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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue.....DEPARTMENT

G.O. No.
B.P. No.

1368

Press
Mis.

Dated 26 - 10 - 1874 196 .

Not to be folded or roughly handled

No. 301. Read the following letter from A. O. HUME, Esq., C.B., Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce, (Customs and Salt,) to the Secretary to the Government of Madras, dated Calcutta, 20th August 1874, No. 228:—

I AM directed to request that the Government of Madras will be good enough to express, as soon as practicable, its opinion on the provisions of the accompanying draft Bill to restrict the transport of salt in British Indian waters.

2. The necessity for a Bill of this description has been recognised since 1866, when objections to the present system began to be felt and remedies to be suggested. It was found that the system of weighment and shipment of salt as followed in certain ports in British India afforded wide facilities for smuggling, and also put the salt merchants to unnecessary trouble and expense. Accordingly, in May 1873 it was proposed to the Government of Bombay that, pending a general consolidation of the salt laws, a short Act should be passed, rendering compulsory the prepayment of the full duty for the time being in force in the Bombay Presidency on all salt, whether intended for export or not, prior to removal from the works. From and after the introduction of this rule, all refunds on account of duty paid on exported salt lost in transit would cease, and Bombay salt would, on proof of payment of full duty prior to export, be admitted into the Madras Presidency free of further duty, and into the Bengal Presidency on payment of the difference between the duty in force for the time being in the two Presidencies.

3. The Government of Madras was, at the same time, requested to report as to the arrangements that should be made for the supply of salt to the States of Travancore and Cochin, which, under the engagements entered into with them, were to be supplied with salt on the same terms as those on which the Madras Government obtained its own supply; and as it was proposed to supply this Government with duty-paid salt, some special arrangements were necessary to secure to those States an equivalent for the duty (less the cost of collection) levied by the Bombay Government on salt consumed within their limits. It was also suggested that an arrangement might be made with the Native States, similar to that which is in force between the British and French Governments, by which the former pays the latter Rs. 20,000 per annum, on the condition that the population of Chandernagore shall supply itself with salt from British depôts or from merchants who purchase from those depôts.

4. The prohibition of the export from Bombay of any salt on which the full rate of Bombay duty has not been paid may be obtained without legislation by an executive order, and the local Government has been authorised to issue such an order, the prohibition taking effect from the 1st October next. It has, however, been brought to the notice of the Government of India that this order alone would be inoperative to attain the object sought, namely, to check the illicit trade in salt which now exists. In fact, the chances of evasion of the salt law would be much increased if the order stands alone; for, as pointed out by Mr. Pritchard, Collector of Salt Revenue in Bombay, the Western Coast, comprising the Collectorates of South Canara and Malabar and the Native States of Cochin and Travancore, cannot produce sufficient salt for its own requirements, and is obliged to draw its supplies from the Bombay salt-works. Now the privilege of exporting salt to these places on payment of nominal duty being withdrawn, there can be no doubt that shippers in Bombay as well as traders along

the Western Coast would, in future, draw their supplies of salt from foreign works in Goa, Damaun, and other foreign ports, in preference to fully excised Bombay salt. If this were to be the only result of the order,—and undoubtedly this would be the result if it stood alone,—not only would the object of the Government be defeated, but increased facilities would be afforded for the evasion of the law, because there are no means of ascertaining the quantity of salt put on board any vessel at a foreign salt-work, and the checks afforded by the salt regulations in the case of shipments from British works would thus be entirely lost. Half a cargo of foreign salt might be smuggled in transit, and though the fact might become apparent on the vessel reaching her destination, it would not be possible to punish the offenders unless they were taken in the act. Moreover, great injury would be inflicted on the salt-workers in British territory who now supply the salt which is consumed on the Western Coast and to whom the trade is very valuable. Hence the necessity of Government interference. The obvious remedy was a supplementary measure by which the import of salt into British India from such places except on prepayment of full duty might be prevented, and the Bill enclosed in this letter has accordingly been drawn.

5. The Bill provides that no salt, except salt on which full duty has been paid, shall be carried in British Indian waters except in square-rigged vessels of 300 tons and upwards. It was at first designed to prohibit the transport of all salt whether it had paid full duty or not, except in vessels of the kind described. But it was found that such a measure would interfere injuriously with the existing local trade at the salt-works in the Bombay Presidency in salt on which full duty is paid, such salt being carried in small native vessels up creeks which no large vessels could enter. What is wanted is (1) that the illicit traffic conducted by vessels carrying salt on which only a nominal duty is paid prior to export should be stopped, and (2) that it should not be replaced by illicit traffic from foreign ports, such illicit traffic being conducted by small open coasting vessels which run salt at every point along the coast. The first object will be attained by the executive order to be issued by the Government of Bombay, and the second by the Bill; for square-rigged vessels of 300 tons and upwards cannot creep along the coast, and the prohibition of the transport of salt in Indian waters, except in such vessels, effectually provides against illicit traffic. The legitimate sea-borne trade in salt between these foreign ports and the Western Coast is insignificant, and the proposed law will, therefore, inflict the minimum of hardship on honest trade, while no injury will be done to the Calcutta trade, for that is already carried on by square-rigged vessels of 300 tons burthen and upwards.

6. The Bill provides for such relaxations in regard to salt required to be carried for the use of crew and cattle, as may be considered necessary; and with a view to avoid, as far as possible, undue interference with such trade as already exists at Goa, Damaun, Muskat, and other foreign ports from which salt is now, or may hereafter, be desired to be carried in other than square-rigged vessels of 300 tons and upwards, power has been taken in the Bill to authorise the Governor-General in Council to vest any person at any place with authority to levy duty on salt desired to be exported, and to grant the requisite passes for the same.

7. As regards Travancore and Cochin, I am to add that *prima facie* it seems probable that a maximum quantity of salt should be fixed either with reference to the population of these States, or on the average imports for a series of years; and that

compensation should be granted to those States annually to the extent of the duty levied on salt actually imported by them, provided this shall in no case exceed the maximum to be fixed, and on condition that the manufacture of salt is *bond fide* prohibited within their limits. What the maximum should be, and whether any, and, if so, what other arrangement can be devised, more suitable to the circumstances of these States, cannot be determined until a reply is received from the Madras Government to the letters from this Government, dated 14th May and 9th June 1873 and 6th August 1874.

No. 302.

ORDER THEREON, 26th October 1874, No. 1,368.

Separate Revenue, No. 24.

Salt.

ORDERED that the following letter be
despatched to the Government of India:—
(Here enter No. 1,369, 26th October
1874.)

(True Extract.)

(Signed) C. G. MASTER,
Acting Secretary to Government.

3
1368

No. 228

FROM

A. O. HUME, Esq., C.B.,

Secretary to the Government of India,

To

*The Secretary to the Government
of Madras*

Dept. of Revenue,
Agriculture and Commerce.
Customs and Salt.

Calcutta, the 20th August 1874.

SIR,

I AM directed to request that the Government of *Madras* will be good enough to express, as soon as practicable, its opinion on the provisions of the accompanying draft Bill to restrict the transport of salt in British Indian waters.

2. The necessity for a Bill of this description has been recognised since 1866, when objections to the present system began to be felt and remedies to be suggested. It was found that the system of weighment and shipment of salt as followed in certain ports in British India afforded wide facilities for smuggling, and also put the salt merchants to unnecessary trouble and expense. Accordingly, in May 1873 it was proposed to the Government of Bombay that, pending a general consolidation of the salt laws, a short Act should be passed, rendering compulsory the pre-payment of the full duty for the time being in force in the Bombay Presidency on all salt, whether intended for export or not, prior to removal from the works. From and after the introduction of this rule, all refunds on account of duty paid on exported salt lost in transit would cease, and Bombay salt would, on proof of payment of full duty prior to export, be admitted into the Madras Presidency free of further duty, and into the Bengal Presidency on payment of the difference between the duty in force for the time being in the two Presidencies.

3. The Government of Madras was at the same time requested to report as to the arrangements that should be made for the supply of salt to the States of Travancore and Cochin; which, under the engagements entered into with them, were to be supplied with salt on the same terms as those on which the Madras Government obtained its own supply; and as it was proposed to supply this Government with duty-paid salt, some special arrangements were necessary to secure to those States an equivalent for the duty (less the cost of collection) levied by the Bombay Government on salt consumed within their limits. It was also suggested that an arrangement might be made with the Native States, similar to that which is in force between the British and French Governments, by which the former pays the latter Rs. 20,000 per annum, on the condition that the population of Chandernagore shall supply itself with salt from British depôts or from merchants who purchase from those depôts.

4. The prohibition of the export from Bombay of any salt on which the full rate of Bombay duty has not been paid, may be obtained without legislation, by an executive order, and the local Government has been authorized to issue such an order, the prohibition taking effect from the 1st October next. It has, however, been brought to the notice of the Government of India that this order alone would be inoperative to attain the object sought, namely,

GOVT. OF 1874
REVENUE.
OCTOBER
No. 301-302
Draft Bill to restrict the Transport of Salt in
British Indian Waters.—Ordering that a reply be
despatched to the letter from the Government of
India inviting opinion on the —

to check the illicit trade in salt which now exists. In fact, the chances of evasion of the salt law would be much increased if the order stands alone, for, as pointed out by Mr. Pritchard, Collector of Salt Revenue in Bombay, the Western Coast, comprising the Collectorates of South Canara and Malabar and the Native States of Cochin and Travancore, cannot produce sufficient salt for its own requirements, and is obliged to draw its supplies from the Bombay salt-works. Now the privilege of exporting salt to these places on payment of nominal duty being withdrawn, there can be no doubt that shippers in Bombay as well as traders along the Western Coast would in future draw their supplies of salt from foreign works in Goa, Damaun, and other foreign ports, in preference to fully excised Bombay salt. If this were to be the only result of the order,—and undoubtedly this would be the result if it stood alone—not only would the object of the Government be defeated, but increased facilities would be afforded for the evasion of the law, because there are no means of ascertaining the quantity of salt put on board any vessel at a foreign salt-work, and the checks afforded by the salt regulations in the case of shipments from British works would thus be entirely lost. Half a cargo of foreign salt might be smuggled in transit, and though the fact might become apparent on the vessel reaching her destination, it would not be possible to punish the offenders unless they were taken in the act. Moreover, great injury would be inflicted on the salt-workers in British territory who now supply the salt which is consumed on the Western Coast, and to whom the trade is very valuable. Hence the necessity of Government interference. The obvious remedy was a supplementary measure by which the import of salt into British India from such places except on prepayment of full duty might be prevented, and the Bill enclosed in this letter has accordingly been drawn.

5. The Bill provides that no salt except salt on which full duty has been paid, shall be carried in British Indian waters except in square-rigged vessels of 300 tons and upwards. It was at first designed to prohibit the transport of all salt whether it had paid full duty or not, except in vessels of the kind described. But it was found that such a measure would interfere injuriously with the existing local trade at the salt-works in the Bombay Presidency in salt on which full duty is paid, such salt being carried in small native vessels up creeks which no large vessels could enter. What is wanted is (1) that the illicit traffic conducted by vessels carrying salt on which only a nominal duty is paid prior to export should be stopped, and (2) that it should not be replaced by illicit traffic from foreign ports, such illicit traffic being conducted by small open coasting vessels which run salt at every point along the coast. The first object will be attained by the executive order to be issued by the Government of Bombay, and the second by the Bill, for square-rigged vessels of 300 tons and upwards cannot creep along the coast, and the prohibition of the transport of salt in Indian waters except in such vessels effectually provides against illicit traffic. The legitimate sea-borne trade in salt between these foreign ports and the Western Coast is insignificant, and the proposed law will therefore inflict the minimum of hardship on honest trade, while no injury will be done to the Calcutta trade, for that is already carried on by square-rigged vessels of 300 tons burthen and upwards.

6. The Bill provides for such relaxations, in regard to salt required to be carried for the use of crew and cattle, as may be considered necessary; and with a view to avoid, as far as possible, undue interference with such trade as already exists at Goa, Damaun, Muskat, and other foreign ports from which salt is now, or may hereafter, be desired to be carried in other than square-rigged vessels of 300 tons and upwards, power has been taken in the Bill to authorize the Governor General in Council to vest any person at any place with authority to levy duty on salt desired to be exported, and to grant the requisite passes for the same.

7. As regards Travancore and Cochin, I am to add that *prima facie* it seems probable that a maximum quantity of salt should be fixed either with reference to the population of these States, or on the average imports for a series of years; and that compensation should be granted to those States annually to the extent of the duty levied on salt actually imported

by them, provided this shall in no case exceed the maximum to be fixed, and on condition that the manufacture of salt is *bond fide* prohibited within their limits. What the maximum should be, and whether any and if so what other arrangement can be devised, more suitable to the circumstances of these States, cannot be determined until a reply is received from the Madras Government to the letters from this Government dated 14th May and 9th June 1873 and 6th August 1874.

I have the honour to be,

SIR,

Your most obedient servant,

C. S. D. D. D.

Secretary to the Government of India.

182971.
Revenue 1874. Sept.

GOVERNMENT OF INDIA.
DEPARTMENT OF REVENUE,
AGRICULTURE AND COMMERCE.

CUSTOMS and SALT.

Dated Calcutta, the 20th August 1874.

Recd. 30

Enl.

SUBJECT.

INVITES opinion on a draft Bill to restrict the transport
salt in British Indian waters.

101368
S. O. No. 1741, R., A. & C.—20-8-74—70.

Ordered that the following
letter be despatched to the
Secretary to the Government of India.

5/1368
A
BILL
TO

Restrict the transport of Salt in British Indian waters.

WHEREAS it is expedient to restrict in manner
hereinafter appearing the
transport in British Indian
waters of salt on which the excise duty imposed by
Act No. XXIV of 1869 (to enhance the price of
Salt in the Presidency of Fort St. George and the
duty on Salt in the Presidency of Bombay), or a
duty equivalent thereto, has not been paid; It is
hereby enacted as follows:—

1. This Act may be called "The Transport of
Salt Act, 1874."

It extends to the whole of
British India and applies—

- (a) to all persons in British India;
- (b) to all Native Indian subjects of Her Majesty,
wherever they may be.

And it shall come into force on such day as the
Governor General in Council
may, by notification in the
Gazette of India, direct in this behalf.

2. No salt shall be carried in the territorial
waters adjacent to British
India unless in square-rigged
vessels of the burden of three
hundred tons and upwards.

3. Nothing in section two
applies to—

(a) salt on which the full excise duty to which
it is liable under the said Act No. XXIV of 1869
has been paid;

(b) salt shipped from any place not within
British India, on which a duty equivalent to the
said excise duty has been paid and which is covered
by a pass granted by such officer as the Gov-
ernor General in Council may appoint in this
behalf;

(c) such amount of salt carried on board any
vessel for consumption by her crew or by the pas-
sengers or animals (if any) on board as the Gov-
ernor General in Council may from time to time exempt
from the operation of section two.

4. If any salt is carried in any vessel in
contravention of the provi-
sions of this Act, the owner
and master of such vessel shall each be liable
to a penalty not exceeding one thousand rupees,
and to imprisonment for a term which may extend
to six months, or to both,

and the vessel if found within two years in
British India may be seized and detained by any
chief officer of Customs until the penalties in-
curred and the payment of the fines imposed under
this Act have been respectively adjudicated and
enforced.

5. All offences against this Act shall be punishable in a summary manner by a Magistrate.

6. Whenever any fine is imposed under this Act on the master or owner of a vessel, if the fine is not paid at the time and in the manner prescribed by the order of payment, the Magistrate may, in addition to the means prescribed by law for enforcing payment, direct by warrant the amount remaining unpaid to be levied by distress and sale of the said vessel, her tackle, furniture and apparel.

7. For the purpose of the adjudication of penalties under this Act, every offence hereunder shall be deemed to have been committed within the limits of the jurisdiction of the Magistrate of the place where the offender is found.

6
1868

Government of India.

LEGISLATIVE DEPARTMENT.

A
BILL

TO

Restrict the transport of Salt in British Indian
waters.

Rec. 29/1/74

(Mr.

Pl. 7/26 Oct/74
In B. No. 307.

Price



368

The object of this
Bill is (1) practically
to secure the monopoly
of supply of foreign salt
- to the West Coast - to Bombay
(2) to prevent illicit traffic
in Goanese and other
foreign salts along the
Coast by preventing
Native Craft from
loading at all such
ports.

It is a thoroughly
a protective Bill - and
as such will no doubt
seriously affect the
convenience of Commerce
on the West Coast as
respects

Don't let the Gov. of India
really intend to give effect
to Sec. 3-(b).

respects Native Craft.
For the Coast trade
is mainly carried on
by Pallaners which
~~carry~~ Salt at Bombay
and elsewhere as
Ballast on the voyage
down for a return cargo
of the produce of the
country; and if the
whole duty on salt
taken in at Bombay
must be advanced
and no salt can
be taken in at other
Ports, the down-voyage
must often be performed
at a loss. However
probably under the
circumstances the
prohibition cannot be
helped and if so the
provisions will prove
M. C. B. 1873

Don't state this provision
is put forward for other than
specious purposes.
On Law &c. upon the
subject.

Effectual 8/38

With regard to section 3
(b) it should be stipulated
that an Agent ^{fully} appointed
at Goa - and probably
some other foreign ports
to pass salt for import
at the ports of Malabar
and Canara and of
the Native States - and
also that the duty paid
at ~~these~~ ^{foreign ports} be credited
to Madras.

There is not time
to refer this matter for
the opinion of the Board.
But it will be observed
that the Board were
unwilling to put restrictions
on the trade in salt
from the East Coast
to Madras for and
this should be preserved.
The vessels employed
in this trade are
however

Extract from para 11 B. d. 20:
12 July 1873 No 1275.

....The Board would deprecate
any interference with the existing
export trade in salt to ports
beyond British India. There is
reason to believe that a small
export duty would kill this
useful trade, and they would
advise the continuance of the
present system under which
the cost of manufacture alone
is levied from the shippers. Salt
exported to Bombay or Ben-
gal, if any, shall pay the full
cost in addition to such cost.

Note by the Honble Secy. Mr. Robinson
 on 29th Nov 1874
 Square 2/23 Sept 1874

however generally
 rigged vessels and
 if the tonnage named
 in Section 2 were reduced
 to 200 tons I believe
 that the prohibitions
 contained in that
 Section would not
 seriously affect their
 trade

2/9 MR

I do not think the
 Act applies
 to for. but we shall
 make sure of this.
 If the Govt of India
 see fit to impose
 such a restriction
 on Salt imported
 from Bombay we
 cannot help our
 sales. it will of
 course add to the
 cost of the article

that they have no
 right to prevent
 the sale of goods
 from getting there
 salt from a land
 even to source they
 think the best to clear
 by imposing restriction
 or otherwise. Of course
 the duty of an for
 salt can only be
 paid at the place
 of import & export
 to the Govt.

I of
 3.9

9/38

The traffic in
 salt must for
 the protection of
 the Govt. be subject
 to some restriction
 but in the Bill
 under notice, the
 restriction proposed
 are of a nature
 materially to in-
 crease the price
 of salt to the
 consumers of the
 labor & land
 and thus to di-
 minish the produc-
 tion & reduce the

revenue. There are
the direct results
will be to cut
off the Madras Co
Steamer from Chingle
Mar. But it is from
Pang. A certain
portion of the salt
now consumed in
our W. Coast District
is now drawn from
for. and owing to
the increase in
in the cost of Bang
Pang, consequent
on the decision of
the Sup. Ct. that
the full duty is
to be paid there &

at the point of
the Bombay port
to allow salt to
be shipped direct
in bags - a large
quantity will probably
be drawn from
for hereafter - for
salt through inferior
being cheaper than
foreign salt. But
you are right vessels
of 300 tons & upwards
cannot charge the
freight in for -
and their charge
from being let in
of lower light & &
for than in for is
a foreign state
we cannot, &c.

as far as the restriction
as to print an officer
them to prevent paper
now is it clear
how he is to receive
the duty which ~~only~~
he comes from after
only when the salt
enters British
India.

How will the
measure work
& the effect in
the home & in
if such there be
for the home - the
marine police
and the strength
will be more his

his cargo at the
revenue that
along the coast when
we have no law.
- Venetian restriction
- presents

A similar
restriction - was
abolished - was in
force as regards
salt & exported from
the East Coast to
Calcutta & Chittagong
pay & was doubtless
the cause of the
policy & of the
character of
the trade.

No evidence

is not the result of
any extensive duty.
- thing - if it does
exist, then the en-
hancement of
price consequent
on the restriction
of the duty & has been
in the land duty
to increase it
by rendering it
more profitable.
But it will be
found that
diminution in
consumption owing to
such increased prices,
and can be set
payable to the State

States of Transvaal
of which under the
convention of 1861
will for more than
counterbalance
any loss of fair
by the diminution
of smuggling - he
shall be buying
more for in his own
than the purchase
which is worth.
Besides this, a
severe injury will
be done to the
existing trade
by depriving it
of a paying freight.

S.S.

Note by the Honble
W. S. S. d/13 Oct
1874 on Rev No
2971/74

The first measure
and also against
the second.

2971

13/1868

REVENUE DEPARTMENT.

No. 2971

From Government of India

Dated 20 August

1874

Also see No 2811/73 not yet disposed of.
FOR ORDERS.

Salt having, for fiscal purposes been
constituted a ^{here} monopoly, it is not
so far as salt is concerned
as that we can complain on the
part of our people, of any restrictions
of which the effect is not to enhance
the price at which they ^{buy} their salt
from the govt - (and that price is not

Note by the F
to Sir d

always
protected against any increase.)

But this proposal of the F. &
India, combined with their measures
for preservation of duty at Bombay,
is much as changing a piece of
bevel ^{administration} ~~protection~~ as well as
can well be imagined. To protect
their Revenue against smuggling, they
pass an order for preservation of
duty at Bombay, and having passed it.

14/1368
find of their own confession that
they have, on the contrary, done that
which will increase smuggling,
unless they take another step which
will meet the objection & preserve
integrity with the freedom of
traffic. As far as I can see, however,
it is a fact that the bill which
they now have in progress to prevent
their former measures from

Note by the F

W. S. in d/

Note by H.S. the Governor
on No 297/74

FOR ORDERS.

defending its subject, - so that, if the
Munby payment is to
be maintained, we have no choice
but to assent to the Bill -

But ~~we~~ might be well advised to
the Govt. of India (inasmuch as we have
advised before the step was taken) that
to revert to the former state of things
will be better than the ~~the~~ complicated
and intricate arrangements which
they have made & - stating the reasons
(as indicated & been done) both against