

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1009

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246

Dated

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REVENUE DEPARTMENT.
FORT SAINT GEORGE,
12th May 1865.

No. 246.

No. 1,009.

From

J. D. SIM, Esq.,

Secretary to the Government of Fort Saint George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA.

SIR,

Separate Revenue, No. 19.

Salt.

1. The increasing difficulty and expense of providing the Districts of Malabar and South Canara with Salt, have led the Government to consider the best means of encouraging private imports of the article into those localities.

2. Some forty years ago the manufacture of Salt in Malabar was suppressed, as the article produced was very inferior, and the people would not buy it when Bombay Salt could be procured even at a considerably enhanced price. The Government have since endeavoured to revive the manufacture; but though fairly tried, the experiment proved unsuccessful. The whole of the Malabar District is now dependent on foreign sources for its supply of Salt, and with the exception of one Talook, South Canara is in the same position, Salt being manufactured only in the northern part of the latter District.

3. The importation of the Salt required for these Provinces has devolved entirely on the Government, owing to the difference between the Import Duty and the Government selling price being too small to admit of its being imported by merchants on their own account without loss. The Import Duty and the Monopoly price on the Western (as well as the Eastern) Coast are respectively Rupees 1-6-0 and Rupees 1-8-0 per Indian Maund. The difference between these sums is only 2 Annas, while it is calculated that Salt cannot be brought from Bombay by the private trader for less than 6 Annas. The merchant would therefore lose 4 Annas on every Maund, and the market is thus closed to him. The Import Duty on Salt is intended to represent the actual net profit to Government on each Maund, but owing to rise in the prices of labor it no longer does so. The Salt manufactured on the Eastern Coast now costs very nearly 3 Annas, and that made in South Canara costs 4½ Annas. It matters little what Import Duty is charged on the Eastern Coast, for the cost of manufacture (10s. per ton) is so low as to preclude competition with the home manufacture at any thing like the same rate of duty, and whether the duty be 19 or 20 Annas per Maund is of no consequence. On the Western Coast, however, where Salt cannot be made for less than 4 Annas, to levy a duty of 22 Annas on foreign, and to sell home-made Salt at 24 Annas is to favor the latter and effectually exclude the import of the former. The people of Malabar and Canara, who are on the whole in much better circumstances than the people of the Eastern Coast, are thus more lightly taxed than the latter, for those of them who consume the home-made article of South Canara contribute but 20 Annas, and those of them who consume the more expensive Salt of Bombay contribute but 18 Annas per Indian Maund, the consumer on the Eastern Coast meanwhile contributing 21 Annas on the same quantity. For this differential treatment there is no reason whatever, and the Government, therefore, consider it desirable to lower the rate of Import Duty

not

on foreign Salt at all the ports of the Presidency from Rupees 1-6-0 to Rupees 1-4-0 per Indian Maund, and simultaneously to excise the manufacture in South Canara at the same rate, which rate, it may be remarked, obtains in the adjoining District of North Canara, and represents with sufficient accuracy the profit to Government on manufactured Salt in the former.

4. As already stated, the whole of Malabar and a great part of South Canara are supplied with Salt imported by Government chiefly from Bombay, at a considerably higher rate than 4 Annas per Indian Maund. It is very questionable whether in Malabar at least, the manufacture can now be revived, and the consequences of the people running short of such a necessary of life as Salt are too serious to be lightly encountered, especially in so peculiar and excitable a District. The Government having for their own advantage suppressed the local manufacture nearly forty years ago, and by levying an unduly high duty practically destroyed the private import trade which would otherwise have sprang up, cannot in justice or without great hazard suddenly divest themselves of the self-assumed obligation of supplying the people with Salt. A private trade will doubtless gradually spring up, and the course which the Government would adopt is to give it time for development so as, while gradually relieving themselves of their present obligation, not to leave the people dependent on a precarious supply. It is calculated that Salt can be imported with a moderate profit at 6 Annas the Indian Maund, and the Government would therefore make their selling price so long as they sell Salt 1-10-0 per Indian Maund, i.e., the cost *plus* the duty above proposed of 1½ Rupee. The Government imports would of course be carefully regulated by those of the private merchants, and if experience should prove that the latter cannot import and sell at Rupees 1-10-0 per Indian Maund, the Government selling price could be raised. To adopt the latter course prior to proof of its necessity, would evidently be injudicious, as the merchant is sure to regulate his price by that obtaining at the Government Depôts, and the people might thus, by the action of the Government, be saddled with a higher price than is really necessary.

5. These plans will have the effect of taxing the people of Malabar and Canara in the same rates as their poorer brethren of the Eastern Coast, and of ultimately relieving the Government of an obligation which it now performs with difficulty and at some loss, while the risk involved is reduced to a minimum.

6. I am therefore directed to request sanction for the introduction into the Governor's Council for making Laws and Regulations, of an Act enabling them to introduce the excise system (on the Bombay principle) on the Western Coast, and there to fix, subject to the approval of the Governor General of India in Council, the rate of Import Duty on Foreign Salt, and the selling price of such Salt as they may continue to import and sell at their Depôts.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) J. D. SIM,

Secretary to Government.

Exd. S. T. Augustin.

Copy only May

To

Revenue Department

No. ~~1007~~ 1009 12th May/65

The Secretary to the
Government of India

Sir,

The increasing difficulty and expence of providing the districts of Malabar and South Canara with salt have led the Government to consider the

best means of encouraging private imports of the article into those localities.

Some 40 years ago the manufacture of salt in Malabar was suppressed as the article produced was very inferior and the people would not

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not buy it when Bombay salt could be procured even at a considerably enhanced price. The government have since endeavored to revive the manufacture, but though fairly tried the experiment proved unsuccessful. The whole of the Malabar District is now dependent on foreign sources for its supply of salt and with the exception of one Talook, South Canara is in the same position - salt being manufactured only in the northern part of the ^{latter} District.

The importation of the salt required for these provinces has devolved entirely on the government owing

owing to the difference between the import duty and the government selling price being too small to admit of its being imported by merchants on their own account without loss. The import duty and the monopoly price on the Western (as well as the Eastern) Coast are respectively 1-6 & 1-8 per Indian Maund. The difference between these sums is only 2 annas while, it is calculated that salt cannot be brought from Bombay by the private trader for less than 6 annas. The merchant would therefore lose 4 annas on every Maund and the market

is thus closed to him.
The import duty on salt
is ~~imposed~~^{intended} to represent
the actual net profit to
government on each maund.
but owing to rise in ^{the} prices
~~of labor~~^{it} no longer does so. The
salt manufactured on the
Eastern coast now costs
very nearly 3 annas and
that made in South Can-
nara costs $4\frac{1}{2}$ annas. It
matters little what im-
port duty is charged on
the Eastern coast, for the
cost of manufacture (10^s per
ton) is so low as to preclude
competition with the home
manufacture at any thing
like the same rate of duty,
and whether the duty be

19 or 20 annas per maund
is of no consequence. On the
Western Coast however where
salt cannot be made for less
than 4 annas, to levy a duty
of 22 annas on foreign and
to sell home-made salt
at 24 annas is to favor the
latter and effectually ex-
clude the import of the former.
The people of Malabar
and Canara who are on
the whole in much better
circumstances than the
people of the Eastern
coast are thus more
lightly taxed than the
latter for those of
them who consume the
home

themselves of their pre-
sent obligation not
to leave the people
dependent on a pre-
carious supply. It is
calculated that salt
can be imported with
a moderate profit
at Bannar the In-
dian Maind, and the
Government would there-
fore make their sel-
ling price as long
as they sell salt
1-10 per Indian
Maind & the cost
plus the duty above
proposed of $\frac{1}{4}$ Rupee.
The Government in-
ports would of course
be carefully regulated
by those of the private
merchants, and of
experience

67
experience should prove
that the latter cannot
import and sell at
Rs 10 per Indian Maind,
the Government selling
price could be raised.
To adopt the latter
course, prior to proof
of its necessity would
evidently be injudi-
cious, as the merchants
are free to regulate
the price by that it
standing at the Govt
depots and the people
might thus, by the
action of the Govt
be protected from a
higher price than is
really necessary.
These plans will
have the effect of taxing
the people of Malabar
and

and Canara in the same
 rates as their proper be-
 thren of the Coast and
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 relieving the Government
 of any obligation which
 it now performs with
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I am therefore
 directed to request
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 duction into the Revenue
 Council for making
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 of an Act enabling
 them to introduce the
 Excise system (on the
 Bombay principle)
 on the Western Coast
 and there to fix the
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subject to the approval
 of the Governor General
 of India in Council,
 the rate of import
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 and the selling price
 of such salt as they
 may continue to import
 and sell at their de-
 posit.

Reported to England
of 17th June N. 3 of 1865
Sp. R

Revenue 1865 Dept.
Pro. of Govt. for May

No 1009.
To The Secretary to the
Govt of India
of 12th May '65

From the Secy to the Govt
of India dtd 14th July 66.
No 2312

Revenue

Requesting sanction
of Government of India for
the introduction of the Act
on the subject of imposing
salt excise in Malabar
and South Canara