

Public Works (1898) Department.

RAILWAY BRANCH.

G.O., No. 241-42.

DATED 12th Feb. 1898.

[Despatch Abstract.]

*Salt Supply of the Northern Circars
as affected by the E.C.Ry.*

Ordered that the note by Mr. W. A. Willock,
Member of the B. of Revenue on the — be forwarded
to the Govt. of India with the request to instruct the
Manager of that line to give this important matter
his careful attention on the general lines
indicated in the note.

The Govt. of India addressed

Indexed.

2/3/98

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

Railway

3/

Order - No. 241. gty dated 12/2/98
A 9 H
~~9.2.98~~
9.2.98

The Government of India will
be addressed.

No. 435 Misc.

Dated 29th January 1898

Received

Registered

Enclosures

Spare copies

SUBJECT.

FURTHER PAPERS.

In dealing with this subject it is necessary to bear in mind the position which salt will probably occupy in the traffic of the East Coast Railway some ten years or so hence rather than existing conditions. There is no reason why this should not be foreseen with fair accuracy at present, though there is one disturbing factor—the construction of the Vizagapatam-Raipur Railway. It is to be hoped that it will be an accomplished fact long before that time, but to avoid the risk of being thought to overestimate the importance of the future salt traffic of the line I will only assume that a feeder railway has been made up to Párvatipuram—an assumption which is a tolerably sound one, as I believe that the railway authorities agree with me in thinking that the heavy traffic of the Vizagapatam district can never be brought on to the line until this is constructed. I also assume that the note which I have been directed to prepare is intended to refer only to the portion of the line north of the Gódávári.

The salt produced along this part of the coast feeds four large markets, the conditions in each of which are totally different, so far as railway considerations are concerned. They are as follows:—

- (1) Orissa and the country inland of it.
- (2) The plain tracts of the Ganjam and Vizagapatam districts.
- (3) Jeypore above the ghauts and the adjoining areas.
- (4) The Central Provinces and areas fed from the great route through the Rayagadda valley, including the country directly inland of Vizianagram and Palkonda.

There are other areas, such as the Ganjám Agency tracts and the Gudem hills, which also derive their supplies from the coast factories, but these may be classed with head (2) for all practical purposes.

These areas are now supplied chiefly from the East Coast. In the case of No. (1) imported salt from Calcutta and Bombay salt transported by the Bengal-Nagpur line to Sambulpur and the adjacent country share the market, and in No. (4) the same Bombay salt competes in the far interior. I do not think that there is any practical competition with Bombay salt in the case of No. (3) as the areas dependant on the two sources of supply are separated by a very thinly inhabited tract.

The following are the factories from which supplies are drawn:—

(i) *Tua and Gurubai*.—Two small factories under the Bengal Government on the Chilka lake. These can only throw salt into Orissa by boat and are at present greatly overstocked with inferior salt, which will rapidly deteriorate and reduce sales to very local limits. They sold 46,224 maunds last year against 76,635 in 1895-96 and the decrease is certain to continue. They may be disregarded.

(ii) *Ganjām*.—A very fine factory, the head-quarters of which is about $1\frac{1}{2}$ miles from the Humma station. It is about three miles long however, and the more remote platforms are at a considerable distance in consequence. It can produce about 500,000 maunds per annum, but is liable to disastrously bad years owing to the frequency of hot weather showers in some seasons. Ganjām is a Government factory.

(iii) *Surla*.—A good factory about five miles from the Ichelhápúram station but separated from it by a swamp which can only be crossed by carts in the dry weather. It is capable of indefinite extension, but the distance from the railway will always confine its operations to local trade so long as stocks are available at more convenient factories. The site has also the disadvantage of being very unhealthy. It is partly Excise and partly Government.

(iv) *Naupada*.—A splendid factory less than two miles from the Naupada station. The salt is excellent and the production admits of indefinite extension. It is now far in excess of the demand. It is an Excise factory.

(v) *Calingapatam*.—A moderately large factory about twelve miles away from the Parlākimedi Road station, with the Vamsadhara river intervening. It can make about 300,000 maunds. The salt is inferior, though somewhat popular owing to its being light and consequently measuring well when retailed. It is a Government factory.

(vi) *Kuppili, Konada and Bimlipatam*.—Three small excise factories, capable of producing about 250,000 maunds per annum, lying along the coast opposite the section of the railway between Chicacole Road and Vizianagram. They are from twelve to eighteen miles from the railway and Kuppili has not even got road communication with the interior. Their salt is light and therefore popular and fetches from 1 to 3½ annas per maund more than the price charged at all Government factories (3 annas per maund).

(vii) *Karasa*.—A fine factory partly Excise and partly Government, about two miles from the Waltair station. The factory is capable of producing about 300,000 maunds of salt at present and can be largely extended.

(viii) *Balacheruvu*.—A Government factory on the south of the Dolphins Nose range of hills. The site is a favourable one, but want of labour is much felt and the nearest railway station is ten miles off.

(ix) *Polavaram*.—A small factory on the sea coast nearly opposite the Narsapatam Road station which only meets a local demand.

Of the areas dealt with above, Nos. 1, 3 and 4 are those in the salt traffic of which the East Coast Railway is chiefly interested. No. 2 will always draw a good deal of its supplies by cart from the nearest factories on the coast, but the railway is concerned even in its case in the concentration of the demand at the factories adjoining the line, which will probably in time result in the business of the intermediate ones falling off to such an extent as to result in their closure.

As regards No. (1) or Orissa, this tract has hitherto drawn its supply from Calcutta, Bombay and the north of the Ganjam district. The second source of supply has only become of importance during the last two or three years owing to the extension of the Bengal-Nagpur Railway system towards Sambulpur.

Last year the quantities supplied from each source were as follows:—

	MDS.
Calcutta	280,795
Bombay	132,403
Ganjam District and the Chilka factories	411,420
Total	824,618

I have here included 46,224 maunds supplied by Tua and Gurubai under Ganjam as I regard those factories as practically extinct so far as future considerations are concerned.

As to the future of the salt supply of this area it is impossible that Bombay salt should make much further advance towards the coast. It has only been able to stretch as far as it has done owing to the heavy cost of carriage by cart and pack bullocks from Cuttack. If rail communication is opened up from Cuttack or anywhere thereabouts with the country now served by the Bengal-Nagpur line, the result must be to drive Bombay salt some hundreds of miles back into the interior. The salt thus driven back will be replaced by salt from the Ganjam factories as that supplied from Calcutta is of a totally different description from what is now in use, being fine grained salt produced by artificial evaporation and imported from Europe. It is far more expensive than salt produced by solar evaporation and can never displace the latter in areas where its use is customary, the difference in initial cost (ex-duty) being from 300 to 400 per cent. The East Coast Railway has consequently a fine opening for salt from the Ganjam factories in this direction as communication improves. The north of Orissa has been dependant on Calcutta for its supplies hitherto owing to the difficulty of transport from Ganjam, but with such disproportionate initial cost it cannot continue to draw on it long after the East Coast Railway is opened beyond Cuttack. It is true that the people are unusually conservative in this area and have been accustomed to use "boiled" salt from remote times, the climate being unsuitable for the production of salt by natural evaporation. It may therefore take them some little time to get used to the cheaper Madras salt, but there can be no doubt but that the latter will gradually win its way and drive back the foreign article not only out of Orissa but even out of the adjoining parts of Bengal. A difference of 9 annas per maund, it must be remembered, is enough to carry salt an additional 600 miles

or so by rail so that the area of possible expansion of salt trade for the Madras factories is very great. Of course, the railway might say that, as the salt has to come from either the Ganjam district or Calcutta, it would have to pay railway freight in any case and that it was as much interested in developing the Calcutta trade as that from Madras. This, however, is not correct. It is the interest of the railway to secure as much of the market as possible for one or other source of supply and so avoid being only given transport over the minimum mileage to the centre of the intervening line. Its object should be to either get Madras salt to pass the half-way point and supply tracts nearer to Calcutta or *vice versa*. Owing to the high price of Calcutta salt it can never invade the area dependent on Madras and consequently the interest of the railway is to drive the former back as far as it possibly can. This policy is further recommended by the following consideration.

Ganjam, though a large factory, is not at all likely to be able to supply the whole of the salt required by the area which will want to draw its supply from Madras in future. It unfortunately cannot be extended, and, though it has now, after a series of prosperous manufacturing seasons, got large stocks on hand, it may, owing to its liability to have manufacture stopped by thunder-storms in April and May, be depleted two or three years hence and will in any case never be a reliable source of supply. Three-quarters of its outturn already go to Orissa and with a slight increase of trade its stocks are certain to run short every year. As explained above, it cannot be extended. Surla, the next factory, is at a disadvantage owing to its being so far from the line and consequently the trade will go to Naupada, giving the railway a longer lead by 85 miles if proper encouragement is given by the railway authorities to the Naupada manufactures. A very large quantity of salt has been sent north from Naupada during the past few months, but this was due to exceptional causes. A large quantity was condemned to destruction unless cleared immediately and was disposed of at extraordinarily low prices. This was what the Cuttack merchants were purchasing so freely during the early part of the current year. They could hardly afford to cart salt selling at ordinary rates to the railway and sell it at a profit unless special concessions are made. Golantha, the nearest station to Surla, is only eight miles from that factory or six miles further than Naupada is from the line. The cost of carting salt these six miles would be considerably less than the cost of railing it from Naupada, and some concession or facilities are necessary at the latter to enable it to secure the overflow demand from Ganjam and the railway freight on the additional 55 miles. The advantage which I would recommend is a branch line to the factory which would do away with carting and transshipment altogether. At the same time everything possible should be done to encourage sales at Ganjam and so clear out stocks so as to force the trade to the more distant factory. A branch to this factory also is desirable for this reason. The main thing to be remembered is that the more salt the railway moves the greater the distance it will move it will be. It will never profit much by the salt trade so long as the supply is divided between Calcutta and the Ganjam district. Its policy should be to drive back the Calcutta salt as it is impossible to adopt this course with success as regards the Ganjam salt.

With regard to the second area referred to above, the plains of Vizagapatam and Ganjam will always be dependent on the nearest factories to some extent. Between Naupada and Karasa, however, it should be possible for the East Coast Railway to prevent any salt from Calingapatam, Kuppili, Konada or Bimlipatam from crossing its line. This should result in the eventual closure of these factories and should secure to rail-borne salt the consumption of the country on both sides of the line. I would here recommend very low rates of freight from Naupada and Karasa, especially to Vizianagram and the stations north as far as the Vamsadhara river. This, with the branch line to Naupada referred to above and another to Karasa, should in time produce the result suggested.

In the remaining two areas two other considerations arise, viz., the desirability of getting bandymen to drop their loads from the interior at the first railway station they reach and the effect which may be anticipated from the opening of a railway to Parvatipuram. At present most of the salt used in these tracts comes from Calingapatam, Konada and Bimlipatam. The Konada salt does not seriously affect the interests of the railway as regards other freight as Konada is no longer a port, but that from Calingapatam and Bimlipatam exercises a most injurious influence as it

supplies return loads for carts proceeding to those ports with produce and probably makes all the difference between their finding it worth while to cross the railway or to deliver their loads at the nearest station. I believe that I am right in saying that the railway has made practically no progress in securing the trade which customarily leaves the districts through Calingapatam and Bimlipatam. This is, in my opinion, entirely due to strenuous efforts not having been made to render Naupada and Karasa salt available at the points where the trade routes to the coast cross the line or at the nearest important towns, and here the importance of branch lines into those factories comes in. If a trader has to cart his salt a couple of miles to a station, he is at the mercy of the local cart-owners and is often made to pay an anna per bag or 6 pies per maund. He cannot be even certain of being able to get this work done at that rate and this uncertainty enhances his disinclination to resort to the factories without his own carts. He therefore still depends on the old means of transit and will have nothing to do with the railway. The result is that the factories close to which railway carriage is available have no advantage over others and the area supplied from each is much the same as it was before the line was opened. The salt trade of Vizianagram I regard as a point to which the railway should pay particular attention. The price of salt in Vizianagram is ruled by that of Karasa salt there as the adjoining factories of Bimlipatam and Konada cannot make enough to supply the demand and can keep up prices to the point at which it pays to bring Karasa salt in. If Karasa salt could be laid down cheap at Vizianagram it would rapidly displace the Konada and Bimlipatam article, as the licensees at those factories will not at once submit to the loss of the very lucrative prices which they have been getting for some time back. When Karasa gets possession of the Vizianagram market, Bimlipatam and its export and import trade must move into Vizagapatam and all produce for shipment go by rail to the last-named port.

It may appear that the salt now removed from the two factories would not justify the construction of a branch line into them just yet. This is only partly true. In the first place, one of the chief reasons why I advocate branch lines is that it is the interest of the railway to drive the salt of the factories off the line out of the market at any cost. Then again the opening of a line of rail to Párvatipuram will do a good deal to restore the old salt trade with the Central Provinces which was so heavy twenty or thirty years ago, and will result in the rapid expansion of the operations of Naupada and Karasa. The bandymen of the tract which the new line will open up are far too enterprising to content themselves with competing at loosing rates with the railway. They will extend their operations further and further into the interior laden with salt instead and will rapidly recover lost ground. Even if the opening of the branch lines into the factories would not pay at once, they certainly will as soon as the Párvatipuram feeder is constructed.

Looking at the matter from a more general point of view, the local salt trade of the two districts has been as follows for the past two years.

	MDS.
1895-96	1,384,735
1896-97	1,447,278

Of this at least 11 lakhs should be railborne. To this 11 lakhs, however, has to be added a large expansion of Ganjam trade north of Cuttack as the railway opens and a still greater increase in the salt sent from Karasa and Naupada to the Central Provinces when the railway to Párvatipuram is constructed. The increase in the fourth area when this takes place will be enormous. The third area will also be affected particularly if a branch line is made to Sálúru, but I do not look for a very large expansion there as the population in the interior gradually thins off and the distance from Sálúru to the other side of this comparatively uninhabited tract is too great for the short railway line to Sálúru to reduce the carriage to the more populous places on the other side of it markedly.

20th January 1898.

W. A. WILLOCK.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read Demi-Official letter from W.A.

Willock, Esq., I.C.S., Madras, d/23rd January 1898, forwarding the note on the salt supply of the Northern Circars as affected by the East Coast Railway, recently called for.

Order thereon, No: 485, Mis, dated the 29th January 1898.

With reference to Government Order No: 773, R, dated 5th October 1897, Public Works, a note drawn up by Mr: Willock on the salt supply of the Northern Circars as affected by the East Coast Railway is forwarded.

(True Extract.)

Ag. Under Secretary to Government.

To

The P.W.D. (Railway Branch) with 3 copies of Note.

Serial 28

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AS 298

Gobt. of {189 } Madras.
REVENUE.

To

Dated

Recd.

Encl.

Mis. G.O., 189 , No.
R.

SUBJECT.

R FORM No. 12.

P.W. Ry Current No 181

No. 242.

Government of Madras.

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

To

THE SECY. TO THE GOVT. OF INDIA,

P. W. DEPARTMENT.

Calcutta

186
Draft for approval.

The Hon. Li H. Bhai K.C.S.

H. S. The Governor.

Madras, 12th Feb 1898.

SIR,

I am directed to invite your attention to para 6 (a) of Consulting Engineer's Report, which reached you under cover of my No 774. R. dated the 5th Oct. 97. And also to para 15 of the same officer's inspection report which went to you with my No 207 R dated the 14th Feb. 98. on the subject of the Salt trade of the East Coast District of this Presidency, and the mutual influence on each other's interests of this trade and of the East Coast R. I am also directed to forward a copy of note prepared by Mr. C. W. Wills, whose knowledge both of the trade conditions of the Northern Circars and of the Salt Department and its operation is exceptionally wide.

It has indicated the draft is Current No 181 but has probably not seen the letter which will be placed before the current.

BS
7/2/98

S No 206

S No 43

MM

3/4/98
5-2-98
R
10-2-98

2. - I am directed by His Excellency the Governor in Council to endeavor to impress on the Government of India a strong sense of the importance of the condition of the salt trade being carefully studied by the officers of the S.C.B. with a view to the mutual improvement ~~of~~ of the Imperial Salt business and the Imperial Railway ~~business~~.

3. - This Government is satisfied that as much has not been done as might have been done to make these two commercial branches of state business mutually benefit each other, to the benefit also of the consumers of the salt. I am therefore directed to express a hope that the Govt. of India may see their way to instructing the Managers of the S.C.B. to give this important matter his careful attention on the general lines indicated in Mr. Willcock's Note. With a view to illustrating this Note I am directed to enclose a copy of a map showing the factories referred to. A copy of this first Board of Revenue's Proceedings No 109 dated the 27th May 96 is also enclosed.

I have &

W.S.

Documents enclosed:

1. Note by Mr. W. A. Willcock
2. Map of Salt Factories
3. Proc. of the B. of Rev. No 109 dated 27/5/96

3/4/96

12/2/96