

Revenue Department

No 342

Intd 16 — 3 — 1859

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Fort Saint George, Revenue Consultation of 22d March 1859.

No. 8. Read the following Extract from the Proceedings of the Board of Revenue, dated 12th February 1859, No. 528.

Read letter from the Collector of Canara, dated 25th January 1859, No. 8.

(In Con. 31st January 1859, No. 387.)

Mr. Fisher appears to the Board to be mistaken in supposing that a system of Excise such as that proposed by Mr. Plowden affords greater facilities for smuggling than the present Monopoly.

2. Under the Excise the manufacture and storage of the Salt will be under supervision just as much as is now the case—the only differences are that the Salt will be the property of the owners and that Government will levy a tax of 12 Annas per Maund when it is sold instead of purchasing and re-selling it at one Rupee. The proposed Act and the stipulations to be contained in the Licenses afford the Collector ample powers to repress illicit practices, and as the tax will be smaller hereafter than it now is, while the penalties will certainly not be lighter, the inducements to smuggle will rather be reduced than increased.

3. From the Collector's description of the generality of the Canara Salt pans a large preventive Establishment may be necessary for the security of the Revenue, but whatever Establishment is requisite under the Monopoly will certainly suffice under the Excise, and no objection can be raised on this ground to the introduction of the latter system.

4. The Collector's letter affords ample reason to infer that even if the Monopoly be continued, more efficient measures must be adopted for the protection of the Revenue—for it is obvious that great facilities now exist for smuggling Salt and while the tax on it is about 700 per cent. of its intrinsic value it cannot be supposed that these facilities are not taken advantage of.

Enc. in to Govt. 26th Jany. 1859, No. 282. 5. The Collector has lately been furnished

with a copy of the Draft Act for the Excise, and he will see from it that the penalties for smuggling are severe. A License cannot be withheld for any pan now at work, but the Collector has power to refuse a License for any new pan proposed to be opened in an objectionable locality. And hereafter any Cotaor or set of Salt works which on an average of three successive years may not produce 5,000 maunds of Salt annually, may be suppressed. These two provisions afford sufficient security for the future; as regards existing pans, power to refuse a License could not be conceded, because the excise makes no such alteration in regard to them as would justify new protective measures to the prejudice of private rights.

6. Previous to the introduction of the new system however there is nothing to prevent the purchase and suppression of pans so situated as to render the prevention of smuggling impossible except at an inordinate expense. The Collector can propose measures of this character for the consideration of the Board and Government, but in doing so he will not overlook the fact that the Excise duty will be 12 Annas on every Maund of Salt, and that consequently it may often be more profitable to incur a large expense for establishment than to suppress a pan and lose the whole duty. He will also bear in mind the probable extension of the Salt trade and the consequent possibility that pans now isolated may at no distant period be surrounded by others paying Government a considerable revenue.

7. In like manner it may be advisable to purchase land adjoining the present Salt works with the object of isolating them and so saving expense in the maintenance of servants who would otherwise be required to prevent smuggling; but Government can neither purchase land to make Salt pans, nor can they share the expense of making pans with private individuals. Either course would be wholly opposed to the object of the new system, which is to limit the business of Government to the levy of the tax and to leave the manufacture entirely to private persons. The Collector will find on reference to the Board's letter dated 4th August 1853, that his establishment will be divided into two branches, each independent of the other—one the inner to watch the production and store, and the other or outer to prevent the exit of Salt until it has paid duty. This outer establishment may be so placed as to include the gardens and fields interspersed among the Salt pans, and thus render the purchase of land unnecessary except in a few special cases. Before any Salt can pass the outer Choukies a permit from the inner establishment must

Fort Saint George, Revenue Consultation of 22d March 1859.

be produced, and the Draft Act affords a stimulus for watchfulness by allowing the whole proceeds of seizures, &c., to be given to the Captors.

8. The Board fear that it will be scarcely possible to introduce the new system into Canara this year, but they particularly request that the Collector will use every endeavour to do so. The reason assigned in para. 2 of the Collector's letter seems to the Board the strongest argument for the introduction of the Excise, for reduced taxation and freedom of manufacture will it may be hoped, in all ordinary seasons stimulate production until the supply meets the demand.

9. The Collector will if necessary obtain assistance from the District Engineer and have rough plans prepared of the different Salt works, if he finds this necessary. The plans need not be prepared with any great degree of accuracy, and the Board hope that by deputing his Assistants to the different places of manufacture even this delay may be obviated.

10. The Board presume that the Collector's letter applies only to North Canara; under the Excise however the introduction of the manufacture into South Canara is also contemplated. Here as no pans exist the difficulties experienced in the Northern division will be avoided and pans can be Licensed in positions admitting of easy protection. The Board request that the Collector will inform them as soon as possible whether any measures have been adopted with this object, and will not hesitate to refer to them for instructions on any point which may still appear doubtful to him.

Ordered that the copies of the foregoing Proceedings be forwarded to Government and to the Collector of Canara.

(A true Extract.)

(Signed) J. D. SIM, *Secretary.*

No. 9.

ORDER THEREON, No. 342; dated 16th March 1859.

The Governor in Council approves the instructions issued by the Board to the Collector, and concurs generally in their remarks.

2. He trusts that Mr. Fisher will now submit at an early date his scheme for introducing the Excise system.

(Signed) J. D. BOURDILLON,
Secretary to Government.

IN CON. 31st JANUARY, 1859, No. 387.

From W. FISHER, Esq., Collector of CANARA,

dated Mangalore, 25th January 1859, No. 8.

1. In order to make arrangements, if possible to carry out the instructions conveyed in your letter (No. 2940) dated 4th August 1858, I have the honor to state for the information of the Board that I have taken the earliest opportunity of making a personal inspection of all the most important Salt pans in North Canara, the only portion of the District in which Salt is now manufactured. My tour was made in company with Mr. Pochin, the Additional Sub Collector, whose experience with regard to Salt works in other Districts, made his assistance very valuable.

2. The failure of the Salt manufacture, during the last two seasons, renders the introduction of a system of excise impossible at present, and I am satisfied that the Bombay system can never be adopted in Canara unless the manufacture of Salt is confined to three spots, Sanekuttah, Coompta, and Serali, and all the other Salt works along the numerous creeks and rivers from Coondapoor to Coompta, are discontinued.

3. There is in fact only one set of pans so situated as to make the due watching of the manufacture, storing, and transport from the immediate neighbourhood of the pans, possible, unless Government are prepared to incur a very large expenditure in the purchase of land, and the isolation of the pans to such an extent as will enable a moderate establishment to undertake the preventive duties the proposed system imposes.

4. Indeed such is the position of most of the pans in the District, that I wonder how we obtain the Salt that is stored; and the facilities are so great for roguery of all sorts, that its existence cannot be doubted, though it may be very difficult to say in what manner, and to what extent frauds are practised.

5. As regards compensation to owners for such pans as may be done away with, there will be little difficulty. I can act on former precedent, and it will be sufficient probably if the beriz on these pans, which has been struck out of the accounts, remains uncollected, until they are gradually turned into rice-fields, or brought under cultivation of some kind. Government must I think however be prepared to buy land, and make pans in some instances, and in others, to share expences with those proprietors who may be inclined to turn such portion of their lands as may be required by Government, into Salt pans.

6. I conclude that a considerable expenditure must be incurred on this account, as I observed waste pans in every group, and was generally informed that their owners had left them so, because the cost of working them was so great that the established rates paid for Salt manufactured for Government, were not remunerative.

7. It is also very probable that much of the land required will be found to belong to persons whose means will not admit of their incurring the expense of converting their rice fields into Salt pans. This is likely to be the case particularly at Coompta, where the excavations must be more expensive than at Serali. The Sanikutta pans can be extended at comparatively small cost, as the ground is particularly favourable the level being little above ordinary high water mark.

8. Never having been employed in the revenue department in a Salt producing District, except for a few months at the commencement of my service, I have no personal knowledge of the Salt pans on the eastern coast; but from all I have heard, they are usually in positions only accessible at certain points, and there are neither houses, gardens or fields in their immediate vicinity. No person I believe can even approach them, without being seen by the people on duty within the enclosures, which are I understand protected by walls or ditches, with means of ingress and egress at certain distances. Of the numerous places of manufacture I have lately visited, there is only one where the Salt pans are regularly laid out. In every other instance they are more or less scattered, the distances between some of them being very considerable; and as a general rule, they may be said to be scattered among gardens and fields, the former being occupied by the villagers, whose houses are visible among the cocoanut trees in all directions.

9. Sometimes where the pans are in clusters, a creek or river divides one set from another, and they are to be found from a few hundred yards to a mile or two apart. Of course all the pans attached to one manufactory and store house are seldom, if ever, visible from the Cotaur under these circumstances. In one or two instances I found large pans far away from supervision of any sort, beyond that of a Kolkar, and the occasional visit of the Salt Monegar or Shanbogue in charge of the group to which it belonged; and on reference to the out-turn of late years from these pans, I have been so convinced that but a small portion of the produce reaches the Government store houses, that I have found it necessary to suspend the manufacture carried on in them.

10. Mr. Maltby, in his report dated 10th November 1852, on the subject of introducing the excise system, observed that our most important pans were situated at Sanekutta on the Tuddry, and at various places on the Coondapoor river, and he also named Siraly, in the neighbourhood of Butkul, as producing largely, Sanekutta is by far the most important Salt station on the district. It produces about 2-5th of the Salt now manufactured in Canara, is capable of extension, and offers great facilities for the introduction of an excise system, as it is in strong contrast with all other salt producing localities, the pans being tolerably regular and not interspersed among fields and gardens, whilst they can be easily guarded and overlooked from the surrounding hills, and have the advantage of both good roads, and abundant water carriage.

11. Unless however as I have already stated, Government are prepared to incur heavy expenditure in remodelling and extending one or two other groups of pans, and in buying up gardens which either border immediately on the pans or are dotted about among them, I do not see that an excise system can be introduced elsewhere. Supposing even that Coompta and Sirali (certainly the most eligible sites) were fixed on, and the pans were arranged and increased at each place to an extent which would warrant the employment of the sibundy required to prevent smuggling, all other pans to the South of the latter place, those on the Coondapoor river included, must be thrown up.

12. A careful examination of most of the sites now occupied by salt pans has convinced both Mr. Pochin, and me that this must be done, and indeed it is sufficiently evident that pans interspersed among paddy fields and gardens, utterly unprotected by fence of any kind, and open to all comers, cannot be brought under a system, the expense of which can only be met by grouping large number of pans together, in positions which can be guarded during the manufacturing season, and from which salt can only be conveyed by roads or rivers capable of being easily watched.

13. I think therefore, that to enable me to proceed with the task before me, it should be determined whether Government, with a view to introducing the Bombay system in this district, are prepared to sanction the abandonment of a very large portion of the Salt pans now in use, and to make arrangements for establishing large works at two or three points. If so, I would propose to test with greater accuracy than I have the means of doing at present, the productive powers of Seraly and Coompta, and to procure through the D. P. W. a survey of the ground to be taken up, and of the pans now in existence at each place with estimates for buildings, walls, ditches &c.,

14. When the sites and extent of the new Salt stations are determined, I shall be able to submit an estimate of the expence to be incurred in the purchase of land, and in organizing an establishment for the effectual supervision of the works; and to place the whole subject before the Board, in a shape which will enable them to judge of the expences which the proposed alteration will involve, and the returns which may be expected under the new system.

15. At present, I am unable to do more, than express my conviction that an excise can only be introduced in the event of measures, such as those proposed being taken; and as these will tend to make Government the owner of pans, which the proposed system supposed to be private property; and changes must be made which perhaps Government never contemplated, and may be unwilling to sanction, I have the honor to request instructions on the proposals I have made, in order to enable me to report fully on the points enumerated in your letter under reply.

No. 2940.

From J. D. SIM, Esq., *Secretary to the Board of Revenue.*
To Collectors of Malabar and Canara respectively.

SIR,

From Govt. 6th in Con. 30th
July 1858, No. 928, R. D.
Spare copies sent with No.
2898, 30th July 1858.

I have the honor to inform you that under instructions from the Supreme Government, a system of Excise on the Bombay plan is to be substituted for the Salt Monopoly in your Collectorate.

2. You will find the system described in the Bombay portion of Mr. Plowden's Report furnished to you on the 9th February 1857, and in Acts XXVII of 1837 and XXXI of 1850.

Page 36, Para 208.

3. The Manufacture, you will observe, is to be left to private individuals, who must, however, in every case be licensed. The production and store are to be watched; and the Excise duty paid before removal from store, is allowed.

Para 250, Page 41.

4. In Bombay two Establishments are maintained. One charged with watching production and store, with the care and custody of the Salt produced and stored, and with the delivery of the same upon written orders from the Officers by whom the duty is collected. The other stationed, as a preventive Establishment, at Chowkeys in the immediate neighbourhood of each Salt work. When Salt has passed these outer Chowkeys, it is subject to no further inspection on transit.

5. It is unnecessary to state here any further particulars of the Bombay arrangements with the view to carry out the system in your Collectorate: the great objects, you will perceive, will be to group the Pans and Stores so as to admit of effective and economical supervision, and to remodel your establishment in such a manner as to provide both for supervision over the manufacture storing and sale, and for the outer guard to prevent smuggling.

6. You are requested to report, at an early date, the measures you would propose including alterations of establishment for the introduction of this system of excise in your district. The Bombay Acts give the Government extensive powers in regard to the location of the Salt works, and it is the intention of the Board to suggest that a similar enactment shall be passed for this Presidency, and they will be happy to receive any suggestions that may occur to you in regard to the provisions it is desirable to insert to suit it to the peculiarities of this Presidency, where arrangements for the manufacture and storage by numerous small proprietors of pans have to be considered.

7. The Board's recommendation to Government comprizes the reduction of the duty on Foreign Salt on import into your District to 12 Annas per Indian Maund and the postponement of the discontinuance of the importation of Salt on account of Government till such time as the demand shall be fully met by private importation, or by the increased manufacture, or from both sources combined.

To Canara only.

8. It will be necessary that you should consider carefully whether any existing Pans should be abolished, and other ground or compensation granted in lieu.

REVENUE BOARD OFFICE,
Fort Saint George,
4th August 1858.

I have the honor to be,
Sir,
Your most obedient servant,
(Signed) J. D. SIM,
Secretary.

Received of D. W. L. & C.
24th May 1859. No 15

Revenue 839 Depts.
District 22. North.
No 266

12/10/59

Extract from the Proceedings
of the Board of Madras
Dated 12th 3rd February 1859
Resol 153
2 Encls. No 328.

No 342.

The Revenue in Board.

The
-it appears the instructions re-
solved by the Board to the Collectors
and concerns generally in their
remarks.

2 We have to thank the
fisher will now submit at an
early date his scheme for in-
-roducing the excise system.

27th Feb 1859.
16th March 1859.

3 Copies to the Secy of the Govt.

[Signature]

No 849.

1/2 March 1859.
Without order

28th March 1859.