

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2715

Press
~~Mis.~~

293. 294

Dated 16 — 11 — 1867.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
16th November 1867.*

No. 293. Read the following Proceedings of the Board of Revenue, dated 19th October 1867, No. 6,816.

Read the following letter from the Collector of Malabar, to the Secretary to the Board of Revenue, dated Calicut, 28th August 1867, No. 193:—

1. I have the honor to submit the following point for the consideration and orders of the Board and Government:—

From a very early date the practice has prevailed of taking security at Bombay from the exporters of salt to this coast, in order to insure its being duly shipped, instead of being used for home consumption, and being accounted for at the place of consignment, and this is supported by Section 124 of the Consolidated Customs Act No. VI. of 1863. An allowance, however, of ten per cent. for wastage used to be made, and further allowances if good reasons were shown; so that no penalties were entailed if fair cause for any deficiency appeared.

2. Some months before the last importing season the allowance was discontinued by the Bombay Government on suggestion from Madras. It did not affect the imports of salt. Except in thirteen cases, in which special losses were alleged, the deficiency in 219 consignments averaged three per cent. In several instances there were small excesses.

3. This result was attributable to the larger Parah or Measure then in use in Bombay, which was supposed to give an advantage of upwards of ten per cent.; the salt measured there being received here by weight.

4. But the case is now altered. In the present year weightment having been introduced in Bombay, the above advantage has been lost to the merchants, and whatever wastage is sustained in transit entails a corresponding penalty on the importers at the full monopoly rate. The consequence is that the large merchants endeavour to guard against loss by demanding excessive prices for such salt as they undertake to bring to Malabar; whilst the risk is so considerable that it tends to shut out others who would otherwise be willing to bring small consignments, altogether from competition.

In some degree the increased charge to Government here is reimbursed by the penalties levied in Bombay.

But as a certain amount of wastage is to be expected in the transit of such an article as salt—now that it is both delivered to the carriers and received here by weight—I would strongly recommend that an allowance not exceeding five per cent. on the quantity taken from the Bombay pans be made; that is, that where the deficiency here does not exceed five per cent., no penalty be levied by the Bombay authorities.

This will greatly reduce the price to Government, and open competition in salt purchased for Malabar.

5. Some arrangement of this sort will be absolutely necessary when free trade in salt is introduced under an Excise system, as Bombay salt, with such penalties on its export, would not be able to compete with foreign salt unburdened by them; and I think the arrangement should be made at once.

6. On another point a clear understanding of the course which will be pursued by the Bombay Government seems necessary to facilitate the offer of tenders. In the case of great loss sustained by a gale or storm, the levy of the full monopoly.

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price upon salt so lost might ruin the importer. This contingency is so serious that no merchant can engage in the trade in the face of it.

I would beg to suggest, therefore, that a further exception be distinctly made in the rule, absolutely disallowing wastage under any circumstances, to meet such cases as the above. In order to prevent abuse, I would require that, when such serious loss is sustained, the importer, immediately on the arrival of the vessel, should lay a full report of all the circumstances, specifying extent of loss, &c., before the Division Officer, who should be required to institute a full inquiry before any salt is landed from the vessel. If it appears there is just ground for further procedure, he should have the salt landed and weighed, and on his certificate that the deficiency was satisfactorily accounted for, a corresponding reduction should be made in the demand of duty at Bombay. Certificates would

* Say twenty-five per cent. or upwards.

only be granted in the case of serious loss* caused by circumstances over which the importer could have no control; such the importer could have no control; such

cases would be extremely few. The Bombay authorities at present justly refuse to act upon vague and general reports.

But, on the other hand, importers should know that they will not be exposed to most serious loss when otherwise, perhaps, very unfortunate.

I would beg an early settlement of the question in communication with the Bombay Government. I have got small supplies of salt at Rupees 60 the garce. But offers are not numerous. If what I have now proposed is decided on, I should probably get any amount at Rupees 40 to 45. But it will be difficult to settle any thing now till the result of this communication is known.

1. Resolved that the foregoing letter be submitted for the consideration and orders of Government.
2. The Board observe that there can be no doubt but what the system of granting a fixed allowance for wastage opened the door to very serious frauds. It was generally understood that salt was largely sold in transit, by Shipmasters and others, to fishermen from the coast; and that the stories about storms, and other exceptional causes of wastage, were fictions invented to account for the great decrease in the bulk of the salt imported.
3. The comparison between the returns of salt carried to Bengal and of salt delivered on the Western Coast, was very striking. In the former case, out of very large deliveries there was no wastage although the voyage was longer, whereas, in the deliveries on the Western Coast, there was a wastage of more than ten per cent.
4. If the Government do not lose by the present arrangement, and a sufficient supply of salt is obtained, the Board can see no reason for adopting the proposal of the Collector.
5. It is true that the rate now demanded is higher than it was formerly; but the refund rendered necessary by the allowance for wastage, really raised the former rate to very nearly the same amount as the present.
6. If the price is very exorbitant, the Eastern Coast can compete and supply the demand.
7. When it can be proved to the satisfaction of the Collector that a reported loss from wastage is a real one, and was occasioned by extraordinary circumstances

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over which the Shipmaster had no control, the Bombay Government may be moved to make a remission; and traders may be assured that this will be done. Beyond this, however, the Board are not prepared to go in support of the Collector's proposal.

No. 294.

ORDER THEREON, 16th November 1867, No. 2,715.

Separate Revenue, No. 24.
Salt.

1. The Government have very recently re-affirmed their objections to the system of allowance for wastage of salt in transit by sea, and they see

nothing in the Collector's letter to lead them to modify that opinion. .
2. If five per cent. is really sufficient to cover that wastage, it cannot be credited that the want of any allowance will check competition and force Government to pay "excessive prices," or that the concession will "greatly reduce the price to Government and open competition." The dealers can very easily recoup themselves for a five per cent. loss, without driving matters to extremity.

3. Now that the Vedarniem and Negapatam canal is open for traffic, and the junction between Negapatam and Errode by rail is nearly complete, the Government anticipate that in a very short time the Malabar market will be supplied with salt more cheaply from the East Coast than from Bombay; and the enactment of the Salt Excise Bill will enable Government to withdraw from the position of Importers on the West Coast.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

Recd 15 Nov 75
1867-88

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Rev: 1867. Department.
Bo of Govt for Home

No 2908

PROCEEDINGS OF THE BOARD OF REVENUE,

Dated 19th October 1867.

Dec 25-8

Rev 26-8

No. 6,816.

Submitting with remarks letter from Collec-
tor of Malabar recommending that an allow-
ance not exceeding 5 per cent on salt exported
from the Bombay pans be made for wastage.

AK 2715-16 Rev

Ac: 293-294