, Saklespur for example), but there is no proof that this prejudice is justified. *Per contra,* Madras salt is preferred by many and used without harm. There is on the other hand abundant testimony to Bombay salt being long the favourite in most parts of Mysore equally accessible to Madras salt, and even before the advent of the Southern Mahratta Railway. It is stated for example that Bombay salt used to be imported into Mysore City from Mangalore and Tellichery *viâ* Mercara before it was linked with Poona by the Southern Mahratta Railway. Into the *malnad* districts of Hassan, Kadur, and Shimoga it used to be imported from the west coast in carts returning after discharging the coffee, paddy, and other *malnad* produce exported in them. Even for Bangalore, it is claimed in more than one quarter that Bombay salt used to be imported *via* Beypore and the Madras Railway.

8. That there is even a fastidiousness in the popular taste may be judged from the fact that of the six or seven grades which exist in Bombay salt itself, the 1st and 2nd which are the largest grained and lightest, are more in request than the lower, *i.e.*, the smaller grained and heavier grades in the Mysore City and Bangalore City markets, while the case is the other way in places nearer Bombay. A similar preference is reported from Sagar also. This fastidiousness may be well founded in the greater facility with which sand and stone can be sifted from large grained salt than from small grained salt.

9. The preferences above noticed operate of course only when the price varies within a small extent. But if the difference in price happens to be great, as has recently been the case owing to an abnormal rise in the price of Bombay salt at the place of production, the cheaper article becomes the favourite. At any rate, both kinds are freely exposed for sale, and the purchaser is free to choose. This cannot be the case if merchants are disposed to push the large grained lighter kind to the prejudice of the small grained heavier kind.

APPENDIX XI—*contd.*

10. There is, on the other hand, a different feature of the trade which prejudices the consumer, and which forms the subject of just complaint from all quarters, *viz.*, the fraud practised on the purchaser by the skill of the measurer in handling the cylindrical vessel with which he measures out the quantity bargained for. There is first the difference* between what is called a 'heaped measure' (in which salt is heaped above the level of the rim as much as it can stand in conical shape) and a 'struck measure' (in which this conical portion is struck off so that the vessel is full flush with its rim). But apart from this, there is dexterity in the way of filling the vessel itself whereby a quantity measured out by an expert would measure much less when measured out by a layman. The Deputy Commissioner of Mysore says that in the Mysore City the difference would sometimes amount to as much as 25 per cent. He says, "This dexterity, or fraud or whatever it may be, is so well known to the public that the mode of measuring has passed into a proverb. But the public though well aware of this fraud have been unable to guard themselves against it." Mr. Graham Anderson testifies to a difference ranging from 10 to 12 per cent, and in my own experiments it went up to 13 per cent in two cases. Mr. Graham Anderson, C.I.E., who has been coffee planter in Manjarabad for thirty years or more and whose words are also worth quoting, says, "There is no article or commodity except slaked lime which can be measured so much to the profit of an unscrupulous vendor and so much to the loss of the vendee as salt. I have been told that men skilled in the nefarious art can make 10 to 12 per cent profit in the measuring operations alone. Even under the most careful observation, 100 seers can be measured and on remeasurement will only turn out 88 to 90 seers." A fraud of this kind by a dishonest expert can indeed be practised even with a pair of scales. But it can be easily prevented by a little vigilance on the part of a purchaser who, however, is practically helpless in the other case.

* Commented upon by the Deputy Commissioner of Kadur District.

11. Under the circumstances already explained, a change in the method of retailing salt from measurement to weighment, may or may not be the means of putting more chloride of sodium into the consumer's hands for his money. But it will certainly be the means of putting into his hands that quantity of the kind of salt which he deliberately prefers, for which he bargains. On this ground, rather than on any other, I would vote for a change in the method being enjoined by legislation.

12. Whether as favouring the one or the other of these results, or both, the opinions on a measure of legislation to make weighment compulsory stand as tabulated below:—

Legislation necessary.	*Legislation unnecessary.*
Deputy Commissioner, Mysore.	Deputy Commissioner, Bangalore.
" " Hassan.	" " Tumkur.
" " Kadur.	" " Shimoga.
Mr. Graham Anderson.	" " Chitaldrug.

Kolar Report not received.

13. As to the proposal to enforce weighment *at the option of the purchaser,* the qualification is noticed only by the Deputy Commissioners of Hassan and Kadur. The former has apparently nothing to say on it, but the latter would prefer to dispense with it on the ground that (holding as he does that the consumers are defrauded by the traders pushing large grained light salt in preference to small grained heavy salt), while it is impossible to make the consumers understand that they are losers in buying by measure, the qualification in question would only retard the beneficial effect of the proposed legislation as "it will be long, very long before the villager will open his eyes to the fraud he is subjected to." I would dispense with the qualification for the reasons explained in the first memorandum, dated 1st January last, in the following words: "Weighment or measurement at the option of the purchaser would mean that the vendor should provide himself with scales and weights and also measures. This may not be inconvenient to dealers in miscellaneous articles who are generally provided with both. But it must be inconvenient to small traders

APPENDIX XI—*concld.*

who eke out a living by retail trade. It would also mean two schedules of prices for the same commodity. Again, under a compulsory regulation of this kind, one-sided in character, the trader will be exposed to false charges, risks of which must hamper trade to some extent. Practically the option of the purchaser would come to mean the convenience of the vendor who has it in his power to say 'Buy as I offer, or go without it.'

14. The Deputy Commissioner, Kolar District, has not yet replied, but it may be presumed that Madras salt is the favourite in the greater part of the district, and especially the Gold Fields, and that while the masses are indifferent to the proposed legislation, the merchants trading in Madras salt would advocate it cordially. The Agricultural Chemist has not sent up the results of his analysis, but it may be presumed that they will agree with those of the Chemical Examiner which show more of sodium chloride, and less of magnesium sulphate and magnesium chloride, in Madras salt than in Bombay salt.

T. ANANDA ROW,
Director of Statistics in Mysore.

BANGALORE;

12th February 1904.

P. S.—Since the above was written, the Kolar Deputy Commissioner's Report has been received. It says that Madras salt is used generally in almost all the Taluks, but in the Taluks of Chikaballapur, Goribidnur and Bagepally, both Madras and Bombay salts are in use. There is no difference in price. People have no opportunity to know that they lose in purchasing by measure instead of by weight. The Deputy Commissioner is of opinion that legislation enforcing sale by weight will benefit the people without inconveniencing the merchants.

T. ANANDA ROW.

13th February 1904.

APPENDIX XII.

Statement of analyses of various samples of Madras and Bombay salts. [Chapter VII, paragraph 18.]

Date of Analysis.	Sample whence taken.	Percentage of Moisture.	Percentage of Insoluble matter.	Percentage of Sodium chloride.	Percentage of Other Salts (or unaccounted for).	Remarks.
	Madras Salt.					
1886	Kattur	4·787	3·560	86·333	5·320	Salts analaysed under the orders of a Departmental Committee to report upon the improvement of the quality of salt in the Madras Presidency. (Date of report—10th May 1887.) The samples were said to be average salt of the previous season's manufacture (1885).
,,	Covelong	4·610	1·770	87·589	6·031	
,,	Attiput	6·218	1·980	84·848	6·954	
,,	Valbur	3·574	1·720	87·433	7·273	
,,	Puldiwak	5·033	2·550	85·770	6·647	
,,	Voyalur	3·991	3·220	87·001	5·788	
,,	Tada	3·676	2·770	86·714	6·840	
,,	Morekolam	2·768	0·760	90·420	6·052	
,,	Cuddalore	7·072	3·520	80·541	8·867	
,,	Manambadi	1·769	1·250	92·702	4·279	
,,	Tranquebar	6·592	4·280	80·279	8·849	
,,	Kuppili	7·622	2·570	84·317	5·491	
,,	Kambilimodu	4·613	3·340	87·521	4·526	
,,	Bimlipatam	4·102	3·140	87·692	5·066	
,,	Konada	9·482	0·480	85·305	4·733	
,,	Nizampatam	3·417	3·650	89·232	3·701	
,,	Negapatam	3·676	3·140	86·632	6·552	
,,	Sivendakolam	4·352	1·090	89·562	4·996	
,,	Nedavasal	5·748	4·570	84·534	5·148	
,,	Tuticorin	5·381	1·170	86·641	6·808	
,,	Vattanam	3·054	1·200	90·331	5·415	
,,	Methandathanam	3·671	1·150	89·265	5·914	
,,	Karasa	4·141	1·610	87·770	6·479	
,,	Mogaltur	5·068	2·320	88·090	4·522	
,,	Kistnapatam	8·662	1·660	83·959	5·719	
,,	Chinna Ganjam	4·253	4·070	86·963	4·714	
,,	Pakala	5·482	1·770	87·706	5·042	
,,	Dugarazpatnam	4·037	1·440	90·029	4·494	
,,	Kanuparti	4·602	1·280	90·331	3·787	
,,	Vedarniem	4·350	1·580	88·714	5·356	
,,	Kayalpatnam	8·304	1·490	81·653	8·553	
,,	Iskapalle	3·695	1·670	89·808	4·827	
,,	Magilankottai	8·577	2·330	83·470	5·623	
,,	Adirampatnam	7·141	1·530	86·456	4·873	
,,	Calingapatam	3·553	5·570	84·589	6·288	
,,	Naupada	3·197	1·840	90·915	4·048	
,,	Penuguduru	4·089	1·450	87·618	6·843	
,,	Tambikkanallavankottai	2·207	3·220	90·213	4·330	
,,	Surla	4·694	3·080	87·158	5·068	
,,	Vedasamanjeri	6·245	2·600	85·132	6·023	
	Average	4·937	2·334	87·034	5·695	
	Government factories.					
7th May 1900	Ganjam	6·900	Not given	90·378	2·722	Analyses submitted with Madras Government letter No. 775 Rev., dated the 30th August 1901, to the address of the Government of India. The samples were taken as the basis of comparison between (*a*) Madras Government salt, (*b*) Madras excise salt (ordinary), (*c*) Madras excise salt manufactured in the ordinary method by the Oriental Salt Company, (*d*) Madras salt manufactured after Bombay methods, and (*e*) Bombay salt.
21st April 1900	Balacheruvu	5·000	Do.	92·302	2·698	
1899	Polavaram	10·271	Do.	85·778	3·951	
20th October 1899	Pandraka	3·144	Do.	94·250	2·606	
1899	Adirampatnam	9·370	Do.	86·569	4·061	
,,	Kattumavadi	8·098	Do.	87·599	4·303	
,,	Lakshmipans	7·759	Do.	88·881	3·360	
	Average	7·220	...	89·394	3·386	
	Excise factories.					
18th July 1900	Naupada factory (Oriental Salt Company's salt).	9·060	2·682	85·663	2·595	
17th July 1900	Jagannaikpur factory ditto	4·360	1·616	90·015	4·009	
Ditto	Ditto ditto	6·000	1·750	87·598	4·652	
	Average	6·473	2·016	87·759	3·752	
21st December 1899.	Kuppili	11·955	Not given	85·453	2·592	
23rd March 1900	Mogalturru	4·040	Do.	93·727	2·233	
1st November 1899.	Adirampatnam	7·941	Do.	88·418	3·641	
1900	Vattanam	10·200	Do.	87·822	1·978	
1899	Kulasekharapatnam	3·344	Do.	93·015	3·641	
7th April 1900	Karapad	7·040	Do.	89·267	3·693	
Ditto	Morekolam	8·140	Do.	89·113	2·747	
	Average	7·523	...	89·545	2·932	

APPENDIX XII—*concld.*

Statement of analyses of various samples of Madras and Bombay salts—concld.

Date of Analysis.	Sample whence taken.	Percentage of Moisture.	Percentage of Insoluble matter.	Percentage of Sodium chloride.	Percentage of Other salts (or unaccounted for).	Remarks.
	I	10.600	0.670	84.503	4.227	Salt (of the Karambalam extension) manufactured after the Bombay method in 1900.
	II	7.800	0.737	87.028	4.435	
	III	6.700	1.772	87.739	3.789	
	IV	8.520	1.052	86.264	4.164	
	V	6.960	1.953	87.649	3.438	
	VI	10.200	1.751	83.431	4.618	
	VII	6.600	1.503	87.933	3.984	
	Average .	8.197	1.348	86.364	4.091	
	Madras salt manufactured at Karambalam after the Bombay system.	8.140	2.250	85.031	4.579	
	Madras salt from Kattumavadi factory .	4.620	1.039	91.972	2.369	
	Bombay Salt.					
24th June 1900 .	1	3.040	Not given	92.654	4.306	Submitted with Madras Government letter No. 775 Rev., dated the 30th August 1901, to the address of the Government of India.
Ditto .	2	4.140	Do.	92.595	3.265	
	Bombay Salt selected from Calicut market.	9.800	0.658	84.723	4.819	
1900 .	Wadia Agar (Matunga) . . .	5.720	0.470	88.279	5.531	Analyses of samples taken by Mr. Merriman (*vide* his Report on the methods of the manufacture of light salt in Bombay, dated the 27th March 1900).
,, .	Going to Karepatam Port . . .	3.340	0.685	91.783	4.192	
,, .	Going to Calicut	5.760	1.741	87.023	5.476	
,, .	New salt from Wadia Agar (Matunga) .	6.140	0.261	88.050	5.549	
,, .	From Gollah at Malliapuram (Cochin) .	5.680	0.707	89.178	4.435	
,, .	Going to Thanna, most likely for export to Mysore.	4.460	0.906	90.518	4.116	
,, .	Going to Thanna (2nd sort) . . .	5.160	0.635	90.187	4.018	
,, .	Ditto (3rd ,,) . . .	7.240	0.778	86.968	5.014	
,, .	Mixed salt going to Alleppey . .	3.180	1.625	91.278	3.917	
,, .	Going to Alleppey unsifted . . .	3.040	0.901	92.654	3.405	
,, .	Taken at Uran	1.900	1.294	92.658	4.148	
,, .	New Kuppa salt	4.140	0.095	92.595	3.170	
	Average .	4.647	0.841	90.098	4.414	
	Calicut Bazar	10.040	0.773	83.223	5.964	Bombay salts selling on the West Coast during 1900-1901. (Filed by the President.)
	Ditto	6.860	0.335	88.029	4.776	
	Badagara Centre	7.400	0.518	86.576	5.506	
	Vythiri Centre Wynaad Range . .	7.500	0.980	86.550	4.970	
	Average Bombay salt from Calicut .	9.800	0.065	84.723	5.412	
	Sold at Badagara	8.040	0.625	86.325	5.010	
	Sold in Calicut	9.240	0.689	85.325	4.746	
	Ditto	9.900	0.765	82.227	7.108	
	Sold at Vythiri	8.000	0.782	87.119	4.099	
	Ditto	10.100	1.411	83.645	4.844	

APPENDIX XIII.

Statement showing the consumption of salt per head of the population in the districts of the Madras Presidency. [*Chapter VII, paragraph 24.*]

Serial No.	Districts.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.	Average.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
		lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1	Ganjam	13.30	13.74	13.70	13.32	9.19	8.80	11.97	11.58	12.30	12.42	14.40	12.50	12.15	15.09	15.32	15.46	17.32	16.82	14.82	13.76	13.8
2	Vizagapatam	21.11	20.43	22.88	22.54	21.76	21.56	19.56	18.04	20.01	20.66	18.61	20.54	21.09	18.74	19.31	19.21	18.29	18.97	19.17	18.15	20.3
3	Godavari	16.93	16.87	15.96	15.98	15.34	17.56	18.49	15.83	19.95	17.29	16.62	16.28	16.65	16.83	18.46	17.67	18.64	17.28	16.96	18.03	17.1
4	Kistna	18.52	20.53	19.04	18.18	19.14	24.57	22.00	17.07	15.93	15.90	16.18	15.64	17.14	17.76	17.92	15.12	17.09	16.46	17.75	17.65	17.9
5	Nellore	20.28	19.38	19.21	18.94	18.99	24.11	22.39	17.76	17.31	18.38	21.98	20.41	15.81	18.84	20.96	18.93	14.26	14.83	16.84	24.06	19.1
6	Chingleput and Madras . . .	17.69	19.17	19.67	16.47	23.17	22.67	24.60	16.81	17.67	13.79	17.21	15.69	16.83	14.83	13.16	14.30	15.61	15.59	14.66	19.82	17.4
7	South Arcot	18.13	17.41	16.87	19.54	15.07	15.54	18.20	17.73	19.04	20.30	20.63	22.05	22.84	22.23	23.83	24.59	23.90	22.91	24.74	21.82	20.3
8	Tanjore	17.09	14.07	13.32	18.03	18.98	19.71	21.21	20.20	20.23	19.71	20.45	19.58	19.46	21.03	21.44	20.65	19.82	20.43	21.35	21.87	19.4
9	Madura	20.68	19.67	19.52	18.17	20.68	21.35	22.98	18.16	19.27	20.17	20.07	19.08	18.78	19.72	21.65	20.68	23.76	24.05	24.08	25.44	20.8
10	Tinnevelly	17.83	19.78	20.72	22.20	22.27	22.15	20.61	19.84	19.24	19.25	20.31	20.74	20.33	19.67	18.18	20.11	16.66	14.56	13.63	13.06	19.5
11	South Canara	16.40	18.49	18.26	14.96	16.73	25.10	28.39	25.57	25.23	24.66	21.42	25.33	22.56	21.01	21.09	19.89	22.19	16.82	17.41	16.72	21.4
12	Malabar	18.74	20.58	19.40	20.61	19.32	17.73	19.77	18.78	17.75	18.62	14.65	18.54	19.25	14.24	19.41	17.48	18.82	16.79	19.89	17.23	18.8
13	Bellary and Anantapur . . .																					
14	Cuddapah	12.37	12.08	12.49	12.23	12.63	11.32	10.47	10.83	10.90	11.57	12.06	13.53	14.96	12.64	13.34	14.33	15.63	14.42	13.42	10.80	12.6
15	Kurnool																					
16	North Arcot	17.35	17.55	18.49	18.68	19.46	18.51	20.32	17.09	17.18	15.83	14.70	14.08	15.85	16.97	16.87	14.46	14.35	14.00	15.64	15.21	16.8
17	Salem	12.64	13.26	15.26	15.05	14.91	13.71	14.22	11.12	12.55	13.20	11.96	11.63	13.08	13.69	13.98	15.05	15.02	13.25	13.61	13.82	13.5
18	Coimbatore (including the Nilgiris) .	15.57	15.05	16.09	14.98	15.73	15.78	17.83	13.68	14.45	15.66	13.95	15.47	15.09	14.84	15.69	15.59	16.03	15.02	14.87	14.43	15.3
19	Trichinopoly (including Pudukota) .	14.40	20.72	21.59	12.27	16.26	17.71	17.11	16.47	16.12	16.10	15.61	17.60	18.90	15.82	15.53	15.74	17.39	16.92	16.55	16.94	16.7
	Bellary and Anantapur	16.19	15.50	16.66	15.47	15.57	13.37	9.53	10.60	9.57	10.86	12.71	12.83	14.88	11.98	11.23	13.03	10.69	10.17	11.09	10.47	12.6
	Cuddapah	10.71	11.72	11.14	10.79	11.59	10.55	11.66	8.93	10.63	11.48	11.85	15.93	11.98	12.00	12.46	12.67	17.86	16.52	11.87	9.22	12.0
	Kurnool	7.79	6.22	6.74	8.41	8.72	8.64	10.36	14.74	14.47	12.81	11.12	12.60	19.73	14.89	18.85	19.47	21.88	19.75	20.36	13.77	13.5

NOTE.—Figures filed by the President.

APPENDIX XIV.

Copy of a letter addressed by the Salt Committee to the Government of Madras, No. 40, dated the 12th January 1903. [Chapter VII, paragraph 25.]

WITH reference to the letter of the Madras Government, No. 229 (Rev.), dated the 2nd March 1903, to the address of the Government of India, suggesting that the retail sale of salt otherwise than by weight should be made illegal, regarding which enquiry by the Salt Committee has been requested by the Government of India, I am directed to ask that the Members of the Committee may be favoured with the views of the Madras Government as to the general lines which they propose that the legislation should take. That is to say—

(*a*) Whether it is proposed that the sale of salt by weight shall be made compulsory by the Indian standard maund of $82\frac{2}{7}$ lbs. and its component parts, or whether the law to be enacted will contemplate the use of any such local weights as may be in common use in the district or portion of a district in which the sale takes place.

(*b*) Whether it is proposed that the sale of salt by measure shall be made penal under any circumstances, or whether it is merely intended that the purchaser, if he so wishes, shall be given the right to demand sale by weight.

(*c*) In the latter case, whether it is intended that the mere refusal to sell salt at all when demanded by weight, shall be an offence on the part of the vendor.

(*d*) Whether it is contemplated that such a law shall be of local application in Madras only, or whether it shall also be extended elsewhere.

2. It is understood that it is intended that any offences which may be created under the proposed law, shall be non-cognisable.

APPENDIX XV.

Statement of the quantities of salt at various inland bonded warehouses in Bengal upon which duty was paid. *[Chapter IX, paragraph 7.]*

Locality of inland bonded warehouse.	Quantity of salt upon which duty was paid during the year (in maunds).								
	1894-95.	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.
	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.
Khulna	400	19,650	95,393	61,427	40,093	24,050	40,011	2,891	*Nil*
Balasore	400	43,229	32,749	45,370	32,736	27,321	54,764	...	...
Chandbali	...	49,465	58,611	1,19,587	1,20,589	67,795		45,713	27,412
Bhairab Bazaar	...	19,460	57,545	82,870	1,16,873	1,56,538	1,85,101	1,65,943	1,06,591
Narayanganj	...	...	70,045	1,92,378	2,67,042	4,20,371	5,16,135	6,06,486	5,65,877
Jhalakati	...	...	...	1,15,207	1,93,929	1,94,916	2,50,609	4,29,759	4,48,284
Bhagalpur	...	...	...	600	20,286	*Nil*	*Nil*	*Nil*	*Nil*
Purulia	...	...	...	...	18,542	*Nil*	*Nil*	*Nil*	*Nil*
Ashuganj	...	...	...	...	...	...	...	5,000	45,402
Madaripur	...	...	...	...	...	...	...	...	24,164
Dacca	...	...	...	...	...	...	...	...	21,678
TOTAL	800	1,31,744	3,14,343	6,17,439	8,10,090	8,90,991	10,46,650	12,55,792	12,40,308

NOTE.—Figures taken from the Administration Reports of the Bengal Salt Department.

1-12-86