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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

REVENUE DEPARTMENT

|                        |     |       |
|------------------------|-----|-------|
| G.O. No.               | 550 | Press |
| B.P. No.               |     | Mis.  |
| Dated 27-4-1876 196- . |     |       |

Not to be folded or roughly handled

No. 190. Read the following letter from A. MacGREGOR, Esq., Resident in Travancore and Cochin, to the Hon. W. HUDLESTON, Chief Secretary to Government, Fort St. George, dated Pirmard, 18th April 1876, No. 26 :—

I HAVE the honor to submit the following report called for by the Government of India in their Under Secretary's letter of the 7th February 1876, No. 768, communicated in G.O., 29th February 1876, No. 300.

2. In the first place the Government of India desire to know how long it will be necessary to allow the shipment of salt under contract with the Travancore Sirkar without prepayment of duty.

3. The Diwan insists that in the interests of Travancore under the terms of the Convention the arrangement should be a permanent one commencing from next season.

4. When the relaxation of the rule was sanctioned, it was necessary to have it deferred till the end of the season as explained in my letter of 26th February 1876, printed with G.O., 4th March 1876, No. 315, because the contracts had already been made in anticipation of prepayment being enforced, and consequently no stipulation had been made enabling the recovery of duty on short deliveries which the Travancore Government were called on to guarantee.

5. In paragraph 5 of their Order of the 16th February 1865, No. 339 (the Order on which the Interportal Convention with Travancore is based), the Government admit that, as regards salt supply from Bombay, Travancore and Cochin may fairly claim to be placed on the same footing as the Madras Government; and, as what the Diwan now asks is no more than what is conceded to Malabar contractors, it is difficult to see how the claim can now be contested.

6. It is next asked what security there is for the ascertainment, on behalf of the British Government, of the true outturn of salt cargoes at the port of delivery in Travancore and for the payment of the duty on any salt short delivered.

7. There are only two ports in Travancore where Bombay salt is received, viz., Alleppey and Monumbum.

8. All the salt is stored on behalf of Government after careful weighment, and exhibits from 2½ to 3½ per cent. loss. If any salt is landed surreptitiously, the loss falls on the Travancore Government, and every precaution is taken to prevent smuggling. It would only be in case of the outturn being certified as greater than it really is that the possibility could arise of loss to British revenue by admitting of smuggling on shore in British territory at some point between the salt works and other Travancore port. But there is no temptation for the receiving officer to give such false certificate, as he would be thus debiting himself with stock which he would have to account for in full. The smuggler could only afford to give him a share in the duty, while he would be debiting himself with the entire value of the salt including duty, manufacturer's price, and cost of carriage. Any such irregularity would reveal itself in a corresponding deficit of the Sirkar stock of salt. The whole price including duty would have been paid from the Sirkar Treasury on the salt falsely represented as landed, and there would be nothing to show for it. In addition to the general supervision exercised by the Diwan, the Salt Department is directly administered by a European

*Proceedings of the Madras Government, Revenue Department,  
27th April 1876.*

Officer on Rupees 1,200 a-month, and it is difficult to see how frauds of the nature referred to could escape detection.

9. As regards the security for the payment of duty on any salt short delivered, there is no difficulty whatever in stipulating for this in the contracts or in recovering any sums due in accordance with such stipulations. The contractors are necessarily men of substance, and have balances due by Government from which stoppages can be easily made. It has not been found that in former years losses have been sustained under this head.

10. The system of prepayment of duty in cash appears to bear hard on all parties without any corresponding benefit. As pointed out by the Madras Board of Revenue at the outset, the real check on smuggling lies in a true record of the amount of salt removed from the works. On every maund surreptitiously removed the duty will alike be lost whatever the system of adjustment in regard to open removals. Under the prepayment system the contractor must arrange to make five times the ready-money payment in Bombay that he would otherwise. The interest on this he will allow himself when fixing the contract price. The Travancore Government must arrange for this fivefold payment at the port of import by remittances from Trevandrum to be recouped from the Resident's Treasury. He in turn must apply to the Accountant-General, who must arrange to cart the money 100 miles from the nearest British Treasury as was lately done.

11. When all these expensive processes have been gone through, it is still necessary to cancel the transaction by a paper transfer in order to guard against fallacious comparisons of annual returns which would result from exhibiting the salt tax paid by the Travancore subject to his own Government as forming part of the receipts of Bombay and of the expenditure of Madras.

12. I regret that I have been unable sooner to reply to this call, having only received the Diwan's answer to-day.

(True Copy.)

(Signed) D. F. CARMICHAEL,  
Secretary to Government.

Exd. J. W. Fischer.

REVENUE DEPARTMENT,  
OOTACAMUND,  
27th April 1876.

No. 191.

No. 0.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCIAL DEPARTMENT.

Separate Revenue, No. 19.

Salt.

SIR,—In reply to your letter, dated 7th February 1876, No. 768, requesting report, (1) as to how long it will be necessary to allow the shipment of salt

under contract with the Travancore Sirkar without prepayment of duty, and (2) what security there is for ascertaining the true outturn of salt cargoes at the ports of delivery in Travancore, and for the payment of the duty on salt short delivered; I

18th April 1876, No. 26.

am directed to forward the accompanying copy of a letter from the Resident in

Travancore and Cochin, which contains full information on the subject.

2. I am to state that this Government agree with the Resident that the claim of the Sirkar to be placed on the same footing as regards salt supply, as the Government of Madras, has been all along admitted and cannot now be contested; that, consequently, the concession as regards duty should be permanent; and that there is every security for the ascertainment of the true outturn of salt cargoes, and for the payment of the duty on short deliveries.

3. In conclusion, I am to request attention to paragraphs 10 and 11 of Mr. MacGregor's letter in which the inconvenience and the hardship caused by the system of prepayment of salt duty are clearly set forth.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) D. F. CARMICHAEL,  
Secretary to Government.

Exd J. W. Fischer.

large.  
New Depot

Financial (1876) Department.

Government of Fort St. George.

Dated 27th April 1876.

Received

No. 550.  
Enclosures.  
8 spare copies.

D. No.

Progs.

L. No.

No.

FORWARDING full information on the subject of the shipment of salt under contract with the Travancore Sirkar without prepayment of duty, &c.

N<sup>o</sup> 190.

N<sup>o</sup> 26.  
From,

Residents' Office, On Circuit,  
Pirmard, 18 April 1876.

55/3  
Atholl Macgregor Esquire  
Resident in Travancore Kochin.

To,  
The Honorable W. H. Hudson  
Chief Secretary to Government  
Fort Saint George.

Sir,

I have the honor to submit the following report, called for by the Government of India in their Under Secretary's letter of the 7<sup>th</sup> February 1876. N<sup>o</sup> 760 communicated in G. O. 29<sup>th</sup> February 1876. N<sup>o</sup> 300.

2. In the first place the Government of India desire to know how long it will be necessary to allow the shipment of Salt under contract with the Travancore Sirkar without prepayment of duty.

3. The Dewan insists that in the interests of Travancore under the terms of the Convention the arrangement should be a permanent one commencing from next season.

4. When the relaxation of the rule was sanctioned it was necessary to have it

it deferred till the end of the season, as explained in my letter of 26 February 1876 printed with G.O. 4 March 1876 N<sup>o</sup> 345 because the contracts had already been made in anticipation of prepayment being enforced and consequently no stipulation had been made enabling the recovery of duty on short deliveries which the Travancore Government were called on to guarantee.

5 In para 5 of their order of the 16 February 1865 N<sup>o</sup> 339 (the order on which the Interportal Convention with Travancore is based), the Government admit that as regards Salt supply from Bombay Travancore and Cochin may fairly claim to be placed on the same footing as the Madras Government, and as what the Dewan now asks is no more than what is conceded to Malabar Contractors it is difficult to see how the claim can now be contested.

6 It is next asked what security there is for the ascertainment, on behalf of the British Government of the true outturn of Salt Cargoes at the port of delivery in Travancore, and for the payment of the duty on any Salt short delivered.

59/11  
7 There are only 2 ports in Travancore where Bombay Salt is received, viz. Allepey and Munnambur.

8 All the Salt is stored on behalf of Government after careful weighing and exhibits from  $2\frac{2}{5}\%$  to  $3\frac{1}{5}\%$  percent loss. If any Salt is landed surreptitiously the loss falls on the Travancore Government and every precaution is taken to prevent smuggling. It would only be in case of the outturn being certified as greater than it really is that the possibility could arise of loss to British Revenue, by admitting of smuggling on shore in British territory at some point between the Salt works and other Travancore Port. But there is no temptation for the receiving officer to give such false certificate as he would be thus debiting himself with stock, which he would have to account for in full. The smuggler could only afford to give him a share in the duty while he would be debiting himself with the entire value of the Salt including duty, manufacturer's price and cost of carriage. Any such irregularity would reveal itself in a corresponding deficit of the Sirkar stock of Salt. The whole price including

a paper transfer, in order to guard against  
fallacious comparisons of annual returns  
which would result from <sup>exhibiting</sup> the Salt tax  
paid by the Travancore subject to his  
own Government as forming part of the  
receipts of Bombay and of the expenditure  
of Madras.

12 I regret that I have been  
unable sooner to reply to this call,  
having only received the Dewan's answer  
today.

I have the honor to be,

Sir,

Your most Obedient Servant,

Alampuzee  
Resident.

Subd.  
Fko.

No 550

8/27 April 1876

To The Secretary to the Govt.  
of India.  
Lut. Sept.

Sir

In reply to your letter  
of 7 Feb 1876 no 768.  
requesting Report (1) as to  
how long it will be necessary  
to allow the Shipment of salt  
under contract with the  
Kharaneri Sarkar without  
prepayment of duty, & (2)  
what security there is for  
ascertaining the true  
return of salt cargo  
at the ports of delivery in  
Kharaneri, & for the payment  
of the duty on salt short-  
delivered; I am directed  
to forward an accompa-  
nying copy of a letter  
from the Resident in Ka-  
raneri & Cochin, which

15 April 1876 no 26.

229  
9 April 1876

18 April 1876: 24th.  
The Resident in  
Kharaneri & Cochin  
to the Chief Secretary  
to Government  
Dated 18 April 1876  
Received 24th

No 26

Enclosure none

24th April 1876  
Reporting on the subject  
of the shipment of  
salt under contract  
with the Kharaneri  
Sarkar without prepay-  
ment of duty, &c

225: 18 April 1876

18 April

contains full information  
on the subject.

I am to state that the  
Govt. agree with the Resident  
that the claim of the Sirha  
to be placed on the same footing  
as regards salt supply,  
as the Govt. of Madras, has  
been all along admitted  
& cannot now be controverted  
that consequently, the  
concession as regards duty  
should be permanent; & that  
there is every security for  
the ascertainment of the  
true out-turn of salt cargo  
in payment of the duty on  
such deliveries -

In conclusion, I am to  
request attention to para  
10 & 11 of the Macgregor's letter  
in which the inconve-  
nience & the hardship caused  
by the system of prepayment  
of <sup>salt</sup> duty are clearly set forth.

By

Recd. by salt impurities  
into Peanum h.  
Cochine

By Dr. H. K. K.

Oct 1876

27-4-76