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MADRAS RECORD OFFICE.

Government of Madras.

REVENUE DEPARTMENT.

G.O. No. 59-60

Press
Mis. -

Dated 18-1-

1972-0

Not to be folded or roughly handled

Mining concessions - Proposed
to Government of India.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Demi-official from H. GOMPERTZ, Esq., to the Private Secretary to His Excellency the Governor of Madras, dated Coonoor, 20th September 1891 :—

I had the honour of an interview with His Excellency Lord Wenlock on the eve of the 19th instant on the subject of the rules for mining and prospecting leases in Madras. His Excellency was good enough to ask me to submit my views to him in writing, which I will proceed to do as shortly as possible, and I shall be much obliged if you will be so good as to place this letter before him.

Of course, I cannot and do not expect Government to alter the rules, unless I can show, as I have no doubt I can, that what is for my benefit is also for the benefit of Government and the country at large, but in my opinion the rules as at present framed are such that no mining industry has the least chance of being started in Government land; no doubt, unless the rules are altered, one *will* be started, but in the lands of zemindars, where fair terms can be got, which I venture to think is much to be regretted, when Government has hundreds of thousands of acres lying waste. At present a prospector can only get a license to prospect over half a square mile of country, that is to say, before he begins to look for minerals, he must specify within a few yards (half a square mile is only 880 yards each way) where they will be found, which is of course impossible. In Mysore, Government has granted a monopoly of the working—not merely prospecting—for iron over the whole Province, with a large concession of forest for *free* felling of firewood, and with regard to gold, though the concession is not so large, it is still sufficiently liberal, the original concessionaries having been granted full *mining* rights over from 10 to 20 square miles on very easy terms. What is the result? In Mysore, gold mining is now an established success and large iron works are about to be started at once. On gold the Mysore Government is already getting a very considerable revenue from land, which, but for gold mining, would probably never have yielded them a rupee, and, with ordinary luck, will shortly increase very largely.

Yet even now, where gold mining has passed beyond the experimental stage, a prospector can in Mysore, on payment of Rs. 500, get a prospecting license for 12 months, over 10 square miles, with the right to select one square mile for mining at the end of the 12 months. He therefore pays at the rate of Rs. 50 per square mile, while in Madras (if such an area could be taken) he would have to pay Rs. 640 per mile for 6 months, Rs. 1,280 per mile for one year, and for 10 square miles Rs. 12,800 against Rs. 500 in Mysore! Surely comment is needless; *I ask that prospecting leases may be issued for any area up to 50 square miles at the rate of Rs. 50 per square mile per annum, giving Rs. 500 for 10 square miles as in Mysore.*

I ask, further, that for *mining* leases far more liberal terms may be granted and that the benefit of their discoveries may be secured to the original discoverers, while at the same time Government may get a larger revenue if the enterprise is successful. At present only 150 acres can be taken up for gold mining and 320 acres for metals other than gold, at an assessment of Rs. 5 and 2 per acre, respectively. I venture to think it is in the highest degree unfair that, when a man has spent money, time and brains in finding good Metalliferous land, he should only be able to secure a small portion at a very high rate and clogged with vexatious and unnecessary conditions, leaving the rest to be snapped up—as of course it would be the moment its value was demonstrated—by the general public which had done nothing whatever to deserve

it; reefs have faults and dip; a reef may be lost; and when recovered, may perhaps be found outside the grant. Or in the natural course of events, the dip may at depth take it out of the grant—as is well exemplified in the case of the Champion reef in Mysore. This is being worked by, amongst others, the Nandidrug, Ooregum and Mysore Companies; the reef dips out of their land into the adjoining land of the gold fields of Mysore Company (representing a very large block, in fact all that is unsold, of the original concession), and these three Companies have bought narrow strips, adjoining their original blocks from the gold fields of Mysore Company at enormous prices. As a rule, land likely to be utilized for mining is of no agricultural value whatever; yet Government demands Rs. 5 and 2 per acre and prevents the discoverer, even at this prohibitory rate, securing as of right more than a very small portion. The arguments on the subject are very fairly given in an article on mining concessions in the *Times* of 16th July last, a copy of which I had the honour of handing to His Excellency, but one very strong argument in favour of more liberal concessions has there been omitted. I believe I am correct in stating that there is any amount of land, supposed to have a certain agricultural value, assessed at not more than 4 annas per acre. I can take this up, and though I still have to pay Government an extra assessment if I mine on any part of it, I can at least prevent others coming in and mining there till they have come to terms with me—no land supposed to be worth assessing (of course I exclude reserved tracts) is left unassessed; yet though I can secure mining right to any extent for a very small payment on land having a certain agricultural value, I can not secure them except to a very small extent and on very high payment, on land so utterly valueless that it has never been assessed at all! The article already alluded to proposes that any one shall be at liberty to take up any amount of land at an assessment of 8 annas per acre, or the actual assessment, whichever is greatest, with a royalty of 5 per cent. on the net profit of any mining industry established. I would very respectfully urge Government to go even further than this; it is of course only reasonable that, if assessed land is taken up, the actual assessment should be paid: but considering that unassessed land has no agricultural value whatever; that unless taken up for mining it will probably never bring in a single anna of revenue to Government; that it is of extreme importance to the country that a successful mining industry should be established, which is, I suppose, a point I need not enlarge on; and that Government would, in addition to the assessment, profit largely by the royalty if it were established, I would ask that land to any extent and unhampered by conditions should be granted on mining leases at 4 annas per acre, or the actual assessment, whichever was greatest, plus a royalty of 5 per cent. on the profits of all minerals extracted. I submit with confidence that allowing speculators to take up land, so far from retarding the development of mining, is the only way in which this development, so much to be desired, can be hastened. No doubt, if they succeed, they will make large profits, but it will be at the expense of no one else. They will certainly not spend time and money if the public is to be allowed to share gratis what has been discovered at their expense. They may surely be trusted for their own sake not to let land lie idle which can be profitably worked, and once profit can be satisfactorily shown, the public may certainly be trusted to come forward with any money that may be required.

I would suggest one other concession, that is, a free grant of a certain area of land to discoverers of any new field as soon as its value was satisfactorily established. Even in Australia, where mining has been going on so long, such grants are made, in some cases, to the extent of one square mile; but this free grant I would give only in unassessed waste land, which at present brings in nothing to Government and is never in the least likely to do so unless private enterprise is more liberally encouraged. This, however, is a point I am quite content not to press, if the other concessions I have asked for are granted.

I am remaining for some days on the hills and if I have not made myself clear on any point, I need hardly say I should be only too glad to attend His Excellency at any time and give further explanations, and that I could of course equally well do so wherever he might be, either at Madras or on tour in the distressed districts; where, I may add in conclusion, if we had a few successful mines at work, the failure of rain would be by no means so serious as it now is, nor would the same number of relief works be necessary!

ORDER—dated 18th January 1892, No. 59, Revenue.

Miscellaneous.

In the paper read above, Mr. Gompertz represents that the mining rules in force in this Presidency are far too

restrictive and asks for the following concessions:—

- (1) that prospecting licenses should be granted for any area from 1 to 50 square miles for a yearly rent of Rs. 50 a square mile;
- (2) that a mining lease should be granted for any portion of the extent covered by a prospecting license for which the prospector may apply;
- (3) that the Government should limit its demand to a light rent of 4 annas an acre, or the assessment imposed on the land, whichever is higher, together with a royalty of 5 per cent. on the profits of all minerals that may be extracted; and
- (4) that a free grant of one square mile may be made when the mining industry has been satisfactorily established.

2. As regards the first point, the existing rules prescribe a maximum extent of half a square mile whether the land applied for is comprised in one or more blocks, and the currency of the lease is limited to six months. In both respects, the draft rules recently framed by the Government of India and forwarded with circular No. 565-M—3—8, dated 17th March 1891, are rather more favorable. But the limitation of the extent to one mile except for coal and mineral oil, for which a limit of 4 and 2 miles, respectively, is prescribed, and the restrictions imposed on the assignment of contiguous blocks will cramp operations. For, as pointed out by Mr. Gompertz, a prospector cannot, before he begins operations, state within a few hundred yards where minerals will be found. These limitations have apparently been provided in view to avoid the risk of the concessionaries excluding persons with more *bona fide* intentions, but this is a point which should be left to the discretion of the local Government. The suggestion that prospecting licenses should be granted up to a limit of 50 square miles in each case is, therefore, approved.

3. Under the existing rules, a rent of one rupee per acre is leviable in respect of lands for which a prospecting license is taken out and the same rate is prescribed in paragraph 16 (ii) of the draft rules framed by the Government of India. So long as the area for which a license is issued is limited to half a square mile, the yearly rent appears to be a small amount, but an application for 10 miles will be accompanied, with a liability to pay the large sum of Rs. 6,400 a year for lands which are entirely waste and which are either unassessed or charged with a very low assessment of about 4 annas an acre or less. The Board of Revenue proposed, therefore, in its Proceedings printed in G.O., dated 18th June 1891, No. 556, that more than 4 annas an acre should not be charged. Mr. Gompertz goes further and suggests that the state demand should be limited to Rs. 50 a square mile or Rs. 1—3 an acre. On a careful consideration of the case, the Government is disposed to agree with Mr. Gompertz in this particular also. These prospecting leases should not run for more than 2 years, but they should be renewable with the consent of Government.

4. In the matter of gold mining the Government is competent to grant a mining lease for any extent, if it is satisfied that the applicant possesses sufficient means and has the intention to carry out mining operations in a proper manner (*vide* paragraph 5 of the Secretary of State's despatch,* dated 10th November 1881, No. 98). The Board's Standing Order, No. 15, no doubt

provides that the maximum size of a block should be 150 acres, but there is nothing to prevent Government from granting any number of contiguous blocks of maximum size to a *bona fide* applicant. The rules are sufficiently elastic and the Government of India will be requested not to extend to this Presidency the restrictions on the assignment of contiguous blocks contemplated in the draft rules referred to above.

5. The next point for consideration is the rent to be charged on lands comprised in a gold mining lease. The present rate, viz., Rs. 5 an acre, was fixed by the Government of India under the impression that it was a moderate rent (*vide* paragraphs 9 and 10 of the despatch† to the Secretary of State, dated 1st September 1879, No. 7).

† Printed in G.O., dated 7th October 1879, No. 2029.

But as pointed out by Mr. Gompertz it is a crushing impost; for a person who takes up 5 square miles has to pay Rs. 16,000

a year from the outset, and this arrangement, while strangling the industry at its birth, fails to secure a fair share of the profit to the State when it succeeds. It is accordingly suggested that the Government should obtain its revenue in the shape of an acreage rent *plus* a royalty. This course has been already provided for in the draft rules but the Government of India contemplates the levy of dead rent in addition to surface

* Board's Proceedings, printed in G.O., dated 18th June 1891, No. 556. rent. It has already been pointed out * that either one or the other should be charged, but not both. The Board of

Revenue preferred a simple minimum dead rent except when the royalty exceeds or equals the dead rent and in this opinion the Government concurred. On reconsideration, however, it is disposed to agree with Mr. Gompertz in considering that, in addition to the royalty, a surface rent of 4 annas an acre, or the actual assessment, whichever is greater, should be required to be paid. As regards the royalty, the percentage proposed by Mr. Gompertz, viz., 5, is what is provided for by the draft rules of the Government of India, but he proposes to levy it on the *profits*, while the draft rules require that it should be calculated on *the value of the gold extracted*. The practice of the Mysore Government appears to be in accordance with the latter view and it seems preferable to Mr. Gompertz's proposal. There is another point in which the rules of the Mysore Government may be followed with advantage. To prevent loss to Government by the unsatisfactory working of any lessee, a clause should be inserted in every mining lease empowering the Government, after the expiry of the first two years, to substitute an assessment of Rs. 5 an acre in lieu of royalty when dissatisfied with the working of the results for any years of the lease.

6. For mining for other minerals and precious stones, the same rules will apply except as regards royalty for which the draft rules already referred to provide for a tonnage rate for minerals except in the case of oil for which 20 per cent. of the price of the crude oil is prescribed and a charge of 30 per cent. on value for prospecting for precious stones. A charge of 20 per cent. on the price of crude oil (by which it is presumed its local market value is meant) appears to be too high. In the case of precious stones, the royalty is fixed in the draft rules at 30 per cent. of the value in the case of a prospecting lease, but no mention is made of the charge for a mining lease. The Government considers that 5 per cent. on the market value of crude oil and of all precious stones would suffice for a mining lease in each case. For a prospecting lease for precious stones a rate of one rupee an acre would suffice, while as regards area and time, it will be subject to the other limitations proposed for leases to prospect for gold.

7. As regards the free grant of one square mile, it is observed that Mr. Gompertz himself does not press it and the Government thinks this concession to be unnecessary.

8. In conclusion, the Government agrees with Mr. Gompertz in considering that, under the present rules, the mining industry is hampered in this Presidency. His proposals, as modified in the foregoing paragraphs, will be submitted for the approval of the Government of India.

9. Ordered that the following letter be addressed to the Government of India.

(True Extract.)

(Signed) C. A. GALTON,
Secretary to Government.

To the Commissioners of Land Revenue.
„ H. Gompertz, Esq., Coonoor.

Exd. T. K. Narayana Aiyangar.

100 Copies.

1092 Madras.

REVENUE.

Original

Issued

Recd.

Encl.

G.O., 18th January 1892, No. 59. 60

JANUARY.

Mining and prospecting licenses.

Passing orders on the application of Mr. Gompertz of Coonoor asking for certain concessions in connection with the —.

18TH JANUARY 1892, No. 60, REVENUE.

REVENUE DEPARTMENT.

From

C. A. GALTON, Esq., M.A., C.S.,
Secretary to the Government of Fort St. George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
REVENUE AND AGRICULTURAL DEPARTMENT,

Dated Fort St. George, 18th January 1892.

SIR,

In continuation of my letter, dated 18th June 1891, No. 557, I am directed to forward copy of the marginally-noted Proceedings of this Government and to solicit a favorable consideration of the suggestions contained therein.

Miscellaneous.

G.O., dated 18th January 1892, No. 59.

2. The suggestions are—

(i) that prospecting licenses should be granted for any area up to a limit of 50 square miles for a yearly rent of Rs. 50 a square mile, for a term of 2 years, renewable at the pleasure of Government;

(ii) that a mining lease should be granted for any portion of the extent covered by a prospecting license for which the prospector may apply;

(iii) that the Government should limit its demand in respect of a mining lease to a light rent of 4 annas an acre, or the assessment imposed on the land, whichever is higher, together with a royalty; and

(iv) that, in the case of gold, the royalty should be 5 per cent. on the value of gold extracted; in other cases, the royalty to be levied at the rates shown in Appendix C of the draft rules framed by the Government of India, except as regards oil for which a charge of 5 per cent. on the market value of the crude oil would suffice. In the case of precious stones, the same rate, 5 per cent., to be applied, while for a prospecting lease, a charge of one rupee per acre would suffice.

3. I am to add that, in the opinion of this Government, the present rules are too restrictive and that, if the concessions asked for in this letter are granted, a very large extent of land which is now absolutely worthless and does not bring in a rupee of assessment would probably be taken up, which means a very sensible increase of revenue to Government and an expenditure of capital among the people with the certain consequence of greater wealth and comfort arising from an abundance of good wages.

I have the honour to be,

Sir,

Your most obedient servant,

(Signed) C. A. GALTON,
Secretary to Government.

Exd. T. K. Narayana Aiyangar.

75 Copies.

1892.

REVENUE AND AGRICULTURAL
DEPARTMENT.

From the Government of
Fort St. George.

Issued

Recd.

Encl.

Letter, dated 18th January 1892,
No. 60.

JANUARY.

FORWARDING a copy of the Proceedings of
this Government on Mr. Gompertz's application
for certain mining concessions and soliciting a
favorable consideration of the suggestions con-
tained therein.



23. ix. 91.
GOVERNMENT HOUSE.

Wear Salton,

His fax seems well
based on the enclosed letter
from Mr. Gompertz. He thinks
that the present rules must be
very unsatisfactory & believes that
they are under revision. We
can quickly circulate the letter. His Excellency
thinks the matter one of great importance
and will press.

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Batterley Coonoor.
25th Sep. 1891.



My dear Sir
I had the honor of an interview with
Mr. S. S. Sankar on the 19th inst. on the
subject of the rules for mining & prospecting leases
in the Madras P.W.D. S.S. was good enough to ask me to
submit my views to him in writing, which I
will forward to him as shortly as possible & shall
be much obliged if you will be so good as to
place them before him.
Of course I cannot do not respect foot &
the rules unless I can show — as I have to
show — that what is for my benefit is
also for the benefit of foot & the country at large,
which in my opinion the rules as at present framed
are such that no mining industry has to be
started in foot land; no doubt,
when the rules are altered, one will be started
but in the lands of Government, where fair
land can be got, which I venture to think
will be the result, when foot has been
given up & the land is given up.

At present a prospector can only get a license to prospect over $\frac{1}{2}$ a sq. mile of country; that is to say, before he begins to look for minerals, he must specify within a few yards ($\frac{1}{2}$ a sq. m. is only 880 yds each way) where they will be found, which is of course impossible. In Mysore, Govt. has granted a monopoly of the working — not merely prospecting for — iron over the whole Province, with a large concession of forest for free felling of firewood & with regard to gold, tho' the concession is not so large, it is still sufficiently liberal, the original concessionaires having been granted full mining rights over from 10 to 20 sq. miles on very easy terms. What is the result? In Mysore, gold mining is now an established success & large iron works are about to be started abroad. On gold, the Mysore Govt. is already getting a very considerable revenue from land which, but for gold mining, would probably never have yielded them a Rupee & with ordinary luck, will shortly increase very largely.

Yet even now, where gold mining has passed beyond the experimental stage, a prospector

2 15 7 3

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I ask further, that for mining leases far more liberal terms may be granted & that the benefits of their discoveries may be secured to the original discoverers, while at the same time Govt. may get a larger revenue if the enterprise is successful. At present only 150 acres can be taken up for gold mining & 320 acres for metals other than gold, at an assessment of Rs 5 & 2 respectively. I venture to think it is in the highest degree unfair that, when a man has spent money, time & brains in finding good metalliciferous lands, he should only be able to secure

a small portion at a very high rate & closed with vexatious & unnecessary conditions, leaving the reef to be snatched up — as of course it would be the moment its value was demonstrated — by the general public which had done nothing whatever to deserve it. Reefs have faults & dips; a reef may be lost; 2. when recovered, may perhaps be found outside the grant. Or in the natural course of events, the dip may at length take it out of the grant — as is well exemplified in the case of the Champion reef in Mysore. This is being worked by — amongst others — the Mysore Dyers, Coorgum & Mysore Cos; the reef dips out of their land into the adjoining land of the Gold fields of Mysore Co (representing a very large block; in fact all that is unsold, of the original concession) & these three Cos have bought narrow strips, adjoining their original blocks from the Gold fields of Mysore Co, at enormous prices. As a rule, land like to be utilized for mining is of no agricultural value whatever; yet foot demands Rs 5 & 2 per acre & prevents the discoverer, even at

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N 19 55

This prohibitory rate securing as of right,
 more than a very small portion. The arguments
 on the subject are very fairly given in an article
 on Mining Concessions in the Times of 18th July last,
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 H. S., but one very strong argument in favor
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 there is any amount of land, supposed to have a
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 very small payment on land having a cer-
 tain agricultural value, I can not secure
 them except to a very small extent & on very
 high payment, on land so utterly valueless
 that it has never been assessed at all! The

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article already alluded to proposed that ^{at that time} anyone shall be at liberty to take up any amount of land, at an assessment of 8⁰⁰ per acre, or the actual assessment, whichever is greatest, with a royalty of 5% on the net profit of any mining industry established. I would very respectfully urge Govt. to go even further than this; it is of course only reasonable that, if ~~any~~ land is taken up, the actual assessment should be paid, but considering that unassessed land has no agricultural value whatever; that unless taken up for mining it will probably never bring in a single anna of revenue to Govt.; that it is of extreme importance to the country that a successful mining industry should be established, — which is I suppose a point I need not enlarge on — & that Govt. would, in addition to the assessment, profit largely by the royalty if it were established, I would urge that land to any extent & unhampered by conditions, should be granted on mining leases at 4⁰⁰ per acre on the actual assessment whichever was greatest, plus a royalty of

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 development of mining, is the only way
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 up such grants are made, in some

cases to the extent of 1 sq. mile; but this, I grant, I do not give only in massachusetts, but in all land, which at present brings in thing to look at is never in the least likely to do so unless private enterprise is more liberally encouraged. This however is a point I am quite content not to press, if the concessions I have asked for are granted.

I am remaining for some days on the hills & if I have not made myself clear on any point, I need hardly say I should be only too glad to attend H. S. at any time & give further explanations & that I could of course equally well do so wherever he might be either at head or on tour in the distressed Dist^{ct}; where, I may add in conclusion, if we had a few successful mines at work, the failure of grain would be by no means so serious as it now is, nor would the same number

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of relief would be necessary! - 8/9
Truly yours 1/29
Wm. Gompers

To The Private Secretary to
H. S. the Governor of Madras.
Cotacaimund -

(189/ .)

REVENUE DEPARTMENT.

Current Number 8954

D.O.

From

M^r. A. Gompertz
Colonel.

Dated 20 Sept

Received 23

Enclosures

No.

SUBJECT.

Regarding the rules for
mining and prospecting leases
in Chadras Priding.

ABSTRACT.

end of para 2 (i) of the
following addition should be
reference to the Hon'ble
remarks:-- "For a term of
renewable at the pleasure
ment." The
2 (iv) of the letter. The
ing addition should be made
end:-- "Except as regards
which a charge of 5 percent
market value of the crude
would suffice. In the case of
ions stones, the same rate 5 per
to be applied while for a
reputing lease, the charge of
superper acre would suffice."

B. L. The
10/11

33
31

asks for one more concession viz
a free grant of one sq mile where
the mining is satisfactorily established.

The same arguments & suggestions
are contained in a leading article
of the Madras Times of the 16th July last
with one point of difference viz -
that the latter proposes an average
charge of 8 annas instead of Mr
Gompertry's 4 annas.

The following is a précis of
the correspondence on the subject
far as it relates to the points
referred to by Mr. Gompertry. In
1875 on the receipt of applications
for land for gold mining, the Govt
called for suggestions from Mr. King
of the Geological Survey of India
which are enumerated in para 21 of
his letter printed at page 11 of the
Despatch to the Secretary of State dated
within G.O. of 28 January, 1880 No 104.
One of these was that the extent of

Probably to compare with
the article -
He does not press this point
H J

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land to be granted to an applicant
should be limited. The reasons for
this recommendation are contained
in para 26 from which the following
is extracted.
"The plan of limited holdings is suggested
partly because a large holder could
just as easily retard the mineral
development as a cultivator. Claims
are limited in size in other gold
producing countries. In Nova Scotia
the size of a claim or area has been
gradually increased to ... about $\frac{6}{7}$
of an acre & a holding may now consist
of any number of such
areas. - These areas are ^{too} small;
the working of so many different
holdings as might eventually be opened
up would necessitate a wasteful
expenditure on numerous shafts &
many separate sets of machines.
A better plan would be to allow
- 500 ft on the run of the reef or

reefs and 1000 ft across or nearly
1 1/2 acres; thus giving ample room for
works, a fair share of lodes workable
at convenient depths & possibly
water supply sufficient for machinery.
The Collector of Malabar & the Board
of Revenue having concurred in these
remarks the Govt of India was
requested to lay down a distinct
policy on the subject for the guidance
of this Govt. (vide para 9 at page 15
of the ~~Despatch~~ Despatch quoted above).

5. Thereupon the Govt of India forwarded
a despatch to the Secretary of State
in which after premising that the
terms as to royalty, area of mining
leases & the mode of working should
it be as liberal as might be possible
without encouraging undue speculation,
it recommended that gold mining
leases of Govt lands might be granted
in lots of from 1 to 30 acres and observed
that a wide discretion was thus left

not properly covered.
24/

a non-liberal &
fishy policy
Hf

to the local Govt (vide paras 9 & 10 of
the despatch printed at page 11 of L.O.
8 October 1879 No 2029). This recommendation
was approved (vide paras 7 & 8 of the
despatch printed at page 3 of L.O. 2
9 June 1880 No 633).
6. Some time after the question was raised
whether the maximum limit above
prescribed - viz 30 acres - referred to the
size of each block or of all taken
together. The Govt took the latter view
& it was accordingly notified that more
than 30 acres in all in one or more
blocks would not be given to the same
applicant. (para 2 of the Notification
printed at page 2 of L.O. 8 October '80 No 1263).
The Notification called forth protest
& in the discussions that took place
His Excellency the Governor Mr. Adam
recorded a minute which is stitched
with L.O. 21 May 1881 No 818. He
observed that the existing rules were
too restrictive & might, unless modified

have the effect of strangling the new industry
at its birth. (para 1). Referring to the
limit of the area to 30 acres he remarked
"it would be necessary to define the
word area, whether it means a block
square or oblong lying together or
whether it can mean a snake-like
strip of country 70 yds broad following
the course of ~~the~~ a gold bearing reef
for 2100 yds. I think it ought to be
a compact area of ground & if so I
cannot see the reason for restricting
it to 30 acres either in the interests
of govt or of mining success. India
district where the reefs are well known
30 acres or even less may be ample
but a block of 30 acres would in
most cases be quite insufficient for
any gold mining company or individual
to carry on extensive operations. I
would, therefore, propose to increase
the area to 100 or 150 acres... an
extension of area may give some

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further facilities for gobbing in land
but in this as in other cases we must
look to the final development of the
industry & not merely to the inevitable
risks at first attending it." (para 3)
Application was accordingly made
to the govt of India for a relaxation
of the rules in this instance & the
occasion was taken to enquire whether
the maximum for a single lease
having been settled it was the
intention of the govt of India to bar
the lessee from obtaining any further
area anywhere & to suggest that
a ^{minimum} ~~maximum~~ distance might be
prescribed within which lots of
maximum extent could be held by
the same lessee (paras 11 & 13 at page 2
of letter of 21 May 1881 No. 819). This
recommendation was accepted by
the govt of India (vide paras 7 & 8
of the Despatch at pages 2 & 3 of No.
of 1 Feb. '82 No. 132) & by the Secy

of State (vide para 5 of the reply
at page 6 of the same G.O.). The
latter authority considered the proposal
of the Govt of India to prohibit a
lessee from obtaining more than one
grant in any district to be ineffective
& left the area over which a mining
lease should be granted to the discretion
of the local Govt which should satisfy
itself that the applicant possessed
the means for & had the intention
of carrying out mining operations
in a proper manner. This Govt can
thus grant more than one block of
150 acres to bonafide applicants
for mining leases if circumstances
require it.

7. The Govt of India recently
circulated draft rules on the
subject of mining & called for
an expression of the views of
this Govt thereon. They provide for
a maximum area of $\frac{1}{4}$ of a sq mile

quite right
L.H.J.

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or 150 acres for each block & direct
that without the consent of the Govt
of India the same lessee shall not be
granted ~~to~~ two blocks except at the
distance of a quarter of a mile from
each other. (vide rules 20 & 21 & schedule
A in G.O. of 8 April 1891 No 2225.)

The Board of Revenue to whom the same
were forwarded for remarks objected
to the limit of distance as follows:-

"In this Presidency grants of contiguous
blocks for mining leases have been
allowed. . . . The prohibition . . .
provided for in this rule will have
to be worked liberally. In mining for
metals for example, the reefs often
dip slowly & run rapidly out of the
land owned by the mines so that the
whole enterprise would be ruined if
contiguous blocks land could not be
acquired. This is what is now actually
happening in the district the Mysore, Mysore
& other neighbouring mines which have

had to buy additional land at high prices from the Mysore Gold Fields Company.

The Govt concurred in these views & the subject is now under the consideration of the Govt of India.

8. In Mysore each lease is limited to a block not exceeding one sq mile

Rule 3 (1) printed at page 6 of G.O.

G.O. November 1881 No. 1698 provides for applications for more than one block from the same applicant being considered when no other applicants appear. The question of assimilating the Madras rules to those of Mysore was raised in the note for order

stitched with G.O. of 27 July 1888 No. 515

The Honble Mr. Stokes observed that the Mysore rules were evidently designed to meet a special state of things viz

an active amount of speculation in mining or demand for employment of Capital therein and that the Board's report showed no need for changing

It is in the line to give the
adoption of a much more
liberal policy. It is
not done
quickly.
thinking?

the rules & no evidence that the rules had operated to check mining enterprise. The Honble Mr. Hutchins concurred in these remarks.

9. As regards the rent to be paid by miners Mr. King of the Geological Survey proposed that a rate per acre should be paid during the currency of the lease & that a royalty should be levied on gross output of ore, the rate being either discontinued or reduced during the time it was paid (para 21 at page 11 of the despatch stitched with G.O. of 28 January '80 No. 104)

He also recommended that the annual rent should be higher than that paid for agricultural lands to meet the possibility of land being applied for merely to secure a claim without the applicant being prepared to commence work at once (para 25 ibid). This suggestion did not commend itself to the Collector of Malabar who preferred

to assess the lands at the ordinary rate of assessment as a high assessment would prevent a company with a large capital from securing a considerable extent of adjoining holdings & concentrating their workings. A royalty on the output was to be levied in addition to the assessment. (page 9 *ibid*). The Board accepted this view on the ground that the State has a right to the assessment for the mere occupancy of the land & a further right to a share in the mineral wealth which it might be found to yield. (page 13 *ibid*).

quite right
H.S.

10. The Govt of India was opposed to the levy of any royalty or other tax on the industry as it was deemed most important to attract capital to the Wynaad gold fields. The suggestion was accordingly made that a rent of five rupees per acre should be charged, the rate proposed being based on the most approved system

It is a curious import.
H.S.

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of mining leases in Australia" under which lands were "let at a moderate rent of ten shillings per acre". (pages 9 & 10 of the Despatch printed at pages 10 & 11 of G.O. of 7 October 1879 No. 2029). The suggestion was approved by the Secretary of State (vide pages 708 of the despatch printed at page 3 of G.O. of 9 June 1880 No. 633). Rs 5 per acre is still the authorized rate for gold mining but no royalty is leviable in addition (vide rules 2 & 7 at page 2 of G.O. of 1 October 1880 No. 1263).
11. In recommending a relaxation of the rule prescribing a maximum extent of 30 acres, the Govt observed that undue speculation might be checked in other ways than by limiting the area, for instance, by imposing a light royalty of 2 or 3 percent upon net mining profits. The Govt quoted from the Nilgiri Commissioner's report "No tax could be more cheerfully paid

for any one according to the state
would involve increased gain to
the payee..... The remark has
often been made to me, "change
a royalty if you like, but by all
means let us have the opportunity
of obtaining as much land as
we require & of working as a mine
any portion of land in our possession"
(para 19 at page 3 of letter to India
of 21 May 1887 No. 819). The Govt. of
India did not accept this recom-
mendation but said "we... adhere
to our original view that during
the currency of the first leases for
20 years no royalty should be imposed
to ^{prevent} a royalty would pro tanto
burden the industry & we cannot
perceive that its imposition would
in any way restrain speculation.
The royalty would be payable only
if gold were raised; but the object
of the speculator is not to mine

quite so
JH
by

Why not? well if
the land is used &
for 4 years to 4 Rs.
an acre? for or
assessment? I know
of no man selfish &
short-sighted, for of the
the one under which mining
enterprise is encouraged
in this Province - I
feel confident that nothing
will be like a million of
sins of land which is
now absolutely worthless
here being improved
under the proposed
if Government's proposal
will be to - & a
million of 1/4 a 1/2 man
means very much
increase of revenue
to for is proportion
capital many the people
his best man practical
health even for arising
an abundance of good capital
JH

for gold but to trade in land; &
if he did not mine at all, he would
be unaffected by the royalty." (para
at page 3 of L.O. of 1 Feb 82 No 132)
12. In Mysore the holder of a mining
lease pays the survey assessment
on all arable lands & 8 annas an
acre on all the uncultivable lands
& also a royalty of 5 percent on
the gross proceeds. After the expiry
of the first two years, the Govt. may
levy in lieu of the royalty an
assessment of Rs 5 an acre, if it
is dissatisfied with the working
for the results for any years of
the lease (vide rules III, IV & V
at page 4 of L.O. of 9 Nov 1881 No 1098)
13. In its draft rules above referred
to & stitched with L.O. of 8 April 1891
No. 2225 the Govt. of India proposes
to levy (1) survey rent assessable
under the revenue law of the Province
or if no such rent is assessable

the rate which may be fixed by agreement subject to a maximum of one rupee (2) dead rent at one rupee an acre; & (3) royalty at 5 percent of the value of the gold extracted (vide Schedules B. C. & rules 23-I, II & III printed at page 6). The Board points out that either the ordinary assessed surface rent or the dead rent should be charged whichever is greater & not both. The Board would prefer that, as in Mysore, a simple minimum dead rent should be made payable in all cases except when the royalty exceeds or equals the dead rent when the latter should be dropped. (para 8 - rule 23 & 7 at page 6 of G.O. 8/18 June 1891 No 556). The Govt concurred in these remarks & the orders of the Govt of India are awaited.

14. The question of prospecting

5/53
was not alluded to in the earlier despatches which passed between the Govt of India & the Secretary of State on the general question of gold mining. In a notification which the Board submitted for the approval of Govt reference was made to prospecting leases but the Govt directed that all reference to that subject should be omitted. (vide para 1 of G.O. 8/1 October 1880 No 1263). In G.O. 8/7th April 1881 No 609, the Govt reconsidered this order & remarked as follows:-

"Ordinary prospecting does not require any special protection but where prospectors have obtained promising indications, it may be reasonable to grant what may be termed 'protection' licenses for a limited time over a limited area to test results more closely." Six months & half sq mile were suggested & were

the end approved. It was considered necessary to prescribe the limits to avoid risk of excluding others who may have more bona fide intentions than the concessionaires. (Please see also para 11 of the Despatch to the Secretary of State printed at pages 3 & 4 of G.O. & 1 Feb 82 No 132).

15. In 1887 a Mr. Furnivall asked for permission to prospect for minerals for a limited period over one whole taluk. The application was refused in the following terms: "Mr. Furnivall will be informed that if he wishes to prospect in the sense of making merely a preliminary survey of the ground & superficial search for indications of minerals in view to future operations, no special permission is necessary; & in that case he will have no exclusive right to such prospecting. After the preliminary survey

Mr. Furnivall may select for more careful examination a block not exceeding half a sq mile at a time." Vide G.O. & 14 Nov 87 No 1064.

The question was revived in another shape but the Govt again ruled that the grant of a license extending over contiguous blocks exceeding half a sq mile could not be permitted without special sanction. (G.O. & 19 June 1888 No 437).

16. The draft rules of the Govt of India raise the limits for prospecting to one sq mile & one year, the latter of which may be further extended by another year. (Vide 8-2, 16-1, Schedule A within G.O. & 8 April 91 No 222).

The Board remarks that the areas are small & would cramp prospecting. ~~By~~ Beyond this no specific recommendation ^{has been} made. (Vide pages 5 of G.O. & 18 June 1891 No 556).

17. Under the existing rules

the rent for prospecting licenses is one rupee an acre, but as the license remains in force for six months only the rate is practically equivalent to two rupees ^{a year}. The Govt of India proposes only one rupee per acre (vide rule 16-II ~~Board~~) but the Board considers it far too high.

As prospecting licenses will be granted for waste lands only, it would not charge more than 4 annas an acre. In this point also, the Govt concurred in the Board's remarks.

(Para 8 - rule 16-II at page 5 of G.O. of 18 June 1891 No 556) - 18. The proposals of the Board of Revenue accepted by Govt. in the G.O. quoted above are as follows. -

For prospecting (1) An extent in excess of one sq mile but how much is not stated. Mr. Gompertz asks for permission to prospect up to 50 sq miles. It is doubtful

it is
JHJ

quite enough
JHJ

I think he means
proving. yet I think
to JHJ

45
whether he means by the word prospecting merely exploring for ^{minerals} ~~minerals~~ or proving in the sense in which it is used in the above correspondence.

(2) It is assumed that the limit of time will be extended to one year as proposed by the Govt of India.

(3) The Board recommends a rent of 4 annas an acre or Rs 160 a sq mile. Mr. Gompertz suggests Rs 50. Mining. (4) The Board would not restrict the power of the local Govt to assign any number of contiguous blocks. If this is sanctioned Mr. Gompertz may get any number of blocks within the area allowed for prospecting.

(5) The Board proposes a royalty of 5 percent or dead rent at Rs 5 an acre, the latter to be substituted for the former when it exceeds the royalty. Mr. Gompertz suggests the levy of land assessment at 4 annas a

plus royalty is above. In connection with this please see the remarks of the Govt of India extracted at para 11 above. It should be noted that in Mysore the assessment for uncultivable lands is 8 annas an acre.

(6) The royalty is proposed to be levied on the gross output of the mines but Mr. Gompertz suggests a royalty on the net profits only.

19. It has to be considered whether the concessions asked for by Mr. Gompertz over & above what the Board has recommended should be allowed. He asks also for a free grant of one sq mile when the industry is satisfactorily established. He would not however press for it in the other concessions are granted. Gold mining alone has been considered in the preceding pages of this note but as Mr. Gompertz

unnecessary
LAF

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refers incidentally to mining for other metals a brief reference to this subject is necessary. For prospecting the same rules apply both to gold & other metals. Whatever relaxation is allowed in the one case will be allowed in the other also. For mining, the rules allow ordinarily a maximum extent of half a sq mile & a rent of two rupees an acre. The Govt of India proposes to ^{change} ~~substitute~~ ⁽¹⁾ for land assessment ⁽²⁾ a dead rent of one rupee an acre & a royalty of 5 as per ton of dressed ore. In the case of iron the dead rent will be one anna per acre & the royalty will not exceed 2 annas per ton of iron stone. Whether these are more favourable has to be considered. The Board recommends the abolition of land assessment or dead rent, but how it pro-

of
in
for
the ground
in front
of

of contiguous blocks contemplated in the draft rules referred to above.

5. The next point for consideration is the rent to be charged on lands comprised in a gold mining lease. The present rate viz Rs 5 an acre was fixed by the Govt of India under the impression that it was a moderate rent. (vide para 9 & 10 of the despatch to the Secretary of State 21 September 1879 No 7.) But as pointed out by Mr. Comptey it is a crushing impost for a person who takes up 5 sq miles has to pay Rs. 10,000 a year from the outset & this arrangement while strangling the industry at its birth fails to secure a fair share of the profit to the State when it succeeds. It is accordingly suggested that the Govt should obtain its revenue in the shape of an acreage rent plus a royalty. This course has been already provided for in the draft rules but the Govt of India contemplates the levy of dead rent in addition to surface rent. It has already pointed out that either one or the other should be changed but not both. The Board of Revenue preferred a simple minimum dead rent except when the royalty exceeds or equals the dead rent & in this opinion the Govt concurred.

Printed in L.O. 27 October 79 No 2029

* L.O. printed in L.O. 218 June 1891
No 556 copy of which was forwarded
to the Secy to Govt of India dated 25/7/91

1656/13

On reconsideration, however, it is disposed to agree with Mr. Comptey in considering that in addition to the royalty a surface rent of 4 annas an acre or the actual assessment whichever is greater should be required to be paid. As regards the royalty, the principle proposed by Mr. Comptey viz 5% is what is provided for by the draft rules of the Govt of India but he proposes to levy it on the profits while the draft rules require that it should be calculated on the value of gold extracted. The practice of the ~~Madras~~ Mysore Govt appears to be in accordance with the latter view which should therefore be followed ~~and it seems~~ ^{more} preferable to Mr. Comptey's proposal. There is ^{another} one point in which the rules of the Mysore Govt may be followed with advantage. To prevent loss to Govt by the unsatisfactory working of any lessee a clause should be inserted ^{in the lease} empowering the Govt, after the expiry of the first two years, to substitute an assessment of Rs 5 an acre in lieu of royalty when dissatisfied with the working or the results for any years of the lease. 5. For mining for other minerals the same rules will apply except as regards royalty for which the draft rules already referred to provide for a tonnage rate.

subject to approval

1/11/91
L.O. 11/11/91
No 1001
1/11/91

Specimen stone

Presidential
 Except in the case of oil for which 20 percent
 of the price of the crude oil is prescribed
 for a charge of 30% on value for prospecting
 the Govt. prefers the same rates to the
 percentages proposed by Mr. Lompertz.
 7. As regards the free grant of one
 sq. mile it is observed that Mr. Lompertz
 himself does not press it & the Govt.
 thinks this concession to be unnecessary.
 8. In conclusion the Govt. agrees with
 Mr. Lompertz in considering that
 under the present rules mining
 industry is hampered in this
 Presidency. His proposals ^{as} modified
 in the foregoing paragraphs
 will be submitted for the approval
 of Government of India.

9. Ordered that the following letter
 be addressed to the Govt. of India:

To the Commissioners of Land and Revenue
 H. Lompertz Esq. Coonoor
 100/3
 18/12

I don't understand the
 in front of the steps to
 coal oil.
 I think it is due that a charge
 of 20% on the price of crude
 oil (by which I suppose its real
 market value is meant) is too
 high. & I don't think that is
 the charge for mining lease
 for precious stones if a
 prospecting lease is in the
 prospect of 30% of the value
 of the stones found - or a charge
 of 5% on the value
 of the crude oil & of the
 precious stones in office
 for a mining lease
 in each case. I think
 an average rate of one rupee
 on an acre for a
 prospecting lease for precious
 stones subject to the
 limitations to area &
 time proposed for leases to
 prospect for gold.

(Continuation of para. 6 of the order)
 A charge of 20% on the price of crude oil (by which
 it is presumed its local market value is meant)
 appears to be too high. In the case of precious stones
 the royalty is fixed in the draft rules at 30 percent
 of the value in the case of a prospecting lease but
 no mention is made of the charge for a mining lease.
 The Govt. considers that 5 percent on the market
 value of crude oil & of all precious stones would
 suffice for a mining lease in each case. For a
 prospecting lease for precious stones a rate of one
 rupee on an acre would suffice while as regards area
 it will be subject to the other limitations
 laid down for leases to prospect for gold.

Secretary to the Govt. of India
 Revenue & Agricultural Deptt.

Sir.

In continuation of my letter of
 18 June 1891 No 557, I am directed to
 forward copy of the marginally noted
 Pro. of this Govt. & to solicit a favourable
 consideration of the suggestions contained
 therein.

2. The suggestions are:-
 (i) that prospecting licenses should
 be granted for any area up to a limit
 of 50 sq. miles for a yearly rent of Rs 50
 a sq. mile.

(ii) that a mining lease should be
 granted for any portion of the extent
 covered by a prospecting license for
 which the prospector may apply;
 (iii) that the Govt. should limit its
 demand to a light rent of 4 annas
 an acre or the assessment imposed
 on the land wherever it is higher, together
 with a royalty; &

(iv) that in the case of gold, the royalty
 should be 5 percent on the value
 of gold extracted. In other cases, the
 royalty may be levied at the rates
 shown in appendix C of the draft
 rules framed by the Govt. of India.
 3. I am to add that in the opinion

9.08.18 Jan 1892 No 57.

W
 6 Jan.
 24/12/91
 23 Dec.

100 sq. miles for a year
 rent of Rs 50 a sq. mile
 for a term of 2 years.
 (For a term of 2 years
 available at the same
 of Govt.)

I think so
 too, & prefer the draft proposals as to extent
 & rent - but agree to the term as to duration
 of license proposed by the hon. Mr. Justice
 W

Except as regards oil for which a charge of 5 percent
 on the market value of the crude oil would suffice.
 In the case of precious stones, the same rate of 5 percent
 to be applied while for a prospecting lease, a charge
 of one rupee per acre would suffice.

I don't understand that it is
 applied to this - but we have prepared
 to recommend 5% on the value of
 precious stones.

W
 6 Jan.

of this sort the present rules are too
restrictive & that if the concessions
asked for in this letter are granted
a very large extent of land which
is now absolutely worthless &
does not bring in a rupee of assess-
ment ^{probably} would be taken up, which means
a very sensible increase of revenue
to Govt and an expenditure of capital
among the people. ^{the} ~~the~~ ^{certain} is
consequence of greater health and
comfort arising from an abundance
of good wages.

75
3 11
C. L.
1873

1873
12/12

C. No. 8957 of 1891

Draft l.p. & letter to the Govt of India
on Mr. Compertz's representations
re: mining and prospecting.

C.O.D. 18 January 1892

Nos: 59 - 60.

Printed & sent
to the Govt
for approval.

8/1/92