

(1) Number of pages 12(2) Date of repair 20-11-62

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.**Government of Madras.***Public Works* **DEPARTMENT.**

G.O. No. <u>1354</u>	Press
<u>372-373</u>	Mis.
Dated <u>18-12</u>	1868.

Not to be folded or roughly handled*Op*

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*Proceedings of the Madras Government, Public Works Department,
18th May 1865.*

No. 372. Read the following Proceedings of the Madras Government in the
Revenue Department:—

Passing orders on Mr. T. Clarke's report
on the Salt Depôts of Malabar and
South Canara, and the Board's opinion
on his proposals to abolish the Inland
Depôts of South Canara, and to intro-
duce the excise system in both Dis-
tricts.

(Here enter 1st May 1865, No. 889 A.)

No. 373. ORDER THEREON, 18th May 1865, No. 1,351.

CIVIL WORKS, No. 52.

Communicated to the Superintending Engi-
neer, 7th Division, whose particular attention will
be drawn to the remarks in paragraphs 13 and 15,
relative to the roads leading to the salt works in the South Canara District.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R.E.,

Secretary to Government.

To the Superintending Engineer, 7th Division.

Exd. S. T. Augustin.

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Proceedings of the Madras Government, Revenue Department,
1st May 1865.

No. 10A. Read again letter from T. CLARKE, Esq., Member of the Board of Revenue, on special duty, dated 26th February 1864, and recorded in Proceedings of Government, dated 27th February 1864, No. 358.

Read also the following papers:—

No. 10B. From the Secretary to the Board of Revenue.

Submitting, as called for, Board's opinion on the points noticed in Mr. Clarke's report on the Salt Departments of Malabar and Canara. (Here enter 11th May 1864, No. 2,829.)

No. 10c. From the Officiating Under Secretary to the Government of Bombay.

Forwarding copy of papers regarding the introduction of Salt excise into North Canara. (Here enter 5th July 1864, No. 2,539.)

No. 10d. Proceedings Board of Revenue.

Submitting for consideration with remarks letter from the Collector of Malabar on the subject of the supply of Salt to that District. (Here enter 14th September 1864, No. 6,041.)

No. 10E. ORDER THEREON, 1st May 1865, No. 889A.

Separate Revenue, No. A.

Salt.

1. The above papers are Mr. T. Clarke's report on the Salt Depôts of Malabar and South Canara, and the Board's opinion on his proposals to abolish the Inland Depôts of South Canara, and to introduce the Excise system in both Districts.

2. The District of South Canara comprises an area of 4,000 square miles, and has a population of 788,000 souls. Its seaboard is 138 miles in length, and it has 24 Salt stations, as shown in the margin.

6 Inland Depôts for sale only.
8 Coast do. for do.
10 Depôts for manufacture and sale.

3. The District is supplied partly by manufacture (in the Kundapur Talook) and partly

Fusly.	Bombay.		Goa.		Tinnevely.		North Canara.		Total.
	Indian Maunds	Cost per 120 I. M.	Indian Maunds	Cost per 120 I. M.	Indian Maunds	Cost per 120 I. M.	Indian Maunds	Cost per 120 I. M.	Indian Maunds
		RS. A. P.		RS. A. P.		RS. A. P.		RS. A. P.	
1267 ..	55,200	49 0 0	98,280	22 5 0	..	..	..	..	1,53,480
1268 ..	..	..	47,040	38 10 0	1,94,280	59 14 0	..	..	2,41,320
1269 ..	96,960	55 0 0	5,280	46 0 0	1,21,920	45 5 0	..	..	2,24,160
1270 ..	2,61,240	58 8 0	99,840	43 0 0	1,14,240	60 14 0	..	..	4,75,320
1271 ..	6,840	45 8 0	..	..	..	..	98,160	27 14 0	1,05,000
1272 ..	2,56,320	46 12 0	720	24 0 0	..	..	1,06,080	21 0 0	3,63,120

by importation from Bombay, Goa, and (exceptionally) Tinnevely. The marginal table shows the quantity imported during six years.

Sales.

Fusly.	Indian Maunds.	Rs.
1267	3,11,112	3,12,696
1268	3,22,432	3,25,334
1269	3,11,384	3,52,574
1270	3,14,865	3,82,953
1271	3,19,897	4,79,156
1272	3,68,480	5,52,268

but in the interval the Monopoly price has been raised from Rupees 1 to 1½ per Indian Maund.

Fusly.	Cost of Salt.	Estimate and extra charges.	Total.	Per Indian Maund.	Net Revenue.
	RS.	RS.	RS.	RS. A. P.	RS.
1268 ...	1,24,286	27,349	1,51,635	7 6 0	1,73,699
1269 ...	1,17,286	22,026	1,39,312	7 2 0	2,13,262
1270 ...	2,21,302	30,601	2,51,903	12 10 0	1,31,080
1271 ...	35,494	19,341	54,835	2 9 0	4,24,321
1272 ...	1,13,375	29,705	1,43,079	6 3 0	4,09,188
Average...	1,22,348	25,804	1,48,153	7 3 0	2,70,810

4. The sales in the same period have ranged from Indian Maunds 3,11,112 in Fusly 1267 to 3,68,480 in Fusly 1272; the increase in six years having thus been Indian Maunds 57,361. The gross revenue has risen from Rupees 3,12,696 to Rupees 5,52,268,

5. The charges (excluding wastage) are high, and in Fusly 1272 the net profit on each Indian Maund sold at Rupees 1½ was only Rupees 1-0-9.

6. The home sales in Fusly 1272 were Indian Maunds 1,81,440 equivalent to nearly 20lbs. per head of the population. Little reliance can however be placed on calculations of this kind, as the declared destination of Salt

cannot be verified, and it is improbable that the rate of consumption in South Canara should be so much higher than elsewhere.

7. The quality of the Salt manufactured in South Canara is inferior, small in grain, of dirty color, and wanting in pungency. The two first defects are attributed by Mr. Clarke to hurried and careless manufacture, and the want of pungency to the brine not being sufficiently concentrated. The heavy monsoon and humid atmosphere of the Western Coast renders the manufacture of superior Salt a matter of extreme difficulty, but Mr. Clarke considers that considerable improvement may be effected by commencing the operations early. The Goa Salt very much resembles that of Canara. The Bombay Salt, though much mixed with dirt and very impure, is a good article—the crystals are fine and hard and it stands carriage well. A measure of it is equal in pungent qualities to one and a half or even two measures of Canara and Goa Salt, and it is much preferred by the inland dealers to any other description. Mr. Clarke believes that the home merchant also would purchase it in preference to the indigenous Salt, if it were not reserved for the inland trade.

8. In Canara, Salt is still received and sold by measurement. Mr. Clarke does not explain why weighment has not yet been introduced, and on this point the Board will report. The official equivalent of the Garce of 120 Indian Maunds is 424 Mercals, and Salt is received and sold, and accounted for to the Board at this rate. The local accounts, however, are kept in Garces of 400 Mercals, and in the case of Salt imported from Bombay, the certificates which have to be produced to the Bombay authorities in proof of the Salt having been really conveyed to the District, are framed on a different calculation. From each ship load 60 Maunds are weighed out and measured by Mercals, the result forms the standard of conversion for that ship load, and the certificate is prepared accordingly. Mr. Clarke states that by a large number of experiments it has been ascertained that from 360 to 390 Mercals of Bombay Salt are equal to a Garce or 120 Indian Maunds. The importer, however, is said to be paid at the rate of 424. This complicated system is not creditable to the local officers, and it is surprising that it should so long have escaped the notice of the Board. The local accounts should be kept on the same principle as those rendered to the Board, and as the shipments from Bombay are by the parah, the Salt should be similarly received and the certificates should show the number of parahs landed, a certain quantity being carefully weighed and measured, in order to supply the standard of conversion for entry in the District accounts. The introduction of weighment should not be delayed any longer, and probably the Malabar plan will be best adapted to the District, on this point the Board can consult Mr. Clarke. The present method of measurement is evidently both tedious and expensive. Correct weights should be supplied without loss of time.

9. Mr. Clarke states that except in a few places, the Salt is stored in bulk, and he recommends that the store-rooms be divided into compartments, holding from 10 to 15 Garces each, and that a discount of 5 per cent. be allowed to purchasers of the contents of entire compartments. The sub-division of the store-rooms should be ordered at once, but if, as seems to be the case, the store-rooms are substantial water-tight buildings, the Board will consider whether a lower rate of discount would suffice; 5 per cent. is the rate allowed in the Eastern Coast, where the Salt is stored in thatched heaps on open platforms for months together, but the greater humidity of the climate on the Western Coast and the character of the Salt may perhaps render a similar rate necessary notwithstanding that the Salt is kept in store-rooms.

10. Mr. Clarke states that Salt is usually delivered and measured into store at the expense of the importer, and when sold in large quantities is also measured at the expense of the purchaser. The former arrangement is fair enough, as the expense is included in the contract price, but the purchaser cannot fairly be saddled with this expense.

11. The price of Bombay and Goa Salt has risen greatly of late years, owing to the article costing more at Bombay and Goa, to freight having risen, and to the competition of the Travancore and Cochin States. From Fusly 1262 to Fusly 1266 the price paid in Canara for Bombay Salt averaged 22½ Rupees per Garce, while in the following six years it has averaged Rupees 50.

12. Mr. Clarke calculates the cost of indigenous Salt at 4 Annas 6½ Pice per Indian Maund, while Bombay Salt costs 9 Annas. But notwithstanding this great difference, he deprecates any augmentation of the home manufacture on the present system. Making allowance for wastage, about half the home consumption is as much as can be supplied with any degree of certainty from the existing pans; to increase the supply it would be necessary therefore to open new pans and bring into use those which have been abandoned. The manufacturers, however, refuse to add to the number of their pans unless the price paid by the Government is considerably enhanced, and owing to the natural features of the country it would be impossible to prevent wholesale smuggling. Even with the present number the guarding of the pans, Mr. Clarke states, has hitherto been little more than nominal. Mr. Clarke estimates the minimum number of guards required merely to watch the pans during manufacture at 44, while the number at present employed is only 27. This should engage the Board's immediate attention in communication with the Collector and the Inspector General of Madras Police.

13. The reduction of the number of places of store attached to the Kundapur works seems very desirable, and those retained should be opened out, with good roads. Stores accessible only "by going over paddy fields or walking on narrow bunds" must be almost useless, and as might be expected the sales at several of them are very small. Moreover, the reduction of the stores will admit of the convenience of purchasers being more consulted than is now the case. The manufacturers may fairly claim some additional remuneration for the extra expense of bringing their salt to store, but this may be met by savings in the establishments, which cost Rupees 11,133, while those of Malabar with a larger sale cost only Rupees 4,672.

14. In their Order of the 13th July last, Government desired Mr. Clarke to report specially on the inland Depôts maintained in South Canara, and on the expediency of increasing their number as proposed by the local authorities and the Board of Revenue.

15. The system of inland Depôts exists only in South Canara, and the questions which naturally suggest themselves are whether, on general grounds, it is expedient for Government to convey salt into the interior, and whether for special reasons the people of South Canara are entitled to the privilege of having Salt conveyed and sold to them in the interior at the same price as is charged on the coast, Government thus bearing the cost of carriage, wastage and sale. As to the first point, Mr. Clarke discusses the question in paragraphs 78 to 117 of his report, and recommends that all the inland Depôts be closed. The Board do not enter into it, as the larger change which they concur with Mr. Clarke and the local officers in recommending would lead to the Depôts being abolished as a matter of course. Under these circumstances the Government direct the cessation of further supplies to the Buntwal Depôt, the stock on hand being sold off by auction, or gradually as the Board may determine. The other places may be retained for the present, the cost of carriage and wastage being added to the price charged for the Salt. Mr. Clarke also proposes that the coast Depôts be reduced to eight, and the manufacturing places to four or five, which he considers quite sufficient for the requirements of the District. This may be at once done, if the Board and Collector concur with Mr. Clarke. Measures should be immediately taken to place the roads to the retained stations in good order.

16. Mr. Clarke speaks in high terms of the Deputy Collector in charge of the Salt, Mr. J. Ball, and attributes the large sales in Fusly 1272, mainly to his zeal and activity. The Collector will inform Mr. Ball that the Government appreciate his conduct.

17. The Malabar District comprises an area of 6,262 square miles, with a population of 1,709,000 souls. Its seaboard is 140 miles, along which there are eight Salt Depôts.

18. The District is supplied with Salt entirely by importation, the home manufacture was discontinued in 1814, and though attempts have been made of late years to revive it they have been unsuccessful, and it is now generally believed that good Salt cannot be produced at a remunerative price. The imports during the last six years are entered in the margin.

Malabar.					
Fusly.	Indian Maunds.	Cost per I. M.	Rs.	A.	P.
1267	5,22,060	41	4	0	
1268	4,96,200	50	1	0	
1269	3,71,280	59	10	0	
1270	5,86,080	54	9	0	
1271	3,75,120	49	14	0	
1272	4,53,120	40	0	0	

19. The sales in the same period have ranged from 4,57,395 Indian Maunds in Fusly 1267 to 4,43,680 Indian Maunds in Fusly 1272, the decrease having thus been 13,715 Indian Maunds

Fusly.	Indian Maunds.
1267	4,57,395
1268	4,64,118
1269	5,23,458
1270	4,14,045
1271	4,45,118
1272	4,43,680

The sales of the last three years are all lower than those of the three first years of the series. This falling off is ascribed by Mr. Clarke mainly to the introduction of Salt from the Cochin territory into the southern part of the District. The Cochin Monopoly price being

only Rupees 12 per Indian Maund, not only on the coast but at inland Depôts, while the Malabar rate is double at the coast, the inducement to introduce Cochin Salt is great, and the unprotected frontier renders it impossible to prevent such smuggling. The Customs arrangement with the Cochin State, which is now being carried out, includes assimilation of the Salt duty in both territories, and the evil will thus be remedied in the simplest and most effective manner: The net loss owing to this smuggling is estimated at about Rupees 1,50,000 annually.

Fusly.	Rs.
1267	5,28,807
1268	5,32,778
1269	6,44,837
1270	5,45,865
1271	6,58,589
1272	6,57,997

20. The gross Salt revenue of Malabar has risen from Rupees 5,28,807 to Rupees 6,57,997, owing of course to the recent augmentation of the Monopoly price. The increase over Fusly 1269, when the price was Rupees 1-4-0, is however very small.

21. The net revenue of each of the last five years is shown in the following table. It amounted in Fusly 1272 to five lacs of Rupees, the cost of Salt having fallen considerably in that year.

Fusly.	Cost of Salt.	Establishment and extra charges.	Total.	Per Indian Maund.	Net revenue.
	Rs.	Rs.	Rs.	Rs. A. P.	Rs.
1268	2,07,048	5,007	2,12,055	0 6 10	3,23,861
1269	1,84,468	6,409	1,90,877	0 8 8	4,54,660
1270	2,66,497	5,328	2,71,825	0 11 7	2,90,554
1271	1,55,918	5,006	1,60,924	0 4 5	4,97,681
1272	1,51,144	6,469	1,57,613	0 5 7	5,00,396
Average	1,93,015	5,644	1,98,659	0 6 10	4,13,330

22. The home sales in Fusly 1272 were Indian Maunds 3,20,872, equivalent to 15lbs. per head of the population. The inland sales were 1,22,808, and have fallen off of late years owing, in Mr. Clarke's opinion, to the introduction of Cochin Salt.

23. In Malabar, Salt is received and sold only by weight. Beam scales suspended from a triangle are in use and seem to answer well, but the weights in use are not true. Correct weights as well as standards should be procured without delay.

24. Mr. Clarke states that weighing is greatly in favor of the importer. Salt is sold in Bombay by the parah measure, and according to Mr. Clarke's experiments the importer receives from 12 to 22 per cent. more by measurement there than he delivers by weight at Calicut. As a consequence, the price of Salt which used to be 30 per cent. lower in Canara, where it is received by measurement which is rather against the importer, is now slightly lower in Malabar than in Canara. The proper course, however, is to receive the Salt by the parah in which measure it is shipped, the supply being then brought to account in Indian Maunds after carefully ascertaining by experiment the proper rate of conversion.

25. The necessity of preparing the certificates in parahs is shown by the fact that, notwithstanding this large gain by weightment, the deliveries at Calicut are generally below the quantity shipped by measure, and not unfrequently below the further allowance of 10 per cent. for wastage. There can be little doubt that much of this excess is smuggled into the District as has long been

suspected. The Bombay Government will be addressed on this subject, and urged to charge duty on all short deliveries without making any allowance for wastage, which the importer can recover by raising his rate.

26. The price of Salt in Malabar as in Canara has risen of late years, and for the same reasons. From Fusly 1262 to Fusly 1266 the average price was Rupees 30-5-0 per Garce, while the average of the six following years is 49-3-0. In Fusly 1272 the price fell to Rupees 40, but in the current year enhanced prices and scarcity have compelled the Board of Revenue to send Salt by rail from Madras.

27. The practice of making the purchaser pay for weighing out the Salt he buys should be discontinued.

28. The Government will now consider the important questions of abolishing the Monopoly and substituting an Excise on the home manufacture, and of abandoning imports on behalf of Government.

29. Both questions have been before the Government on former occasions. In 1855 they instructed the Board to consider whether it was necessary for them to import foreign Salt into Malabar and Canara, since all Salt was admissible at a fixed rate of duty.

E. M. C. 30th June 1855, No. 783.

In the following year they determined on discontinuing such importations from the 30th June 1857, raising the price of Bombay Salt at the Government stores to the actual cost plus

G. O. 27th March 1856, No. 328.

the general duty of 14 Annas per Indian Maund, and reviving the manufacture of indigenous Salt. Owing, however, to the private imports continuing quite inadequate to meet the requirements of the District and the failure of the manufacture in Malabar, the period fixed for discontinuing imports on Government account was extended from year to year and the question has remained in abeyance.

30. The question of substituting the Excise for the Monopoly system throughout the Presidency was fully discussed in the report of the Salt Commissioner, Mr. Plowden. That gentleman admitted that, regarded simply as a plan for the realization of an indispensable revenue, the Salt Monopoly under the Madras Presidency did not afford much room for practical objection, but on the general ground that a Government Monopoly of a great article of consumption was contrary to true principle, and could not fail to be productive directly or indirectly of injurious consequences, he recommended the adoption of measures for the gradual introduction of the Excise system, throughout the Presidency, and its immediate introduction on the Western Coast.

31. The Home Government also approved of this measure and the Government made preparations to carry it out, but the necessity of first re-organizing the Salt Establishment and placing the preventive service on an efficient footing prevented further action.

32. As regards Canara, Mr. Plowden recommended that the manufacture should at once be excised, and that the whole quantity of Salt required for the consumption of the District, and not supplied by private manufacture or importations should be purchased by Government from Bombay. As regards Malabar, he recommended that immediate permission to manufacture under Excise regulations should be granted, but as to the importation of Salt, more necessary there than in Canara, owing to the absence of all local supply, he was altogether silent.

33. The present Collector of Malabar, Mr. Ballard, recommends that the duty on foreign Salt be at once reduced to Rupees 1-2-0, which he calculates to be the present net profit realized by Government, and that the price of Government Salt be raised to Rupees 1-12-0. He expects that the difference between these rates will admit of private Salt being imported at a profit, and when the trade is firmly established, he contemplates the entire discontinuance of Government importations. The Collector of South Canara, Mr. G. L. Morris, advocates a similar course, the local manufacture being simultaneously excised.

34. Mr. Clarke entirely concurs with Mr. Ballard in the desirability of transferring the trade in Salt to the private merchant, but he believes it would be better at first to confine the

experiment to the withdrawal from the import trade and the imposition of an Import duty of Rupees 1-2-0 per Indian Maund on Salt imported into both Districts, reserving the question of excising the manufacture in Canara, for consideration, if the more limited experiment succeeds.

35. The Board of Revenue advocate the discontinuance of Government importations and the excising of the manufacture in Canara.

36. The Government have, as above stated, already assented to much of what is now proposed, and have endeavoured to transfer the trade to private enterprise. Their efforts however have entirely failed, owing, without doubt, to the Import duty being too high in comparison with the Monopoly price.

37. The present rate of Import duty on foreign Salt is Rupees 1-6-0 per Indian Maund. Mr. Ballard proposes that Rupees 1-2-0 be fixed for Malabar, this being about the net profit realized by Government in that District. The Collector of South Canara, Mr. G. L. Morris, appears to concur in this recommendation. In paragraph 137 of his report Mr. Clarke advocates 1 Rupee, as the rate at which alone he conceives the experiment on the Western Coast would have a fair chance of success, but in paragraph 143, he names Rupees 1-2-0. The Board advocate the retention of the same rate, viz., Rupees 1-6-0, as on the Eastern coast.

38. The Government concur in the argument of the Board, that the people of Malabar and Canara are well able to contribute as much to the revenues of the State as the general population of the country. The rate of duty named by the Board is, however, in excess of the present tax. Mr. Clarke shows that owing to the increased price which Government are now obliged to pay for Salt, the cost of a Maund on the Eastern Coast averages about 3 Annas, and if the price of Salt on the Western Coast be taken into consideration, as it must be in framing an average, 4 Annas is a fair and sufficiently accurate approximation. This would make Rupees 1-4-0 the Excise and Import duty, and this rate has the further advantage of corresponding with the duty levied by the Bombay Government in the adjoining Province of North Canara. There is no reason why the people of South Canara or Malabar should be placed in a better or worse position than their neighbours, and a different rate of duty would lead to North Canara Salt displacing that of South Canara or *vice versa*. On the Eastern Coast it matters little whether the duty be Rupees 1-6-0 or Rupees 1-4-0, as at neither rate can foreign Salt compete with the cheap manufacture of the country. Mr. Plowden indeed recommended that the rate on the Western should be lower than that on the Eastern Coast, but the Government concur with the Board that there is no reason for any such concession. The imposition of a duty of Rupees 1-4-0 per Indian Maund will of course raise the price of foreign Salt in Malabar and South Canara to a higher standard than hitherto, but as the Board remark the price will still be very much below that paid by the people of Bellary and other inland Districts.

39. The Government resolve, therefore, to seek the sanction of the Supreme Government to reduce the Import duty on foreign Salt in Malabar and South Canara to Rupees 1-4-0 per Indian Maund. That the present rate of Rupees 1-6-0 is too high is proved by the experience of Government, and by the fact that private imports have almost entirely ceased as shown in the margin.

Imports into Malabar by private individuals.		
1859-60 Indian Maunds	700.	
1860-61 " "	16,860.	
1861-62 " "	8.	
1862-63 " "	8.	
1863-64 " "	15.	

40. The Government also agree with the Board that the home manufacture in South Canara should at the same time be excised with the same duty as foreign Salt viz., Rupees 1-4-0 per Indian Maund. According to Mr. Clarke's calculations this rate closely tallies with the profit now realized by Government on the manufactured Salt of South Canara, and thus the home and foreign descriptions will compete on equal terms.

41. The Government are unable to concur in the recommendation of the Board that the stock of Salt should be sold off and that no more should be imported by Government. The example of North Canara is no guide, for that District has places of manufacture all along its coast, is not wholly dependent like Malabar on other Districts, and, moreover, adjoins the Goanese territory

where the manufacture is cheap and abundant, while it is considerably nearer Bombay whence Malabar draws its supply. The Government for their own advantage suppressed the manufacture of Malabar forty years ago, and have practically destroyed the import trade. They voluntarily assumed and hitherto have fulfilled the obligation of supplying the District with Salt, and they cannot in justice or without serious hazard suddenly divest themselves of that obligation and expose the people of two large Districts to the risk of running short of a necessary of life or paying an exorbitant price for it. That this risk is not trivial is sufficiently shown by Mr. Ballard's wish to continue the Government sales though at an enhanced price, and by Mr. Morris' declaration that a certain quantity should be kept in reserve as "a total failure of Salt would undoubtedly cause most serious riots and disturbances." Mr. Plowden, as already remarked, contemplated in Canara, and no doubt in Malabar also, the importation by Government of as much Salt as might be required to supplement local manufacture and private importations.

42. The Government are decidedly of opinion that regard for the people as well as the interests of the State require that the proposed change should be introduced more gradually, and that time must be allowed for a private trade in Salt to develop itself, before Government entirely withdraws. It would evidently be useless for Government to sell foreign Salt at Rupees 1½ per Indian Maund while the Import duty is Rupees 1½ as it cannot be imported for four Annas. The proper course is for them to sell at the cost *plus* the duty. Mr. Ballard states that the cost is 6 Annas, and hence the Government price would be Rupees 1-10-0. It is possible that this rate may prove too low, but it is better to be cautious, for the Government price whether Rupees 1-10-0 as proposed, or Rupees 1-12-0 as suggested by Mr. Ballard, will practically be the ruling rate; the merchant will always keep his price just within that charged by the Government. The cost of foreign Salt in Canara is very nearly the same as in Malabar, and it is undesirable to have prices varying by a few Annas at adjoining stations. The same rate would therefore suffice for both Districts, but it is only in the southern part of Canara that Government need import, and both there and in Malabar the Government imports would be graduated by those of private individuals. Before long it may be hoped that extended manufacture in South Canara and private imports will relieve Government of the necessity of dealing in Salt. The manufacture in Malabar has proved a failure, and owing to the extreme difficulty of preventing smuggling in such a District, its revival should not be encouraged; but the Government cannot reasonably refuse to license the manufacture in unobjectionable localities, if the people desire to attempt it.

43. The measures which the Government would adopt and on no other conditions could they recommend any change, are the following:—

I.—The reduction of the Import duty to Rupees 1½ per Indian Maund.

II.—The excising of the manufacture in South Canara, at the same rate of duty.

III.—The raising of the Government selling price for all imported Salt (which alone would be sold by Government) to the same duty *plus* cost, viz., Rupees 1-10-0.

44. To carry out these measures it will be necessary to have recourse to legislation, and application will accordingly be made to the Government of India for permission to introduce a Law for this object. The draft Act prepared in 1859 will with a few modifications suffice for this purpose; and pending the reply of the Supreme Government the Board of Revenue will submit a draft of such alterations.

(True Extract.)



Secretary to Government.

To the Board of Revenue.

„ T. Clarke, Esq.

„ the Public Works Department.

Exd. S. T. Augustin.

20 Copies sent

Oct 19th May