M.R.O. 14—5,450—22-10-25.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 794 Press ~~Mis.~~

87-88

Dated 5 — 4 — 1867.

Not to be folded or roughly handled

No. 87. Read the following Proceedings of the Board of Revenue, dated 27th February 1867, No. 1,217.

Read the following letters:—

From Collector of Sea Customs,	dated	27th	November	1866,	No. 988.
,, ,, of Kurnool,	,,	23rd	March	,,	,, 56.
,, ,, of Bellary,	,,	19th	January	,,	,, 13.
,, ,, of Coimbatore,	,,	7th	December	1865,	,, 273.
,, ,, of Trichinopoly,	,,	29th	November	,,	,, 261.
,, ,, of Madura,	,,	3rd	February	1866,	,, 37.
,, ,, of North Arcot,	,,	8th	March	,,	,, 55.
,, ,, of Salem,	,,	4th	July	,,	,, 119.

1. Resolved that the foregoing letters be submitted to Government, with reference to their Order dated 8th November 1865, No. 2,721. These letters are the replies from the Collectors of certain districts who were called upon to report to the Board, what, in their opinion, was the cause of the falling off in the manufacture of Saltpetre.

2. This requisition was made consequent upon a Memorial addressed by the Madras Chamber of Commerce to the Right Honourable the Secretary of State for India, on the subject of the export duty on Saltpetre, being referred by Government for the remarks of the Board.

3. It will be observed, from the letters above recorded, that while all the Officers to whom the question was referred give their opinion that a declining price was a principal cause for a falling off in the manufacture of this article, several of them adduce other causes which seem to have tended to the same result. Doubtless, however, the fall in price was occasioned in no slight degree by the high rate of export duty which seems almost completely to have checked the demand for the article in our principal markets.

Year.	Quantity exported.	Rate of duty.
	Indian Maunds.	
1855-56	16,279	
1856-57	22,686	
1857-58	25,714	
1858-59	25,675	3 per cent.
1859-60	80,073	
1860-61	5,999	
1861-62	13,474	
1862-63	11,898	
1863-64	8,396	2 Rs. per Maund.
1864-65	2,488	
1865-66	6,788	1 R. per Maund.
1866-67*	3,171	3 per cent.

* For eight months.

4. The export duty, which, in 1860, was raised to Rupees 2 per Maund, was reduced in 1865 to Rupee 1 per maund, and in March last year, the old duty of three per cent., *ad valorem*, was re-imposed. The effect of these changes are exhibited in the marginal Statement, from which it appears that, though the reduction of the duty from Rupees 2 to Rupee 1 per Maund had the effect of doubling the trade, the further reduction to three per cent. *ad valorem* has not affected it in a similar manner.

No. 88.

Miscellaneous.

ORDER THEREON, 5th April 1867, No. 794.

1. The Government observe that by the recent Customs Act, No. XVII. of 1867, Saltpetre has been freed from duty on export, and under these circum-

stances it is unnecessary toforward the Memorial of the Chamber on the subject to the Secretary of State.

2. The Government, however, cannot but remark that the Board's reply to the G. O. of 8th November 1865, should have reached them at least six months ago, seeing that the latest reply from the districts to the Board's call for information is dated July 1866.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Board of Revenue.
,, the Chamber of Commerce.

Exd. S. T. Augustin.

From J. H. BLAIR, Esq., Collector of Sea Customs, Madras, to R. A. DALYELL, Esq., Acting Secretary to the Board of Revenue, dated 27th November 1865, No. 988.

1. In reply to Board's Proceedings, No. 7,364, of the 17th instant, I have the honor to inform the Board that the question of reduction of the duty on Saltpetre has been fully discussed in 1861, in the papers noted in the margin.

Board's Proceedings, No. 1,341, dated 11th March 1861.
Do. ,, 1,956, ,, 15th April ,,
Do. ,, 3,593, ,, 8th July ,,
Do. ,, ——, ,, 2nd June ,,

2. The duty on Saltpetre was reduced in March last from two to one* Rupee a maund, the effect of which, judging from the exports for the last six months, has been an increase of exports of about fifty-five per cent. over the quantity exported during the two preceding years.

* Board's Proceedings, No. 1,443, dated 13th March 1865.

	Tons.	Cwt.	Rate of duty.	Amount of duty. Rs.	A.	P.
1863-64...	307	7	at 2 Rupees per Indian Maund.	16,703	0	5
1864-65...	309	17	at do. and 1 Rupee per In. Md.	16,922	2	9
From 1st May to 31st October 1865	240	0	at 1 Rupee per Indian Maund...	6,556	4	7

3. I am, therefore, of opinion that there is no necessity for any alteration, until the new rate of duty has had a fair trial.

Exd. J. Wright.

From Æ. R. McDONELL, Esq., Collector of Trichinopoly, to R. A. DALYELL, Esq., Acting Secretary to the Board of Revenue, dated 29th November 1865, No. 261.

1. In reply to Board's Proceedings, No. 7,364, dated the 17th instant, I beg to state that I lost no time in collecting the principal manufacturers of Saltpetre in this District, and personally elicited from them the causes which have led to the decline in this branch of trade.

2. The manufacture of this article has been for years confined to the Trichinopoly, Museri, and Kudittalai Taluks; a few localities only offering capabilities for its production.

3. As far as I can learn the chief causes for its decline are—

First.—Unfavorable seasons.

Second.—The labourers usually employed in its manufactur are able to earn higher wages, as coolies, on the line of rail now under formation.

Third.—The unremunerative prices offered for this article, by the Madras Merchants, who cannot afford to pay fair rates as long as the export duty continues to be levied.

Exd. J. Wright.

From P. GRANT, Esq., Collector of Coimbatore, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated 7th December 1865, No. 273.

1. With reference to the Proceedings of the Board of Revenue, dated 17th November 1865, No. 7,364, calling on me to "report the cause of the falling off of the manufacture of this article of trade," *i. e.*, Saltpetre, I beg to state that until the receipt of these Proceedings, I had not heard that the Saltpetre trade was in a declining state. 15

2. The Saltpetre trade in Coimbatore is practically a monopoly in the hands of Mr. Fischer of Salem, who has establishments located all over the District, to superintend its manufacture by petty manufacturers under advances to him. The Capital invested by Mr. Fischer in this branch of trade is, I believe, very large; and he, I think, is the only person who can afford really correct information as to the state of the trade.

3. The people engaged in the manufacture are, as a rule, poor; and it may be that the enhanced rates of wages now obtained in various parts of the country, may have drawn them away from their usual work.

Exd. J. Wright

From A. HATHAWAY, Esq., Collector of Bellary, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated Camp Huvinhadgali, 19th January 1866, No. 13.

With reference to the Proceedings of the Board of Revenue, No. 7,364, dated 17th November 1865, I have the honor to observe that the manufacture of saltpetre in this District has fallen off through the following causes :—

1*st*.—A deficient supply of water in wells through a failure of rain, and consequent deterioration of the productive powers of the land.

2*nd*.—Lands from which saltpetre was formerly obtained having been brought under cultivation.

3*rd*.—Parties who formerly manufactured this article relinquishing the manufacture for more lucrative occupations.

Exd, R. H. Lee.

From the Collector of Madura, to the Secretary to the Board of Revenue, dated 3rd February 1866, No. 37.

1. In reply to the Board's Proceedings, No. 7,364, dated 17th November last, I have the honor to report that the saltpetre manufacture is chiefly carried on by Mr. Fischer, now the Contractor of the Shevagungah Zemindary. Some natives also manufacture this article, but to a very limited extent. The primary cause of the falling off of the manufacture of this article, greatly in demand in Europe, is the export duty imposed upon it; while the increased value of labor for some years past, and the low price of the article at Home, is the secondary cause.

2. Mr. Fischer informs me that he and others would have abandoned the trade altogether had it not been for the large outstanding balances against Opaliars who have engaged to manufacture saltpetre for them, but they have taken care to make no more advances than they could help.

3. Copy of Mr. Fischer's letter to me on the subject is enclosed for the Board's information.

4. Under the above circumstances, I perfectly agree with the Chamber of Commerce as to the advisability of allowing the exportation of this article of trade free to encourage its revival.

Enclosure No. 1.

From the Contractor of the Shevagungah Zemindary, to the Collector of Madura, dated 2nd December 1865.

1. I have the honor to acknowledge the receipt of your letter of the 29th ultimo, forwarding copy of the Proceedings of the Board of Revenue, No. 7,364, dated 16th November 1865, as also copy of a Circular issued by you to the Tahsildars, and requesting to know if the manufacture of saltpetre has fallen off, and if so, the cause, &c.

2. I advance for and make saltpetre in the Districts of Coimbatore, Madura, and Salem, and have been doing so for forty-three years. Some natives also do likewise, but not many. The quantity thus raised by us was pretty nearly the same for many years, and it gave us a sufficient return to induce us to carry on the business until 1860, when Sir Charles Trevelyan's preposterous duty came into operation, all those who could abandoned the manufacture, but myself and some others could not, in consequence of the large balances that we had outstanding on the Opaliars; but we took care that we made no more advances after it than we could help to save our outstanding capital from total wreck. That was the chief cause of the diminution of supply, another was the greatly enhanced value of food of every kind, but to that has now to be added the low price of the article at Home, and the Chamber of Commerce is perfectly correct in supposing that a persistence on the part of Government in their conduct towards this branch of the trade and manufacture of the country will soon destroy it. I would gladly abandon it if I could recover one-half of the capital that I have invested in it. I early memorialised the Secretary of State for India, and moved the Chamber of Commerce on the subject, and pointed out the consequences, but to no purpose, except perhaps that it has led to the reduction of the duty which ought never have been imposed.

3. The statistics you require I shall be glad to furnish; but it will take a little time to prepare. I will not delay this reply for it.

(True Copy.)

(Signed) V. H. LEVINGE,
Collector.

Exd. R. H. Lee.

From J. D. ROBINSON, Esq., Collector of North Arcot, to the Secretary to the Board of Revenue, dated Polur, 8th March 1866, No. 55.

1. In reply to the Board's Proceedings, dated 17th November 1865, No. 7,364, I have the honor to report that I have made minute inquiries respecting the causes which have led to the decline in the manufacture of saltpetre.

2. From the reports of the local officers, I gather that saltpetre is still manufactured to some extent in the Vellore and Arni neighbourhoods, and in two or three villages of the Wandawash Taluk.

3. In the Taluks of Gudiattam and Arcot, where saltpetre was manufactured some eight or ten years ago, and where the soil under ordinary conditions may, therefore, be supposed to be favorable for its production, this branch of industry is now quite extinct. The local markets of the District are in fact for the most part dependent on imports from Salem and Coimbatore.

4. The prices in the principal bazars now range from Rupee 1¼ to Rupees 3½ per maund, in proportion as the market is nearer or more distant from the line of Railway, or the larger centres of trade.

5. This form of industry is, no doubt, in a moribund state. The causes of this decline are to be sought for, first, in the want of moisture consequent on a failure of rain during a series of years; second, in increased activity and scope in the labor market, which have drawn off hands from this to more profitable employments; and lastly, in the indirect discouragement which the restrictions in the manufacture and sale of gunpowder since the mutiny must have created in this, which is one of its principal ingredients.

Exd. J. Wright.

From J. I. MINCHIN, Esq., Collector of Kurnool, to the Secretary to the Board of Revenue, dated 23rd March 1866, No. 56.

1. With reference to the Board's Proceedings, dated 17th November 1865, No. 7,364, calling for a report on the decrease in the Saltpetre trade of the District, I have the honor to state that the manufacture has been always confined to the Taluks of Cumbum and Markapore in the charge of the Head Assistant Collector, whose report I have the honor to forward.

2. I believe Mr. Sharp is in error in attributing the insignificant present extent of the manufacture to the scarcity of the material, as I know that some ten years ago there was a large manufacture there for the supply of the merchants in the Nellore District. The real reason of the decay of the manufacture is the unremunerative price now obtained.

3. I regret the delay that has taken place in replying to this communication, owing to the length of time taken by the Acting Head Assistant Collector in furnishing the information called for.

Enclosure No. 1.

From F. R. H. SHARP, Esq., Acting Head Assistant Collector of Cumbum, to the Collector of Kurnool, dated Cumbum, 19th March 1866, No. 13.

1. With reference to Mr. E. C. G. Thomas's letter, dated 26th January 1866, No. 18, I have the honor to inform you that the manufacture of saltpetre in the Cumbum and Markapo re Taluk is most insignificant in extent, on account of the scarcity of the material from which it is manufactured, the small demand for saltpetre in the neighbourhood, and the very low price which can be obtained by sending it to other markets.

2. The manufacture is carried on by some six or seven people of the lowest and poorest class, who resort to the manufacture as a last resource for gaining a livelihood.

(True Copy.)

(Signed) J. I. MINCHIN,
Collector.

Exd. J. Wright.

From the Honorable D. ARBUTHNOTT, Collector of Salem, to the Acting Secretary to the Board of Revenue, dated 4th July 1866, No. 119.

In reply to Board's Circular, No. 7,364, dated 17th November 1865, requesting to know the cause of decline of Saltpetre trade, I have the honor to state that, in consequence of the extra export duty levied on Saltpetre, the Madras manufacturers were unable to compete with those of Bengal, where a much superior article is produced.

Exd. J. Wright.

Encl in the Proceedings
of the Board of Revt to
the Secretary to Govt.
C. D. dated 27 February
1867 No 1217.

Rec = 5 67/67.
Ans 5 April 67
Ln by Sy

File of replies from
Collectors regg Saltpetre.

1867-88

To

The Right Honorable

Sir Charles Wood Bart G.C.B.

&c.a &c.a &c.a

Secretary of State for India

&c.

The respectful

Memorial of the

Madras Chamber of Commerce

Sheweth

That your Memorialists anxiously

regard the Export Duties imposed by the last Budget of the

Government of India, have the honor to bring to

your notice the declining state of the Madras

Saltpetre trade.

That the Shipments of Saltpetre

from this Presidency during the last thirteen years

have been as follows:-

	Tons.	Cwt.	Value Rup.s
1851.52.	1305.	11.	102481.
1852.53.	802.	6	106577.
1853.54.	1069.	12	144187.
1854.55.	621.	18	83577.
1855.56.	515.	12	69456.
1856.57.	614.	18	82453.
1857.58.	660.	3	90280.
1858.59.	805.	5	108358.
1859.60.	191.	1	25706.
1860.61.	219.	12	30401.
1861.62.	493.	5	66969.
1862.63.	435.	11	93662.
1863.64.	307.	7	66324.

On this statement your Memorialists base their conclusion that the manufacture of Saltpetre in Madras, which at one period gave profitable employment to a large number of persons and promoted the prosperity of the country, by causeing the introduction and investment of capital, is so rapidly declining that in all probability it will entirely cease, within a few years.

That the exceptionally great demand for and consumption of Gunpowder during recent years, occurring simultaneously with a rapid decline in the quantity of Saltpetre manufactured in Madras indicates that the trade of this Presidency labours under some grave disadvantages.

That the chief disadvantage encountered is the Export Duty on the articles. That in the year 1860 when that duty was raised to Rupees 2 per Indian Maund, the export fell to 191 Tons, 1 Cwt. against 808 Tons, 5 Cwt. in the previous year. That the duty was reduced to Re 1 per Maund in March of this year, which forms a charge of about 25 per cent on the cost of Manufacture. This reduction is doubtless calculated to render the decline in the manufacture more gradual than it would have been had the old rate been longer maintained, but your Memorialists would respectfully express their opinion that this concession is inadequate to replace the staple in a position to compete successfully with substitutes manufactured in Europe from Nitrate of Soda and Sulphate of Potash.

Your Memorialists would further represent that the Saltpetre manufactured in this Presidency being inferior in quality to that produced in some other parts of India, the duty falls with peculiar severity on the persons occupied in the trade in Madras, who actually save their production contains only 75 to 85 per cent of pure Nitre, pay a tax on 15 to 25 per cent of impurities in addition to the freight and other charges incurred thereon. That under existing circumstances the prospects of the article are so gloomy that Europeans are not encouraged to invest capital in more efficient machinery for refining it than is already in use, and further that the margin between cost and London market prices, even during an active demand in Europe is so small that the Export trade is almost confined to natives.

Your Memorialists therefore believing that the levying of any Export duty on Saltpetre in which India does not possess a monopoly, threatens at no distant date to cause the native manufacture to cease altogether, so long as the above named substitutes are admitted duty free into the United Kingdom, would urge the expediency of advising the free export of the article from India as offering the only reasonable prospect of the revival of this once important but now languishing branch of the country's trade.

And your Memorialists, as in duty bound, will ever pray.

John Greeley
Chairman

84-394.

[illegible] Chamberlain has
to remit Customs duties
&c. XVII of 1859. Chamberlain has
also power from date
[illegible] Customs duties
Chamberlain to direct
to Customs officers
to allow

Copy from the District Records
call for information is dated
July 1865.
Ex. appl 69.

14 Copies Letter & Papers Sept 86.
1 Copy to the Chamberlain Cork

Rec = 567/67.

L. Rec. 3146. 8/65

In. No. 6770 of 1865.

Trans. April 15 Ln 187

Rs. 8 à Members pb. Rs 103 &c

Rev — 1867. Department.
Pro of Govt for April

No. 564.

PROCEEDINGS OF THE BOARD OF REVENUE,

dated 27th February 1867.

No. 1,217.

Rs 794. 5 &c April

Submitting with remarks, replies of certain Collectors respecting cause of falling off in manufacture of Saltpetre.

A. 87 & 88

C 29 Mar 1867 Rs