Revenue Department

No. 686

Dated 18th May 1809

*Proceedings of the Madras Government, Revenue Department, from 18th to 27th May 1859.*

No. 8. Read the following.

No. 930.

FORT WILLIAM,
HOME DEPARTMENT,
Separate Revenue,
*The 6th May* 1859.

RESOLUTION.

In Bengal the legal rate of duty on Salt is 3 Rupees 4 annas a maund, but this rate has been reduced by successive orders of the Executive Government to 2 Rupees 8 annas a maund. Salt manufactured on account of Government is sold at the rate of 2 Rupees 8 annas a maund, plus the actual cost of manufacture. Salt manufactured in Bengal by private persons is subject to an excise duty of 2 Rupees 8 annas a maund, and Salt imported from abroad is subject to a like duty. In and near the Salt manufacturing districts of Bengal, Salt is sold by retail, through the agency of Government officers, at somewhat lower rates.

2. The whole of the Punjab Proper East of the Indus, and parts of the North-Western Provinces and Oude are supplied with Salt from the Mines in the Salt Range on the left bank of the Indus. The Salt is sold by Government at the Mines at 2 Rupees a maund, of which about 2 annas represents the cost of production, and the rest profit or duty.

3. The greater part of the North-Western Provinces is supplied with Salt imported by land from Rajpootana, on which a customs duty of 2 Rupees a maund is generally levied. In some parts however the duty is only 1 Rupee 8 annas and 1 Rupee a maund. So much of the Western Salts as finds its way to the eastward of Allahabad, pays their additional duty of 8 annas a maund.

4. To the West of the Indus the Salt mines are in the hands of the Government, and the Salt is sold there at the low rates of 2 annas and 4 annas a maund, little more than sufficient to pay the cost of production. In fact, the Salt consumed in Peshawur, Kohat, and the Derajat may be said to be untaxed.

5. In Oude the local manufacture of Salt is permitted on payment of an excise duty of 1 Rupee a mauud. It has been suggested to the Chief Commissioner that varying rates, according to quality, should be substituted for the uniform rate of 1 Rupee.

6. In Arracan, Salt is untaxed. The manufacture and sale of the article is unrestricted, but it may not be imported from thence into Bengal.

7. In Pegu an excise duty of 8 annas a pot for the season, equal to about $\frac{5}{4}$ of an anna a maund is levied; while on Salt imported from abroad, there is levied a customs duty of 6 annas. On the export of Salt by land into the Burmese Territory, a further duty of $4\frac{1}{2}$ annas a maund is levied.

8. In the Tenasserim and Martaban Provinces the duty is 4 annas a pot for the season, or $\frac{3}{8}$ of an anna a maund.

9. In Bombay the legal excise duty on Salt is 1 Rupee a maund, but it has been reduced by an order of the Government to 12 annas a maund. The customs duty on imported Salt is 12 annas a maund, but Salt imported from the territory of the Nawab of Cambay is in practice subject only to half duty.

10. In Scinde no duty whatever is levied on the local manufacture of Salt, and though the Bombay rate of customs duty on imports is in force, no Salt is imported, and the consumption is practically free. The transit of Salt from Scinde into the Punjab is also free, but it does not appear that any Salt has as yet found its way in that direction.

11. In the Madras Presidency, Salt manufactured on account of Government is sold at the place of manufacture at 1 Rupee a maund, and as the average cost of production is about 2 annas a maund, the duty may be said to be 14 annas. The customs duty levied on the import of Salt is 12 annas, the legal rate under Act VI. of 1844, however, being three Rupees.

12. From this review of the existing state of the Salt tax in India, it appears that while the inhabitants of Bengal and Behar (except the population on the Sea coast), and of the North-Western Provinces up to Allahabad, pay a duty of 2 Rupees 8 annas a maund on the Salt which they consume, and while the people of the Punjab East of the Indus, and the people of the North-Western Provinces West of Allahabad (except those who consume locally manufactured Salt, or Salt imported across the frontier at a lower and exceptional rate of duty), pay a duty of 2 Rs. and 1 Rupee 14 annas, the inhabitants of the Madras Presidency pay a duty of 14 annas, and those of Bombay a duty of only 12 annas a maund.

13. In regard to Bombay, the duty was raised in 1844 by law from 8 annas to 1 Rupee a maund; but in consequence of orders from the Court of Directors, limiting the rate of duty to 12 annas a maund, the law was never carried into full effect. Duty on locally manufactured Salt was practically levied at 12 annas a maund, and in 1852 the same rate was fixed by law as the customs duty on imported Salt.

14. In Madras the sale price of Salt was raised in 1844, by law, from varying rates averaging 15 annas the maund, to one uniform rate of 1 Rupee 8 annas the maund throughout the whole Presidency; but in consequence of orders from the Court of Directors, the price of Salt was fixed at 1 Rupee a maund, though the law which authorises its sale at 1 Rupee 8 annas still remains in force.

15. It appears to the Governor General in Council that in the present state of the finances of India, and under the pressing necessity which exists for raising additional revenue to meet the unavoidable expenses of the Government, the duty on Salt both at Madras and Bombay ought to be raised to a rate somewhat nearer that which is taken in the Bengal Presidency. His Excellency in Council is not aware that the circumstances of the people of Bombay and Madras furnish any reason for maintaining a lower rate of duty on the Salt consumed by them than on that which is consumed by the people of Bengal and the North-Western Provinces. The wages of ordinary labor are not higher in Bengal and the North-Western Provinces than in the other Presidencies. On the other hand, in Madras and Bombay the people have been relieved by the repeal of various taxes of an oppressive and obnoxious kind, for which no equivalent has been imposed; whereas in the Bengal Presidency the abolition of the inland transit and town duties was followed by considerable increase in the duty on Salt imported across the frontier and consumed in the North-Western Provinces.

16. If the effect of raising the duty in Bombay and Madras, say to 1 Rupee 8 annas a maund, were likely to encourage smuggling, so that either a further expensive establishment must be entertained, or the consumption of licit salt must be seriously diminished, this would no doubt constitute an objection to an increase of duty to that extent. But the Governor General in Council does not apprehend any result of the kind. The manufacture of Salt in Madras is already entirely in the hands of Government Officers, and in Bombay the means of excise supervision, if defective, can be effectually strengthened, without expense, by means which have already been proposed by the local Government.

17. It seems therefore to His Excellency in Council that the people of Madras and Bombay may be fairly called upon to contribute to the public revenue in the shape of a tax upon Salt, somewhat more than they now do; and that it is no more than fair to the tax-payers of the Bengal Presidency that the duty on salt in the other Presidencies should approximate more closely to that with which the most favored parts of the Bengal Presidency are burdened. His Excellency in Council is not prepared at present to suggest that the price of Madras Salt should be raised above the duty which is now authorized by law, namely 1 Rupee 8 annas a maund, plus the actual cost of manufacture in each district where salt is made; or that in Bombay the duty of excise and customs should be more than 1 Rupee 8 annas a maund. He desires

*Proceedings of the Madras Government, Revenue Department, from 18th to 27th May 1859.*

that the local Governments may be requested to report whether this alteration may not be carried into effect at once, and what changes in the administration of the Department it will be necessary to adopt in consequence.

18. The increase of the revenue that may be expected to result from this additonal impost, supposing the consumption of licit salt not to be effected thereby, is as follows:

| | |
|---|---|
| Present gross revenue at Bombay, at a duty of 12 annas ... ... | 23,75,000 |
| Deduct charges..... | 1,75,000 |
| | 22,00,000 |
| Increase of revenue, allowing for proportionate increase of charge (which is not probable)..... | 22,00,000 |
| Present gross revenue at Madras, at a selling price of 1 Rupee... | 50,00,000 |
| Deduct charges, including cost of manufacture..... | 7,00,000 |
| | 43,00,000 |
| Increase of revenue, allowing for proportionate increase of charge, exclusive of cost of manufacture..... | 25,00,000 |

19. Thus the total probable increase of net revenue from the Presidencies of Madras and Bombay, consequent on the proposed addition of duty, is 47 lakhs of Rupees, and still the price of Salt to the consumer (putting the cost of carriage and the profits of dealers out of sight) will be barely one-half of that which is now paid for Salt by the consumers in Bengal.

20. His Excellency in Council further directs that information may be called for from the local authorities concerned upon the following points, namely—

Whether the duty on Punjab Salt may not be increased to 2 Rupees a maund, the cost of raising it from the mines being taken in addition.

Whether the tax on Trans Indus Salt may not be increased.

Whether the excise on Salt in Pegu and the Tenasserim Provinces cannot be increased.

Whether the duty on the export of Salt by land from Pegu into Burmah may not be increased.

Whether an excise duty cannot be levied on the Salt manufactured in Arracan.

Whether the customs duty now levied on Salt imported into the Bombay Presidency from Cambay, cannot be equalised with the general rate of customs duty.

*Madras Government.*
*Bombay Government.*
*Bengal Government.*
*Punjab Government.*

Ordered, that a copy of this Resolution be forwarded to the Governments noted in the margin, in order that reports may be submitted, as soon as possible, on the several points above indicated.

Ordered also, that a copy be sent to the Foreign Department, with a request that the Commissioners of Pegu and the Tenasserim Provinces may be desired to report on the means of increasing the Salt tax in the territories comprised in their respective administrations.

(Signed) W. GREY,
*Secy. to the Govt. of India.*

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No. 9. ORDER THEREON, 18th May 1859, No. 686.

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

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

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No 930

*FORT WILLIAM,*

HOME DEPARTMENT.

SEPARATE REVENUE,

*The 6th May* 1859.

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Spare Copies sent in 2 Covers.

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*Secy. to the Govt. of India.*

Copy in a Letter to Ct.
of 15th June 1859 No. 19

Revenue 1859 Depot.
Covs 27th May.

No. 897

From the Sect. to the
Govt of India -

Dated 6th May 1859.
Rec'd 18

From A. Forbes Esqr. Member of the Legislative Council for the Madras Presidency Dated 27th June 1859 No. 12/72 in Encl.
22nd July. 15-16.

Requesting to submit a report on the means of increasing the Salt tax in this Presidency -

No. 686 - 18th May 1859 -
Withdrawn Order

No. 686

Ordered to be referred
to the Board of Revenue for
early report -

Fort St. Geo:
18th May 1859.

Sect. to Bd of Rev. Dispd 18

From Board of Rev:
23rd May 1859.
Covs: 17th June
1 @ 6 -

No 889.