

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2276	Press ~~Mis.~~
442 . 443	
Dated	21-9-1865.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
21st September 1865.*

No. 442. Read the following Proceedings of the Board of Revenue, dated 13th September 1865, No. 5,679.

Read the following letter from J. I. MINCHIN, Esq., Collector of Kurnool, to R. A. DALYELL, Esq., Acting Secretary to the Board of Revenue, dated 11th August 1865, No. 115:—

SIR,

1. I have the honor to address the Board on the subject of the tax on charcoal, in connection with the iron forges worked in the Forests on the Nalla-Malla Hills, in this District.

2. In the postscript to my letter, dated 25th March 1865, No. 38, I suggested that a yearly charge on each furnace, of Rupees 10, might be the best way of levying the tax, and the Board, in their review of my letter, appeared to approve of the principle.

3. The Government in their Order, dated 31st July, No. 1,767, directed that a seigniorage of one Anna per Cavady load of two baskets, should be levied on charcoal.

4. On receipt of this Order, the Assistant Conservator, in charge of the Forests in this District, has addressed me; and in consideration of the difficulty of levying the tax by his limited establishment, has requested permission to charge a yearly sum of Rupees 50, on each furnace, in full payment for the charcoal consumed.

5. Mr. Sheffield estimates the consumption of charcoal for a forge at an amount that would realize Rupees 125 yearly, at a seigniorage of one Anna per Cavady load of two baskets, and would offer the yearly charge of Rupees 50 as a composition, endeavouring to collect the tax by the basket load, where such composition might be refused by the owners of the forge.

6. I am convinced that it is quite impossible to levy the tax by the basket load with any thing like the present Forest Establishment, and that the attempt will always be attended with serious practical difficulties. In fixing a rate to be charged on each furnace, it is necessary to consider what amount of taxation the manufacture can bear, as the result of imposing too heavy a charge would cause the abandonment of the forges, which have been worked regularly for centuries.

7. The iron manufacture is carried on chiefly in the Talook of Sirwell, where eighty-three forges are now worked in the forests.

8. Of these, fifty-one are called "Mootoo Koloomooloo," or forges for smelting the ore into iron balls: thirty-two are "Sagoo Koloomooloo," or forges for working the balls into wrought iron bars.

9. Some of these forges work throughout the year, and some for a few months at a time.

10. A smelting forge, working throughout the year, is said to produce 720 balls of iron, worth Rupees 900, at one Anna and four Pice per ball.

11. The charges of mining and manufacture are stated to be Rupees 720, and the net profits are thus Rupees 180 per annum.

12. A forge for working up the balls into wrought iron, produces to the value of Rupees 2,400 annually, while the expenditure is stated to be Rupees 2,200, leaving a net profit of Rupees 200.

Proceedings of the Madras Government, Revenue Department
21st September 1865.

13. The above is the result of inquiries instituted on the spot by the Deputy Collector, Sudershana Row, who considers that the cost of production has been much overstated, and that the true profits of the two different classes of furnace may be set down fairly at Rupees 400 and Rupees 700, respectively.

14. The iron thus manufactured supplies the wants of the District, and is also exported into Cuddapah, and the Hyderabad territory.

15. The forges are worked by Sowkars, who invest their capital in the business, and were formerly charged Visabady tax, varying from Rupees 3-8-0 to Rupees 8 per furnace. During the continuance of the Income Tax, they paid Rupees 300 on the supposed profits of their operations, but they have never been charged for the charcoal manufactured by them in the forests for working the furnaces.

16. The charcoal employed in the Sagoo Koloomooloo, or furnaces for working up the iron into wrought iron bars, is made entirely from the bamboo, and, under the recent orders of Government, will not be liable to taxation.

17. The charcoal employed for the smelting furnaces, is manufactured from the ordinary unreserved timbers; and according to the information collected by the Deputy Collector, A. Sudershana Row, the annual consumption, for each furnace, is about 800 Cavady loads, which would be made out of 200 bandy loads of timber.

18. Mr. Sheffield, the Assistant Conservator of Forests, estimates the consumption at 200 bandy loads of charcoal, being four times the estimate of the Deputy Collector.

19. I am of opinion that the Deputy Collector's statement is a fair approximation to the fact, and at one Anna per Cavady load, the seigniorage would amount to Rupees 50 annually, the amount proposed as a composition by the Assistant Conservator.

20. I have no doubt, that a charge of Rupees 50 per annum, would cause most of the smelting furnaces to be abandoned, and would be the ruin of a most useful manufacture that has always flourished in the District.

21. As all the furnaces do not work throughout the year, I am of opinion that a license, to be renewed monthly, would be the fairest mode of levying the tax, and that a monthly charge of Rupees 2 will be a fair arrangement.

22. During the present rainy months, the furnaces are not in full operation, and I have directed the Assistant Conservator to keep in abeyance the levying of the seigniorage on charcoal, as regards these furnaces, until a reply is received to this reference.

23. I trust that the Board will be good enough to obtain the speedy orders of Government on this question.

The foregoing letter will be submitted for the orders of Government, but the Board are not prepared to support Mr. Minchin's proposition; for, to levy a tax on smelting furnaces, would be in fact to revive an old item of Moturpha. The object of the Forest Department should be to prevent the unnecessary destruction of valuable timber, and the Board do not think that this object will be furthered by the course proposed.

Proceedings of the Madras Government, Revenue Department,
21st September 1865.

No. 443.

ORDER THEREON, 21st September 1865, No. 2,276.

Forests, No. 13.

The Government see no reason to sanction the proposed change of system for the levy of seigniorage.

(True Extract.)

(Signed) W. HUDLESTON,

Acting Secretary to Government.

To the Board of Revenue.

„ the Officiating Conservator of Forests.

Exd. S. T. Augustin.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 13th September 1865.

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(A true Copy and Extract.)

W. A. Lull
Acting Secretary.

To W. Hudleston, Esq., Acting Secretary to Government, R. D.

Copy to J. I. Minchin, Esq., Collector of Kurnool.

The Govt. see no reason to sanction the proposed change of system for the levy of seigniorage.

21st. Sept. /65.

Exd. J. Wright.

Submitting letter from the Collector of Kurnool, and objecting to the proposal to levy a tax of 2 Rupees a month on the iron smelting furnaces on the Nalla Malla Hills.

No. 5,679.

Dated 13th September 1865.

PROCEEDINGS OF THE BOARD OF REVENUE.

No. 2611-

1865.

Department

Secy. of Govt. for R. D.

13th Sept. 1865.
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21st Sept. 1865.

With order.