Urgent

Public Works (1898) Department.

RAILWAY BRANCH.

G.O., No. 1558 Ry

DATED 19-12-98

Includes
G. O. no. 964-65 Ry d/ 98 /12

100/4

[Despatch Abstract.]

Special Godowns within Railway
Enclosures at certain stations
on the Rly to serve as Salt Depôts.
——
Communicating to the ~~Manager~~ officers concerni
orders of the Govt. of India on the applica
tion of the Oriental Salt Coy for the
provision of —— Do.

Indexed.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

RAILWAY.

Government (1898) of Madras.

PUBLIC WORKS.

Circulated to
(1) His Excellency the Governor
(2) Hon: Mr. A. T. Arundel I.C.S.
(3) Hon: Mr. H. M. Winterbotham I.C.S.

R.
14/12/98

Recd. } 1898.
Regd.

Enclosures A.S.H
Spare copies 15.12.98

16.12.

17-12-98

G.O., No. 1558 Ry., 19th December 1898.

DECEMBER.

Special Godowns within Railway Enclosures at certain Stations on the East Coast Railway to serve as Salt Depôts

Communicating to the officers concerned orders of the Government of India on the application of the Oriental Salt Company for the provision of —.

14.12.98

Ro
19.12.98

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again the following paper :—

A G.O., Nos. 241-42 Ry., dated 12th February 1898.

Read also the following papers :—

B From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Simla, 16th June 1898, No. 642 R.T.

From—The Managing Director, Oriental Salt Company (Limited).
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Ootacamund, 27th June 1898.

I have the honour to represent to you that in April last a (verbal) application was made on behalf of this Company to the Manager of the East Coast Railway to have special godowns of moderate size built within the railway enclosures at the Vizianagram and Chicacole road stations, to serve as salt depots stocked by rail from the Company's factories at Karassa and Naupada, and from which the upcountry traders, who usually cross the line at these points *en route* to the Calingapatam, Kuppili, Konada, and Bimlipatam factories, could be supplied. Recognising that the proposed arrangement would have the effect of giving the railway the carriage of salt, in which otherwise it could have no interest, Major Constable readily acceded to the application, and issued instructions for the erection of the required godowns; but before these could be carried out, a ruling on a similar application for ground for a petroleum tank at Bezwada, which Major Constable considered must govern the Company's application, was received from the Director of Railway Traffic (No. 148 T., dated 13th April 1898) calling attention to Government of India letter, No 231 R.T. of 7th March 1898, and pointing out that under the latter order no land within railway limits should be provided for such purposes.

2. On turning to the latter letter, it is found to have reference to an application by Messrs. Parry & Co. of Madras for leave to erect a godown for sugar at Madura station, and in the course of the letter the Government of India remark :—

D
> "The circumstances of the trade in bulk-oil are exceptional, and afford no parallel for the treatment of trade in general."

I would earnestly urge upon the consideration of the Government of India that salt, in an even greater degree than petroleum, stands altogether apart from general trade, and I appeal to have an exception made in regard to it.

3. Salt is, in the first place, altogether exceptional from ordinary goods in respect that, while being a prime necessity of life to the whole population, it is enormously taxed; and, in virtue of its contributing so substantially to the public revenue, salt has claims to be accorded the utmost possible facilities of transport and distribution, such as no other class of goods can advance. Again on the duty-inflated value of salt (in itself an article of infinitesimal intrinsic value) wastage in transit tells with altogether exceptional force, and the interests of shippers require that there shall be a minimum of handling, especially in this Presidency, where salt sells by measure, and any crushing up of the crystals reduces its selling value.

4. On these grounds alone I venture to submit Government would have a complete answer to any attempt to found a precedent for general goods, based upon facilities afforded to salt; but, beyond these, as you are personally aware, the interests of the East Coast Railway itself are directly concerned in attracting the salt traders to the railway premises.

5. Before the advent of the railway, the trade of the Northern Circars was wholly dependent on road traffic by country cart and pack bullocks. Forced, by the expense and slowness of these, the only means of transport, to seek the nearest shipping place regardless of merit as a port, every little fishing village along the coast was used as a port; and, as salt constitutes the principal, it might almost be said the only, return-load available for the carts and bullocks, we find at distances of 15 to 30 miles apart along the coast, chiefly at these shipping places, a chain of small factories engaged in making salt from sea water, and therefore, necessarily, on the immediate coast, and in most cases at distances from the railway which would be prohibitive if the trade were concentrated at the few factories adjoining the railway. Under the altered conditions resulting from the opening of railway communication, these small factories are mere anachronisms; but Indian trade is conservative, and the road traffic, from and to the interior, still ignores the railway, and passes across it to its accustomed shipping places, with the result that the railway loses its proper share in the transport, not only of salt, but of the produce brought down to be exchanged for salt. The importance of intercepting this traffic at the railway, by offering return-loads of salt to the carriers at the crossing places, was recognised in your report on your recent inspection of the East Coast Railway, and was warmly urged by the Madras Board of Revenue in their (Separate Revenue) Proceedings, No. 209, dated 27th May 1896. It is by this time manifest that, until the railway relieves the upcountry carrier of the necessity of journeying down to the coast by offering return-loads of salt at the railway crossings, it must wait long years for anything beyond its present small share in the downward transport of produce; and, if the importance of the issues really at stake in this matter is once grasped by the Government of India, I cannot believe that the trammels of convention, or any fear of bogus precedents, will be allowed to retard the concentration of the salt trade at factories adjoining the line, which would ensure to the railway the transport of enormous quantities of salt and of produce to be exchanged for salt. Flag J Flag K

6. At the factories situated between the Godavari on the south and Ganjam on the north, the average annual sales of salt are 17 lakhs of maunds, or 62,000 tons. Of these factories four, namely, Ganjam, Naupada, Karassa and Jagganaikpur, are now or will be when branch sidings now under negotiation are completed, in actual touch with the railway line, and are situated at such distances apart as to command the whole line from Ellore on the south to Khurda road junction on the north, with a maximum lead of 50 miles to any point on the railway (except at the two extremities where it would be 20 or 30 miles longer); while, having regard to the position of the trade route bases and of the chief centres of population, the average lead would probably not exceed 30 miles.

7. These four factories (the three southernmost of which are principally in this Company's hands, while application is now being made for Ganjam also) are already capable of producing nearly the whole annual offtake of salt in the area referred to; and the Company intend, if permitted by Government, to largely extend the producing area.

8. It will of course take time to concentrate the whole of the trade at these factories, but, given facilities for serving the trade from depots at the principal crossings, a considerable and steadily growing traffic should at once come upon the railway, which at present has practically no share in what is, in some respects, the most important item of traffic in the Northern Circars.

9. It may be suggested that depots could be opened close to, but outside of, the station premises. I would earnestly urge, in anticipation, that, the intention being to use salt as the magnet which should attract downward produce to the line, the railway would best serve its own interests by seizing this opportunity of drawing the carriers inside the station yard itself.

10. Unimportant as the matter may have seemed at first sight, I trust I have shown it is one which will be of far reaching benefit to the Railway and the Trade alike, and I have confidence therefore in asking the favour of your support to the Company's application.

Order—No. 964 Ry., dated 27th July 1898.

The Government of India will be addressed.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—Ootacamund, the 27th July 1898, No. 965 Ry.

Flag B

I am directed to acknowledge the receipt of your letter No. 642 R.T. of the 16th June 1898, and in reply to express the satisfaction of His Excellency the Governor in Council that the East Coast Railway authorities are now alive to the importance of carefully studying the conditions of the East Coast salt trade with a view to the mutual benefit of the Imperial salt and Railway business.

Printed in the G.O

2. In connection with this subject, I am now instructed to invite a perusal of the accompanying copy of a letter, dated the 27th June 1898, from the Managing Director of the Oriental Salt Company, in which strong arguments are put forward for the relaxation, in the case of the salt trade, at least at certain specified stations of the East Coast Railway, Vizianagram and Chicacole, of the rules under which Managers are prohibited from providing accommodation within station limits for the convenience of individual traders except under very exceptional circumstances.

Flag M.
Flag D

3. The mutual interdependence of the anticipated improvement in railway earnings and of the development of the salt trade with the interior are, in this Government's opinion, such as to justify the exceptional treatment asked for by the Oriental Salt Company. I am therefore directed to urge that the East Coast Railway authorities may be instructed that, in the case of salt, it is not incumbent on them to apply the rules regarding the provision in station limits of special accommodation for special traders (as enunciated in your letters No. 1167 R.C., dated the 9th July 1897, and No. 1895 R.C., dated the 23rd November 1897), with the same stringency which they are expected to adopt when the trade in question is, say, the grain trade; and that, as the Government of India have already recognized that exception may occasionally be made in favour of the bulk oil trade so in the case of the salt trade in which, owing to the tax, Government has an interest fifteen times greater than that of the manufacturer, exception may also occasionally be made in its favour, for the reasons so clearly expressed in the letter under reference.

4. To the arguments contained in that letter I am instructed to add, that the extinction of the numerous smaller factories, as the result of the concentration of the Oriental Salt Company's operations on the few larger factories and of the grant to them of the railway facilities now asked for, is a consummation much to be desired in the interests of Government, as permitting of large reductions of establishment and other expenses, and as minimizing the chances of fraud which are always greater at small outlying factories than at large ones where efficient supervision is easier.

5. Though not specifically so stated in the Oriental Salt Company's Managing Director's letter, it has been ascertained that that Company is quite prepared either (*a*) to build godowns themselves on railway land set apart under agreement for that purpose, or (*b*) to pay any reasonable rent fixed by the railway on godowns specially built for them by the railway, or (*c*) to rent from the railway any portion of their existing or enlarged goods sheds. In this last case they neither claim nor expect any monopoly in the use of the goods-sheds, but only ask that accommodation, with reasonable security of tenure, may be reserved for them as may be most convenient to the railway. It may be useful to add that the salt for which accommodation is asked is duty-paid salt, so that no complications with the Revenue officials are involved. 7

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Simla, the 29th October 1898, No. 1204 R.T.

Page 4 of th
G.O

I am directed to acknowledge the receipt of your letter No. 965 Ry., dated the 27th July 1898, forwarding an application, from the Managing Director of the Oriental Salt Company, for the provision of special godowns within the railway enclosures at Vizianagram and Chicacole road stations on the East Coast Railway, to serve as salt depots to be stocked by rail from the Company's factories at Karassa and Naupada, and to observe as follows.

Flag D

2. The grant of the concession being opposed to the orders contained in the Government of India letter No. 1895 R.C., dated the 23rd November 1897, it is urged that, as the extinction of the numerous smaller factories as the result of the concentration of the Oriental Salt Company's operations on the few larger factories will permit of a large reduction of establishment and other expenses, and minimize the chances of fraud which are always greater at small outlying factories than at large ones where efficient supervision is easier, and as the proposed salt depots will serve as a means of attracting downward produce to the railway by drawing carriers inside the stations, the application of the Oriental Salt Company may, in the interests of Government, be sanctioned as a special case.

3. The Government of India, while agreeing with the Madras Government as to the importance of concentrating salt manufacture, and of attracting traffic to the railway by establishing salt depots at the stations, are of opinion that, so long as the depots are in the immediate neighbourhood of the goods offices of the stations and connected by sidings with the railway, it is immaterial to the objects in view whether they are actually on railway land or not.

4. If there is any station land which the Railway Administration do not want, and are never likely to want, and which is suitable for the purpose, there would be no objection to its being excluded from railway limits and sold to the Oriental Salt Company. Otherwise, it would be preferable that the Salt Company should make their own arrangements for acquiring land adjoining the stations for their depots.

ORDER—No. 1558 Ry., dated 19th December 1898.

Communicated to the Manager, East Coast Railway, and to the Managing Director, in India, of the Oriental Salt Company, for information.

(True Extract.)

FRANCIS J. E. SPRING,
Joint Secretary.

To the Manager, East Coast Railway. ✓
" Managing Director in India of the Oriental Salt Company.
" Consulting Engineer for Railways. ✓

Despatched on 21/12/99

Exd. A. Rungasawmy Aiyangar.

SERIAL
No. 50

Public Works (1898) Department.

Railway
CURRENT No. 761

From
The Govt. of India

Order

No. 642 RT

Dated 16th June 1898
Received
Registered } 23. 6. 98
Enclosures
Spare copies

SUBJECT.

Salt trade

Passing orders with reference to Govt. of Madras letter bringing to notice that the importance of the conditions of the —. should be carefully studied by E C Ry officers with a view to the mutual improvement of the Imperial Salt & Railway business.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

All communications should be addressed to the Secretary.

No. 642 R.T.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

Railway Traffic.

To

The Joint Secretary to the Government of Madras,
Public Works Department, Railway Branch.

Simla, the 16th June 1898.

RECEIVED
23 JUN 1898

Sir,

I am directed to acknowledge the receipt of your letter No.242 Railway dated the 12th February 1898, bringing to the notice of the Government of India the importance of the conditions of the salt trade being carefully studied by the officers of the East Coast Railway with a view to the mutual improvement of the Imperial salt and railway business.

R

2. In reply I am to state for the information of His Excellency the Governor in Council that the Government of India have obtained a report on the subject from the Manager, East Coast Railway, which shows that that officer is fully alive to the importance of developing the salt traffic of the East Coast Districts, and is now in negotiation with the Oriental Salt Company for the construction of sidings to the important salt factories at Karassa and Naupada.

3. It must however be remembered that the State Railways cannot be expected to bear the cost of connecting particular factories with their main lines unless assured of

an adequate and permanent return on the capital expended.

I have the honour to be,

Sir,

Your most obedient servant.

W. J. McClintock Captain, R.E.,

Offg. Under Secretary.

Documents accompanying.

Nil.

K.P.G.

4

P. W. Ry. DEPARTMENT.

C. No. 761 / 23.6.98

SUBJECT.

Salt Trade

HIS EXCELLENCY THE GOVERNOR.

THE HON'BLE SIR HENRY BLISS, K.C.I.E.

THE HON'BLE MR. ~~[illegible]~~ A.T. ARUNDEL.

Resubmitted to H.E. The Governor with honourable Members' remarks

JHd 8/7/98

FOR ORDERS.

Q

Before committing myself to an opinion on this matter, I should like to see the Hon. Sir H. Bliss's opinion upon it. Is there any necessity for granting these Concessions to the Oriental Salt Company? Current No. 761 Would it be fair to other salt traders to do so?

A.G.H

3.7.98

Mr. MacNab's argument is that if duty-paid salt can be stored at the Vizagm & Chic: Ry stations ready for sale to customers who come down from the Interior with oilseeds, hides & skins, myrobalans &c &c for shipment at the coast ports, the effect will be twofold:—

1st, instead of going on to petty ports on the coast (in these cases Bimlipatam & Calingapatam) to discharge their loads, they will discharge them at the Ry stations & let them go on by rail to Vizagapatam, thus increasing the quantity of goods carried by rail, to the benefit of Govt.

2nd, as they will be encumbered in the purchase of salt & will have to carry it back for shorter distances, they will be able to deliver it to their customers in the Interior

P. W. 43.
500—27-1-98.

R 14/7 H.E. again 8/7/98 R 7.7.98

Q

In our No. 242. Ry. 12th Feb. 98, we addressed the Govt. of India asking that the Authorities of the E.C.Ry. might be pressed to devote more attention to the Salt Traffic.

2.— The Govt of India have now replied, No. 642-R.T. dated the 16th June 98, saying that the Manager of the E.C.Ry. has sent in a report which shows that he is fully alive to the importance of the subject. This is satisfactory; but the Manager would never have become 'alive' if we had not dinned it into him officially demi officially and verbally. I set Mr. MacNab in January last to explain matters to Mr. R. R. Gales, the young Asst. Manager of the E.C.Ry. who now I know [redacted] understands the subject thoroughly [redacted] and Mr. MacNab is I believe now satisfied that the salt subject is properly appreciated.

3.— The Oriental Salt Co. are making efforts to get a Siding made from Naupada Station down to the factory: but they are worried by extensive and unbusinesslike stipulations made by the Manager. The details are now under correspondence, and when I am up there in a few days on inspection I shall try and smooth away difficulties.

Mr. MacN. has just shown me letters received to-day from the Manager. I hope now that they may come to terms though Major Cantell seems still rather unreasonable and extravagant

4.– Now I have received the letter below, dated the 27th June from Mr. MacNab, in which he asks that the exceptional circumstances of the salt trade may be considered as warranting a departure from the general principles held by the Govt. of India to be applicable to the case of ~~applications~~ demands for accommodation (land) for private godowns inside the limits of railway stations.

5.– I invite H.E.'s and Hon. Members' perusal of Mr. MacNab's reasoning, and I think that he has made out a good case for treating his trade as quite as exceptional a trade as that of bulk oil, in favour of which the principles above referred to were permitted to be occasionally relaxed.

6.– If H.E. and Hon. Members agree with me they will perhaps approve of the issue of the accompanying draft G.O. and letter. My reason for drafting them in advance of orders is that I am just off on tour, and there will be great delay if the file has to follow me about.

FKS

28/6/98

at a cheaper rate, & thus promote its consumption & again benefit Govt., which is interested in the consumption of salt about 15 times more than the actual manufacturers of the article.

To this I may add, what Mr. MacNab has not brought out, that if the result of this move should be to take the salt trade away from such petty salt factories as Kuppili, Konada, Bimlipatam &c & to concentrate it at the larger factories of Naupada, Karasa &c, the effect would be that before long these smaller factories would close of themselves — a consummation eminently desirable in the interests of Govt., as enabling them greatly to reduce Establishments & other expenses & as minimising the chances of fraud which are always greater at small outlying factories than at large ones, where better & more constant supervision is comparatively easy.

This argument might be added to the draft letter.

As to other salt traders, the Oriental Salt Company asks for no monopoly. Other traders can follow its example & establish their depôts at the Rly Stations inland, if they please.

I therefore approve the draft letter to India (with 2 pencil corrections) & have initialed it.

HS
6/7/98

Coordinate
FKS
25/7/98

I quite agree with the Hon. Sir H. Bliss & wd. add the passage I have interpolated in para 3 of the draft letter, to emphasize what he has noted above as to the interest of Govt. being 15 times greater than that of the manufacturers. Cost of production = 2 annas per maund. Tax = Rs 2/8 per md.

I accept the views of Hon. Members.

AEH
13.7.98

Issue draft as now settled to meet Hon. Members' instructions

FKS
25/7/98

The Oriental Salt Company Limited.
Ootacamund 27th June 1898.

SERIAL
No. 51

F.J.E.Spring Esq:,
Joint Secretary to The Government of Madras,
Public Works Department (Railway Branch)
Ootacamund.

Sir,

I have the honor to represent to you that in April last a ---- (verbal) application was made on behalf of this Company to the Manager of the East Coast Railway to have special godowns of moderate size built within the railway enclosures at the Viziamagram and Chicacole Road ---- stations,to serve as Salt Depôts stocked by rail from the Company's --- Factories at Karassa and Naupada,and from which the upcountry traders,-- who usually cross the line at these points en route to the Calingapatam, Kuppili,Konada and Bimlipatam Factories,could be supplied. Recognising that the proposed arrangement would have the effect of giving the railway the carriage of salt,in which otherwise it could have no interest,-- Major Constable readily acceded to the application,and issued instructions for the erection of the required godowns,but,before these could be carried out,a ruling on a similar application for ground for a petroleum tank at Bezwada,which Major Constable considered must govern the Companys' application,was received from the Director of Railway Traffic (No 148 T. dated 13th April 1898) calling attention to Government of India Letter No 231 R.T. of 7th March 1898,and pointing out that under the latter --- order no land within railway limits should be provided for such purposes.

On turning to the latter letter,it is found to have reference to an application by Messrs Parry & Co of Madras for leave to erect a --- godown for sugar at Madura Station, and in the course of the letter the Government of India remark:-

"The circumstances of the trade in oil-bulk are exceptional, and
"afford no parallel for the treatment of trade in general."

I would earnestly urge upon the consideration of the Government of ----- India that salt, in an even greater degree than Petroleum, stands altogether apart from general trade, and appeal to have an exception made in regard to it.

Salt is, in the first place, altogether exceptional from ordinary goods in respect that, while being a prime necessity of life to the whole population, it is enormously taxed, and, in virtue of its contributing so substantially to the public revenue, salt has claims to be accorded the utmost possible facilities of transport and distribution, such as no other class of goods can advance. Again on the duty-inflated value of salt --- (in itself an article of infinitesimal intrinsic value) wastage in transit tells with altogether exceptional force, and the interests of shippers require that there shall be a minimum of handling, especially in this ---- Presidency, where salt sells by measure, and any crushing up of the ------ crystals reduces its selling value.

On these grounds alone I venture to submit Government would --- have a complete answer to any attempt to found a precedent for general -- goods based upon facilities afforded to salt, but, beyond these, as you are personally aware, the interests of the East Coast Railway itself are ---- directly concerned in attracting the salt traders to the railway ------- premises.

Before the advent of the railway,the trade of the Northern ---- Circars was wholly dependent on road traffic by country cart and pack -- bullocks. Forced,by the expense and slowness of these,the only means of transport,to seek the nearest shipping place,regardless of merit as a -- port,every little fishing village along the coast was used as a port;and, as salt constitutes the principal,it might almost be said the only,----- return-load available for the carts and bullocks,we find at distances of 15 to 30 miles apart along the coast,chiefly at these shipping places,a chain of small factories,engaged in making salt from sea water,therefore necessarily on the immediate coast,and in most cases at distances from the railway,which would be prohibitive,if the trade were concentrated at the few factories adjoining the railway. Under the altered conditions, resulting from the opening of railway communication,these small factories are mere anachronisms;but Indian trade is conservative,and the road ---- traffic,from and to the interior,still ignores the railway,and passes - across it to its accustomed shipping places,with the result that the --- railway loses its proper share in the transport,not only of salt,but of the produce brought down to be exchanged for salt. The importance of -- intercepting this traffic at the railway,by offering return loads of -- salt to the carriers at the crossing places,was recognised in your ---- report on your recent inspection of the East Coast Railway,and was ---- warmly urged by the Madras Board of Revenue in their (Separate Revenue) Proceedings No 209 dated 27th May 1896. It is by this time manifest --- that,until the railway relieves the upcountry carrier of the necessity of journeying down to the coast by offering return loads of salt at the [illegible] [illegible],it must wait long years for anything beyond its ------

present small share in the downward transport of produce; and, if the importance of the issues really at stake in this matter is once grasped by the Government of India, I cannot believe that the trammels of convention, or any fear of bogus precedents, will be allowed to retard the concentration of the salt trade at factories adjoining the line, which would ensure to the railway the transport of enormous quantities of salt and of produce to be exchanged for salt.

At the factories situated between the Godaveri on the south and Ganjam on the North, the average annual sales of salt are 17 lakhs of maunds or 62,000 Tons. Of these factories four, namely, Ganjam, Naupada, Karassa and Jagganaikpur, are now, or will be, when branch sidings now under negotiation, are completed, in actual touch with the railway line, and are situated at such distances apart as to command the whole line from Ellore on the south to Khurda Road Junction on the North, with a maximum lead, from any point [illegible], of 50 miles to any point on the railway (except at the two extremities where it would be 20 or 30 miles longer) while, having regard to the position of the trade route bases and of the chief centres of population, the average lead would probably not exceed 30 miles.

These four factories, (the three Southernmost of which are principally in this Company's hands, while application is now being made for Ganjam also) are already capable of producing nearly the whole annual offtake of salt in the area referred to, and the Company intend, if permitted by Government, to largely extend the producing area.

It will of course take time to concentrate the whole of the trade at these factories, but, given facilities for serving the trade from depots at the principal crossings, a considerable and steadily growing traffic should at once come upon the railway, which at present has practically no share in what is, in some respects, the most important item of traffic in the Northern Circars.

It may be suggested that depôts could be opened close to, but outside of, the station premises. I would earnestly urge, in anticipation, that, the intention being to use salt as the magnet which should attract downward produce to the line, the railway would best serve its own interests by seizing this opportunity of drawing the carriers inside the station yard itself.

Unimportant as the matter may have seemed at first sight, I trust I have shown it is one which will be of far reaching benefit to the Railway and the Trade alike, and I have confidence therefore in asking the favor of your support to the Company's application.

I have the honor to be,

Sir,

Your most obedient servant,

A. MacNab.

Managing Director in India.

Form No. 2.

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

SERIAL
No. 52

18/-

Papers to be read in Proceedings:—

1 [illegible] Again G.O., dated Feb. 12th 1898, No. 241-242 Ry

Again G.O., dated 189 , No.

2 [illegible] Print Current No. 761-Ry of 1898, dated , from Govt. of India (Letter for the [illegible] No. 642 R.T. dy 16-6-98)

" " " 1898, " 27th June " The Managing Director Oriental Salt Co.

" " " 189 , " "

ORDER. No. 964-Ry dated 27/7/98

8P

A.A.
6.7.98

A.44
13.7.98

The Govt. of India will be addressed.

F.K.S.
28/6/98

R. Form No. 12.

SERIAL
No. 53

No. 965

Government of Madras.

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

To

The Secy. to the Govt. of India,
P. W. Department.
Simla

Ooty, the 27th July 1898.

Sir,

I am directed to acknowledge the receipt of your letter No. 642. R.T. of the 16th June 98. and in reply to express the satisfaction of H. E. the Governor in Council that the E. C. R. Authorities are now alive to the importance of carefully studying the condition of the East Coast Salt trade with a view to the mutual benefit of the Imperial salt and railway revenues.

SNo12

Ackd
6.7.98

A.94
13.7.98

2.— In connection with this subject I am now instructed to invite a perusal of the accompanying copy of a letter dated the 27th June 98 from the Managing Director of the Oriental Salt Co. to the Consulting Engineer Madras, in which strong arguments are put forward for the relaxation, in the case of the salt trade,

P

at least at certain specified stations of the E. C. Ry. Vizianagram and Chicacole, of the rules under which Managers are prohibited from providing accommodation within station limits for the convenience of individual traders except under very exceptional circumstances.

3. — The mutual interdependence of this anticipated improvement in railway earnings and of the development of the salt trade with the interior are, in this Govt's opinion, such as to justify the exceptional treatment asked for by the Oriental Salt Co. I am therefore directed to say that the E. C. Ry. Authorities may be instructed that, in the case of salt, it is not incumbent on them to apply the rules regarding the provision in station limits of special accommodation for special traders, (as communicated in your letters 1167 R.C. July 9th 97 and 1895 R.C. Nov 23rd 97) with the same stringency which they are expected to adopt when the trade in question is, say, the grain trade; and that, as the Govt of India have already recognised that exception may occasionally be made in favour of the bottle oil trade, so, in the case of the salt trade, in wh., owing to the tax, Govt has an interest 15 times greater than that of the manufacturers, exception in its favour, may also occasionally be made, for the reasons so clearly expressed in Mr. MacNab's letter.

4. — Though not specifically so stated in the Oriental Salt Co's Managing Director's letter, it has been ascertained * that that Company is quite prepared, either (a) to build godowns themselves on railway land set apart under agreement for that purpose, or (b) to pay any reasonable rent fixed by the Railway on godowns specially built for them by the Railway, or (c) to rent from the Railway any

portion of their existing or enlarged goods sheds. In this last case they would claim no right any monopoly in the use of the goods sheds, but only ask that accommodation, with reasonable security of tenure, may be reserved for them as may be most convenient to the Railway. It may be useful to add that the salt for which accommodation is asked is duty-paid salt, and that no complications with ~~Customs~~ the Revenue Officials are involved.

I have [illegible] FWS 28/6/98

Documents accompanying.

Copy of letter from the Managing Director in India, Oriental Salt Coy.

Despatched on 2/8/98

* See D.O. correspondence with Mr. MacNab. Flag I below. Mr. MacNab has been here and has explained to me exactly what they want.

FM

Revised draft

R. No. 13—500—30-7-97.

No. 965 Ry.

SERIAL No. 19

Print

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

The Secretary to the Government of India,
Public Works Department,
SIMLA.

Ootacamund, the 27th July 1898.

Put this in the G.O. cover as a revised draft. I have entered a new para in it, in accordance with the Hon. Sir H. Bliss' instructions at first overlooked.

FWS 28/7/98

Sir,

I am directed to acknowledge the receipt of your letter No. 642 R. T. of the 16th June 1898, and in reply to express the satisfaction of His Excellency the Governor in Council that the East Coast Railway Authorities are now alive to the importance of carefully studying the conditions of the East Coast Salt trade with a view to the mutual benefit of the Imperial Salt and Railway business.

2. In connection with this subject, I am now instructed to invite a perusal of the accompanying copy of a letter dated the 27th June 1898 from the Managing Director of the Oriental Salt Company, in which strong arguments are put forward for the relaxation, in the case of the salt trade, at least at certain specified stationsof the East Coast Railway, Vizianagram and Chicacole, of the rules under which Managers are prohibited from providing accommodation within station limits for the convenience of individual traders except under very exceptional circumstances.

3. The mutual interdependence of the anticipated improvement in Railway earnings and of the development of the salt trade with the interior are, in this Government's opinion, such as to justify the exceptional treatment asked for by the Oriental Salt Company. I am therefore directed to urge that the East Coast Railway Authorities may be instructed that, in the case of salt, it is not incumbent on them to apply the rules regarding the provision in station limits of special accommodation for special traders, (as enunciated in your letter No. 1167 R. C., dated the 9th July 1897, and No. 1895 R. C., dated the 23rd November 1897) with the same stringency which they are expected to adopt when the trade in question is, say, the grain trade; and that, as the Government of India have already recognized that exception may occasionally be made in favour of the bulk oil trade, so, in the case of the salt trade, in which, owing to the tax, Government has an interest 15 times greater than that of the manufacturer, exception may also occasionally be made in its favour, for the reasons so clearly expressed in ~~[illegible]~~ the letter under reference.

4. To the argument contained in that letter I am instructed to add that the extinction of the numerous smaller factories, as the result of the concentration of the Oriental Salt Co's operations on the few larger factories and of the grant to them of the railway facilities now asked for, is a consummation much to be desired in the interests of Government, as permitting of large reduction of establishment and other expenses, and as minimising the chances of fraud which are always greater at small outlying factories than at large ones where efficient supervision is easier.

27/7/98

5. Though not specifically so stated in the Oriental Salt Company's Managing Director's letter it has been ascertained that that Company is quite prepared either (a) to build godowns themselves on Railway land set apart under agreement for that purpose, or (b) to pay any reasonable rent fixed by the Railway on godowns specially built for them by the Railway, or (c) to rent from the Railway any portion of their existing or enlarged goods sheds. In this last case they neither claim nor expect any monopoly in the use of the goods sheds, but only ask that accommodation, with reasonable security of tenure, may be reserved for them as

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may be most convenient to the Railway. It may be useful to add that the salt for which accommodation is asked is duty paid salt, so that no complications with the Revenue Officials are involved.

I have the honour to be,

Sir,

Your Most Obedient Servant,

Francis J. B. Spring

Joint Secretary.

Documents accompanying:-

Copy of a letter from the Managing Director of the Oriental Salt Company, dated 27th June 1898.

Despatched on 28/7/98

2

Don't forget that the address of the Managing Director O.S.Co. is c/o Hall Wilson & Co. Cocanada

FWS

14/11

Public Works (1898) Department.

Railway

CURRENT No. 1305

At Vizianagram there is in a fact a suitable piece of land just outside station limits which the O.S.Co. might very well buy. I believe that at Chicacole the Railway may conveniently sell them a piece of land.

FWS 4/11

awaiting return of G.O. 965 Ry 27 July 1898 from circulation

From The Govt. of India

No. 1204 RT

Order

Print both in full.

Read No. 965. Ry. 27th July 98. to Govt. of India with its enclosure.

" Govt. of India reply No. 1204 RT. 29th Oct. 98

Order 1558 Ry of 19. 12. 98

Communicated to the Manager E. C. Ry. and to the Managing Director* in India of the Oriental Salt Co. for information

FWS

9/11/98

* Address. C/o Hall Wilson & Co. Cocanada.

When [illegible] ready [illegible] it can circulate print

FWS

Dated 29th October 1898

Received
Registered } 8-11-98

Enclosures

Spare copies

SUBJECT.

Salt depots on the E. C. Ry.

Orders on an application from the Managing Director of the Oriental Salt Company for the provision of special go-downs within the Ry Enclosures at Vizianagram & Chicacole Road stations on the E. C. Ry: to serve as salt depots to be stocked by rail from Coy's factories at Karasa and Naupada.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

11P

JOINT SECRETARY TO GOVT. OF MADRAS RYS.
RECEIVED
8 NOV 1898

No. 1204 R.T.
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY TRAFFIC.

All communications should be addressed to the Secretary.

1 Print

To

The Joint Secretary to the Government of Madras,
Public Works Department,
Railway Branch.

Simla, the 29th October 1898.

Sir,

I am directed to acknowledge the receipt of your letter No.965 Railway, SN°19 dated the 27th July 1898, forwarding an application from the Managing Director of the Oriental ~~al~~ Salt Company, for the provision of special godowns within the railway enclosures at Vizianagram and Chicacole Road stations on the East Coast Railway to serve as salt depots to be stocked by rail from the Company's factories at Karassa and Naupada, and to observe as follows :-

2. The grant of the concession being opposed to the orders SN°3 p2 contained in the Government of India letter No.1895 R.C., dated the 23rd November 1897, it is urged that as the extinction of the numerous smaller factories as the result of the concentration of the Oriental Salt Company's operations on the few larger factories will permit of a large reduction of establishment and other expenses, and minimize the chances of fraud which are always greater at small outlying factories than at large ones where efficient supervision is easier, and as the proposed salt depots will serve as a means of attracting downward produce to the railway by drawing carriers inside the stations, the application of the Oriental Salt Company may in the interests of Government

be sanctioned as a special case.

3. The Government of India while agreeing with the Madras Government as to the importance of concentrating salt manufacture, and of attracting traffic to the railway by establishing salt depots at the stations, are of opinion that so long as the depots are in the immediate neighbourhood of the goods offices of the stations and connected by sidings with the railway, it is immaterial to the objects in view whether they are actually on railway land or not.

4. If there is any station land which the Railway Administration do not want, and are never likely to want, and which is suitable for the purpose, there would be no objection to its being excluded from railway limits and sold to the Oriental Salt Company. Otherwise it would be preferable that the Salt Company should make their own arrangements for acquiring land adjoining the stations for their depots.

I have the honour to be,

~~Sir,~~

Your most obedient servant.

F. R. Upcott

Secretary.

Documents accompanying.

Nil.

SERIAL

No.

Public Works Department Madras

OOTACAMUND, 28 – 6 1898.

Dear Mac Neil.

I cannot gather from your letter of yesterday what is it precisely that you are asking for. Is it that the E.C.R. may build the salt godowns inside railway limits at your expense? Or is it that they may build them at the expense of the railway?

If the latter, the Petroleum (bulk oil) rules are not very apropos.

If you propose that the Railway should build the godowns at railway stations are you demanding that you should have the monopoly of their use on a lease? and how about other salt traders? And will the salt be bonded in the godowns, or not? and if so, under what arrangement with the Salt Dept.

Please return this with your reply. I leave tomorrow and am trying to deal with your case to-day and get H.E.'s orders.

Yours sincerely
Francis J. E. Spring.

My dear Spring,

We leave ourselves entirely in the hands of the railway as to the terms on which we shall be allowed to occupy godowns in the railway enclosures. We are quite prepared either to build the godowns ourselves or pay any reasonable rent fixed by the railway in godowns specially built by the railway for us, or to rent from them any portion of their existing goods sheds. We neither claim nor expect any monopoly of the use of these godowns. All we ask is accommodation reserved for us with reasonable security of tenure on such terms as may be most convenient for the railway. The salt is duty paid and the Salt Department therefore do not concern themselves in regard to it

Yours sincerely

C. MacNab

28/6/98