M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 785 Press / Mis.

Bundle 26, 27 of 28

Dated 14 - 6 - 1859

Not to be folded or roughly handled

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No. 26. Read the following Minutes.

Minute by the Honorable the President.

I have already in my Minute dated the 10th Instant fully expressed my opinion on the proposal to raise the duty on the salt in this Presidency.

It will be seen from the report of the Board of Revenue that the Supreme Government is mistaken in supposing that the people of the Madras Presidency were relieved from the Transit and Town duties without any equivalent being imposed. The abolition of these taxes in this Presidency, was accompanied by an increase in the price of salt from 105 to 180 Rupees a Garce (which was shortly afterwards lowered by order of the Court of Directors to 120 Rupees) expressly as an equivalent for the revenue given up. The Mohturfa and Vesabuddy which, under the name of separate taxes, are in reality the entire old native system of taxation, and are the greatest infliction, in the shape of taxation, that ever pressed upon the comfort and prosperity of any nation, still remain, although their abolition ought to have followed as a matter of course upon the abolition of the Transit and Town duties, and was authorized by the Home Government; and the land tax is far higher in this Presidency than it is in Bengal.

The Statements furnished by the Board of Revenue show in a remarkable manner the effect of high prices in checking the consumption of salt. The present rate of duty at Madras is, as I have already stated, above the maximum of productiveness—that is to say, if it were to be lowered, the Government would gain more in the increase of consumption than they would lose in the diminution of the rate. The return of prices and consumption from 1238 to 1267 Fusly strongly support this view. But we ought also to remember that salt is an essential article of life and health to poor as well to rich, and almost in equal quantity to all; and that the poorer and more miserable the sufferers, the more powerless they are to oppose or complain.

On one point I differ in opinion from the Board of Revenue. They state that if the tax were increased, no changes in the administration of the Department would be necessary in consequence. It is a well known fact that even the existing tax on salt is by no means fully collected in this Presidency; but I have already expressed my intention of taking the most effectual steps in my power for that purpose, as well as for promoting the circulation of the article in the interior. Notwithstanding the temptations to fraud caused by the great difference between the price of the taxed and untaxed article, preventive measures may be practicable *at the present rate of taxation*, but the case would be altered if that rate were raised.

MADRAS 13*th June* 1859. (Signed) C. E. TREVELYAN.

No. 27. *Minute by the Honorable W. ELLIOT.*

I have anticipated all I had to say on this subject in the Minute recorded on the 7th Instant.

I have only farther to add that I concur generally in the observations contained in the Minute of the Honorable the President.

I am not aware what the retail price of salt may be to the inhabitants of Bengal and Bahar and of the N. W. Provinces W. of Allahabad who now pay a duty of 2 Rupees and 2-8 per maund on their salt; but I have already shown that the people of Bellary and Coimbatore pay from 2 to 2½ Rupees per maund for all the sea salt they consume and in the Hyderabad States and other more distant localities the price is raised to 3 Rupees.

The effect of this has been to encourage the consumption to a great extent, by the poorer classes, of an impure earth salt or Carbonate of Soda, and the more the price is raised the greater will be the number of persons who will be forced to have recourse to this description of salt.

I believe also that illicit sales will be greatly increased. Smuggling is the inevitable fruit of excessive duties. I had the fullest evidence that the salt tax forms no exception to the rule when in charge of the Northern Circars. I showed that the avowed consumption fell far short of the estimated wants of the people, that in some districts this was the case to a greater, in others to a less extent, that in one Province only, Rajahmundry, did it come up to the estimate, and

there it was explained by the police being singularly efficient, that in all the others it fell short of what it ought to be, and that in Ganjam there was scarcely any perceptible legal consumption at all.

These calculations were confirmed by the discoveries of enormous wholesale frauds in Masulipatam, in Ganjam, and in Vizagapatam, and the information I received left no doubt on my mind that these fell far short of the actual extent of the frauds.

I fully concur therefore with the President in believing that an increase of duty cannot be levied by means of the present agency.

I feel assured that recourse must be had to more stringent and effective measures to counteract the greater temptation held out to the unlawful trader backed as his efforts will be by the greater independence and more intelligent habits of the labouring class which has sprung up during the last ten years.

I also anticipate that disappointment will be experienced at the addition made to the revenue by this scheme, if persevered in. I feel confident that it will fall short of the estimated increase.

13*th June* 1859. WALTER ELLIOT.

Ordered in consequence that the following letter be despatched.

No. 28. From J. D. BOURDILLON, Esq., Secretary to Government, Revenue Department; to the Secretary to the Government of India; in the Home Department, dated 14th June 1859, No. 785.

In continuation of my letter of the 11th instant, No. 774, I am directed to transmit further Minutes by the Honorable the President and the Honorable Mr. W. Elliot on the subject of the proposed augmentation in the price of salt in this Presidency.

Rev. Dept.

No. 785

To

The Secretary to the Government of
India in the Home Dept.

Sir,

In continuation
of my letter of the 11th in
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this Presidency.

Fort St. Geo: 14th June 1859.

Revenue 1859 Sept.
Pros. of Govt. 17th June.

No. 785.

To the Secretary to the
Govt. of India in the
Home Dept.
Dt 14th June 59.

Further Minutes by the Honorable the President and Mr W. Elliot on the proposed augmentation in the price of Salt at Madras, transmitted.

No 26 at 28.