CONFIDENTIAL.

Revenue (1899) Department.

MISCELLANEOUS SERIES.

G.O., No. 1026
Confidential 28

Dated 11th mar 1899

[Despatch Abstract.]

Recording with remarks B.P. Submitting a report on the manufacture of Salt in Bombay.

BACK PAPERS.

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

FURTHER PAPERS.

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

Revenue (1899) Department.

CURRENT No. 1414

Confidential

Urgent

Ap 11/3/99

From

The Secretary to the Commissioner of Salt, Abkari and Separate Revenue, Madras.

Order mis $\frac{\text{no } 1026}{\text{Conf no } 28}$ d/ 11-3-99

Recorded with reference to the penultimate sentence of letter to the Govt of India No. 667B Rev d. 8-11-98 and G.O. No. 142 Rev d. 27-2-1899. Orders on the proposals of the Oriental Salt Company to purchase the Ennore Salt will be issued shortly.

S.H. 11/3/9

To the Board (S.R.) with copy of letter No. 667B d. 8-11-98.

From orders

SAW 11/3/99

KD 11-3-99

Mis **No.** 790

Dated 24th February 1899.

Received } 27/2

Registered }

Enclosures 2.

Spare copies

x draft with S.Coy

SUBJECT.

Submitting to Government with remarks letter from the Collector of Salt Revenue, Bombay, furnishing certain particulars regarding Salt manufacture in the salt works under his supervision and requesting the favour of very early orders in the matter of conducting the light salt experiment in the Ennore Circle.

W 2/2

BACK PAPERS.

G.O.	No.	Department.	Date.
G.O. on Bd's Ref No. 29/12/99			Edn 3/7/99

FURTHER PAPERS.

G.O.	No.	Department.	Date

Proceedings of the Board of Revenue

(Separate Revenue).

Dated 24th February 1899.

Mis. No. 790

page 9

Read the following letter from the Collector of Salt Revenue, Bombay, No.430 of 1899, dated 31st January 1899:-

"With reference to your Misc.No.5027 of the 21st ultimo I have the honour to furnish the following information on the five points mentioned therein.

(1) There is no fence or enclosure of any kind around the Salt works. Chowkies are placed at intervals and the sepoys located there patrol about the works by day and night.

(2) Ridges are partitions between the pans and are on all sides of them. They are from 1½ to 2 feet broad.

(3) Sifting is not permitted on the ridges. Salt to be sifted is brought to the base of the storage platform where space is provided for sifting under the supervision of the guarding establishment. The storage platform runs generally along the whole of one side of a plot of pans and is from 30 to 40 feet in width.

(4) The sieve used consists of a wooden frame covered with wire netting the surface being about 6 feet by 3 feet. There is a prop

at

at the back so that the sieve stands like an easel. At the top of ~~[illegible]~~
the sieve a trough-shaped plank is fixed to receive the salt
poured into it by the manufacturers. Space of about 1 to 1½ inches
is left open at the bottom of this trough so that salt may pass
through it over the wire surface. The salt sometimes does not pass
freely down and then the manufacturer strikes the surface of the
wire netting at about the centre to assist passage of salt down-
ward. The sieve when used for sifting stands in a sloping position
the degree of slope being adjusted by the prop at the back. To
obtain different grades of salt, different sieves are used - the
size of the mesh differing according to the kind of salt required.

(5) There are no stores for the Sea Salt works and no weighments
are made but the salt is estimated by measurement when heaps are
made on the storage platform alongside the works. There is only
one Government Sea Salt work under my control where the manufacturers
~~are~~ are paid at the rate of A 1 - P 3 per maund on actual removals
from the work after payment of Excise. All other Sea Salt works
are managed by private individuals and salt is stored on the storage
platforms as stated above. The excise duty is recovered on actual
removals.

(6) The practice as regards weighment into store observed at Go-
vernment Salt works at Kharaghoda and Udu where ~~Pa[illegible]~~ Baragra Salt is
manufactured from brine wells is as follows:-

The wagons which are used for conveying the salt from the
works to the stores, are all weighed before the salt storage work begins.

~~work~~ begins. During the storage operations, 12 Rakes of 12 wagons
each, loaded with salt, are weighed on the weighbridge before being
taken into stores and an average is struck. As each heap of salt is
loaded into the wagons in the Salt works a tally is kept as to the
number of wagons loaded from each heap. Thus if the average weight
of the loaded wagons is found to be maunds 160 and 25 wagons are
loaded from one heap the owners of the heap will have supplied
Government with 4000 maunds of salt. This salt is bought over by
Government at once and stored. A deduction of 5 per cent is made
for subsequent wastage before sale and the manufacturers are paid
for the balance at the rate of 1.A.- 3.P. per maund."

Resolution:-

The letter read above will be submitted to Government for
~~C. no. 3490 of 99~~ G.O. 142 27-2-99. information in continuation of para 4 of Board's Reference No.29,
dated 12th January 1899, together with a copy of the Board's letter Mis
pages 9 & 10 of the current. No.5027, dated 21st December 1898, to which it is a reply. It will
be observed that there are no fences round the pans in the Bombay
Presidency and that salt is not weighed into store except in the
Kharaghoda and Udu Salt works and there not exactly. The result to
be expected from the absence of these restrictions which have been
found so essential in Madras for the safety of the revenue is a
great leakage in the salt revenue of the Bombay Presidency and the
figures of consumption fully justify the expectation. The Board
would invite the Government's special attention to the following ~~com~~
comparative statement showing the rate of consumption of licit salt
per

at the back so that the sieve stands like an easel. At the top of ~~[illegible]~~ the sieve a trough-shaped plank is fixed to receive the salt poured into it by the manufacturers. Space of about 1 to 1½ inches is left open at the bottom of this trough so that salt may pass through it over the wire surface. The salt sometimes does not pass freely down and then the manufacturer strikes the surface of the wire netting at about the centre to assist passage of salt downward. The sieve when used for sifting stands in a sloping position the degree of slope being adjusted by the prop at the back. To obtain different grades of salt, different sieves are used - the size of the mesh differing according to the kind of salt required.

(5) There are no stores for the Sea Salt works and no weighments are made but the salt is estimated by measurement when heaps are made on the storage platform alongside the works. There is only one Government Sea Salt work under my control where the manufacturers ~~ers~~ are paid at the rate of 1 A - 3 P per maund on actual removals from the work after payment of Excise. All other Sea Salt works are managed by private individuals and salt is stored on the storage platforms as stated above. The excise duty is recovered on actual removals.

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The wagons which are used for conveying the salt from the works to the stores, are all weighed before the salt storage work begins.

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<u>Resolution</u>:-

~~Case no 349 of 99~~ G.O. 142 27-2-99.

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per

per head in the two Presidencies during the six years ending 1896-97, the last year for which the Board has Bombay figures:-

	Madras lb.	Bombay lb.
1891-92	15.18	11.82
1892-93	15.53	11.11
1893-94	15.37	10.63
1894-95	15.85	11.25
1895-96	16.18	11.45
1896-97	15.50	11.09

The difference is very striking even if part of ~~the difference~~ it be accounted for by difference in the food stuffs of the people.

2. The Board is not aware of the details of the rules in force in Bombay regarding manufature, storage and sales, but from what can be gathered from Mr.Plowden's report x of 1856 and the Bombay Salt Administration x Reports it would appear that the quantities manufactured and stored are only roughly estimated by "uneducated and frequently inexperienced weigh clerks", that the salt is weighed only at the time of sale and that on a heap being outturned the difference between the estimated stored contents of the heap and the issues therefrom is treated as "loss and wastage". There can be no doubt that under such a system there must be considerable room for the illicit removal of salt from the salt works without proper check and the very term "loss and wastage" appearing in these reports is suggestive of the occurrence of such illicit removals. The percentage of this loss and wastage would at first sight appear to compare favourably with the percentage of wastage ascertained

x Paras 170,269 to 276,358 to 362.

x Extracts on 11 et seq

ascertained in Madras, but a closer examination of the figures discloses that the percentage is struck, not on the stored contents of the heaps outturned each year as is done in Madras, but on the estimated stock at the beginning of the year plus that year's manufacture.

B o m b a y

	Quantity in store at the commencement of the year	Quantity manufactured during the year	Loss and wastage	Percentage of loss and wastage to the total stock	Percentage of wastage in the Madras Presidency.
	Maunds	Maunds	Maunds		
1892-93	3,908,831	9,156,283	1,119,562	8.56	5.59
1893-94	3,229,669	8,831,906	809,664	6.71	5.93
1894-95	2,365,589	11,591,070	974,500	6.98	7.57
1895-96	3,434,840	11,358,236	1,036,058	7.04	6.23
1896-97	4,686,450	9,952,772	1,140,869	7.8	8.10

It will thus not be proper to compare the percentage of wastage in the two Presidencies given in the Administration Reports calculated as they are on radically different systems. Adopting the Bombay system of calculation (namely, striking the percentage of the wastage ascertained in the year on the stock at the beginning of the year plus the year's manufacture) it will be observed that the Madras wastages are considerably less than those in Bombay as shown in the margin, although Madras keeps salt in store for years while Bombay only manufactures to meet the current demand. Of course the Bombay figure includes the error in estimation, but Madras experience shows that this need not

Percentage of wastage to the total stock

	Bombay	Madras
1892-93	8.56	2.3
1893-94	6.71	2.1
1894-95	6.98	3.1
1895-96	7.04	2.2
1896-97	7.8	3.6

be large and, as a matter of fact, storage has always been in excess of the estimate (vide figures given below).

	Quantity estimated at the time of scraping	Quantity actually stored	Difference	Percentage
	Maunds	Maunds	Maunds	
1889-90	9,194425	9,242946	48,521	.52
1890-91	8527,639	8723342	195,703	2.3
1891-92	9379786	9733358	353,572	3.7
1892-93	9147,422	9244450	97028	1.06
1893-94	7,227376	7337580	110204	1.5
1894-95	8836,861	9037198	200337	2.2
1895-96	8822522	8832093	9571	.11
1896-97	9322,860	9488540	165,680	1.7

It would appear therefore that a large portion of the quantity shown in the Bombay reports as "loss and wastage" is salt which c cannot be satisfactorily accounted for and this gives further colour to the idea that a portion at any rate leaves the works without payment of duty. There are reported cases of theft from the Salt works (vide figures given in the margin) and it is not improbable that there may have been many more cases undetected. A trial of the Bombay system of leaving salt on the ridges was made at Ennore in 1893 but Mr. Crole abandoned the experiment after 3 months on the score of the impossibility of preventing thefts.

Cases of theft from salt works

	No.	Quantity Maunds
1892-93	56	241
1893-94	36	73
1894-95	31	86
1895-96	46	78
1896-97	46	936

3. The enclosed extracts from the Bombay reports will show how the Bombay Government is itself conscious of the inaccuracy of

page 11 et seq

of stock accounts and how the system pursued lends itself to fraud.

4. There are other respects in which the Board believes that a strict comparison of the methods pursued would help to show that Bombay's successful competition was due not to superior methods of manufacture, but to defects in its revenue control, but the Board has not the time or the information necessary for going into them fully. The question of cost price is one of the most important, since the Government of India gives it as a reason for declining to interfere that, if Madras cannot make salt as cheaply as Bombay it is Madras's fault. It seems to have overlooked the fact that the Madras cost price is enhanced by the protective measures the absence of which in Bombay is the Board's chief complaint. If these were abandoned it would very likely be possible for Madras to produce salt as cheaply as Bombay and, if laxity of administration allowed a percentage of salt that had not paid duty to go out with each consignment that had, the competition might soon be in favour of Madras.

Letter under G.O. 499 10-7-94

5. In view of all this and of the fact that quantities of salt the duty on which amounts to as much as twelve lakhs of rupees are written off as "loss and wastage" in Bombay year after year, the Board hopes that Government will see its way to moving the Government of India for an enquiry into the competition between the two Presidencies with a view to placing them on an equal footing in the future.

6. In conclusion the Board begs that very early orders may

be passed on its Proceedings above quoted so that, if Bombay methods are to be tried, the matter may be put in hand at once. The licensees at Ennore are already entering their pans and the necessity for orders on this matter and that of the Oriental Salt Company's entry there is very urgent.

G.O. 142 27-2-99 has also been issued. Orders on Oriental Co proposals are nearly ready

(True Copy and Extract)

C.G. Todhunter
Acting Secretary.
25.2.99.

To the Secretary to Government, Revenue Department
with a copy of Board's letter Mis.No.5027,d/21-12-98
and certain extracts from the Bombay Reports.

REVENUE BOARD OFFICE
(SEPARATE REVENUE)
Madras,

Mis No. 5027

Dated 21st December 1898.

From

C.G. TODHUNTER, Esquire, I.C.S.,
~~D. D. MURDOCH, Esq.,~~
Acting Secretary to the Commissioner of Salt,
Abkári and Separate Revenue,

To

The Collector of Salt Revenue,
BOMBAY.

SIR,

I am directed to request you to be so good as to furnish me at your early convenience with information regarding the practice obtaining in the salt works under your supervision on the following points:-

(i) the nature of the fence put up around the salt works for preventing the pilfering of salt from the pans and the ridges,

(ii) the breadth of the ridges on which salt is dried after it is scraped and the position of the ridges with reference to the crystallizing beds,

(iii) whether sifting is carried on on the ridges and, if not, where it is done,

(iv) the description of the sieves used in the process of sifting and the method of sifting adopted for dividing the salt into four grades,

(v) Whether weighment into store is dispensed with in the case of both Government and Excise salt, (i.e) salt

10

manufactured on Government account and for direct sale to the public, and if so, how and on what data the manufacturers in Government works are paid for the salt delivered by them into store.

I have &c

(Signed) C.G. Todhunter

Acting Secretary.

(True Copy)

C.G. Todhunter
Acting Secretary.
25.2.55.

299
1
144

11

Extracts from the Reports on the administration of the Salt and Continental Customs Department of the Bombay Presidency.

Para 37 of the Report for 1886-87.

"The quantity written off this year is more than double "what it was in 1885-86 - the percentages, however, being 5.53 "and 3.63 respectively. The greater portion of the wastage "notwithstanding is practically due to account errors. The "stocks, as first shown on the books, represent only the rough "estimates of uneducated and frequently inexperienced weigh "clerks, and can in no way be taken as showing, with any "approach to accuracy, the quantities of salt actually manu-"factured and stored".

Para 32 of the Report for 1887-88.

"But by far the greatest part of the percentage shown is "due to over estimation. The quantities written off on this "account vary from 3.28 per cent in Matunga to 14.3 per cent "in Karanja and are largest in Karanja, Uran and Pen, notwith-"standing the introduction into those talukas of the system of "estimation by measurement under the orders conveyed in "Government Resolution No.9280 of the 17th November 1885. "Whether the estimate be made by measurement or by eye, much "must necessarily depend on the personal of the establish-"ment and the conditions under which the work of estimation "is carried out".

Para 20 of the Report for 1892-93.

In this para the Collector of Salt Revenue, Bombay, stated that the improvement in loss and wastage was due "partly to "greater care in estimating the contents of the heaps and keeping stock accounts".

Paras 46 and 47 of the Report for 1893-94.

"The loss and wastage recorded at Dharasna was 29,867 maunds as against 148,615 maunds last year. The improvement is due to greater care having been taken in estimating the contents and keeping stock of heaps accounts".

"In the other Sea Salt works also there was a satisfactory reduction in loss and wastage, due to the same cause. The total amount written off was 567,359 maunds against 883,174 maunds in the previous year. But there is still room for improvement in the keeping of stock accounts, and all supervising officers have been instructed to pay greater attention to this subject"

(Upon this, the Commissioner of Customs, Salt, Opium and Abkari, Bombay remarked as follows:-

"The steps taken at Dharasna for the more accurate estimating of the contents of the heaps have proved successful, and elsewhere the quantity of salt written off is much smaller than it has been, though as the Collector says there is room for improvement".)

Para 43 of the Report for 1894-95.

"The loss and wastage recorded at Dharasna was maunds 21,279 against 29,867 maunds in the previous year, and the percentage has been reduced from 7.3 to 4.6. The improvement is due to greater care having been taken in estimating the contents of heaps and keeping stock accounts".

G. Walkinshaw
Acting Secretary.
25.2.98.

C.K.

D/2 1,000—7-3-93.

REVENUE DEPARTMENT.

Current No. 1414 of 1899.

From the Board of Revenue S.R.

No. 790 Dated 24—2— 1899.

~~FOR ORDERS.~~

To Secretary.

In the above, the Board of Revenue points out two defects in the system of Salt manufacture pursued in Bombay. They are (i) that the factories are not fenced and (ii) that salt is not taken into store on weighment. The Board then compares the rates of consumption of Salt per head in the two Presidencies, and after adverting to the excessive loss and wastage in Bombay, concludes that a large quantity of Salt there must escape taxation.

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In its opinion therefore, the successful competition of Bombay salt is due to the absence of protective measures that are enforced in this Presy and a request is made that the Govt of India may be moved to cause enquiries to be made on the subject.

FOR ORDERS.

para 4 on page 7 of current.

para 5 ibid

2. It has been decided to defer final action, until the results of the experiment in the production of light salt in this Presy are known. For orders whether the Board's attention may again be drawn to this.

G.O. No. 667 Bd. 8-11-98.

KO
2-3-99

H.M.

I think it might be well to inquire d.o. of Sir James Westland whether the Govt. of India are disposed to make an inquiry into the Bombay salt system, & the loss wh. it entails upon the revenue. If anything is done it will come better

But why Sir J. Westland? Mr. Rivaz as Home Member wd have charge of the administrative Portfolio.

A.A.

No. Salt & Excise are under the Financial Dpt. S.A.

Seen A.A.

3

from the Govt of India Suo motu than on a formal representation from this Govt.
The revenue is Imperial & if they do not chose to protect their own interests, this Govt. has but little right to intervene.
Perhaps H.E. may have mentioned the subject in Calcutta.

The experiment should proceed. It's results will probably confirm the Bd's present anticipation.

A.A.

By G.O. 27/2/98 No 142 we instructed the Board to proceed with an experimental trial of the Bombay system of producing light salt. But with the details which the Board have now procured from Bombay it is a question whether it is worth while proceeding with that experiment, as it seems obvious that the low cost is mainly, if not wholly due, to the ~~[illegible]~~ omission of effective measures for the protection of the manufacture

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para 4 on page 7 of enclosure

para 5 ibid

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2-3-99

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ALA

No. Salt & Excise are under the Financial Dept 8/3.

Seen ALA

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The experiment should proceed. It's results will probably confirm the Bd's present anticipation.

ALA

To make the experiment of any value we sh^d have equally to reduce our guards to the Bombay scale: and I presume that in no circ^s. will the Govt. chose to do this. - Sh^d the G.O. of 27/2/99 be suspended. [illegible]
4/3/99

Of course not.
[illegible] 6.3-99

To Secretary.
It is doubtful whether the Hon. has accepted the secretary's suggestion to write d.o. to Sir James Westland whether the Govt of India are prepared to make an enquiry into the Bombay salt system. Orders are requested.

to them [illegible] to be done [illegible]
page 2 supra

KO
8-3-99

To Secretary.
Please see draft below.

W.L.
[illegible]
-99

When given for copying ____
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When signed ____

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT .. .. .. A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

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