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1-4-59

Fort Saint George, Revenue Consultation of 1st April 1859.

No. 133. Read the following Extract from the Proceedings of the Government of India, dated Home Department, the 17th March 1859, No. 526.

Read the following letters.

SEPARATE REVENUE.

No. 2.

To the Right Honorable the Governor General of India in Council.

MY LORD,

1. I transmit herewith copies of correspondence with the Salt Chamber of Commerce at Northwich on the subject of the regulations affecting the importation of Salt from this country now in force at the Ports of the several Presidencies of India, which have been under my consideration in Council.

* *Mr. Hadfield to Lord Stanley dated 2d Novr. 1858.*
Mr. Melvill to Mr. Hadfield dated 25th Novr. „
Mr. Hadfield to Lord Stanley dated 18th Dec. „
Do. to do. „ 5th Jany. 1859.
Do. to do. „ 17th „ „

2. It is not the desire of Her Majesty's Government that any favor should be shown to importers of Salt to the disadvantage of the Native producer; but at the same time, considering that the rate of Customs duty on imported Salt is at all the Presidencies precisely equal to that levied on the home made article, no reasons of a financial character exist for encouraging the consumption of the one description of Salt, rather than that of the other.

3. It is alleged, however, that notwithstanding the equality of the duty, obstacles have to be encountered, in practice, by the importers of Salt from this country, which prevent them from standing in the same position as the dealers in Native Salt; and among them are prominently put forward the insufficiency or absolute want of bonding accommodation at the several Indian Ports, and the inadequacy of the recognized allowance for wastage.

4. Her Majesty's Government desire that the whole question may be taken into your early consideration, with the view of obviating any grounds of complaint which may in your judgment appear to be well founded, and that you will report to me the result.

EAST INDIA HOUSE,
London,
31st January 1859.

I have, &c.,

(Signed) STANLEY.

To the Right Honorable LORD STANLEY, M. P. Secretary of State for India, &c. &c. &c.

MY LORD,

In compliance with the wish expressed by your Lordship when the deputation had the honor of an interview last week, I have now to place on record those points to which your Lordship's attention is respectfully called, with a view to extend shipments of Salt to India, as also to facilitate the working of the trade in that article now established at Calcutta.

First as regards *Bombay*.—It would appear that the duty is an excise duty on Native manufactured Salt, and that there is also a Customs duty on Salt imported which is required to be paid at once, and that there is no permission to bond salt; what the trade ask in this case is permission to store Salt in bond, the duty as in England on bonded goods generally to be paid on delivery from the warehouse for consumption, and upon the quantity so delivered ex-warehouse. The landing from the ship to be under surveillance of the customs, and while in warehouse to be under joint custody of Customs and Merchant. Permission to avail of any Government warehouse, at a given rent, for the purpose of storing salt in bond. If no such warehouse exist, permission to use private stores.

At Madras.—It is understood that the import of foreign salt is not permitted, or that the duty levied would be so much more than the Native salt as to render it prohibitory; that salt is manu-

factured here on Government account, and sold at a fixed price from the store which is supposed to be based on the cost price of the salt, plus the duty; should this information be correct, what the trade would then ask for as regards Madras, is as follows:

1st. That salt may be legally imported into Madras.

2nd. At the same rate of duty as is imposed on Native manufactures.

3rd. Privilege of bonding, as at Bombay, and Calcutta.

At Calcutta.—I would remind your Lordship that prior to the year 1845, salt imports from this country were virtually prohibited, for the same reason which now prevent it being taken to Bombay and Madras; since that time bonding facility without the pre-payment of duty has gradually led to an import of about 1,00,000 tons of English salt per annum, which quantity it is believed may be much extended, if the following privileges are conceded.

1st. More storage room, the present bonding stores being quite inadequate to carry on the trade, and the existing bonded space is chiefly occupied by native manufactured salt. It would appear that additional accommodation may be given in the Salkeah Golahs, belonging to Government which admit of enlargement at a moderate cost. The trade therefore ask for fixed and permanent storage for at least 30,000 tons of English imported salt, and they are of opinion that even 50,000 tons would not be in excess. The effect of the present insufficiency of storage is that cargoes of salt are forced into the market ex-ship, often at a serious sacrifice to the importer.

2ndly. They ask in case of a refusal to extend this Government storage room, that inducements be held out to private enterprise to provide such storage, and which does not at present exist (*i. e.* private warehouses for depositing salt in bond) where the salt shall be in the joint custody of the Customs and the Merchant, with an allowance of duty on wastage.

3rdly. That as salt is liable to wastage and evaporation, duty shall only be charged on the quantity weighed from the store, whether Government or private store, or if this is not conceded, that a liberal fixed allowance for wastage be made to the importer in both cases, instead of the small one of 2 to 3 per cent. at present allowed on salt weighed at the Government stores only, whilst from private bonded stores, no allowance whatever is made for wastage. It is bad enough for the importer to lose the value of the salt on which he has already paid the freight to Calcutta without being charged duty on what has no existence. This is so palpable an injustice, that the trade feel assured it only requires a proper explanation to have it removed. There are other points of detail of a local nature operating against the development of British Salt imports at Calcutta, which the Chamber would submit may be settled between the Calcutta Authorities, and the Chamber of Commerce there. Salt having been so long a Government monopoly in India and Government itself being a large manufacturer of the article, it has naturally created prejudices against direct imports, which require to be removed; and as your Lordship was pleased to express to the deputation your desire, that whilst on the one hand no undue advantage should be given to importers over the native dealers, so on the other hand the importer should possess all reasonable facilities to carry on his business, placed as he is at the disadvantage of having to bring his salt a long voyage, and to pay a considerable freight on it.

The Chamber therefore place with confidence in your Lordship's hand this representation of their case, and your Lordship will doubtless be enabled to correct them if from the imperfect data before them on some points, some portions of their statement should require further explanation.

SALT CHAMBER OF COMMERCE, }
Northwich, }
2d November 1858.

I have, &c.,
(Signed) W. HADFIELD,
Secretary.

To W. HADFIELD, Esq., Secretary to the Salt Chamber of Commerce, Northwich.

SIR,

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 2nd Instant, in which on behalf of the Northwich Salt Chamber of Commerce,

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you call his Lordship's attention to certain points connected with the trade in salt between this country and India.

These points appear to be the following, viz.

First. The want of sufficient bonding accommodation at Calcutta, and the absolute non-existence of such accommodation at Bombay and Madras.

Secondly. The mode in which the customs duties on salt are assessed at Madras; and

Thirdly. The non-allowance of a sufficient rate of wastage to cover the loss sustained by the salt while lying in the warehouse.

With regard to the first point, Lord Stanley directs me to forward for your information a copy of the Indian Warehousing Act No. 25 of 1836. Although public accommodation has been provided to a certain extent for salt imported into the Port of Calcutta, it does not appear that the Government of India has undertaken (any more than the Government undertakes in this country) to provide public warehouses for the reception of merchandize where such warehouses do not already exist, but that provision is especially made for the grant of licenses to private persons applying to be permitted to establish such warehouses, and His Lordship apprehends that there would be no obstacle placed in the way of any person who might desire to provide suitable warehouses for the deposit of the article of salt.

In regard to the rate of duty on salt in the Madras Presidency, I am directed to state that salt is there manufactured on account of the Government, at an estimated average cost of two annas or three pence per maund of 82½ lbs. avoirdupois; and that the importation of salt is permitted on payment of a customs duty of fourteen annas per maund, being the difference between the actual average cost price and the price at which it is issued to purchasers for the Government stores, viz. one rupee per maund. In regard to the question of the amount to be allowed as wastage on warehoused salt, Lord Stanley is of opinion that it would be impossible without great danger to the revenue by offering a strong temptation to fraudulent renewal of salt from the warehouses, to concede the request of the Chamber, that duty shall only be charged on the quantity weighed from the store without any limit of wastage; and what that limit should be, can, His Lordship conceives, only be determined by the local authorities from the results of actual experience. From a return submitted to the Bengal Government it appears that out of 96 cargoes of Salt warehoused between January 1855 and May 1856, in only 12 instances was a deficiency discovered in excess of the authorized allowance of 2½ per cent., while in 44 cases, the deficiency was within the limit of 1 per cent.; and of the 12 cargoes in which a deficiency existed beyond the authorized rate, 6 consisted of salt imported from the Madras Presidency. It appears that the subject has been carefully considered by the Government in India, that the result of the enquiry there carried on has been to establish the sufficiency of the existing rate of allowance.

Lord Stanley conceives that the practicability of establishing a trade in salt between this country and the Presidencies of Madras and Bombay must depend on the price at which it may be found possible to lay down English Salt at the places of consumption. In Bengal, where alone such a trade now exists, the Salt generally used by the people, is prepared by means of boiling; but in Madras and Bombay the process employed is the much less costly one of solar evaporation. In Madras the average cost price of the Salt issued from the Government stores is, as already stated, 2 annas per Indian Maund, or about 6s. 10d. per ton; while in Bombay, it is stated by Mr. Plowden in his report (laid before Parliament by command of Her Majesty in 1856) that Salt can be produced to any extent at a cost ranging from half an anna to an anna and a half per Indian Maund or from 1s. 8½d. to 5s. 1½d. per ton. I am directed by Lord Stanley to add, that though he conceives the above facts to constitute a sufficient reply to the allegations set forth in your letter, he is willing to consider any further representation which you may have to address to him on this subject.

EAST INDIA HOUSE,
25th November 1858.

I am, &c.,
(Signed) J. COSMO MELVILL.

Fort Saint George, Revenue Consultation of 1st April 1859.

To the Right Honorable Lord STANLEY, M. P. Secretary of State for India.

&c.

&c.

&c.

MY LORD,

I had the honor to receive your Lordship's letter of the 25th November, which having been under the serious consideration of the Chamber, they feel that unless they can make your Lordship conversant with the real merits of the question it will be impossible to look for an advancement of their trade in India such as they consider it capable of assuming, my reply will therefore necessitate a rather long explanation, and in order to propitiate your Lordship's greatest attention, I may here observe that precisely the same line of argument as that contained in your Lordship's missive was adopted by the late Honorable Company previous to the admission of British Salt into Calcutta.

Your Lordship's statement with reference to Madras, (Bombay not being specially alluded to in the letter), is to the effect that "Salt is there manufactured on account of Government, at an estimated average cost of two annas, or three pence per Maund of 82½ lbs. avoirdupois, and that the importation of Salt is permitted on payment of a Customs duty of 14 annas per Maund, being the difference between the actual average cost price and the price at which it is issued to purchasers for Government there, viz. one Rupee per Maund."

The Salt thus alluded to is not manufactured or refined Salt, but merely the raw and very inferior kind made by solar evaporation, and which in this state appears to be sold to the public at about 55s. sterling per ton, for I conclude the meaning of your Lordship's statement to be that at this price it is issued to purchasers from the Government store, and not for "the Government store", as expressed erroneously in the letter. Now what the Chamber propose to introduce generally into India is the refined manufactured Salt made from pure brine, and in boiling pans, such as has already found its way into Calcutta, under nearly the same circumstances as are stated to exist at Madras, and it is a question whether the population of India would not prefer a refined Table Salt at an increased prime cost (duty being the same in both cases) to the rubbish which it is admitted on all hands they now consume.

To refine the solar Salt on the spot and render it fit for human food the Chamber contend would cost more than what they can lay their Salt down for in India (freight included) as the great expense of refining Salt is in the fuel, and only Coal will refine Salt cheaply; what they therefore again propose is, that this refined English Salt shall be admitted to bond at Madras, and Bombay, and be there sold in bond, the Government taking the Salt into their custody and the purchaser paying the duty. It will then soon be tested whether or not he will prefer at a comparative cost, the solar made Salt now used, to that imported from England of the quality described.

The purchaser in obtaining English Salt is thus enabled to dispense with the process of washing and refining native Salt, a process most costly, and as the Chamber learn from good authority, is almost universally adopted in Indian households where English or Punjab salt cannot be procured.

The Chamber was much obliged to your Lordship for sending them a copy of the Indian Warehousing Act, although it does not throw any light on the regulations, as to Salt, indeed the Chamber believe that it is on record by correspondence between Messrs. Porter and Co. of Calcutta, and Mr. Edward Caine, Collector of the Customs there, that this Warehousing Act did not apply to Salt. They would observe, as regards the principle of "wastage" on certain articles set forth in that document that the lowest rate is two per cent., and the highest ten per cent., the wastage on Saltpetre being for instance four per cent., and they are credibly informed that the allowance for wastage on Salt stood for some years at four per cent.

The Act affords the privilege of private bonding stores, but as applied to Salt it is rendered nugatory, because there is no allowance for wastage on Salt stored in private warehouses, and moreover Government having had the sole monopoly, and control of Salt, private individuals cannot be expected to compete with them. The adoption of warehouses for Salt is also against their being used for the merchandize. It is only of late years that admitting English Salt into

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India has been really a practical question, any analogy therefore between the custom in this country, and in India must necessarily be controlled by the circumstance of Salt in India being a Government monopoly, and I presume it is not trespassing upon sound fiscal principle that an importer paying heavy duties should ask for accommodation from Government as the recipient of such duties, in order to carry on his trade to advantage, thus being encouraged to extend it, and with such extension, increasing the revenue of the empire.

As already observed the minimum allowance for wastage in the Indian Warehousing Act is 2 per cent., this is on dry commodities such as spices and pepper, and it certainly does not seem unreasonable that Salt which is known to be subject to great evaporation from the atmosphere should have an equal allowance to Saltpetre. The analysis your Lordship alludes to of 96 cargoes of Salt would appear to be other than British Salt as it is clearly proved by account sales from Calcutta that the wastage averages much more than $2\frac{1}{2}$ per cent. However the Chamber are willing to waive this point if the first principle is admitted of taking the duty by actual weight delivered from bond, an honest practice universal in this country and its colonies, the adoption of which in India would save much time to ships and much unnecessary labor and expense, and with regard to the objection in your Lordship's letter that weighing ex-store without any limitation as to wastage would involve "great danger to the revenue by offering a strong temptation to fraudulent removal of Salt from the Warehouses;" the same might be urged in this country in respect to sugar, tea, tobacco, spirits, wines, and all the chief revenue paying articles upon which duty is paid on the quantity or weight actually delivered, and upon the landing weight; but the objection would entirely fall to the ground, if as the Chamber most strenuously advocate, Government become equally the custodian in their own golahs of English, as they are now of native Salt. I now come to the existing regulations at Calcutta, and would beg to call your Lordship's attention to what occurred when the bonding concession was first granted, and imports of English Salt at Calcutta became a reality. It was then arranged that a number of rooms in the Government golahs should be set apart for the purpose of bonding English Salt therein, and an intimation, either verbally or in writing was made to Messrs. Potter and Co., by Mr. Cecil Bradon on behalf of the Board of Customs (salt and opium) that whenever the space so allotted should be found insufficient, a further number of rooms would be allowed, I believe a record of this correspondence will be found on the spot, and the time has arrived when such increased facility is imperatively called for.

The Chamber, concur in your Lordship's remark "that the practicability of establishing a trade in Salt between this country and the Presidencies of Madras and Bombay, must depend on the price at which it may be found possible to lay down English Salt, at the places of consumption" and it is precisely to this conclusion that their argument tends, only that as before observed, a comparison cannot be drawn between the refined Salt from this country and the solar evaporated Salt of which your Lordship gives the estimated cost of production at Madras and Bombay; as the latter is not Salt at all in the sense understood in this country, and its use by the population of India, can only be compulsory; all testimony concurs in representing this Salt as unfit for human food, a mixture of sand, salt, and mud.

I would further remark as to the Government Golahs at the Sulkeah of Calcutta, that they are situated in the river bank, of easy access in landing, and that every possible check, can be put upon pilfering, whereas if the Salt has to be conveyed to private warehouses, it would probably be at a distance from the river, subject to cartage and pilferage, to extremes of atmospheric influence, and new buildings would absorb more Salt and be liable to a greater degree of moisture than the seasoned floors, and brick walls of the Government golahs; so that in every point of view it is desirable that Government retain in their own bonded warehouses.

The substance of this communication may be recapitulated as follows.

1st. That English salt shall be allowed to be bonded simultaneously with native salt, at all the ports of the Bombay and Madras presidencies where Government salt golahs exist, and that the duty be paid on the weight out of bond.

2ndly. That waiving the question of wastage, the duty be collected on the salt weighed ex-store, and that Government provide the needful storage accommodation in the locality most suited to the purpose, whether at Bombay, Madras, or Calcutta, especially at the latter port, for the reasons already assigned and the understanding which existed between the importers and customs authorities when the trade was originally opened. No objection has ever been made to

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Government bonding charges and it is evident that bonding in private warehouses would be attended with many drawbacks even if the same could be satisfactorily carried out. The non-allowance of "wastage" on salt stored in private warehouses would of itself be a virtual prohibition.

3rdly. That additional storage accommodation for 50,000 tons of salt be forthwith provided in Government golahs at Calcutta on the banks of the river, that the onerous and tedious process of weighing salt ex-ship (which by the present practice might be gold dust passing through the scales) be dispensed with, and that the duty be charged and levied on the salt, as it issues from the Government stores. There can be no difficulty in having the surveillance of proper Custom House Officers whilst the ship is discharging, according to the practice in this country, in such cases, so as to protect the revenue much more effectually than for any other extraneous appliances.

4thly. That your Lordship would be pleased to recommend to the authorities at Calcutta an adjustment of all minor points affecting the interest of salt importers by reference to the Chamber of Commerce there, as such details, can only be properly understood on the spot. It is a trade that has sprung up within a few years, is but imperfectly provided for, and against which some prejudice may naturally be expected to exist.

The Chamber reiterate their conviction that it will be your Lordships desire to afford them fair play in the Indian markets and also to assist the shipping interest, which an enlarged export of salt to India certainly would do.

They would again refer, as at the interview with your Lordship, to the large amount of duty, collected in India on an import entailing comparatively little trouble or expense to the revenue. They have no desire under the peculiar circumstances in which the Indian Government is placed to agitate the question of duty on salt, although they cannot help feeling that if this duty was on a more moderate scale, and the markets of India fully and freely open to them, that superior English salt would supersede the native production of India so a large extent, in the same way as has happened with Indian cotton goods formerly manufactured in India with the cheap raw material on the spot, and which trade has been almost entirely replaced by the cheaper process of our spindles and looms.

The great natural advantages which the Salt Districts of this country enjoy and the perfection to which the manufacture of salt has attained, have hitherto enabled salt proprietors to compete in the remotest regions with all countries, and with any native production and they are confident of this being the case in India if they are allowed a clear stage by Her Majesty's Government.

At the risk of taxing your Lordships time and patience they feel compelled most earnestly but respectfully to call for reconsideration of their case at your Lordship's hands.

SALT CHAMBER OF COMMERCE, }
Northwich, }
18th December 1858. }

I have, &c.,

(Signed) W. HADFIELD, *Secretary.*

To the Right Honorable Lord STANLEY, M. P. Secretary of State for India.
§c. §c. §c.

My LORD,

With reference to the letter which I had the honor to address to your Lordship under date of the 18th ultimo, I have now to annex copy of a document therein alluded to confirming my statement that the wastage allowed on salt at that period was four per cent.

I have further to state that in order to enable your Lordship to form a correct idea of the two descriptions of salt which have been so much dwelt on in my late correspondence the Chamber instructed me to forward for your Lordship's inspection.

1st. A sample of the salt actually shipped hence to India.

2nd. A sample of Indian native salt so far as information enables them to make one.

The samples were forwarded to the India House by Rail a day or two back.

SALT CHAMBER OF COMMERCE, }
Northwich, }
5th January 1859. }

I have &c.,

(Signed) H. HADFIELD, *Secretary.*

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Fort Saint George, Revenue Consultation of 1st April 1859.

Copy.

Notification Customs.—In further modification of the rules for the warehousing imported salt under bond it is hereby notified that in levying the import duty on clearance of the salt a deduction will be allowed on account of the wastage at a rate not exceeding four per cent. upon the quantity delivered over the ship side. Provided however that if the Collector of Customs has reason to believe that any portion of the salt has been clandestinely or fraudulently removed, he will be at liberty to levy duty on the entire quantity so delivered. The duty upon bonded salt will be levied at the rate in force at the time of clearance. The Collector of Customs may at his discretion allow parties to whom salt stored in bond may be transferred to enter into a new engagement for the entire quantity weighed over the ship's side and upon execution thereof to cancel the bond of the first owner imported or consigned, and release him from further responsibility.

By order of the Board of Customs (salt and opium.)

The 21st October 1848.

(Signed) CECIL BEADON,
Officiating Secretary.

To the Right Honorable Lord STANLEY, M. P. Secretary of State for India.

&c. &c. &c.

MY LORD,

I have the honor to send herewith an extract from Price Current received by the last mail which explains more clearly than can well be done by correspondence the position in which the Import trade of salt is placed at Calcutta, and corroborates also the statements which this Chamber has ventured to make to your Lordship thereon. They would respectfully entreat that instructions may be given to the authorities at Calcutta to render these increased bonding facilities permanent so that shippers from this side may be encouraged to extend their trade in salt.

In the letter addressed to your Lordship under date of the 18th December last, the following inaccuracies appear to have occurred.

Mr. Edward Caine, Collector of Customs at Calcutta should be Mr. Edward Currie and that Government *did not intend* the bonding act to apply to salt, &c.

Mr. Cecil Bradon, should have been Mr. Cecil Beadon, who was simply the Secretary through whom the correspondence took place as to additional bonding storage &c.

SALT CHAMBER OF COMMERCE, } I have, &c.,
Northwich, }
17th January 1859. } (Signed) W. HADFIELD, *Secretary.*

(Copy Extract.)

SALT.

There have throughout been free sellers even in small quantities at Rupees 70; and failing in placing sufficient even at that figure to discharge ships in their
* *Sic in orig.* lay* days, Importers have been bonding in private stores in all directions at great expense and risk; within the past few days however, the matter has been taken up by Government, and arrangements are in progress for the erection of temporary Golabs for bonding under Government supervision.

No sales reported. From Calcutta Price Current December 1858.

No. 526.

Copy of this Despatch and of its enclosures forwarded to the Government of Madras for report.

FORT WILLIAM, } (Signed) R. B. CHAPMAN,
Home Department, }
Separate Revenue, } *Under Secy. to the Govt. of India.*
The 17th March 1859. }

No. 134.

ORDER THEREON, No. 457; dated 1st April 1859.

Ordered to be referred to the Board of Revenue for report.

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

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Copy of this Despatch and of its
enclosures forwarded to the Government
of Madras, for report.

Fort William

Home Depart^t

Secy. Secy

The 17th March/59

J. M. Chapman

Under Secy to the Govt of India

Enclosed for the Govt of India, are the
17th March/59, 525
and the 17th March/59, 525

Revenue 1859. No. 337.
Considered.

No. 337.

From the Under Secy
to the Govt of India.

Dated 17 March 59

Dec: 1st April 1859.

From the Secy to the Govt.

At 16th April 59. (24th 7th 23rd in Dec: 59.)

Forwarding a copy of
Correspondence on the subject
of the Regulations affecting
the importation of opium
from England, at the Annual
Sale of India.

No 333 & 334.

No. 457.

Ordered to be
referred to the Board of
Revenue for Report.

At 6th July 59.

Secy. to Govt.

To the Secy of Rev. Dated 1st April 1859.

Dec: 3rd 5th April 1859.
Considered.

At 1st April 1859.

Secretary.

No. 457. 1st April 1859.

With an order.