

Revenue (1892) Department.

MISCELLANEOUS SERIES.

G.O., No. 4573

No 5167

DATED 20 October 92

[Despatch Abstract.]

2. Supply of salt to the French
Government

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

BOARD OF REVENUE (SEPARATE REVENUE), 14TH JUNE 1892, No. 321.

CONFIDENTIAL.

PROCEEDINGS OF THE BOARD OF REVENUE (SEPARATE REVENUE).

RESOLUTION—dated 14th June 1892, No. 321.

With reference to the correspondence ending with G.O., dated 10th April 1890, No. 266, Revenue, the Board begs to report, for the approval of Government, the rates to be charged during the three years 1892-93, 1893-94 and 1894-95 for the salt to be supplied to the French Government at Yanam, Pondicherry and Kárikal.

2. The Manambadi factory, which it was proposed to work for the supply of salt to the French Government at Pondicherry, having been abolished, the rates to be adopted are the equivalents of the average cost of Government salt at (for Yanam) the Penuguduru, (for Pondicherry) the Merkánam, and (for Kárikal) the Vedarniem extensions during the three years ending 1891-92, which are shown below :—

				Penuguduru extension.	Merkánam extension.	Vedarniem extension.
				A. P.	A. P.	A. P.
1889-90	..	..	..	1 6.3	2 6.9	1 7.0
1890-91	..	..	..	1 9.6	2 5.0	1 5.1
1891-92	..	..	..	1 9.7	2 11.8	1 9.4
Total	..	..	..	5 1.6	7 11.7	4 9.5
Average	..	..	..	1 8.5	2 7.9	1 7.2

3. The rates in force during the three years ending 1891-92 were as follows :—

										A. P.
Yanam	..	..	..	..	..	..	..	..	..	1 5.4
Pondicherry	..	..	..	..	..	..	..	..	..	2 9.0
Kárikal	..	..	..	..	..	..	..	..	..	1 8.0

4. The rates proposed in para. 2 *supra* represent only the actual cost of production per maund of salt at the sources therein mentioned and exclude the cost of transport from thence to the French territories. A moiety of this latter cost should of course be charged to the French Government. It may perhaps be considered that, as the Vedarniem salt is issued from Negapatam, only half the cost of transport from *Negapatam* to Kárikal should equitably be charged to the French Government; but, as the salt is stored at Negapatam for the convenience of the trade, the Board considers that half the whole cost of transport from Vedarniem to Kárikal should properly be charged to the French Government, Negapatam being treated as a mere halting place.

(A true Extract.)

(Signed) W. S. MEYER,
Acting Secretary.

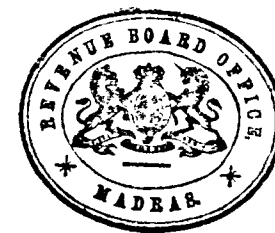
(True Copy.)

Samman

Assistant Secretary.

To the Secretary to Government, Revenue Department.

Exd. A. D. Xavier.



Proceedings of the Board of Revenue

(Separate Revenue).

Dated 17th August 1892.

No. 3184 *Alis*,

Castrolle Reguled.

Read Official Memoranda of the Secretary
to Government, Revenue Department,
dated 8th July, and 11th August, 1892, Nos
140 and 231 R respectively.

Resolution

The Board begs to state that in
working out the average cost of Government
Salt in its Proceedings No 321 dated
14th June 1892 the method referred to in
the Official Memorandum first read above
has been adopted. The figures relating
to 1891-92, however, require some alteration
in the Pericudum and Merkanam
extensions with reference to those finally
adopted in the Administration
Report under compilation. The enclosed
Statement embodies revised figures.

	Pennagudum extension	Melkkanam extension	Vedarnim extension
1889-90	0-1-6.3	0-2-6.9	0-1-7.0
1890-91	0-1-9.6	0-2-5.0	0-1-5.1
1891-92	0-1-11.0	0-2-0.3	0-1-9.4
Total	0-5-2.9	0-7-0.2	0-4-9.5
Average	0-1-9.0	0-2-4.06	0-1-7.2

2. It is presumed that the ^{words} "actual cost of production" used in para 4 of Board's Proceedings No 321 dated 14th June 1892 has led Government to suppose that the capital cost on works and other charges have not been included. The cost has been worked out in exactly the same way as that referred to by Government.

/ True Extract /

Camunda Mullett
Assistant Secretary

To The Secretary to Government, Revenue
Dep't.

CH/MS/8/8

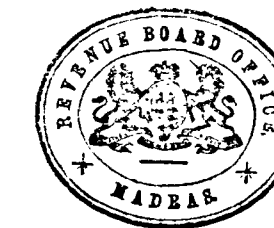
Statement showing the ^{Prime} ~~gross~~ cost of salt charged to the Government for official years 1891-92, 1892-93, 1893-94

Factor	Official Year	Quantity Manufactured	Amount	Carrying to Storage	Repairing & Drying	Total Charged	Interest on Capital Expenditure work for main factories	Grand Total	Prime Cost	
									Per Ton	Amount
Pennagudum Extension	1889-90	26,118	2176-9-4	132-12-6	18-12-6	2328-2-4	127-12-1	2455-14-5	11	11-1-6.2
	1890-91	33,020	2751-10-8	316-1-2	203-9-6	3271-5-4	136-9-2	3407-14-6	11	11-1-7.3
	1891-92	30,366	2530-8-0	321-15-1	481-14-7	3334-5-8	136-9-2	3470-14-10	11	11-1-9.9
	Total	89,504	7458-12-0	770-12-9	704-4-7	8933-13-4	400-14-5	9334-11-9	12	12-8-0.1
	Average	29,835	2486-4-0	256-14-11	234-12-2	2977-15-1	133-10-2	3111-9-3	12	12-8-0.1
Melkkanam Extension	1889-90	40,635	4190-7-10	237-0-5	1748-0-10	6175-9-1	27-15-0	6203-8-1	11	11-1-6.2
	1890-91	66,073	6813-12-5	385-6-10	710-13-4	7910-0-7	297-13-3	8207-13-10	11	11-1-7.3
	1891-92	168,059	17331-1-4	980-5-6	1539-14-8	19851-5-6	353-8-9	20204-14-3	11	11-1-7.3
	Total	274,767	28335-5-7	1602-12-9	3998-12-10	33936-15-2	679-5-0	34616-4-2	15	15-2-0.0
	Average	91,589	9445-1-10	534-4-3	1332-14-11	11312-5-0	226-7-0	11538-12-0	15	15-2-0.0
Vedarnim Extension	1889-90	83,188	589-3-1	144-0-0	0-0-0	733-3-1	46-3-9	779-6-8	11	11-1-6.2
	1890-91	104,215	7381-14-4	1763-5-8	62-4-9	9207-8-9	70-6-0	9277-14-9	11	11-1-6.2
	1891-92	75,635	5357-7-5	2397-2-3	492-13-9	8247-7-5	155-12-3	8403-3-8	11	11-1-6.2
	Total	188,168	13328-8-10	4304-7-11	555-2-6	18188-3-3	272-5-10	18460-9-1	11	11-1-6.2
	Average	62,723	4442-13-7	1434-13-4	185-0-0	6062-11-9	90-12-7	6153-8-4	11	11-1-6.2

The Statement has been prepared in exactly the same manner as the one enclosed in the Commission's letter recorded in G.O. 27th August 1883 & 19050. The items "Land Assessment" & "Salt Rickety" are not included in the Statement. The items "Salt Rickety" & "Salt Rickety" are not included in the Statement. The items "Salt Rickety" & "Salt Rickety" are not included in the Statement.

Camunda Mullett
Assistant Secretary

Board of Revenue
10th Nov 1892
Madras 19 September 1892



Proceedings of the Board of Revenue

(Separate Revenue).

Dated 19th September 1892.

No. 3600, Mis.

C. J. Crook Esq. C.S.

Read official memo from Government Revenue Department, No. 169, dated 25th August 1892.

Resolution.

The Board begs to submit a statement showing the rates to be charged for salt supplied to the French Government, worked out in the manner indicated in the Official Memo read above. The rates arrived at are given below:-

	Cost per maund R. a. p.	Cost per farce R. a. p.
Penunguduru Extension	1 - 8 - 0	12 - 8 - -
Merkanam Extension	2 - 0 - 2	15 - 2 - -
Vedarniem Extension	1 - 6 - 8	11 - 12 - -

/ True Extract /

Caunnalluett
Assistant Secretary

To
The Secretary to Government
Revenue Department

Revenue (1892) Deptt
Board of Revenue
(Separate Revenue),
MADRAS.

Revenue Bd. 2885

To

The Secretary to Government
Revenue Department

Ad 265/93

Proceedings, dated

19th Sept 1892

No.

3600

in

Imp

Subject.

Submitting to Government
a Statement showing the
rates to be charged for the
salt supplied to the French
Government similar to the
one recorded in G.O. $\frac{1050}{27.8-83}$

*Co 7259/92
on 1398252-8-82
Co 5573
p 10503, 27-8-83*

Read Current No 5593 of 1892

With the Croumings
Road above, the Board of Revenue
reports for the approval of Govt.,
the ^{prices} ~~rates~~ which it proposes to
charge during the three years
1892-93 to 1894-95 for the
Salt to be supplied to the
French Govt. at Yanam,
Pondicherry and Karikal.

2/. The Board enquires, at the
same time, whether in the case
of Vedarvinnu Salt which being
stored at Negapatam will be
issued from that station
for supply to Karikal, the
half-cost of Carriage to be
borne by the French Govt
may not be calculated
on the whole cost of transport
from Vedarvinnu to Karikal.

3/. In arriving at the rates
referred to in Para 1 *supra*,
the Board has followed the
Convention in taking as the
bases:

cases of Calculation the prices paid by Govt. during the past three years in the several factories from which the salt will be supplied. But attention is invited to the mode of Calculation adopted by the Board.

The Board takes for each factory $\frac{1}{3}$ of the sum of the three years averages; but the more correct mode would be, it is thought, to divide the total cost at each factory for the three years by the total quantity.

The two methods may be represented symbolically as follows:

Suppose the quantities manufactured during the three years are Q_1, Q_2, Q_3 . The total cost.

$$C_1 + C_2 + C_3$$

and the average cost per pound for each year.

$$\frac{C_1}{Q_1}, \frac{C_2}{Q_2}, \frac{C_3}{Q_3} \text{ being equal to}$$

^{appears to have}
The latter method has been adopted till now - ~~vide~~ Appendix A to the R. P. & 12.7.87 No. 253 at page 12 of E.O. of 26.11.88 No. 824, and the Commis Pro. recorded in E.O. of 27.8.83 No. 1050.

As the R. P. has given no reason for adopting a different method, it is submitted that the R. P. maybe asked to work out the rates following the method adopted in the Commis Pro. quoted above.

What follows in this note up to the blue line in the last sheet was written before the paper last quoted above was seen and was intended to show that the R. P. method in the measure is not so good as the other method which is the old method. This portion of the note may be passed over if it appears that the latter method is better.

the Board takes

$$\frac{1}{3}(r_1 + r_2 + r_3)$$

but it is thought the rate should be

$$\frac{C_1 + C_2 + C_3}{Q_1 + Q_2 + Q_3}$$

The difference between the two methods may be seen in a hypothetical (but by no means an unlikely) case.

Suppose that in Merkanand, only as much salt is manufactured in a triennium as would suffice to supply Pondicherry during the next triennium and, assuming that this quantity is on an average 40,000 maunds a year, suppose the total 120,000 maunds are manufactured in the following quantities and at the following cost:

	Maunds.	Cost per maunds.	Total cost in annas.
1 st year.	70,000	" - 2 -	140,000
2 nd year	30,000	" - 1 - 6	45,000
3 rd year	20,000	" - 1 -	20,000
Total.	120,000	" - 4 - 6	205,000

The Average Cost on the method suggested above would be

$$\frac{205,000}{120,000} \text{ annas}$$

a. h.
 = -1-10/2. as against 1-6
 which the Board's method would
 give. Under the latter method,
 the Govt. would lose 4 1/2 pias
 for each maund or Rs 2,812 1/2
 on the whole. On the other
 hand, the Govt. would gain
 if, the quantities remaining
 the same, the average annual
 Cost were in the reverse order as
 thus:-

70,000	" - 1 - "	70,000
30,000	" - 1 - 6	45,000
20,000	" - 2 - "	40,000.

120,000 - 155,000.

The Board's rule would
 give in this case the same
 average as before, viz. 1 anna
 6 pias, which according to the
 other method, the average
 Cost would be

$$\frac{155,000 \text{ annas}}{120,000} = 1 \text{ annas } 3 \frac{1}{2} \text{ pias.}$$

Under the Board's method of charge,
 the Government would gain in this
 case, ^{1 1/2} pias on every maund
 or Rs 1562 1/2 on the entire supply
 dh

It will be noted that under
 the other method, the Government
 would, in each of the Cases specified
 above recover just the actual Cost,
 neither more nor less.

May the Board be asked to
 report what the rates would be
 under the latter method.

As to the question whether
 the French Government can be
 charged half the Cost of Carriage
 from Vedarnium to Negapatam,
 it is submitted that the French
 Government cannot object to the
 charge seeing that the entire Cost
 of transport from Vedarnium to
 Negapatam might well be
 added to the Cost price itself,
 as Negapatam is the place of
 storage for the Vedarnium
 Salt.

When in 1886, in consequence
 of exhaustion of Government
 stocks at Tranquebar and
 exorbitant prices demanded
 by the excise licensees at
 that station, the Government
 purchased salt at Tuticorin
 and had it stored at Negapatam
 for

Current No 5593 of 1892

B. W.

57.

A. The prices to be charged
for the salt ble supplies
to the French Government.

of the alternative method.

suggested in the letter is so

Ministry the more correct

An On. Kunst K. Ent. G.

ask the reason before action

Catching the Current - 2

Core half core of Transp...

for Admission to Study

if they call to stand up



77

Q. Sent to Mr. Galt, 1862

22

20

From

REVENUE DEPARTMENT.

No.

Read C. no: 5593/92

.. O. In. of 8.7.92 No. 140

.. C.no: 7259.

.. O. In. dy 25-8-92 N-1-1

.. Env: 8283.

Dated

189

FOR ORDERS.

In the first of the papers
read above the Bd. of Rev. re-
ported for the approval of Govt.
the rates to be charged during
the three years ending 1894-95,
for the salt to be supplied
to the French Govt. The rates
were intended to represent
the average cost of Govt. salt
during the three years prece-
ding ^{the} ~~these~~ mentioned above,
in the factories from which
salt was to be supplied.
- vide para 10 of fo. $\frac{17.10.81}{1549}$.

As the method which the
Bd had adopted for
arriving at the averages
was different from the
method which had been
adopted in the Commr's
Prof. ~~read above~~ recorded
in

in J.O. $\frac{27.8.83}{1050}$, the Bd was asked in O.M. $\frac{20.140}{8.792}$ to state why it had not adopted the latter method which was obviously the more correct one.

The Bd replied in its Prof. of 17.8.92. No. 3184 (Cno: 7259) stating that the method adopted by it was the method referred to in the O.M. and reported at the same time. Certain ^{revised} figures to be substituted for those previously given. As it appeared that the Bd had not correctly understood the O.M. above referred to, another O.M. was sent pointing out

Clearly the difference between the two methods, and requesting the Bd to submit a statement of rates worked out in accordance with the method adopted in 1883.

(J.O. of 27.8.83 No 1050 quoted above)

The Bd has now submitted a statement worked out accordingly; but it says (under the footnote appended to

FOR ORDERS.

net mis. expenditure on other hands including salt weighing machines and "wastage" shown in the statement submitted to the Com. of the Chapter headed "Revenue and Expenditure" in the Salt Act Report.

to the statement) that the items "Land assessment", not having been taken into account in the statement recorded in the above J.O. have likewise been omitted in the present statement.

Orders are requested as to whether the exclusion is correct.

It will be seen from the Correspondence printed with J.O. $\frac{12.10.81}{1549}$ that the Com. of Salt Rev. ^{then} suggested that,

- (1) interest on Capital expenditure and
- (2) Cost of weighing machines should also be included in estimating the cost of salt to Govt.; but the Bd recommended and the Govt. approved the inclusion of the first item ^{only}.

It would appear from a comparison of the figures now reported with those reported in Cno: 7259 that the Bd must have taken

taken account of all charges in arriving at the figures previously reported.

The items which the Bd has excluded are shown in the appended Statement.

Items	Years	Revenue Indu- stry Ente- prise Rs 25 p	Misc kanam Ente- prise Rs 25 p	Veda- kan- am Ente- prise Rs 25 p
Land & aco	89-90	166 ..	127 ..	13 5 9
	90-91	166 ..	198 10 7	15 3 10
	91-92	166 ..	198 10 7	15 3 10
	Total	498 ..	524 5 2	43 13 5
Net miscel ^e Exp ^s	89-90	4 14 6	..	4 ..
	90-91	8 4 1	..	..
	91-92	7 13 5 25	..	..
	Total	21 2 ..	25 ..	4 ..
Wastage	89-90	Indo 734 ..	Indo 695 ..	Indo 20 ..
	90-91	615 ..	581 ..	..
	91-92	..	5501 ..	..
	Total	1349 ..	1177 ..	20 ..

R.V. I think all items of every
5/10 description which enter into the
cost of the sale to go must be
charged. There is no reason why the
French govt should get its sale for less
than it costs us & this is in accordance
with the Convention. C.B.
6/10

See 17 Oct
H. 15/10 (2)

C. Nos. 5593
7259
8283.

Re. The rates to be charged
for the salt to be supplied
to the French Govt.

The Hon. Mr. Gausson, C. S. I.

The Hon. Sir Henry St. John, M. C. S. I.

C Nos 5593, 7259 and
8285 792.

G.O. L. 4573 of 20 October 1892

With reference to the
foot-note entered in the state-
ment received with the
B.P. last read above the Govt.
considers that all items of
every description which enter
into the cost of the salt to Govt.
should be included in calcula-
ting the rates to be charged
to the French Govt. The Board
is requested to submit a
revised statement of rates
worked out accordingly.

P.H.
18/10.

Ch
20/10

Forwarded,

To,

The 10. of Dec. Dep. Secy

Recd
22/10

When given for copying _____
 When copied _____
 When examined _____
 When signed _____

189

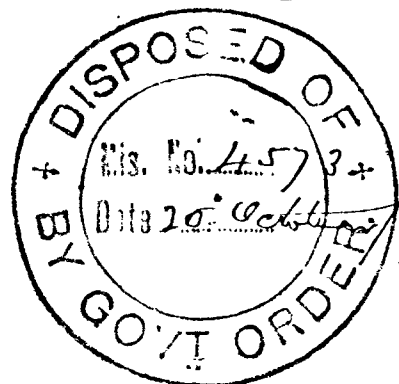
READ AGAIN G.O., No.
 189

DATED

CURRENT No.

(205 5593
 7259 +
 8285)

Re. the notes to be changed
 for the salt supplied to
 the French Govt.



ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH DUTY

PAPERS NOT FILED UP, BRING MEANT FOR DISPATCH
 IN ORIGINAL.

N.B.—

A = Copy in full.
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