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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue. DEPARTMENT

G.O. No. 1779 Press
~~B.P. No.~~ ~~Mis.~~

Dated 9. 12 - 1875 ~~196~~ .

N.

Not to be folded or roughly handled

Read the following :—

No. 120. Proceedings of the Board of Revenue, dated 4th November 1875, No. 3,033.

Read again Board's Proceedings, dated 7th October 1875, No. 2,805.

Read also the following letters :—

From A. McC. WEBSTER, Esq., Collector of South Canara, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Mangalore, 9th October 1875, No. 1,940.

WITH reference to the Proceedings of the Board of Revenue noted in the margin, I have the honor to state that Mr. J. Ball, the Deputy Collector in charge of the Salt Department, has returned to the district after visiting Dr. Ratton's model salt-pans at Ennore, and proposes to make an attempt to improve our existing salt-pans and the quality of the salt during the ensuing season.

Dated 27th February 1874, No. 439, paragraph 4.

2. With this view he wishes to open a small experimental pan on Dr. Ratton's principle in the Kundapur Taluq, so as to be within easy distance of the pan-holders and manufacturers in that taluq, and to work it with the assistance of laborers procured from Madras, those of this coast being in his opinion unsuitable. He thinks that four men will be necessary, and from inquiries he made at Ennore, he considers there will be no difficulty in procuring them on a monthly pay of Rupees 8 with a free passage from and to Madras. He believes that Dr. Ratton, if he is still at Ennore, or the Salt Superintendent of Vallur Division, will render aid in procuring and sending duly qualified men.

3. The cost of working the pans is estimated at Rupees 500, as per particulars contained in the accompanying memorandum, to meet which there is only a sum of Rupees 285, provided in the sanctioned list of salt works (Item No. 83). I trust the Board will be pleased to provide for the excess of Rupees 215, by transfer from savings of other districts.

4. As Mr. Ball proposes to commence the experiment as soon as the first rice-crop is gathered, I have the honor to request that the Board will be pleased to sanction the above outlay, and to kindly arrange for procuring and sending the men *viâ* Beypore, so as to reach here by the end of November. They may be engaged for six months.

ENCLOSURE No. 1.

Memorandum of probable Expenses for opening and working a Model Salt-pan in the District of South Canara.

Particulars.	Amount. RS.	A.	P.
Railway fare of four men from Madras to Beypore at Rupees 6-6-0 each...	25	8	0
Boat freight from Beypore to Mangalore about Rupees 2 each = Rupees 8, and from Mangalore to Kundapur at about 1 Rupee each = Rupees 4	12	0	0
Pay of four men for six months at Rupees 8 each per mensem ...	192	0	0
Boat freight and Railway fare on return to Madras as above ...	37	8	0
	267	0	0
Local laborers and purchase of tools	233	0	0
Total ...	500	0	0

MANGALORE,
9th October 1875.

(Signed) A. McC. WEBSTER,
Collector.

From E. GIBSON, Esq., Acting Head Assistant Collector in charge of South Canara, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Mangalore, 19th October 1875, No. 2,009.

IN accordance with the instructions contained in the Order of Government, dated 1st October 1875, No. 1,446, Revenue Department, communicated with the Board's Proceedings, dated 7th October 1875, No. ——, I have the honor to state that owing to the contracts for the current Fasli having been concluded, the earliest date at which it will be convenient for Government to withdraw from the supply of salt will be the 1st April 1876.

2. I enclose a statement showing the amount of salt which may be expected to remain in stock on the 1st January 1876 and the 1st April 1876, respectively. The calculation of the balance is based upon the average sales of the last five years, and exhibits a stock in hand on the latter date equal to the total sales of Fasli 1284. The order of the Government of India directs that a supply equal to six months' consumption be reserved. I have made inquiries regarding the price which will be charged by the merchants, and am satisfied that they will exceed considerably the price now paid to Government. As soon, therefore, as the intended introduction of the Excise Act is officially notified, there will doubtless be a large demand for salt from the Government stores. As this demand will come chiefly from the merchants residing above the ghauts, it is impossible to estimate it with any approach to accuracy,—a good deal will doubtless depend upon the out-turn of the standing crop of coffee. Assuming, therefore, that the new régime will be introduced on the 1st April next, I am disposed to think that the stock which will actually remain in store on that date will be no larger than will be required to meet any emergency which may arise. Our existing Kotaurs are sufficiently numerous and capacious to contain more than double the quantity of salt which is likely to remain on hand.

3. I must postpone for a while my report upon the various details of this subject which have been suggested by the Board; it will be sufficient for the present to observe with reference to the last two paragraphs of the order of Government that hitherto there has been but little private trade in salt in this district, Goa salt in small quantities having alone been imported by the merchants; that as regards the future, the introduction of the excise system will probably result in the establishment, for some short time to come, of a private monopoly, and that when competition shall have done its utmost, the price of salt in Canara will still be considerably higher than that now charged by Government.

Proceedings of the Madras Government, Revenue Department, 9th December 1875.

ENCLOSURE No. 1.

Statement showing the Amount of Salt which may be expected to remain in Stock on the 1st January and 1st April 1876.

		IND. MDS.
Actual stock of salt on the 30th September 1875		274,582
Add—Probable receipts in October, November and December 1875—		
Bombay Salt	48,000	
Goa Salt	18,000	
		66,000
Total ...		340,582
Deduct—Probable sales in October, November and December 1875 (calculated on the average sales of the last five years) ...		69,105
Balance expected to remain on 1st January 1876		271,477
Add—Probable receipts in January, February and March 1876—		
Bombay Salt	72,000	
Goa Salt	27,000	
		99,000
Total ...		370,477
Deduct—Probable sales in January, February and March 1876, (calculated on the average sales of the last five years)		110,996
Balance expected to remain on 1st April 1876		259,481

MANGALORE,
19th October 1875.

(Signed) E. GIBSON,
Acting Head Assistant Collector in charge.

From W. LOGAN, Esq., Acting Collector of Malabar, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Calicut, 20th October 1875, No. 318.

I HAVE the honor, with reference to Board's Proceedings, No. 2,805, dated 7th instant, to furnish the information desired by Government.

2. The contracts for the supply of this year's salt (Board's Proceedings, No. 2,372, dated 23rd August last) will expire on 30th April next, and from that date importation on Government account might be stopped so far as existing contracts are concerned.

3. As regards the next point, I submit a statement prepared by the Sea Customs and Salt Deputy Collector, showing stocks that might be expected to be

on hand on 1st January and 1st April next. In preparing this statement, however, it has been assumed that the whole of the quantity contracted for this year will be supplied before 31st March. As the contractors have, till the end of April, to fulfil their contracts, it is probable that the quantity in store on 1st April will not be quite so large as shown. The stock in hand on that date, if so large as shown in the statement, will suffice for ten months' consumption.

4. And, again, as merchants have already begun to import salt on private account, the sales may not be so large as calculated, and it is quite possible that the stocks in hand on those dates may be considerably over what is shown in the statement, the calculation having been made on the assumption that the sales will be on the average as large as those of the preceding three years.

5. The statement is here given:—

Names of Salt Gollahs.	Balance on hand on the 1st October 1875.	Quantity expected up to 31st December 1875 out of the quantity contracted for.	Total of Columns 2 & 3.	Expenditure from October up to 31st December 1875.	Balance on the 1st January 1876.	Quantity expected to be supplied from January to April 1876.	Total of Columns 6 & 7.	Expenditure from January to 31st March 1876.	Balance on the 1st April 1876.
1	2	3	4	5	6	7	8	9	10
Cannanore Gollah...	402	.....	402	128	274	400	674	272	402
Tellicherry do.	408	200	608	163	445	400	845	378	467
Calicut do.	686	100	786	264	522	450	972	378	594
Beypore do.	954	150	1,104	209	895	650	1,545	410	1,135
Ponany do.	602	250	852	411	441	750	1,191	428	763
Chowghaut do.	46	.....	46	16	30	50	80	10	70
Cochin do.	74	.....	74	11	63	20	83	16	67
Total...	3,172	700	3,872	1,202	2,670	2,720	5,390	1,892	3,498

Names of Salt Gollahs.	Number of rooms.	Quantity of Salt for which the Gollah affords room.
		GARCE.
Cannanore Gollah ...	22	440
Tellicherry do. ...	8	600
Calicut do. ...	13	1,000
Beypore do. ...	34	930
Ponany do. ...	30	835
Chowghaut do. ...	2	60
Cochin do. ...	9	100
Total...	...	3,965

6. From the marginal statement it will be seen that there is ample storage room for the quantity of salt that will be on hand on either of the dates, assuming that the statement is approximately correct.

7. Some salt (36 garces) from foreign* ports has already been imported this season, and I understand that some native merchants are going to import a trial ship-load of Bombay salt. It also appears that East Coast salt now finds its way by rail as far as Palghaut, and I hear that merchants are petitioning the Railway Company for a reduction of freights to stations even to the west of Palghaut. No European firms, so far as I am aware, have as yet started, but it is possible, I understand, that one of them may try a consignment of Tuticorin salt. We have had great difficulty in

* Dwarka in the Gaekwar's territory, and Damaun in Portuguese territory.

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

getting rid of the stock of that (Tuticorin) salt which was imported on Government account last year, and I do not anticipate that the district will be supplied to any extent from that quarter unless salt of a less deliquescent description is manufactured.

8. There is no doubt that at present it will pay best to import salt from foreign ports, because duty has not to be paid on what is lost by wastage or accident *or on what can be smuggled.* The facilities for smuggling salt from vessels carrying no reliable clearance documents are very great; it is so easy to drop anchor for the night at some rendezvous and sell duty-free salt to boats coming off from shore under pretence of fishing. Even if by notification under Section 14 of the Excise Act, importation of foreign salt be permitted only at, say, Calicut and Tellicherry, the large profits to be made by smuggling it *en route* to those ports will always enable merchants importing it to under-sell others. I would not be at all surprised if it became necessary very shortly to forbid importation of foreign salt altogether. As stated above, it is the only salt that has as yet been imported on private account into this district, and this, too, although it is of inferior quality.

9. The working season has already fairly set in, and if it is in contemplation to stop the sales of salt on account of Government from 1st April next, a notification to that effect should be issued *very shortly* so that merchants might make their arrangements in time. I do not anticipate any very large operations in salt on private account until the trade now springing up settles, and until we can set free the present salt stores as bonded ware-houses for salt.

10. The report called for in paragraph 2 of the Proceedings above quoted will be sent shortly.

Memorandum from A. McC. WEBSTER, Esq., Collector of South Canara, on leave, dated Bombay, 20th October 1875.

THE reasons which have led the Government of India to abolish the existing monopoly system in Canara are—

(1.) That it is necessary to suppress the manufacture of tax-free salt for domestic use.

(2.) That the district cannot supply enough home-made salt for its consumption, and must therefore continue to import.

(3.) That the system of an excise duty on manufactured and imported salt is better, and will give cheaper salt than a modified monopoly under which the merchants are not tempted to import.

2. With reference to the first reason. The necessity of suppressing the tax-free manufacture having been finally decided, it can, as pointed out by the Government of India, be effected either by the repeal of Regulation II. of 1807, or by the introduction of the Excise Act. If the present legal manufacture of salt for domestic use were the only objection to the existing system, the former course would attain the end without causing any disturbance of the monopoly system. The latter plan necessitates an entire change in the manner of taxing salt, and is foreign to the habits of the people, and the custom of the country.

3. Other reasons, however, have led the Government of India to direct a complete change in the system, but I trust I may be allowed to remark that, however strong these reasons may be in the case of Malabar, they do not, as I hope hereafter to show, seem to have equal force in regard to Canara.

4. In connection with the second reason. The Government of India in paragraph 6 of their letter state that if it could be shown that the local manufacture in either Canara or Malabar could be so extended as to meet the entire local demand, it might be a question whether the Government monopoly system should not be adopted in its entirety in the two districts.

5. Dr. Ratton's report has only recently been published, and was not probably before the Government of India at the time their letter was written. In that report he shows that Canara can make enough salt for its consumption, and that this result can be attained by opening new pans at only two places, *viz.*, at Barcoor and Panamboor (near Mangalore.)

6. It was in contemplation to give these two large and promising sites to individuals who would work them systematically as a whole. Messrs. Brito Brothers had even gone so far as to make arrangements to take some salt manufacturing laborers from Bombay to inspect the site at Panamboor, and they were then going to submit to me their proposals as to the terms on which the land should be made over to them. Messrs. Cammiade & Co. of Madras would have been offered the Barcoor site on the same terms, and I had reason to expect that a satisfactory arrangement would have been made. These two sites, with a small extension of manufacture in Cundapur, would certainly have sufficed for the local consumption; but the arrangements for this object will now have to be suspended.

7. The practice in Canara, with reference to the home-manufactured salt, has been to purchase it from the manufacturers in the Cundapur Taluq, and to distribute it for sale among the salt kotaurs in other parts of the district. The manufacturers had therefore a certain market for their produce. Under the excise system they will have to trust to the local demand in the Cundapur Taluq, and I anticipate that as the demand is not equal to the supply, the manufacture will decrease to a very considerable extent.

8. Similarly I doubt very much whether I shall be able to get persons to take up the two sites selected by Dr. Ratton, as the result will be very uncertain as far as a profitable market is concerned. The sites are not accessible by road from the existing lines leading from the ghauts to the coast and although the manufacturer at Panamboor might be able to arrange to bring his salt down to Mangalore by boat and sell most of it there, the person who takes the Barcoor site would certainly not find a market for half his produce. Under the monopoly system Government would have purchased all the salt, and would have distributed it through the district. Even at Panamboor Messrs. Brito Brothers inform me that they will not undertake the manufacture under the excise system, and if this enterprising Firm fear to embark in the manufacture, others are not likely to come forward.

9. As regards the supply of salt to the southern portion of the district. We now have salt kotaurs at Munjeshwar, Cassergode, and Nileshwar. There used

1779/4

formerly to be pans in this part of the district which produced enough salt for the local consumption. These pans were, however, closed, and it will not be practicable to re-open them under the excise system, as they are scattered and prevention of smuggling would be impossible. The supply of this part of the district will, therefore, have to be left to private enterprise, and it will have to draw its salt from a distance, and at an enhanced price, and the people will be in the same position as the inhabitants of the central districts of the Presidency where salt was never manufactured.

10. My own impression is that on the introduction of the excise system, local manufacture will, if it does not entirely cease, be very considerably reduced even from its present extent, and that the district will have to import almost the whole of its salt by sea. It is, I venture to think, to be regretted that just as the prospect of the extension of the local manufacture seemed likely to be realized the manufacture should be stopped, the people obliged to get salt from other places at probably enhanced prices, and that an element of uncertainty as to the stock kept in the district should be introduced.

11. The Government of India have admitted that the case of Canara and Malabar is different from that of inland districts which have never produced salt, and I respectfully think therefore that they should be tenderly treated, and that the people should be ensured a certain supply of salt at the lowest possible price over the monopoly rate. As far as I can see, the effect of the introduction of an excise will be to put them on the same footing as those inland districts whose case is admitted to be different.

12. I have formerly (in 1871 I think) expressed an opinion that the supply of salt if left entirely to private enterprise may run short. Canara is virtually shut off from its neighbouring districts for five months in the year; and if such a contingency did occur, it would be impossible either for Government or for the merchants to provide a remedy. Malabar differs in this respect from Canara. Railborne salt can always be thrown into that district, and can be distributed by its coast canal with comparative ease; but it would not be possible to carry this salt on to Canara in the height of the south west monsoon. There is therefore a danger of a salt famine occurring under the excise system, which it would not be possible to remedy, and the result of such a catastrophe might be a riot. I do not say a famine will occur, and I sincerely trust such a calamity will never happen, but still there is a possibility of it, and such a contingency should therefore be guarded against. Under the excise system, the officers of Government will not have the means of knowing the stock of salt in the district. Merchants may give up the trade without our knowing anything about it until too late, and the supply may run short. Under the monopoly system a salt famine can never occur, as a sufficient stock of salt for at least one year's consumption would be kept in the district.

13. I have said that the introduction of the excise system will have the effect of stopping the local manufacture. It will also, I think, have the effect of closing the Bombay market as far as this district is concerned, for the people will naturally buy the cheaper Goa salt, the importation of which under the new system will be very greatly increased. The ghaut traders may still perhaps buy

the Bombay salt at enhanced prices, but the people of the district certainly will not; and I think it very probable that the ghaut traders will also take the Goa salt. The advantage to them of the Bombay salt is that it is light in comparison to its quantity; and as they buy from Government by weight and sell by measurement they make more profit out of it. It also stands carriage better; but with all these advantages I expect it will be given up, for its price under the excise system will be greatly enhanced, as the merchants will have to pay the full excise duty at Bombay, and must recover the interest of their money, an item that Government does not take into consideration, as under the credit system the transactions are effected by a transfer in the accounts. Moreover, under the excise system the ghaut traders will have to buy from the importers by measurement, and will therefore lose the advantage they now get by buying by weight.

14. Mr. Pritchard, the Collector of salt revenue in Bombay, with whom I have conferred, is strongly adverse to the importation of Goa salt being allowed, as he is of opinion that it facilitates smuggling. I think, however, that if we are to change the present system we must in justice to the people allow them to get their salt in the cheapest market. We ought not to say to them "We will not continue to sell you salt at a fixed price. You must import it for yourselves, and you must not go to the cheap market of Goa, but must buy our more highly-priced Bombay or North Canara salt."

15. It is true that the importation of Goa salt does, with our existing Preventive establishment, offer facilities for smuggling; and I had to obtain a temporary additional establishment for the port of Hangarkutta where such salt is largely imported. There is no doubt that illicit salt is extensively sold in that part of the district; but a portion of it only is the produce of the Goa pans; by far the largest quantity is salt manufactured in the district under the exemption supposed to be conferred by Regulation II. of 1807. Once this home manufacture is suppressed by the repeal of the Regulation, I do not see why a moderate Preventive establishment should not suffice to repress the smuggling of Goa salt. To this question, however, I shall allude hereafter.

16. Mr. Pritchard has also informed me that he is very much in favor of the monopoly system, and would like to see it introduced into North Canara at once. There is no doubt, I think, that the prevention of smuggling is much more easy under this system than under an excise; as although under even the modified monopoly system now existing, private persons may keep stores of imported salt, such cases will be comparatively few, and the bulk of the stock in the district will be in the hands of Government; while under the excise all the stock must necessarily be in the hands of merchants, and smuggled salt may be added to duty-paid salt without so much risk of detection.

17. I venture to think for the foregoing reasons that it would be very advisable to continue the modified monopoly system in Canara until the result of the increased manufacture recommended by Dr. Ratton is known. If it is then found that we can make enough salt for the district consumption at a price below that for which Goa salt can be imported, the monopoly system should be continued; otherwise we might then abandon it in favor of the excise, leaving the people free

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

179/6

to purchase home-manufactured salt, or to import it. Another advantage of postponing the change would be, that if it were eventually decided to introduce the excise system, we should have more working pans in the district than we have now; and home manufacture might perhaps be continued under the new system. At all events, a trial would be made which would not probably be undertaken if the excise system were introduced at once.

18. The question of the price to be charged is one which will require careful consideration if we are to continue the present modified monopoly system, *i. e.*, to allow private importation as well. If the Government selling price is not carefully fixed, we shall find ourselves under-sold by imported salt. In fixing the price we should not, I think, charge for the cost of establishment or roads, though perhaps we might charge for the up-keep of kotaurs, as the two former items would under the excise system still have to be borne by Government, even if under that system the establishment would not require to be increased. All we should charge for is the excise duty of Rupees 1-13-0 per Indian maund *plus* the cost of the salt, its carriage to and storing in depôts, and perhaps the up-keep of the depôts. Calculated thus, the price now fixed for Goa salt (Rupees 2-5-0 per Indian maund) is too high, and we are, and shall certainly continue to be, under-sold by imported salt. The contract price for that salt laid down in our kotaurs this year is, I think, Rupees 28 per garce, or 3 Annas 8 Pies per Indian maund. If to this be added the excise duty of Rupees 1 13-0 per Indian maund, the price for which we could sell it would be Rupees 2-0-8 per Indian maund. We are thus selling our Goa salt at least 4 Annas per Indian maund more than the price for which it can be imported and sold by the merchants at a profit. Even our home-made salt, which is now sold at Rupees 2-2-0 per Indian maund, can also be under-sold by imported Goa salt.

19. With reference to the third reason alluded to in paragraph 1 of this memorandum.

The views of the Government of India are contained in paragraphs 10 and 11 of their letter. They observe that "the extension of manufacture on the monopoly system would be incompatible with any attempt to promote private trade, for it would be as impossible for the merchants, as it has been for the Government, to import and sell without loss *at the monopoly price*, and the existence of Government manufacture and sale *at that price*, though *conducted on a scale insufficient to supply the entire consumption* of the district, would probably deter merchants from embarking in the trade."

20. It will be perceived that the Government of India assume (1) that Government by selling at the monopoly price will under-sell the merchants; and (2) that the district manufacture will be insufficient for the local consumption.

21. With reference to the first point, I beg to observe that the selling-price of Bombay, Goa, and home-manufactured salt has been raised, and that the article is now sold by Government in the district at from 2 Annas to 5 Annas per Indian maund above the monopoly price prevailing in the rest of the Presidency. Even when the monopoly price of Rupees 2 per Indian maund was in existence, Goa salt was imported on private account; recently, and since the raising of the

Government selling price, the importation has increased and will continue to increase as long as the Rupees 2-5-0 rate for Goa salt is maintained. Bombay salt will probably not be imported, for, as above observed, the merchants will not be able to sell at the present Government rate if they have to pay the excise duty in Bombay. If credit is allowed they may be able to do so, as the selling price now fixed by Government for that salt is exactly the excise duty *plus* the cost paid this year to the contractors who, of course, make their profit on the transaction.

22. I doubt very much, however, whether a general system of credit at Bombay satisfactory to the merchants will be practicable. If introduced it would, I think, be availed of by only a few individuals who would be willing to forego their usual interest by depositing Government paper as security. This would tend to raise the price of Bombay salt. I therefore assume that no Bombay salt will, supposing the modified monopoly system to continue, be imported; or if imported, it will almost to a certainty be under-sold by Government at their present rate.

23. If the modified monopoly system is to continue, we should concentrate our energies on the home manufacture. Until we extend this, the importation of Goa salt on private account will continue; but if when the district manufacture is extended, we find ourselves able to approximate the Government selling price to the monopoly price prevailing elsewhere—and I do not see why we should not—the importation of Goa salt will be checked, and though it may still continue in a lesser degree, it will then depend more on the opportunities of freight from Goa in vessels employed in the rice trade with South Canara, than as now on the great difference between the Government selling price, and the price at which it pays the merchants to import and sell.

24. Regarding the second point adverted to by the Government of India, I beg to refer to paragraph 5 of this memorandum as to the capability of this district of producing enough salt for its consumption. For the present, and until the home manufacture is extended, we must continue to import Bombay salt; but as soon as we can make enough salt for our local requirements, we should abandon the importation, and leave that trade entirely to private enterprise. The ghaut traders may be willing to pay such a price as will compensate the merchants, and if they do, a trade will spring up, otherwise they will come to our depôts for home-made salt; but whether they do or do not, as soon as our home supply is assured, we should entirely relinquish the traffic in Bombay salt.

25. When we find that we can manufacture enough salt for local consumption at or near the monopoly price prevailing elsewhere, it will then be advisable to stop the Goa salt trade altogether, and only to allow sea-borne salt to be imported when covered by a pass from an officer of the British Government. There will then be no hardship to the people in restricting the trade, as there would be if the importation was now suppressed.

26. If the Government of India decide to allow the modified monopoly system a further trial until the result of the increased manufacture is known, I would propose that five years' time should be given; and if at its expiration it is found that the regular monopoly will not succeed, the excise system should be introduced. I have fixed on this period, as it will be necessary to give the persons who may take up the proposed pans, a certainty of a market for their produce for some years, in order to compensate them for the heavy expenditure they will have to incur in order to start the manufacture. Definite recommendations as to the terms on which the sites should be given to the manufacturers can be submitted hereafter if further trial is allowed.

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

27. As, however, the Government may not think it necessary to ask the Government of India to postpone the introduction of the excise, I beg to submit a few remarks with reference to the points adverted to in the Government Order, and the Board's Proceedings thereon.

28. With reference to the query in paragraph 4 of the Government Order, I have stated above that a private trade in Goa salt has sprung up and is increasing. No Bombay salt has, as far as I am aware, been imported on private account. Messrs. Brito Brothers, our present contractors, two of the members of which Firm are now in Bombay, inform me that they will try the experiment of importing Bombay salt on their own account. They do not, however, expect to be able to sell it with a profit below Rupees 4-8-0 per Indian maund. At that rate I feel certain that the imported Goa and home-made salt will successfully compete with it; for the ghaut traders, irrespective of the increased price they will have to pay, will also, as stated above, lose the advantage of buying the salt by weight. Messrs. Brito Brothers are, however, willing to try the experiment.

29. As to the probable course of trade under the new arrangement, Messrs. Brito Brothers are of opinion, in which I concur, that the only port in the district into which Bombay salt will be imported at all is Mangalore, and that in the other ports of the district Goa salt will be imported. They also expect that a considerable quantity of Goa salt will be brought to Mangalore for the local consumption.

30. With reference to the orders contained in paragraph 2 of the Board's Proceedings, I beg to state my opinion that, with a view to lower the price of salt to be paid by the people as much as possible, its importation should be allowed in all the ports of the district; and bonding warehouses should be established at the sea-ports entered in the margin. These bonding warehouses should be in charge of the present Salt Superintendents and their establishments at these places. The Sea Customs establishments at the ports where there will be no bonding warehouses will be insufficient for the increased work which will be thrown on them by the extended importation; and an additional clerk would, I think, be required at some of these ports.

Cassergode.	Malpe.
Munjeshwar.	Hangarkutta.
Mangalore.	Gungodes.
Moolky.	(Cundapur.)

At the bonding warehouse ports it should be the duty of the Salt Superintendent to have the salt stored in bond, and from that time he should be responsible for the salt or for its duty. He will however, as regards manifests, &c., have to work in connection with the Sea Customs Superintendent.

31. The labor involved in collecting the excise duty will be the same as in collecting the monopoly tax, as the salt will have to be weighed when stored in the bonding warehouses, and again weighed when sold, so that the excise system will certainly not enable us to reduce the present establishment. Our Preventive Customs establishment, which is at present almost *nil*, will also have to be increased in order to guard against smuggling. A much closer look-out will have to be kept on the sea-board, and for this purpose it will probably be necessary to have some fast-sailing boats of the revenue cutter class to be constantly cruising off the coast to prevent the ruining of salt from the fishing boats which frequent the coast at certain seasons of the year. These boats come from Rutnagherry in the Bombay Presidency, take in salt at Goa ostensibly for curing fish, and have at present ample opportunity for landing it.

32. I enclose two statements kindly furnished me by Mr. Pritchard. The first shows the number of coast-guard vessels and the strength of the establishment kept up to guard a sea-board of about 550 miles. It gives about one boat to every 30 miles, so that for South Canara we should, at the same rate, require about four boats with Preventive Inspectors in charge. The other statement shows the number of Preventive officers and oth establishment for both Customs and salt in North Canara, whose sea-board is h more than half the length of ours. I am not able to compare it with our Soutl Canara establishment, but I am sure the latter is not nearly so large, even after the Salt Police establishment is taken into account. I am also informed that the present Bombay establishment is considered insufficient for the effectual repression of smuggling.

33. Regarding the stations to be licensed, it will only be necessary to license at present the existing manufacturing stations in the Cundapur Taluq, as I do not expect that any other new pans will be opened elsewhere.

34. The only importation by land which is likely to take place would be from North Canara, and I think it would be better to prohibit such importation altogether, as I have shown in my letter of 1871 that smuggling does take place in North Canara, and as the frontier would be difficult to guard, the chowkies also would probably become, situated as they would be away from all supervision, nests of corruption. If the people want North Canara salt they can easily bring it by sea to Byndur, our northernmost sea-port.

35. With reference to the concluding portion of paragraph 2 of the Board's Proceedings, I beg to state that, although from the letter of the Government of India it seems to be assumed that there is very little tax-free manufacture of salt in South Canara, there is in reality a very great extent in the Udipi Taluq and in the southernmost part of the Cassergode Taluq bordering on the Cavoy river. I do not, however, anticipate any difficulty in suppressing the manufacture if a Preventive establishment is entertained. At present, no attempt is made to put a stop to it, but as the Potails are equally interested with the villagers in the manufacture, even if they are not the principal manufacturers themselves, it will not be effectually suppressed without a separate establishment and a system of rewards to informers.

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

229/1

No. 1.—*Statement showing the strength and pay of the Coast Guard Establishment employed under the Salt Department.*

Officers.	Monthly pay.	Crew.						Total amount cost.
		Tindal, 12 monthly.		Lascars.				
				12 monthly.		8 monthly.		
		No.	Pay.	No.	Pay.	No.	Pay.	
Northern Division.	Rs.		Rs.		Rs.		Rs.	
1 Senior Inspector ...	250	1	15	2	20	8	80	
1 Do.	175	1	15	2	20	8	80	
1 Junior Inspector ...	125	1	13	1	10	5	50	
1 Do.	100	1	13	1	10	5	50	
1 Do.	75	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
Total per month ...	845	...	95	...	90	...	410	
Add for remaining months	9,295	...	1,045	...	990	...	2,870	
Total per annum...	10,140	...	1,140	...	1,080	...	3,280	15,610
Southern Division.				Steam launch.				
1 Superintendent ...	500							
1 Senior Inspector ...	200	1	15	2	20	8	80	
1 Do.	200	1	15	2	20	8	80	
1 Do.	175	1	15	2	20	8	80	
1 Do.	150	1	15	2	20	8	80	
1 Do.	150	1	15	2	20	8	80	
1 Junior Inspector ...	100	1	13	1	10	5	50	
1 Do.	75	1	13	1	10	5	50	
1 Do.	75	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
1 Do.	60	1	13	1	10			
Total per month ...	1,745	...	140	...	150	...	650	
Add for remaining months	19,195	...	1,540	...	1,650	...	4,550	
Total per annum...	20,940	...	1,680	...	1,800	...	5,200	29,620
Grand Total...	.....	...	.....	...	.....	...	.....	45,260

No. 2.—*Statement showing strength of Establishment in Karwar, Ankola, and Honore Talukas.*

Designation.	Rate of Salary.	Number of incumbents.	Total amount of charges.
	RS. A. P.		RS. A. P.
TALUKA KARWAR.			
Customs.			
Manager	40 0 0	1	40 0 0
Karkun	25 0 0	1	25 0 0
Do.	20 0 0	1	20 0 0
Do.	15 0 0	3	45 0 0
Do. + eight monthly	12 0 0	1	12 0 0
Do.	10 0 0	1	10 0 0
Lascars	3 14 4	1	3 14 4
Tindal	7 0 0	4	28 0 0
Peons	9 0 0	1	9 0 0
Do. + eight monthly	6 8 0	16	104 0 0
Boat-hire	4 5 4	2	8 10 8
	7 8 0	...	7 8 0
Salt.			
Sazedar	20 0 0	1	20 0 0
Madatnis	12 0 0	1	12 0 0
Jamadar	10 0 0	1	10 0 0
Peons	6 8 0	6	39 0 0
Do. + five monthly	7 0 0	10	70 0 0
TALUKA ANKOLA.			
Customs.			
Sarkarkun	125 0 0	1	125 0 0
Avalkarkun	35 0 0	1	35 0 0
Karkun	25 0 0	1	25 0 0
Do. + one English Clerk and one Marathi	20 0 0	*2	40 0 0
Do.	15 0 0	4	60 0 0
Havildar	8 8 0	1	8 8 0
Peons	6 8 0	22	143 0 0
Farash	5 8 0	1	5 8 0
Salt.			
Sazedar	40 0 0	1	40 0 0
Karkun	20 0 0	1	20 0 0
Madatnis	20 0 0	1	30 0 0
Do.	15 0 0	2	12 0 0
Jamadars	12 0 0	1	20 0 0
Peons	10 0 0	2	71 8 0
Khalasis	6 8 0	11	14 0 0
Peons, + five monthly	7 0 0	2	*280 0 0
	7 0 0	40	
TALUKA HONORE.			
Customs.			
Sarkarkun	125 0 0	1	125 0 0
Head Karkun	45 0 0	1	45 0 0
Avalkarkun	35 0 0	1	35 0 0
Karkun	25 0 0	4	100 0 0
Do.	20 0 0	2	40 0 0
Do.	15 0 0	5	75 0 0
Havildar	12 0 0	2	24 0 0
Naigue	8 8 0	1	8 8 0
Peons	7 8 0	2	15 0 0
Farash	6 8 0	24	156 0 0
Lascars	5 8 0	1	5 8 0
Tindal	7 0 0	4	28 0 0
Boat-hire	9 0 0	1	9 0 0
	7 0 0	...	7 0 0

1239/8

Statement showing strength of Establishment, &c.

Designation.	Rate of Salary.	Number of incumbents.	Total amount of charges.
Salt.	RS. A. P.		RS. A. P.
Sazedar	30 0 0	1	30 0 0
Do.	25 0 0	1	25 0 0
Do.	20 0 0	3	60 0 0
Madatnis	15 0 0	2	30 0 0
Do.	12 0 0	3	36 0 0
Jamadar	10 0 0	5	50 0 0
Peons	6 8 0	25	162 8 0
Peons, + five monthly	7 0 0	63	*441 0 0

Statement showing the Establishment for the Port of Karwar.

	RS.	
Port Officer	450	per mensem.
House-rent to do.	50	do.
Clerk	40	do.
Three Peons, at Rupees 7, 8 and 9	24	do.
Allowance to European Constable	25	do.
Syran	52	do.
Tindal	27	do.
Eight Lascars at 20 Rupees each	160	do.
Four do. at 18 Rupees each	72	do.
Eight monthly. { Tindal of Cargo-boat at Rupees 18	18	do.
{ Four Lascars at Rupees 12 each	48	do.
Light House.		
Light-keeper	180	do.
Provisions for do.	25	do.
Tindal	20	do.
Two Lascars at Rupees 15 each	30	do.
Two do. at Rupees 13 each	26	do.
Sweeper	8	do.
Provisions for Tindal, four Lascars, and Sweeper at Rupees 10 each	60	do.
Total	1,315	do.

No Police guards are employed at our Treasuries in Canara. The Customs establishments assist the Salt establishments in the general performance of preventive and other duties, such as patrolling the sea coast, &c.

N. B.—The above establishments are about to be reorganized.

(Signed) C. B. PRITCHARD,
Collector.

From W. LOGAN, Esq., Acting Collector of Malabar, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Calicut, 22nd October 1875, No. 324.

I HAVE the honor to inform you that the enhancement in the monopoly price of salt has induced merchants to import salt from foreign ports on their own

account, but as vessels arriving from such ports seldom or never carry with them any reliable document to show the quantity of cargo on board, there are great facilities for smuggling, especially at the minor ports of the district where the Sea Customs establishment is numerically insufficient to guard vessels laden with salt and for other duties connected therewith. To obviate this, I beg to recommend that as soon as the Salt Excise Act is introduced, Government may be requested to notify in accordance with Section 14 thereof, that the landing of foreign salt shall be restricted in this district to the ports of Tellicherry and Calicut.

2. The Board will observe on a reference to their Proceedings, dated 6th March 1872, No. 421, that Mr. MacGregor made a similar proposal at that time.

THE Government of India having resolved upon the introduction of the Salt Excise Act, VI. of 1871, into Malabar and South Canara at the earliest possible date, the Government, in their Order of the 1st October 1875, No. 1,446, called for information on the following points :—

1*st*.—The earliest date at which existing contracts will admit of the stoppage of importation on Government account.

2*ndly*.—The stock that may be expected to be on hand on the 1st January and 1st April next respectively, and the means of storage available for that quantity.

3*rdly*.—Whether under the existing rates any private trade in salt has yet been undertaken or is in contemplation.

4*thly*.—The views entertained by the firms chiefly interested in salt as to the probable course of trade under the new system.

The second and third papers read above are the replies of the officers in charge of the two districts concerned, and the fourth is a memorandum by Mr. Webster, who was on the point of leaving the district when intimation of the proposed change reached him and who has furnished a valuable note on the subject from Bombay. The Board concur generally in Mr. Webster's views, and would prefer that the present system should be allowed to continue, as the result of the withdrawal of Government from the supply will certainly either be a considerable enhancement of the cost to the people of this necessary of life, or that they will be driven to content themselves with the inferior and cheaper Goa salt. As, however, the orders of the Government of India appear to be peremptory, the Board proceed to notice the several points adverted to by Government.

2. As regards the first point, the contracts for the supply of salt for the current year having been concluded, importation on Government account may be discontinued as soon as the contracts have been fulfilled, *viz*., 1st April in Canara, 30th April in Malabar.

Statements have been prepared showing the stock of salt which may be expected to be on hand on the dates named by Government. With reference to the average sales of the last five years Mr. Gibson estimates the stock on the 1st January 1876 at 271,477 maunds, and on 1st April 1876 at 259,481 maunds.

The average sales for home and inland consumption for the last five years have amounted to 277,200 maunds, so that the stock would ordinarily suffice for a year; but, looking to the probability of an increased demand in

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

1779/9

consequence of the impending change, Mr. Gibson doubts whether the sales of past years can be accepted as a safe guide, and considers that the quantity in store is not likely to be in excess of requirements. There is ample storage room.

Mr. Logan's estimate of the stock, based on a consideration of the sales for the past three years, is 2,670 garce, or 320,400 maunds, on 1st January 1876, and 3,498 garce, or 419,760 maunds, on 1st April 1876, sufficient for ten months' consumption. The average sales for the past five years have amounted to 560,728 maunds, so that the quantity specified is equal to about nine months' consumption, taking the longer period as the basis of the calculation. There is storage room for 3,965 garce; more than is likely to be in store on either of the dates named.

3. As regards the existence or probability of private trade, Mr. Gibson reports that there has hitherto been but little importation on private account, and that it has been confined to Goa salt. Mr. Webster states that Messrs. Brito Brothers, the present contractors for the supply of Canara, intend trying a shipment of Bombay salt on their own account, but that they do not expect to be able to sell it with a profit under Rupees 2-8-0 per maund, *i.e.*, three annas in excess of the present monopoly price for imported salt. A private trade in Goa salt has sprung up and is increasing, the cost of importing that description of salt being much less. The probable course of trade under the new arrangement will be that the importation of Bombay salt will be confined to the port of Mangalore, and that at other ports in the district, as well as at Mangalore, Goa salt will be imported. In fact Mr. Webster seems to think that the introduction of the excise system will have the effect of closing the Bombay market as far as Canara is concerned, as the people will naturally buy the inferior but cheaper Goa salt: he adds that the price of Bombay salt may possibly be prohibitory in the case of the ghaut traders also, as the price of the latter will be greatly enhanced and moreover the ghaut traders will lose the advantage they now possess of buying by weight and selling by measure. The cause of this anticipated increase of price is stated to be that the merchants will have to pay the full excise duty at Bombay and must recover the interest of their money, but there does not appear to be any reason why the credit system should not be allowed to continue, payment of duty being allowed either on importation or on the salt being passed out of the bonded warehouses with a reasonable allowance for wastage. As this item will materially affect the cost of importation, and consequently the retail price, it is very desirable that some such arrangement for relieving merchants from the prepayment of duty long before the salt can be brought into consumption should be sanctioned.

Mr. Webster considers that importation may be allowed at all the ports in the district, bonding warehouses being established at certain specified sea-ports, but he would prohibit importation by land as the frontier is difficult to guard and North Canara salt can easily be brought by sea to Byndur.

4. Mr. Logan states that the importation of salt on private account has as yet been confined to small consignments from foreign ports to native merchants,

and that European firms have not, as far as he is aware, embarked in the enterprise. He thinks it possible that East Coast salt, which now finds its way by rail as far as Palghaut, may be carried further westwards, but does not anticipate supply from Tinnevelly to any extent. He further points out that the importation of salt from *foreign* ports is likely to be more remunerative owing to the facilities afforded for smuggling along the coast from vessels carrying no reliable clearance documents, and, in his letter of the 22nd October, suggests that importation of salt from foreign ports should, on the introduction of the excise system, be restricted to the ports of Tellicherry and Calicut. A similar proposal was made by Mr. MacGregor in 1872, and the Board concur in thinking that some such restriction will be necessary, but they would not go the length of prohibiting the importation of foreign salt altogether, a measure which they consider would be oppressive and wrong. The proper remedy is the entertainment of a stronger preventive establishment. The remarks of Mr. Webster and Mr. Logan regarding the facilities for smuggling deserve careful consideration, and, when the new system is introduced, it will be absolutely necessary to organize an efficient preventive force both ashore and afloat.

5. The Board do not attach much importance to the indications of a desire on the part of merchants to embark in the salt trade which have hitherto been noticed; and, from whatever date it is determined to discontinue ordinary sales on Government account, it is desirable that ample previous notice to that effect should be given to enable private parties to make their arrangements. In due time, doubtless, private trade will establish itself. After merchants have fairly embarked in it for some years, Government may unreservedly trust to them to supply all demands, and to competition to keep prices at a proper level.

6. This will, however, certainly take time, and meanwhile, as for three quarters of a century Government have, for fiscal reasons, taken the duty of the supply of salt to this part of the coast on themselves, it is imperative that, in introducing any change, they should guard against the remotest possibility of a salt famine as well as against an undue enhancement of the price of this necessary of life to the people, either from combination amongst private traders or any remissness on their part in securing supplies adequate to the local demands and the inland demands hitherto met from Western Coast ports. The Board, therefore, consider that now, and probably for some years to come, Government should retain in their stores a supply equal to at least nine months' ordinary consumption, and that they should reserve to themselves the right to sell to the public at a certain fixed rate. If the Government price is fixed at a rate that allows an ample margin of profit to the private trader, it is clear that the Government stores will never be resorted to unless the private traders fail to supply the market altogether, or run up prices so high as to drive purchasers to the Government stores.

The Board consider that the policy hitherto pursued demands precautions of this sort to be taken before a radical change is introduced. With a liberal margin of profit between the cost and the Government store price, the arrangement cannot interfere with legitimate trade, and the expense of maintaining the stores will be inconsiderable.

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

1779/10

7. It may be argued that private traders will be deterred from embarking in the trade, as freely as they otherwise would do, if considerable Government reserves are retained. But the Board consider that Government are bound to guard effectually against a salt famine, and they can suggest no better plan than the retention of a sufficient stock at a fixed price until private trade has been fully established; whilst, to disarm mistrust, it must be positively guaranteed by Government, in the most public manner, that Government salt will not be sold at less than the price fixed, and that no reduction of that price will be made on any account without due notice, say six months, the mode of sale being at the same time publicly advertised. The Board would fix Rupees 2-12-0 per maund as the Government selling price at present; it would leave an ample margin of profit to the private trader, and to fix a higher rate would be an encouragement to traders to run up their prices. The contract rates for the current year are Rupees 2-4-8 per maund for Bombay salt delivered in Canara, and Rupees 2-4-11 for that description of salt delivered in Malabar; making every allowance for loss of interest on duty paid in Bombay, the price named will be sufficiently high. Mr. Webster states that Messrs. Brito Brothers estimate Rupees 2-8-0 as the price at which they can import and sell Bombay salt at Mangalore at a profit, and it is not likely that they have underrated the cost.

8. The Board would keep up the existing number of warehouses at first; but, in the event of its being necessary to replenish the stock, it would be sufficient to provide stores at Mangalore and one or two other places in Canara, and at Tellicherry and Calicut in Malabar, it being advisable, for the sake of economy, facility of supervision, and avoidance of unnecessary alarm to private traders, to reduce the number of Government depôts as far as possible. The south of the Malabar District is protected in some degree from scarcity by East Coast salt which could be introduced from Madras or Negapatam. The calculations given in the Board's Proceedings, dated 27th February 1874, No. 439, show that the cost of carriage by rail from Negapatam to Beypore at the rate of six pies per ton per mile, which the Board believe to be the lowest rate at which salt could be carried by rail at a profit, is six annas and one pie per maund, so that the manufactured salt would cost a trader buying at the monopoly rate at Negapatam, the nearest point of supply, Rupees 2-6-1 at Beypore without allowance for wastage in transit, and could Vedarniem swamp salt be sold at a price below the monopoly rate proportionate to the reduced cost of production, as Government have recently ruled, the cost to the trader would be so much less. The cost of carriage from Madras at the same rate would be seven annas and six pies per maund, and the cost of the salt at Beypore Rupees 2-7-6.

G.O., dated 13th July 1875, No. 1,056, R.D.

9. There is one point which the Board desire to bring prominently to the notice of Government, *viz.*, the unsuitability of the date proposed by the Government of India, 1st April 1876, for the introduction of the new arrangements. Looking to the fact that the present contract rates are but little below the monopoly price and that the cost of importation may increase, there is every reason to expect that merchants will purchase largely from the Government stores before the

introduction of the new system. Such a date must, therefore, be fixed for the withdrawal of Government as will not only enable merchants to arrange for procuring their supplies before that date, but will also leave time for Government to supplement their reserves before the coast is closed by the monsoon, in the event of a run on the stores occurring. To fix a date earlier than 1st April 1876 would not afford merchants the requisite time for preparation, whilst that date would be too late to admit of a replenishment of the Government stores before the setting in of the monsoon. The Board would, therefore, strongly urge that the change of system should be deferred until the 1st January 1877; this will give merchants ample time for laying in their stock after the next south-west monsoon, and the Government stores can also be replenished as usual so as to admit of a supply equal to nine months' consumption being held in reserve on that date.

10. The Board's proposals will necessitate recourse to legislation, as the power conferred on the Local Government by Sections 3 and 4, Madras Salt Act No. XI. of 1875, is apparently limited to the determination of the additional sum required to cover the charges specified in the former section. Further, it does not appear that the Act provides for the cancelment of any notification issued by the Governor-General under Section 2, and the cancelment of such notification, even if possible, would, the Board presume, merely restore the old law. New legislation is, therefore, necessary, and it seems to the Board that it should take the form either of a new short Act, or of a modification of Section 4 enabling the Local Government to fix by notification the price for salt sold from Government stores in Malabar and Canara at such a rate as may be deemed expedient with reference to the circumstances of those districts, and to vary the same from time to time.

11. With reference to the letter from the Collector of South Canara, dated 9th October, the Board conclude that, if the excise system is to be introduced at once, no expenditure on experimental pans is necessary.

12. The Board take this opportunity of pointing out that the sanction for the employment of Dr. Ratton on special duty will expire at the end of the current year, and of requesting that his valuable services may be retained for a further period of two years, as his advice will still be required in connection with manufacture on the East Coast and the impending changes on the West Coast render it desirable that the services of a competent adviser should be available.

(True Copies and Extract.)

(Signed) C. A. GALTON,
Acting Sub-Secretary.

Proceedings of the Madras Government, Revenue Department,
9th December 1875.

1729
11

No. 121. Proceedings of the Board of Revenue, dated 10th November 1875, No. 3,083.

Read the following papers:—

Proceedings of the Madras Government, dated 1st November 1875, No. 1,553, Revenue Department:—

ABSTRACT.—*Introduction of Salt Excise Act into Malabar and Canara.*—Communicating to the Board, with certain instructions, telegram from Government of India sanctioning the — at once.

Proceedings of the Madras Government, dated 1st November 1875, No. 1,554, Revenue Department:—

ABSTRACT.—*Introduction of Salt Excise Act into Malabar and Canara.*—Communicating to the Board letter from Government of India confirming telegram sanctioning the — at once, and awaiting the further report promised as to the date on which the supply of salt by Government through contractors should cease.

THE Board have already in their Proceedings, dated 4th instant, No. 3,033, submitted to Government their views on the question of the introduction of the Salt Excise Act into Malabar and Canara, and have strongly represented the advisability of deferring the discontinuance of ordinary sales by Government until the 1st January 1877. From the papers above read, however, it is evident that the immediate introduction of the Excise Act is contemplated.

2. The introduction of the Excise Act, apart from the separate question of discontinuance of importation by Government, only immediately and directly affects Malabar in that it will render the collection of spontaneous salt and the manufacture in rude pans, the legality of which has been the subject of so much correspondence, henceforth illegal except where manufacture is regularly licensed, and it remains to be seen whether local manufacture under the excise system will spring up in Malabar.

3. The Act will, however, directly affect South Canara, where regular Government manufacture is established, and the Board fear that the result of the immediate extension of the Act to that district will probably be the stoppage of all local manufacture for the ensuing season, as they think it highly improbable that manufacturers will be ready to come forward at such short notice. It is further doubtful whether manufacture under the excise system is compatible with the continuance of sales of imported salt on Government account, and the Board have already earnestly deprecated the hasty withdrawal of Government from the supply before sufficient notice has been given to enable private trade to establish itself.

4. The Collectors of Malabar and Canara have not yet furnished the particulars called for in paragraph 2 of the Board's Proceedings, dated 7th October 1875, No. 2,805, and information from the districts concerned is necessary to enable the Board to frame rules and draft the requisite notifications satisfactorily. The Board venture, therefore, strongly to recommend that the existing system be allowed to continue in force for the ensuing manufacturing season, and that it be

notified at once that the excise system will be introduced at the commencement of the following manufacturing season simultaneously with the withdrawal of Government from importation.

5. If the immediate introduction of the excise system, which, unless the Government stores are kept open for sale at current rates, will be tantamount to an immediate and very serious enhancement of the price, be insisted on, due notice must be given at once, and the early orders of Government on the Board's Proceedings of 4th November 1875 are, therefore, solicited. Meanwhile the Board will take into consideration forthwith the rules which should be issued, and the Collectors of Canara and Malabar will be requested to expedite their replies to the Board's Proceedings of 7th October, No. 2,805.

6. In the event of an immediate change of system, it will be necessary to move the Travancore and Cochin Sirkars to take effectual measures for the prevention of smuggling into British territory.

(A true Extract.)

(Signed) C. A. GALTON,
Acting Sub-Secretary.

No. 122. ORDER THEREON, 9th December 1875, No. 1,779.

Separate Revenue, No. 12.
Salt.

THESE papers will be forwarded to the Government of India, and it will be suggested that in view of the various complications which attend the introduction of the Salt Excise Act into the districts of Malabar and Canara *under the conditions imposed*, the subject might advantageously form one of the topics to be considered by the Salt Commission that is shortly to meet at Madras.

2. It will also be intimated that, if the importation be left free from obstructive rules, the excise-system may be introduced temperately without objection; but that the hindrances to the import trade caused by the compulsory pre-payment of the Salt-duty at Bombay and the limitation of the carrying trade to square-rigged vessels over 300 tons burden will, it is anticipated, seriously interfere with private trade and render the experiment needlessly hazardous.

3. The Government observe that both the Board of Revenue and the Collectors appear to assume that the introduction of the Excise Act would, in ordinary course, stop Government sales irrespective of the Government of India's decision that the Government shall recede altogether from their position as salt-traders; but there is apparently nothing in the Act that precludes the importation and sale of salt, nor that even leads necessarily to the cessation of manufacture on behalf of Government.

4. The case of South Canara is somewhat different from that of Malabar, and, in dealing with this question, it is advisable to keep the districts distinct.

In Malabar there is no Government manufacture, and the immediate effect of the Act would simply be that the existing untaxed private manufacture for domestic consumption would cease to be legal, and would require to be licensed and excised, and this would be of unmixed advantage. It would also be necessary to restrict

the lines of land-route and the sea-ports by wh t might be imported, but to these measures there seems nothing to object.

5. The Board will be asked to state as r Malabar—

(1.) What objection they see to the issu ification that *importation* on behalf of Government will cease on the 30th and,

(2.) Whether they think Government ely be stopped on the same date; and, if so, whether it may not be nec port *then* on Government account to restore stock to a supply for six m esired by the Government of India, bearing in mind that Malabar ca w on Tanjore and Madras by rail. They will also explain in what thought that restricting ports would limit opportunities for smuggli " salt.

6. In Canara Government manufactur , though it is quite possible to exclude the localities where it is carrie operation of the Act, its introduction, unless they are excluded, w natters. If excluded, the result will be the same as in Malabar, ment of India's decision above noticed will, if adhered to, preclu on, and will thus cut off a considerable source of assured supply, and come necessary to provide against the deficiency of a necessary of lif

7. Bearing in mind, therefore, the d veen the effect of the Act itself and the result of carrying out th of India's decision, the Board will report whether they deem it ne Government manufacture in Canara should be discontinued, an what date; whether the same date should be adopted for discon nment Imports in both districts; whether they deliberately adhe osal to discontinue sales and imports from the same date, *viz.*, 1s , as this will leave the Government stock at its lowest point wit replenish it; and, lastly, whether the better arrangement would n tinue sales at an earlier date than imports.

8. The further employment of Dr. l l duty will be disposed of in a separate order.

(True Ex

(Si CARMICHAEL,
Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

No. 3,033.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 4th November 1875.

Read again Board's Proceedings, dated 7th October 1875, No. 2,805.

Read also the following letters :—

From A. McC. WEBSTER, Esq., Collector of South Canara, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Mangalore, 9th October 1875, No. 1,940.

WITH reference to the Proceedings of the Board of Revenue noted in the margin, I have the honor to state that Mr. J. Ball, the Deputy Collector in charge of the Salt Department, has returned to the district after visiting Dr. Ratton's model salt-pans at Ennore, and proposes to make an attempt to improve our existing salt-pans and the quality of the salt during the ensuing season.

Dated 27th February 1874, No. 439, paragraph 4.

2. With this view he wishes to open a small experimental pan on Dr. Ratton's principle in the Kundapur Taluq, so as to be within easy distance of the pan-holders and manufacturers in that taluq, and to work it with the assistance of laborers procured from Madras, those of this coast being in his opinion unsuitable. He thinks that four men will be necessary, and from inquiries he made at Ennore, he considers there will be no difficulty in procuring them on a monthly pay of Rupees 8 with a free passage from and to Madras. He believes that Dr. Ratton, if he is still at Ennore, or the Salt Superintendent of Vallur Division, will render aid in procuring and sending duly qualified men.

3. The cost of working the pans is estimated at Rupees 500, as per particulars contained in the accompanying memorandum, to meet which there is only a sum of Rupees 285, provided in the sanctioned list of salt works (Item No. 83). I trust the Board will be pleased to provide for the excess of Rupees 215, by transfer from savings of other districts.

4. As Mr. Ball proposes to commence the experiment as soon as the first rice-crop is gathered, I have the honor to request that the Board will be pleased to sanction the above outlay, and to kindly arrange for procuring and sending the men *viâ* Beypore, so as to reach here by the end of November. They may be engaged for six months.

ENCLOSURE No. 1.

Memorandum of probable Expenses for opening and working a Model Salt-pan in the District of South Canara.

Particulars.	Amount. RS.	A.	P.
Railway fare of four men from Madras to Beypore at Rupees 6-6-0 each	25	8	0
Boat freight from Beypore to Mangalore about Rupees 2 each = Rupees 8, and from Mangalore to Kundapur at about 1 Rupee each = Rupees 4	12	0	0
Pay of four men for six months at Rupees 8 each per mensem	192	0	0
Boat freight and Railway fare on return to Madras as above	37	8	0
	267	0	0
Local laborers and purchase of tools	233	0	0
Total	500	0	0

MANGALORE,
9th October 1875.

(Signed) A. McC. WEBSTER,
Collector.

From E. GIBSON, Esq., Acting Head Assistant Collector in charge of South Canara, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Mangalore, 19th October 1875, No. 2,009.

IN accordance with the instructions contained in the Order of Government, dated 1st October 1875, No. 1,446, Revenue Department, communicated with the Board's Proceedings, dated 7th October 1875, No. ——, I have the honor to state that owing to the contracts for the current Fasli having been concluded, the earliest date at which it will be convenient for Government to withdraw from the supply of salt will be the 1st April 1876.

2. I enclose a statement showing the amount of salt which may be expected to remain in stock on the 1st January 1876 and the 1st April 1876, respectively. The calculation of the balance is based upon the average sales of the last five years, and exhibits a stock in hand on the latter date equal to the total sales of Fasli 1284. The order of the Government of India directs that a supply equal to six months' consumption be reserved. I have made inquiries regarding the price which will be charged by the merchants, and am satisfied that they will exceed considerably the price now paid to Government. As soon, therefore, as the intended introduction of the Excise Act is officially notified, there will doubtless be a large demand for salt from the Government stores. As this demand will come chiefly from the merchants residing above the ghauts, it is impossible to estimate it with any approach to accuracy,—a good deal will doubtless depend upon the out-turn of the standing crop of coffee. Assuming, therefore, that the new régime will be introduced on the 1st April next, I am disposed to think that the stock which will actually remain in store on that date will be no larger than will be required to meet any emergency which may arise. Our existing Kotaurs are sufficiently numerous and capacious to contain more than double the quantity of salt which is likely to remain on hand.

3. I must postpone for a while my report upon the various details of this subject which have been suggested by the Board; it will be sufficient for the present to observe with reference to the last two paragraphs of the order of Government that hitherto there has been but little private trade in salt in this district, Goa salt in small quantities having alone been imported by the merchants; that as regards the future, the introduction of the excise system will probably result in the establishment, for some short time to come, of a private monopoly, and that when competition shall have done its utmost, the price of salt in Canara will still be considerably higher than that now charged by Government.

ENCLOSURE No. 1.

Statement showing the Amount of Salt which may be expected to remain in Stock on the 1st January and 1st April 1876.

		IND. MDS.
Actual stock of salt on the 30th September 1875		274,582
Add—Probable receipts in October, November and December 1875—		
Bombay Salt	48,000	
Goa Salt	18,000	
		66,000
Total		340,582
Deduct—Probable sales in October, November and December 1875 (calculated on the average sales of the last five years)		69,105
Balance expected to remain on 1st January 1876		271,477
Add—Probable receipts in January, February and March 1876—		
Bombay Salt	72,000	
Goa Salt	27,000	
		99,000
Total		370,477
Deduct—Probable sales in January, February and March 1876, (calculated on the average sales of the last five years)		110,996
Balance expected to remain on 1st April 1876		259,481

MANGALORE,
19th October 1875.

(Signed) E. GIBSON,
Acting Head Assistant Collector in charge.

From W. LOGAN, Esq., Acting Collector of Malabar, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Calicut, 20th October 1875, No. 318.

I HAVE the honor, with reference to Board's Proceedings, No. 2,805, dated 7th instant, to furnish the information desired by Government.

2. The contracts for the supply of this year's salt (Board's Proceedings, No. 2,372, dated 23rd August last) will expire on 30th April next, and from that date importation on Government account might be stopped so far as existing contracts are concerned.

3. As regards the next point, I submit a statement prepared [illegible] Customs and Salt Deputy Collector, showing stocks that might be expected to be

on hand on 1st January and 1st April next. In preparing this statement, however, it has been assumed that the whole of the quantity contracted for this year will be supplied before 31st March. As the contractors have, till the end of April, to fulfil their contracts, it is probable that the quantity in store on 1st April will not be quite so large as shown. The stock in hand on that date, if so large as shown in the statement, will suffice for ten months' consumption.

4. And, again, as merchants have already begun to import salt on private account, the sales may not be so large as calculated, and it is quite possible that the stocks in hand on those dates may be considerably over what is shown in the statement, the calculation having been made on the assumption that the sales will be on the average as large as those of the preceding three years.

5. The statement is here given:—

Names of Salt Gollahs.	Balance on hand on the 1st October 1875.	Quantity expected up to 31st December 1875 out of the quantity contracted for.	Total of Columns 2 & 3.	Expenditure from October up to 31st December 1875.	Balance on the 1st January 1876.	Quantity expected to be supplied from January to April 1876.	Total of Columns 6 & 7.	Expenditure from January to 31st March 1876.	Balance on the 1st April 1876.
1	2	3	4	5	6	7	8	9	10
Cannanore Gollah...	402	.....	402	128	274	400	674	272	402
Tellicherry do.	408	200	608	163	445	400	845	378	467
Calicut do.	686	100	786	264	522	450	972	378	594
Beypore do.	954	150	1,104	209	895	650	1,545	410	1,135
Ponany do.	602	250	852	411	441	750	1,191	428	763
Chowghaut do.	46	.....	46	16	30	50	80	10	70
Cochin do.	74	.....	74	11	63	20	83	16	67
Total...	3,172	700	3,872	1,202	2,670	2,720	5,390	1,892	3,498

Names of Salt Gollahs.	Number of rooms.	Quantity of Salt for which the Gollah affords room.
		GARCE.
Cannanore Gollah ...	22	440
Tellicherry do. ...	8	600
Calicut do. ...	13	1,000
Beypore do. ...	34	930
Ponany do. ...	30	835
Chowghaut do. ...	2	60
Cochin do. ...	9	100
Total...	...	3,965

6. From the marginal statement it will be seen that there is ample storage room for the quantity of salt that will be on hand on either of the dates, assuming that the statement is approximately correct.

7. Some salt (36 garces) from foreign* ports has already been imported this season, and I understand that some native merchants are going to import a trial ship-load of Bombay salt. It also appears that East Coast salt now finds its way by rail as far as Palghaut, and I hear that merchants are petitioning the Railway Company for a reduction of freights to stations even to the west of Palghaut. No European firms, so far as I am aware, have as yet started, but it is possible, I understand, that one of them may try a consignment of Tuticorin salt. We have had great difficulty in getting rid of the stock of that (Tuticorin) salt which was imported on Government account last year, and I do not anticipate that the district will be supplied to any extent from that quarter unless salt of a less deliquescent description is manufactured.

8. There is no doubt that at present it will pay best to import salt from foreign ports, because duty has not to be paid on what is lost by wastage or accident *or on what can be smuggled.* The facilities for smuggling salt from vessels carrying no reliable clearance documents are very great; it is so easy to drop anchor for the night at some rendezvous and sell duty-free salt to boats coming off from shore under pretence of fishing. Even if by notification under Section 14 of the Excise Act, importation of foreign salt be permitted only at, say, Calicut and Tellicherry, the large profits to be made by smuggling it *en route* to those ports will always enable merchants importing it to under-sell others. I would not be at all surprised if it became necessary very shortly to forbid importation of foreign salt altogether. As stated above, it is the only salt that has as yet been imported on private account into this district, and this, too, although it is of inferior quality.

9. The working season has already fairly set in, and if it is in contemplation to stop the sales of salt on account of Government from 1st April next, a notification to that effect should be issued *very shortly* so that merchants might make their arrangements in time. I do not anticipate any very large operations in salt on private account until the trade now springing up settles, and until we can set free the present salt stores as bonded ware-houses for salt.

10. The report called for in paragraph 2 of the Proceedings above quoted will be sent shortly.

Memorandum from A. McC. WEBSTER, Esq., Collector of South Canara, on leave, dated Bombay, 20th October 1875.

THE reasons which have led the Government of India to abolish the existing monopoly system in Canara are—

(1.) That it is necessary to suppress the manufacture of tax-free salt for domestic use.

(2.) That the district cannot supply enough home-made salt for its consumption, and must therefore continue to import.

(3.) That the system of an excise duty on manufactured and imported salt is better, and will give cheaper salt than a modified monopoly under which the merchants are not tempted to import.

2. With reference to the first reason. The necessity of suppressing the tax-free manufacture having been finally decided, it can, as pointed out by the Government of India, be effected either by the repeal of Regulation II. of 1807, or by the introduction of the Excise Act. If the present legal manufacture of salt for domestic use were the only objection to the existing system, the former course would attain the end without causing any disturbance of the monopoly system. The latter plan necessitates an entire change in the manner of taxing salt, and is foreign to the habits of the people, and the custom of the coun-

* Dwarka in the Gaekwar's territory, and Damaun in Portuguese territory.

3. Other reasons, however, have led the Government of India to direct a complete change in the system, but I trust I may be allowed to remark that, however strong these reasons may be in the case of Malabar, they do not, as I hope hereafter to show, seem to have equal force in regard to Canara.

4. In connection with the second reason. The Government of India in paragraph 6 of their letter state that if it could be shown that the local manufacture in either Canara or Malabar could be so extended as to meet the entire local demand, it might be a question whether the Government monopoly system should not be adopted in its entirety in the two districts.

5. Dr. Ratton's report has only recently been published, and was not probably before the Government of India at the time their letter was written. In that report he shows that Canara can make enough salt for its consumption, and that this result can be attained by opening new pans at only two places, *viz.*, at Barcoor and Panamboor (near Mangalore.)

6. It was in contemplation to give these two large and promising sites to individuals who would work them systematically as a whole. Messrs. Brito Brothers had even gone so far as to make arrangements to take some salt manufacturing laborers from Bombay to inspect the site at Panamboor, and they were then going to submit to me their proposals as to the terms on which the land should be made over to them. Messrs. Cammiade & Co. of Madras would have been offered the Barcoor site on the same terms, and I had reason to expect that a satisfactory arrangement would have been made. These two sites, with a small extension of manufacture in Cundapur, would certainly have sufficed for the local consumption; but the arrangements for this object will now have to be suspended.

7. The practice in Canara, with reference to the home-manufactured salt, has been to purchase it from the manufacturers in the Cundapur Taluq, and to distribute it for sale among the salt kotaurs in other parts of the district. The manufacturers had therefore a certain market for their produce. Under the excise system they will have to trust to the local demand in the Cundapur Taluq, and I anticipate that as the demand is not equal to the supply, the manufacture will decrease to a very considerable extent.

8. Similarly I doubt very much whether I shall be able to get persons to take up the two sites selected by Dr. Ratton, as the result will be very uncertain as far as a profitable market is concerned. The sites are not accessible by road from the existing lines leading from the ghauts to the coast and although the manufacturer at Panamboor might be able to arrange to bring his salt down to Mangalore by boat and sell most of it there, the person who takes the Barcoor site would certainly not find a market for half his produce. Under the monopoly system Government would have purchased all the salt, and would have distributed it through the district. Even at Panamboor Messrs. Brito Brothers inform me that they will not undertake the manufacture under the excise system, and if this enterprising Firm fear to embark in the manufacture, others are not likely to come forward.

9. As regards the supply of salt to the southern portion of the district. We now have salt kotaurs at Munjeshwar, Cassergode, and Nileshwar. There used formerly to be pans in this part of the district which produced enough salt for the local consumption. These pans were, however, closed, and it will not be practicable to re-open them under the excise system, as they are scattered and prevention of smuggling would be impossible. The supply of this part of the district will, therefore, have to be left to private enterprise, and it will have to draw its salt from a distance, and at an enhanced price, and the people will be in the same position as the inhabitants of the central districts of the Presidency where salt was never manufactured.

10. My own impression is that on the introduction of the excise system, local manufacture will, if it does not entirely cease, be very considerably reduced even from its present extent, and that the district will have to import almost the whole of its salt by sea. It is, I venture to think, to be regretted that just as the prospect of the extension of the local manufacture seemed likely to be realized the manufacture should be stopped, the people obliged to get salt from other places at probably enhanced prices, and that an element of uncertainty as to the stock kept in the district should be introduced.

11. The Government of India have admitted that the case of Canara and Malabar is different from that of inland districts which have never produced salt, and I respectfully think therefore that they should be tenderly treated, and that the people should be ensured a certain supply of salt at the lowest possible price over the monopoly rate. As far as I can see, the effect of the introduction of an excise will be to put them on the same footing as those inland districts whose case is admitted to be different.

12. I have formerly (in 1871 I think) expressed an opinion that the supply of salt if left entirely to private enterprise may run short. Canara is virtually shut off from its neighbouring districts for five months in the year; and if such a contingency did occur, it would be impossible either for Government or for the merchants to provide a remedy. Malabar differs in this respect from Canara. Railborne salt can always be thrown into that district, and can be distributed by its coast canal with comparative ease; but it would not be possible to carry this salt on to Canara in the height of the south-west monsoon. There is therefore a danger of a salt famine occurring under the excise system, which it would not be possible to remedy, and the result of such a catastrophe might be a riot. I do not say a famine will occur, and I sincerely trust such a calamity will never happen, but still there is a possibility of it, and such a contingency should therefore be guarded against. Under the excise system, the officers of Government will not have the means of knowing the stock of salt in the district. Merchants may give up the trade without our knowing anything about it until too late, and the supply may run short. Under the monopoly system a salt famine can never occur, as a sufficient stock of salt for at least one year's consumption would be kept in the district.

13. I have said that the introduction of the excise system will have the effect of stopping the local manufacture. It will also, I think, have the effect of closing the Bombay market as far as this district is concerned, for the people will naturally buy the cheaper Goa salt, the importation of which under the new system will be very greatly increased. The ghaut traders may still perhaps buy

the Bombay salt at enhanced prices, but the people of the district certainly will not; and I think it very probable that the ghaut traders will also take the Goa salt. The advantage to them of the Bombay salt is that it is light in comparison to its quantity; and as they buy from Government by weight and sell by measurement they make more profit out of it. It also stands carriage better; but with all these advantages I expect it will be given up, for its price under the excise system will be greatly enhanced, as the merchants will have to pay the full excise duty at Bombay, and must recover the interest of their money, an item that Government does not take into consideration, as under the credit system the transactions are effected by a transfer in the accounts. Moreover, under the excise system the ghaut traders will have to buy from the importers by measurement, and will therefore lose the advantage they now get by buying by weight.

14. Mr. Pritchard, the Collector of salt revenue in Bombay, with whom I have conferred, is strongly adverse to the importation of Goa salt being allowed, as he is of opinion that it facilitates smuggling. I think, however, that if we are to change the present system we must in justice to the people allow them to get their salt in the cheapest market. We ought not to say to them "We will not continue to sell you salt at a fixed price. You must import it for yourselves, and you must not go to the cheap market of Goa, but must buy our more highly-priced Bombay or North Canara salt."

15. It is true that the importation of Goa salt does, with our existing Preventive establishment, offer facilities for smuggling; and I had to obtain a temporary additional establishment for the port of Hangarkutta where such salt is largely imported. There is no doubt that illicit salt is extensively sold in that part of the district; but a portion of it only is the produce of the Goa pans; by far the largest quantity is salt manufactured in the district under the exemption supposed to be conferred by Regulation II. of 1807. Once this home manufacture is suppressed by the repeal of the Regulation, I do not see why a moderate Preventive establishment should not suffice to repress the smuggling of Goa salt. To this question, however, I shall allude hereafter.

16. Mr. Pritchard has also informed me that he is very much in favor of the monopoly system, and would like to see it introduced into North Canara at once. There is no doubt, I think, that the prevention of smuggling is much more easy under this system than under an excise; as although under even the modified monopoly system now existing, private persons may keep stores of imported salt, such cases will be comparatively few, and the bulk of the stock in the district will be in the hands of Government; while under the excise all the stock must necessarily be in the hands of merchants, and smuggled salt may be added to duty-paid salt without so much risk of detection.

17. I venture to think for the foregoing reasons that it would be very advisable to continue the modified monopoly system in Canara until the result of the increased manufacture recommended by Dr. Ratton is known. If it is then found that we can make enough salt for the district consumption at a price below that for which Goa salt can be imported, the monopoly system should be continued; otherwise we might then abandon it in favor of the excise, leaving the people free to purchase home-manufactured salt, or to import it. Another advantage of postponing the change would be, that if it were eventually decided to introduce the excise system, we should have more working pans in the district than we have now; and home manufacture might perhaps be continued under the new system. At all events, a trial would be made which would not probably be undertaken if the excise system were introduced at once.

18. The question of the price to be charged is one which will require careful consideration if we are to continue the present modified monopoly system, *i. e.*, to allow private importation as well. If the Government selling price is not carefully fixed, we shall find ourselves under-sold by imported salt. In fixing the price we should not, I think, charge for the cost of establishment or roads, though perhaps we might charge for the up-keep of kotaurs, as the two former items would under the excise system still have to be borne by Government, even if under that system the establishment would not require to be increased. All we should charge for is the excise duty of Rupees 1-13-0 per Indian maund *plus* the cost of the salt, its carriage to and storing in depôts, and perhaps the up-keep of the depôts. Calculated thus, the price now fixed for Goa salt (Rupees 2-5-0 per Indian maund) is too high, and we are, and shall certainly continue to be, under-sold by imported salt. The contract price for that salt laid down in our kotaurs this year is, I think, Rupees 28 per garce, or 3 Annas 8 Pies per Indian maund. If to this be added the excise duty of Rupees 1 13-0 per Indian maund, the price for which we could sell it would be Rupees 2-0-8 per Indian maund. We are thus selling our Goa salt at least 4 Annas per Indian maund more than the price for which it can be imported and sold by the merchants at a profit. Even our home-made salt, which is now sold at Rupees 2-2-0 per Indian maund, can also be under-sold by imported Goa salt.

19. With reference to the third reason alluded to in paragraph 1 of this memorandum.

The views of the Government of India are contained in paragraphs 10 and 11 of their letter. They observe that "the extension of manufacture on the monopoly system would be incompatible with any attempt to promote private trade, for it would be as impossible for the merchants, as it has been for the Government, to import and sell without loss *at the monopoly price*, and the existence of Government manufacture and sale *at that price*, though *conducted on a scale insufficient to supply the entire consumption* of the district, would probably deter merchants from embarking in the trade."

20. It will be perceived that the Government of India assume (1) that Government by selling at the monopoly price will under-sell the merchants; and (2) that the district manufacture will be insufficient for the local consumption.

21. With reference to the first point, I beg to observe that the selling-price of Bombay, Goa, and home-manufactured salt has been raised, and that the article is now sold by Government in the district at from 2 Annas to 5 Annas per Indian maund above the monopoly price prevailing in the rest of the Presidency. Even when the monopoly price of Rupees 2 per Indian maund was in existence, Goa salt was imported on private account; recently, and since the raising of the

Government selling price, the importation has increased and will continue to increase as long as the Rupees 2 5-0 rate for Goa salt is maintained. Bombay salt will probably not be imported, for, as above observed, the merchants will not be able to sell at the present Government rate if they have to pay the excise duty in Bombay. If credit is allowed they may be able to do so, as the selling price now fixed by Government for that salt is exactly the excise duty *plus* the cost paid this year to the contractors who, of course, make their profit on the transaction.

22. I doubt very much, however, whether a general system of credit at Bombay satisfactory to the merchants will be practicable. If introduced it would, I think, be availed of by only a few individuals who would be willing to forego their usual interest by depositing Government paper as security. This would tend to raise the price of Bombay salt. I therefore assume that no Bombay salt will, supposing the modified monopoly system to continue, be imported; or if imported, it will almost to a certainty be under-sold by Government at their present rate.

23. If the modified monopoly system is to continue, we should concentrate our energies on the home manufacture. Until we extend this, the importation of Goa salt on private account will continue; but if when the district manufacture is extended, we find ourselves able to approximate the Government selling price to the monopoly price prevailing elsewhere—and I do not see why we should not—the importation of Goa salt will be checked, and though it may still continue in a lesser degree, it will then depend more on the opportunities of freight from Goa in vessels employed in the rice trade with South Canara, than as now on the great difference between the Government selling price, and the price at which it pays the merchants to import and sell.

24. Regarding the second point adverted to by the Government of India, I beg to refer to paragraph 5 of this memorandum as to the capability of this district of producing enough salt for its consumption. For the present, and until the home manufacture is extended, we must continue to import Bombay salt; but as soon as we can make enough salt for our local requirements, we should abandon the importation, and leave that trade entirely to private enterprise. The ghaut traders may be willing to pay such a price as will compensate the merchants, and if they do, a trade will spring up, otherwise they will come to our depôts for home-made salt; but whether they do or do not, as soon as our home supply is assured, we should entirely relinquish the traffic in Bombay salt.

25. When we find that we can manufacture enough salt for local consumption at or near the monopoly price prevailing elsewhere, it will then be advisable to stop the Goa salt trade altogether, and only to allow sea-borne salt to be imported when covered by a pass from an officer of the British Government. There will then be no hardship to the people in restricting the trade, as there would be if the importation was now suppressed.

26. If the Government of India decide to allow the modified monopoly system a further trial until the result of the increased manufacture is known, I would propose that five years' time should be given; and if at its expiration it is found that the regular monopoly will not succeed, the excise system should be introduced. I have fixed on this period, as it will be necessary to give the persons who may take up the proposed pans, a certainty of a market for their produce for some years, in order to compensate them for the heavy expenditure they will have to incur in order to start the manufacture. Definite recommendations as to the terms on which the sites should be given to the manufacturers can be submitted hereafter if further trial is allowed.

27. As, however, the Government may not think it necessary to ask the Government of India to postpone the introduction of the excise, I beg to submit a few remarks with reference to the points adverted to in the Government Order, and the Board's Proceedings thereon.

28. With reference to the query in paragraph 4 of the Government Order, I have stated above that a private trade in Goa salt has sprung up and is increasing. No Bombay salt has, as far as I am aware, been imported on private account. Messrs. Brito Brothers, our present contractors, two of the members of which Firm are now in Bombay, inform me that they will try the experiment of importing Bombay salt on their own account. They do not, however, expect to be able to sell it with a profit below Rupees 2-8-0 per Indian maund. At that rate I feel certain that the imported Goa and home-made salt will successfully compete with it; for the ghaut traders, irrespective of the increased price they will have to pay, will also, as stated above, lose the advantage of buying the salt by weight. Messrs. Brito Brothers are, however, willing to try the experiment.

29. As to the probable course of trade under the new arrangement, Messrs. Brito Brothers are of opinion, in which I concur, that the only port in the district into which Bombay salt will be imported at all is Mangalore, and that in the other ports of the district Goa salt will be imported. They also expect that a considerable quantity of Goa salt will be brought to Mangalore for the local consumption.

30. With reference to the orders contained in paragraph 2 of the Board's Proceedings, I beg to state my opinion that, with a view to lower the price of salt to be paid by the people as much as possible, its importation should be allowed in all the ports of the district; and bonding warehouses should be established at the sea-ports entered in the margin. These bonding warehouses should be in charge of the present Salt Superintendents and their establishments at these places. The Sea Customs establishments at the ports where there will be no bonding warehouses will be insufficient for the increased work which will be thrown on them by the extended importation; and an additional clerk would, I think, be required at some of these ports.

Cassergode.	Malpe.
Munjeshwar.	Hangarkutta.
Mangalore.	Gungodes.
Moolky.	(Cundapur.)

At the bonding warehouse ports it should be the duty of the Salt Superintendent to have the salt stored in bond, and from that time he should be responsible for the salt or for its duty. He will however, as regards manifests, &c., have to work in connection with the Sea Customs Superintendent.

31. The labor involved in collecting the excise duty will be the same as in collecting the monopoly tax, as the salt will have to be weighed when stored in the bonding warehouses, and again weighed when sold, so that the excise system will certainly not enable us to reduce the present establishment. Our Preventive Customs establishment, which is at present almost *nil*, will also have to be increased in order to guard against smuggling. A much closer look-out will have to be kept on the sea-board, and for this purpose it will probably be necessary to have some fast-sailing boats of the revenue cutter class to be constantly cruising off the coast to prevent the ruining of salt from the fishing boats which frequent the coast at certain seasons of the year. These boats come from Rutnagherry in the Bombay Presidency, take in salt at Goa ostensibly for curing fish, and have at present ample opportunity for landing it.

32. I enclose two statements kindly furnished me by Mr. Pritchard. The first shows the number of coast-guard vessels and the strength of the establishment kept up to guard a sea-board of about 550 miles. It gives about one boat to every 30 miles, so that for South Canara we should, at the same rate, require about four boats with Preventive Inspectors in charge. The other statement shows the number of Preventive officers and other establishment for both Customs and salt in North Canara, whose sea-board is little more than half the length of ours. I am not able to compare it with our South Canara establishment, but I am sure the latter is not nearly so large, even after the Salt Police establishment is taken into account. I am also informed that the present Bombay establishment is considered insufficient for the effectual repression of smuggling.

33. Regarding the stations to be licensed, it will only be necessary to license at present the existing manufacturing stations in the Cundapur Taluq, as I do not expect that any other new pans will be opened elsewhere.

34. The only importation by land which is likely to take place would be from North Canara, and I think it would be better to prohibit such importation altogether, as I have shown in my letter of 1871 that smuggling does take place in North Canara, and as the frontier would be difficult to guard, the chowkies also would probably become, situated as they would be away from all supervision, nests of corruption. If the people want North Canara salt they can easily bring it by sea to Byndur, our northernmost sea-port.

35. With reference to the concluding portion of paragraph 2 of the Board's Proceedings, I beg to state that, although from the letter of the Government of India it seems to be assumed that there is very little tax-free manufacture of salt in South Canara, there is in reality a very great extent in the Udipi Taluq and in the southernmost part of the Cassergode Taluq bordering on the Cavoy river. I do not, however, anticipate any difficulty in suppressing the manufacture if a Preventive establishment is entertained. At present, no attempt is made to put a stop to it, but as the Potails are equally interested with the villagers in the manufacture, even if they are not the principal manufacturers themselves, it will not be effectually suppressed without a separate establishment and a system of rewards to informers.

1779/19

No. 1.—*Statement showing the strength and pay of the Coast Guard Establishment employed under the Salt Department.*

Officers.	Monthly pay.	Crew.						Total amount cost.
		Tindal, 12 monthly.		Lascars.				
				12 monthly.		8 monthly.		
		No.	Pay.	No.	Pay.	No.	Pay.	
Northern Division.	Rs.		Rs.		Rs.		Rs.	
1 Senior Inspector ...	250	1	15	2	20	8	80	
1 Do.	175	1	15	2	20	8	80	
1 Junior Inspector ...	125	1	13	1	10	5	50	
1 Do.	100	1	13	1	10	5	50	
1 Do.	75	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
Total per month ...	845	...	95	...	90	...	410	
Add for remaining months	9,295	...	1,045	...	990	...	2,870	
Total per annum...	10,140	...	1,140	...	1,080	...	3,280	15,640
Southern Division.				Steam launch.				
1 Superintendent ...	500							
1 Senior Inspector ...	200	1	15	2	20	8	80	
1 Do.	200	1	15	2	20	8	80	
1 Do.	175	1	15	2	20	8	80	
1 Do.	150	1	15	2	20	8	80	
1 Do.	150	1	15	2	20	8	80	
1 Do.	150	1	15	2	20	8	80	
1 Do.	100	1	13	1	10	5	50	
1 Junior Inspector ...	75	1	13	1	10	5	50	
1 Do.	75	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
1 Do.	60	1	13	1	10	5	50	
Total per month ...	1,745	...	140	...	150	...	650	
Add for remaining months	19,195	...	1,540	...	1,650	...	4,550	
Total per annum...	20,940	...	1,680	...	1,800	...	5,200	29,620
Grand Total...	.....	...	.....	...	.....	...	.....	45,260

No. 2.—*Statement showing strength of Establishment in Karwar, Ankola, and Honore Talukas.*

Designation.	Rate of Salary.	Number of incumbents.	Total amount of charges.
	RS. A. P.		RS. A. P.
TALUKA KARWAR.			
Customs.			
Manager	40 0 0	1	40 0 0
Karkun	25 0 0	1	25 0 0
Do.	20 0 0	1	20 0 0
Do.	15 0 0	3	45 0 0
Do.	12 0 0	1	12 0 0
Do. + eight monthly	10 0 0	1	10 0 0
Do.	3 14 4	1	3 14 4
Lascars	7 0 0	4	28 0 0
Tindal	9 0 0	1	9 0 0
Peons	6 8 0	16	104 0 0
Do. + eight monthly	4 5 4	2	8 10 8
Boat-hire	7 8 0	...	7 8 0
Salt.			
Sazedar	20 0 0	1	20 0 0
Madatnis	12 0 0	1	12 0 0
Jamadar	10 0 0	1	10 0 0
Peons	6 8 0	6	39 0 0
Do. + five monthly	7 0 0	10	70 0 0
TALUKA ANKOLA.			
Customs.			
Sarkarkun	125 0 0	1	125 0 0
Avalkarkun	35 0 0	1	35 0 0
Karkun	25 0 0	1	25 0 0
Do. + one English Clerk and one Marathi	20 0 0	*2	40 0 0
Do.	15 0 0	4	60 0 0
Havildar	8 8 0	1	8 8 0
Peons	6 8 0	22	143 0 0
Farash	5 8 0	1	5 8 0
Salt.			
Sazedar	40 0 0	1	40 0 0
Karkun	20 0 0	1	20 0 0
Madatnis	15 0 0	2	30 0 0
Do.	12 0 0	1	12 0 0
Jamadars	10 0 0	2	20 0 0
Peons	6 8 0	11	71 8 0
Khalasis	7 0 0	2	14 0 0
Peons, + five monthly	7 0 0	40	*280 0 0
TALUKA HONORE.			
Customs.			
Sarkarkun	125 0 0	1	125 0 0
Head Karkun	45 0 0	1	45 0 0
Avalkarkun	35 0 0	1	35 0 0
Karkun	25 0 0	4	100 0 0
Do.	20 0 0	2	40 0 0
Do.	15 0 0	5	75 0 0
Do.	12 0 0	2	24 0 0
Havildar	8 8 0	1	8 8 0
Naigue	7 8 0	2	15 0 0
Peons	6 8 0	24	156 0 0
Farash	5 8 0	1	5 8 0
Lascars	7 0 0	4	28 0 0
Tindal	9 0 0	1	9 0 0
Boat-hire	7 0 0	...	7 0 0

Statement showing strength of Establishment, &c.

Designation.	Rate of Salary.	Number of incumbents.	Total amount of charges.
Salt.	RS. A. P.		RS. A. P.
Sazedar	30 0 0	1	30 0 0
Do.	25 0 0	1	25 0 0
Do.	20 0 0	3	60 0 0
Do.	15 0 0	2	30 0 0
Madatnis	12 0 0	3	36 0 0
Do.	10 0 0	5	50 0 0
Jamadar	6 8 0	25	162 8 0
Peons	7 0 0	63	*441 0 0
Peons, + five monthly			

Statement showing the Establishment for the Port of Karwar.

		RS.	
	Port Officer	450	per mensem.
	House-rent to do.	50	do.
	Clerk	40	do.
	Three Peons, at Rupees 7, 8 and 9	24	do.
	Allowance to European Constable	25	do.
	Syran	52	do.
	Tindal	27	do.
	Eight Lascars at 20 Rupees each	160	do.
	Four do. at 18 Rupees each	72	do.
Eight monthly.	Tindal of Cargo-boat at Rupees 18	18	do.
	Four Lascars at Rupees 12 each	48	do.
	Light House.		
	Light-keeper	180	do.
	Provisions for do.	25	do.
	Tindal	20	do.
	Two Lascars at Rupees 15 each	30	do.
	Two do. at Rupees 13 each	26	do.
	Sweeper	8	do.
	Provisions for Tindal, four Lascars, and Sweeper at Rupees 10 each	60	do.
	Total...	1,315	do.

No Police guards are employed at our Treasuries in Canara. The Customs establishments assist the Salt establishments in the general performance of preventive and other duties, such as patrolling the sea coast, &c.

N. B.—The above establishments are about to be reorganized.

(Signed) C. B. PRITCHARD,
Collector.

From W. LOGAN, Esq., Acting Collector of Malabar, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Calicut, 22nd October 1875, No. 324.

I HAVE the honor to inform you that the enhancement in the monopoly price of salt has induced merchants to import salt from foreign ports on their own

account, but as vessels arriving from such ports seldom or never carry with them any reliable document to show the quantity of cargo on board, there are great facilities for smuggling, especially at the minor ports of the district where the Sea Customs establishment is numerically insufficient to guard vessels laden with salt and for other duties connected therewith. To obviate this, I beg to recommend that as soon as the Salt Excise Act is introduced, Government may be requested to notify in accordance with Section 14 thereof, that the landing of foreign salt shall be restricted in this district to the ports of Tellicherry and Calicut.

2. The Board will observe on a reference to their Proceedings, dated 6th March 1872, No. 421, that Mr. MacGregor made a similar proposal at that time.

THE Government of India having resolved upon the introduction of the Salt Excise Act, VI. of 1871, into Malabar and South Canara at the earliest possible date, the Government, in their Order of the 1st October 1875, No. 1,446, called for information on the following points :—

1*st*.—The earliest date at which existing contracts will admit of the stoppage of importation on Government account.

2*ndly*.—The stock that may be expected to be on hand on the 1st January and 1st April next respectively, and the means of storage available for that quantity.

3*rdly*.—Whether under the existing rates any private trade in salt has yet been undertaken or is in contemplation.

4*thly*.—The views entertained by the firms chiefly interested in salt as to the probable course of trade under the new system.

The second and third papers read above are the replies of the officers in charge of the two districts concerned, and the fourth is a memorandum by Mr. Webster, who was on the point of leaving the district when intimation of the proposed change reached him and who has furnished a valuable note on the subject from Bombay. The Board concur generally in Mr. Webster's views, and would prefer that the present system should be allowed to continue, as the result of the withdrawal of Government from the supply will certainly either be a considerable enhancement of the cost to the people of this necessary of life, or that they will be driven to content themselves with the inferior and cheaper Goa salt. As, however, the orders of the Government of India appear to be peremptory, the Board proceed to notice the several points adverted to by Government.

2. As regards the first point, the contracts for the supply of salt for the current year having been concluded, importation on Government account may be discontinued as soon as the contracts have been fulfilled, *viz.*, 1st April in Canara, 30th April in Malabar.

Statements have been prepared showing the stock of salt which may be expected to be on hand on the dates named by Government. With reference to the average sales of the last five years, Mr. Gibson estimates the stock on the 1st January 1876 at 271,477 maunds, and on 1st April 1876 at 259,481 maunds.

The average sales for home and inland consumption for the last five years have amounted to 277,200 maunds, so that the stock would ordinarily suffice for a year; but, looking to the probability of an increased demand in

† does such exist ?
Jon. Webster (para 2)
Says "importation has increased from time to time lately"

1279
21

consequence of the impending change, Mr. Gibson doubts whether the sales of past years can be accepted as a safe guide, and considers that the quantity in store is not likely to be in excess of requirements. There is ample storage room.

Mr. Logan's estimate of the stock, based on a consideration of the sales for the past three years, is 2,670 garce, or 320,400 maunds, on 1st January 1876, and 3,498 garce, or 419,760 maunds, on 1st April 1876, sufficient for ten months' consumption. The average sales for the past five years have amounted to 560,728 maunds, so that the quantity specified is equal to about nine months' consumption, taking the longer period as the basis of the calculation. There is storage room for 3,965 garce; more than is likely to be in store on either of the dates named.

3. As regards the existence or probability of private trade, Mr. Gibson reports that there has hitherto been but little importation on private account, and that it has been confined to Goa salt. Mr. Webster states that Messrs. Brito Brothers, the present contractors for the supply of Canara, intend trying a shipment of Bombay salt on their own account, but that they do not expect to be able to sell it with a profit under Rupees 2-8-0 per maund, *i.e.*, three annas in excess of the present monopoly price for imported salt. A private trade in Goa salt has sprung up and is increasing, the cost of importing that description of salt being much less. The probable course of trade under the new arrangement will be that the importation of Bombay salt will be confined to the port of Mangalore, and that at other ports in the district, as well as at Mangalore, Goa salt will be imported. In fact Mr. Webster seems to think that the introduction of the excise system will have the effect of closing the Bombay market as far as Canara is concerned, as the people will naturally buy the inferior but cheaper Goa salt: he adds that the price of Bombay salt may possibly be prohibitory in the case of the ghaut traders also, as the price of the latter will be greatly enhanced and moreover the ghaut traders will lose the advantage they now possess of buying by weight and selling by measure. The cause of this anticipated increase of price is stated to be that the merchants will have to pay the full excise duty at Bombay and must recover the interest of their money, but there does not appear to be any reason why the credit system should not be allowed to continue, payment of duty being allowed either on importation or on the salt being passed out of the bonded warehouses with a reasonable allowance for wastage. As this item will materially affect the cost of importation, and consequently the retail price, it is very desirable that some such arrangement for relieving merchants from the prepayment of duty long before the salt can be brought into consumption should be sanctioned.

Mr. Webster considers that importation may be allowed at all the ports in the district, bonding warehouses being established at certain specified sea-ports, but he would prohibit importation by land as the frontier is difficult to guard and North Canara salt can easily be brought by sea to Byndur.

4. Mr. Logan states that the importation of salt on private account has as yet been confined to small consignments from foreign ports to native merchants,

and that European firms have not, as far as he is aware, embarked in the enterprise. He thinks it possible that East Coast salt, which now finds its way by rail as far as Palghaut, may be carried further westwards, but does not anticipate supply from Tinnevelly to any extent. He further points out that the importation of salt from *foreign* ports is likely to be more remunerative owing to the facilities afforded for smuggling along the coast from vessels carrying no reliable clearance documents, and, in his letter of the 22nd October, suggests that importation of salt from foreign ports should, on the introduction of the excise system, be restricted to the ports of Tellicherry and Calicut. A similar proposal was made by Mr. MacGregor in 1872, and the Board concur in thinking that some such restriction will be necessary, but they would not go the length of prohibiting the importation of foreign salt altogether, a measure which they consider would be oppressive and wrong. The proper remedy is the entertainment of a stronger preventive establishment. The remarks of Mr. Webster and Mr. Logan regarding the facilities for smuggling deserve careful consideration, and, when the new system is introduced, it will be absolutely necessary to organize an efficient preventive force both ashore and afloat.

5. The Board do not attach much importance to the indications of a desire on the part of merchants to embark in the salt trade which have hitherto been noticed; and, from whatever date it is determined to discontinue ordinary sales on Government account, it is desirable that ample previous notice to that effect should be given to enable private parties to make their arrangements. In due time, doubtless, private trade will establish itself. After merchants have fairly embarked in it for some years, Government may unreservedly trust to them to supply all demands, and to competition to keep prices at a proper level.

6. This will, however, certainly take time, and meanwhile, as for three quarters of a century Government have, for fiscal reasons, taken the duty of the supply of salt to this part of the coast on themselves, it is imperative that, in introducing any change, they should guard against the remotest possibility of a salt famine as well as against an undue enhancement of the price of this necessary of life to the people, either from combination amongst private traders or any remissness on their part in securing supplies adequate to the local demands and the inland demands hitherto met from Western Coast ports. The Board, therefore, consider that now, and probably for some years to come, Government should retain in their stores a supply equal to at least nine months' ordinary consumption, and that they should reserve to themselves the right to sell to the public at a certain fixed rate. If the Government price is fixed at a rate that allows an ample margin of profit to the private trader, it is clear that the Government stores will never be resorted to unless the private traders fail to supply the market altogether, or run up prices so high as to drive purchasers to the Government stores.

The Board consider that the policy hitherto pursued demands precautions of this sort to be taken before a radical change is introduced. With a liberal margin of profit between the cost and the Government store price, the arrangement cannot interfere with legitimate trade, and the expense of maintaining the stores will be inconsiderable.

7. It may be argued that private traders will be deterred from embarking in the trade, as freely as they otherwise would do, if considerable Government reserves are retained. But the Board consider that Government are bound to guard effectually against a salt famine, and they can suggest no better plan than the retention of a sufficient stock at a fixed price until private trade has been fully established; whilst, to disarm mistrust, it must be positively guaranteed by Government, in the most public manner, that Government salt will not be sold at less than the price fixed, and that no reduction of that price will be made on any account without due notice, say six months, the mode of sale being at the same time publicly advertised. The Board would fix Rupees 2-12-0 per maund as the Government selling price at present; it would leave an ample margin of profit to the private trader, and to fix a higher rate would be an encouragement to traders to run up their prices. The contract rates for the current year are Rupees 2-4-8 per maund for Bombay salt delivered in Canara, and Rupees 2-4-11 for that description of salt delivered in Malabar; making every allowance for loss of interest on duty paid in Bombay, the price named will be sufficiently high. Mr. Webster states that Messrs. Brito Brothers estimate Rupees 2-8-0 as the price at which they can import and sell Bombay salt at Mangalore at a profit, and it is not likely that they have underrated the cost.

8. The Board would keep up the existing number of warehouses at first; but, in the event of its being necessary to replenish the stock, it would be sufficient to provide stores at Mangalore and one or two other places in Canara, and at Tellicherry and Calicut in Malabar, it being advisable, for the sake of economy, facility of supervision, and avoidance of unnecessary alarm to private traders, to reduce the number of Government depôts as far as possible. The south of the Malabar District is protected in some degree from scarcity by East Coast salt which could be introduced from Madras or Negapatam. The calculations given in the Board's Proceedings, dated 27th February 1874, No. 439, show that the cost of carriage by rail from Negapatam to Beypore at the rate of six pies per ton per mile, which the Board believe to be the lowest rate at which salt could be carried by rail at a profit, is six annas and one pie per maund, so that the manufactured salt would cost a trader buying at the monopoly rate at Negapatam, the nearest point of supply, Rupees 2-6 1 at Beypore without allowance for wastage in transit, and could Vedarniem swamp salt be sold at a price below the monopoly rate proportionate to the reduced cost of production, as Government have recently ruled, G.O., dated 13th July 1875, No. 1,056, R.D. the cost to the trader would be so much less. The cost of carriage from Madras at the same rate would be seven annas and six pies per maund, and the cost of the salt at Beypore Rupees 2-7-6.

9. There is one point which the Board desire to bring prominently to the notice of Government, *viz.*, the unsuitability of the date proposed by the Government of India, 1st April 1876, for the introduction of the new arrangements. Looking to the fact that the present contract rates are but little below the monopoly price and that the cost of importation may increase, there is every reason to expect that merchants will purchase largely from the Government stores before the

introduction of the new system. Such a date must, therefore, be fixed for the withdrawal of Government as will not only enable merchants to arrange for procuring their supplies before that date, but will also leave time for Government to supplement their reserves before the coast is closed by the monsoon, in the event of a run on the stores occurring. To fix a date earlier than 1st April 1876 would not afford merchants the requisite time for preparation, whilst that date would be too late to admit of a replenishment of the Government stores before the setting in of the monsoon. The Board would, therefore, strongly urge that the change of system should be deferred until the 1st January 1877; this will give merchants ample time for laying in their stock after the next south-west monsoon, and the Government stores can also be replenished as usual so as to admit of a supply equal to nine months' consumption being held in reserve on that date.

10. The Board's proposals will necessitate recourse to legislation, as the power conferred on the Local Government by Sections 3 and 4, Madras Salt Act No. XI. of 1875, is apparently limited to the determination of the additional sum required to cover the charges specified in the former section. Further, it does not appear that the Act provides for the cancelment of any notification issued by the Governor-General under Section 2, and the cancelment of such notification, even if possible, would, the Board presume, merely restore the old law. New legislation is, therefore, necessary, and it seems to the Board that it should take the form either of a new short Act, or of a modification of Section 4 enabling the Local Government to fix by notification the price for salt sold from Government stores in Malabar and Canara at such a rate as may be deemed expedient with reference to the circumstances of those districts, and to vary the same from time to time.

11. With reference to the letter from the Collector of South Canara, dated 9th October, the Board conclude that, if the excise system is to be introduced at once, no expenditure on experimental pans is necessary.

12. The Board take this opportunity of pointing out that the sanction for the employment of Dr. Ratton on special duty will expire at the end of the current year, and of requesting that his valuable services may be retained for a further period of two years, as his advice will still be required in connection with manufacture on the East Coast and the impending changes on the West Coast render it desirable that the services of a competent adviser should be available.

(True Copies and Extract.)

Acting Sub-Secretary.

To the Acting Secretary to Government, Revenue Department.

Copy to the Collector of South Canara,
with copy of G.O., dated 13th July 1875, No. 1,056.
,, to the Collector of Malabar, with do.
,, to Dr. J. J. L. Ratton, with do.

Exd. W. H. French, J. Tulloch, and J. W. Fischer.

Revenue Department

Proceedings of the Board of Revenue
dated 10th November 1875

Read G.O. dated 14th November
1875 No. 1553 Revenue Department
Communicating to the Board with the
Accountant General's letter from Govt.
of India sanctioning the introduction
of Salt excise Rules into Malabar and
Canara alone.

Read also G.O. dated 14th Nov.
1875 No. 1554 communicating to the
Board Letter from Government of
India confirming telegram sanction-
ing the introduction of Salt Excise Rules
into Malabar & Canara at once and
awaiting the further report promised
as to the date on which the supply of
salt by Government will through contractors
should cease.

The Board have already
in their Proceedings dated 4th instant

G.O. 21 July 74 No 173-74.
17 Oct — 200-27
13 July 75 147-48
18 Sept — 151-52
1 October — 5-6
28 — 180-81

№ 4350

Revenue 1875. Despte

Board of Revenue,
MADRAS.

PROCEEDINGS, 4TH NOVEMBER 1875, No. 3,033.

Desp. 6 Nov 75

Encl.

Special Cons
Do. 1779-9 December 1875

Received 8 Nov 75

NOVEMBER.
No. 3,033.

Salt Excise Act VI. of 1871.—Submitting to Government, with Board's observations, reports of Collectors of South Canara and Malabar on certain points in connection with the introduction of — into their districts, and requesting that the services of Dr. Ratton on special duty may be retained for a further period of two years from the end of current year.

h 120.

R.C. 1 Dec 75
12 hours & 24 hours

For orders
Sal
Dy Secy to Govt
A: D: Insp

No. 3033 submitted, to Government their views on the question of the introduction of the Salt Excise Act into Malabar and Canara, and have strongly represented the advisability of deferring the discontinuance of ordinary sales by Government until the 1st January 1877. From the papers above read, however, it is evident that the immediate introduction of the Excise Act is contemplated.

2. The introduction of the Excise Act, apart from the separate question of discontinuance of importation by Government only immediately and directly affects Malabar, in that it will render the collection of spontaneous salt and the manufacture in rude pans

the legality of which has been the subject of so much correspondence henceforth illegal, except where manufacture is regularly licensed, and it remains to be seen whether local manufacture under the excise system will spring up in Malabar.

3. The Act will, however, directly affect South Canara where regular Government manufacture is established, and the result of the immediate extension of the Act to that District will probably be the stoppage of all local manufacture for the ensuing season, as they think it highly improbable that manufacturers will be ready to come forward at such short notice. It is further doubtful whether manufacture under the excise system is compatible with the

continuance of sales of imported salt on Government account, and the Board have already earnestly deprecated the hasty withdrawal of Government from the supply, before sufficient notice has been given to enable private trade to establish itself.

4. The Collectors of Malabar and Canara have not yet furnished the particulars called for in para 2 of the Board's Proceedings dated 7th October 1875, No. 2805, and information from the Districts concerned is necessary to enable the Board to frame rules and draft the requisite notifications satisfactorily. The Board venture therefore strongly to recommend that the existing system be allowed to continue in force for the ensuing manufacturing season, and that it be notified at once that the excise system will be introduced at the commencement of the following manufacturing season simultaneously with the withdrawal of Government from importation.

5. If the immediate introduction of the excise system which, unless the Government stores are kept open for sale at current rates will be tantamount to an immediate and very serious enhancement of the price be insisted on, due notice must be given at once, and the early orders of Government on the Board's Proceedings of 4th November 1875 are therefore solicited. Meanwhile the Board will take into consideration forthwith the rules which should be issued and the Collectors of Canara and Malabar will be requested to expedite their replies to the Board's Proceedings of 7th October No. 2805.

No. 2805.

6. In the event of an immediate change of system it will be necessary to move the Travancore and Cochin Sirkars to take effectual measures for the prevention of smuggling into British Territory.

|True Extract|

C. L. Clinton
Acting Sub Secretary

To, The Secretary to Government
Revenue Department

C. M. N

REVENUE DEPARTMENT.

No. 4350 & 4398

From Bd. of Rev.

Dated 4 Nov. 1875.

FOR ORDERS.

Revenue 1875 Depte

№ 4386

Proceedings of the

Board of Revenue

Dated 10th Novr/75

Recd Decr 10 — " — "

— 11 — " —

Q No. 1779. 9 December 1875.

Submitting to Government

Board's views regarding the

proposed introduction of the

Salt Excise Act into Malabar

and South Canara & re-

commending that the existing

system be allowed to continue

in force during the ensuing

manufacturing season &c

h/ 121

R.C. 1 Decr/75 & 7 Decr/75

& 12 Decr/75 & 29 Decr/75

2

[illegible] objection. Further there seems to be a disposition on the part of [illegible] to allow or offer hindrances to the import trade w.h may seriously interfere with the private supply & under the Government [illegible] hazardous.

I allude to the requirement of prepayment of duty at Bombay [illegible] Report. & the limits of the carrying trade to [illegible] - [illegible] vessels over 300 tons burden

I think that all such [illegible] sh.d be abolished that salt sh.d be exported out of bond from Bombay and imported at selected ports in Canara & Malabar under bond. Warehoused & duty paid as taken

3

out of bond. An allow.ce being made for wastage under the established rules.

I object to the recent system for Goa salt. possibly adding [illegible] ports to the list.

I do not attach [illegible] to the system of protecting the trade to vessels of a certain size and I think the proposed limit of burden is very needlessly ~~[illegible]~~ high.

In [illegible] I think that 150 tons w.d be amply high. The [illegible] [illegible] [illegible] difficulties as matters are now arranged [illegible] after [illegible] [illegible] giving - [illegible] attention

of possible importance.
If Govt. waited 1st. Jan. 77.
trade altogether stricken
being deprived of their
trade in wt. Eastern Archipelago
the Nl. also would be the
occasion of the Govt. selling
price 1 Nl. 2 Nl. 12. thus
affording larger margin
of profit to the private Trader.
They further state that this
bill includes a change of the
Customs Act 11. of 75. only
allows to add. of cust.
proportn. to furniture. drawings.
stores. transport. sale catalogue
& the duty of Nl. 1. 13. and these
items do not include the full
obligations they propose.
In their second Proof. they
recommend that no
time should be fixed for
the introduction of the Excise

FOR ORDERS.

Instruction of
Excise Act
VI of 1871 into
Kandahar Cam

System. viz: 1. Jan. 77.
I observe that the Govt. of the Dun
Dun assume that the introduction of
the Excise Act will be ordinary course
close Govt. sales. on receipt of
of the G.I. decision that Govt. shall cease
altogether from their position as salt Trader
I do not suppose that the introd.
of the Act will necessarily
lead to the cessation of Govt. sales. or
Govt. manufacture. for Govt. is a trader
by law. and certainly imports. manufd. salt
and certainly Govt. sale of such salt is not
precluded.
I am not sure that the Govt. of
India will wish that Govt. manufacture
follow the introduction of the Excise Act.
John Malcolm first.
Then is no Govt. manufacture in this
District.
Exp. the effect will be to simplify that the
existing Govt. manufacture for Excise

307

domestic consumption &c. the Govt. have
declared the legal Rate. 2d. cease the
to. & the manufac. 3d. must be collected
& levied.

This to part of Govt. must have immediate
advantage. Doing away to a great amount
of time supply coming from a distance &
all risks by the India.

In fixing the effects of the reduction of the
act we must be much guided by the time
of last year. & the imports by the
Salt might be inspected. & so the
import duty. &c is the part the same
as now paid.

In all this I am sure we shall
agree.

I am sure the Govt. that
Govt. shall derive from the foreign
trade. & in return the imports
of Salt from abroad the manufac
drawing a stock & guard by ...
adequate price to supply &
consequent Exorbitant price.
As I have always said. Thus

is nothing in the act to facilitate sales.

So that if time & use be given to
Govt. to fix the reduction
of the duty the Merchant
can not fix the subject of his calculations
with certainty & he can give
no satisfactory answers as to the fittest
date. Only coming & the duties accrue
so he can calculate with certainty
& make his arrangements. & then shall
they have time.

The Govt. calculate that on 30 April there
will be 9 months supply in the Govt.
Store. Private imports are increasing -
the prospect & extent there of "prices" Salt
specifying Duties in the Bonds state. &c is not
foreign Vessels. & Tonnage in the Guide
& Calicut & Mocha, in addition
which communication from Vessels carrying
to reliable cargoes documents.

I don't see how the reduction will affect
the object in view

Shall ask the Govt. to state

[illegible]

imposed

The objection if any lies to the words of the Land Act Malabar. attach.

The objection if any lies to the word Govt. in Govt. Lib cases of the April.

The term by which Govt. relinquishes beneficial interest. office.

The word having in the preceding & succeeding lines a Govt. meaning & Govt. Works as Govt. by Govt.

Bearing in mind that Malabar is always known Jenmi & Kudiana by mail. Is it desirable to explain it.

The case of Cannanore is somewhat different. I do not keep quite distinct.

Here Govt. Transfer. Spirit. & the. it is quite possible to exclude these localities from the operation of the act. it is to be noted in order to exclude the complicate matters.

If to exclude the effect of the measure

the Transmission being that Govt. Revenue from Govt. Limited to Govt. Land Govt. Govt.

to be precisely the same as in Malabar. i.e. for domestic consumption. & to undertake illegal distillation & practically to restrict the transfer. & practically to remain as at present. it might be stated if the localities proposed in Cochin were similarly excluded from the application of the Act.

The Govt. Lessee at Govt. according shall not with authority be liable to include the exclusion of existing or proposed Govt. Works. in that case the application of the act will put a stop to transfer. exact Govt.

Lib cut off a considerable source of assured supply

to the first operation in the Travancore position as in Malabar. & the question becomes one. not of expediency of introducing Excise act.

but of introducing safe & sufficient supply for necessary Life. As I have already said

[illegible] tions

I thank the proposed measures for freeing
cheese trading vessels with an express
undertaking to the national facilities
for this. But I do not approve this
as needless in the present session
& unnecessarily complicating the
question.

I should point out to the Govt.
that this objection does not attach
to the question of introducing the Irish
Act. As to that I can see no objection
to dividing the existing
Manufacture Grant for Scientific
purposes. But the success with
which the continuance of Manufacture
under Govt. in Scientific Localities
is expected does not apply to the Act.
Certainly in no way alters the
position of importation of Salt
Either for Govt. or on private Trade
or the Salt by Govt.

— But the question of discontinuing
Govt. Manufacture - & Govt. Supply

& Govt. sales is quite distinct from
that of introducing the Irish Act.
And this I regret the more
as I regret the more timely
the passing of the proposed
Legislation - Whether the Act should
take Govt. Manufacture should be continued
in Canada - & to what extent &
date - & how the Act should be
adapted for the continuing Govt.
interest in the Canada &
Newfoundland
and Nova Scotia Salt Trade
I refer to the Memo of the Govt. Scientific
& Commercial Boards.

I deliberately advise this course
& this extent & date - & my former
Memo the same date. The effect
will be - I am sure - to bring
both the Canada Govt. & Trade
to the exact point to which your

Revenue Dpartment.

No. 1779

Proceedings of the Madras Government
Under date the 9th Decr 1875.

Read the following Proc:
of the Board of Revenue.

Subg: with Bds observations reports of Collrs of S. Canara & Malabar on certain points in connection with the introduction of Salt Excise Act VI of 1871 into their Districts &c. } (M. E. 4: Novr 1875 - No. 3033)

Subg: Bds views regarding the proposed introduction of the Salt Excise Act into Malabar & South Canara &c. } (— a — 10: Novr/75 — a —)

These papers will be forwarded to the Govt of India, and it will be suggested that in view of the various complications which attend the introduction of the Salt-Excise Act into the Districts of Malabar and Canara under the conditions imposed

& Explained it.
& Rather thinks the arrangement in contemplation for Canara at an earlier date than Govt in favor.

E. B.

Agree generally with what Mr Hudleston says. We must now apply ourselves from both Districts & Govt call for it as soon as Ketton But Govt anticipate the Govt of India & ask their permission & refer the matter & the Commission now about to sit. It were far better that they should report on the whole matter as a Govt of India Commission, than that any risk of the run of Kurnaj on execution of a measure which we consider complicated if not unsafe 26/11

I concur
28 Oct 75 R.I.E

imposed, the subject might advantageously form one of the topics to be considered by the Salt Commission that is shortly to meet at Madras

2. It will also be intimated that, if the importation be left free from obstructive rules, the excise system may be introduced temporarily without objection; but that the hindrances to the import trade, caused by the compulsory prepayment of the Salt duty at Bombay and the limitation of the

the carrying trade to square-rigged vessels over 300 tons burden will, it is anticipated, seriously interfere with private trade and render the experiment needlessly hazardous

3. The Govt observe that both the Board of Revenue and the Collectors appear to assume that the introduction of the Excise Act would, in ordinary course, stop Govt sales irrespective of the Govt of India's decision that the Govt shall recede altogether from their position as

as Salt-traders; but there is apparently nothing in that Act that precludes the importation and sale of salt- nor that even tho leads necessarily to the cessation of manufacture on behalf of Govt

4. The case of South Canara is somewhat different from that of Malabar and in dealing with this question it is advisable to keep the Districts distinct.

In Malabar there is no Govt manufacture and the immediate effect of the Act would simply be that the existing untaxed private manufacture for domestic consumption would cease to be legal, and would require to be licensed and excised, and this would be of unmixed advantage. It would also be necessary to restrict the lines of land route and the sea ports by which salt might be imported, but for these measures there seems nothing to object to.

5. The Board will be enabled to state (1) what Question they are to the issue of a Notification that importation on behalf of Govt will cease on the 30th of April.

(2) whether they think Govt sales can safely be

as s

is a

be stopped at the time date
and if so whether it may
not be necessary to import
them or for a account to
restore stock to supply for
6 months as desired by
the Govt of India, bearing
in mind that localities can
always draw on Jamjire and
Madras by rail; they
will also explain in what
manner it is thought that
restricting ports would limit
opportunities for smuggling
"foreign" salt

6. In Canara
Government manufacture exists,
and though it is quite possible
to exclude the localities where
it is carried on from the
operation of the Act,

its introduction, unless
they are excluded, will
complicate matters. If
excluded, the result will
be the same as in Madras,
but the Govt of India's
decision above referred to,
if adhered to, precludes
such exclusion and will
thus cut off a considerable
source of assured supply
and it will then become
necessary to provide against
the deficiency of a
necessary of life

Bearing in mind
7.
therefore the distinction
between the West of the
Act itself and the wants
of carrying out the Govt of
India decision, the Board
will

will report whether they deem it advisable that the Jnt. manufacture in Canada should be discontinued and if so from what date; whether the same date should be adopted for discontinuing Jnt. imports in both Districts; whether they deliberately adhere to their proposal to discontinue sales and imports from the same Date. Viz: 1st. January 1877, as this will leave the Jnt. stock at its lowest point without power to replenish it, and lastly, whether the better

better arrangement would not be to discontinue sales at and Entries Date than imports.

8. The further employment of Dr. Rattray on special duty will be disposed of in a separate order.

This print in para. 12 of the Board's letter B/5 has apparently been overlooked but there is another Copy of the Board's letter in which the Letter can be Detected

Jnl.

14 Feb. Board of Revenue

60/4

Ex Ck

G.O.

Introduction of
Salt Reuse Act
into Malabar
& Canara -

Send note
from Mr Ellis
with Memorandum
about
despatch of
Soon