(1) பக்கங்களின் எண்ணிக்கை 30

(2) புதுக்கித் திருப்பிய நாள் 7-90

(3) ஆதாரங்குறிப்பவர் கருக்கொப்பம்

தமிழ்நாடு ஆவணக் காப்பகம்.

தமிழ்நாடு அரசு

பொதுப்பணித் துறை

அரசாணை எண். —
மு. கோப்புத் தாள் எண். 1827(W) அச்சகம் பலவகை

நாள் : 12 - 7 - 1893 ~~198~~.

மடிக்கவோ கண்டபடி கையாளவோ கூடாது

ஆவண. கா-1—18,000—15-6-87.

1827/1

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Buildings and Roads.
Civil Works.

READ—the following paper :—

Proceedings of Government, Revenue Department, dated 19th May 1893, No. 444.

ORDER—dated 12th July 1893, No. 1827 W., Public Works.

The Executive Engineer, Buckingham Canal Division, will be instructed to visit the factories in question and make the required report.

2. The question in para. 2 of the order in the Revenue Department will be referred to the Chief Engineer for Irrigation.

(True Extract.)

(Signed) J. HANNAN,
Ag. Joint Secy. to Govt., P.W.D.,
General, Buildings and Roads Branch.

To the Superintending Engineer, II Circle.
" Chief Engineer for Irrigation.
" Revenue Department.

Exd. A. D. Xavier.
Spare Copies

BUILDINGS AND ROADS.
CIVIL WORKS.

Govt. of {1893} Madras.

PUBLIC WORKS.

Dated July, 12*th*.

Read. *Encl.*

G.O., 12th July 1893, No. 1827 W.

JULY.

Salt Platforms

The Executive Engineer, Buckingham Canal Division, instructed to visit the — in the factories of Vayalur, Ennore and Covelong circles and to report on the necessity for further protective measures and on the suitability of the estimates submitted, and the question regarding the improvements of the section of the Buckingham canal, south of Madras, referred to the Chief Engineer for Irrigation.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue (Separate Revenue), dated 18th February 1893, No. 68 :—

Read—the following G.O., dated 15th December 1892, No. 1256, Revenue :—

Read—Proceedings of the Board of Revenue (Separate Revenue), dated 9th November 1892, No. 570.

Order—dated 15th December 1892, No. 1256, Revenue.

Separate Revenue, No. 157.
Salt.

With the foregoing Proceedings, the Board of Revenue submits, for the orders of Government, the question of providing storage accommodation at the factories of the Vayalur, Ennore and Covelong Circles for the salt of the season of 1893.

2. The Board estimates that if manufacture is to go on unrestricted during the next season, additional storage accommodation will have to be provided for 747,000 maunds, while the local officers estimate that provision will be required for 989,000 maunds. The Assistant Commissioner, Chingleput Sub-division, in reporting on the requirements of the several factories recommends that the extensions proposed by him be provided only in regard to Kattur and Vadasamanjeri and that at the other factories manufacture be restricted next season to the available storage space. The Deputy Commissioner concurs in this recommendation. The Board, on the other hand, considers that the best course would be for Government to retire from the execution of further storage works leaving the licensees to undertake them if they consider it necessary in the interests of their trade. The Board is of this opinion because it considers that the actual stock in the several factories is far higher than can be held by any factory which is in a healthy and normal condition and that it is undesirable to add to the cess, which is already very high at several of the factories, by incurring further expenditure on platforms.

3. With respect to the argument from increase of cess it is observed that what is charged to the licensees on account of expenditure incurred in the construction of platforms is only the interest on that expenditure at 4 per cent. and such interest, since the commencement of local storage, has probably not amounted to more than about Rs. 10,000 or more than about 5 per cent. of the expenditure on annual works, such as channel clearing, &c., charged to the licensees during the same period. It is to these latter charges, which have amounted to over Rs. 2 lakhs since 1889–90, that the high rates of cess charged at several of these factories are chiefly due and the Board of Revenue should consider and report whether these annual charges cannot be reduced. The additional cost of the platforms now proposed to be constructed is estimated at a little more than Rs. 20,000 and the additional cess which would have to be charged on this account would be infinitesimal, the largest increase being in the case of Pulidiwak, where it would amount to less than half a pie per maund.

4. As regards the argument that the stocks at the several factories are far higher than can be held by any factory in a healthy and normal condition, the Government will merely remark that accumulation of stocks is not an undesirable thing in itself and that the department should always encourage large production as this will operate more powerfully than any other inducement to bring about a reduction of price. This tendency is already observable in the factories under consideration. From the monthly statement of stocks and issues submitted by the Board it is observed that the sales at these factories during the first nine months of the current year (1892) amounted to over 10½ lakhs of maunds against a little over 8 lakhs during the corresponding period of 1891, or an increase of over 30 per cent., and this development in the sales must

be due to a great extent to the large stocks held. What is wanted to stimulate the sale is to afford further facilities for transport and there is no doubt that a great impetus would be given to the salt trade of the northern factories if a line of railway were constructed connecting them with Madras. The matter is now under consideration. As regards the southern factories, the Board should work out the question how the salt of these factories or of Merkánam can best be brought into easy connection with the South Indian Railway, if the supply from them is wanted to supplement other sources now served by it.

5. While considering that neither of the arguments adduced by the Board against providing additional storage accommodation at the Chingleput factories is of any force, His Excellency the Governor in Council is of opinion that there is no pressing necessity for adding to the storage space immediately. On the one hand it is unlikely that the outturn during the ensuing year will amount to 27·61 lakhs of maunds as estimated by the Board, and on the other hand it appears very probable that the Board's estimate of sales (13·20 lakhs of maunds) will be exceeded. Assuming that the outturn may amount to about 25 lakhs of maunds which is larger than the quantity manufactured during any recent year and that the sales during the 12 months—September 1892 to August 1893—may amount to about 15 lakhs of maunds (which seems a fair estimate considering the recent development of sales), the quantity for which additional space will be required will be reduced to 3 lakhs, and the Government considers that this quantity, if it is produced, may be allowed to be stored on temporary platforms.

(True Extract.)

(Signed) C. A. GALTON,
Secretary to Government.

To the Board of Revenue (Separate Revenue), with enclosures returned.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), dated 18th January 1893, Mis. No. 114 :—

Read—letter from the Deputy Commissioner, Central Division, dated 9th December 1892, No. 5439 submitting for Board's orders an estimate for claying the vacant spaces on No. XIII platform at Kattewák, Ennore Circle.

Resolution—dated 18th January 1893, Mis. No. 114.

In continuation of Board's Proceedings, dated 9th November 1892, No. 570, the Deputy Commissioner is informed that Government is of opinion that there is no pressing necessity for adding at present to the storage space in the Chingleput factories, and that, taking the outturn during the ensuing year to amount to only about 25 lakhs of maunds and the sales during the 12 months ending August 1893 to about 15 lakhs, additional storage space will be required, if at all, for only 3 lakhs and that this quantity, if it is produced, may be allowed to be stored on temporary platforms. The Deputy Commissioner is, therefore, requested to carefully ascertain and report at an early date in what factories such temporary platforms will be required, in what factories they are available, and what their storage capacities are. If none are available or if those available are for any reason unfit for storage, the fact should be clearly reported at once.

2. With reference to his letter read above, the Deputy Commissioner is further requested to report whether platform No. XIII (24-acre block), which has been already condemned, cannot be abandoned for further storage in favour of a more suitable one.

(A true Extract).

(Signed) W. O. HORNE,
Acting Secretary.

To the Deputy Commissioner of Salt and Abkári Revenue,
Central Division.

Copy to the Assistant Commissioner of Salt and
Abkári Revenue, Chingleput Sub-Division.

Resolution—dated 18th February 1893, No. 68.

In accordance with the instructions conveyed in G.O., dated 15th December 1892, No. 1256, Revenue, the Board has directed that the surplus salt of the current season be stored on temporary platforms and drying grounds in the seven factories of the Chingleput district referred to in that order.

2. It now proceeds to discuss as directed (1) the feasibility of reducing the cesses by curtailing the expenditure for annual channel clearing, repairs, and maintenance of works, and (2) the possibility of connecting the southern factories of the Chingleput Sub-division with the South Indian Railway.

3. The Board will take these two questions in their order. Owing to the confusion which has arisen, regarding a really very simple matter, some elaboration of statement will, however, be necessary.

4. The cesses in the seven factories referred to have stood during the last seven years as follows:—

—	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.	1891-92.	1892-93.
	A. P.	A. P.	A. P.	A. P.	A. P.	A. P.	A. P.	A. P.
Káttár	1 4	1 6	0 5	1 0	1 2	1 1	0 4	0 3
Vayalúr	1 3	1 6	0 6	0 9	1 1	1 2	1 0	1 6
Pulidiwák	1 3	1 3	0 2	..	0 10	1 1	0 6	1 6
Attipat	1 1	1 2	0 5	..	0 8	0 9	0 3	0 7
Vailur	1 1	1 2	0 3	..	0 7	0 11	0 4	0 11
Vadasamanjeri .. } Mono-	1 10	1 9	0 7	1 1	1 0	0 1	0 11
Covelong .. .. } poly.	1 7	1 2	0 2	0 6	0 8	0 4	0 7
Average ..	..	1 4·5	0 5·8	0 1·8	0 8·2	0 10·8	0 4·8	0 11·9

If the sales of 1889–90 had been maintained, the average cess for 1892–93 would have been only 7 pies (see Appendices A and B).

5. Up to the year 1889–90 all the salt of these seven factories was transported, *quasi* under bond, to the depôt at Madras. Subsequent to that year it was stored on newly-erected platforms in the factories. Making no allowance for increase of population and consequent consumption, the sales in the last year of the series have fallen by 3·6 lakhs of maunds, as compared with the average of the four years previous to the introduction of the outstorage system.

6. An examination of the cesses levied during the latter period throws no light on the causes which led to this falling off, except in this way that the figures clearly disprove any connection between high cesses, taken by themselves, and diminished sales.

7. The explanation is, however, extremely simple.

8. 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. Government levies its tax on weight. The tricks of measurement, and the lightness of the specific gravity of salts produced in certain localities, combine to inflict on the consumer a heavy additional impost, so long as Government permits retail sales to take place by measurement. This subject has been dealt with in great detail in Board's Proceedings—

No. 522, dated 18th November 1890,
„ 22 „ 16th January 1892,
„ 416 „ 1st August „

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. Chingleput salt, which is not heavy, runs from 23 to 25 measures per maund, while Bombay measures from 28 to 30 per maund. This implies a difference in favour of Bombay salt of Rs. 1-4-0 per bag of two maunds, which enables it to run Madras salt hard, almost within sight of the Presidency town.

9. Again, whereas expenses in a Bombay factory are extremely low, the charges in the Chingleput factories for storage (unknown in Bombay) have been inflated by the results of the outstorage system, which have operated by further handicapping Chingleput salt to the extent of As. 2-4·1 per maund or As. 4-8·2 per bag, as will be shown lower down. Efficient competition is, consequently, out of the question. As long as Government maintains the system ordered to be introduced in 1889–90, 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.

10. The natural result of this is that only a fractional portion of the enormous stocks now lying at the Chingleput factories is saleable to profit. The amount of these stocks ranges from over one year's to over eleven years' supply. The saleability of salt is at present determined by considerations of lightness, by factory charges, by cost of transport to the distributing centre (Madras), and, lastly, by the amount of the factory cess. These factors are causing some of the salts to fall out of the race, although the holders of it are, to a large extent, the same for all.

11. It seems beyond dispute that, if the existing state of things is allowed to continue, more than one of these factories will be extinguished before very long. The salt of a factory, which does not comply with the above conditions, becomes difficult to get rid of, and the removals take place to a large extent from those which do. This intensifies the mischief because the next year's cess is calculated on the basis of these diminished sales. The cesses in the former factories are put still higher, while those in the latter fall still lower, owing to the larger number of maunds sold, in consequence of the run on the cheaper salt of those latter factories. As the market (Madras) is identical for all and as the factories lie close together in two groups, the high cessed factory is completely at the mercy of its more fortunate rival.

12. In recording an opinion decidedly adverse to the outstorage system, the present Commissioner is merely corroborating the prognostications of his very experienced and able predecessor, Mr. Bliss, who strenuously opposed its introduction. The former has, over and over again,* brought to notice the difficulties which were being encountered in carrying it out and the causes which were conspiring to raise the price of salt to the consumer and which were thereby driving the industry away from the East Coast. These were stated to be—

(1) Heavy cesses owing to low sales in certain cases.
(2) Increased expenses of storage and transport.
(3) 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.

The palliatives proposed by him, however, were negatived by Government. In the Board's opinion, Government is now brought face to face with the collapse of the outstorage system.

13. The transfer of the storage of salt from the depot at Madras to the seven factories outside, at a distance varying from 12 to 25 miles, was designed by Government to cheapen salt by driving Madras capitalists out of the trade, and bringing wholesale merchants up-country into direct communication with the producers, who were taken to be the persons in possession of the licenses to manufacture. This presupposed that the licensees were, as a rule, immediately engaged in the production of the article. It, likewise, presumed them to be solvent. Both assumptions have turned out to be erroneous.

14. In the Chingleput district conditions are somewhat peculiar. Agricultural land is, and always has been, under British rule, largely in the possession of absentee

* Board's Proceedings, dated 18th November 1890, No. 522.
Board's Proceedings, dated 15th January 1891, No. 5.
Board's Proceedings, dated 23rd February 1891, No. 73.
Board's Proceedings, dated 2nd September 1891, No. 397.
Board's Proceedings, dated 12th November 1891, No. 531.
Board's Proceedings, dated 2nd January 1892, No. 11.
Board's Proceedings, dated 6th February 1892, No. 66.

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mirasidars. The cultivation is carried on by tenants of various kinds and by hereditary servants. This feature is even more marked in regard to the manufacture of salt. The absence of the amenities of village life, as they may be enjoyed elsewhere, and the uncongenial and trying conditions attaching to work in the pans, have caused the ownership of them to drift away to persons resident in Madras, in the interior of the district, or even in some cases in Nellore, Cuddapah, and other distant places. These persons are as a rule poor. Poverty and thriftlessness are the normal condition of Chingleput. The licensees take no direct part in the management of their pans, and their interest in them is limited to securing half of the gross amount which can be obtained as kudivaram. The pans can only be prepared and manufacture commenced, if advances are made to the salt worker. The licensee has to borrow. In former days he was accustomed to resort to the sowcar. Since Madras capital embarked in the business, the licensee has been supplied with funds by local firms of merchants, or by companies trading in salt, on infinitely better terms than could be obtained from the sowcars. It seems palpable therefore that, under the Excise System, the intelligent association of capital is indispensable, and is not an unnecessary evil, as was supposed when storage at the depôt was abolished for the purpose of getting rid of it.

15. Incidentally, it may be observed that, when the capitalist was blamed for the alleged high prices prevailing at the depôt, it was forgotten that the cost of salt transported to it from distances varying from 12 to 25 miles must always be higher than at an ordinary up-country platform, for the simple reason that the article had already made part of its journey on the way to the consumer, and that wastage and transport charges up to that point must, of necessity, form part and parcel of the price charged. This point appears to have been overlooked when condemning as unduly high the charge of an average of 5¼ annas per maund, which was the price ruling before the change was carried out. No doubt, in the days of monopoly, the Government sold at 3 annas, but that was done at a loss, which was made up from gains on the sales in the up-country factories. But the Madras market was all along favoured by Government at the expense of the mofussil. In point of fact the purchasers in the former had their salt carried from the factories, wholly, or in part, for nothing. This became impossible after the Excise System was introduced. The fact is not without significance, but it was overlooked in 1889.

16. So far from the entrance of capital into the manufacture of salt under the Excise System being an evil, it is, in the Board's opinion, a positive benefit that business capacity and enterprise should regulate its operations. The two most flourishing and best managed factories in the whole presidency—Tuticorin and Káyalpatnam—are in the hands of companies, and their arrangements are as satisfactory, as it is possible for them to be under the Excise System, which, however, in the Board's opinion, is, from the point of view of the tax-payer, in itself a mistake, when dealing with a necessary of life, which is burdened with a duty of 2,000 per cent. on the proper prime cost of its production.

17. In this connection, it may be mentioned that the great body of Excise licensees also desire a reversion to the Monopoly System. Their strong common sense caused them to protest against its introduction in the first instance. Their consent was obtained by great exertions on the part of the officers of the department, and the Board regrets to say that there is much evidence of their adhesion having been secured under promises which have not been, and could not be, fulfilled. The Board would specially refer to the guarantees given that Government would never interfere either with manufacture or prices. It is scarcely necessary to say that this undertaking has not been carried out. It may doubtless be urged that Government is not responsible in law for the misguided zeal of its officers, but it seems to the Board difficult to predict what view the Courts may take of the legal position of the Government in this matter, should the question be litigated, as it possibly may be.

18. The Excise System is, likewise, injurious both to Government and the consumer, in this way, that it has introduced great uncertainty into prices, which, under Monopoly, were perfectly steady. The petty trader of the interior is unable to check the statements of wholesale merchants regarding alleged rises in factory

prices, and bazaar rates are affected accordingly. This re acts injuriously on consumption, and along with it, of course, on the revenue. Another phase of the subject was recently brought under the notice of Government in Board's Proceedings, dated 4th February 1893, No. 43. In that case, trade with the Central Provinces had actually ceased, owing to the extortionate demands of the licensees.

19. Before leaving this subject, the Board would venture to observe that, if the Government accedes to the wishes of those licensees who desire a reversion to monopoly, the large expenditure which it is in contemplation to incur for the creation of reserve stocks in new Government extensions will be avoided, along with the injurious results to private property which they will cause.

20. The Board is asked to consider and report whether the annual charges at the factories cannot be reduced. The object is, of course, to make the effect of the outstorage system less burdensome to the consumer. In reply, the Board would beg to represent to Government that unceasing efforts have been made during the last three years in this direction. The Department has made great strides in technical skill, and various measures have been introduced for cheapening work without detracting from its efficiency. The consequence has been that, looking to the largely increased extent of the works which have now to be executed, there is a great decrease in the proportionate cost. The Board has endeavoured to draw up a form exemplifying this, but it finds that, owing to a variety of disturbing elements, it is not practicable to present the matter in the form of a comparative table which could be made intelligible. It is, however, perfectly safe to assert broadly that, if exceptional cases like that of the Vayalur factory, which will be explained presently, be excepted, the cesses are not capable of reduction unless the present system be altered. The reasons for this are two—first, the increased efficiency and economy of the Department; second, the greater amount of work which now requires to be done.

21. The figures relating to the item of channel-clearing demonstrate the former, while, in regard to the latter, the following considerations have to be taken into account.

22. It must be recollected that, prior to outstorage, the channels in the factories under reference led only to the drying grounds, from whence the salt was taken to the Madras depôt. These channels, moreover, were cleared at the most favorable and cheapest time of the year, namely the hot weather. At the present time, the length of the channels has been much increased owing to a connection having to be effected with each platform, and boat basins having to be constructed at each. The additional cost of the clearance of these necessarily adds considerably to the cess. Another heavy item is that, whereas under the Depôt system the factory channels were kept clear for transport for four of the easiest months of the year, they have now (under the outstorage system) to be kept clear to every platform in every factory all the year round. In the opinion of the Board, this item of cess has been kept down to the lowest point by rigid economy and stringent check of works. For instance, the excavated silt is measured after being stacked on the bank instead of the work being paid for on soundings. This has effected both a reduction in charges and the increased efficiency of the channels. But the Board fears that it may not be possible to work so cheaply in future years. The past three seasons have been abnormally dry. There have been no floods whatever. There will certainly be an increase of expenditure on repairs when the seasons resume their usual character. There is, therefore, no room for the reduction of cesses in this direction.

23. Moreover, under the orders of Government (dated 10th November 1891, No. 871-I, Public Works), all these factory channels have been ordered to be dug out to the *supposed* level of the Buckingham Canal, *i.e.*, 3 feet below low tides. This will involve a further addition to the capital cost of Rs. 47,000 and a resultant charge for interest. There will follow, of necessity, from this step a considerably increased charge for clearing at the greater depth now ordered. The cess will rise higher still owing to these two causes.

24. Another item in the cess account is the repair and upkeep of the new platforms. Just as every new channel dug, although its excavation is carried to the capital cost of the factory, adds to the cess by the amount of the sum spent on its upkeep and annual

repair, so every platform, raised under the orders of Government for the storage of salt, brings with it a similar liability. The Government, in its order under reply, does not seem to have appreciated the significance of the Board's objections to increasing platform space on account of the inadvisability of further increasing cesses. The liability, in which such action involves the licensee, is by no means bounded by payment of interest at 5 per cent., as supposed by Government. On the contrary each new platform brings into existence a fresh charge of a varying and indefinite character, and the only way to keep this portion of the cesses within bounds is to erect no new platforms, as has been recommended by the Board for two years running.

25. The Board fears that under this item also the limit of capital cost has not even yet been reached. There is grave reason to believe that a large quantity of the 34 lakhs of maunds lying out on exposed platforms will be destroyed by floods, unless the more dangerous platforms are thoroughly revetted with stone. The approximate cost of this will be Rs. 80,000. Without it, no prudent officer can continue to be responsible for the safety of the vast stocks stored on some of these platforms, admirable as their construction is.

26. The present Commissioner has just returned from a detailed inspection of, and enquiry into, these factory works, and finds that reduction in the charges is not to be looked for. This is very clearly shown in the case of Covelong. Before outstorage was introduced, its capital account stood at Rs. 49,150–6–0, the interest on which was Rs. 2,457–8–4. The capital cost has now reached Rs. 72,663–0–11, and the interest Rs. 3,633–2–5. With all that, the annual cost of channel-clearing has only advanced by Rs. 110, but the fresh charge for repair and upkeep of platforms costs Rs. 1,669, and there is no hope of reducing it, for precisely the same care and economy, which has kept down the charges on channels, has been applied to the platforms. Covelong will have a cess amounting, for the ensuing year, to 4 pies per maund sold, and the Board, having in view the previous history of this subject, does not view this, like the generality of the other cesses, as other than extremely moderate, although it has been compelled to oppose the imposition of a charge for interest on capital cost, in perpetuity, for fresh platforms which are palpably in excess of the real requirements of the factories.

27. The Government seems to ascribe undue force to these works as the only factors in heightening cesses in particular cases. But in reality the quantity of salt sold has more to do with it. It hardly requires formal demonstration to show that, if the total sales in the seven factories have fallen to the extent of $3\frac{1}{2}$ lakhs of maunds since 1890–91, the cess leviable on the smaller quantity of salt sold must be *pro tanto* greater.

28. The same remark applies to individual factories. Vayalur had a heavy charge thrown on its salt by the levy of over Rs. 10,000, the cost of a flood bank. In 1889–90 the first instalment became due. The cess rose to As. 1–1. The sales (Depôt) stood at $2\frac{1}{2}$ lakhs of maunds. Next year the expenses of the outstorage system began to come into the cess which was fixed at $1\frac{1}{2}$ annas for 1890–91. The sales fell to $1\frac{1}{10}$ lakhs of maunds. This created a balance against the licensees, as the salt sold was not sufficient to recoup the cess at the rate fixed. The cess was arbitrarily reduced for 1891–92 to 1 anna in order to give the sales a chance of rising, but they fell to $\frac{3}{5}$ lakh of maunds. At the beginning of the current year there was a balance of Rs. 11,295 against the licensees. The cess was fixed at $1\frac{1}{2}$ annas. The sales can hardly be expected to improve to any material extent, while the estimated debit balance will probably have risen to Rs. 15,100. Unless special measures are adopted, this will necessitate the fixing of the cess at 7 annas a maund, or more than three times the cost of the salt. If this is maintained, the factory must inevitably be closed. The Board proposes to commute this (Rs. 15,100) *plus* the balance outstanding for the flood bank (Rs. 2,204–1–11), or a total of Rs. 17,304–1–11, into 20 annual instalments. This is the only means which occurs to it by which the existence of the factory can be saved.

29. The case of Vayalur, although exceptional in gravity, is not peculiar in regard to the evils which have been produced by the outstorage system.

30. It is too often lost sight of, moreover, that the actual cess, which extinguishes the charge for work done, is not nearly such a drag on a factory as the interest payable on the increase to capital cost of new platforms. Although the cost of these is actually liquidated in 20 years, the charge goes on in perpetuity, for the capital sum remains on the books. In other words, the payment of interest for, say, 100 years would involve the liquidation of the debt five times over. The time cannot be far distant when a large proportion of the storage space will be standing vacant, and the question will arise what to do with the redundant portions, or superfluous whole platforms. They must either be needlessly kept in repair, and a cess levied on salt which never lay on them, or, if they are abandoned, the Government will either have to take over the loss, or the licensee have interest on the cost of works, which he does not require and which were erected without his consent, levied on him for ever.

31. These considerations have seemed to justify the Board for two years past in objecting to the erection of any more platforms. Government, on the other hand, considered that large stocks were not an evil, and overruled the Board, but it does not seem to have been remembered that the artificial stimulation of large stocks of salt for which, owing to special and increasing burdens, it is impossible to find a remunerative market, must inevitably lead to a panic on the part of the holders. The Board is unable to regard the collapse in prices, which will naturally set in, as beneficial to any one. It can, in the nature of things, be only temporary. After the crisis has passed, one of two things must happen. Either existing relations must be readjusted on the basis of restricted production, or the factories must close in whole or in part. That is to say, that, in either case, much valuable property which will, in great measure, have been destroyed, and the factories must close in will be presented as a gift to manufacturers in the Bombay Presidency and the It is quite true that, as long as Madras Prevention remains what it is, the revenues of the Imperial Government would be entirely unaffected by any such transfer of the industry. It is equally palpable that, under the existing provincial contract, the financial equilibrium of the Government of Madras would likewise continue undisturbed, because salt is an Imperial asset, but it is hardly possible to view the prospects of the salt industry in the Chingleput District without very grave concern. The process of decline has, as pointed out in paragraphs 5 and 27 *supra*, already commenced.

32. But the Board must again here clearly place on record that the real cause of the unsatisfactory sales in the factories under notice, regarded as a whole, and still more in those of certain individual factories among them, is really not due to high cesses. These charges have in fact been higher before, and yet sales remained apparently unaffected. The competition with Bombay and the Nellore factories, the manner in which the produce of the Chingleput factories is handicapped owing to the light and heavy salt question, and above all the extra charges incidental to the out-storage system, have made all, but a limited quantity of the salt now in store, unsaleable at even the narrowest margin of profit. The holders of it therefore are restricted by this consideration to transporting for sale to Madras the salt of certain factories only. The rate of cess is, naturally, taken into calculation in making the selection, and it may be, and in certain cases no doubt is, the last straw which breaks the back of a factory, and which creates the ever increasing disparity which has been described in the case of Vayalur. But, in no sense, can the cesses be in themselves described with truth as the source of the evil.

33. The Board will now proceed to show the manner in which this decay is being hastened by the action of the outstorage system.

34. It has been pointed out in the Board's Proceedings quoted in paragraph 8, that the absence of legal provision to stop the sale of salt by measurement, and to introduce sale by weight, has seriously affected both the manufacturer and the merchant, and that it involves the levy of an addition to the already enormous tax on a necessary of life, the proceeds of which addition go into the pocket of the trader. It has likewise been shown that, in practice, considerable inequality of taxation has been introduced.

Nothing requires to be added on this aspect of the question, except the fact that, as far as the Commissioner has recently been able to gather from the representations of salt merchants and licensees, the desire for such an enactment as the Board has recommended is universal. When the salt was all collected at the depôt, the evil was not so conspicuous as it is now. Light and heavy salt could be mixed. The salt was all open for the inspection of the trader in one place. Incidental expenses were not so heavy.

35. In viewing with satisfaction the fall in the *declared* prices at the factories, the Government appears to assume that these are true market prices, and that they are remunerative. The correctness of neither of these views is possible, as the Board will now proceed to show.

36. At the commencement of the out-storage system, salt merchants tried the plan of resorting to the factories in order to make their purchases. But they have, for some time past, ceased to do any business until the salt is actually brought by its holders into Madras. It then changes hands at a price which is regulated by testing its measuring capacity. It matters not whether the holders of the salt are capitalists, companies, or independent licensees. With the exception of the trifling quantities sold at the factories for local consumption, every grain of salt is transported by the holders to the Elephant Gate Basin or to private godowns. No sales take place at the factories at all. The prices declared there, prior to removal, are purely arbitrary. It seems hardly necessary, in the face of this fact, for the Board to occupy time in arguing that the outstorage system, as originally designed, exists only in name, that the conditions of the salt trade are incompatible with the course into which Government attempted to change it, and that facts have proved that the trade rebels against being deflected into it. Its sole effect has been and must be to raise the price of salt to the consumer, which is the exact antithesis of the idea which prompted the design. The expenses and the risks of transporting duty-paid salt from the out-platforms to Madras are, to all intents and purposes, fresh charges on the salt, which were unknown under the Madras depôt system. Moreover, the salt is smashed up, and therefore measures worse than ever, owing to excessive handling, in the course of the new processes which it has now to undergo. It naturally also sells worse, in consequence of sale by measure in the bazaars being maintained under the sanction of Government, because nothing but light salt is in demand. The Board has no doubt that the salt of the seven factories under consideration will, sooner or later, sell for an extremely low price in Madras. But this can only last for a time until, in fact, the inflated stocks, now in existence, are disposed of for what they will fetch, a process synonymous with serious loss to many and absolute ruin to others of its holders. This is clear from the fact that in one factory there is a stock equivalent to 11 years' sales, and that the total quantity in all together amounts to 3·3 years' consumption. Wastage and deterioration on freshly-made platforms is proceeding apace and thus adding to the cost on the holders' books of what is left. Meanwhile the licensees have been steadily manufacturing, as if all were well, for, under their agreements with their capitalists, they have a right to payment for all salt which they can produce, and they have not sufficient clearness of head, or length of purse, to refrain from making what profit they can, as long as the capitalist is able to pay them, or to remember that they cannot do without him. The readiness with which Government sanctions increase in expenditure on platforms, mainly at the expense of the capitalists, who hold powers-of-attorney from the licensees, is hastening the disaster.

37. It is understood that the companies have recently reduced the kudivaram below the old Government rate, abolished "presents" to the licensees, and have deferred payment of kudivaram until the salt has actually been disposed of. The legality of these prudential measures is open to question, but their introduction accounts for the outcry regarding a return to monopoly.

38. But in addition to the difficulties above described, the extra expenses attending the out-storage system before the salt can be brought to sale are very serious. This has been already brought to the notice of Government in Board's Proceedings, dated 2nd January 1892, No. 11, in reference to transport; but recent conferences

with those interested have convinced the Commissioner that the extra charges entailed by that system are far in excess of what was previously known.

The excess of cost per maund of salt stored at the factories over the cost of storage at the depôt may be put down at over 8 pies. This extra charge of 162·9 per cent. safely be taken as a moderate calculation, as certain items which are known to the Board, but which it is difficult to reduce to their exact equivalents in figures, have been omitted from the calculation, which works out as follows:—

Items.	When storage was		Increase.
	At factories.	At depôt.	
	A. P.	A. P.	A. P.
Boat-hire	1 0 3½	..	0 3½
Loading and unloading	1 0 1	0 ⅞	0 1⅛
Shoring and covering	0 1⅛	0 ⅞	0 ¼
Palmyra, straw and coir rope	..	0 ⅜	..
Lead bullets for sealing	0 2½	0 2	0 ½
Gunnies, wastage	..	0 ⅛	..
Twine	0 ¼	..	0 ¼
Tolo expenses (bagging, stitching and loading)	..	..	..
Wastage at the kudivaram rate, Rs. 12 per garce, and other expenses	0 2½	0 7½	0 14½
Total ..	1 2 1/16	0 6½	0 8 13/16
Deducting lead bullets for sealing, and twine which are now saved ..	..	..	0 1/16
Net increase ..	..	..	0 8 12/16

39. To this must be added the increased cost of transport to Madras, calculated on the basis given in paragraph 86 (*e*) of the Administration Report for 1891–92, amounting to As. 2-3-2 a maund. The detailed calculation is reproduced for ready reference.

	Average sales (three years ending 1892–93).	Average rate for transport, taking minimum transport charges given in para. 86 (e).	Total cost of transport.	Average cost of transport per maund.
	Kdys.	A. P.	Rs.	A. P.
Kallur	199,000	2 9·4	28,406	..
Vâyalur	74,000	2 8·4	12,850	..
Pulicâwak	41,000	2 1·6	10,758	..
Attipat	239,000	2 ·6	30,622	..
Vallur	226,000	2 ·0	28,250	..
Vadasamanjeri	87,000	2 3·3	12,370	..
Covelong	367,000	2 3·3	52,183	..
Total ..	1,270,000	..	1,79,933	2 3·2
Deduct old transport charges *plus* wastage at 4 per cent. on un-excised salt valued at Rs. 12 per garce				0 7·8
				1 7·4

40. The sum of these amounts to an additional charge under the outstorage system of As. 2–4·1, or 117·08 per cent. on the prime cost of the salt. The Board does not find that any comment by it is required to emphasise the serious meaning of these figures in relation to the present condition and the future of salt manufacture and salt trade on the portion of the East Coast affected by the change ordered by Government in 1889.

41. But the matter does not end here. The *extra* cost to the licensees up to date under the items of interest, and channel-clearing has been Rs. 53,489-2-7. When the expenditure now being, and which must be, incurred, if the out-storage system is to continue, on increased excavation of channels and revetting exposed platforms say, Rs. 1,27,000, is added to the capital cost, the total will reach Rs. 59,839. But,

as already remarked, the Board does not consider it necessary to lay much stress on this cess question, which does not, in its opinion, by itself injuriously affect the industry. The picture is quite black enough without it.

42. To Government itself the extra cost debitable to the new system under the heads of revenue works, weighing machines, and increased establishment has been, so far, Rs. 1,46,530, irrespective of the outlay on works debitable to capital cost.

43. The correctness of the above figures cannot be impugned in any essential. They show that out-storage has been an expensive move as far as Government is concerned. It is likewise shown that the cost of salt has been considerably increased under it. It seems to be self-evident that the present, and prospective, fall in the selling price can, in the very nature of things, be only temporary; that when the crisis, through which the industry is passing, is over, prices must rise higher than ever, owing to the artificial burdens with which the article is loaded; and that, in consequence, a very considerable area of the pans must be thrown out of cultivation and large numbers of salt workers be deprived of their chief means of livelihood. Instead of the sales rising, with the increase of population and consumption, as they ought to have done if the industry had remained under normal conditions, a great fall has taken place in the quantity sent by rail into the interior, which may be put down at 787,000 maunds. That this is not an overdrawn picture is proved by the fact that all concerned are agitating for a return to the Monopoly system, and that, for instance, Messrs. Binny and Co., have offered to Government 300 acres, owned by them, for what they have cost. The Board is not aware whether Government is prepared to revert to "Monopoly," as the Bengal Government has done, after an experience of 30 years of "Excise" in Orissa. But of one thing it is certain, that the change would be welcomed by nearly every panholder in the Presidency. In any case there can, in the opinion of the Board, be no room for doubt on the part of those who are cognizant of the real condition of affairs that the out-storage system has had a disastrous effect on the salt industry, and that it ought to be abolished forthwith, if a collapse of the trade is to be avoided.

44. In paragraph 4 of the Government Order, Government observes that "what is wanted to stimulate sales is to afford further facilities for transport," and that a railway to connect the Northern factories of the Chingleput district with Madras would effect this. The Board is not aware whether the Government has it in view to connect each of the factories with the railway, or merely to run a line to the eastern shore of the backwater at Ennore. If the former course be contemplated, the cost will be very great, while now that the trade has, after trial of the out-storage system, deliberately gone back to its old and natural centre at Madras, the Board has very grave doubts of the attainment of the object of Government through that means. Neither companies, nor licensees, could afford to keep the double establishments which would be required, while, if salt has to be carried several miles to the railway line in boats, it would be much more economical to carry it on to Madras by the same means. When the project of a railway line to Ennore was first discussed towards the end of 1891, the trade had not declared in favour of Madras, and the prospects of a railway as a complement of the out-storage scheme seemed to be fair. But circumstances have altered, and the result of the Commissioner's inquiries is far from favourable to the success of the railway scheme. The double break of bulk, and the increase to cost, would be fatal to it. This is the general opinion, as far as the Board has been able to ascertain it, and the Board concurs.

45. As regards the Southern factories, regarding which the Government desires an expression of opinion as to the possibility of connecting them by rail with the South Indian Railway, the Board does not doubt that, if this could be done within any reasonable cost, the supply of salt to the interior would be greatly facilitated. But taking the distance of Covelong, Cheyûr and Merkânam as 13, 17 and 22 miles, respectively, from the nearest railway stations on the South Indian system, the cost of construction at Rs. 60,000 per mile and the sales for removal by rail at the favourable estimate of ¾ of the output, the charge per maund would amount to As. 1–5, As. 5–3, and As. 3–5, respectively. The country to be traversed by each and all of these

lines is sparsely populated and unfertile, and the lines proposed would, in effect, serve the salt traffic only. The cost is, therefore, in the opinion of the Board, prohibitive.

46. There is, however, one improvement which is urgently called for. The Board refers to increased attention to the navigability of the canal from Madras southwards. Up to Covelong it is by no means satisfactory. The depth, as far as Government Order, dated 10th November 1891, No. 871 I. repeated soundings during the Commissioner's recent inspection showed, is by no means maintained to the prescribed level of 3 feet below low-tides. At crossing places, and opposite the outlets for drainage bars and extensive shallows have been allowed to form, over which boats of comparatively small tonnage find it excessively difficult to force a passage.

47. South of Covelong the canal was inspected for some 10 or 11 miles. The state of matters is there very much worse, and the condition of the canal has sensibly deteriorated during the twelve months since the Commissioner last went over it.

48. The Buckingham canal is supposed to run into the backwater at Merkánam, but it is practically impassable during the greater portion of the year, and its course through backwaters is not staked out. The Board is of opinion that it should be maintained in such a condition as to permit of salt boats coming up to Madras from the Southern factories. Salt at Cheyur is, for instance, almost unsaleable, but water carriage is so cheap, if only a canal be efficiently maintained, that there seems to be fair reason for supposing that Cheyur salt might be able to find a market in Madras. The best mode, however, of bringing it and the produce of the Mérkánam and Chunnampet factories into connection with the South Indian Railway, would seem to be by extending the canal up to the railway station at Pondicherry. The Board finds that this extension finds place in the list of famine works published in Board's Proceedings, dated 22nd June 1892, No. 450, Revenue Settlement, Land Records and Agriculture. The cost is set down as Rs. 5,63,000. If this work were carried out, the Board does not doubt that an efficient outlet would be provided for the salt of the factories, in which, owing to the referred to above, for the supply of the South Arcot district, in which, owing to the circumscribed area in which it is possible to make salt, prices are persistently high.

(A true Copy and Extract.)

(Signed) W. O. HORNE,
Acting Secretary.

To the Secretary to Government, Revenue Department.
Copy to the Deputy Commissioner, Central Division, Chingleput Sub-Division.
and the Assistant Commissioner,

APPENDIX A.

STATEMENT showing the rates of cess together with the estimated and actual sales of salt in the Chingleput factories from 1885–86.

Factories.	1885–86.			1886–87.			1887–88.			1888–89.		
	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.
1	2	3	4	5	6	7	8	9	10	11	12	13
	A. P.	MDS.	MDS.	A. P.	MDS.	MDS.	A. P.	MDS.	MDS.	A. P.	MDS.	MDS.
Kattur	1 4	120,000	41,017	1 6	100,000	144,955	0 5	163,000	39,845	1 0	100,000	127,844
Vayalur	1 3		216,150	1 6	150,000	180,689	0 6	207,000	218,322	0 9	150,000	119,976
Pulidiwak	1 3		160,348	1 3	120,000	129,689	0 2	205,000	235,973	*Nil.*	200,000	199,194
Attiput	1 1		247,825	1 2	150,000	127,202	0 6	250,000	336,695	*Nil.*	400,000	251,372
Vallur	1 1		276,538	1 2	180,000	197,986	0 3	370,000	325,626	*Nil.*	400,000	280,116
Vadasammanjeri	..	Monopoly.		1 10	29,783	8,424	1 9	40,000	37,804	0 7	50,000	61,677
Covelong	..			1 7	187,548	49,891	1 2	305,000	339,943	0 2	300,000	447,412
Total ..	..	120,000	941,878	..	917,334	788,716	..	1,700,000	1,534,108	..	1,600,000	1,497,391
Government Salt sold	..	..	1,188,316	..	..	874,050	..	..	..	..	..	823
Grand Total ..	..	..	2,130,194	..	..	1,662,766	..	..	1,534,108	..	..	1,498,219

Factories.	1889–90.			1890–91.			1891–92.			1892–93.		
	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.	Rate of cess.	Estimated sales.	Actual sales.
	14	15	16	17	18	19	20	21	22	23	24	25
	A. P.	MDS.	MDS.	A. P.	MDS.	MDS.	A. P.	MDS.	MDS.	A. P.	MDS.	
Kattur	1 2	150,000	63,257	1 1	200,000	281,562	0 4	225,000	138,493	0 3	150,000	
Vayalur	1 1	175,000	252,401	1 2	250,000	166,276	1 0	200,000	68,420	1 6	125,000	..
Pulidiwak	0 10	175,000	207,707	1 1	120,000	68,131	0 6	200,000	69,009	1 6	100,000	..
Attiput	0 8	250,000	244,783	0 9	190,000	206,225	0 3	250,000	208,199	0 7	250,000	..
Vallur	0 7	325,000	434,024	0 11	150,000	123,585	0 4	300,000	247,061	0 11	350,000	..
Vadasammanjeri	1 1	60,000	66,866	1 0	10,000	8,668	0 1	50,000	135,475	0 11	100,000	..
Covelong	0 6	440,000	274,334	0 8	360,000	442,448	0 4	350,000	277,149	0 7	350,000	..
Total ..	..	1,575,000	1,563,322	..	1,300,000	1,225,035	..	1,575,000	1,201,806	..	1,375,000	..
Government Salt sold	..	..	..	..	..	..	..	..	..	..	..	..
Grand Total ..	..	..	1,563,322	..	..	1,225,035	..	..	1,201,806	..	1,375,000	..

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APPENDIX B.

Statement showing the average cess for 1892–93 on the assumption that the sales of 1889–90 had been maintained in each succeeding year.

Factories.	1891-92. Balance at the beginning of the year + or −.	1891-92. Charges for the year including interest on capital cost.	1891-92. Total amount due to Government for the year.	1892-93. Sales.	1892-93. Probable cost.
1	2	3	4	5	6
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Mds.	A. P.
Kottar	7,196 5 10	10,392 15 11	17,588 8 9	63,257	0 10
Vayalur	8,660 12 11	13,299 9 0	8,959 11 1	262,401	0 10
Pulidiwak	1,894 12 11	6,247 7 3	8,859 10 4	207,707	0 6
Attipat	66 13 6	7,356 0 2	7,423 5 8	244,733	0 6
Valur	3,114 15 7	6,881 7 8	3,766 8 1	434,024	0 6
Vadasamanjeri	2,061 13 4	1,086 4 0	976 9 4	86,866	0 5
Covelong	8,259 10 7	10,876 9 11	19,166 4 6	274,334	0 7
Total ..	..	..	89,720 7 1	1,563,322	..
Average ..	..	..	..	..	0 7·3
Or nearly ..	..	..	..	..	..

Factories.	1891-92—*cont.* Sales.	Balance at the beginning of the year + or −.	Charges for the year including interest on capital cost.	Total amount due to Government for the year.	Probable cost.
	11	12	13	14	15
	Mds.	A. P.	Rs. A. P.	Rs. A. P.	A. P.
Kottar	63,257	0 10	3,294 10 9	3,527 3 7	0 11
Vayalur	262,401	0 11	14,460 7 7	14,693 0 6	0 11
Pulidiwak	207,707	0 6	6,490 13 6	6,698 1 0	0 6
Attipat	244,733	0 6	7,647 14 6	7,855 2 0	0 6
Valur	434,024	0 5	11,302 11 4	11,510 0 9	0 6
Vadasamanjeri	86,866	0 6	2,714 9 0	2,922 2 6	0 7
Covelong	274,334	0 5	7,144 1 10	7,351 5 3	0 6
Total ..	1,563,322	..	..	..	..
Average ..	..	0 6·2	..	..	..
Or nearly ..	..	..	..	..	..

N.B. + (Balance) indicates that the amount is in favour of Government.

— (Balance) indicates that the amount is in favour of licensees.

1827
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Read—the following Proceedings of the Board of Revenue (Separate Revenue), dated 27th February 1893, No. 84 :—

Read—the following G.O., dated 7th February 1893, Mis. No. 544, Revenue :—

Read—Proceedings of the Board of Revenue (Separate Revenue), dated 2nd December 1892, No. 600.

Abstract.—Submitting to Government proposals for the working of a Salt factory at Tiruppúrúr in the Covelong Circle for the accumulation of reserve stocks of Government salt.

Order—dated 7th February 1893, Mis. No. 544, Revenue.

Recorded with reference to paragraph 2 of G.O., dated 6th February 1893, No. 117.

(True Extract.)

(Signed) R. H. CAMPBELL,
Ag. Under Secy. to Government.

To the Commissioner of Salt, Abkári and Separate Revenue.

Read—the following letter from G. W. BROWN, Esq., Assistant Commissioner of Salt and Abkári Revenue, Negapatam Sub-Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Annapettai, 20th February 1893, No. C-26 :—

With reference to Board's Proceedings, Mis. No. 529, dated the 13th instant, requesting information as to the maximum extent of the land available at Nadukandi and the highest possible outturn that can be expected, I have the honour to report having this day visited the site.

2. The extent of land available is practically unlimited, it being possible to extend the factory to an almost indefinite distance towards the south and the same may be said of the possible outturn.

3. But such an extensive area cannot, I think, be brought into cultivation owing to want of sufficient labour on the spot and certainly not at present, the proposed factory, i.e., not about 260 acres, being as much as can be successfully worked.

4. Further, I submit that it is doubtful whether more than 5 lakhs of maunds are likely to be disposed of annually unless the salt possesses some very special advantages in the way of lightness, and this only after the railway communication from Muthupet to Tiruvallúr is completed. It will then be at a disadvantage of 19 miles extra railway carriage when compared with Negapatam salt.

5. It must be borne in mind that there are at present absolutely no facilities for distributing the salt beyond Muthupet, the land communication being of the worst possible description. When, however, the railway to Muthupet is an accomplished fact, conditions will materially alter. Salt will be put into boats at the platform and landed within a furlong of the railway station at Muthupet. Still even with these advantages it is a matter for conjecture whether the salt will be able to compete with the produce of the Vedarniem factory at Negapatam so long as there be any of that salt in stock there.

6. If, however, it be found in the future that there be a greater demand for the Nadukandi salt and that labour is procurable, there will be no difficulty whatever in extending the factory to any limit desired.

Resolution—dated 27th February 1893, No. 84.

With reference to paragraph 2 of G.O., dated 6th February 1893, No. 117, the Board begs to report that the Assistant Commissioner, Negapatam Sub-Division, who has personally inspected the site, states that the extent and capabilities of the proposed Nadukandi salt factory are practically unlimited, but that he doubts the possibility of

bringing an extensive area under cultivation owing to the want of sufficient labour in the neighbourhood. He considers that a factory covering 260 acres—cultivable—capable of yielding about 5 lakhs of maunds, is as much as can be successfully worked with the labour locally available. The Deputy Commissioner has been directed to submit detailed proposals for the construction of a factory of that extent.

2. The proposed factory is situated at a distance of 16 miles from Muthupet, with which it is connected by a salt water lagoon (wodagu), and the salt manufactured there will have to be transported by boats to the railway at Muthupet. As regards railway communication the factory will have similar advantages to Tiruppórúr, but with this difference that, in the case of the latter factory, it is proposed to store the salt at Madras, where it could be placed on the market cheaply at a profitable rate. This, after the expenses of water and rail transport from the south of Tanjore, could not be done in the same degree with the Nadukandi salt, which the Board intended to control the market only of the districts immediately adjacent to it. The Board does not consider that any scheme for a controlling factory at Nadukandi can affect the urgency of its recommendations for the opening of the Tiruppórúr factory if Government still intends to proceed with the creation of reserve extension factories. But in view of the considerations set forth in Board's Proceedings, dated 18th February 1893, No. 68, the Board considers that the most economical and, at the same time, effectual method of controlling excise prices, would be to take advantage of the desire at present evinced by the licensees of various factories for a return to the monopoly system. This plan is devoid of the complications and expenses attending the establishment of reserve extensions, and there really seems to be no reason to establish such factories —and by establishing them to injure existing factories and throw pans out of culture—if the object desired can be obtained in a simpler and less hurtful way.

(True Copies and Extract.)

(Signed) W. O. HORNE,
Acting Secretary.

To the Secretary to Government, Revenue Department.

Copy to the Deputy Commissioner of Salt and Abkári Revenue, Southern Division.

READ—Proceedings of the Board of Revenue (Separate Revenue), dated 1st March 1893, Mis. No. 795.

ABSTRACT.—Submitting to Government letter from the Deputy Commissioner, Central Division, submitting for order petition from certain independent licensees of the Kattur factory praying for the re-introduction of the monopoly system in that factory and for the purchase of their salt at Rs. 12 per garce.

READ—the following Proceedings of the Board of Revenue (Separate Revenue), dated 7th March 1893, Mis. No. 844 :—

Read—the following letter from Messrs. BINNY AND Co., Madras, dated 2nd March 1893 :—

Referring to our letter of 18th October 1892 which was returned to us as not bearing the necessary stamp, we have the honour to again invite your attention to the manner in which the trade of the Voyalur factory, Ennore Circle, has been ruined by—

1. The adoption of the outstorage system, resulting in

2. The levy of an excessively high rate of cess. When in 1886 some of the land in the Voyalur factory was put up to auction with a view to extending the excise system, by encouraging the investment of capital, we, among others, purchased the right to manufacture salt for a period of 10 years on 130 acres. This right has, in consideration of certain circumstances, since been extended by the Board to 20 years.

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We have spared neither expense nor trouble to bring the land into good working order hoping to recoup ourselves in the future from the proceeds of good outturns of salt.

When the outstorage system was adopted, we protested against it, and on 23rd March 1891 wrote to the Board pointing out the evils that had resulted. No notice was, we regretted to say, taken of our representations.

We are now confronted with an obstacle to trade in the shape of a cess of 3 annas per bag. The infliction of such an exorbitant rate as this has completely upset all our previous calculations and not only brings us a heavy loss on our present stock of salt, but compels us to abandon any hope of continuing manufacture in the future.

Under the circumstances, we have the honour to inquire whether the Board are prepared to take over the lands from us at the rate of Rs. 300 per acre, which price would, we consider, return us the amount we have spent.

If this proposal does not commend itself to the Board, we have the honour to request you will lay the matter before Government.

Resolution—dated 7th March 1893, Mis. No. 844.

Submitted to Government with reference to Board's Proceedings, No. 68, dated 18th February 1893.

(A true Copy and Extract.)

(Signed) A. KRISTNASAMI IYENGAR,
Ag. Assistant Secretary.

To the Secretary to Government, Revenue Department.

READ—the following Proceedings of the Board of Revenue (Separate Revenue), dated 28th March 1893, Mis. No. 1184 :—

Read—endorsement of the Deputy Commissioner, Central Division, dated 13th March 1893, No. 1169 ; submitting for sanction six estimates for the revetment of platforms considered necessary in the Voyalur, Ennore and Covelong Circles.

Resolution—dated 28th March 1893, Mis. No. 1184.

With reference to paragraph 25 of Board's Proceedings, No. 68, dated 18th February 1893, the Board begs to submit, for the sanction of Government, the marginally-noted estimates for revetting with stone the slopes of exposed platforms in the factories of the Voyalur, Ennore and Covelong Circles.

	Rs.
1893-94 revetting the slopes of platforms at Voyalur	2,640
1893-94 revetting the slopes of platforms at Palidiwak	20,900
1893-94 revetting the slopes of platforms at Attipat	23,200
1893-94 revetting the slopes of platforms at Vallur	19,300
1893-94 revetting the slopes of platforms at Vadasamanjeri	830
1893-94 revetting the slopes of platforms at Covelong	11,000
Total ...	77,870

2. It will be seen from the estimates that no provision is made for revetting the slopes of platform Nos. I (at Kattur), II, III and V (Voyalur), No. VII (Attiput), No. II (Vadasamanjeri, and V and VIII (Covelong), as they are situated on high ground and are not exposed to floods. The other platforms have been constructed so as to be 3 feet above the maximum flood level with slopes of 3 : 1 and turfed and the corners of most of them have been rounded and protected with brick in chunam or stone revetment. But the local officers represent, and the Commissioner is satisfied by personal inspection of the factories, that, notwithstanding these precautions the platforms are not safe from the abnormal floods and cyclones which are experienced in these localities every few years. The last two or three seasons have been peculiarly dry, but it is unlikely that this state of affairs will continue.

3. The idea of revetting the platforms engaged the attention of Mr. Bliss, so long ago as 1890, and he brought the matter to the notice of Government in paragraph 10 of Board's Proceedings, No. 179, dated 25th May 1890, and paragraph 11 of Board's Proceedings, No. 203, dated 8th June 1890. The proposal was, however, practically negatived by Government when it ordered the adoption of certain suggestions of Major Boddy, which it apparently considered sufficient (G.O., No. 435, dated 13th June 1890, Revenue). Those suggestions were accordingly adopted and the expenditure on platforms kept down as low as possible consistently with reasonable safety. But, as already stated in paragraph 25, Board's Proceedings, No. 68, dated 18th February 1893, the Board does not consider that it can any longer put off revetting the slopes, if it or the officers under it are to be held responsible for the safety of the salt stored on the exposed platforms.

4. Provision has been made in the estimates for revetting only such slopes and to such heights as are likely to be affected by the floods. The revetment will be of laterite in chunam and will be 2′ deep at the foot of the slope and 1′ deep on the slopes. It will further be protected by retaining walls built at the toe of the slopes at intervals of 100′ to prevent the revetment from sinking or caving in. The cost of revetting the platforms in the above manner is estimated at Rs. 77,870.

5. No provision was made for this work in the budget of 1893–94, as the Commissioner, who wished to investigate the question on the spot in consultation with the local officers, was not able to do so until February last. As, on personal observation, the Commissioner considers revetment necessary, as much of the work as the general savings may permit will have to be executed during the ensuing official year. The favour of early orders is solicited.

(A true Extract.)

(Signed) A. KRISTNASAMI IYENGAR,
Ag. Assistant Secretary.

To the Secretary to Government, Revenue Department, with six estimates.
Copy to the Deputy Commissioner, Central Division.
" " Assistant Commissioner, Chingleput Sub-Division.

Read—petition from Rajah Sir S. RAMASAWMY MUDALIAR, *Kt.*, C.I.E., Madras, dated 17th March 1893.

Abstract.—Praying that the proposed site for Nadukandi Salt factory under excise system in the Vedarniem salt swamp, Tanjore district, may be granted to him.

Order—dated 19th May 1893, No. 444, Revenue.

Separate Revenue, No. 64.
Salt.

With the first of the Proceedings read above, the Board submits the information called for in G.O., dated 15th December 1892, No. 1256, and takes occasion to reiterate the arguments which it has for the last two years been advancing against the system of local storage at the factories of the Chingleput Sub-division and against the sale of salt in retail transactions by measurement instead of by weight. As regards the first question, the Government has repeatedly announced its determination to give a fair trial to the outstorage system and it considers that there is nothing in the facts and arguments adduced by the Board to show that so far it has proved a failure. The system has not been in force long enough to admit of a judgment being formed as to whether it will eventually prove a success or not and it is altogether premature to condemn it. No doubt, the cost of carriage has been increased as compared with the cost under the monopoly system, but this is because under the latter system, as the Board itself admits, "The Madras market was all along favoured by Government at the expense of the Moffusil; in point of fact the purchasers

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in the former had their salt carried from the factories wholly or in part for nothing. This became impossible after the excise system was introduced." The significance of this fact was not overlooked in 1889, it was too patent to be overlooked, but the increase of price after the excise system was introduced was much more than the change of system as regards carriage alone warranted. An increase in the cost of carriage was necessarily incidental to the change from monopoly to excise, but such increase represents resumption of a benefit conferred upon the purchasers of the produce of the Chingleput factories for which there was no justification. The table at paragraph 36 of the Board's Proceedings omits the cost of transport from the factories to the depôt under the old system and therefore does not correctly represent the cost which would have had to be incurred by the licensees under an excise system even if continuance of storage at the depôt had been permitted. A comparison of the cost of storage under the present system with that which was incurred under the monopoly system has in fact no bearing on the question of the expense of the outstorage system. The Board has, moreover, overlooked one of the main objects of the change of system, namely to minimise the loss of revenue to Government from theft of unexcised salt in transit. This risk was one which the Government could not legitimately incur under an excise system, but the fact that cost of transport to the Madras market is enhanced thereby is not a valid argument against the outstorage system, which so far as it had in view the protection of the revenue secured the object aimed at. Nor can the large expenditure which has had to be incurred for increased platform accommodation be adduced as an argument against the outstorage system, seeing that it has been rendered necessary to a great extent by the ill-advised agreements entered into by the capitalists to purchase all the salt produced.

2. To render the reform recently introduced a complete success, however, it is very desirable that the Chingleput factories should be placed in more direct communication with the railway system. This will put an end to all difficulties of transport and as to obviate the break of bulk which the Board in paragraph 44 of its Proceedings anticipates. As regards the southern factories of the Sub-division, it seems clear that it would be too costly to connect them with the South Indian Railway by branch lines, but they may be brought into closer communication with the railway system by re-opening the depôt at Horse's Gardens (for excised salt only) and constructing a branch line thereto from Saidapet. The Board should investigate the project. The question of improving the section of the Buckingham Canal, south of Madras, will be considered in the Department of Public Works. The proposal to extend the canal to the railway station at Pondicherry does not commend itself to Government. It would have to be carried through the heart of the town at enormous expense and there would be difficulties in the matter of duty owing to transit through foreign territory.

3. As regards the question of legislating to enforce sale of salt in retail transactions by weight instead of by measurement, the Government awaits any further communication which the Board may have to make with reference to its Proceedings recorded in G.O., dated 14th October 1892, No. 4472.

4. Having briefly dealt with the arguments brought forward in the first Proceedings read above, the Government will proceed to consider the question of securing the requisite reserve stock of salt in connection with which the Board in its second Proceedings furnishes the further information called for in G.O., dated 6th February 1893, No. 117. Two proposals are before Government namely the opening of a factory at Tiruppórúr near Covelong and of another near Muthupet in Tanjore. The decision to increase the reserves of Government salt to about 30 lakhs of maunds can only be carried into effect by opening fresh factories for manufacture of salt on account of Government or by converting some of the excise factories into monopoly ones. The latter plan is suggested in Board's Proceedings, dated 27th February last, but no proposals have been formulated. Whilst the Government is not prepared to consider any scheme for the wholesale conversion of excise into monopoly factories on the ground that the excise system has not yet had a sufficient trial, it considers that the conversion of one or two

selected factories is likely to prove a much more satisfactory and economical method of securing the requisite reserves than the opening of new factories provided that the main body of the licensees agrees to the conversion, so as to obviate heavy payments on account of compensation with reference to sections 15 to 18 of the Salt Act. Tiruppórúr is admittedly not a favorable site for a factory. It is exposed to floods and not sufficiently accessible. The necessity for establishing a factory there at great expense would be obviated if one of the northern or southern factories of the Chingleput Sub-division were converted into a monopoly factory. The cost of constructing works and entertaining additional establishments would thereby be saved, whilst the Government would secure a factory in full working order with a stock of salt ready to hand. The Commissioner states that a desire is now being evinced by the licensees of various factories for a return to the monopoly system and the third Proceedings read above submits for orders a petition from 41 independent licensees of the Kattur factory praying for the re-introduction of the monopoly system in that factory and that Government will purchase their existing stock of salt at Rs. 12 a garce. Kattur, however, is least suited of all the factories in the northern group for the object aimed at inasmuch as it is farthest from Madras and yields the smallest outturn. The selection must depend in a great measure on the proportion of the licensees at the several factories who will accept the change so as to obviate payment of compensation. If the Commissioner is right in saying that the great body of the excise licensees desires a reversion to the monopoly system, there should be no difficulty in coming to terms with the licensees of one of the factories more favorably situated than Kattur. The Board will enter into negotiations on the subject and submit its recommendation with a draft notification under section 15 of the Madras Salt Act 1889 in time to admit of its being published before the 1st of June 1894.

5. With reference to the fourth communication read above, Messrs. Binny and Co. should be informed that the Government is not prepared to take over their salt pans.

6. For the control of prices in the southern districts of the Presidency the Board recommends the establishment of a Government factory at Nadukandi, 16 miles from Muthupet. This, however, will involve the transport of the salt by boats to the railway at considerable cost and the Government is not prepared to sanction the proposal. There must surely be other sites suitable for the purpose in much closer proximity to Muthupet, and it is observed that the Board at first suggested Kilakadu, which is only $2\frac{1}{2}$ miles off, but abandoned its recommendation on the ground that labour is not obtainable there. It is not understood why labour should be procurable at Nadukandi and not at Kilakadu or some other site closer to Muthupet. The Board will investigate the matter further and report the result. Meanwhile, it seems desirable that advantage should be taken of the expiration of the existing lease of the Vedarniem factory at the end of the current year to reserve it for the accumulation of a portion of the Government stock. It can either be worked as a monopoly factory for the present in which case the requisite draft notification under section 15 of the Salt Act should be submitted at once or on the modified excise system. For the stock of salt which on the expiration of the lease remains in the hands of the present lessees, if it is of good quality, an offer can be made.

7. Raja Sir S. Ramaswamy Mudaliar will be informed with reference to his communication of the 17th March that the Government is not prepared to grant him a lease of the Vedarniem salt works, and that it cannot consider his offer in regard to the establishment of a factory at Nadukandi until it has been decided whether the Government will manufacture on its own account in that vicinity.

8. As regards the estimates for revetting with stone the platforms in the factories of Voyalur, Eanore and Covelong Circles, amounting to Rs. 77,870, submitted with the fifth paper read above, the Government doubts the necessity for incurring this heavy expenditure and is not prepared to sanction it without a professional opinion on the subject. It is observed that Major Boddy, R.E., who was deputed to inspect the platforms in 1890, considered that it would be sufficient to turf the slopes and it is stated that his suggestions were adopted, but it is not explained why the measures recommended by him are deemed insufficient. The deputation of an officer to inspect

the platforms and report on the necessity for further protective measures and on the suitability of the estimates submitted will be considered in the Public Works Department.

9. In paragraph 23 of its Proceedings, dated 18th February 1893, the Board remarks that an expenditure of Rs. 47,000 must be incurred in deepening the factory channels. It is not clear to what channels the Board refers. It is true that before the system of local storage was introduced the channels had to be cleared only in the transport season, whereas they have now to be kept clear throughout the year. But this applies only to the channels connecting the platforms with the canal. In regard to the other channels there is no reason why there should be any increase of cost. The Board should report further on the subject.

(True Extract.)

Secretary to Government.

To the Public Works Department.
„ the Board of Revenue (Separate Revenue).
„ Rajah Sir S. Ramasawmy Mudaliar, Kt., C.I.E. (paragraph 7).

Exd. C. M. Brisson.

60 Copies.

P. W. CURRENT No. 5902

Govt. of {1893} Madras.

REVENUE.

Issued 10 S.C

Recd. 1-7-93 Encl.

G.O., 19th May 1893, No. 444.

MAY.

Recd 27-6.

Salt.

Passing orders on papers relating to outstorage system in the Chingleput factories and accumulation of reserves of Government — in Chingleput and Negapatam Sub-divisions.

R6

Current No. 5902

P.W.

For orders

With reference to para 8 of the G.O. regarding deputation of an officer of the P. W. Department to report on the salt platforms at Voyalur, Ennore and Covelong, &c.

The question in para 2 as to improving the Buckingham Canal must be referred to the Chief Engineer for Irrigation for consideration in 2nd Branch

CH 4-7-93

Govt. Branch can be instructed to visit the factories & make the required report.

PUBLIC WORKS DEPARTMENT.

12-July 1893.

1822/74

THE MADRAS GOVERNMENT.

Read the following

Dept. No. 444 dt/19th May 1893.

2 Recd

The Executive Engineer Buckingham Canal Division will be instructed to visit the factories in question and make the required report.

The question in para 2 of the order to the Revenue Department will be referred to the Chief Engineer for Irrigation.

PWB 7-7-93

JH 7-7

Recd 10/7.

P. W. CURRENT No. 5902

Govt. of {1893} Madras.

REVENUE.

Issued 10.5.C

Recd. 1-7-93 Encl.

G.O., 19th May 1893, No. 444.

MAY.

Recd 27-6.

Salt.

Passing orders on papers relating to outstorage system in the Chingleput factories and accumulation of reserves of Government — in Chingleput and Negapatam Sub-divisions.

R 6

PUBLIC WORKS DEPARTMENT.

No 1827 Wday 12 July 1893.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Proceedings of Govt Revenue Dept No 444 dt 19th May 1893.

The Executive Engineer Buckingham Canal Division will be instructed to visit the factories in question and make the required report.

2. The question in para 2 of the order in the Revenue Department will be referred to the Chief Engineer for Irrigation.

2o
Dr Supts Engineer Circle
Chief Engineer for Irrigt
Revenue Department

10—S60-26-3-93.

C.W.O. 5902

Govt. of (1893) Madras.
PUBLIC WORKS.

Dated

Read.

Read.

G.O. 12 July 1893 No. 1827

Salt platforms

The Executive Engineer Buckingham Canal Division instructed to visit the —— in the factories of Vyasarpadi, Ennore and Conelong Circles and report on the necessity for further protective measures and on the suitability of the estimates submitted, and the question regarding the

XX improvements of the section of the Buckingham Canal south of Madras, referred to the Chief Engineer for Irrigation

D.C. 13/VII
8/10/7

C/IX