M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1195 — Press ~~Mis.~~

536. 537

Dated 29 - 5 - 1862.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 29th May 1862.

No. 536. Read the following letter from E. C. BAYLEY, Esq., Secretary to the Government of India, (Home Department, Separate Revenue), to the Honorable R. O. CAMPBELL, Chairman of the Chamber of Commerce at Madras, dated Fort William, the 29th April 1862, No. 2,184 :—

SIR,

1. I am directed to acknowledge the receipt of your letters bearing date the 28th of January and the 9th instant, on the subject of the rate of Export duty on Saltpetre.

2. As regards the reduction of the duty urged in the earlier communication, I am directed by the Governor General in Council to state that the present circumstances of the Export trade in Saltpetre from India, generally, do not bear out the unfavorable view taken by the Madras Chamber of Commerce of the effect of the present rate of duty; and that until these circumstances shall altogether change, His Excellency in Council cannot admit that a sufficient case is made out for the reduction of the rate.

3. With reference to the alternative proposal made in the second communication for the levy of the duty on the pure Nitrate of Potassa, with the view of excluding from taxation the large proportion of impurities in the unrefined articles usually exported from Madras, the Governor General in Council apprehends that the measure in question, the introduction of which could not be confined to Madras, would be found to be practically very inconvenient where the exports are large. It is believed, moreover, that the process of refining, as practised in other parts of the country, does not require much capital, and there appears to be no valid obstacle to its adoption in the Madras Presidency. His Excellency in Council is unable, therefore, to entertain the proposition of the Madras Chamber on this point.

4. A copy of a communication* on the subject from the Board of Revenue in Calcutta is enclosed for the information of the Madras Chamber of Commerce.

* No. 408, dated 22nd March.

From R. O. CAMPBELL, Esq., Chairman, Madras Chamber of Commerce, to W. GREY, Esq., Secretary to the Government of India, dated the 28th January 1862.

SIR,

I have the honor on behalf of the Madras Chamber of Commerce to urge on the attention of the Government of India the impolicy, as far as this Presidency is concerned, of continuing the present high Export duty on Saltpetre.

Putting aside the now generally admitted truth that high Export duties exercise an injurious influence on the industry of the exporting country, and merely referring to the mass of information already in possession of the Government of India on the general question of the Saltpetre duty, and (as more especially bearing on the view of the subject as affecting this Presidency) to the Proceedings of the Board of Revenue, Madras No. 3,593, dated 8th July 1861, the Chamber would on the present occasion confine itself to the following statements :—

1st.—That the present Export duty forms a charge of about 50 per cent. on the cost of manufacture of the Saltpetre of this Presidency.

2nd.—That the average quality of the article exported from Madras gives a refraction of from 15 to 25 per cent., in other words that it contains only 75 to 85 per cent. of pure Nitre, and that therefore the exporter pays duty on 15 to 25 per cent. of impurities (in addition to freight on the same), or to put it in a clearer view that, instead of paying about Rupees 54, he pays close on Rupees 70 on a ton Export duty.

3rd.—In reply to the obvious argument that manufacturers should refine their Saltpetre before shipping it, the Chamber would remark that the manufacture of Saltpetre in this Presidency is almost entirely in the hands of Natives who have neither the means nor the skill necessary to undertake refining successfully.

4th.—It appears that from some cause or other, the exports of Saltpetre from the Port of Calcutta have increased instead of having fallen off under the present duty. But in this Presi-

dency it will be seen that, while the average annual exports for the eight financial years from 1851-52 to 1859-60 were 787 tons, the exports, since the Act raising the duty came into operation, have not amounted to 300 tons a year, and in the last six months are only 108 tons.

But the Chamber would venture to suggest that an extraordinary combination of circumstances in Europe having caused an extraordinary demand for Saltpetre in England, that demand would, under any local circumstances, have stimulated the exports from Calcutta; and that, while the exports thence, under such circumstances, can scarcely with safety be looked to as an indication of the prosperity of the trade, the decrease of exports from this port, *notwithstanding these circumstances*, unmistakeably indicates the injurious effects of an undue pressure of taxation. The Chamber would go further and state their belief that, unless a reduction of duty to something approaching that levied before the imposition of the recent Act be resorted to, the export trade in Saltpetre from this Presidency will speedily be extinguished.

No. 689.

Transferred to the Financial Department for disposal.

HOME DEPARTMENT; *The 3rd February* 1862.

By order,
(Signed) A. M. MONTEATH,
Under Secy. to the Govt. of India.

From the Honorable R. O. CAMPBELL, Chairman, Madras Chamber of Commerce, to W. GREY, Esq., Secretary to the Government of India, dated the 9th April 1862.

SIR,

1. On the 28th January last I had the honor, on behalf of the Madras Chamber of Commerce, of addressing you on the subject of the existing duty on the export of Saltpetre, and its injurious effect in this Presidency on the trade in this article.

2. The subject has again been discussed by this Chamber, and whilst it is hoped that the representations already made will have been favorably received, and that an early change will be made in the rate of duty, I am instructed to address you with some further suggestions as to the method of levying such duty as may be decided on.

3. In my letter above referred to, I stated the amount of impurities usually found in Madras Saltpetre, and instanced therefrom the amount actually paid in duty in excess of that nominally levied.

4. I have to bring to your notice a plan simple in its details, but which the Chamber think would remove the chief obstacle to a fuller development of the Saltpetre manufacture in this Presidency.

5. This plan is to levy duty on the pure Nitrate of Potassa contained in the Salt exported hence under the name of Saltpetre, excluding Nitrate of Soda and other impurities.

6. To carry this mode of levying the duty into practice a sample should be drawn by the Customs Officers from each lot as it passes through the Export Yard for shipment, and the refraction should be determined upon such samples by an Officer duly appointed by Government. Upon his report an allowance should be made in charging the duty corresponding with the amount of matter other than Nitrate of Potassa that each sample may be found to contain. The expense of ascertaining the refraction might be borne by the Shippers.

7. I trust that these suggestions may be considered by Government in connection with the general question of the Saltpetre duty.

From the Honorable A. EDEN, Junior Secretary to the Board of Revenue, to the Secretary to the Government of Bengal,—(No. 408, dated the 22nd March 1862.)

SIR,

H. Stainforth, A. Grote, and A. R. Young, Esqrs.

1. I have the honor by direction of the Board of Revenue, to submit the following remarks on the correspondence which was forwarded with your Endorsement No. 114, dated 24th ultimo, regarding the effect of the duty of 2 Rupees per maund on the Saltpetre Trade of the Ports of Calcutta and Madras.

2. After consultation with several gentlemen well acquainted with the condition of the trade, the Board have satisfied themselves that there is no indication whatever of any check having been given to the export of Saltpetre by the imposition of the present duty. Low freights during a portion of the year, and more recently the increased demand for England and America arising partly out of the state of affairs existing in the latter country, have doubtless done much to stimulate the trade. Whatever the causes, however, the figures given in the accompanying Comparative Statement (A) show unquestionably that, since the imposition of the specific duty of Rupees 2 per maund, exports from Calcutta have not fallen off, and that they have been larger in the past year than the year before. It will be further observed from the figures marginally noted, that for the first two months of the current year, notwithstanding the temporary prohibition of exports to Ports not British, shipments have been considerably in excess of those of the corresponding months of the past two years. Admitting, therefore, even that the sustained exports are attributable to exceptional circumstances, it is clear that these circumstances are still in full operation, and the Board see no reason why Government should be expected to forego the advantages which it derives from their existence. There is every probability of the demand continuing, at all events, for some time to come, and the price which Saltpetre now commands, Rupees 7-8 per maund, is one which should afford a fair profit to the producer, and ensure a sufficient supply for shipment during the current year.

		1860.	1861.	1862.
First two months.	Cwt.	61,658	69,859	86,170.

3. But, independently of these reasons, there is another consideration which induces the Board strongly to deprecate any sudden alteration at present in the rate of duty on Saltpetre. On the occasion of the Calcutta Chamber of Commerce memorializing the Government with a view to the reduction of these duties, the Government of India, in the Home Secretary's letter No. 438, dated 5th March, replied as follows:—

Para. 4. "For the above reasons, the Governor General in Council is not prepared at present to make any change in the duty on Saltpetre. But *if after the price shall have returned more nearly to the level of former years*, it should appear by a *continual falling off of exports*, that East India Saltpetre is really exposed to the competition of an intrinsically cheaper article from other sources, the Government will be quite prepared to re-consider the question."

The fall of price and decrease of exports have neither of them occurred, and in confidence on this expression of the intentions of Government not to reduce the duty until these conditions were fulfilled, large shipments have, the Board understand, been lately made. The intimation of an intended reduction of duty would be followed by an immediate fall of price, the effect of which would be to involve these Shippers in considerable loss.

4. As regards the competition with artificial manufacture to which the Bengal Saltpetre is said to be exposed, the following Extract from a recent communication from one of the large Gunpowder manufacturing firms in England has been kindly placed at the Board's disposal:—

"Our experience quite confirms your remarks with reference to artificial Saltpetre, it certainly has not realized the expectations of its supporters, and we attribute this want of success *entirely* to the low price of the Bengal Saltpetre. The manufacturer cannot touch it. Thirty-five shillings we have reason to believe, is the lowest sum which allows them to prosecute this line of business with profit."

The price of Saltpetre in England has since risen to thirty-nine and forty shillings, without, however, having had the effect of, in any way, checking the demand. At the same time it is certain that the artificial manufacture has to a great extent displaced the Bengal Saltpetre in France; this may possibly be attributable partly to the obvious political advantage of securing a supply independently of foreign sources, and partly to the cheapness of potash Salt in France. This artificial manufacture is however nothing new, the French having in the old war supplied themselves entirely with Gunpowder manufactured from chemically prepared nitre. The falling

off moreover in exports to France has been counterbalanced by increased exports to other Countries.

5. It has been stated, the Board observe, that the supply of Saltpetre from Tirhoot is failing; what grounds there are for this apprehension, the Board are not at present in a position to say. In the face of ample stocks in the market, the large quantities on their way down, and the readiness of dealers to sell at ordinary rates, the Board are not disposed to attach any importance to this rumour. Should it even, however, be true, they believe that any deficiency in the supply from Tirhoot will be compensated for by an abundant supply from Oude, the produce of which province will, as the Railway opens, be cheaply and easily transported to Calcutta.

6. As regards the trade at Madras, the Board think that there is no room to doubt that the cause of the smallness of the shipments is to be found in the impurity of the Madras Saltpetre.—Shipped as it is before refinement, every charge must fall more heavily upon the pure nitre obtained, than upon the Saltpetre which is shipped in a refined state from Calcutta, and which contains 15 to 20 per cent. less of foreign matter. There seems to be an impression at Madras that the refining process is here carried on by large European capitalists. This, however, is a mistake, the greater portion of the business in this Presidency is in the hands of Natives, generally speaking men of small means. Supposing that the Saltpetre can, in other respects, be brought into the market as cheap in Madras as in Calcutta, the Board cannot understand how it is that men are not to be found there sufficiently enterprising to establish Refineries. The process requires very little skill, and it is understood that from 4,000 to 5,000 Rupees only is requisite to set up a Refinery capable of refining 100 tons of Saltpetre per mensem, which is one and a half times greater than the largest amount exported for many years past from Madras.

7. The Board further do not think that the existence of a falling off in the trade from Madras is satisfactorily established. The Madras Chamber say that the average exports from 1851-52 to 1859-60 were 787 tons, and that they have now fallen to 300 tons. It seems to the Board that the Chamber have unwittingly adopted a mode of calculation which has a tendency to give a mistaken impression of the state of the Madras trade in Saltpetre. The Board have not yet received the Official Trade Returns of Madras for 1860-61, and they cannot therefore judge of the effect of the new duty from a Comparative Statement compiled from official sources, but from such figures* as they have been able to obtain, and which, so far as they have been able to test them, they have reason to believe correct, it appears that the export has been decreasing steadily since 1857, the large shipments of which year are doubtless attributable to the extraordinary demand arising from the Russian war. It will be seen that the exports from the year preceding the imposition of the higher duties were only *twenty-seven* tons in excess of those of last year—a most insignificant item when the amount of exports from this Port are considered.

* Exports of Saltpetre from Madras Territories, January to December.
1857, 1,020 tons.
1858, 630 ,,
1859, 323 ,,
1860, 270(*a*.) ,,
1861, 296(*a*.) ,,
(*a*) new Duties.

8. The Board are not sure that they understand the argument put forward in the concluding paragraph of the Madras Chamber's letter. It seems to them impossible that, under an "extraordinary demand," the exports of Calcutta should be stimulated and those of Madras checked—the rate of duty being uniform—unless there were other causes, such as difference in quality or price, which tended to place the Calcutta article at an advantage as compared with the produce of Madras. Any way the duty having been the same in both cases, it is difficult to comprehend how the circumstance of increased shipment at one Port and decreased shipment at the other can be said "unmistakeably to indicate the injurious effects of an undue pressure of taxation.

9. Even supposing it to be admitted that the reduction of the high duties would stimulate the Madras trade, which, however, there is every reason to doubt, the proposal simply resolves itself into a request that, for the purpose of fostering a trade of the total value of from £5,000 to £ 10,000, the Government shall surrender a revenue of about £ 150,000.

A.

Memorandum showing the Exports from Calcutta of Saltpetre from 1855-56 *to* 1861-62.

Year.	Quantity.	Value.	Gross Duty.	Net Duty.
	Tons. cwt. qr. lb. oz.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1855-56	27,431 19 3 16 6	42,39,810 3 0	1,27,318 1 9	1,26,427 12 0
1856-57	34,749 16 2 13 2	54,80,315 13 9	1,64,460 8 6	1,63,695 9 0
1857-58	21,651 11 3 22 6	34,13,345 3 9	1,02,431 7 9	1,00,816 3 6
1858-59	30,300 18 1 8 3	47,05,199 4 6	1,40,818 5 6	1,40,224 13 3
1859-60	25,271 10 0 21 10	43,30,820 2 9	2,94,194 3 3	2,92,265 6 0
1860-61	21,941 7 3 11 15	59,73,708 4 0	11,94,616 6 9	11,94,104 9 3
Total	1,61,347 4 3 9 10	2,81,43,198 15 9	20,23,749 1 6	20,17,534 5 0
1861-62. May 1861 to Feb. 1862 (Actual)	23,576 0 2 12 13	64,17,926 10 6	12,83,585 11 9	This can only be ascertained in the end of the year.
1861-62. March and April 1862 (Estimated)	4,715 4 0 13 12⅛	12,83,585 5 3¾	2,56,717 2 4½	
Total 1861-62	28,291 4 2 26 9⅛	77,01,511 15 9¾	15,40,302 14 1⅛	
Grant Total, from 1855-56 to 1861-62.	1,89,638 9 2 8 3⅛	3,58,44,710 15 6¾	35,64,051 15 7⅛	
	Tons. cwt. qr. lb. oz.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Average of first six years, from 1855-56 to 1860-61.	26,891 4 0 15 9¾	46,90,533 2 7½	3,37,291 8 3	3,36,255 11 6
Average of seven years, or up to 1861-62.	27,091 4 0 25 2	51,20,672 15 10	5,09,150 4 6	0 0 0

N. B.—The new rate of duty at 2 Rupees per maund came into operation on the 20th February 1860.

No. 223 (A.)

Copy of the above forwarded to the Government of India, in the Financial Department, for information, with reference to their Endorsement No. 1,144, dated the 13th February last.

No. 2,188.

Copy of the above correspondence forwarded to the Government of Fort Saint George for information.

(Signed) E. C. BAYLEY,
Secretary to the Government of India.

No. 537. ORDER THEREON, 29th May 1862, No. 1,195.

Ordered to be communicated to the Board of Revenue.

(Signed) P. P. HUTCHINS,
Acting Deputy Secretary to Government.

No. 2187

FROM

E. C. BAYLEY, ESQUIRE,
Secy. to the Govt. of India,

TO

THE HON'BLE R. O. CAMPBELL,
Chairman of the Chamber of Commerce at Madras.

SIR,

Dated Fort William, the 29th April 1862.

HOME DEPT. Sep. Rev. I AM directed to acknowledge the receipt of your letters bearing date the 28th of January and the 9th instant, on the subject of the rate of Export duty on Saltpetre.

2. As regards the reduction of the duty urged in the earlier communication, I am directed by the Governor General in Council to state that the present circumstances of the Export trade in Saltpetre from India, generally, do not bear out the unfavorable view taken by the Madras Chamber of Commerce of the effect of the present rate of duty; and that until these circumstances shall altogether change, His Excellency in Council cannot admit that a sufficient case is made out for the reduction of the rate.

3. With reference to the alternative proposal made in the second communication for the levy of the duty on the pure Nitrate of Potassa, with the view of excluding from taxation the large proportion of impurities in the unrefined article usually exported from Madras, the Governor General in Council apprehends that the measure in question, the introduction of which could not be confined to Madras, would be found to be practically very inconvenient where the exports are large. It is believed, moreover, that the process of refining, as practised in other parts of the country, does not require much capital, and there appears to be no valid obstacle to its adoption in the Madras Presidency. His Excellency in Council is unable, therefore, to entertain the proposition of the Madras Chamber on this point.

4. A copy of a communication* on the subject from the Board of Revenue in Calcutta is enclosed for the information of the Madras Chamber of Commerce.

* No. 408, dated 22nd March.

I have the honor to be,
SIR,
Your most obedient Servant,

(Signed) E. C. BAYLEY,
Secy. to the Govt. of India.

No 2188

COPY of the above correspondence forwarded to the Government of Fort St. George for information.

E. C. Bayley
Secy. to the Govt. of India.

Pro: of Govt for May
Nº 1383

From the Secty to the
Govt of India

Dated 29th Apl 1862
Received 12th May

Nº 2188

C-3.

Forwarding for information correspondence on the subject of the rate of Export duty on Saltpetre.—

Nº 536 & 537

Nº 1195 29th May
With an order

Rec'd 15 May 1862

Nº 1195.

The Chamber of Commerce must have Copy

Recd 14/5/62

Rec'd to be communicated to the Board of Revenue and the Chamber of Commerce—

WSC 14/5

Govt of Nº 8 George
29th May 1862.

25 Copies to the
Bd of Rev.
Dispd 30