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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

R Revs DEPARTMENT

G.O. No. 1102 Press
B.P. No. 236-237 Mis.

Dated 22.7.1875 196 .

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
23rd July 1875.

No. 236. 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 A. MACGREGOR, Esq., Acting Secretary to the Government of Madras, Revenue Department, dated Simla, 12th June 1875, No. 189 :—

I AM directed to acknowledge receipt of your letter, No. 210, dated the 17th February last, conveying the opinion of His Excellency the Governor in Council in regard to the substitution of an excise on salt for the monopoly system at present in force in Madras.

2. The question as between imported salt and that made under the Government monopoly appears to the Government of India to depend, in a great measure, on the accuracy of the assumption which underlies paragraph 10 of your letter, *viz.*, that, with reference to the duty of Rs. 1-13-0 per maund, Cheshire and Madras-made salt are upon an equality. If it should prove that the assumed cost per maund of Madras-made salt does not represent the actual cost of the manufacture, it would be clear that Cheshire or other imported salt is placed at a disadvantage as compared with the home-made article.

3. I am, therefore, to request that the Government of Madras will favor the Government of India with an exact statement of the entire expenditure which constitutes the real cost of the monopoly salt to Government, deducing thence the actual cost per maund in each of the principal localities and for the Presidency as a whole. In this cost should evidently be included all losses by ordinary wastage or extraordinary calamities, the expenditure on all establishments, including a proportion of the salary of the officers of the district by whom the manufacturing operations are managed, and the interest on all capital sunk in store-houses, plant, and works, which could be dispensed with if the entire supply of salt was imported by sea and was free from all interference, after paying duty on debarkation. It is almost needless to add that, under an excise system, the manufacturers, as in Bengal and other parts of Northern India, would be required to defray the cost of all guards and establishments requisite to prevent the removal of any salt from licensed works without the prepayment of the duty, so that alike under a system of excise or importation the sole expenditure which would be entailed on Government in connection with the salt-revenue would be for such establishment additional to the existing Revenue and Police officials as might be necessary to prevent unlicensed manufacture.

4. What leads the Governor-General in Council to desire further information in regard to the low estimate of manufacturing cost generally assumed in Madras is the experience of Government in similar cases in other parts of India. Thus in Pooree, where the conditions of manufacture are, it is believed, almost identical with those prevailing in the adjacent district of Ganjam, the manufacturing cost of kurkutch or salt produced by solar evaporation is not less than 5 Annas 7½ Pies per maund, while in Ganjam the same item is said to be no more than 2 Annas 4 Pies. It seems questionable whether the latter sum includes all that is comprised in the former, and for this reason His Excellency in Council would desire to see a full exposition and discussion of all the charges of the Salt Department in Madras as affecting the cost of manufacture.

5. I am to remind His Excellency the Governor in Council that this is not the first time that the expediency of introducing a salt excise in Madras has been mooted, and that the Revenue authorities of that Presidency have not been always opposed to the change. In Mr. Plowden's report on salt in British India, presented to Parliament in 1856, will be found correspondence bearing on the subject. In 1804 the Madras Board of Revenue* reported in favor of an excise in preference to a monopoly, and again in 1854† the Board was not opposed to the proposal to substitute the former for the latter.

* See p. 310 of the Appendix to Mr. Plowden's report.
† pp. 355 *et seq.*

6. I am to invite special attention to the able letter‡ by Mr. F. N. Maltby, Collector of Canara, dated November 10th, 1852, on the subject of substituting an excise for the monopoly in that district.

‡ Printed at pp. 326 *et seq.* of the Appendix to the Report.

7. I am to add that on general grounds the probability appears to the Governor-General in Council to be decidedly against the economy of a Government monopoly; and the experience gained in Bengal, where a system once prevailed similar to that now existing in Madras, and was after full consideration and discussion abandoned, seems *prima facie* in favor of the change proposed.

No. 237. ORDER THEREON, 23rd July 1875, No. 1,102.

Separate Revenue, No. 32.
Customs and Salt.

REFERRED to the Board of Revenue for report.

(True Extract.)

(Signed) A. MACGREGOR,
Acting Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

Title Boards Proceedings
Nos 2398/99.

Govt. of Madras.

REVENUE.

To

THE BOARD OF REVENUE.

Dated July, 23rd.

Read

G. O., 23rd July 1875, No. 1,102.

JULY.
Nos. 236-237.

Excise Salt.—Referring to the Board of Revenue's letter for report, letter from the Government of India regarding the substitution of an — for the monopoly system at present in force in Madras.

2/1162

REVENUE DEPARTMENT.

No. 2398 & 2399

From Govt. of India

Dated 12 June 1875.

FOR ORDERS.

Hereby Transmit the Annexed Document & Send these papers to the Collector & Agent Tinnevelly that his Reply comes in.

Certainly. Put with Ref: to Paras 324 of 190 The Bd. will give the Stock Sales &c. along the Home & Foreign in

Sub-Lieut. in order
that Hon. Govt may have
a Statement before
them - Work also to be
Graded & show what part
Proven the Call of
2nd Dept - Inspector
& the Defendant (of
Loosely) of each

FOR ORDERS.

No. 189.

FROM

A. O. HUME, ESQ., C.B.,

Secretary to the Government of India,

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS.

Department of Revenue, Agriculture, and Commerce.

(Customs and Salt.)

SIMLA, *the 12th June* 1875.

SIR,

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3. I am therefore to request that the Government of Madras will favour the Government of India with an exact statement of the entire expenditure which constitutes the real cost of the monopoly salt to Government, deducing thence the actual cost per maund in each of the principal localities and for the Presidency as a whole. In this cost should evidently be included all losses by ordinary wastage or extraordinary calamities, the expenditure on all establishments, including a proportion of the salary of the officers of the district by whom the manufacturing operations are managed, and the interest on all capital sunk in store-houses, plant and works, which could be dispensed with if the entire supply of salt was imported by sea and was free from all interference, after paying duty on debarkation. It is almost needless to add that, under an excise system, the manufacturers, as in Bengal and other parts of Northern India, would be required to defray the cost of all guards and establishments requisite to prevent the removal of any salt from licensed works without the prepayment of the duty, so that alike under a system of excise or importation the sole expenditure which would be entailed on Government in connection with the salt revenue would be for such establishment additional to the existing Revenue and Police officials as might be necessary to prevent unlicensed manufacture.

4. What leads the Governor General in Council to desire further information in regard to the low estimate of manufacturing cost generally assumed in Madras is the experience of Government in similar cases in other parts of India. Thus in Pooree, where the conditions of manufacture are, it is believed, almost identical with those prevailing in the adjacent district of Ganjam, the manufacturing cost of kurkutch or salt produced by solar evaporation is not less than 5 annas 7½ pie per maund, while in Ganjam the same item is said to be no more than 2 annas 4 pie. It seems questionable whether the

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I have the honour to be,

SIR,

Your most obedient Servant,

R. Bruce

Secretary to the Government of India.

Rev. 1875 : Dept
N. 2398

1875.

DEPARTMENT OF REVENUE,
AGRICULTURE, AND COMMERCE.

CUSTOMS AND SALT.

To

THE GOVERNMENT OF MADRAS.

No. 189.

Dated Simla, the 12th June 1875.

Rec'd. 24th Jun

Con Letter

Papers

For orders

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SUBJECT.

SUBSTITUTION of an excise on salt for the monopoly system at present in force in Madras.

Order No. 1102
Referred to the Board
of Revenue for report
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