(1) Number of pages 6.

(2) Date of repair 30. 8. 82.

(3) Initials of the Referencer

TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Revenue DEPARTMENT

G.O. No. / ~~B.P. No.~~	419.	Press. / Mis.
Dated	15. 2. 1878.	197 .

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Archives 1—10,006—19-4-79.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

29th January 1878, No. 149.

Read the following paper :—

No. 299. Proceedings of the Board of Revenue, dated 23rd January 1878, No. 199.

Read the following letter from L. C. PROBYN, Esq., Accountant-General, Madras, to H. E. STOKES, Esq., Secretary to the Board of Revenue, dated Fort St. George, 14th January 1878, No. 10,390.

I HAVE the honor to request that you will be good enough to let me have, as early as possible, an approximate estimate of the increase to the Salt Revenue arising from the recent enhanced duty on Salt, to enable me to alter the figures in the Budget Estimate for 1878-79 and the regular estimate of the current year as passed by Government in their order, No. 3,433, dated the 22nd ultimo.

IN the above letter the Accountant-General desires to be furnished with an estimate of the increase of revenue arising from the recent enhancement of the salt duty.

2. The question is a very uncertain one, because it must be, to a great extent, matter for conjecture how far the consumption of salt will decline under an enhancement of price relatively so great, and also how far licit consumption will, under the stimulus of so high a tax, be encroached upon by illicit consumption. There is a considerable margin for decrease of true consumption from the 12·38 lbs. now consumed in the Madras Presidency to the 9 lbs. or less taken in Bengal. Possible increase of illicit consumption must be left out of account now; but the Board must point out that it can hardly be expected that the revenue can be protected with a duty of Rs. 2-8-0 to the same extent as it has been with present expenditure and a lower rate of taxation. The Board do not dispute the necessity and expediency of the increase of the tax in present circumstances, but wish to take this opportunity of stating their opinion that there must be, at any rate for some time, a considerable fall of consumption, and that of the new duty a smaller proportion than of the old can be counted on as net revenue.

3. Experience of the results of past enhancements of price is scarcely relevant, the increase being now so great, but is nevertheless the only guide available. It would appear from the facts and figures gathered together in the Salt Commission Report (pages 13—16) that until 1869 the sales continued to increase notwithstanding increase of taxation, but the enhancement of selling price then made (from Rupees 1-11-0 to Rupees 2) had an immediate effect, reducing the quantity from 65¼ to 62½ lakhs of maunds, and the sales scarcely recovered in the third year. The Board do not anticipate that the whole of any reduction of sales which may now take place will be permanent, though some of it probably will; but they fear that an immediate decrease, which will considerably affect the revenue of 1878-79, and especially that of the remaining months of 1877-78 is certain. The demand will not revive until the stocks in the hands of retail dealers throughout the country are exhausted. The Board, therefore, accepted the estimates of salt revenue for 1877-78, framed by

Price.	Official Year.		Home and Inland Consumption, excluding Discounts, and adding private Imports.
Rs. A.			
1 11	1866-67	(11 months)	61,42,493
	1867-68	...	64,42,889
	1868-69	...	65,25,322
1 11 / 2 0	1869-70	...	62,83,238
2 0	1870-71	...	62,95,688
	1871-72	...	65,01,773
	1872-73	...	63,94,254
	1873-74	...	64,36,492

Collectors after they were informed of the increase of the tax, and forwarded to Government with Board's Proceedings, 15th January 1878, No. 118.

—	Quantity.	Rate.	Amounts.
	I. MDS.	RS. A. P.	RS.
Sold for home and inland consumption, East-Coast Depôts.	16,24,525	2 11 0	43,65,911
Imports on private account on the West Coast	51,703	2 8 0	1,29,257
Estimated increase of private imports in Malabar and Canara owing to discontinuance of Government sales	1,11,003	2 8 0	2,77,508
Total..	17,87,231	..	47,72,676 or 47,73,000

The amount of these estimates is Rs. 1,35,77,000; but the revenue, supposing the estimate of the quantity sold and imported to be undisturbed, ought to be taken at Rs. 1,45,24,000; the actuals to December 1877 being Rs. 97,51,000, and the possible revenue for January, February, and March being Rs. 47,73,000 as shown in the margin. The decrease involved in the estimate which the Board have accepted is 9½ lakhs roughly or about 3¾ lakhs of maunds. It would not be safe to estimate for a less decrease.

4. As regards 1878-79 there are several special causes under the new arrangements which will prejudice the Madras salt revenue. The Ganjam salt will compete in Orissa with Pooree-Karkatch on less advantageous terms, and the salt of the Ganjam and Vizagapatam Districts will be driven back in the Central Provinces by rail-borne Bombay salt. The mileage differential duties on the Great Indian Peninsula line have been abolished. Hence, the difference in the taxation of Madras and Bombay salt in the Central Provinces will disappear in favor of the latter salt, which will, therefore, be carried further east and drive back the Madras salt. The distance to which the Madras salt can profitably be carried will be decreased, and the Madras depôts will supply a smaller area and population. There will also be upon the West Coast a less relative difference between the prices at which salt, prepaying excise duty at Bombay and Goa and other foreign salt-paying import duty on the coast, can be sold; and it may be that conjoined with the admitted superiority of the Bombay salt, this fact will stimulate the consumption of it, and therefore reduce the revenue to be realised in Madras. Experience on this point, however, must be awaited.

5. THE estimate sanctioned in G.O., No. 3,433, dated 22nd December 1877, viz., Rs. 1,35,79,000, is based on an anticipated consumption of 66,64,961 Indian Maunds, the revenue upon which at the new rates, with the sundry items would amount to Rs. 1,80,79,000 in round numbers as shown below :—

—	ACTUALS OF 1875-76.		ESTIMATE OF 1878-79.			
	Quantity.	Amount.	Quantity.	Former Estimate at old Rates.	Present Estimate. New Rate.	Present Estimate. Amount.
SALES.	MDS.	RS.	MDS.	RS.	RS. A. P.	RS.
Malabar	410,154	9,48,480	..	..	..	..
South Canara	217,083	4,96,735	..	..	..	..
Other districts	58,47,118	1,17,76,373	58,47,118	1,17,76,333	2 11 0	1,75,38,493
Increase estimated	..	..	6,78,833	13,57,667		
Total ..	64,74,355	1,32,21,588	65,25,951	1,31,34,000	..	..
PRIVATE IMPORT AND EXCISE DUTY.						
Malabar	25,642	46,475	55,172	1,00,000	2 8 0	1,37,930
South Canara	39,235	72,707	83,255	1,50,900	2 8 0	2,08,138
Other districts	583	1,057	583	1,100	2 8 0	1,457
Total ..	65,460	1,20,239	1,39,010	2,52,000	..	3,47,525
Exportation, &c., at cost price	8,31,822	1,09,014	8,31,822	1,09,000	..	1,09,000
Excise Duty in Cuddapah, Bellary, and Kurnool ..	..	36,634	..	34,000	..	34,000
Miscellaneous and adjustments	..	50,000	..	50,000	..	50,000
Total ..	73,71,637	1,35,37,525 or 1,35,38,000	74,96,783	1,35,79,000	..	1,80,79,018 or 1,80,79,000

—	—	Rate.	—
	I. MDS.	RS. A. P.	RS.
Monopoly sales ..	58,60,990	2 11 0	1,57,51,411
Imports	1,39,010	2 8 0	3,47,525
	60,00,000	..	1,60,98,936
Sundry items ..	..	..	1,93,000
			1,62,91,936

The increase of 6,78,833 Indian Maunds assumed by Government seems to the Board doubtful under ordinary circumstances, and they do not think that under the new arrangements it will be safe to estimate for more than 60,00,000 of maunds, and a revenue of Rupees 1,62,91,936, or say Rupees 1,63,00,000.

6. The Board request that if this estimate is approved by Government it may be communicated to the Accountant-General.

(A true Copy and Extract.)

(Signed) H. E. STOKES,
Secretary.

No. 300. ORDER THEREON, 29th January 1878, No. 149.

Separate Revenue, No. 37.
Salt.

IN the above Proceedings the Board of Revenue estimate the probable increase of revenue consequent on the recent enhancement of the salt duty.

2. The Board observe that the question is a very uncertain one, as the extent to which the licit consumption of salt will decline under the enhanced price, must be, to a great extent, conjectural; that there is a considerable margin for decrease of true consumption between the 12·38 lbs. now consumed in this Presidency and [illegible] consumption must, at any rate, fall considerably for some time to come.

3. Quoting the figures for the years 1866-67 to 1873-74, the Board show that any large enhancement in the selling price of salt has the immediate effect of reducing the quantity consumed, and in the present instance they apprehend that an immediate decrease, which will considerably affect the revenue of 1878-79, and especially that of the remaining months of 1877-78, is certain.

4. The estimate of 1876-77 taken as the standard by Sir John Strachey is Rs. 1,36,50,000, and the revenue for 1877-78 as estimated by Collectors after they were informed of the increase of the tax, and accepted by the Board and Government, is Rs. 1,35,78,000 (*vide* G.O., dated 21st January 1878, No. 107, F. D.), not Rs. 1,35,77,000 as now stated by the Board. This estimate will stand good, and it modifies the regular estimate (Rs. 1,32,44,000) sanctioned in G.O., 22nd December 1877, No. 3,433, R.D.

5. As regards the estimate for 1878-79, the Board detail the special causes which, under present circumstances, must necessarily prejudice the Madras Salt revenue. The anticipations of the Board seem to His Grace in Council to be reasonable; and he accordingly resolves to accept the Board's present estimate amounting to Rs. 1,63,00,000 in the place of the one for Rs. 1,35,79,000 sanctioned in G.O., dated 22nd December 1877, No. 3,433, R.D.

6. The estimate is based on an estimated consumption of 60 lakhs of maunds in 1878-79 against an actual consumption of about 73¾ lakhs in 1875-76.

(True Extract.)

(Signed) C. G. MASTER,
Secretary to Government.

To the Accountant-General.
,, the Board of Revenue.
,, the Financial Department.

Exd. F. R. Bantleman.

Order in the Financial Department 14th February 1878 No 281

Ordered that a copy of these Proceedings be forwarded to the Government of India.

[True Extract]

L Donaldson

Under Secretary

To

The Revenue Department.

419/3

Revenue Dept
No 679

Pros. Financial Dept

Dated 14
Rec'd 14 February
3

No 281.

Forwarding
Copy of G.O. Rd. by the
Govt of India regarding
the Salt Estimate for
1877-78 and 1878-79.

No 419
Lodged
15 Feb/78