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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Revenue DEPARTMENT

G.O. No. / B.P. No.	2021	Press. / Mis.
Dated	16-12-1878	197 .

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2021/1

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

16th December 1878, No. 2,021.

Read the following paper :—

No. 180. Proceedings of the Board of Revenue, dated 25th September 1878, No. 2,619.

Read the following letter from H. W. BLISS, Esq., Commissioner of Salt Revenue, to C. A. GALTON, Esq., Acting Secretary to the Board of Revenue, dated Cuddalore, 2nd September 1878, No. 1,151 :—

I HAVE the honor to submit the following remarks on the arrangements which I consider should be made in the Chingleput District with the object of the ultimate introduction there of the excise system which, I presume, I may consider decided on.

2. The earliest period at which it appears to me possible to abandon in that district the manufacture of salt on behalf of Government is the season of 1880. This delay in trying the excise system is necessary for two reasons. In the first place, there should be a good stock of salt in hand before any move is made in this direction lest a failure should result in a salt famine; and, in the second, it will be impossible, with a due regard to the revenue, to allow manufacture on private account until proper arrangements are made, either for the storage of the salt at platforms to be constructed in the neighbourhood of the pans, or for its transport to the Madras Depôt in boats so constructed that it will not be feasible to tamper with their cargoes in transit.

3. Now as regards stocks the state of the case is as follows, excluding from consideration the Cheyur Division which, until the canal is opened down to it, can but little affect the salt supply of the large tracts of country which depend upon the Madras Salt Cotaurs for this necessary of life.

4. On the 1st July we had in hand (scrapings and storage included) altogether 2,541,640 maunds distributed as under :—

	Maunds.
Madras Salt Cotaurs and Northern Divisions... ...	1,957,298
Homes' Gardens Depôt	44,514
Covelong and Vadasammanjeri	539,828
Total ...	2,541,640

5. Since the 1st of July, 107,530 maunds have been scraped. This makes a total of 26½ lakhs of maunds in round numbers available for consumption in the current fasli.

6. But the demand of the twelve months ending 30th June next is not likely to exceed 15 lakhs of maunds at the very outside, wastage included. On the 1st July 1879, therefore, we may expect to have 11½ lakhs of maunds in store, to which must be added next season's manufacture.

7. This year the manufacture has been wonderfully successful, over 27 lakhs of maunds having been scraped, the whole storage of which, I am happy to say, will be completed at an unusually early period. But we cannot always reckon upon this success. There is no reason, however, to anticipate so complete a failure as has sometimes occurred in consequence of storms and floods, if this danger is guarded against by the erection of platforms or drying grounds (for they will serve both ends) close to the pans on which salt can be kept out of reach of damage until removed in the boats—an operation which must always be delayed for some little time as it is not advisable to store salt immediately after it is scraped and before it has drained quite dry. Proposals for the construction of such platforms or drying grounds have been submitted in my letter, No. 1,025, dated 16th August 1878, and approved in the Board's Proceedings, No. 2,382, dated 24th August 1878. On the hypothesis that they will be sanctioned and the works carried out, it seems to me fair to estimate the total of next season's manufacture at a minimum of 15 lakhs of maunds. With the balance above

noted of 11½ lakhs which may be expected to be in hand on the 30th June 1879, we shall therefore, so far as can now be seen, have 26½ lakhs of maunds available to meet the demand of the twelve months ending 30th June 1880, by which time, if the excise system is started in the beginning of that year, fresh supplies of that season's manufacture will be available for consumption, and sales of the Government stock may be suspended. By that date, however, the stock of 26½ lakhs of maunds on the 1st July 1879 will have been reduced by sales to, say, 11½ lakhs of maunds or about enough for nine months' consumption at the extreme rate above given, and on the supposition above put that next season's outturn will scarcely exceed half that of the current year. The probability therefore is that the balance in hand on the 1st July 1880 will be more than 11½ lakhs of maunds; but even if not, I consider that a stock in hand large enough to meet nine months' consumption will be sufficient to remove all reasonable apprehensions of the trial of the excise system resulting in a salt famine. It will take years of exertion to raise the stocks much higher. If therefore such a stock is not considered sufficient to warrant the trial of the excise experiment it must be indefinitely postponed and I will turn my attention to other matters, though a decision to this effect will in no way affect the recommendations as to boats, &c., which follow.

8. If these conclusions are accepted the next question for determination is where shall the reserve stock be stored? To answer this question it is necessary first to determine what platform or platforms shall be set apart for the storage of excise manufactured salt as it comes in, because it or they must be kept clear and the reserve consequently be stored elsewhere.

9. My original opinion on the subject of storage was that in any case both the Madras Cotaurs and the Homes' Gardens Depôts ought to be abolished and all salt be stored and sold locally.

10. My reasons for thinking that this should be done, even if the excise system was not introduced, were that, under the present arrangement of a central place of storage and sale to which the salt is conveyed at the expense of Government, first, a great deal of money is spent which might be saved if the merchants were left to buy the salt at the place of manufacture and themselves convey it the whole of the way to the place of consumption instead of Government carrying it a part of the way for them; and, secondly, a great deal of avoidable wastage occurs in transit.

11. It may, of course, be said that the wastage falls on the salt ryots who are paid only on what is weighed in at the depôt. This is true, but it is obvious that if wastage is at the rate of, say, 10 per cent. and the ryot is therefore paid for only $\frac{90}{100}$ of what he makes, he must be paid for that $\frac{90}{100}$ at a rate $\frac{1}{9}$ higher than would otherwise be required in order to remunerate him fairly for the whole of what he has manufactured, even though it has not all come into store. Ultimately therefore loss by wastage in transit falls upon Government. If that was all, it would not be a matter of much importance, though even so the annual loss from this cause must be from 15,000 to 20,000 Rupees. But unfortunately it is not all. Much of what appears in the accounts under this head is not true wastage from the salt in the boats being melted or lost overboard, nor merely apparent and due only to inaccuracy in the estimate formed of its amount when it is put on board, but represents loss by theft.

12. I have made several attempts to arrive at an estimate of the loss due to this cause, but have failed from the impossibility of accurately determining the sources from which particular tracts of country are supplied. But though I cannot produce figures in proof of my statement, I have no hesitation in saying that it must be large. I think so because all experience shows us that in business of every kind, if facilities for fraud exist, they are certain to be taken advantage of, and because in this instance the facilities for fraud are very large. The Board and Government are well aware of the system under which the transport of salt from the pans to the platforms is effected in the Chingleput District. It will therefore suffice to describe it very briefly.

13. At the pans the salt is first stored in heaps as far as possible on the banks of the boat channels and thence is removed without weighment into the boats. The quantity in each boat is entered in the boat note by estimate only. The salt is carried in bulk. As soon as the boat is loaded the cargo is sealed, as it is called,

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by stamping its surface with a rough wooden stamp, which could be made for a few annas in any village along the canal, and is then covered up by a tarpaulin. This doubtless protects the salt from rain, but it cannot be so securely fastened on that even without untying the ropes which go over it; any one who likes cannot insert his hand and take out as much salt as he pleases. It would be easy also to remove salt without disturbing the so-called seals by digging away at the bottom of the heap through holes in the rough wooden partition which prevents its spreading into the unfloored portion of the boat which must be left open to enable the crew to bail out from time to time the water which constantly leaks in. But there is really no reason for the boatmen to take the trouble to steal salt in this petty way. It is quite easy for them to proceed in a much more wholesale manner. The boats, loaded and covered as I have described, are started off in convoys of four or five, in the rearmost of which sits the Police Constable in charge. Now we will suppose this Police Constable to be of unimpeacheable honesty, a very Cerberus for watchfulness and an Argus for powers of observation, warranted not to need sleep for perhaps three days at a time—the frequent duration of the voyage from Kattur to Madras when the wind is high and contrary. In such a case, what happens is this. The boat in which journeys this trusty guardian of the public revenue constantly runs aground, whether by accident or design is immaterial. If the Ennore bar is open and the tide falling perhaps she remains aground for six or seven hours. In the meantime the boatmen in charge of the other boats go on out of sight and can do just what they please. There is nothing to prevent their stopping at the first village, taking off the tarpaulins, removing as much salt as they think can be taken without attention being attracted, resealing what is left with a forged "seal," replacing the tarpaulins and proceeding on their way rejoicing. That this is what often is done I have no doubt. Next season I shall hope to have a few more boats for the use of the Police so that patrols may be constantly moving about. But even then we are dependent on Police honesty which I trust no less and no more than I trust the honesty of lowly-paid officials here and elsewhere, who are practically out of reach of control. In other words, I trust it very little indeed.

14. These considerations brought me at first to the conclusion that the only way to protect the revenue was to arrange for all salt being stored and sold locally so that it would not be in transit until Government had been paid for it and the occurrence of wastage or of theft could no longer affect the public purse. But to this course there are several weighty objections affecting the convenience of the trade and therefore the supply of the country. The most important is that if no salt is allowed to leave the platforms, which in that case will have to be constructed in the neighbourhood of the pans, unless duty paid, the wastage and theft in transit will be of an article worth Rs. 2-11-0 per maund instead of, as at present, of an article worth about Annas 1½ per maund. For this loss, to whomsoever it may originally be charged, there can be no doubt that the consumer will ultimately have to pay in some shape or another. I will not undertake to estimate accurately the increase in the price of salt to the public which will thus be caused; but it is not difficult to believe that it will be considerable. One gentleman of my acquaintance, who has an extensive practical knowledge of the trade, estimates it at 4 Annas per maund, and I know no reason why his estimate should not be accepted. Four Annas is 9·3 per cent. on Rupees 2-11-0. Even in bags the wastage in transit in boats may very likely amount to 5 per cent. which at once accounts for more than half of 4 Annas. Add something for the merchants' expenses and trouble in going a long distance to buy the salt, for the guards he must maintain, for his interest on the value of the salt lost, and for the additional expenses of loading into the boats in bags, of unloading out of them and of reloading into Railway trucks, and the estimate of 4 Annas per maund additional cost to the consumer by local storage and sale will not, I think, appear excessive. It is at all events clear that the increase in cost from this cause must be very appreciable, and that it would in the end be far better for the country generally that the Government should, as at present, defray the cost of transit and suffer the inevitable losses in transit, even if it should be determined to increase the cost price of the salt by an anna or two a maund to cover that expense and those losses, than that they should be first incurred

and suffered by the salt merchants and be by them recovered from the consumers who would in this matter be entirely at their mercy.

15. Even so, I almost think that I should hold that the interests of the revenue require that the salt should be stored and sold locally were I not of opinion that under proper arrangements it can be brought to, stored at, and sold at Madras both now and hereafter without danger of loss of revenue, and to the great convenience of the trade and public—the latter a consideration which should certainly be attended to whenever possible.

16. As I have stated above I hope by next season to have more small boats in which the Police may patrol the canal, but this is not enough. It is, in my opinion, essentially necessary that special boats which can be locked up should be built for the carriage of salt so that without open violence, which I do not fear, their cargoes cannot possibly be tampered with. Nothing short of this will in my judgment afford the necessary protection to the revenue. With boats of this sort there can be no doubt that there will be a great saving both of wastage and of the cost of escorts, while there is no reason readily apparent that the expense of carriage should be much increased. On the contrary my opinion is that it may be considerably reduced.

17. As regards the description of boats which are required and their costs, I have been in communication with Mr. Faulkner, the General Superintendent of the Public Works Workshops, who has been good enough to promise me an estimate. I enclose a copy of the specification I have sent him for the Board's information.

18. The size of boat I have asked him to estimate for is 35 tons.

19. Sufficient boats should, I think, be provided to bring in at least 18 lakhs of maunds (this year's outturn is nearly 20 lakhs in the Northern Divisions alone) in, say, three and-a-half months. Now 18 lakhs of maunds = 66,176 tons or 1,890 trips of a 35-ton boat. Allowing then that each boat can on an average make six trips per mensem, and I think it will be very good work if they regularly do as much, we shall require ninety boats of 35 tons each to bring in 18 lakhs of maunds in three and-a-half months. This calculation, however, makes no allowance whatever for delays by Native and European holidays, sickness of boatmen, or bad weather. I think therefore that we should have not less than 100 such boats.

20. It has now to be considered what it will cost, first, to build the boats; secondly, to work them.

21. I am not certain about the cost of building the boats, but it cannot be taken at less than Rupees 1,000 per boat. The 100 boats will therefore cost at least a lakh of Rupees.

22. The cost of working them will be as under—

	RS.
Interest at 4 per cent.	4,000
Repairs and depreciation at, say, 8 per cent.	8,000
Two hundred men at two for each boat (the usual crew) for, say, four months, at Rupees 10 per man	8,000
Care-takers, occasional coolies for cleaning and thatching to preserve the boats from the weather	2,000
Total ...	22,000

23. This amounts in round numbers to 5½ Annas per ton, or taking the average distance the salt has to be carried at fourteen miles to 4·8 Pies per ton per mile. This rate would, of course, be reduced if a larger amount of salt was brought in in any year.

24. I have made what seems to me liberal allowance for all charges so far as I am aware of them.

25. It is not easy to compare the above rate of freight with that now paid under the boat contract which will expire in March 1880, the rates under the latter not being per mile but fixed between certain stations, the distances of which from

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Madras differ, and the quantities consigned from which are not every year the same. As nearly, however, as I can make out without going into a very elaborate calculation the present rate per mile per ton is 9·53 Pies. Taking therefore the average distance the salt has to be carried at fourteen miles, the cost of the transport to the Salt Cotaurs of 18 lakhs of maunds will be about Rupees 46,000 or Rupees 24,000 (109 per cent.) more than would be required for the same purpose if Government maintain their own boats as I propose. Now a saving of Rupees 24,000 on the average per annum would be equivalent at 4 per cent. to a capital gain of Rupees 6,00,000. I do not wish to insist on this. I merely wish to show that my proposals will at all events not involve additional expenditure in the long run.

26. I have excluded the canal toll of 4 Annas per ton from both these computations as it is the same in both cases, and therefore does not affect the comparison between the existing and future possible rates of freight.

27. It is quite possible that the Board and Government may be inclined to reply to this proposal to incur at once an expenditure of a lakh of Rupees that it cannot be necessary in consideration of the early introduction of the excise system under which the manufacturers will themselves be bound to defray all charges attending the transport of the salt, their property, from the place of manufacture to the place at which it passes into consumption. If so, I would venture to point out—,

(1),—that I consider that I have shown that it is impracticable under any system, without great loss to the consumer, to require salt made in the Chingleput pans to be stored and sold locally;

(2),—that, as Government does now, excise manufacturers in the future must therefore be allowed to transport their salt to the Madras Salt Cotaurs, as it were in bond, and there store and sell it; and,

(3),—that if so, and if further precautions are now necessary, as they certainly are, to prevent thefts in transit as the salt is now brought in in bulk and with some regularity and with doubtless a certain degree of protection from the mere fact of its being the property of Government, it will be far more necessary to take the same and even stricter precautions in future when the salt in transit will belong to private persons and will be sent in in small quantities as suits their convenience.

28. Whether, therefore, the excise system is, or is not, introduced in 1880, I consider that the provision of boats which can be securely locked up so that their cargoes cannot be tampered with is a matter of necessity for the protection of the revenue. In the one case, if the monopoly system is maintained, their construction will not only put a stop to fraud and save much wastage, but will also effect a great saving in the cost of transit which will then as now be a charge upon the State; in the other, it will be perfectly easy to recover a fair rate of interest on the expenditure upon them by requiring the manufacturers to use them for the transport of their salt which can in no other way be moved without danger to the revenue, and by charging for their accommodation a rate of so much per maund or garce to be paid at the same time as the duty when the salt is sold and passes into consumption. This will be no hardship. On the contrary it will really be an advantage and an assistance.

29. I further wish to point out with regard to the boats the building of which I recommend that it does not at all follow that they are to lie idle eight months in the year because the Salt Department will only require them for four months. Boats are constantly in requisition for such Government purposes as the conveyance of firewood from Nellore to the Madras Depôt and of chunam shells from the shell-pits on the Pulicat lake for use by the Public Works Department at the Presidency. These boats will be available for all such purposes; of course the more constantly they are employed the more saving to Government will their construction effect.

30. I propose, therefore, unless I hear from the Board to the contrary, to enter in the Salt Department Budget for 1879-80, which will shortly be submitted,

the sum of one lakh of Rupees for the building of boats in the Chingleput District. The best way of building them will probably be by contract at Pulicat or elsewhere up the canal, where boat-builders are numerous, under the supervision of a competent person, for whose deputation from the Calcutta or Bombay Dockyard the Bengal or Bombay Government should be applied to. Their hulls will in this way probably be turned out more cheaply than would in any other way be feasible, while the roofing of them with galvanized iron, fitting them with pumps, &c., might be left to the General Superintendent of the Public Works Workshops at Madras for execution with materials to be obtained direct from England. All this will take time. The provision of the boats cannot, therefore, be left over until the year in which they will be required for use, but must be taken in hand before, *i.e.*, in the course of next official year.

31. Put very briefly, and without any assignment of reasons, the proposals I now do myself the honor to submit are—

(1) to fix the season of 1880 for starting the excise system throughout the Chingleput District except at Cheyur;

(2) to allow excise manufactured salt to be stored and sold at the Madras Salt Cotaurs;

(3) to secure the revenue against danger therefrom by the provision of boats for the transport of salt so constructed that their cargoes cannot be tampered with in transit; and

(4) to recover a fair rate of interest on the cost of these boats by compelling their use for the transport of salt and by charging a cess on all salt sold after such transport.

32. If these proposals commend themselves to the Board and Government, it will follow—

First—that to enable excise manufactured salt to be conveniently stored at the Madras Salt Cotaurs the platforms there should be as clear as possible of Government salt about the middle of 1880;

Secondly—that, if so, the Government reserve must be stored elsewhere.

33. To carry out these objects I propose to store the reserve at Covelong, Vadasamanjeri, and Homes' Gardens. Space is available on the existing platforms—

	I. MDS.
At Covelong for	600,000
,, Vandasamanjeri	170,000
,, Homes' Gardens	500,000
Total ...	1,270,000

or for rather more than the quantity the reserve will consist of.

34. There never have been any sales at Covelong itself except for export. These have now ceased for some time as the salt has been required to meet the wants of the Madras Depôt. I propose not to re-open them.

35. At Vadasamanjeri there are no sales, and I am not sure that there ever have been any. I propose no change.

36. The Homes' Gardens Depôt I propose to close altogether and to dispense with the establishment, except perhaps a single Clerk or Assistant Superintendent and a few menials to look after the buildings and to see that the coverings of the heaps are kept in good repair, and to use the platform there solely as a place of storage for the Madras reserve until the excise system has thoroughly established itself. This change I propose to carry out as soon as the storage is completed of the salt already scraped and awaiting transit at Covelong and Vadasamanjeri and whether it is decided to introduce the excise system or not.

37. The establishment which will be dispensed with, if these proposals are approved, is—

	RS.
1 Superintendent on	50
2 Clerks on	20

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	RS.
2 Clerks on Rupees 15	30
6 Peons on ,, 7	42
2 Vettals on ,, 6	12
2 Measurers on ,, 7	14
1 Vetti on	5
Total ...	183

38. On the other hand I shall require for the duties above specified (in paragraph 36) the following servants, say for three years, until the excise system is established and the reserve stock can be sold off and the depôt be finally closed:—

	RS.
1 Assistant Superintendent	35
1 Peon	7
2 Vettals on Rupees 6	12
Total ...	54

39. I enclose a proposition statement for these changes in the prescribed form.

40. I shall no doubt be able in a short time to provide elsewhere for the discharged servants.

41. The Board and Government are so well acquainted with the circumstances of the Homes' Gardens Depôt that it seems to me unnecessary to give any further reason for closing it in any case than that I consider, and do not doubt that they will agree with me that two depôts are not required for the supply of the town of Madras. The wants of the population east of the South Indian Railway and south of Madras as far as Chingleput will be adequately met from the depôt at Kilambakkam (subordinate to Covelong), which I propose to keep open for sales until the excise system is introduced. This depôt is open now and has been selling of late about 1,000 maunds per mensem. It is of small importance, but as it costs little to keep up and conveniences a small tract of country it may as well be left open for the present.

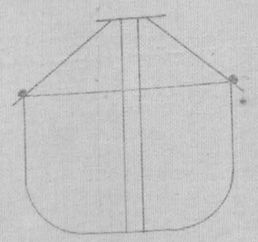
42. I shall be much obliged by early orders on so much of this letter as relates to the Homes' Gardens Depôt to enable me to regulate the storage which is now in progress.

—

ENCLOSURE No. 1.

Specification of a 35-Ton Boat.

SALT boats, 35 tons, bow and stern alike and rudder to ship at either end. Frame to be of babool or other tough country wood, external planking of teak. Sufficient pace in the centre of the boat for the carriage of 35 tons of salt, to be floored and lined inside the ribs so as to prevent any leakage damaging the salt. This space would also require a wooden bulkhead at each end. Flooring, lining and bulkheads may be of mango wood. Over this space there must be a roof, as roughly indicated marginally and very much like the shape of the sky-light over the engine-room hatch of a steamer. Fore and aft along the top of the roof should run a gangway about 1½ feet wide so as to afford communication between bow and stern. From the gangway board to the side of the boat should run light wooden frames made to unship easily, and on them should rest sheets of ordinary corrugated iron which should slip into a groove *under* the gangway and holes, in the lower ends of which should pass over staples on the gunwall.



Through the staples would run a thin wire rope, the ends of which would be brought together and padlocked. The boat to be strongly built and copper fastened throughout and to be furnished with a suitable mast and sail.

(Signed) H. W. BLISS,
Commissioner of Salt Revenue.

ENCLOSURE No. 2.

STATEMENT of Proposition for Revision of Establishment.

Office to which the Proposition refers.	Nature of Charge.								Proposition.						Grounds of Proposition.	Local Government's recommendation.	Orders of the Government of India.		
	Present Scale.				Proposed Scale.				Permanent.		Temporary.						Home Department.	Financial Department.	
	No.	Designation.	Pay. Minimum.	Pay. Maximum.	No.	Designation.	Pay. Minimum.	Pay. Maximum.	Increase per Month. Amount.	Decrease per Month. Amount.	Decrease per Month. Period.	Decrease per Month. Amount.	Increase per Month. Period.	Increase per Month. Amount.			Remarks.	Remarks.	Orders.
			Rs.	Rs.			Rs.	Rs.	Rs.	Rs.		Rs.		Rs.					
Homes' Gardens Salt Depot.	1	Superintendent ..	60	60	..		..	..	..	60	..	..	3 Years.	..	In anticipation of the introduction of the excise system which it is proposed to start in 1880 in the Chingleput District sales should be stopped at the Homes' Gardens Depot and the same maintained only as a Reserve Depot on a reduced scale until the excise system is established and the reserve stock can be sold off and the depot be finally closed.	..	..	..	..
	1	Clerk	20	20	..		..	..	..	20	..	..		..		..	..	..	..
	2	Clerks on Rupees 15 each	30	30	..		..	..	..	30	..	..		..		..	..	..	..
	6	Peons on Rupees 7 each	42	42	..		..	..	..	42	..	..		..		..	..	..	..
	2	Vettals on Rupees 6 each	12	12	1	Assistant Superintendent	35	35	..	12	..	..		35		..	..	..	..
	2	Measurers on Rupees 7 each	14	14	1	Peon	7	7	..	14	..	..		7		..	..	..	..
	1	Vetti..	5	5	2	Vettals on Rupees 6 each	12	12	..	5	..	..		12		..	..	..	..
		Total ..	183	183		Total ..	54	54	..	183	..	..		54		..	..	..	..
							Net after 3 years.			183	3 Yrs.	129		..		..	..	..	..

(Signed) H. W. BLISS,
Commissioner of Salt Revenue.

2nd September 1878.

The foregoing letter contains Mr. Bliss' proposals in regard to the arrangements to be made with the view of introducing the excise system into Chingleput, where it was decided in G.O., dated 5th March 1878, No. 349, that the experiment should be made. Mr. Bliss has entered fully into the subject, and as the Board concur generally in the views expressed it will only be necessary to make a few remarks in submitting his letter for the orders of Government.

2. The proposals are briefly stated at paragraph 31. The first proposition is that the season of 1880 should be fixed as the time for starting the excise system throughout the Chingleput District except at Cheyur, which may be left out of consideration until communication with it by canal is completed. Mr. Bliss calculates that on the 1st July 1880 there will in all probability be a stock of at least 11½ lakhs of maunds of salt in hand, enough to meet nine months' consumption at a liberal estimate, so that there need be no apprehension of a salt famine resulting from the experiment. The present boat contract for the transport of salt will also have expired by that date. The Board concur in thinking that this will be a favorable time for introducing the change; some experience of the working of the system on the west coast will also have been gained.

3. The question of storage is next discussed. Mr. Bliss was at first inclined to advocate the abolition of the Madras Cotaurs and Homes' Gardens Depôts and the storage of the salt locally, whether the excise system were introduced or not—a step which the Salt Commission recommended unless arrangements could be made for trustworthy weighment at the pans and the protection of the salt *en route* to the depôts. On further consideration Mr. Bliss consider that arrangements can be made to obviate loss in transit from fraud and diminish wastage, and in view of the increased cost to the consumer which would eventually fall on him, he recommends that the excise manufactured salt should be stored and sold at the Madras Cotaurs, the would be duty paid and that the loss would eventually fall on the Madras Cotaurs, the Government reserve being stored at Covelong, Vadasamanjeri and Homes' Gardens. In reviewing the Salt Commission report the Board expressed an opinion adverse to that the excise manufactured salt should be stored at Covelong, Vadasamanjeri and Homes' Gardens. In reviewing the Salt Commission report the Board expressed an opinion adverse to the trade which would result from storage and sale at a distance, and the increased cost to the consumer which would be entailed by the measure, seeing that the salt loss in transit from fraud and diminish wastage, and sale at a distance, and the increased On further consideration Mr. Bliss consider that arrangements can be made to obviate worthy weighment at the pans and the protection of the salt *en route* to the depôts, which the Salt Commission recommended unless arrangements could be made for trustthey concur in thinking that with proper arrangements for transport and guarding the storage of salt in the out-of-the-way localities where the pans are situated, and there need be no danger to the revenue from storage at Madras whilst there is no doubt that the convenience of the trade and the public is a strong argument in favour of the latter plan.

4. For the security of the revenue the provision of proper boats for the transport of salt is necessary, whether the excise system be introduced or not. Mr. Bliss estimate is under preparation; meanwhile permission is asked to make provision in the forwards a specification of the boat he considers best adapted for the purpose; an Salt Department Budget for 1879-80 to the extent of one lakh of rupees for the construction of 100 boats at Rupees 1,000 each, for less than which sum Mr. Bliss does not think such a boat as he desires could be built. The cost of working including interest on the capital outlay and depreciation is put down at Rupees 22,000 per annum which is calculated to give a rate of 4·8 pies per ton per mile on an average against 9·53 pies per mile per ton under existing arrangements. There will, therefore, be a very considerable saving, even taking into consideration only the annual cost of transport of salt; and for about eight months of the year the boats will be available for other Government purposes. The question of the best place for constructing the boats and other details may be left for consideration hereafter; the Board entirely concur with Mr. Bliss in considering that, apart from the introduction of the excise system, improved means of transport are essential to secure the revenue, and they recommend his proposal for sanction therefore. requisite outlay must be incurred; he proposes in the ensuing year's Budget, and authorize him to make the entry; he proposes in the ensuing year's Budget, requisite outlay must be incurred; they recommend his proposal for sanction therefore.

5. The fourth proposal is that a fair rate of interest on the cost of the boats be recovered by requiring excise manufacturers will use them for the transport of salt and by charging a cess on all salt sold after such transport. The manufacturers will probably be only too glad to avail themselves of the accommodation, and there can be

no hardship in requiring them to do so provided the charges are fair; if this be made a stipulation in the license the conditions of which the Board are empowered by the Excise Act to prescribe, the Board do not think any legal difficulties in regard to the recovery of the sum due are likely to arise.

6. Mr. Bliss further proposes to close the Homes' Gardens Depôt as regards sales altogether, retaining only the establishment marginally noted to look after the buildings, the reserve store, &c., and dispensing with the rest of the staff, by which a saving of Rupees 129 per mensem will be effected. He considers that the wants of the population south of Madras are adequately met from the depôt at Kilambakkam which will remain open; the Board support his recommendation and request the early orders of Government on this point.

	RS.
1 Assistant Superintendent on	35
1 Peon	7
2 Vettals on Rupees 6	12
Total ...	54

(True Copies and Extract.)

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

No. 181. ORDER THEREON, 16th December 1878, No. 2,021.

Separate Revenue, No. 23.

Salt.

WITH reference to paragraph 29, G.O., 5th March 1878, No. 349, the Commissioner of Salt Revenue submits proposals for the introduction of the Salt excise system into the district of Chingleput (except the Cheyur division) *in place of* the existing Government monopoly. Since these proposals were drawn up the Government of India have intimated, and the Secretary of State has accepted, their view that the two systems may well proceed concurrently unless or until one or other proves to be so superior that the other can be abandoned. Under these circumstances the present proposals require modification throughout.

G.O., 19th October 1878, No. 1,692.
„ 7th December „ „ 1,970.

2. His Grace the Governor in Council sees no reason why the excise system should not be partially introduced next manufacturing season by offering traders one of the best sets of pans, and in this case early measures will have to be adopted. The Board will call on the Salt Commissioner to submit his views on this point and state generally what steps he would propose for carrying on the two systems side by side in accordance with the wishes of the Government of India.

3. The Government are unable to concur with the Board and Commissioner as regards storage and levy of duty at Madras. It must be understood that the excise system to be aimed at is payment of duty on removal from place of manufacture, and that Government will insist on *payment for this quantity* although they may allow removal on deposit of adequate tangible security, accounts being adjusted periodically in the case of large traders. A small allowance for wastage seems unobjectionable on the Bombay principle.

4. Under any circumstances the Government are wholly opposed to maintaining a fleet of boats for use or hire by private manufacturers. If need for such boats is proved in connection with the monopoly system proposals can be submitted for providing them, but the Government do not see why Madras traders should not learn to go, like those elsewhere, to the pans to buy. If the depôt system is to be maintained and worked on a fair footing with an excise system (and the Government are not prepared to say that in view of the large inland traffic by rail the depôt is not necessary) then it seems proper to consider whether the prime cost to Government to which the duty is to be added to form the selling price, will not

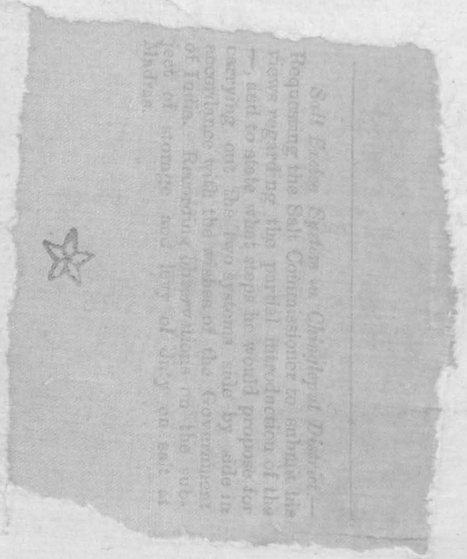
need to be adjusted so as to cover cost to the rate of carriage from the pans to the depôt, if this is not already included, or if ment to the manufacturers is not settled on quantity delivered at the depôt. point should receive the attention of the Commissioner.

(True Ex

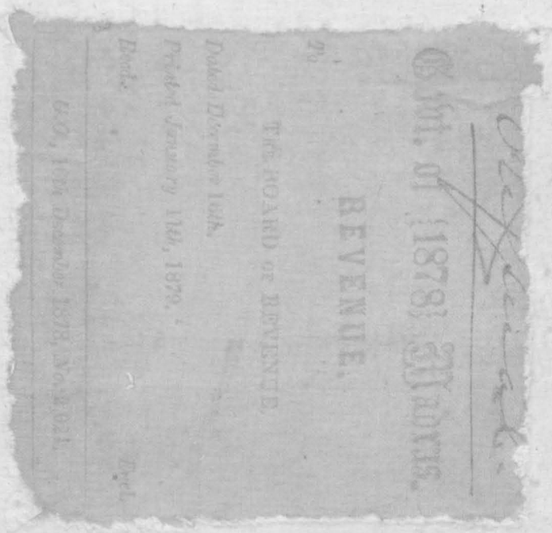
) L. A. CAMPBELL,
Under-Secretary to Government.

To the Board of Revenue.

Exd. W. H. French.



Salt Excise System in Chingleput District—
Requesting the Salt Commissioner to submit his
views regarding the partial introduction of the
—, and to state what steps he would propose for
carrying out the two systems side by side in
accordance with the wishes of the Government
of India. Recording Orders thereon. Also the rule
fees of ammonia and keys of Shroffs on sale at
Madras.



Order No. of 1878, 25th Sept.

REVENUE.

To

THE BOARD OF REVENUE

Dated December 14th.

Received January 14th, 1879.

Books

Copy

G.O. No. 1021, dated October 1878, No. 1021.

221/1

Stamp

No. 2,619.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 25th September 1878.

Read the following letter from H. W. BLISS, Esq., Commissioner of Salt Revenue, to C. A. GALTON, Esq., Acting Secretary to the Board of Revenue, dated Cuddalore, 2nd September 1878, No. 1,151 :—

I HAVE the honor to submit the following remarks on the arrangements which I consider should be made in the Chingleput District with the object of the ultimate introduction there of the excise system which, I presume, I may consider decided on.

2. The earliest period at which it appears to me possible to abandon in that district the manufacture of salt on behalf of Government is the season of 1880. This delay in trying the excise system is necessary for two reasons. In the first place, there should be a good stock of salt in hand before any move is made in this direction lest a failure should result in a salt famine; and, in the second, it will be impossible, with a due regard to the revenue, to allow manufacture on private account until proper arrangements are made, either for the storage of the salt at platforms to be constructed in the neighbourhood of the pans, or for its transport to the Madras Depôt in boats so constructed that it will not be feasible to tamper with their cargoes in transit.

3. Now as regards stocks the state of the case is as follows, excluding from consideration the Cheyur Division which, until the canal is opened down to it, can but little affect the salt supply of the large tracts of country which depend upon the Madras Salt Cotaurs for this necessary of life.

4. On the 1st July we had in hand (scrapings and storage included) altogether 2,541,640 maunds distributed as under:—

	Maunds.
Madras Salt Cotaurs and Northern Divisions	1,957,298
Homes' Gardens Depôt	44,514
Covelong and Vadasaummanjeri	539,828
Total ...	2,541,640

5. Since the 1st of July, 107,530 maunds have been scraped. This makes a total of 26½ lakhs of maunds in round numbers available for consumption in the current fasli.

6. But the demand of the twelve months ending 30th June next is not likely to exceed 15 lakhs of maunds at the very outside, wastage included. On the 1st July 1879, therefore, we may expect to have 11½ lakhs of maunds in store, to which must be added next season's manufacture.

7. This year the manufacture has been wonderfully successful, over 27 lakhs of maunds having been scraped, the whole storage of which, I am happy to say, will be completed at an unusually early period. But we cannot always reckon upon this success. There is no reason, however, to anticipate so complete a failure as has sometimes occurred in consequence of storms and floods, if this danger is guarded against by the erection of platforms or drying grounds (for they will serve both ends) close to the pans on which salt can be kept out of reach of damage until removed in the boats—an operation which must always be delayed for some little time as it is not advisable to store salt immediately after it is scraped and before it has drained quite dry. Proposals for the construction of such platforms or drying grounds have been submitted in my letter, No. 1,025, dated 16th August 1878, and approved in the Board's Proceedings, No. 2,382, dated 24th August 1878. On the hypothesis that they will be

sanctioned and the works carried out, it seems to me fair to estimate the total of next season's manufacture at a minimum of 15 lakhs of maunds. With the balance above noted of $11\frac{1}{2}$ lakhs which may be expected to be in hand on the 30th June 1879, we shall therefore, so far as can now be seen, have $26\frac{1}{2}$ lakhs of maunds available to meet the demand of the twelve months ending 30th June 1880, by which time, if the excise system is started in the beginning of that year, fresh supplies of that season's manufacture will be available for consumption, and sales of the Government stock may be suspended. By that date, however, the stock of $26\frac{1}{2}$ lakhs of maunds on the 1st July 1879 will have been reduced by sales to, say, $11\frac{1}{2}$ lakhs of maunds or about enough for nine months' consumption at the extreme rate above given, and on the supposition above put that next season's outturn will scarcely exceed half that of the current year. The probability therefore is that the balance in hand on the 1st July 1880 will be more than $11\frac{1}{2}$ lakhs of maunds; but even if not, I consider that a stock in hand large enough to meet nine months' consumption will be sufficient to remove all reasonable apprehensions of the trial of the excise system resulting in a salt famine. It will take years of exertion to raise the stocks much higher. If therefore such a stock is not considered sufficient to warrant the trial of the excise experiment it must be indefinitely postponed and I will turn my attention to other matters, though a decision to this effect will in no way affect the recommendations as to boats, &c., which follow.

8. If these conclusions are accepted the next question for determination is where shall the reserve stock be stored? To answer this question it is necessary first to determine what platform or platforms shall be set apart for the storage of excise manufactured salt as it comes in, because it or they must be kept clear and the reserve consequently be stored elsewhere.

9. My original opinion on the subject of storage was that in any case both the Madras Cotaurs and the Homes' Gardens Depôts ought to be abolished and all salt be stored and sold locally.

10. My reasons for thinking that this should be done, even if the excise system was not introduced, were that, under the present arrangement of a central place of storage and sale to which the salt is conveyed at the expense of Government, first, a great deal of money is spent which might be saved if the merchants were left to buy the salt at the place of manufacture and themselves convey it the whole of the way to the place of consumption instead of Government carrying it a part of the way for them; and, secondly, a great deal of avoidable wastage occurs in transit.

11. It may, of course, be said that the wastage falls on the salt ryots who are paid only on what is weighed in at the depôt. This is true, but it is obvious that if wastage is at the rate of, say, 10 per cent. and the ryot is therefore paid for only $\frac{9}{10}$ of what he makes, he must be paid for that $\frac{9}{10}$ at a rate $\frac{1}{9}$ higher than would otherwise be required in order to remunerate him fairly for the whole of what he has manufactured, even though it has not all come into store. Ultimately therefore loss by wastage in transit falls upon Government. If that was all, it would not be a matter of much importance, though even so the annual loss from this cause must be from 15,000 to 20,000 Rupees. But unfortunately it is not all. Much of what appears in the accounts under this head is not true wastage from the salt in the boats being melted or lost overboard, nor merely apparent and due only to inaccuracy in the estimate formed of its amount when it is put on board, but represents loss by theft.

12. I have made several attempts to arrive at an estimate of the loss due to this cause, but have failed from the impossibility of accurately determining the sources from which particular tracts of country are supplied. But though I cannot produce figures in proof of my statement, I have no hesitation in saying that it must be large. I think so because all experience shows us that in business of every kind, if facilities for fraud exist, they are certain to be taken advantage of, and because in this instance the facilities for fraud are very large. The Board and Government are well aware of the system under which the transport of salt from the pans to the platforms is effected in the Chingleput District. It will therefore suffice to describe it very briefly.

13. At the pans the salt is first stored in heaps as far as possible on the banks of the boat channels and thence is removed without weighment into the boats. The quantity in each boat is entered in the boat note by estimate only. The salt is carried in bulk. As soon as the boat is loaded the cargo is sealed, as it is called, by stamping its surface with a rough wooden stamp, which could be made for a few annas in any village along the canal, and is then covered up by a tarpaulin. This doubtless protects the salt from rain, but it cannot be so securely fastened on that even without untying the ropes which go over it; any one who likes cannot insert his hand and take out as much salt as he pleases. It would be easy also to remove salt without disturbing the so-called seals by digging away at the bottom of the heap through holes in the rough wooden partition which prevents its spreading into the unfloored portion of the boat which must be left open to enable the crew to bail out from time to time the water which constantly leaks in. But there is really no reason for the boatmen to take the trouble to steal salt in this petty way. It is quite easy for them to proceed in a much more wholesale manner. The boats, loaded and covered as I have described, are started off in convoys of four or five, in the rear-most of which sits the Police Constable in charge. Now we will suppose this Police Constable to be of unimpeacheable honesty, a very Cerberus for watchfulness and an Argus for powers of observation, warranted not to need sleep for perhaps three days at a time—the frequent duration of the voyage from Kattur to Madras when the wind is high and contrary. In such a case, what happens is this. The boat in which journeys this trusty guardian of the public revenue constantly runs aground, whether by accident or design is immaterial. If the Ennore bar is open and the tide falling perhaps she remains aground for six or seven hours. In the meantime the boatmen in charge of the other boats go on out of sight and can do just what they please. There is nothing to prevent their stopping at the first village, taking off the tarpaulins, removing as much salt as they think can be taken without attention being attracted, resealing what is left with a forged "seal," replacing the tarpaulins and proceeding on their way rejoicing. That this is what often is done I have no doubt. Next season I shall hope to have a few more boats for the use of the Police so that patrols may be constantly moving about. But even then we are dependent on Police honesty which I trust no less and no more than I trust the honesty of lowly-paid officials here and elsewhere, who are practically out of reach of control. In other words, I trust it very little indeed.

14. These considerations brought me at first to the conclusion that the only way to protect the revenue was to arrange for all salt being stored and sold locally so that it would not be in transit until Government had been paid for it and the occurrence of wastage or of theft could no longer affect the public purse. But to this course there are several weighty objections affecting the convenience of the trade and therefore the supply of the country. The most important is that if no salt is allowed to leave the platforms, which in that case will have to be constructed in the neighbourhood of the pans, unless duty paid, the wastage and theft in transit will be of an article worth Rs. 2-11-0 per maund instead of, as at present, of an article worth about Annas $1\frac{1}{2}$ per maund. For this loss, to whomsoever it may originally be charged, there can be no doubt that the consumer will ultimately have to pay in some shape or another. I will not undertake to estimate accurately the increase in the price of salt to the public which will thus be caused; but it is not difficult to believe that it will be considerable. One gentleman of my acquaintance, who has an extensive practical knowledge of the trade, estimates it at 4 Annas per maund, and I know no reason why his estimate should not be accepted. Four Annas is 9·3 per cent. on Rupees 2-11-0. Even in bags the wastage in transit in boats may very likely amount to 5 per cent. which at once accounts for more than half of 4 Annas. Add something for the merchants' expenses and trouble in going a long distance to buy the salt, for the guards he must maintain, for his interest on the value of the salt lost, and for the additional expenses of loading into the boats in bags, of unloading out of them and of reloading into Railway trucks, and the estimate of 4 Annas per maund additional cost to the consumer by local storage and sale will not, I think, appear excessive. It is at all events clear that the increase in cost from this cause must be very appreciable, and that it

would in the end be far better for the country generally that the Government should, as at present, defray the cost of transit and suffer the inevitable losses in transit, even if it should be determined to increase the cost price of the salt by an anna or two a maund to cover that expense and those losses, than that they should be first incurred and suffered by the salt merchants and be by them recovered from the consumers who would in this matter be entirely at their mercy.

15. Even so, I almost think that I should hold that the interests of the revenue require that the salt should be stored and sold locally were I not of opinion that under proper arrangements it can be brought to, stored at, and sold at Madras both now and hereafter without danger of loss of revenue, and to the great convenience of the trade and public—the latter a consideration which should certainly be attended to whenever possible.

16. As I have stated above I hope by next season to have more small boats in which the Police may patrol the canal, but this is not enough. It is, in my opinion, essentially necessary that special boats which can be locked up should be built for the carriage of salt so that without open violence, which I do not fear, their cargoes cannot possibly be tampered with. Nothing short of this will in my judgment afford the necessary protection to the revenue. With boats of this sort there can be no doubt that there will be a great saving both of wastage and of the cost of escorts, while there is no reason readily apparent that the expense of carriage should be much increased. On the contrary my opinion is that it may be considerably reduced.

17. As regards the description of boats which are required and their costs, I have been in communication with Mr. Faulkner, the General Superintendent of the Public Works Workshops, who has been good enough to promise me an estimate. I enclose a copy of the specification I have sent him for the Board's information.

18. The size of boat I have asked him to estimate for is 35 tons.

19. Sufficient boats should, I think, be provided to bring in at least 18 lakhs of maunds (this year's outturn is nearly 20 lakhs in the Northern Divisions alone) in, say, three and-a-half months. Now 18 lakhs of maunds = 66,176 tons or 1,890 trips of a 35-ton boat. Allowing then that each boat can on an average make six trips per mensem, and I think it will be very good work if they regularly do as much, we shall require ninety boats of 35 tons each to bring in 18 lakhs of maunds in three and-a-half months. This calculation, however, makes no allowance whatever for delays by Native and European holidays, sickness of boatmen, or bad weather. I think therefore that we should have not less than 100 such boats.

20. It has now to be considered what it will cost, first, to build the boats; secondly, to work them.

21. I am not certain about the cost of building the boats, but it cannot be taken at less than Rupees 1,000 per boat. The 100 boats will therefore cost at least a lakh of Rupees.

22. The cost of working them will be as under—

	Rs.
Interest at 4 per cent.	4,000
Repairs and depreciation at, say, 8 per cent.	8,000
Two hundred men at two for each boat (the usual crew) for, say, four months, at Rupees 10 per man	8,000
Care-takers, occasional coolies for cleaning and thatching to preserve the boats from the weather	2,000
Total ...	22,000

23. This amounts in round numbers to 5½ Annas per ton, or taking the average distance the salt has to be carried at fourteen miles to 4·8 Pies per ton per mile. This rate would, of course, be reduced if a larger amount of salt was brought in in any year.

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24. I have made what seems to me liberal allowance for all charges so far as I am aware of them.

25. It is not easy to compare the above rate of freight with that now paid under the boat contract which will expire in March 1880, the rates under the latter not being per mile but fixed between certain stations, the distances of which from Madras differ, and the quantities consigned from which are not every year the same. As nearly, however, as I can make out without going into a very elaborate calculation the present rate per mile per ton is 9·53 Pies. Taking therefore the average distance the salt has to be carried at fourteen miles, the cost of the transport to the Salt Cotaurs of 18 lakhs of maunds will be about Rupees 46,000 or Rupees 24,000 (109 per cent.) more than would be required for the same purpose if Government maintain their own boats as I propose. Now a saving of Rupees 24,000 on the average per annum would be equivalant at 4 per cent. to a capital gain of Rupees 6,00,000. I do not wish to insist on this. I merely wish to show that my proposals will at all events not involve additional expenditure in the long run.

26. I have excluded the canal toll of 4 Annas per ton from both these computations as it is the same in both cases, and therefore does not affect the comparison between the existing and future possible rates of freight.

27. It is quite possible that the Board and Government may be inclined to reply to this proposal to incur at once an expenditure of a lakh of Rupees that it cannot be necessary in consideration of the early introduction of the excise system under which the manufacturers will themselves be bound to defray all charges attending the transport of the salt, their property, from the place of manufacture to the place at which it passes into consumption. If so, I would venture to point out—,

(1),—that I consider that I have shown that it is impracticable under any system, without great loss to the consumer, to require salt made in the Chingleput pans to be stored and sold locally;

(2),—that, as Government does now, excise manufacturers in the future must therefore be allowed to transport their salt to the Madras Salt Cotaurs, as it were in bond, and there store and sell it; and,

(3),—that if so, and if further precautions are now necessary, as they certainly are, to prevent thefts in transit as the salt is now brought in in bulk and with some regularity and with doubtless a certain degree of protection from the mere fact of its being the property of Government, it will be far more necessary to take the same and even stricter precautions in future when the salt in transit will belong to private persons and will be sent in in small quantities as suits their convenience.

28. Whether, therefore, the excise system is, or is not, introduced in 1880, I consider that the provision of boats which can be securely locked up so that their cargoes cannot be tampered with is a matter of necessity for the protection of the revenue. In the one case, if the monoply system is maintained, their construction will not only put a stop to fraud and save much wastage, but will also effect a great saving in the cost of transit which will then as now be a charge upon the State; in the other, it will be perfectly easy to recover a fair rate of interest on the expenditure upon them by requiring the manufacturers to use them for the transport of their salt which can in no other way be moved without danger to the revenue, and by charging for their accommodation a rate of so much per maund or garce to be paid at the same time as the duty when the salt is sold and passes into consumption. This will be no hardship. On the contrary it will really be an advantage and an assistance.

29. I further wish to point out with regard to the boats the building of which I recommend that it does not at all follow that they are to lie idle eight months in the year because the Salt Department will only require them for four months. Boats are constantly in requisition for such Government purposes as the conveyance of firewood from Nellore to the Madras Depôt and of chunam shells from the shell-pits on the Puli-

cut lake for use by the Public Works Department at the Presidency. These boats will be available for all such purposes; of course the more constantly they are employed the more saving to Government will their construction effect.

30. I propose, therefore, unless I hear from the Board to the contrary, to enter in the Salt Department Budget for 1879-80, which will shortly be submitted, the sum of one lakh of Rupees for the building of boats in the Chingleput District. The best way of building them will probably be by contract at Pulicat or elsewhere up the canal, where boat-builders are numerous, under the supervision of a competent person, for whose deputation from the Calcutta or Bombay Dockyard the Bengal or Bombay Government should be applied to. Their hulls will in this way probably be turned out more cheaply than would in any other way be feasible while the roofing of them with galvanized iron, fitting them with pumps, &c., might be left to the General Superintendent of the Public Works Workshops at Madras for execution with materials to be obtained direct from England. All this will take time. The provision of the boats cannot, therefore, be left over until the year in which they will be required for use, but must be taken in hand before, i.e., in the course of next official year.

31. Put very briefly, and without any assignment of reasons, the proposals I now do myself the honor to submit are—

(1) to fix the season of 1880 for starting the excise system throughout the Chingleput District except at Cheyur;

(2) to allow excise manufactured salt to be stored and sold at the Madras Salt Cotaurs;

(3) to secure the revenue against danger therefrom by the provision of boats for the transport of salt so constructed that their cargoes cannot be tampered with in transit; and

(4) to recover a fair rate of interest on the cost of these boats by compelling their use for the transport of salt and by charging a cess on all salt sold after such transport.

32. If these proposals commend themselves to the Board and Government, it will follow—

First—that to enable excise manufactured salt to be conveniently stored at the Madras Salt Cotaurs the platforms there should be as clear as possible of Government salt about the middle of 1880;

Secondly—that, if so, the Government reserve must be stored elsewhere.

33. To carry out these objects I propose to store the reserve at Covelong, Vadasamanjeri, and Homes' Gardens. Space is available on the existing platforms—

	I. MDS.
At Covelong for	600,000
" Vadasamanjeri	170,000
" Homes' Gardens	500,000
Total ...	1,270,000

or for rather more than the quantity the reserve will consist of.

34. There never have been any sales at Covelong itself except for export. These have now ceased for some time as the salt has been required to meet the wants of the Madras Depôt. I propose not to re-open them.

35. At Vadasamanjeri there are no sales, and I am not sure that there ever have been any. I propose no change.

36. The Homes' Gardens Depôt I propose to close altogether and to dispense with the establishment, except perhaps a single Clerk or Assistant Superintendent and a few menials to look after the buildings and to see that the coverings of the heaps are kept in good repair, and to use the platform there solely as a place of storage for the Madras reserve until the excise system has thoroughly established itself. This change I propose to carry out as soon as the storage is completed of the salt already scraped and awaiting transit at Covelong and Vadasamanjeri and whether it is decided to introduce the excise system or not.

37. The establishment which will be dispensed with, if these proposals are approved, is :—

	Rs.
1 Superintendent on	60
2 Clerk on	20
2 Clerks on Rupees 15	30
6 Peons on " 7	42
2 Vettals on " 6	12
2 Measurers on " 7	14
1 Vetti on	5
Total ...	183

38. On the other hand I shall require for the duties above specified (in paragraph 36) the following servants, say for three years, until the excise system is established and the reserve stock can be sold off and the depôt be finally closed :—

	Rs.
1 Assistant Superintendent	35
1 Peon	7
2 Vettals on Rupees 6	12
Total ...	54

39. I enclose a proposition statement for these changes in the prescribed form.

40. I shall no doubt be able in a short time to provide elsewhere for the discharged servants.

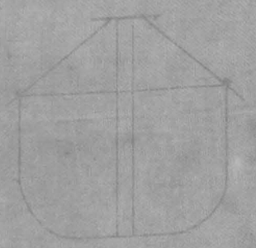
41. The Board and Government are so well acquainted with the circumstances of the Homes' Gardens Depôt that it seems to me unnecessary to give any further reason for closing it in any case than that I consider, and do not doubt that they will agree with me that two depôts are not required for the supply of the town of Madras. The wants of the population east of the South Indian Railway and south of Madras as far as Chingleput will be adequately met from the depôt at Kilambakkam (subordinate to Covelong) which I propose to keep open for sales until the excise system is introduced. This depôt is open now and has been selling of late about 1,000 maunds per mensem. It is of small importance, but as it costs little to keep up and conveniences a small tract of country it may as well be left open for the present.

42. I shall be much obliged by early orders on so much of this letter as relates to the Homes' Gardens Depôt to enable me to regulate the storage which is now in progress.

ENCLOSURE No. 1.

Specification of a 35 Ton Boat.

SALT boats, 35 tons, bow and stern alike and rudder to ship at either end. Frame to be of babool or other tough country wood, external planking of teak. Sufficient space in the centre of the boat for the carriage of 35 tons of salt, to be floored and lined inside the ribs so as to prevent any leakage damaging the salt. This space would also require a wooden bulkhead at each end. Flooring, lining and bulkheads may be of mango wood. Over this space there must be a roof, as roughly indicated marginally and very much like the shape of the sky-light over the engine-room hatch of a steamer. Fore and aft along the top of the roof should run a gangway about 1½ feet wide so as to afford communication between bow and stern. From the gangway board to the side of the boat should run light wooden frames made to unship easily, and on them should rest sheets of ordinary corrugated iron which should slip into a groove *under* the gangway and holes, in the lower ends of which should pass over staples on the gunwall. Through the staples would run a thin wire rope, the ends of which would be brought together and padlocked. The boat to be strongly built and copper fastened throughout and to be furnished with a suitable mast and sail.



(Signed) H. W. BLISS,
Commissioner of Salt Revenue.

Statement of Proposals No. 2.

Establishment for Revision of Establishment.

Nature of Charge.	Present Scale.				Proposed Scale.				Grounds of Proposition	Local Government's recommendation.	Orders of the Government of India.			
			Pay.				Pay.				Home Department.	Financial Department.		
	No.	Designation.	Minimum.	Maximum.	No.	Designation.	Minimum.	Maximum.			Remarks.	Remarks.	Orders.	
			Rs.	Rs.			Rs.	Rs.						
Horsur Garden Salt Depôt.	1	Superintendent ..	60	60	..	..	..	..	In anticipation of the introduction of the excise system which it is proposed to start in 1880 in the Chingleput District sales should be stopped at the Homes' Gardens Depôt and the same entrusted only as a Reserve Depôt on a reduced scale until the excise working is established, and the reserve stock can be sold off and the depôt be finally closed.					
	1	Clerk	20	20	..	..	..	..						
	2	Clerks on Rupees 15 each	30	30	..	..	..	..						
	6	Peons on Rupees 7 each	42	42	..	..	..	..						
	2	Vettals on Rupees 6 each	12	12	1	Assistant Superintendent ..	35	35						
	2	Measurers on Rupees 7 each	14	14	1	Peon	7	7						
	1	Vettl..	5	5	2	Vettals on Rupees 6 each	12	12						
		Total ..	183	183		Total ..	54	54						
							Net after 3 Years							

Office to which the Proposition refers.	Nature of Charge.	Permanent.	Temporary.	Increase per Month.		Decrease per Month.		Reserve Decrease per Month.	Increase per Month.		Decrease per Month.		Reserve Decrease per Month.
				Period.	Amount.	Period.	Amount.		Period.	Amount.	Period.	Amount.	
		Rs.	Rs.		Rs.		Rs.	Rs.		Rs.		Rs.	Rs.
Horsur Garden Salt Depôt.	Pay	183	..		..		..	..	3 Years	..		..	..
	Establishment ..	..	54		..		54	54		54		54	54
	Contingencies ..	..	120		..		120	120		120		120	120
	Total ..	183	174		..		174	174		174		174	174

(Signed) H. W. BLISS,
Commissioner of Salt Revenue.

2nd September 1878.

THE foregoing letter contains Mr. Bliss' proposals in regard to the arrangements to be made with the view of introducing the excise system into Chingleput, where it was decided in G.O., dated 5th March 1878, No. 349, that the experiment should be made. Mr. Bliss has entered fully into the subject, and as the Board concur generally in the views expressed it will only be necessary to make a few remarks in submitting his letter for the orders of Government.

2. The proposals are briefly stated at paragraph 31. The first proposition is that the season of 1880 should be fixed as the time for starting the excise system throughout the Chingleput District except at Cheyur, which may be left out of consideration until communication with it by canal is completed. Mr. Bliss calculates that on the 1st July 1880 there will in all probability be a stock of at least 11½ lakhs of maunds of salt in hand, enough to meet nine months' consumption at a liberal estimate, so that there need be no apprehension of a salt famine resulting from the experiment. The present boat contract for the transport of salt will also have expired by that date. The Board concur in thinking that this will be a favorable time for introducing the change; some experience of the working of the system on the west coast will also have been gained.

3. The question of storage is next discussed. Mr. Bliss was at first inclined to advocate the abolition of the Madras Cotaurs and Homes' Gardens Depôts and the storage of the salt locally, whether the excise system were introduced or not— a step which the Salt Commission recommended unless arrangements could be made for trustworthy weighment at the pans and the protection of the salt *en route* to the depôts. On further consideration Mr. Bliss considers that arrangements can be made to obviate loss in transit from fraud and diminish wastage, and in view of the inconvenience to the trade which would result from storage and sale at a distance, and the increased cost to the consumer which would be entailed by the measure, seeing that the salt would be duty paid and that the loss would eventually fall on him, he recommends that the excise [illegible] Government reserve being stored at Covelong, Vadasamanjeri and Homes' Gardens. In reviewing the Salt Commission report the Board expressed an opinion adverse to the storage of salt in the out-of-the-way localities where the pans are situated, and they concur in thinking that with proper arrangements for transport and guarding there need be no danger to the revenue from storage at Madras whilst there is no doubt that the convenience of the trade and the public is a strong argument in favor of the latter plan.

4. For the security of the revenue the provision of proper boats for the transport of salt is necessary, whether the excise system be introduced or not. Mr. Bliss forwards a specification of the boat he considers best adapted for the purpose; an estimate is under preparation; meanwhile permission is asked to make provision in the Salt Department Budget for 1879-80 to the extent of one lakh of rupees for the construction of 100 boats at Rupees 1,000 each, for less than which sum Mr. Bliss does not think such a boat as he desires could be built. The cost of working including interest on the capital outlay and depreciation is put down at Rupees 22,000 per annum which is calculated to give a rate of 4·8 pies per ton per mile on an average against 9·53 pies per mile per ton under existing arrangements. There will, therefore, be a very considerable saving, even taking into consideration only the annual cost of transport of salt; and for about eight months of the year the boats will be available for other Government purposes. The question of the best place for constructing the boats and other details may be left for consideration hereafter; the Board entirely concur with Mr. Bliss in considering that, apart from the introduction of the excise system, improved means of transport are essential to secure the revenue, and the requisite outlay must be incurred; they recommend his proposal for sanction therefore, and authorize him to make the entry he proposes in the ensuing year's Budget.

5. The fourth proposal is that a fair rate of interest on the cost of the boats be recovered by requiring excise manufacturers to use them for the transport of salt and by charging a cess on all salt sold after such transport. The manufacturers will probably be only too glad to avail themselves of the accommodation, and there can be no hardship in requiring them to do so provided the charges are fair; if this be made a stipulation in the license the conditions of which the Board are empowered by the Excise Act to prescribe, the Board do not think any legal difficulties in regard to the recovery of the sum due are likely to arise.

6. Mr. Bliss further proposes to close the Homes' Gardens Depôt as regards sales altogether, retaining only the establishment marginally noted to look after the buildings, the reserve store, &c., and dispensing with the rest of the staff, by which a saving of Rupees 129 per mensem will be effected. He considers that the wants of the population south of Madras are adequately met from the depôt at Kilambakkam which will remain open; the Board support his recommendation and request the early orders of Government on this point.

	Rs.
1 Assistant Superintendent on	35
1 Peon	7
2 Vettals on Rupees 6	12
Total ...	54

(True Copies and Extract.

Acting Secretary.

To the Secretary to Government, Revenue Department.
" Commissioner of Salt Revenue.

Exd. W. J. Lewis and A. Grubert.

Revenue Department
No 4403
1878.

BOARD of REVENUE,
MADRAS.

To

THE SECRETARY to GOVT.,
REVENUE DEPARTMENT,
&c., &c., &c.

Dated September 25th.
Printed 1st October.
Received —

PROCEEDINGS, 25TH SEPTEMBER 1878, No. 2,619.

SEPTEMBER
No. 2,619.

Salt Excise System.—Submitting to Government proposals of Commissioner of Salt Revenue in regard to arrangements to be made with a view of introducing the — into Chingleput District.

2021/12

Dear Campbell

Re Bowring principle

Practically equally [illegible] carried [illegible] distance before it becomes available for sale. Govt Examiner [illegible] are objecting [illegible] in our [illegible] pointing out that it is opposed [illegible]

Re principle is

is applied also in our Abkari Excise arrangements & is struck between the Govt. & the Distr. Co.

Yours [illegible]

Customs duty is levied on the quantity passed thro' the C. House into the market. Drawbacks are allowed on the quantity

2021/13

Dear Mr. Maddock

I have doubts as to the words left out at the end of para 3 of the draft. I do not see in the face of S. 7 Act XVIII of 97 the Bombay rules appear to apply to Sea borne salt. Hon'ble Mr. Bliss in his letter

The Govt of Natal
carrying out the views
of Govt of C. of G.H.
it is therefore at once
practicable to adopt
the Decimal System
Side by Side. concurring
with the Govt. accepted

The proposals do not
seem to me Difficult
This —
I think with Sir W. Hutton
that whenever the Natal
is manufactured under
Excise. then it will
place them on the duty
it decides & add the Excise
that places the Colonies

Ex - Bos - 5th Dec 78.
Enclosed Orders Rules
We are put-objecting
to Circular G.O. 12 Dec 78
No: 1997.
By Admiral
Malcolm Hall
13/12.

the duty is paid
& Sate
all intercourse ceases
&
the manufactures may
never more be drawn
for sale
— it is not the duty of
that Govt. even in it
expedient that Govt
should undertake the
Construction of boats for
the manufacturer —
it will commonly
pay the manufacturer
and sell saddle
but with large claims
for damage real or
alleged (& Salt in
transport —) from
water — or rain —

I think the system
of excise must be
introduced at once
in every working trades
by the Govt-
for years — that Govt
should undertake
Construction of
boats — they will
be a certain pay-
ment excise system is
difficult or impossible
to enforce — it would
require — it would
by giving every
encouragement

and of Jeypore —

Ghuleea
Govt. should withdraw
from all
enterprise — which
is not essential to
protection of revenue

The precautions of
Duty system with the
Salt Boats will
still entail
costs I believe at less
cost — with less
waste of Salt. Those
Govt will be able to de-

[illegible] 20/11

R.D.

Memo for Orders
on Proc.s, Board of Revenue
dated 25th September 1878, No 2619-

1. The proposals made in this letter from the Salt Commissioner have been accepted by the Board as they stand.

2. The introduction of the Excise System as an experiment in the Chingleput Taluks was approved in para 29 G.O. 5th March 1878, No 349

3. Referring to this decision the Government of India observed that the general policy of the Govt of Madras should be to encourage an Excise System side by

Govt approve generally but distinctly lay down that the right of payment of duty at the Taluks and prohibition of interference with the Salt — the Collectors & the Renters & purchasers & producers having paid the duty — and towards this system Divisions should be told to work — The construction of boats might be sanctioned subject to the completion of the lines of boats — Fly will

23rd May 1878, No 1145-
para 10. (In circulation)

easily sell en bloc to the merchants who have to carry the duty-Salt — to Madras then is collected at the Taluks

16/11 [illegible]

by side with manufacture and sale on behalf of Govt.; and the Secretary of State has in a recent despatch echoed that opinion.

+ Dated 31st July 1878, No 12.

4. The present scheme provides for the introduction of Excise not merely side by side but in supersession of all Govt. manufacture on the district except at Bengal.

5. The observations of the Salt Commissioners on the property of introducing Excise in Bengal will be found in paragraphs 562 and 563 of their report.

6. Their idea was that storing platforms should be provided by

I don't think it is clear that Mr Bliss intends the manufacturer to bear the cost of transport by rail & port charges for use of port.

There are complications in this but difficult to devise alternative. It seems to me that Govt must send in duty at the Ports & destroy the Bonds for Storage.

by Government at the ports. Mr Bliss however and the Board recommend that the existing storage accommodation at Madras should be retained, and the Salt brought there in Govt boats at manufacturers' risk and charge, to be stored till sold.

7. If the Excise system is based on the plan of leaving the sale to the manufacturer (under certain restrictions) at his own price, plus a certain fixed duty to Govt, it is not plain how a Covelong manufacturer (for instance) could arrange for the sale of his property at Madras for the price

price at which he could
sell it at the pan-
he must have an agent
or how the property
of different manu-
-factures can be con-
-veyed by the Govt. in
boats in separate
lots so as not to get
mixed - The storage
room again must
be much extended
to admit of each
individual having
his separate trap.
These are certainly
matters of detail
merely, but it seems
desirable to consider
them in dealing
with the present
proposal - It doesn't
seem to have occurred
to

The thing will work as well
work as these details settle
themselves

to the Commissioners to utilize the Madras platforms
in this manner. Possibly such
a plan might have the effect
doubtless would - of raising up
a new class of wholesale dealers
as first purchasers - (para: 6487)
These men would have no object
in keeping the different kinds
of salt distinct and would
probably prefer to sell at
Madras. There would still
be the consideration that a
double guard would have
to be kept up - one at the
pans and drying platforms
another at the Madras plat-
forms - and it is not clear
why Govt. should not leave
the first purchasers to carry
their

their salt where and how they choose. It is stated on this point (para: 14 of Mr. Bliss's present letter) that it is for the advantage of the consumers that Govt. should bear the inevitable loss in transit: but will any arrangement of the kind really lessen the cost to the consumer? it may possibly benefit the merchant, but it seems problematical whether the latter will be so thoughtful as to forego any portion of his advantage in favor of the ultimate purchaser.

8. If the excise system is to have a fair trial, why not

on removal from places of manufacture & that Govt. must insist on duty for the Quantity. altho' they may allow removal on deposit of adequate Security - as at present adjusted provided in the case of large Factories. Govt. objects to the Manufacturer allowing private persons to make sales & deliveries of the goods from the Factory. as in these cases there is no Check upon the Quantity removed from the Factory. Govt. cannot permit a private person to obtain possession of goods without paying the duty. Govt. must be responsible for the duty on all goods removed from the Factory. Govt. cannot therefore allow the Manufacturer to make sales & deliveries of the goods from the Factory. Govt. must be responsible for the duty on all goods removed from the Factory.

I suppose the proposal is to close the Warehouses & to have a general retainer in each Town.

I think it is true that Mr Bliss's proposals proceed upon the system and understanding that

27.6.77

not give it one instead of a half-and-half measure of this kind? Why cannot traders carry salt as cheaply as Govt. can? Is it not the case that they can always carry out their operations at a very much cheaper rate than is possible with Government?

Mr Bliss proposes: 1. to abolish the Sale system in favor of the Manufacturer's - in the Course of 1878. the Act to take effect

1st. Ensure to the Govt. accurate account of the Salt Quantity of salt manufactured, under Sale

2nd. Ensure proper arrangements for storing private manufactured salt in the Town. or provide Govt. Warehouses in the Districts of Manufacturing Districts to receive.

I accept the first proposition. The principle of the 2. it is not necessary to discuss. It is admitted quite clear that Mr Bliss intends

Memo for Orders

Salt Excise System

the objects & local views of the pans apparently between the two sides not further, &c.: the manufacturers or wholesale merchants wd. buy & bring the salt to Madras for sale & that of Excise duty on sales at the pans. the buyers in transit wd. be obliged to sell salt & that the merchants wd. thus be price & consumers & cover the loss. the estimates

the temporary purposes as to gather & provide temp. boats in wh. the private manufacturers salt could be brought to Madras "ascertain in transit". & that the Excise duty shall be levied at Madras as it is sold & removed the merchants paying for the use of the boats. & for accepting the risk of loss of duty on any salt in transit. the merchant accepting the loss of his property. wh. would be made by the cost price & duty.

Mr. Bliss considers that the provision of these boats is necessary in the first instance for the interval before the Excise system is introduced & that this cost will be about a Lakh of Rupees.

The Hon. Mr. Rus. approves the proposal & system sketched, & thinks the use of these boats a condition of the Excise system in the first arrangements appears to him very complicated & doubts the necessity of Govt. incurring this capital & annual expenditure to facilitate the Excise system.

The question then arises whether the need of these temporary boats under the monopoly is so necessary for the interval before Excise is introduced as to warrant the expenditure. on the chance of private manufacturers privately taking them off our hands.

* 1 & 2 Geo 3 c 8 & 23 Geo 3 c 58

* Every day increases the necessity that Govt. should take steps to put down private manufacture. in this Presidency. & the first step to be taken is the introduction of Excise system. wh. should be a legitimate & remunerative enterprise.

I am of opinion first that the system of temporary boats under Govt. management is not necessary & that the object is to maintain or accelerate Govt. sales & cease to encourage private manufacture. & that this cost will be saved. but I think this is the time to introduce the Excise system. & that the boats should be provided. the probability of their sale & hire thereafter occasionally for use by private shippers or traders. being allowed as an additional method of recovering the cost. However should Govt. think it necessary to adopt the measure. I would suggest that the boats should be made by the Govt. Dockyard & not purchased from private builders. as the latter would probably be more costly & inferior.

Read the following Proc. of the Board of Revenue dated 25 Sept. 1878 No 2619

With reference to para 29, G.O. 5 March 1878 No 349, the Commissioner of Salt Revenue submits proposals for the introduction of the Salt Excise System into the District of Chingleput (except the

Revenue Department.

No 2021

Proceedings of the Madras Government. Under date the 16 December 1878

the Chuapra division in
place of the existing
Govt monopoly. Since
these proposals were
drawn up the Govt of
India have intimated,
and the Secretary of State
has accepted, their view
that the two systems
may well proceed
concurrently unless or
until one or other proves
to be so superior that
the other can be aban-
doned. Under these
circumstances the pre-
sent proposals require
modification throughout.

G.O. 19 Oct 1878 No 1692
" 7 Dec — — 1970

2. His Grace the Governor
in

Jan 21
27

in Council sees no reason
why the Excise System
should not be partially
introduced next manu-
facturing season by offer-
ing traders one of the best
sets of plans, and in this
case early measures will
have to be adopted. The
Board will call on the
Salt Commissioner to
submit his views on this
point and state generally
what steps he would pro-
pose for carrying out
the two systems side by
side in accordance with
the wishes of the Govt
of India.

The

3. the Governments are unable to concur with the Board & Commissioner as regards storage and levy of duty at Madras. It must be understood that the Excise System to be aimed at is payment of duty on removal from place of manufacture, and that Govt will insist on payment for this quantity although they may allow removal on deposit of adequate tangible security, accounts being adjusted periodically in the case of large traders. A small allowance

It is adopted
Excise Abkari
Sir Ass.

allowance for wastage seems unobjectionable on the broad principle — Under any circumstances the Government are wholly opposed to maintaining a fleet of boats for use or hire by private manufacturers — if need for such boats is proved in connection with the monopoly system proposed the Govt providing but this Govt do not see why Madras traders should not learn to go, like those elsewhere, to the trade to buy — If the deposit by the manufacturer works as a fair footing with

Note. Note Excise Manufacturer pays on the gallon the required pass for trader who buys from Govt store & the duty is paid on the pass. Here also if the manufacturer wishes to work on credit he will have to deposit security for the duty. If he does not he will pay the duty when he takes the pass. Here is very liberal allowance provided for understood by the Govt

Ed Tod

15 70

Salt Provisions Exported

the Excise system (and the Government postponed by that in view of the large inland traffic by Sea) the Depots not necessary; but if deemed proper necessary to consider whether the present cost of Govt. and the duty on the added from the selling price. this not known the adjustment was to commence from the Depot. if the duty is not already included. or if for the Manufacturer is not settled on quantity drawn at the Depot.

The point will then engage the attention of the Commissioner.

Send Copy to the Collr. Boston Jany 1861
Do Do Portland Copies dec 15 Jany 1861

180 181

R.C. 13. Dec 58 R. 16. Dec 58.
C. 11. Dec 58 R. 12/12/58