

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 603

Press
~~Mis.~~

1-2

Dated

11 - 4 - 1918

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
1st April 1862.

No. 1. Read the following Proceedings of the Board of Revenue, dated 16th February 1862, No. 953.

Read also letter from Bellary 5th February 1862, in Cons. 12th, from Cuddapah 11th December 1861, No. 144, and recorded in Board's Proceedings of 16th February 1862, No. 1,163.

Read also the following letters:—

From A. HATHAWAY, Esq., Collector of Bellary, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated Ramanthug, 10th April 1862, No. 19.

I have the honor, in forwarding a Statement embodying the information called for in the Proceedings of the Board of Revenue, No. 1,169 of 16th February last, to inform you that in this District no change is at present made on the lands occupied by Salt pans, or on the earth used to make the S.P.

Enclosure No. 1.

Statement showing the particulars of the proposed Salt pans in the District of Bellary.

Classes of the pans.	The average size of a pan of each class.			The estimated outturn of Salt from a pan of each class.	Its estimated cost.	Price.	Estimated No. of pans.	Estimated total produce.	Remarks.
	Length Feet.	Breadth Feet.	Height Feet.						
1st Class salt pans.....	16	8	4	4,000	15	77	60	48	
2nd do.	7	5	3	2,500	9	47	600	502	
3rd do.	6	5	2	1,000	6	30	1,610	331	

(Signed) A. HATHAWAY, Collector.

From J. I. MINCHIN, Esq., Acting Collector of Kurnool, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated Yerrachalema Hill, 25th March 1862, No. 16.

1. I have the honor to reply to the Board's Circular No. 6,933, dated 15th November 1861, regarding the manufacture of earth Salt in this District.

2. In the three Talooks transferred from Cuddapah, this manufacture was put a stop to in the year 1857, before they became part of this District, but it is carried on to some extent in the Talook of Pattikonda, transferred from Bellary, and to a less degree in the original Talooks of Kurnool.

3. The annexed Statement shows the number of 'Modahs' in existence in the different Talooks, those in Kailkoontla belonging to villages lately transferred from Sivwell in which consequently the manufacture has been hitherto permitted.

4. I have no data on which to calculate with any exactness the quantity of Salt manufactured: but Mr. Phillips in reporting on the subject in 1848 considered that the 60 Modahs then in existence produced 25 Garce of earth Salt yearly, and at that rate the present outturn would amount to 150 Garce.

5. The assessment on the manufacture has been hitherto collected as Moturpha, and on the abolition of that tax, the manufacturers were brought under the License tax, being entered in the highest class, and charged Rupees 3 each, a rate which was considered very moderate, and which was paid without demur.

6. The License tax having been also abolished, the amount collected for this year is now being returned to the payers, and the manufacture is at present absolutely free.

7. With regard to the suggestion to place upon the manufacture an excise, equal to the duty upon the monopoly Salt, I fear that such a measure would at once put a stop to its production. The mode of manufacture is so costly, while the value of the article is so small compared with sea Salt, that it would not bear so heavy an impost. The measure would also necessitate the employment of an expensive Establishment, which would swallow up a large part of the revenue obtained.

8. At the same time the cessation of the manufacture, either by a heavy excise being imposed, or by an order of prohibition would be felt as a peculiar hardship by the people of this District to whom the earth Salt is of great value for their cattle. It is not used by human beings, except of the most indigent class, being considered, probably through prejudice, as unfit for human food, and consequently can hardly be thought to come into competition at all with the monopoly Salt brought from the Coast.

9. The earth Salt is seldom sold for money, but is bartered for grain with cattle owners, its use being essential to the condition of the live stock in these parts, for which purpose the monopoly Salt, owing to the heavy cost of transit is far too expensive.

10. While it appears to me that the imposition of an excise would be a measure without success, I am fully sensible of opinion that the manufacture should be left to its natural free, as it stands the only and legitimate source of revenue. I am therefore of opinion that the authority of Government should be used to prevent any other tax being levied upon the manufacture, which might be most easily effected by prohibiting the collection of any other tax upon the manufacture, the effect of which might be to levy 2 or 3 Rupees 5.

11. I would permit the manufacture to be carried on under license, in all the Taluqs west of the Nalla Mulla range, but the existing prohibition might be continued in the Taluqs of Chidambaram and Marikuppam, which are some of the District, separated by a range of hills from the Coast.

Enclosure No. 1.

Statement showing the number of Modals in existence in the different Taluqs of the Kurnool District.

Number.	Taluqs.	Number of Modals or pans.	Assessment in last Fash.
1	Pattikonda.....	231	Rs. 895 8 0
2	Ramalkotta.....	78	302 8 0
3	Nandikotkor.....	0	0 0 0
4	Nandial.....	40	117 0 0
5	Sirwell.....	7	10 0 0
6	Koilkontla.....	22	67 6 0
	Total	381	1,392 6 0

(Signed) J. I. MINCHIN, Acting Collector

From A. WEDDERBURN, Esq., Collector of Cuddapah, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated Muddenpally, 17th April 1862, No. 11.

1. With reference to the Board's Proceedings dated 18th February 1862, No. 1,163, I have the honor to report that there is no charge on the land occupied for Salt pans, or from which Salt earth is taken, such land is valueless for agriculture. The Salt works, 821 in number, are

generally similar, the number of pans depends on the saltiness of the locality, and the strength of the working party. They are worked for three months in the year from the beginning of March to the end of May. The average area occupied by refuse heaps and pans may be about one-tenth Acre per work. The pans are generally 12 feet square, and from one to four in number. The average outturn from a ordinary work of four pans may be about 132 Madras measures, or 16½ marcals per week, at the cost of the labour of two men and two buffaloes carrying the earth. The value of earth Salt is according to quality, average Rupees 1-12-0, for the above quantity should the above estimate be correct, the manufacture of earth Salt does not seem to be a profitable occupation.

2. As old statistics do not afford accurate information regarding either the present number of works, value of labour, or of the article produced, the above information has been collected by recent inquiry.

1. Resolved that the above correspondence, which the Board regret has remained so long undisposed of through an oversight in their Office, be submitted to Government, with reference to paragraph 10 of their Proceedings under date 1st November 1861, No. 2,101.

2. In consideration of the distance from the Coast at which the Districts of Cuddapah, Bellary, and Kurnool were situated, and the consequent high price necessarily paid there for Marine Salt, the manufacture of earth Salt, prohibited in other places, has been tacitly permitted for some years. The manufacture was taxed, and the revenue derived from it brought into account under the head of Moturpha in the Bellary District, and in a portion of the District of Kurnool, but it was not taxed in Cuddapah.

3. It will be seen from the above correspondence that on the abolition of the Moturpha tax, and the introduction of the Law for taxing Arts, Trades and Dealings, the manufacturers of earth Salt were in the Cuddapah and Kurnool Districts included in the first class, and required to pay Rupees 3 per license, probably in the Bellary District also, a similar course was followed in regard to them, though the Collector does not state in which class they were included.

4. The Act under which the licenses were required has now ceased to be law, and the manufacture of earth Salt in the Ceded Districts is altogether free from any impost, and it has become necessary to decide whether from the special circumstances of these Districts they required to be treated in a different manner from the other Districts of the Presidency in regard to the enforcement of the Salt laws, and whether the permission, hitherto directly or indirectly given to the manufacture, should be withdrawn.

5. In their Proceedings above quoted, the Government observed that there was no reason why the people of the Ceded Districts should alone enjoy the privilege of manufacturing earth Salt, and while admitting the difficulty of applying it, stated that the correct principle was to excise the manufacture with the same duty as Marine Salt so that both might compete on even terms in the market.

6. The question of how the manufacture of earth Salt in the Ceded Districts was to be taxed, has on more than one occasion been under discussion, and the correspondence noted in the margin, will show that this question has long since been acknowledged to be beset with difficulties.

7. It will be observed from these papers that, in 1814, the Government decided that no measures should be taken to interrupt the tolerance under which the manufacture of earth Salt had been permitted in the Bellary District, and expressed an opinion to the same effect in 1819, and again in 1851, in regard to this District as well as those of Cuddapah and Kurnool. Several plans were suggested—for instance, the taxing the manufacturers by a per centage on the profits of their pans—licensing the manufacture—farming out to a renter the exclusive privilege of the manufacture and sale of earth Salt—but all were eventually abandoned as unsatisfactory, and as not likely to attain the object in view, viz, the upholding the Government monopoly without serious injury to the people.

From Collector of Bellary, 27th April 1814, No. 1,634.
Board's Proceedings 27th June 1814, No. 268.
Extract from Minutes of Consultation 1st Aug 1814, No. 781, R.D.
Board's Proceedings 10th July 1818, No. 257.
Extract from Minutes of Consultation 10th Oct. 1819, No. 937, R.D.
Board's Proceedings 1st May 1851, No. 187.
Extract from Minutes of Consultation 18th June 1851, No. 604, R.D.

8. In their recent letters on the subject the Collectors of the three Provinces are all agree in condemning the proposal to excise earth Salt at the same duty as that charged on Marine Salt. The Collector of Cuddapah objects to it on the score of the expense such a duty would involve, and the Collectors of Bellary and Kinnacoli considering that the proposed increase in tax would have the effect of putting an end to the manufacture, as it is so much more expensive a process than the manufacture of Sea Salt. The Collectors of all three Provinces are in favour of the manufacture should be allowed to continue, but that the manufacture should be regulated under a license system.

9. The Board are not aware whether in arriving at these prices the Board have taken into consideration the respective prices of Marine Salt in the various Districts. This comparison will show that these Districts are not in accordance with the value of an supposed. Indeed until the extension of the line of Railway to Coimbatore the price of Marine Salt in that District was higher than in the Ceded Districts, and even in the District of price is not very good. In the District of Tanjore also, the prices of the salt are as high as those of the Bellary District are but little less than the District of Coimbatore. Again, if the Map is consulted it will be observed that Coimbatore is not farther from the Board than Ellore, and even the centres of the District are nearer to the Coast than the Coimbatore District.

10. On general principles then, it does not appear to the Board that there is any basis for an exceptional in the position of circumstances of these Districts as to receive from the law a treatment in a different manner from the other Federal Districts of this Presidency in regard to the application of the law against the marriage of each Side. At the same time, it is clear that the law is not to be considered this marriage should be regularly provided for under the provisions of Regulation V of 1892.

11. The Board consider, that though these Districts have no facilities for the extraction in regard to Salt on the same either of a geographical position, or other physical or other states, yet in consideration of the manufacture of earth Salt having been introduced by Government, the privilege should not be altogether withdrawn and the others as above described, operated in former years, still continue as of right as the proposed one interfere with the existing privilege. The Board fully recognise the force of the arguments of the Director in their Despatch of November 16th, 1852, No. 10, and they have to inform the Honorable the Secretary of State of India in paragraph 5 of his Despatch, dated 11th May 1853, No. 10 on this subject, and they are of opinion that the time has not yet arrived for placing the conditions on the precisely same footing as the other Privileges of the Presidency in regard to the manufacture of Salt by lixiviation.

12. The Board are of opinion however, in all India, that those Districts in which the existence in an exceptional position may be proved to them is necessary, and they would be in favour of the introduction of any measures which may eventually lead to placing the Districts on the same footing in regard to the provisions of Salt laws as the other Districts generally. While the system may be temporarily adopted under which the manufacture of earth Salt may be permitted, its eventual abolition should always be kept in view. No doubt, whatever the measure may be, there will be considerable difficulty in carrying it out, and the enforcement of earth Salt must always to a certain extent interfere with the Sea Salt monopoly.

13. As a temporary measure the Board will propose to take the men of one of each of the Bellary District, and in those portions of the Chudayal and Kani Districts where it is at present carried on, under direct Government management. The men should be separated at certain specified places only, and the manufacturers would be required to contract to deliver a certain quantity at the Government depot at a fixed price, and the goods would be sold by Government to the consumers at the maximum rate of Rs. 1.50 per Maund.

11. A Salt Est. Ushment, similar to that entertained in the Case D. 1841, would be required for the control of the manufacturers, and the ready receipt sale of the Salt. Were the abolition of a large number of the present Modals or pans insisted on, and only those situated in a convenient circle around the proposed depôts retained, this Establishment would be busy. The mode of procuring the Salt Affairs facilities for detecting and preventing the most fraudulent and unauthorized

places, and an efficient police would be as likely to prevent smuggling in these Districts as in others, and though perfection in the arrangements would not be expected, there is little doubt that the quantities illicitly sold would bear no proportion to quantities now sold and exported with a lot of hindrance.

15. With a view to the eventual substitution of Sea Salt to meet the demand in these Districts, the Board would recommend that when the proposed change of system came into operation, a large discount on the monopoly price of Sea Salt should be allowed to merchants importing it to these Districts, so that in spite of the cost of carriage it would compete at no very great disadvantage with earth Salt, and would, eventually, on the completion of the Railway system, drive it out of the market. This discount would not be allowed on purchase, but on satisfactory proof of the importation having been made to certain localities. It would of course require to be so regulated as to prevent any re-export being a profitable speculation, and the rates would vary in proportion to the distance from the coast of the localities at which the discount was granted. The grant of a double discount would also require to be provided against, as the fraudulent conveyance of the Salt from one locality where discount was granted to another where it could be again demanded would so result. If found to be absolutely necessary, the Salt might be purchased from the importers by Government, and re-sold at the Government depôts, but such a system would of course be simply employing the importers as carriers on behalf of Government.

16. It is true that the local Officers appear to think that there would be no demand for earth Salt at the present monopoly price of Sea Salt, but the Board think this is questionable.

*Memorandum on the subject of Salt for the Presidency of Maharashtra dated June 17th 1851, prepared by the Board of Revenue for the Salt Commission, printed at page 35 of the Appendix to Mr. Howland's Report.

Nearly nine years ago the average price of earth Salt in these Districts was reported to be from Rupees 100 to Rupees 133 per Gauce, and it is improbable that the value of this article should not have increased since that date.

17. The cost of manufacture was about the same time it had to be from Rupees 10 to 21 per Garce, so that unless this has largely increased, the reports of the Collectors as to the very expensive nature of the process, appear to be somewhat exaggerated. Supposing, however, that the "Kulharan" paid to the Salt manufacturers was fixed at Rupees 30 per Garce, there would still be an ample revenue derived from the sales at the monopoly price, or even considerably under it, if, on trial, it was found that there was no demand for this description of Salt at that price.

18. The Board consider that the plan now proposed is preferable to the legalization of the present system of manufacture by the issue of a license to each proprietor of a Modah, and especially so, when it is viewed as a mere temporary measure. The license system would be calculated to perpetuate the manufacture, whereas that proposed, it seems to the Board, the best adapted to effect its gradual cessation, as it would rest with Government any year to abolish the manufacture at any Modah or circle of Modahs. It is feared also, that the class of persons employed in the manufacture could not afford to pay the high rate, at which it would be necessary to issue the license in order to obtain any considerable revenue.

19. The imposition of an excise duty on this Salt would be a very difficult matter, from the very large number of places at which it is manufactured, and the petty description of many of the works. As the Collector of Cuddapah remarks, "we can license the manufacturers, though unable (without going to an unprofitable expense) to gauge their manufacture."

20. The only other course which the Board think could be adopted, in regard to these Districts, would be the prohibition of the manufacture along the coast and the establishment, for a limited period, of Government depôts for the sale of Marine Salt, in consideration of the exceptional circumstances of the manufacture having been so long permitted. The cessation of the manufacture could not fail to affect the markets very inconveniently, and the establishment of these depôts, where Salt might be sold at a price a little above the monopoly rate at the Coast, would probably in part remedy this. The Government have frequently expressed themselves adverse to the establishment of such depôts, but possibly in the present case, special circumstances might induce a departure from the declared policy in such matters.

21. The Board also, before submitting their proposal for the suggestion of the Board Officers, to be favored with the views of Government on the general question of the manufacture of the manufacture. Should it be decided to place these Districts on the same footing as the remainder of the Presidency, it will not of course be necessary to discuss a further system of legalizing the manufacture of Earth Salt, though the course to be followed when its manufacture is prohibited may require to be considered.

(True Copies of Extract)

(Signed) R. A. DALYELL, Secretary.

No. 2. ORDER IN COUNCIL, 1st April 1863, No. 643.

1. With these Papers the Board of Revenue submit with their remarks the views of the Collectors of Polay, Kinn, and Calapah regarding the manufacture of Earth Salt in the Districts and the benefits of raising that article, now that the Metropolitan Board have decided to discontinue it.

2. The Board are in favor of stopping the manufacture under the monopoly system. They would limit the manufacture to certain places only, and would require the manufacturers to contribute to the Government a certain quantity of the Government salt at a fixed price. The Salt would be sold to the Government at the same price as the monopoly price of 15 Rupees per Maund or 180 Rupees per Gun. The Board's estimate of the value of the salt in the Coast Districts would be required for the purpose of the manufacture and the receipt and sale of the Salt in the Districts would be a charge on a number of the Districts. The Board propose this as a temporary measure and keep in view the possibility of the manufacture of Earth Salt and the distribution of Marine Salt in it. The Board consider this plan better than either an excise or a licensing system. The former, they state, would be attended with great expense, while the latter would require the payment of the manufacturers. The Board also fear that the amount of the tax would be insufficient to pay the high rate of License, which would be necessary in order to be a really considerable revenue. Board submit to the Government the suggestion of the Board Officers, the Board request an expression of the views of Government on the general question of the abolition or restriction of the manufacture.

3. The Board also before Government state to the present nature of the trade in Earth Salt is insufficient to enable them to give more than a qualified reply to the Board's question. They therefore submit the information on certain points which will be presently explained, but in the meantime the manufacturers of Earth Salt should be required to contribute to the Government a certain quantity of the Government salt. The Board have no reason whatever why the abolition of the Monopoly should exempt them from the payment of the tax which is levied. The payments were carried to the head of Monopoly as a matter of account, but should properly be taken out of Metropolitan Revenue. Regulation I of 1855 forbids the manufacture of all Salt without the authority of Government, and these persons were allowed to manufacture on condition of making a certain payment, and either that payment should be continued pending further arrangements or the manufacture should be stopped. The tax to be collected under this order should not be less than the sums now paid, for the manufacture is as profitable as it ever was. The Board's salt should be added to account as "Salt Revenue."

4. The exigencies of the State compel the Government to levy a tax on Salt, and seeing as that tax is paid and does not involve unnecessary expense in collection, it is formally of no consequence to the Government whether the Salt is manufactured from saline earth or from salt water. In fact, since the wholesomeness of Earth Salt is unquestionable, it is rather an object to encourage its manufacture and consumption, for to suppress it in order to induce the use of Marine Salt would be to compel the people to consume an expensive article when a cheaper is at hand. And independent of this consideration the summary suppression of the manufacture so long permitted would be a measure of great hardship. There can be no doubt, therefore, that the proper course is to legalize the manufacture, taxing the produce to the same

extent as Marine Salt is taxed. The monopoly tax is about Rupees 1-6-0 per Maund or 182 lbs. at the depots on the coast. As among the consumers it is 20 Rupees per Maund or 182 lbs. this sum represents an average charge on each individual of 182 lbs. of Salt per annum. There is no reason to believe that the people of the Coastal Districts are less able to pay this amount of taxation than the people of any other District in the Presidency, and it is difficult by the Board who admit that the inhabitants of these Provinces have no claims to special legislation in regard to Salt on these points other than geographical position and the fact of their being "circumstances." It is not as if Salt in the Coastal Districts is very much more than elsewhere, but all above the duty is the cost of manufacture and transit, which the people would in any case have to pay, if there were no duty at all.

5. The legislation of the manufacture must however depend on the expenses which a necessary would involve, and on this point the information before Government is somewhat incomplete. The Board will therefore be requested to make enquiries with regard to whether the places of manufacture can be sufficiently multiplied in proximity to the depots to enable the producers to be sufficiently productive to pay the cost of the necessary Establishment to something like the present extent as Marine Salt pays for transport must be left to this consideration. Mr. Hathway's statement it would appear that a first class penny producer only 1/10 of a Gun, or which quantity the monopoly tax would be only Rupees 1-55, so that unless the manufacture is considerably concentrated it would not answer either to monopoly or excise.

6. As to the rate of tax it should on principle be of the same nature as that of Marine Salt, but at the outset at all events a lower rate might be adopted. The information submitted as to the cost of production and selling price is by no means satisfactory. As the Board remark it is scarcely credible that the price of Marine Salt, of every other commodity has so largely increased that of Earth Salt should be less even than it was ten years ago. Through the Revenue and Police Establishments there could be no difficulty in ascertaining every particular connected with Earth Salt. The Collectors would in supposing that Earth Salt would find no purchasers at the monopoly price of Rupees 1-80 per Gun, but as the Board admit this is doubtful; the question at issue however is whether the people of the Coastal Districts are not as well able to pay a tax of 1 Rupee 6 Annas per Maund on the Salt they consume as the people of every other District. If they are—and on this there can be no reasonable doubt—it is for them to elect whether they will consume Earth or Marine Salt.

7. As to the different modes of taxing Earth Salt the Government will make a few observations for the Board's guidance. The Licensing system is a rough way of realizing a moderate revenue, with no very close calculation of its incidence and a considerable opening for fraud. The license fee must be moderate, as the manufacturers are not men of capital; it cannot be regulated with any degree of accuracy to the profits of the manufacture and the proceeds will be small. It is applicable in the opinion of Government only as a temporary measure under peculiar circumstances. The Board object to it also as likely to perpetuate the manufacture, but this can scarcely be maintained, for Government can as easily suppress a licensed, as a monopoly, or excised manufacture.

8. The Farming system is merely making over the right of taxation to the renter, and seeing that the object of Government should be to tax Earth Salt in the same degree as Marine Salt, and thus to let the two compete equally in the market, it is nothing to recommend it beyond the facility with which a certain amount of revenue may be collected. The two other systems are those of Monopoly and Excise, one or other of which is clearly the preferable measure, if economically practicable.

9. The Board are in favor of the monopoly, but their reasons seem to Government open to question. They say that "the imposition of an excise duty on this Salt would be a very difficult matter from the very large number of places at which it is manufactured and the petty description of many of the works;" but they overlook the fact that Government are not bound to permit the manufacture universally under the Excise system more than under the Monopoly system. Under their proposed Monopoly they contemplate "the abolition of a large number of

the present Molahs" and the retention of "only those situated in a convenient circle around the proposed depôts." The same measures can of course be adopted with equal facility if the Salt is excised. It is obvious that the Establishment which under the Monopoly system will suffice to ensure the delivery of all the Salt into the Government store will suffice equally under the Excise system to prevent the Salt being removed without payment of duty. The Excise system in fact presents no difficulties which are not equally experienced under the Monopoly, and it has this great advantage over the latter that the duty of the Government officers is limited to the taxing of the Salt; the extent and quality of the manufacture, its storage and sale all devolving on the owner of the Salt, who is the best judge and best guardian of his own interests. And with an article of inferior quality, such as Earth Salt is said to be, it is a matter of consequence to make it the interest of the manufacturer to produce as good an article as he can; an Excise does this as the sale depends greatly on the quality, whereas under the Monopoly the manufacturer's interest is limited to making his Salt good enough to a limit of its receipt into the Government store. It may be that Earth Salt may not sell when fully taxed, in that case under the Monopoly the Government stores will be filled with an unsaleable article and the selling price must be lowered; the difference under the Excise system would be that the duty would be reduced. The manufacturer of course gains under the Monopoly, because he is paid the price of the Salt immediately it is received into store and thereafter has no further concern with it; but there is no reason why the maker of Salt alone of all taxed articles should be thus privileged, and it is obvious that Government can equally interpose to guard him from loss under an Excise by reducing the duty to such an extent as will render the article again saleable.

10. If the information which the Government call for in this order shows that either system will answer they should have no hesitation in giving the preference to the Excise.

11. The circumstances of the Kurnool District are peculiar. In Kurnool the Salt is said to be very inferior "not used by human beings, except of the most indigent class" and is "seldom sold for money, but is bartered for grain with cattle owners." This, the Government presume, is true only of Kurnool proper, as there is no reason to suppose that the Salt of the Talooks transferred from Bellary and Cuddapah is worse than that produced in the other Talooks of those Districts. If Mr. Minchin's description is correct, a License tax but of some what

* 5 Rupees.

higher amount than he proposes* would be the best course for the present, until by the extension of the Railway or completion of the Irrigation Company's Canals the cost of carriage be materially reduced when the manufacture might be closed. This temporary concession would be made solely on the plea that the manufacture of earth Salt has been allowed for so many years, and the Salt is of such inferior quality as scarcely to form an article of human consumption. The argument would not apply to Bellary or Cuddapah, because in them Earth Salt of a superior quality can be made and is largely consumed.

12. One consideration not alluded to by the Board is the possibility of Earth Salt being largely imported from Mysore and Hyderabad if the Home manufacture is heavily taxed. The Board will be requested to submit specific information on the subject.

13. The Board further suggest with a view to the eventual substitution of Marine for Earth Salt that simultaneously with the introduction of the monopoly, "a large discount on the monopoly price of sea Salt should be allowed to merchants importing it to these Districts, so that in spite of the cost of carriage it would compete at no very great disadvantage with Earth Salt and would eventually on the completion of the Railway system drive it out of the market." The expediency of the discount system has been repeatedly considered, and though it has had its advocates the Government have never felt sufficiently satisfied of its success to try it. Its interference with the natural course of traffic, the difficulty and practically the impossibility of preventing frauds have always proved insurmountable obstacles to its adoption, quite independent of the question of principle involved. The Board seem to overlook the fact that the Government have no interest in encouraging the use of Marine Salt, and it is shown that wholesome Earth Salt cannot be manufactured and sold at a cheap rate

with an equal profit to the State, and even if this were beyond question, there is no reason why Government should bear a portion of the cost of conveying Marine Salt to Bellary any more than a portion of the cost of conveying the produce of Bellary to the coast for shipment to foreign markets or for consumption in the maritime Districts. If the people of Bellary, on the ground of their distance from the coast, are entitled to a remission of the Salt tax, they are equally entitled to a remission of Customs duty on their imports and exports; but it has never been advocated that this should be conceded. The Weavers of Madras might with equal justice demand that Government should defray part of the expense of bringing Bellary Cotton to Madras. The practical difficulties attending the working of the discount system may be surmised from paragraph 15 of the Board's Proceedings, but there are two others which the Board do not notice. The first is the difficulty of ensuring to the consumer the full benefit of the remission granted to the carrier. This can only be done by establishing depôts in sufficient numbers to keep the price down to the minimum fixed by the Government, but this obviously would be too expensive an expedient. The other difficulty lies in the small proportion which the monopoly tax bears to the cost of conveyance. The tax on a Garce of Salt at the coast is only Rupees 165, while the selling price of the same quantity in Bellary is Rupees 120. If therefore Government remitted the whole of the tax, Marine Salt would still cost 255 Rupees per Garce while Earth Salt would be selling at half that price, so that the former could not compete "at no very great disadvantage" with the latter. Practically therefore the discount system in Bellary would resolve itself into something approaching a total remission of the Salt tax, and for such a step it would not be easy to find good reasons. Under these circumstances the Government deem it proper definitely to abandon the idea of introducing the Discount system.

11. The Dépôt system, alluded to in paragraph 20 of the Board's Proceedings, though not open to all the objections of the discount system is still very inexpedient. To carry it out the Government must either have its own carrying establishment or must engage private individuals to convey the Salt into the interior, and all experience shows that Government could not get the work done so cheaply as a private individual acting for himself would do it, while they would very materially interfere with the ordinary course of trade and enhance the cost of transit; and once fairly committed to this course, the result would be that the onus of supplying Bellary with Salt would devolve on the Government, for as the maximum price at the depôts would be the cost and duty plus transit charges no private individual could compete or embark in the trade. To the Dépôt as to the Discount system there are the objections that Government could not ensure the full benefit reaching the consumers without multiplying the depôts to an extent which would prove most expensive and that the entire remission of duty would still leave the article at a price which would preclude effective competition with Earth Salt.

15. The only sound means of cheapening Salt is to reduce the monopoly tax to the lowest limit that the exigencies of the State will permit and to improve the communications, and the ratio which the expense of transit bears to the cost of the article shows that the latter is the most effectual and should therefore be the first measure to be adopted.

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

PROCEEDINGS OF THE BOARD OF REVENUE, dated 18th February 1862.

Read the following letter from A. WEDDERBURN, Esq., Collector of Cuddapah, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Cuddapah, dated 11th December 1861, No. 114. —

1. With reference to paragraph 1 of the Extract from the Board's * Standing Circular, No. 6369. Proceedings, dated 18th November 1861, requiring a report upon the privilege of the manufacture of earth salt in the Ceded Districts, taken in consideration with the abolition of the Moturpha, I have the honor to inform the Board that the manufacture of earth salt, being an art, has been included among those which will be subject to the provisions of the License Act: as it is a profitable one, it will, except perhaps in exceptional cases, be rated in Class I.

2. To subject this manufacture to an Excise Duty with reference to the quantity of salt turned out, would, I fear, be an impracticable measure. There are pans (made by spreading a shallow coat of mortar on a levelled surface wherein the brine extracted from the earth impregnated with soda, after washing, is exposed to the sun) scattered about in every village, and situation, where the saline earth abounds. We can license the manufacturers, though unable (without going to an unprofitable expense) efficiently to gauge their production.

3. The great obstacle to the free consumption of sea salt in this District is its expense, and that expense arises chiefly from carriage. The carrying trade seems to be left to Brinjuries who bring it from Nellore on bullocks and asses, and the price in Cuddapah is 100 per cent. above the price at Madras. When the Railway reaches Cuddapah, it will probably occur to merchants to establish a salt store in Cuddapah, which will greatly extend the sale of sea salt. I cannot explain why salt is not brought from Madras on return carts, which would be a much cheaper conveyance than on bullocks and asses (the last are chiefly used in the carrying trade). I imagine that the limited demand of sea salt, added to the adherence to custom among traders, may be the cause why no improvement in the means of conveyance has been adopted. It is obvious that the retail of an article among the multitude at double the price at which it is sold elsewhere must be a bar to liberal consumption, even when the article has not a rival in the shape of a wholesome, but rather unpleasantly bitter equivalent.

4. I have adduced the dearness of sea salt as an argument in my recommendations to the District Engineer when the improvement of the lines of communication with the Presidency has been under consideration.

1. The Collector will please to report whether there is any charge on the land occupied for salt pans or from which the salt earth is taken: whether they were in similar sizes and of what average area; what the outturn of salt is from a pan of a given size, what the cost of production, and what the value of the salt. The probable number of pans and total production should also be stated.

2. The Board do not look for very exact information, but it is to be presumed that some recorded statistics exist, and if not, they should be at once collected and sent to the Board.

(A true Copy and Extract.)

(Signed) W. HUDLESTON,
Secretary.

To A. Wedderburn, Esq., Collector of Cuddapah.

Exd. J. Wright.

No. 1,160.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 18th February 1862.

Read the following letter from A. HATHAWAY, Esq., Collector of Bellary, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Madras, dated Raistrug, 5th February 1862, No. 18:—

1. With reference to the Proceedings of the Board of Revenue (Standing), No. 6,335 of 18th November 1861, I have the honor to state that in my opinion, the rate of duty on earth salt should be lower than that on sea salt, inasmuch as the manufacture of the former is more expensive, and difficult than the latter; while the quality of the latter is superior to that of earth salt.

* Fasli	Revenue
1264.....	11,623
1265.....	11,662
1266.....	11,182
1267.....	10,159
1268.....	10,124
1269.....	10,287
1270.....	10,425

2. I would propose the following rates of duty to be levied (by Village Officers) on the earth salt manufactured in this District; by the introduction of which it is likely that there will be no loss in the revenue* hitherto derived in this District, on the said salt, under the head of Muhtarafa, the rates of which varied from 1 to 25 Rupees.

1st Class salt pans.....	Rates of duty, varying from 14 Rupees to 20 Rupees.
2nd "	" " 7 " to 12 "
3rd "	" " 3 " to 5 "

3. In the absence of the necessary information, which has been called for from the Taluks, it has been roughly estimated that the revenue during Fasli 1271, from the manufacturers of earth salt in this District, under the head of License tax, would amount to Rupees 2,000.

4. The manufacture of earth salt in this District is, from its extensive consumption, very essential.

1. The Collector will please to report what is the average size of the pan which he proposes to class under each rate, and the estimated outturn of Salt from a pan of each class, with its estimated cost, and selling price, whether there is any present charge on the land so occupied or on the earth used to make the Salt, the estimated number of pans, and estimated total produce.

2. The Board presume that some statistical records of the manufacture exist; and if not, they should be at once collected and the facts furnished to the Board, who do not look for perfectly exact information, but expect an early reply.

(A true Copy and Extract.)

(Signed) W. HUDLESTON,
Secretary.

To A. Hathaway, Esq., Collector of Bellary.

Exd. J. Wright.

1862 Department.

No.

PROCEEDINGS OF THE BOARD OF REVENUE.

Dated 18th February 1862.

Disputed

Received

No. 1,163.

Requesting further information about earth
etc.

These papers relate
to the manner in which
Earths salt shall be dealt
with.

The Board under the instructions conveyed in G. O. dated 1st Novr 1861 have been in communication with the Collectors of the Ceded Districts and Murree on the subject and request an expression of the views of Government on the general question.

The manufacturing
earth salt is thus conducted
a cone-shaped hillock or
mound termed *modale*
erected with a hollow

The information given on the 10th. was re- to know our highest in-
terest in education. I wanted to know the amount of money spent on education
the year preceding 1895, and the year preceding 1896. There is no money spent
on education of the children of colored people. This year we have paid \$100
the head of the household as a reward of success, but have no property as such of colored
people. - Report of 1895 follows. The money paid for the school-children of colored
people, and the persons were allowed to receive a certificate of completion of school
the year preceding 1895. School children of colored people are not
permitted to attend school. - They have no money. - They have no money. -
I will have to be together with the children of colored people. They have no money.

Certificate of the
 Commissioner of the
 Department of
 Education
 1892

1552

Department:

No

PROCEEDINGS OF THE BOARD OF REVENUE.

Dated 18th February 1862.

Despatched

Received

No. 1,160.

Calling for more detailed information on the subject of the manufacture of earth salt in the District.

is the upper part which communicates with a pit or reservoir at the foot of the mound. Saline Earth gathered in the neighbourhood is put into the hollow and water poured upon it - the brine runs into the reservoir - whence it is taken and poured into shallow pans and then exposed to the sun till the water evaporates and salt is formed.

The salt is generally inferior in quality to marine salt and somewhat bitter and there is believed to be a popular prejudice against its use, but a careful analysis

[illegible]

of numerous specimens
conducted by the Chem-
ical Examiner at Warsaw
has proved that it is per-
fectly wholesome.

The manufacture is prohibited and illegal ~~as~~ throughout the Presidency (the three districts above named excepted) but there is reason to believe that it is clandestinely carried on, more or less largely in every district.

In Bellary the Board in 1844 reported that Earth salt was made in 500 villages comprising 2280 hillocks, the annual pro. lucc averaging 1100 gars; of which about 1/2

a considerable portion of the
rye to the Board of Revenue
and any attempt to pre-
vent the use of earthen salt
which has for years been
manufactured so exten-
sively within our own
territories and may with
facility be imported in
from the adjoining native
states across an almost
open frontier" as "altogether
impracticable or practicable
only at an amount of ex-
pense to the Government,
and suffering to the people
for which the attainment
of the end proposed as
would but imperfectly
compensate." The Board
were for these reasons in
favor

favor of legalising ^{ration} the
supplying the manufac-
In 1848 the Board again
reported fully on the sub-
ject and it then appeared
that there were at that time
2,805 "modats" or Hills of re-
work in Bellary. These the
Collector grouped in 16 cla-
-ses according to the number
of men and buffaloes em-
ployed in each. The value
of the salt produced was
estimated at Rs. 112,300 and
the tax on each modat
ranged from Rs. 28 to 3 1/2
annas. the total proceeds
being Rs. 13,115. The Col-
-lector proposed a consoli-
-dation of the classes.

and

and an equalisation
of the tax which he sug-
gested should be at the
rate of 10 or 12 per cent on the
value of the produce. The
Board adopted the Col-
lector's plan but considered
12 per cent low enough.

In Cuddapah the
manufacture of earth
Salt was prohibited in
1812, prior to which date
House tax or Molasses
though to no considerable
amount was levied from
the manufacturers. Not-
withstanding the prohibi-
tion the manufacture
has continued without tax-
ation to the present times.
The Molasses in Cuddapah
in

in 1818 were reckoned to be
1708 of which 906 produce
superior and 802 inferior
Salt. The inferior salt
was said to be worth only
half as much as the super-
ior but the former produced
twice as much of it. The
average selling price was
stated to be Rs 75
per gann and the produce
of a Modah to be worth
Rs 45 of which Rs 35 $\frac{3}{4}$
were supposed to be ab-
sorbed in charges. The Col-
lector first proposed to
tax the Modahs at rates
ranging from 5 to 2 Rs
each but subsequently
adopted the system of
classification suggested
by

by the Collector of Beldi-
lary. He considered how-
ever that owing to the
inferior quality of the
Cuddasab salt and the
comparative unproductiveness
of the produce, a
higher tax than 8 per
cent ad val. could not
be imposed in his dis-
trict. His rates thus mo-
dified ranged from 8
Rs. to 1 Rupee, the aggregate
proceeds being Rs. 6007
per annum. The Board
accepted the Collector's
plan with some slight
modifications.

In Kinnock the
Agent reported that
there were only 50 modaks
distributed

distributed into 10 classes
according to the number
of men or cattle employed
and "assessed at rates
referred to no fixed prin-
ciple but ranging from
Rs. 17 to Rs. 1. The salt
was represented to be in-
ferior in quality and
the profit on it small.
The Agent was averse to
any change except reduc-
ing the rates by levying
10 or 12 per cent on the
value of the produce, but
suggested that the pri-
vilege should be retained
out for a few years as
the best method of ascer-
taining what tax the
article could bear. The
Board were averse to

to the latter proposal
and advocated a
of the value
in the principle of taxation
of a tax of 12 per cent on
a ad valorem.—

The Government
considered that the
Board's proposition did
not fulfil the instruc-
tions of the Court of
Directors to place the
manufacture under
a more defined system
of regulation and to
impose "a moderate
tax proportioned to
the quantity manufac-
tured." They suggested
it for the consideration
of the Board whether

the

the manufacture should
not be legalised and
permitted under a li-
cense or whether it would
not be possible to fix
both the manufacture
and the sale in the same
way as the Abkarry
was rented out. In the
latter case the contract,
they remarked, should
stipulate that the large
mod also alone should
be worked in numbers
sufficient only to meet
the home consumption;
that export should be
prohibited; that the
places of manufacture
should be specified;
and that the selling
price

price should be fixed,
"as well as the maxi-
-mum quantity to be
-sold to each indivi-
-dual on each occa-
-sion, the same being
just sufficient to
admit of retail."

The Board
referred these pro-
-positions to the
-Collectors.

The Collector
of Bellary (Mr.
Pelly) gave
the preference

to the Licensing system but
doubted whether after all it
would be better than the
existing system or more
suited to the habits of the
manufacturers. It would
be impossible, he stated, to
fix the maximum or mini-
-mum price of the salt, ^{on}
chiefly because a large pro-
-portion of the sale was by
retail to the ryots for their
own consumption. and ^{on}
much of it was hawked about
by the females of the class.
The abolition of the smaller
-modals would, he added,
cause much hardship and
increase crime in the ^{on}
District. Mr. Pelly proposed
to encourage the consumption
of Marine Salt by giving it
gratuitously for impregnation
into Bellary or by importing
it largely and selling it at a
moderate price - but both
plans

plans were opposed by the Board as impracticable.

The Collector of Buddapah on the other hand preferred the Farming system, preceded by a few years of "Amany" or Riccist management in order that reliable information might be obtained of the quantity of Salt which could be produced and its cost. The Manufacturers, he said, were too poor to be able to take out licenses.

The Board were of opinion that both systems were attended with difficulties incompatible with success — and on the whole they considered it best to tax the Manufacture as an item of Mohburfa. In this view the gaut concurred

concurred but they did not think it worth while to tax the Manufacture in Buddapah.

In this state of matters now stand except that the recent abolition of the mohburfa frees the Manufacture from all taxation in Bellary and Kurnool as well as in Buddapah.

The letters now submitted by the Board add little to the information already on record.

The number of Modahas in Bellary as the District is now constituted is said to be 2300 producing 682 gares valued at rates ranging from 77 to 20 Rs. In Kurnool the

the Madahs have risen to 381 but the District has lately been increased by 3 Taluqs transferred from Buddapah and Bellary. In Buddapah there are 824 marks—

The collectors of Bellary and Buddapah are in favor of licenses. The former proposes a number of rates varying from Rs 20 to Rs 3 - which would bring in Rs 2000 annually - the latter would have but one rate viz Rs 5.

The Board are in favor of bringing the manufacture under the monopoly system - They would limit the manufacture to certain specified places only and would require the manufacturers to contract for

for the delivery of a certain quantity at the Government Depot at a fixed price and the salt would be sold by Govt to the consumers at the monopoly rate of $1\frac{1}{2}$ Rs per Maund or 180 Rs per jarra. Establishments similar to those entertained in the Coast District would be required for the control of the manufacture and the receipt and sale of the salt, but these would not be large, if a number of the present Madahs were closed and only those in a convenient circle around the Depôts were retained. The Bd propose this as a temporary measure, and keep in view the eventual abolition of the manufacture of

of Earth Salt and the sub-
stitution of Marine Salt
for it. The B^d consider
this plan better than either
an Excise or a Licensing
system. The former they
state would be both
difficult and expensive
while the latter would
be calculated to perpetu-
ate the manufacture. The
Board also fear that
the manufacturers would
be unable to pay the
high rate of license fees
which would be neces-
sary in order to bring
in any considerable re-
venue. - Before submitting
their proposal for the
suggestion of the local
officers the B^d request
an expression of the
views of Govt on the
general question of the

the abolition or permission
of the manufacture. -

The information
submitted of the present
condition of the trade
in Earth Salt seems to
me insufficient to en-
able the Govt to give
more than a qualified
reply to the B^d's question.

The exigencies of
the State compel the
Govt to levy a tax on
salt - and so long as
that tax is paid and
does not involve un-
reasonable expense
in collection, it is fi-
nancially of no con-
sequence to the Govt
whether the Salt is
manufactured from
saline earth or from
salt water. In fact
since the wholesome-
ness of

of Earth Salt is impos-
-sible - it is under
such circumstances
rather an object to en-
-courage the manufac-
-ture and consumption
for to suppress it in
order to induce the use
of Marine Salt is to
compel the people to
consume an expensive
when a cheap article
is at hand - And in-
-dependent of this con-
-sideration the sum-
-mary suppression of
the manufacture so
long permitted would
be a measure of great
hardship - There can
be no doubt, therefore
that the proper course
is to legalize the ma-
-nufacture, taxing the
produce to the same
extent

13
extent as Marine Salt
is taxed - The monopoly
tax is about Rs. 1-6 per
S.M. of 82 1/2 lbs, at the
depôts on the coast - As-
suming the consumption
to be 20 lbs per head
annually, this sum re-
-presents an average
charge on each indi-
-vidual of less than
5/2 annas per annum -
There is no reason to be-
-lieve that the people
of the Ceded Districts
are less able to pay
this amount of taxation
than the people of any
other District in the
Presidency and this is
allowed by the B. G.
who admit that the
inhabitants of those
Provinces have no
claim

claims to special legis-
lation in regard to salt
on the score either of
their geographical posi-
tion or of their peculiar
circumstances" It is
true that salt in the
Ceded Districts costs
very much more than
the duty - but all about
the duty is the cost of
manufacture and trans-
-it which the people
would equally have to
pay, if there were
no duty at all - Pro-
vide therefore that
the Government aban-
-don the idea that the
use of marine salt
is the great object to
be aimed at and sim-
-ply pay all salt -
whether

or the indigenous or
not at the same rate
the people of the Ceded
Districts have no valid
ground of complaint.

The Board should
therefore I think be
instructed to make
the necessary enqui-
ries without delay
as to whether the
places of manufac-
-ture can be sufficien-
-ly multiplied in pro-
-ximity to each other,
or can be made suf-
-ficiently produc-
-tive to pay the cost
of the necessary

establishment.

Establishments to
something like the
same extent as Ma-
rine Salt pays to,
for some requests
must be paid to
this consideration.

By Mr. Hath-
away's statement
it would appear
that a first class
pan produces only
 $\frac{4}{5}$ lb of force on which

quantity

quantity the monopoly tax
would be only \$1.50-
so that, unless the manu-
facture can be considerably
concentrated it would not
answer either to monopolize
or raise it.

As to the rate of
tax it must of course ulti-
mately be the ~~same~~ as that
on Marine Salt, but at the
outset a lower rate might be
allowed. The information
submitted as to the cost of
production and selling price
is by no means satisfactory.
As the Board remark this
secretly entails that when
the price of Marine Salt
and of every other commodity
has so largely increased
that of the Salt should be
less even than it was $\frac{1}{2}$ cts
years ago. With the Liberal
Establishments Revenue

and Police were maintained
by the Government then ought
to be no difficulty in ascer-
-taining every particular con-
-nected with Earth Salt. The
collectors unite in supposing
that Earth salt would find
no purchasers at the estab-
-lished price of Rupees 180
per garra but as the Board
admits this, is doubtless
the question at issue how-
-ever is whether the people
of the best Districts are
not as well able to pay a
lay of 1-6 per ^{garra} hundred on
the salt they consume as
the people of every other Dis-
-trict. If they are, and if
this there can be no reason-
-able doubt, it is for them
to elect who they will
consume Earth or Marine
Salt.

-But also as
likely to perpetuate
the manufacture but
this can scarcely be
maintained for put
can as easily sup-
-press a licensed,
as a monopolised
or Excised manufac-
ture.

As to the different
modes of laying Earth salt
it will be necessary for
the Government to express
some opinion for the Board's
guidance. The Licensing
system is a rough way of
realising a moderate re-
-venue, with a very close
calculation of its incidence
and a considerable opening
for fraud. The License fee
must be moderate as the
manufacturers are not
used of Capital. It cannot
be regulated with any degree
of accuracy, to the profits
of the manufacturers and
the proceeds will be small.
It is applicable, I think,
only as a temporary mea-
-sure, under peculiar cir-
-cumstances. The Pro +

The Licensing system is

nearly mounting over the
right of taxation to be
ruled, and saying that the
object of both is to tax foreign
salt, at the same degree
as domestic salt and then
to let the two compete
equally in the market.
has nothing to recommend
it beyond the facility with
which a certain amount
of Revenue may be collected.
The two other systems are
that of monopoly, and
Excise, one or other of which
is clearly the preferable
measures - if economically practicable.

The Board are in
favor of the monopoly but
their reasons seem to me
very questionable. They
say that the imposition
of an excise duty on this
salt, would be a very
difficult.

23
difficult matter from the
very large number of
places at which it is man-
ufactured, and the full
description of many of these
works - "but they overlook the
fact that both are not bound
to permit the manufacture
universally under the excise
any more than under the
monopoly system. Under
their proposed monopoly
they contemplate the abo-
lition of a large number of
the present works and
the retention of only those
situated in a convenient
circle around the proposed
deposits." The same mea-
sures can of course be
adopted with equal facility
if the salt is Excised - It
is obvious that the Exci-
se system which under
the monopoly system will
suffice

suffice to ensure the delivery
of salt into the Govt.
store, will suffice equally
under the excise system
to prevent the salt being
removed without payment
of duty. The excise system
in fact presents no diffi-
culties which are not equally
experienced under the mono-
poly and it has this great
advantage over the latter
that the duty of the Govt.
Officers is limited to the tax-
ing of the salt. The extent
and quality of the manufac-
ture, its storage and sale all
devolving on the owner of
the salt who is the best
judge and best guardian
of his own interests. And
with an article of inferior
quality, such as Earth Salt
is said to be it is a matter
of consequence to make it
the

the interest of the ma-
-nufacturers to produce
as good an article as
he can; an excise does
this as the sale de-
-pends greatly on the qua-
-lity whereas under the
monopoly the manu-
-facturers' interest is
limited to making
his salt
it good enough to ad-
-mit of its receipt
into the Govt. store -
It may be that Earth
Salt may not sell
when fully taxed -
in that case under
the monopoly the
Govt. stores will be
filled with un-
-saleable articles and
the selling price
must be lowered.
He

the difference under the
Excise system would be
that the duty would
be reduced. The man-
-ufacturer of course
gains under the mo-
-nopoly because he
is paid the price
of the salt immedi-
-ately it is received
into store and there-
-after has no further
concern with it. but
there is no reason
why the matter of
salt alone of all
taxed articles should
be thus privileged.

and

and it is obvious
that the Government
can equally interpose
to guard him from
loss under an Excise
by reducing the duty
to such an extent
as will render the
article again sale-
-able. —

If the infor-
-mation which I
have proposed to
call for shows
that either system
will answer I
should have no
hesitation in
giving

giving the proper
-ence, decided to the
-ence.

The circumstances of the
-stances of the
-ness (District)
-peculiarly. The
is said to be a very
-erior "not used
by human beings
except of the most
indigent class", and
is "seldom sold for
money, but is bar-
tered for grain
with cattle owners".
This, I presume is
true only of Turnool
proper.

+ the names 5 Rs.

proper as there is no
reason to suppose that
the salt of the Salookes
transferred from Behar
and Paddafah is worse
than that produced in
the other Salookes of those
districts. If Mr. Min-
-chins' description proves
correct, probably a li-
-cense tax but of some-
-what higher amount
than he proposes would
be the best course
for the present, until
by the extension of the
Railway or completion
of the Irrigation Com-
-pany's canals the cost
of carriage be materi-
-ally reduced when the man-
-ufacture might be closer.
This temporary concession
might be allowed solely
on the plea that the
man, but in

manufacture of Earth
Salt has been allowed
for so many years and
the salt is of such inferior
or quality as scarcely to
form an article of hu-
man consumption. The
argument would not
apply to Bellary or
Cuddalore because
in these parts salt of
a superior quality can
be made and is largely
consumed.

One consideration
not alluded to by
the Board is the possi-
bility of Earth Salt
being largely imported
from Mysore and Hy-
derabad if the home
manufacture is heavily
taxed. This will apply
equally to every mode
of taxation and is quite
information

information on this
subject seems very
necessary either to be-
ing a license fee or
to exercise Earth Salt.

The Board
as already stated give
the preference to the
monopoly system and
they suggest with a
view to the eventual
substitution of Marine
Earth
for ~~the~~ Salt that it
simultaneously with the
introduction of the mono-
poly, "a large dis-
count on the mono-
poly price of Sea Salt"
should be allowed
to merchants import-
ing it to these dis-
tricts, so that in
spite of the cost of
carriage.

carriage it would
compete at no very
great disadvantage
with earth salt and
would eventually on
the completion of the
Railway system drive
it out of the market.
The expediency of the
discount system has
been repeatedly con-
sidered and though
it has had its ad-
vocates the Govern-
ment have never
felt sufficiently sa-
tisfied of its suc-
cess to try it. Its in-
terference with the
natural course of
traffic - the difficulty
and practically the
impossibility of
preventing

24
preventing frauds,
have always proved
insurmountable obsta-
cles to its adoption,
quite independent of
the question of prin-
ciple involved. The
Board seem to me
to overlook the fact
that the Government
have no interest in
encouraging the use
of marine salt until
it is shown that whole-
some earth salt can
be manufactured and sold at
a cheaper rate with an
equal profit to the
State - and even if
this were beyond ques-
tion, which it certainly
is not, there is no rea-
son why Government
should

should bear a por-
-tion of the cost of
conveying marine ex-
salt to Bellary and
more than a portion
of the cost of conveying
the produce of Bellary
to the coast for ship-
-ment to foreign mar-
-kets or for consump-
-tion in the maritime
Districts. If the people
of Bellary - on the ground
of their distance from
the coast are entitled
to a remission of the ex-
salt tax, they are ex-
equally entitled to a
remission of Customs
duty on their imports
and exports - but it
has never been advocated
that this should be
conceded -

conceded. - The rea-
-verse of Madras
might with equal
justice demand that
Government should
defray part of the ex-
-pense of bringing ex-
Bellary Cotton to Madras.
The practical difficul-
-ties attending the ex-
working of the Sixpenny
system may be sur-
-mised from para 15
of the Board's proceed-
-ings but there are
two others which the
Board ^{do not notice} ~~do not notice~~ - The
first is the difficulty
of ensuring to the
consumer the full
benefit of the re-
-mission granted
to the carrier - This
can

can only be done
by establishing de-
pôts in sufficient
numbers to keep the
price down to the mi-
nimum fixed by
the Government - but
this obviously would
be too expensive an
expedient. The other
difficulty lies in the
small proportion which
the monopoly tax bears
to the cost of conveyance.
The tax on a barce
of salt at the coast
is only Rs 165 while
the selling price of
the same quantity in
Bellary is Rs 420 -
If therefore Govern-
ment remitted the
whole of the tax ma-
rine salt would still
cost

Certainly
No

cost 255 Rs per
barce while East
salt would be selling
at half that price -
that the former could
not compete "at no
very great disadvantage
with the latter. Practi-
cally therefore the dis-
count system in Bel-
lary would resolve
itself into some thing
approaching a total
remission of the salt
tax and for such
a step it would not
be easy to find good
reasons - It seems to
me therefore that the
idea of introducing
the discount system
had better be definite-
ly abandoned. The de-
pôt system alluded

to in para 20. of the
Board's Prothugh not
open to all the objections
of the Siseount system
is still very inexpedi- ^{Yes. JP}
-ent. - So, carry it out
the Government must
either have its own
carrying establishment
or must engage pri-
-vate individuals to
convey the salt into the
interior and all exp-
-eience shows that Go-
-vernment could not
get the work done
so cheaply as a private
individual acting for
himself would do it,
while they would very
materially interfere
with the ordinary course
of trade and enhance
the cost of transit. -
(and)

and once fairly com-
-mitted to this course,
the result would be
that the price of sup-
-plying Bullary with
salt would devolve
on the Government
for as the maximum
price at the depôts
would be the cost
and duty plus tran-
-sit charges, no pri-
-vate individual could
compete or embark
in the trade. - So the
depôt as to the Sise-
-count system there
are the objections -
that Government
could not ensure the
full benefit reaching
the consumers with-
-out multiplying
the depôts to an ex-
-tent which would
prove

prove most expensive
that the entire re-
-mission of duty would
still leave the arti-
-cle at a price which
would preclude effect-
-ive competition with
salt and that
there is no reason why
Government should
open depôts of salt
more than of piece
goods or any other
-article the price of
-which is materially
enhanced by the cost
of land carriage.

The only sound
means of cheapening
salt in the inland co-
-districts is to reduce
the monopoly tax to
the lowest limit that
the exigencies of the
State will permit and
to

to improve the com-
-munications- and
the ratio which the
expense of transit
bears to the cost of
the article shows
that the latter is the
most effectual and
should therefore be
the first measure to
be adopted- in other
words that it will be
better to retain the monopo-
-ly tax at its present
amount to provide
funds for improving
the communications-
than directly by its
reduction or indirectly
by discounts and depôts
to lessen the means
of improving them.

Yes JP

JH

Revenue Department

No. 603.

Proceedings of the Madras Government
Under date the 10th ~~of~~ ^{April} 1863.

Read the following
Proceedings of the Board of

Requesting to be favoured
with the views of Government
on the general question of the
abolition or permission of the
manufacture of Earth Salt in
the Districts of Bellary, Chittoor,
Buddalur and Kurnool.

(Here enter 16th Feb^r 1863)

1. With these
proceedings the Board
Revenue submit with
their remarks the report
of the Collectors of
Kurnool and Buddalur
regarding the manufacture
of earth salt in those
Districts, and the
mode of taxing that
article, now that Monopoly
and License tax
are discontinued. —

g/m

The Board are in favor of bringing the manufacture under the monopoly system. They would limit the manufacture to certain specified places only and would require the manufacturers to contract for the delivery of a certain quantity at the government Depôt at a fixed price and the salt would be sold by government to the consumers at the monopoly rate of $1\frac{1}{2}$ Rs per Mound or 180 Rs per force. Establishments similar to those entertained in the Coast Districts would be required for the control of the manufacture and the receipt and sale of the salt, but these would not

not be large, if a number of the present "Moudahs" were closed and only those in a convenient circle around the Depôts were retained. The Board propose this as a temporary measure, and keep in view the eventual abolition of the manufacture of Earth Salt and the substitution of Marine Salt for it. The Board consider this plan better than either an Excise or a Licensing system. The former they state would be both difficult and expensive while the latter would be calculated to perpetuate the manufacture. The Board also fear that the manufacturers would be unable to pay the

the high rate of license
fee which would be ^{as}
necessary in order to bring
in any considerable re-
venue. Before submitting
their proposal for the
suggestions of the local
officers the Board request
an expression of the ^{op}
inions of Government on
the general question of
the abolition ~~or~~ permission
of the manufacture. -

3 The information
before you as to the ^{as}
present condition of the
trade in Earth Salt is
insufficient to enable them
to give more than a ^{an}
qualified reply to the
Board's question -
They therefore resolve to
call for information on
certain points which
will be presently explained,
^{but}

but in the meantime
the manufacturers of
Earth Salt should be ^{as}
required to continue their
payments or give up the
manufacture. There is no
reason whatever why
the abolition of the ^{as}
Monopoly should exempt
them from the payment
of the tax ^{but} ~~which they~~
~~were paying~~. These ^{as}
payments were carried
to the head of Monop^y
as a matter of account
but formed properly not
item of Monopoly Revenue.
Regulation 1 of 1805 forbids
the manufacture of all
Salt without the authority
of Government, and these
persons were allowed to
manufacture on condition
of making a certain ^{as}
payment

the payment, and either
for that payment should
continue (pending to
fresh arrangements)
or the manufacture
it should be stopped. The
tax to be collected under
of this order should in no
case be less than the
sums now paid, and the
collections should be
carried to account as
"Salt Revenue".

3
4 The exigencies
of the State compel
the Government to
levy a tax on salt.
and so long as that
tax is paid and
does not involve
unreasonable

for the manufacture
is as profitable as
it ever was.

unreasonable expense
in collection, it is fi-
nancially of no con-
sequence to the
Government whether
the salt is manu-
factured from
saline earth or from
salt water. In fact
- since the whole
saltness of Earth
salt is unques-
tionable - it is
~~under such circumstances~~
rather an object to en-
courage its manufac-
ture and consumption
for

for to suppress it in
order to induce the
use of Marine Salt
would be to compel the
people to consume an
expensive ^{article}, when a ~~very~~
cheap one ~~is~~ is at ~~the~~
hand. And independent
of this consideration
the summary suppression
of the manufacture
so long permitted would
be a measure of
great hardship.

There can be no
doubt, therefore, that the
proper course is to legalize
the manufacture, taxing the
produce to the same
extent

28
extent as Marine salt is
taxed. The Monopoly tax
is about Rs. 1-6 per Sall
of 82 $\frac{3}{4}$ lbs at the depots
on the coast. Assuming
the consumption to be 20
lbs per head annually, this
sum represents an average
charge on each individual
of less than 5 $\frac{1}{2}$ annas
per annum. There is no
reason to be lieved that the
people of the Ceded Dis-
tricts are less able to pay
this amount of taxation
than the people of any
other District in the
Presidency and this is ab-
solved by the Board who
admit that the inhabi-
tants of those Provinces
"have no claims to special
legislation in regard to
salt on the score either

of their geographical position or of their peculiar circumstances. It is true that salt in the bedded districts costs very much more than the duty - but all above the duty is the cost of manufacture and transit which the people would equally have to pay, if there were no duty at all. The people of the bedded districts have ~~therefore~~ no valid ground of complaint.

5 The Board will therefore be requested to make enquiries without delay as to whether the places of manufacture can be sufficiently multiplied in proximity to each other, or can be made sufficiently productive

5- ~~But~~ The Legislation of the manufacture must however depend on the Ex. Hence such a measure would involve - & on this point the information before put is somewhat indefinite.

39
productive to pay the cost of the necessary establishment, something like the same extent as Marine salt pays it, for ~~some~~ regard must be paid ^{has} to this consideration. By Mr. Hathaway's statement it would appear that a first class pan produces only $\frac{1}{5}$ of a garce on which quantity the monopoly tax would be only Rs 135. so that unless the manufacture can be considerably concentrated it would not answer either to Monopoly or Excise it.

6 As to the rate of tax it must of course ultimately be the same as that on Marine salt but at the outset ^{at least} a lower rate might be allowed

allowed. The information
submitted as to the cost
of production and selling
prices is by no means sat-
isfactory. As the Board
remark it is scarcely
credible that when the
prices of Marine Salt
and of every other com-
modity has so largely
increased that of Earth
Salt should be less even
than it was ten years ago.
With the liberal Estab.
Revenue and Prices now
maintained by the Govt.
there ought to be no dif-
ficulty in ascertaining
every particular con-
nected with Earth Salt.
The collectors unite in
supposing that Earth
Salt would find no
purchasers at the Mo-
nopoly price of Rs 180
per garee but as the Board
admit

admit this is doubtful;
the question at issue how-
ever is whether the people
of the leased Districts
are not as well able to
pay a tax of ^{Rs} 6 per ^{man} ^{man}
on the salt they consume
as the people of every other
District. If they are and
of this there can be no
reasonable doubt - it is
for them to elect whether
they will consume Earth
or Marine Salt.

7 As to the different
modes of taxing Earth Salt
the Govt. ^{with} make a few obser-
-vations for the Board's guid-
-ance. The Licensing sys-
-tem is a rough way of
realising a moderate re-
-venue with no very close
calculation of its incidence
and a considerable open-
-ing for fraud. The
License

1. Licensed fee must be moderate as the manufacturers are not men of capital; it cannot be regulated with any degree of accuracy to the profits of the manufacture and the proceeds will be small. It is applicable in the opinion of Govt. only as a temporary measure under peculiar circumstances. The Board object to it also as likely to perpetuate the manufacture but this can scarcely be maintained for Govt. can as easily suppress a licensed, as a monopolised or excised manufacture.

8 The Farming system is merely handing over the right of taxation to the renter, and seeing that

41
that the object of Govt. is to lay Earth Salt in the same degree as Marine Salt and thus to let the two compete equally in the market has nothing to recommend it beyond the facility with which a certain amount of Revenue may be collected. The two other systems are those of monopoly and excise, one or other of which is clearly the preferable measure, if economically practicable.

9 The Board are in favour of the monopoly but their reasons seem to Govt. very questionable. They say that the imposition of an excise duty on this salt would be a very difficult matter from the very large number

number of places at which
it is manufactured and
the petty description of
many of the ports - "but
they overlook the fact
that Govts are not bound
to permit the manufac-
ture universally under
the excise any more than
under the monopoly
system. Under their pro-
posed monopoly they
contemplate "the abolition
of a large number of the
present *colodahs*" and
the retention of "only
those situated in a con-
-venient circle around
the proposed *Depôts*."
The same measures can
of course be adopted with
equal facility if the salt
is excised. It is obvious
that

12
that the establishment
which under the monopoly
system will suffice to
ensure the delivery of
all the salt into the
Government store will
suffice equally under
the Excise system to pre-
vent the salt being re-
moved without pay-
ment of duty. The
Excise system in fact
presents no difficulties
which are not equally
experienced under the
monopoly and it has
this great advantage
over the latter that the
duty of the Government
officers is limited to
the taxing of the salt.
the

the extent and quality
of the manufacture,
its storage and sale
all devolving on the
owner of the salt who
is the best judge and
best guardian of his
own interests. And
with an article of inferior
quality such as Earth
Salt is said to be it is
a matter of consequence
to make it the interest
of the manufacturer
to produce as good
an article as he
can; an excise does
this

this as the sale de-
pends greatly on the
quality whereas un-
der the monopoly
the manufacturer's
interest is limited
to making his salt
good enough to admit
of its receipt into the
Government store.
It may be that Earth
salt may not sell
when fully taxed -
in that case under
the monopoly the
Government stores
will

will be filled with
an unsaleable article
and the selling price
must be lowered - the
difference under the excise
system would be that the
duty would be reduced.
The manufacturers of
- coarse goods under
the monopoly because
he is paid the price
of the salt immediately
it is received into store
and thereafter has no
further concern with
it - but there is no reason
- now why the maker of
salt alone of all
taxed articles should
be thus privileged.
and

64
and it is obvious that
the Government can equal-
-ly interpose to guard
him from loss under an
Excise by reducing the
duty to such an extent
as will render the article
- sale again saleable.

10 If the information
which the Government call
for in their order shows
that either system will
answer they should have
no hesitation in giving
the preference decidedly
to the Excise.

11 The circumstances
of the Kurnool District
are peculiar. In Kurnool
the

the salt is said to be
very inferior "not used
by human beings, except
of the most indigent
class" and is "seldom
sold for money, but is
bartered for grain with
cattle owners." This, the
Government presume is
true only of Kurnool pro-
per as there is no reason
to suppose that the salt
of the Talooks transferred
from Bellary and Buddapah
is worse than that pro-
duced in the other Tal-
ooks of those Districts.
If Mr. Minchin's descrip-
tion is correct, a license
tax but of somewhat
higher

He named S.D.

higher amount than he
proposes would be the
best course for the present,
until by the extension of
the Railway or completion
of the Irrigation Company's
canals the cost of carriage
be materially reduced
when the manufacture
might be closed. This tem-
porary concession is allowed
solely on the plea that the
manufacture of earth salt
has been allowed for so
many years and the salt
is of such inferior quality
as scarcely to form an
article of human consump-
tion. The argument would
not apply to Bellary, or
Buddapah because in
them

1 them earth salt of a
2 superior quality can be
3 made and is largely
4 consumed.

12 One consideration
not alluded ^{to} by the Board
is the possibility of earth
salt being largely imported
from Mysore and Hyderabad
if the home manufacture
is heavily taxed. The Board
will be requested to sub-
mit specific information
on the subject.

13 The Board as al-
ready stated give the pre-
ference to the monopoly
system and they suggest
with a view to the eventual
substitution of Marine
for Earth salt that
simultaneously

10
simultaneously with
the introduction of the
monopoly, "a large dis-
count on the monopoly
price of sea salt should
be allowed to merchants
importing it to these dis-
tricts, so that in spite
of the cost of carriage
it would compete at no
very great disadvantage
with earth salt and would
eventually on the comple-
tion of the Railway sys-
tem drive it out of the
market." The expediency
of the discount system
has been repeatedly con-
sidered and though it
has had its advocates the
Government have never
felt sufficiently satisfied
of

of its success to try it.
Its interference with the
natural course of traffic
the difficulty and prac-
tically the impossibility
of preventing frauds
have always proved in-
surmountable obstacles
to its adoption, quite inde-
pendent of the question of
principle involved. The
Board seem to overlook
the fact that the Govern-
ment have no interest
in encouraging the use
of marine salt until it
is shown that wholesome
earth salt cannot be
manufactured and
sold at a cheaper rate
with

47
with an equal profit to
the state. and even if this
were beyond question, which
it certainly is not, there
is no reason why Govern-
ment should bear a
portion of the cost of con-
veying marine salt to
Bellary any more than
a portion of the cost of
conveying the produce of
Bellary to the coast for
shipment to foreign mar-
kets or for consumption in
the maritime districts. If
the people of Bellary - on the
ground of their distance
from the coast are entitled
to a remission of the salt
tax, they are equally en-
titled to a remission of
customs duty on their
imports

of its success to try it.
Its interference with the
natural course of traffic
the difficulty and prac-
tically the impossibility
of preventing frauds
have always proved in-
surmountable obstacles
to its adoption, quite inde-
pendent of the question of
principle involved. The
Board seem to overlook
the fact that the Govern-
ment have no interest
in encouraging the use
of marine salt until it
is shown that wholesome
earth salt cannot be
manufactured and
sold at a cheaper rate
with

47
with an equal profit to
the state - and even if this
were beyond question, which
it certainly is not, there
is no reason why Govern-
ment should bear a
portion of the cost of con-
veying marine salt to
Bellary any more than
a portion of the cost of
conveying the produce of
Bellary to the coast for
shipment to foreign mar-
kets or for consumption in
the maritime districts. If
the people of Bellary - on the
ground of their distance
from the coast are entitled
to a remission of the salt
tax, they are equally en-
titled to a remission of
customs duty on their
imports

imports and exports.
but it has never been
advocated that this
should be conceded.

The weavers of Madras
might with equal
justice demand that
Government should
defray part of the ex-
pence of bringing Bel-
lary Cotton to Madras.
The practical diffi-
culties attending
the working of the
discount system
may be surmised
from para 15 of
the Board's proceedings
but

but there are two
others which the Board
do not notice. The
first is the difficulty
of ensuring to the con-
sumer the full benefit
of the remission granted
to the carrier. This can
only be done by esta-
blishing depôts in
sufficient numbers to
keep the price down to the
minimum fixed by the
Government. but this
obviously would be
too expensive an ex-
pedient. The other
difficulty

difficulty lies in the
small proportion which
the monopoly tax bears
to the cost of conveyance.
The tax on a Garce of
Salt at the coast is
only Rs. 165 while even
the selling price of
the same quantity in
Bellary is Rupees 120.
If therefore Govern-
ment remitted even
the whole of the
tax marine salt
would still cost

47
cost 255 Rupees per garce,
while earth salt would be
selling at half that price,
so that the former could
not compete "at no very
great disadvantage" with
the latter. Practically there-
fore the discount system
in Bellary would resolve
itself into something
approaching a total re-
mission of the salt tax,
and for such a step it
would not be easy to find
good reasons. Under these
circumstances the Govern-
ment deem it proper de-
finitely to abandon the
idea of introducing the
discount system -
Mr. - The Deposit System
alluded to in para 20 of the
Board's Proceedings though
not open to all the objec-
tions of the Discount Sys-
tem is still very inefficient.
To carry it out the Govern-
ment

must either have its own
carrying establishment
or must engage private
individuals to convey the
salt into the interior and
all experience shows that
Government could not get
the work done so cheaply
as a private individual
acting for himself would
do it, while they would
very materially interfere
with the ordinary course
of trade and enhance the
cost of transit - and even
fairly committed to this
course, the result would be
that the onus of supply-
ing Bellary with salt
would devolve on the
Government for as the
maximum price at the
depôts would be the cost
and duty plus transit
charges no private individ-
ual could compete
on

or embark in the work.
In the depot system there are
two objections that Govern-
ment could not ensure the
full benefit reaching the
consumer without making
plying the depôts to an
extent which would prove
a most objectionable
that the entire transfer
of duty would still leave
the article at a price
which would produce
effective competition with
earth salt and that there
is no reasonable Govern-
ment should open depôts
of salt more than of other
goods or any other article
the price of which is ma-
terially enhanced by the
cost of land carriage.
15. - The only sound means
of cheapening salt in the
interior District is to re-
duce the monopoly tax to
the lowest limit that
the

the exigencies of the State
will permit, and to improve
the communications and the
ratio which the expense of
transit bears to the cost
of the article shows that
the latter is the most ex-
pedient and ^{should} therefore be
the first measure to be
adopted in other words
that it will be better to
retain ^{the} monopoly tax at
its present amount to
provide funds for improving
the communications than
directly by its reduction
or indirectly by discounts
and deposits to defray
the means of improving
them.

14 Copies Letter to the Secy of the Navy

E.

Reported to England
of 7th June 1866
Sept Rev. Salt

Revenue, 1863
Budget for 1864

No 603.

Pro. No. 31
1-11-61

379-380
22-12-60

9-10
6-8-44

11-12
30-1-44

1-2
16-10-49

1-6
14-6-51

8-9
22-2-51

From England No. 10
14-5-62

Mrs. Plandens Rept on salt.

To Eng. No. 13 of 45

No. 10 of 51

No. 41
4-8-61

C: 16 March/63.

No 1 & 2.

to the Madras Govt.
17th April 1863.

Pro. of the Board of R. 28 Nov. 63.
CT 3457-

Proceedings 30 April/63
No. 284-285

Proceedings of the
Board of Revenue sub-
mitting the reports of the
Inspectors of Bellary, Channarayana and Cuddalore
regarding the manu-
facture of Earthen Salt,
with the orders thereon.