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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Revenue DEPARTMENT

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GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

19th October 1878, No. 1,691.

Read the following papers:—

No. 206. From A. O. HUME, Esq., C.B., Secretary to the Government of India, Department of Finance, Agriculture and Commerce (Salt), to the Secretary to the Government of Madras, Revenue Department, dated Simla, the 13th May 1878, No. 125.

I am directed to acknowledge the receipt of your letter No. 507, dated the 8th ultimo, forwarding the Proceedings of the Madras Government showing the action taken on the subject of earth-salt manufacture in the Ceded Districts and Kurnool.

2. In reply, I am to convey the following remarks and orders in the matter.

3. After very careful and complete inquiries as to the possibility of maintaining the earth-salt manufacture in these districts, the Government of Madras decided, in its Order No. 730, dated the 28th July 1873, to suppress it gradually by prohibiting the opening of new factories, and by causing those that existed to be licensed from 1874, with reference to their productive capacity, at rates to increase by annual increments until 1879, when the full duty leviable on sea-salt should be imposed on their entire produce. It was anticipated that these increases in the rates would result in the entire suppression of the manufacture before the rate of duty levied on sea-salt was reached.

4. Further measures were also taken to prevent the importation of salt into these districts from the Mysore and Hyderabad Territories. As regards Mysore, the proposals which were made with this object and approved by the Government of India have not been carried into effect, pending the institution of inquiries as to the compensation to be paid for the losses which would be incurred by the closing of the manufacture. Final orders in the matter will, however, be issued shortly. In regard to Hyderabad, orders have been issued prohibiting the export of salt from the Nizam's Dominions.

5. From the reports furnished since the introduction in 1874 of the licensing system, it is apparent that the measures adopted have failed to protect the revenue, and that earth-salt is still largely manufactured in these districts to the detriment of the Imperial salt revenue.

6. The Salt Commission of 1874 and the Madras Board of Revenue concur in recommending that the manufacture be absolutely and at once suppressed. His Grace the Governor in Council is however of opinion that, instead of abolishing the manufacture, the experiment of making good earth-salt under the control of Government should be tried for a few years. His Grace in Council considers that the occupation of a large number of persons should not be summarily abolished, and that if the experiment succeeds, it will be a better arrangement than to prohibit the manufacture of a natural product which can never be entirely prevented.

7. The Governor-General in Council regrets that he cannot concur in this view. The Government of India held views similar to those now expressed by the Government of Madras when they determined, a few years ago, to try the experi-

ment of manufacturing earth-salt in two of the most saliferous tracts in the North-Western Provinces and Oudh—tracts where the soil is, it is believed, far richer in salt than that of the Ceded Districts and Kurnool. The experiment was prosecuted under the most favorable circumstances; but, notwithstanding the utmost care and attention, it proved a total failure. This failure was mainly due to the greater costliness of the earth-salt when compared with salt of equal quality manufactured at any of the great sources, and this greater costliness appears to be inherent in the nature of the case.

8. Earth-salt manufacture everywhere in India depends on the lixiviation of slightly saline earth, or earth encrusted with thin saline efflorescence, with water, or very weak natural brine. Concentration or manufacture is impossible. There is no rich profusion of saline matter concentrated in limited localities as in all the great salt sources, but only a small intermixture of salt diffused throughout comparatively vast areas.

9. A square-mile of the Sambhar Lake, or Didwana, or the seashore at localities favorable for manufacture, will yield many times, perhaps fifty times, as much salt in a given period as any square-mile of the earth-salt districts, and consequently the cost of the establishment required to supervise the manufacture and prevent the abstraction of any salt without the payment of full duty will be many times greater per maund of outturn in the case of earth-salt than in that of salt produced where great quantities are turned out from very limited areas.

10. Moreover, owing to the nature of the substances dealt with, if rough processes such as suffice for sea-brine manufacture or the works on the Runn of Cutch or at Pachbadra, &c., be adopted, the produce in the case of earth-salt manufacture is inferior; while, if a higher quality is insisted on, the cost of manufacture is greatly enhanced.

11. Now the price of any salt to the public is composed of four items, viz., the duty, the cost of manufacture, the cost of the establishment required to prevent evasion of duty at the works, and the cost of carriage; and the conditions of earth-salt manufacture are, as above explained, such that where carriage is reasonably cheap, and the distances to be traversed moderate, the excess in the second and third items will always more than counterbalance any saving on the fourth.

12. In localities where communications are wanting, and no duty or only a low duty is levied, earth-salts may hold their own against other salts; or, again, where these earth-salts are subjected to a considerably lower duty than that on other salts, they will doubtless find a market. But when weighted with a duty equal to that borne by other competing staples—a duty of Rupees 2-8-0 per maund—it is, the Government of India believe from their experience in Upper India, impossible for them to compete successfully in a country in which so much progress has been made as in Madras in developing communications and securing cheap carriage for goods.

13. Hitherto in Madras this industry has survived, because, as is admitted in the correspondence, it has been artificially protected. The salt has never paid full duty, and a great deal of it has paid no duty at all. In the opinion of the Government of India, it would be wrong in principle to attempt to retain labor in a field in which, without artificial support, it cannot be profitably exercised, and it would be preferable, even at the cost of some temporary personal suffering, which may, it is believed, be greatly mitigated, if not wholly averted, by the judicious award of compensation, to divert this labor into other channels in which it can, unassisted, find profitable employment.

14. After giving the question full mature consideration, the Governor-General in Council has come to the same conclusion as that arrived at by the Madras Salt Commission (*vide* paragraphs 271 to 283 of their report) and the Board of Revenue, viz., that the entire suppression of the manufacture should be carried out without further delay. The time for effecting the change is shown by the Board of Revenue to be peculiarly opportune, and I am accordingly to request that, with the permis-

sion of His Grace the Governor in Council, the needful measures may be taken for prohibiting definitely the manufacture of earth-salt in the districts of Kurnool, Cuddapah, and Bellary, at the earliest possible date, reasonable compensation being given to those whose interests will be affected by the measure.

15. I am also to request that the further action taken by the Government of Madras in view to the carrying out of those orders may be reported for the information of the Government of India.

No. 297. OTHER MEMOS., 10th October 1878, No. 1,691.

Separate Revenue, No. 15.

Salt.

Communication to the Commissioner of the persons entitled as speedily as possible, Salt Revenue through the Board of Revenue with instructions to submit his proposals for carrying out the Government of India decision and compensating the Nawab of Bangunapalli should be consulted arrangements to be made with and reported.

(True Extract.)

(Signed) L. A. CAMPBELL,
Under Secretary to Government.

To the Board of Revenue.

Exd. W. H. French.

No. 125.

From

A. O. HUME, Esq., C.B.,
Secretary to the Government of India,

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS,
REVENUE DEPARTMENT.

Department of Revenue, Agriculture and Commerce.
Salt.

SIMLA, *the* 13*th May* 1878.

SIR,

I AM directed to acknowledge the receipt of your letter No. 557, dated the 8th ultimo, forwarding the proceedings of the Madras Government showing the action taken on the subject of earth-salt manufacture in the Ceded Districts and Kurnool.

2. *In reply*, I am to convey the following remarks and orders in the matter.

3. After very careful and complete enquiries as to the possibility of maintaining the earth-salt manufacture in these districts, the Government of Madras decided, in its order No. 790, dated the 28th July 1873, to suppress it gradually by prohibiting the opening of new factories, and by causing those that existed to be licensed from 1874, with reference to their productive capacity, at rates *to increase* by annual increments until 1879, when the full duty leviable on sea-salt should be imposed on their entire produce. It was anticipated that these increases in the rates would result in the entire suppression of the manufacture before the rate of duty levied on sea-salt was reached.

4. Further measures were also taken to prevent the importation of salt into these districts from the Mysore and Hyderabad Territories. As regards Mysore, the proposals which were made with this object and approved by the Government of India have not been carried into effect, pending the institution of enquiries as to the compensation to be paid for the losses which would be incurred by the closing of the manufacture. Final orders in the matter will, however, be issued shortly. In regard to Hyderabad, orders have been issued providing against the export of salt from the Nizam's Dominions.

5. From the reports furnished since the introduction in 1874 of the license system, it is apparent that the measures adopted have failed to protect the revenue, and that earth-salt is still largely manufactured in these districts to the detriment of the Imperial salt revenue.

6. The Salt Commission of 1876 and the Madras Board of Revenue concur in recommending that the manufacture be absolutely and at once suppressed. His Grace the Governor in Council is, however, of opinion that, instead of abolishing the manufacture, the experiment of making good earth-salt under the control of Government should be tried for a year, as His Grace in Council considers that the occupation of a large number of persons should not be summarily abolished, and that if the experiment succeeds, it will be a cheaper arrangement than to prohibit the manufacture of a natural product which can never be entirely prevented.

7. His Excellency in Council regrets that he cannot concur in this view. The Government of India hold views similar to those now expressed by the Government of Madras when they determined, a few years ago, to try the experiment of manufacturing earth-salt in two of the most saliferous tracts in the North-Western Provinces and Oudh—tracts where the soil is, it is believed, far richer in salt than that of the Ceded Districts and Kurnool. The experiment was prosecuted under the most favourable circumstances, but, notwithstanding the utmost care and attention, it proved a total failure. This failure was mainly due to the greater costliness of the earth-salt when compared with salt of equal quality manufactured at any of the great sources, and this greater costliness appears to be inherent in the nature of the case.

8. Earth-salt manufacture everywhere in India depends on the lixiviation of slightly saline earth, or earth encrusted with thin saline efflorescence, with water, or very weak natural brine. Concentration of manufacture is impossible. There is no rich profusion of saline matter concentrated in limited localities as at all the great salt sources, but only a small intermixture of salt diffused throughout comparatively vast areas.

9. A square-mile of the Sambhar Lake, or Didwana, or the sea-shore in localities favourable for manufacture, will yield many times, perhaps fifty times, as much salt in a given period as any square-mile of the earth-salt districts, and consequently the cost of the establishment required to supervise the manufacture and prevent the abstraction of any salt without the payment of full duty will be many times greater per maund of outturn in the case of earth-salt than in that of salt produced where great quantities are turned out from very limited areas.

10. Moreover, owing to the nature of the substances dealt with, if rough processes such as suffice for sea-brine manufacture or the works on the Runn of Cutch or at Pachbadra, &c., be adopted, the produce in the case of earth-salt manufacture is inferior; while, if a higher quality is insisted on, the cost of manufacture is greatly enhanced.

11. Now the price of any salt to the public is composed of four items, *viz.*, the duty, the cost of manufacture, the cost of the establishment required to prevent evasion of duty at the works, and the cost of carriage; and the conditions of earth-salt manufacture are, as above explained, such that where carriage is reasonably cheap, and the distances to be traversed moderate, the excess in the second and third items will always more than counterbalance any saving on the fourth.

12. In localities where communications are wanting, and no duty or only a low duty is levied, earth-salts may hold their own against other salts; or, again, where these earth-salts are subjected to a considerably lower duty than that on other salts, they will doubtless find a market. But when weighted with a duty equal to that borne by other competing staples—a duty of Rs. 2-8 per maund—it is, the Government of India believe from their experience in Upper India, impossible for them to compete successfully in a country in which so much progress has been made as in Madras in developing communications and securing cheap carriage for goods.

13. Hitherto in Madras this industry has survived, because, as is admitted in the correspondence, it has been artificially protected. The salt has never paid full duty, and a great deal of it has paid no duty at all. In the opinion of the Government of India, it would be wrong in principle to attempt to retain labour in a field in which, without artificial support, it cannot be profitably exercised, and it would be preferable, even at the cost of some temporary personal suffering, which may, it is believed, be greatly mitigated, if not wholly averted, by the judicious award of compensation, to divert this labour into other channels in which it can, unassisted, find profitable employment.

14. After giving the question his mature consideration, the Governor General in Council has come to the same conclusion as that arrived at by the Madras Salt Commission, (*vide* paragraphs 271 to 303 of their report) and the Board of Revenue, *viz.*, that the entire suppression of the manufacture should be carried out without further delay. The time for effecting the change is

shown by the Board of Revenue to be peculiarly opportune, and I am accordingly to request that, with the permission of His Grace the Governor in Council, the needful measures may be taken for prohibiting definitely the manufacture of earth-salt in the districts of Kurnool, Cuddapah, and Bellary, at the earliest possible date, reasonable compensation being given to those whose interests will be affected by the measure.

15. I am also to request that the further action taken by the Government of Madras in view to the carrying out of these orders may be reported for the information of the Government of India.

I have the honour to be,

SIR,

Your most obedient Servant,

Secretary to the Government of India.

Ext.—K. N. P.

1878.

GOVERNMENT OF INDIA.

DEPARTMENT OF REVENUE, AGRICULTURE AND COMMERCE.

SALT.

To

THE SECY. TO THE GOVT. OF MADRAS,
REVENUE DEPARTMENT.

No. 125.

Dated Simla, the 15th May 1878.

SUBJECT.

SUPPRESSION of earth-salt manufacture in the Ceded Districts and Kurnool.

Govt. Central Branch Press, Simla.—No. 67 R., A. & C.—Sept.-78.—400.

of the Ceded Districts we conclude that the measures ordered in 1878 have not, as carried out, had the effect of diminishing the outturn, and that it is impossible to work the licensing system, which has in fact, in Kurnool at any rate become an excise. We are decidedly of opinion that even now suppression is the wisest course, and that the money expended in organizing a special preventive service on the model of the internal branch of the Inland Customs Department in northern India and in paying the compensation to which it may be held the Government is committed, would be well laid out. If the suppression in British territory be carried out, we

I submit the proposals for carrying out the G.O. decision & compensating the parties entitled &c &c. & arranging with Banganapalli Nawab &c. as speedily as possible.

This will entail [illegible] the point for the [illegible]

[illegible]

[illegible]

Pro 23rd Augt 1878 No 2167 recorded in GO. 14th Sept 1878 No 1268

we suggest that negociations should be entered into for simultaneous suppression in the Nizam's territory, the Jaghire of Banganapalli & Mysore.

3. Their report is dated 11th September 1878.

4. A few days prior to this the Bd had reviewed the question with reference to the falling off of the traffic in Salt upon the N. W. Line of the Madras Railway, and had come to the conclusion that under the system of licensing as introduced in 1878, the manufacture of earth-salt would not cease in 1879 as had been anticipated because the manufacturers were able with impunity to make much more than their licenses authorized. They

Geo. 6 Sess. 1938 c. 181

Geo. 6 Sess. 1938 c. 181

[illegible] erected, established,
& regulated the working
of the licensed trades
and trades to enable
the Council and the
Governor and Council
for certain reformation
from the Collar enacted
or except of certain Hung
[illegible] the Hung
Hung were thereby ex-
pressed in the provision
which the Governor and
Council should be entitled
upon requesting there-
to annulled such licenses
were cancelled after
a time by the cancella-
tion of the licenses
by the Governor and
[illegible]

Ord. recorded in Vol. III pages
1878 at 165 &c.

Ord. in Council 18th March 1878 at 12 o'clock

8th April 1878 at 12 o'clock

from time to time
- cils of expressions of opinion
adverse to such a measure
but this did not commence
for such decree that the
said Commissioners should
take into the question with
a view to devising means
of bringing the organisation
under such control as to
secure the removal entirely
of the causes of the
evils and abuses which
they possess.

5. That Commissioners
having been appointed to
the Court of Police from
time to time the latter were
under consideration for
which it is directed that
organisations should be
prohibited definitely after
Easter next ensuing date.

6. As regards the difficulty
arising from the fact that
such organisations are
under control from neighbouring
States

Native States the Salt Commissioner stated as follows:-

"As regards imports from native states, the result of the correspondence which took place has been that the Nawab of Banganapalle has agreed to introduce for regulating the manufacture in his State the same measures as to taxation as are adopted in British Territory; and that the manufacture of earth salt within 8 miles of the Northern frontier for exportation by land into British Territory is prohibited and would cease; and as regards Hyderabad it was stated that earth salt is manufactured only in a few villages in the Carnatic and Nagarkurnool districts and that the quantity produced is consumed locally but the Nizam's Government

Paragraph 277 of Final Report

Government has prohibited the exportation, thus making earth-salt an exception to Art. III of the Treaty of 1822.

7. This holds good still as to Banganapalle and Hyderabad, but in the case of Pudukottai, as remarked in para 4 of the letter under review, the measures first contemplated have not been carried out tho' the Govt of India were very desirous that such orders will be issued shortly.

8. The correspondence which took place with Nizam was sent to the Govt of India with letter dated 10th August 1877 & 2477 & an enumeration of the points that are to be considered in a Report for Orders attached to Govt 10th August 1877 & 2495.

Sd/-

1691