M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2379 Press ~~Mis.~~

186-187

Dated 12-12- 18 80.

Not to be folded or roughly handled

No. 186. Read the following letter from Lieutenant-Colonel W. H. HORSLEY, Chief Engineer, Department Public Works, to J. D. BOURDILLON, Esq., Secretary to Government, Public Works Department, dated Chepauk, 3rd October 1860, No. 5,495 :—

SIR,

1. I have the honor to forward original letters from the District Engineer, Upper Godavery, and from Captain Rundall, reporting under the orders of Government, No. 1,222, dated 24th July 1860, the details of expenses incurred, together with the other information sought in the above order.

2. For the sake of clearness, I have embodied the principal points in the Tabular Form shown in the margin.

3. Government desired that the current charges of the Steamers employed should be included, but this has not been done, as the Salt was sent up in empty return firewood boats, the object being of course to keep down the price as much as possible. The Steamer expenses were laid upon the firewood, but in my opinion a fair share ought to have been allotted to the Salt.

All the boats were not towed, but in some cases were slowly poled up the river, purposely, to give the people an opportunity of purchasing.

4. No permanent charge for sheds has been entered, but an item is shown, which is 30 per cent. of the original cost of two sheds, and represents the interest and supposed depreciation thereof.

5. The Salt was sold at the Sibbri mouth near Rudramkotta, at Baddrachelam, and at Dúmagudiam, by establishments consisting each of a Native Superintendent for two months, and a Writer, a measuring man, and Peons to watch from December 1858 to October 1859; all being superintended by Captain Stevens and Mr. Chipchase. The Salt was sold off by the bag at Rupees 2-12, or by the kuncham at 2-4, up the river, or 25 per cent. under the existing market rate in the immediate locality of sale.

6. A ready sale was found generally for the Salt. At the mouth of the river Sibbri the people hailed the vessel as she steamed up. At Rudramkotta, no arrangements having at that time been entered into with the local authorities to facilitate the sale, the officials on the spot charged such a heavy duty, that the inhabitants were hindered from coming forward.

7. Between the last named place and Baddrachelam, there was an extensive demand; it was only after arrangements had been made to moderate the exorbitant duty that the sale went on. On the whole Captain Haig views with much encouragement the operations of the past year.

Purchased from Collector.	Sent up the river.	Sold at: Mouth of Sibbri near Rudramkotta.	Sold at: Baddrachelam.	Sold at: Dúmagudiam.	Total.	Price realized.	Prime cost of Salt.	Gunny bags and packing.	Carriage in part.	Terminal charges loading and unloading.	Superintendence.	Storage being 30 per cent. Interest, and depreciation on 370 Rs. cost of two Sheds.	Total.	If boat hire at 6 pie per ton per mile had been given.	Grand Total of expenditure.	Deficit.	Allow for additional manufacture to meet the increased consumption.	Actual profit.	Remarks.
Bags.	Bags.	Bags.	Bags.	Bags.	Bags.		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Tons.	Rs. A. P.	
2,240	1,993 or 129 Tons	1,106	866	21	1,993	5,306 12 4	3,865 0 0	277 0 0	227 5 0	187 15 0	84 7 0	111 0 0	5,015 7 8	290 0 0	5,305 7 8	1 4 8	3 3 25	3,323 11 4	

Bags 1,993 or 129 Tons.

N. B.—147 Bags were sold at Dowlaishwaram.

5,306-12-4

True value at 5 Rs. a ton. 645-0-0

Total...2,085-7-4

* Carriage as above. * 1,440-7-4

Rs. 3,221-5-0

Ex. penditure.

Tons.	*Rs.*		RS.	A.	P.
129 × 25	=	3,325	0	0	
Deduct...		1	4	8	
		3,323	11	4	
129 × 5	=	645	*Fair prime*		
		1,440	*cost of Salt*		
			charges.		
	Rs...	2,085			
	,,	5,306	*Receipts.*		
		3,221			

8. It is true that the actual financial transactions exhibit a deficit of Rupees 1-4-8, but bearing in mind that the quantity, 129 tons, sold on the river banks "was almost a clear addition to the usual consumption," it may fairly be multiplied by the gain supposed to be derived from the monopoly, to represent the amount (first deducting the small deficit shown above) of real profit to Government; this profit may be calculated in another way; assuming the fair manufacturing cost of the Salt at 5 Rupees per ton, and all charges as before at Rupees 1,440, and sale receipts at Rupees 5,306 (as shown in the table) a profit is exhibited of Rupees 3,221.

9. The restrictions, excepting only the 15 per cent. duty levied by the Nizam, which have hitherto hindered the free sale of this valuable commodity in the Nizam's territory having now been removed, arrangements can be made for regular supplies being sent up in this and future years, and Captain Haig lays down a plan for further operations. The first feature in this, is the doing away with the system of maintaining temporary Depôts, except at Dúmagudiam, where it is necessary for other purposes to keep up an establishment at the store shed. In a country with a scattered population, such Depôts must be numerous, and the expense correspondingly great. The disbursements on that account alone last year amounted to 43 per cent. of the whole expenditure. Moreover the honesty of the persons entrusted with the sales cannot be relied upon.

618 *Rupees.*
1,440 ,,

10. The District Engineer thinks that by having it publicly notified before hand, in all the principal villages along the river banks, that boat loads of Salt will arrive on certain dates at fixed points, and that the article will be delivered in quantities of not less than one bag to any one ordering it, that, no doubt, a ready sale will be found for it. The plan would be still more likely to answer were a system of weekly fairs established (a custom which prevails all over the Hyderabad territory), and one which Captain Haig carried out with some success this last hot weather at Dúmagudiam.

11. The periodical delivery of the Salt will be rendered more easy than it would otherwise have been, as the "Shamrock" Steamer is about to run regularly once a week between Dowlaishwaram and Baddrachelam, with passengers and goods. Not that it is intended to load the Steamer to any great extent herself, but the boats she would have in tow would sell and discharge their cargoes, in little more time than the Steamer would be detained under ordinary circumstances.

12. The only objection I can see to this measure, is, that the sale being of necessity confined to whole bags, the poor would be excluded from purchasing except as heretofore from the Shop-keepers, who, it is to be feared, would reserve for themselves the profits, and debar the former from the advantages which it is the intention of Government to convey to them.

13. Even between Baddrachelam and the second barrier, the system above recommended could be adopted by using boats small enough to pass through the locks at Sintarála. As before stated Dúmagudiam is the only Depôt which Captain Haig would form, and he proposes during the remaining two months of the year, which is as long as the passage is likely to remain good, to store there a considerable quantity of Salt, and afterwards to disperse it up the river.

14. Baddrachelam having been determined on as the place of landing for the Government Stores proceeding to Secunderabad, it seems probable that when the Cartmen find out the comparatively low price at which the Salt is to be obtained at the former of the two places, they will add the small additional weight of a bag to each cart, and thus for every 1,000 tons of Stores conveyed, 2,000 bags of Salt will be purchased.

15. Captain Haig suggests that the Collector should be authorized to advance him Salt from time to time to an extent not exceeding 500 bags; the prices shall be calculated so as to

be just sufficient to cover all expenses, one rate for all the country between the Rajahmundry frontier and Baddrachelam, and another between the first and second barriers. It shall be sold in the manner before suggested, and paid for at once as the returns come in. The only exception to this will be the value of that stored at Dúmagudiam, which, of course, must await the results of the season.

16. The above arrangements are of course intended only to apply to the general sale of Salt along the river, and will not in any way affect those now existing at the large Depôts such as that at Manikdeokunta.

17. I beg that as the season is far advanced, the early permission of Government may be granted for the arrangements herein proposed. I regret that I should not have earlier submitted Captain Haig's letter, but I was awaiting information from the Acting District Engineer of the Godavery, which he has lately reported he is unable to give.

From Captain F. T. HAIG, District Engineer, Upper Godavery, to the Deputy Chief Engineer, Department Public Works, Northern Circle, dated Dowlaishwaram, 22nd August 1860, No. 178.

SIR,

1. With reference to the order of Government as per margin, I have the honor to make the following statement, based on information received from Captain Stevens,* by whom the expenses incurred in the carriage and sale of Salt up the Godavery last year were paid.

24th July 1860, *No.* 1,222.
* *Copy of a letter from Captain Stevens is enclosed.*

2. Two thousand two hundred and forty bags of Salt, containing 4,240 maunds, were purchased from the Collector of Rajahmundry.

Of this quantity 1,993 were sent up river and sold at the following places :—

1,106 bags at Roodrumkota (mouth of Sebbri).
866 ,, at Baddrachelam.
21 ,, at Dumagudiem.

1,993 bags total.

The remaining 247 bags had not left Dowlaishwaram at the time that the Salt operations were placed under Captain Stoddard's charge, and were never sent up.

They were sold then at a remunerative rate.

	RS.	A.	P.
3. Thus the total receipts were for 1,993 bags Salt sold at Roodrumkota, Baddrachelam and Dumagudiem.....	5,306	12	4
For 247 bags Salt sold at Dowlaishwaram.....	706	6	6
Total Rupees...	6,013	2	10
The expenses, including the monopoly price, but no charge for Steamers.....	5,826	7	0
Excess of receipts over expenditure	186	11	10

But as the object is to ascertain the profit or loss on the Salt sold up the river, that left at Dowlaishwaram should be struck out of the account. Making the proper deductions for this purpose on both sides of the acccount, we have

	RS.	A.	P.
Receipts on 1,993 bags Salt sold up river.....	5,306	12	4
Expenses, including prime cost of Salt, but not steam charges.	5,015	7	8
Excess of receipts over expenditure.....	201	11	4

4. The details of the expenditure are as follows :—

	RS.	A.	P.
Prime cost of Salt at Pans 1,993 bags, 14 coonchums equal 4,240 maunds.....	3,865	0	0
Packing, gunny bags.....	277	0	0
Carriage, in part, boat hire and wages of boatmen.....	227	5	9
Terminal charges, loading and unloading.....	187	15	7
Superintendence.....	347	2	4
Storage, being 30 per cent. interest and depreciation on Rupees 370, the cost of two sheds at Baddrachelam and Roodrumkota.....	111	0	0
	5,015	7	8

No charge was made for steam power.

The Steamer was at that time engaged in towing down boats with firewood from different points along the river, and the boats which otherwise would have gone up empty were loaded with Salt. Whatever extra expense this involved, and it was of course small, was charged to the firewood, the object being to sell the Salt at the lowest possible price.

A private carrier bringing down firewood in this way would gladly have taken the Salt at 6 Pice per ton per mile, rather than take up empty boats, so we may fairly assume that this, equal to Rupees 2-4-0 per ton on the 72 miles the Salt was towed to Roodrumkota (it was taken on from that without the aid of steam), is all the additional charge that should be made on this account. This would add tons 129 × Rupees 2-4-0 equal to Rupees 290 to the expenses, and show a deficit on the whole transaction of Rupees 1-11-4.

5. I have given this statement in the form in which I believe the Government desire to have it, but I must add that in my opinion it presents a most mistaken view of the actual results of the sale.

It would lead us to suppose that there had been no profit to Government, but rather the contrary. The true profit and loss account would stand thus: The difference between the cost of manufacture and the sale price at the Pans is such as to have an enormous profit to the Government in each ton of Salt sold.

I assume it at 25 Rupees. There can be no doubt that the 133 tons sold by Captain Rundall up the river was almost a clear addition to the usual consumption. The monopoly profit therefore upon this, equal 25 × 129 or Rupees 3,325 is a set off against the deficit of 2 Rupees, leaving an actual profit to the State on the whole transaction of 3,323 Rupees. Or the account might be thus stated:—

	Rs.			
Cost of 129 tons Salt, at 5 Rupees per ton.....	645			
Do. of carriage, superintendence and other expenses connected with sale..... ...	1,440	2,085	0	0
Total Rupees...		2,085	0	0
Received by sale of 133 tons.....		5,306	0	0
Profit Rupees...		3,221	0	0

The price at which the Salt was sold just covered all expenses, and this I presume is the principle on which it should always be fixed in future.

6. With regard to future operations of the same nature, there is, I think, every encouragement to push the sale of Salt as high up the river as possible. There is a great demand every where. The quantity sold last year, 129 tons, was disposed of very quickly, and when I was at Dumagudiem in April, May and June, the price was nearly four times that at Rajahmundry, and the article could only be obtained with difficulty and in small quantities at that rate; higher up the scarcity must have been still greater.

Captain Stoddard having given a promise to the Nizam's Agent that no Salt should be imported into the Hyderabad Territory until the arrangements connected with the frontier duties were completed, we could do nothing then to relieve the general want, but for some time past this restriction has been removed, and I would propose that the sale of Salt along the river up as far as the second barrier should be recommenced under the following arrangements.

7. I would establish no more special Depôts with sheds and an Establishment for the custody and sale of the Salt, as last year. The population is so scanty and scattered, that several of these temporary Depôts would be required really to bring the Salt within the reach of all, and the cost of maintaining them is a heavy addition to the price at which it must be sold to cover expenses; last year it amounted to 618 Rupees, out of a total of 1,440 including steam towing or 43 per cent. Peculation too on the part of the salesmen would be inevitable. I propose, therefore, that the Steamers running between Dowlaishwaram and Baddrachelam with Commissariat Stores should take up Salt and deliver it along the river at the different villages as there may be a demand for it. It would not do to load a Steamer with Salt, and then send her to retail it

from village to village. This would be an expensive plan and unnecessary. I propose to give notice all along the river that Salt will be delivered in quantities of say not less than a bag, at a fixed price, to any one who may order it. A Steamer, the "Shamrock, is just about to be put on the line between Dowlaishwaram and Baddrachelam to run as a regular boat, making the trip in a week, carrying passengers and goods, and a Tariff has been already fixed for the purpose. She will frequently have to stop at villages on the way, and can easily learn where Salt is wanted, and in fact supply the demand by carrying herself. The petty shop-keepers and head-men of the villages will gladly purchase in this way, and retail the article on their own account. The Government will be saved all expenses connected with the sale, and the Salt will be much more widely dispersed and will reach the people as cheaply as under the other method, as the dealers profit will not exceed what we must otherwise have added on to the sale price to cover the cost of management.

8. In addition to this I would have weekly, or fortnightly fairs, or markets, at about four places between Baddrachelam and Koyidtha, a village 45 miles lower down, between which and the Rajahmundry District the population is very sparse indeed, it being the hilly part of the river. The places and times for the fairs will be published all along the river, and a boat load, or whatever quantity may be necessary of the Salt, will be sent up from Dowlaishwaram to be on the spot the day before, with a man to manage the sale, he having received a measured quantity to be disposed of at a fixed price, which he must account for. I believe that this arrangement would meet with much acceptance among the people, and would tend to increase the sale more than any thing else. In a thinly populated country like that, these fairs give opportunities for the exchange of commodities which otherwise are not to be had, and I believe the merchants of the coast would soon take advantage of them for the general purposes of trade. During my stay this last hot weather at Dumagudiem, we established a weekly market every Friday, and though from the want of communication with the coast the articles offered for sale were of very limited variety, the attendance was excellent. People came from Baddrachelam, 16 miles, and from places 20 miles distant, and if we had only had Salt to offer them I have no doubt crowds would have come.

9. With regard to the part of the river from Baddrachelam up to the second barrier, I would make much the same arrangements, sending the Salt in small boats which can pass through the locks at Sintarála. As we have already an establishment of a Superintendent and Peons at Dumagudiem which must be kept up in any case, and a store shed also, I would make that place a small Depôt, as the cost of sale and management need not be charged to the Salt. I would collect a considerable quantity there during the next three months while the passage between Baddrachelam and Dumagudiem is pretty good, and afterwards disperse it up the river.

10. I would suggest that the Collector should be authorized to advance the Salt to me in small quantities; that it should be sold at whatever rate may be found necessary to cover all expenses, in the way above proposed, and that he should be paid for it as the returns come in. The quantity to be thus advanced need not exceed 500 bags at any time, and as with the exception of the Salt stored at Dumagudiem, every bag sold will be paid for at once, and every boat or Steamer taking up Salt will bring back its value in cash on its return, there can be no outstanding balances for Salt awaiting a sale at any place, and the money value of that received from the Collector will be returned into his Treasury almost immediately.

11. I would have one fixed price, which will cover all expenses of transport for the country between the Rajahmundry frontier and Baddrachelam, and another for that between the first and second barriers. The arrangements will be simple, and will require little superintendence.

12. Now that the Commissariat stores for Secunderabad are to be sent *viâ* Baddrachelam, it is very probable that if Salt is procurable at the latter place at a small advance on the monopoly price, the bandymen will find it worth while to take a bag each along with the stores, as their only competitors would be the Brinjaries carrying from the Pans, and the price at Hyderabad is often very high. Commommett and other large places might be supplied in the same way. If

1,000 tons of stores are sent to Secunderabad probably 2,000 bags of Salt might be disposed of in this manner.

13. If approved, I would request permission to carry out the above arrangements at once. The Nizam's duty of 15 per cent. must be included in the sale price of the Salt.

P. S.—The arrangements above proposed are of course independent of those now existing, or that may hereafter be suggested, in connection with the large Depôts such as that at Manikdeo Kuntu.

No. 187. ORDER THEREON, 12th December 1860, No. 2,379.

1. In this letter, the Chief Engineer supplies the further information called for in the Proceedings of Government of July 24th, No. 1,222, respecting the sale of Salt on the Upper Godavery, unconnected with the Depôt at Manikdeokunta, and he submits at the same time letters on the subject from the District Engineer Upper Godavery and from Captain Rundall. The particulars of the information asked for by Government, as given in paragraph 3 of the order quoted above, comprised the details of the expenses incurred, the manner and places of sale, the price, whether a ready sale was found, and if not, the cause, and whether there is encouragement to continue the operations. On all these points information is now furnished.

2. The following balance sheet prepared in this office shows the whole transaction as relates to the 1,993 bags of Salt sold on the Upper Godavery out of the 2,240 bags purchased. The remaining 247 bags were sold at Dowlaishwaram, as there was no carriage immediately available for their conveyance up the river:—

	Maunds.			
Salt received from the Collector.....	4,240			
Deduct the quantity sold at Dowlaishwaram.....	463			
Quantity taken up the river.....	3,777 at Annas 2 a maund...	Rs. 472	A. 2	P. 0
Charges.				
Packing...		Rs. 277	A. 0	P. 0
Boat hire and wages of boatmen		227	5	9
Loading and unloading		187	15	7
Superintendence		347	2	4
Interest and depreciation on the cost of two sheds		111	0	0
		1,150	7	8
Steam hire at Annas 2 a ton a mile		1,160	0	0
			2,310	7 8
Received for 3,777 maunds	Total...		2,782	9 8
Gain			5,306	12 4
Duty on 3,777 maunds at Annas 14...			2,524	2 8
Deficit of net receipts below the amount of duty			3,304	14 0
			780	11 4

3. There is some uncertainty in this statement because of contradictions in Captain Haig's letter. In paragraph 2, he gives 4,240 maunds as the equivalent of the whole quantity of Salt purchased; but in paragraph 4, he gives the same number of maunds as the equivalent of the 1,993 bags sent up the river. The former has been assumed as the correct meaning.

4. The charges seem to be fairly stated by Captain Haig, except that he omitted to include anything for the hire of the steamers which towed the Salt boats up the river, on the ground that they would at all events have taken up the boats, as they were engaged in bringing down firewood for the steamers in these very boats; he therefore charged the whole cost of the steamers both up and down to the firewood; being anxious, as he says, to sell the Salt as low as

possible. This, however, was not the proper course to take. If it had been the intention of the Government to sell the Salt below cost price, they would have instructed Captain Haig accordingly; but their actual intention was to show that Salt could be taken up and sold at a profit. In order to do this, it was absolutely necessary that all actual charges should be debited to the Salt.

5. Captain Haig says (paragraph 4) that a private trader bringing down firewood would gladly take up Salt at 6 Pice a ton a mile rather than take up empty boats. This might probably be true if there were no upward freight; but that is not the present state of the case, and therefore the illustration does not apply. At present, the great object of the Upper Godavery flotilla is to take Government stores up the river; and the creation of a downward traffic is the thing desired. For this reason, as well as because the upward traffic costs much more, the larger part of the entire up and down charge ought clearly to be borne by the upward traffic. Instead, therefore, of setting down the cost of steam power at 290 Rupees as given by Captain Haig, being at the rate specified above, viz., 6 Pice a ton a mile equal to Rupees 2-4 a ton on the seventy-two miles the Salt was towed, it has been put down at 1,160 Rupees being at 2 Annas a ton a mile, the rate lately ordered* by Government. This amounts to 160 Annas for a ton carried from Dowlaishwaram to Baddrachelam 80 miles; and as a ton contains thirty maunds, the charge is equal to a little over 5 Annas a maund.

* *Procs. of Government, 24th Sept.* 1860, *No.* 1,988, *paragraph* 10.

6. The transaction, as exhibited in the account current, would have been a losing one to a private merchant; but Captain Haig argues that it is not so to the Government, because the sale of Salt may be regarded as in great measure additional, so that almost the whole of the net receipt (Rupees 2,524) was clear gain, though it did not equal the amount of the duty on the Salt.

7. But though for the reasons above stated, 2 Annas a ton a mile has been set down as the steamer hire, and the apparent charges have thereby been greatly swelled, it does not appear that the cost was really so much; and taking the actual charges, it is probable that the receipts nearly cleared the amount of the duty. It should be added, however, that the duty is taken in the account as 14 Annas a maund; but the actual duty is now one Rupee a maund.

8. The Government observe that in the accounts furnished, the whole quantity purchased is accounted for in the sales, and that nothing is shown as lost by waste. Salt is an article peculiarly liable to waste; and in the accounts of the Salt Revenue, wastage figures every year to a large amount. Explanation on this point is requested from Captain Haig. It may be that the Salt was sold almost entirely by the bag, and that the waste was borne by the buyers; but still part of it was sold retail in small quantities.

9. The price at which the Salt was sold was Rupees 2-12 the bag, or a little more than Rupee 1-9 a maund. This price, which appears to have been fixed by Captain Rundall, was obviously too low, and it is no wonder therefore that the returns did not cover the charges. The measures employed in Captain Haig's accounts are inconvenient. The "Kuncham" is not known, and the "bag" is an arbitrary measure. In future accounts, the Indian maund should be used, or the bag of a certain quantity in maunds.

10. Everywhere there appears to have been an eager desire to get Salt, and there seems no doubt that much larger quantities than were taken up on this occasion would be readily sold. There were some difficulties at first on the score of the duty demanded by the servants of the Nizam's Government. But this question has now been clearly settled. A duty of 15 per cent. is to be paid on Salt imported into the Hyderabad territory; but nothing is to be levied by that State for Salt or any other commodity merely carried through its territory, either by land or water.

From Government of India, 8th March 1860, *No.* 852.
In Order of Government, 23rd April 1860, *No.* 619.

11. In paragraphs 7 to 12, Captain Haig details the arrangements which he proposes for the future sale of Salt up the river. These are as follow:—

Paragraph 7. He proposes not to have special Depôts of Salt, which are expensive; but to send a small quantity of Salt in every Steamer going from Dowlaishwaram to Baddrachelam, to be sold in quantities not less than a whole bag. Thus petty shop-keepers and heads of villages would supply themselves and would retail the article.

In addition to this, Captain Haig proposes to establish weekly or fortnightly markets for Salt at about four places below Baddrachelam, and between that town and Koyidtha.

Paragraph 8. Experience at Dúmagudiam leads Captain Haig to expect much success from this plan.

Paragraph 9. Above Baddrachelam up to the second barrier, Captain Haig would adopt a similar plan, sending the Salt in small boats which could pass the Sintarála locks.

Paragraphs 10 *and* 11. 12. Captain Haig mentions that for these proceedings he would not require large stocks of Salt ; and the returns would be rapid. The arrangements would be simple, and the charges small.

He would have one fixed price for the tract below Baddrachelam, and another for that between the first and second barriers.

Paragraph 12. Captain Haig thinks also that the cartmen taking stores from Baddrachelam to Hyderabad will be glad to take Salt on their carts to sell along the road on their own account.

No. 1,988, *paragraph* 8. 13. In their recent Proceedings of September 24th 1860, the Government resolved not to have any more Salt sales on the Godavery except at Kunta, and they are not disposed to alter that order at present. The sales will therefore be confined to Kunta. Government doubt the success of the arrangements proposed by Captain Haig, while the prevention of fraud would be a matter of impossibility. They are also of opinion that it is inexpedient to impose on the Engineer Department the duty of conducting transactions of this nature ; for, with too many duties to perform, some cannot but be neglected, and responsibility will be lessened. The operations of Government will therefore be restricted for the present to the Depôt at Kunta, and the sale of Salt at other places on the Godavery will be left to private enterprize, which the Revenue and Engineer Departments will encourage as much as possible.

(Signed) J. D. SIM,
Acting Secretary to Government.

No. 107

To. Captain Haig
District Engineer Upper Godr.

Sir.

With reference to the Orders of Government dated 24 July 1860 - No. 1222. I have the honor to submit a more exact and account specifying where the Salt was sold 22 - No charge has been made to me for the steamers towing the boats or for boats carrying the salt in explanation of which - vide - Mr. Vanstavern's letter attached -

The last 247 bags could not be sent up the river for want of transit and as Captain Stoddard had commenced operations

operations with Salt on a new System, these bags were sold at Dowlaiswarm to close the account with the Collector.

The Salt was sold at Dumargudiem - Badrachellum Roodrumkota and Dowlaiswarm - The arrangements were a Native Superintendent for 2 Months and a Writer, a measuring man and peons to watch from December 1858 to October 1859 - these were Superintended by myself and Asst. Chipchase - The Salt was sold of by the bag at Rs 2 - a 12 if by the Cumbum at 2 a 4 p - up the river - The Salt met with a ready sale

Cumbum

Sale first at the mouth of the Sabbi river the people hailed the vessel for Salt as she steamed up -

At Roodrumkota the demand was great, but the local officials charged such heavy duties on the article? that the inhabitants did not like to come forward. at that time no arrangements had been made with the local authorities for the sale of Salt -

On the passage of the Salt from Roodrumkota to Badrachellum the demands was great, no local officials were present to levy many duties -

At Badrachellum the sale at first was

No 41

Consulting Engineer's Office for
Irrigation & Canal Company
Madras Patteri Garden 2nd Augt 1860

From

Captain H. H. Rundall
Consulting Engineer for I & C Co

To

The Chief Engineer
In the Dept of P Works
Chepauk

Sir

+ No 3292
5495

1 In reply to your letter of the 1st Inst.
I have the honor to state that having kept
no notes of the expenditure incurred in the trans-
-mission of the Salt by the Godavery, I am
unable to afford you any information beyond
that the price charged for the Salt was 25 per cent
under the existing market rate in the imme-
-diate locality of Sale, and I think 33 per
Cent in advance of the price at Cocanada
It was estimated that this addition to the price
at Cocanada would cover all expenses at-
-tendant on Transport and Sale.

2 A depôt was formed at Rordrumkota
at

was slow owing to the escharbitant
duty, but after arrangements were made
with the authorities the Sale went on
So far I have answered para
3 for information on the last clause
I would refer you to Captain Stod=
=dard who has been carrying on the
Sale transactions of the Salt

I have the honor to be
Sir
Your most obedt Servt
Signed Stevens Capt.
Dpty Dr. under Commissary General

Dowlaiswaram
9th August 1860.

True Copy
Wm Price Captain
Dist. Engr. Upper Godavery.

Pay &c

Spr 8 Aug 60 No 5495

12 Dec 60

at the confluence of the River Savery, and another at Budrachellum

3. It was likewise sold out of the boats at every village along the banks where it was asked for - the boats being poled slowly up the River purposely to give the people an opportunity of purchasing on the Spot. It was sold in any quantity as low as a Coonum or 4 Seers so as to enable the poorest to buy direct at the whole Sale price - In many instances the boats were emptied of their cargoes before reaching Budrachellum. At first the cargoes landed at that place went off rapidly, but subsequently some opposition made by the local officials restricted the Sale - On the removal of this opposition by the Rajah a rapid Sale succeeded. My own opinion is, that the transactions should be continued in a similar manner both by Sale from Depôts and from floating cargoes - against the formation of the Depôts in his territory. however

H. H. the

H. H. the Nizam has I believe entered a protest

I have the honor to be
Sir
Your most obed. Servant
F. W. Randall Capt.
Consulting Engr. for Rlys

Compd Cr

Revenue Dept.

No. 2379.

Proceedings of the Madras Government

Under date the 12th Decr. 1860.

Read the following letter from the Chief Engineer

Forwarding original correspondence from the District Engr. Upper Godavery and Capt. Rundall's report. / Hen. Instr. 3rd Oct. 1860 No. 52.957

-ing the details of expenses incurred and the results of sale of salt up the Godavery.

In this letter the Chief Engineer supplies the further information called for in the Progs. of Government of July 24th, No. 1222, respecting the sale of salt on the Upper Godavery, in connection with the Depot at Manikdurkundi, and he submits at the same time letters on the subject from

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from the District Engineers Upper Godavery and from Captain Rundall. The particulars of the information asked for by Govt., as given in para 3 of the order quoted above, comprised the details of the Expenses incurred, the manner and places of sale, the price, whether a ready sale was found, and if not the cause, and whether there is Encouragement to continue the operations. On all these points, information is now furnished

2 The following balance sheet prepared in this office shews the whole transaction as relates to the 1993 bags of salt sold on the Upper Godavery out of the 2,240 bags purchased. The remaining 247 bags were sold at Dowlaiswaram, as there was no carriage immediately available for their

Conveyance

Dowlaiswaram

Salt received from the Collector	4240 mds		
Deduct the quantity sold at Dowlaiswaram	463		
Quantity taken up the river	3,777 mds at 0-2-0 a md	Rs. 472	a. 2	p. 0

Charges.

Packing	Rs. 277	a. 0	p. 0
Boat hire & wages of boatmen	227	5	9
Loading & unloading	187	15	7
Superintendence	347	2	4
Interest & depreciation on the cost of the shoes	111	0	0
	1150	7	8
Steam hire at 0-2-0 a mile	1160	0	0
Total		2,310	7	8
		2,782	9	8
Received for 3,777 mds		5,306	12	4
Gain		2,524	2	8
Duty on 3,777 mds at 0-1-0		3,304	14	0
Deficit of net receipts below the amount of duty		780	11	4

3 There is some uncertainty because in this statement of contradictions in Captain Haig's letters In para 2, he gives 4,260 Mds as

as the equivalent of the whole quantity of salt purchased; but in para 4, he gives the same numbers of maunds as the equivalent of the 1,998 bags sent up the river. The former has been assumed as the correct meaning.

4 The charges seem to be fairly stated by Captain Haig, except that he omitted to include anything for the hire of the steamers which towed the salt boats up the river, on the ground that they would at all events have taken up the boats as they were engaged in bringing down firewood for the steamers in these very boats; he therefore charged the whole cost of the steamers both up & down to the firewood, being anxious as he says to sell the salt as low as possible.

This however was not the proper course to take. If it had been the intention of the Government to sell the salt below cost price they would have instructed Captain Haig accordingly but their actual intention was to show that salt could be taken up and sold at a profit. In order to do this, it was absolutely necessary that all actual charges should be debited to the salt.

5 Captain Haig says (Para 4) that a private trader bringing down firewood would gladly take up salt at 6 piece a ton a mile rather than take up empty boats. This might probably be true if there were no upward freight, but that is not the present state of the case, and therefore the illustration does not apply. At present the

the great object of the Upper Godavery flotilla is to take Govt stores up the river; and the creation of a downward traffic is the thing desired. For this reason, as well as because the upward traffic costs much more, the larger part of the entire up and down charge ought clearly to be borne by the Upward traffic. Instead therefore of setting down the cost of steam power at 2 annas Rupees as given by Captain Haig being at the rate specified above viz Spice a ton a mile equal to Rupees 2-4-0 a ton on the seventy two miles the salt was towed, it has been put down at 1160 Rupees being at 2 annas a ton a mile, the rate lately ordered by Government. This amounts to 160 Annas for a ton carried from Dowleswaram to Bad-drachelam 80 miles; and

as

† Progs of Govt 24 Sept 1860 No 1958 para 10

as a ton contains thirty maunds the charge is equal to a little more than 5 annas a maund.

6 The transaction, as exhibited in the Account current, would have been a losing one to a private merchant; but Captain Haig justly argues that it is not so to the Government, because the sale of salt may be regarded as in great measure additional, so that almost the whole of the net receipt / Rupees 26-2-4/ was clear gain, tho' it did not equal the amount of the duty on the salt.

7 But though for the reasons above stated 2 annas a ton a mile has been set down as the steamer hire, and the thirty apparent charges have been greatly swelled, it does not appear that the cost was really so much; and taking the actual charges,

it

it is probable that the receipts nearly cleared the amount of the duty. It should be added however, that the duty is taken in the account as Rs 2 a Maund; but the actual duty is now one Rupee a Maund.

8 ~~The thing appears~~ The Govt observe that ~~things~~ in the accounts furnished, ~~in Vol~~ the whole quantity purchased is accounted for in the sales, that nothing is shown as lost by waste. Salt is an article peculiarly liable to waste; and in the accounts of the Salt Revenue, wastage figures every year to a very large amount. Explanation on this point is requested from Captain Haig. It may be that the salt was sold almost entirely by the bag, and that the waste was borne by the buyers; but still part of it was sold retail in small quantities.

9 The price at which the salt was sold was Rupee 2-12 the bag, was a little more than 1—

a

a Maund. This price, which appears to have been fixed by Captain Rundall, was obviously too low, and it is no wonder that the returns did not cover the charges. The measures employed in Captain Haig's accounts, the Kunchawie are inconvenient. It is not known here what the Kunchawie is, and the "bag" is an arbitrary measure. In future accounts the Indian Maund should be used, or the bag of a certain quantity in Maunds.

10 Every where there appears to have been an eager desire to get salt, and there seems no doubt that much larger quantities than were taken up on this occasion would be readily sold. There were some difficulties at first on the score of the duty demanded by the servants of the Nizam's Government, but this question has now been clearly settled. A duty of 15 per cent on

to

to be paid on salt imported into the Hyderabad Territory, but nothing is to be levied by that State for salt or any other commodity merely carried through its territory either by land or water

From Govt. of India 8th March 60 No 852
in order of Govt 23rd April 1860 No 619

11 In paras 7 to 12, Capt Haig details the arrangements which he proposes for the future sale of salt up the rivers. These are as follow

Para 7

He proposes not to have special Depots of salt, which are expensive; but to send a small quantity of salt in every steamer going from Dowlaiswaram to Badrachelam, to be sold in quantities not less than a whole bag. The petty Shop keepers and Heads of villages would supply themselves and would retail the articles

Para 8

In addition to this,

Captain

Para 9

Paras 10 & 11

Captain Haig proposes to establish weekly or fortnightly markets, at about four places below Badrachelam, and below that town and Koje dtha, ~~these markets to be supplied with the necessary quantity of salt.~~ Experience at Dumagudiam leads Captain Haig to expect much success from this plan.

Above Badrachellam up to the second barrier, Captain Haig would adopt a similar plan, sending the salt in small boats which could pass the Sintaréla locks

12 Captain Haig mentions that for these proceedings he would not require large stock of salt; and the returns would be rapid. The arrangements would be simple, and the charges small.

He would have one fixed price for the Coast below Budrachelam

Buddrachelam, and another
for that between the first and
second barriers.

Captain Haig
thinks also that the cartmen Para 12
taking stores from Bhadrachelam
to Hydrabad will be glad to take
salt on their carts to sell along
the road on their own account.

13 In their recent Progs
of September 24th 1860, the Go- No 1988, para 8
vernment resolved not to have
any more salt sales on the
Godavery except at Kunta,
and they are now not disposed
to alter that order at present.
The sales will therefore be confined
to Kunta. It appears to me
doubt the success of
Government, that the arran-
gements proposed by Captain
Haig ~~would end in loss~~, while
the

the prevention of fraud would
be a matter of impossibility.
They are also of opinion that it
is inexpedient to impose on
the Engineer Department
the duty of conducting
of this nature
transactions, for with too many
duties to perform, some cannot
but be neglected, and respon-
sibility will be lessened. The
operations of Govt will there-
fore be restricted for the
present to the Depot at
Kunta and the sale of salt
at other places on the
Godavery will be left to
private enterprize - a
which the Revenue
and Engineer Departments
will encourage as
much as possible.

10 Copies
Chief Engineer Sept 15
& Board of Rev

I. D. L

Copy in a Letter to England
Dy 6th April 61 No. 46.

R. 275-276
24-7-60

64-65
23-11-58

61-62
30-11-58

135-136
22-3-59

No 86 1787.

(6)

Sale of Salt on the
Upper Godavery

Revenue 1860 Depart.
Proc: of Govt. for December

No. 2379.

Proc: of the Madras Govt.
Dy 12th December 1860.

Passing orders on a letter
from the Chief Engineer for-
warding correspondence from
the District Engineer Upper
Godavery and Captain Rundall
reporting the details of expence
incurred and the results of the
sale of salt up the Godavery).