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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

REVENUE DEPARTMENT

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*Proceedings of the Madras Government, Revenue Department,
8th February 1876.*

No. 61. Read the following Proceedings of the Board of Revenue, dated 7th January 1876, No. 39:—

Read the following Proceedings of the Madras Government, dated 9th December 1875, No. 1,779, Revenue Department:—

ABSTRACT.—Introduction of the Salt Excise Act into Malabar and Canara.—
~~Resolving to forward to the Government of India~~ Proceedings of the Board of Revenue relating to the — with the suggestion that, in view of the various complications which attend its introduction, the subject be submitted for the consideration of the Salt Commission; and requesting the Board for information in regard to Malabar.

As pointed out in paragraph 5 of their Proceedings, dated 9th April 1875, No. 867, the Board have throughout the correspondence connected with the introduction of the excise system maintained that so long as Government have any concern with the salt supply, private traders will hold aloof, and that the discontinuance of ordinary importation and sale on Government account must be notified before it can be expected that private parties will embark either in the manufacture or import trade. The Board never supposed that the mere introduction of the Excise Act precluded importation and sale of salt by Government, or necessitated the cessation of manufacture on behalf of Government.

2. As regards importation the Board distinctly expressed a preference for the present system in the first paragraph of their Proceedings of the 4th November 1875, No. 3,033, and they respectfully adhere to that opinion, but they considered the order of the Government of India prohibiting its continuance peremptory. As regards the cessation of manufacture by Government a reference to the Board's Proceedings of the 10th November 1875, No. 3,033, will show that the Board were aware that the introduction of the Excise Act will only affect Malabar, in that it will render the existing private manufacture illegal, and expressed the opinion that manufacture in Canara under the excise system by private parties is not compatible with the continuance of sales of imported salt on Government account, whereas if the localities where manufacture is at present carried on be excluded from the operation of the Act, the result will be the same as in Malabar. The Board, however, with the distinct resolution of the Government of India to the contrary before them, and the order of Government thereon resolving to seek the sanction of the Government of India for the immediate introduction of the Excise Act, so as to allow of *manufacture under license* being commenced whilst the season serves, never supposed that there was any intention of introducing the Excise Act without withdrawing liberally from the supply, believing that no private trade in salt will spring up as long as Government have any concern with the supply.

3. The Board will now notice the points on which explanation is called for in paragraphs 5 and 7.

As regards the points referred to in paragraph 5, the Government have apparently misunderstood the recommendations made in the Board's Proceedings of the 4th November 1875, No. 3,033, which were briefly that the Government

4. The Board adhere, therefore, to their recommendation that Government sales should not come before the 1st January 1887, after which they will be discontinued except under the special circumstances of a general report of the Board's Proceedings, viz. Malabar, which will be tantamount to absolute cessation of interference with trade so long as there is a sufficient supply, which the Board have already stated they consider the Government are bound to secure for the consumers on the Western Coast. Ordinary importation on behalf of Government would cease on the same date, but it might still be necessary to *repurchase the surplus* by importation, so as to restore the stock to a supply equal to six or nine months' consumption. The Government assume that Malabar can always draw on Madras and Tanjore by rail, but even at the Railway stations in South Malabar Eastern Coast salt sporadically be obtained as an addition to the prices that have been raised in Bombay and other elsewhere of course the cost would be still further increased in proportion to the distance and difficulty of carriage. It might be conveyed across the river as far as there is inland water communication, but it could not be laid down even at Tellicherry under a heavy coat, and its conveyance to all the country north would be an impossibility during the monsoon. The cessation of consumption of Bombay salt must therefore be subject to any extraordinary demand that may arise.

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8th February 1876.*

6. As regards Canara, the Board are of opinion that it would be well to exclude the Government works from the operation of the Act for the present with a view to their being eventually handed over to private enterprise. If Government manufacture is discontinued at once it is probable that the industry will be destroyed for a time at least, whereas if continued for a few years it is not impossible that some large firm or firms may be found willing to take the pans over, and work them under the excise system. This limited application of the Act will, it is true, be a mere nominal introduction of the excise system, but it is preferable to the stoppage of manufacture, which is the result which the Board anticipate if Government close their works at too short notice.

7. The Board see no reason why the same date should not be adopted for discontinuing *ordinary* Government sales in both districts. Government importation would only be necessary to replenish the Government stores if necessity arose, and it does not appear that anything need be said on the subject of Government importation in the orders issued. It is of course the sale and not the importation by Government that would affect private enterprise unreasonably, and the guarantee would be given that Government would not sell below a certain fixed price as already recommended. As regards the third question, the Board have already pointed out that their proposals seem to have been misapprehended. They have merely recommended that the regular imports and sales should cease from a fixed date, reserving to Government the power to renew their stores at any time so as to maintain a reserve equal to nine months' consumption as long as this protection to the consumer appears necessary.

They do not propose to withdraw absolutely from all interference, whatever the circumstances, but to guarantee that the Government will not sell under a certain fixed price. As the supplies now being received will be nearly exhausted by the 1st January 1877, it will of course be necessary for Government to contract for a farther supply at the usual time to ensure the requisite stock being available on the date fixed. The discontinuance of sales on the 1st January 1877, will not preclude Government from replenishing their reserves after that date, and there will be ample time before the coast is closed to see how far the public wants are met under the new arrangements.

(A true Copy and Extract.)

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

*Proceedings of the Marine Government, Revenue Department,
8th February 1876.*

No. 62.

Order in Council, 8th February 1876, No. 163.

Signature Revenue No. 8.
1876

Revenue

True Extract

D. P. CAMPBELL

Secretary to Government

To the Board of Revenue

For W. H. D. D.

14/163 Revenue Department

Proceedings of the Board of Revenue
dated 7th January 1876.

Read Proceedings of the Madras Govern-
ment, Revenue Department, dated 9th
(December 1875 No 1779, resolving to forward
to the Government of India Proceedings
of the Board of Revenue relating to the
Introduction of the Salt Exercise Act
into Malabar & Canara with the sug-
gestion that, in view of the various
complications which attend its introduc-
tion, the subject be submitted for the
consideration of the Salt Commission,
and requesting the Board for informa-
tion in regard to Malabar.

As pointed out in para 5
of their Proceedings dated 7th April
1875 No 86, the Board have through-
out the correspondence connected
with

with the introduction of the new
system maintained that so long as
Government have physical control
with the salt supply private traders
will hold aloof and that the dis-
continuance of ordinary importation
and sale on Government
account must be notified before
it can be expected that private
parties will embark either in
the manufacture or import trade.
The Board never supposed that
the mere introduction of the excise
act precluded importation and
sale of salt by Government or
necessitated the cessation of manufacture
on

7/33
on behalf of Government.
2. As regards importation the
Board distinctly expressed a
preference for the present system
in the first para of their Proceed-
ings of the 4th November 1875,
P 3023 and they respectfully ad-
here to that opinion but they
considered the order of the Govern-
ment of India prohibiting its
continuance peremptory. As
regards the cessation of manu-
facture by Government as referred
to the Board's Proceedings of the
10th November 1875 P 3083
will show that the Board

were aware that the introduction
of the excise Act will only affect
Malabar, in that it will render
the existing private Manufacture
illegal, and expressed the opinion
that Manufacture in Canara
under the Excise system by private parties
is not compatible with the con-
tinuance of sales imported salt on
Government account, whereas if
the localities where Manufactures
at present carried on be
excluded from the operation of the
Act, the result will be the same
as in Malabar. The Board,
however, with the distinct resolution
of

6/3/03
of the Government of India to the
contrary before them, and the order
of Government thereon, resolving
to seek the sanction of the Govern-
ment of India for the immediate
introduction of the excise Act,
so as to allow of Manufactures
under licence being commenced
whilst the season serves, never
supposed that there was any in-
-tention of introducing the
Excise Act without with draw-
-ing absolutely from the supply
believing that no private trade
in salt will spring up as
long as Government have
any

any concern with the supply.

3. The Board will now notice the points on which explanation is called for in paras 5 and 7.

As regards the points referred to in para 5 the Government have apparently misunderstood the recommendations made in the Board's Proceedings of the 4th November 1875 N^o 3033 which were briefly that the Government should notify a their withdrawal from

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from the supply of salt to the public, as an ordinance measure from a certain date & fixed so as to afford merchants the requisite time for preparation and so as to admit of Government replenishing their stores, before the money in cases of necessity. A price was to be fixed in the Government salt so far in excess of the sum which would leave a ample margin of profit to the private trader that would revert to the Government stores, as long as there was sufficient supply in the local market, the fact that the ruling price was not excessive being

being the only reliable indi-
- cation of the sufficiency
of the supply. To guard against
a fall in price or a purchase
of the whole stock of Govern-
ment salt, by a combination
amongst the merchants, the
Government reserves will be
replenished, whenever necessary,
until private trade should be
firmly established, when
the Government would with-
- draw absolutely from all
interference and dispose of
the stock in reserve. When
this period will arrive, it is
impossible now to say. That

much

8/3
must be left for time and ex-
- perience to shew. It will be
seen, therefore, that the same
objections, raised to the adoption
of the 30th April, were urged by the
Board against the 1st April in
para 9 of their Proceedings of
the 4th of November. The former
date, though giving merchants
a month longer to make their
preparations, will give Govern-
- ment so much less time
for watching the course of
trade and augmenting
their reserve stock in case
of necessity, before the Coast
is closed by the monsoon.