

8300

8300

ANILK. *Kid.*

ananjayrao Gadgil Library



GIPE-PUNE-008300

8300

8300

FEDERATION OF INDIAN CHAMBERS OF  
COMMERCE AND INDUSTRY.

---

MONOGRAPH  
ON  
COMMON SALT.

---

1930.

X9(F41171).2  
F9

Copies of the Monograph can be had of :—

- (1) Federation of Indian Chambers of  
Commerce and Industry,  
135, Canning Street, Calcutta.
- (2) Indian Chamber of Commerce,  
135, Canning Street, Calcutta.
- (3) Indian Merchants' Chamber,  
31, Murzban Road, Bombay.
- (4) Messrs. D. B. Taraporewalla Sons & Co.,  
Kitab Mahal, Hornby Rd., Bombay.
- (5) The Book Company,  
4/4A, College Square, Calcutta.
- (6) Messrs. Ganesh & Co.,  
Post Box 30,  
Thambu Chetty Street, Madras.
- (7) Indian Chamber of Commerce  
in Great Britain,  
85, Grace Church Street,  
London, E. C. 3.

**Price : Rs. 2/- or 3s. 6d.**

## FOREWORD.

The question of salt duty has, during the last ten years, been a hardy annual with the Central Legislature. In the year 1928, the Committee of the Federation directed their attention to this matter and found that there was no one compilation from which the history of the salt industry in India, the effect of the duty, etc., could be traced. They, therefore, decided to make an attempt at collecting relevant facts bearing on this problem from old historical records from the days of the advent of the British power in Bengal with a view to find out the state of things that existed at different periods. The work of collection of this material was entrusted to Mr. F. P. Antia, M. Com., in May 1928. Mr. Antia collected the material but before he had time to put it all in shape he had to leave India for further studies in England in October 1928.

Prof. V. G. Kale of Poona kindly undertook to revise this Manuscript. Mr. Fakirjee Cowasjee of Karachi, a member of the Committee of the Federation, was good enough to interest himself in preparing the final copy for the approval of the Committee of the Federation. Mr. Fakirjee Cowasjee was ably assisted in his work by Mr. M. C. Pithawalla.

The Committee of the Federation take this opportunity of expressing their cordial thanks to all of these who so willingly and ungrudgingly assisted them in the compilation of this monograph in its present form.

The Committee have ordered publication of this in the earnest hope that it may be useful to the public at large when the question of making India self-contained regarding her salt supply is engaging the attention of the Tariff Board.

By order of the Committee of the Federation,

M. P. GANDHI,  
*Secretary.*

*4th October, 1929.*

135, CANNING STREET, CALCUTTA.

---

## CONTENTS.

---

### CHAPTER I.

#### Introductory.

##### PARAGRAPH

1. Aims of the thesis.
  2. Salt and Government policy.
  3. India can and must be made self-supporting.
  4. Salt as nature's food.
  5. Indispensability of salt in civilised world.
  - 6—7. Rationale of salt eating.
  8. More salt needed in the tropics.
  9. A poor man needs more salt than a rich one.
  - 10—11. Hence the enquiry.
  12. Policy of salt taxation condemned.
- 

### CHAPTER II.

#### Salt Revenue in Bengal.

- 13—15. Salt duty unimportant in pre-British times.
16. The British on the scene.
- 17—19. The Diwany.
20. The company's economic sway preceded political authority.
21. The initiation into salt.
22. Clive's opposition to inland trade by Company's servants: Turned down by proprietors.
23. The Society of Trade, first legalised monopoly.
24. Terms and conditions. Clive's reason for his action.
25. Constitution of the Society.
- 26—27. Society ask for and obtain a charter.
28. The necessary safe-guards.
29. The Directors disapprove of Clive's plan.
30. Clive severs connection with the Society.

PARAGRAPH.

31. Violation of regulations.
32. Court of Directors demand abolition of Society.
33. Society abolished.
34. Substitution of excise.
35. Unfavourable to revenue.
- 36—37. Hastings adopts monopoly of manufacture.
38. But revenue does not improve.
39. Adoption of agency system; Proves beneficial to revenue.
40. Further profits sought by auction sales system.
- 41—44. The '*raison d'être*' of the monopoly. Condition of Molunghees.
- 45—46. The experimentation on Molunghees.
- 47.—48. Their position much worse.
49. Starvation wages.
50. The exploiting tendency persists.
- 51—53. Supply of salt stinted under monopoly.
- 54—55. Prejudicial effect on prices and consumption.
- 56—57. Salt highest priced in Bengal of all countries.
- 58—60. Monopoly as a system of indirect taxation in India.
61. The country under-fed.
- 62—63. Monopoly manufacture uneconomic and expensive.
64. Salt-starved populace.
- 65—66. Effect of cost of salt on ryots' budget: Costing two months' wages annually.
- 67—68. Could not the ryot consume more?
- 69—71. Quality of salt another grievance. Adulterated stuff.
- 72—76. The sub-monopoly and auction sales another menace.
- 77—79. Madras and Ceylon salt excluded from Bengal. Though salt-grain trade was mutually beneficial. Government steps in to prevent exchanging. Inland free trade—the remedy.
80. English salt also penalised.
- 81—83. Heavy duty on imports.
- 84—85. Prevalence of illicit manufacture and sale.
- 86—90. Salt laws of unusual rigour.
91. A petition for relief.
92. High duty the cause of smuggling.

PARAGRAPH

- 93. Bentinck's defence of monopoly on revenue grounds even.
- 94—95. Not justified by results.
- 96. Summary of the sad features of monopoly.
- 97. The monopoly in a nut-shell.
- 98—102. Even the Court of Directors condemn it.
- 103—106. The English manufacturer desires Bengal market.
- 107. Abolition of monopoly still in the air.
- 108. Parliament however attach importance to revenue considerations; Two alternatives; A via media.
- 109. Charter of 1833.
- 110. Imports of English salt begin.
- 111. A concession given to an English firm.
- 112. English merchants seek India as dumping ground.
- 113. A Cheshire applicant.
- 114. Injustice done to English salt industry.
- 115—116. Company's opposition to advent of English salt.
- 117. 1836 Select Committee on salt find against monopoly; A compromise recommended.
- 118—121. Select Committee influenced by shipowner as much as by salt manufacturer.
- 122. Company's ruinous price fixation policy.
- 123—124. Gives scope to English manufacturer.
- 125. Handicapping indigenous produce; Reasons for such a handicap.
- 126. Rising tide of British imports.
- 127. Dalhousie's minute acknowledges mistake in price fixation policy; Confesses injustice to Indian salt.
- 128. Position continues unaltered.
- 129. Attempt at introduction of excise; English process factories started.
- 130. English salt—the only goal.
- 131—133. Rising tide of Cheshire export.
- 134—135. Open-door policy the best for the Company.
- 136—137. 1853 Charter opinion against salt manufacture.
- 138. Plowden commissioned to investigate into alternative possibilities.
- 139—140. Bengal Government converted to excise scheme.
- 141. Special Commissioner recommends excise.



PARAGRAPH.

142. Excise system, co-existent with Government manufacture.
143. Private manufacturer unable to compete against foreigner.
- 144—145. Agencies closing down.
146. Disastrous effects of abandonment of manufacture on Molunghees.
147. And on consumer.
148. Bengal market captured by foreign salt.
149. What became of the surplus Government salt on hand after 1863?
150. Inefficient communications also a handicap.
151. Duty to be taken off.
152. Reduction in duty.
153. Fails to profit consumer.
154. Post-mutiny increase.
- 155—156. The incidence per head and pressure.
157. Situation in 1872.
158. East India Company's economic exploits ended at last; Home industry lost.

---

CHAPTER III.

**Salt Revenue in Madras.**

159. Little revenue before 1805.
160. Monopoly first mooted about 1800.
- 161—162. Official sentiment against monopoly and in favour of excise; But Government establish it.
163. *Raison d'être* of the monopoly.
164. Monopoly how worked.
165. Penal salt Laws.
166. Fixed prices.
167. 1809 increase reduces consumption; 1820 price lowered.
168. Government oppose suggestions for increase.
169. Till 1828; Consumption diminished; But Government indifferent.

## PARAGRAPH.

- 170. 1844 opposition to increase.
- 171. Malabar and Kanara.
- 172. Rapid rise after 1859.
- 173—174. Rigorous suppression in Malabar and Kanara.
- 175. Subsequent rise in prices.
- 176. Imports encouraged.
- 177. Consumption and price.
- 178. The higher the price the lower the sales.
- 179. Government of India how far responsible for the rise.
- 180. The people's case.
- 181. Madras Government acknowledge hardship.
- 182—184. Rise beyond one rupee particularly oppressive.
- 185. Hobart opposes later increases.
- 186—188. Government of India force issue between abolition of local cess, of customs line, and increased salt duty.
- 189. Rise in price sanctioned.
- 190. Sanitary Commissioner deploras insufficient consumption.
- 191. The incidence per head.
- 192. Parliament also indifferent to Madras consumer.
- 193. *Per capita* consumption; 1876 Commission; Average consumption very low.
- 194. Cost of carriage increases prices.
- 195. Spontaneous salt destroyed by Government mostly; A condemnable Government policy.
- 196—197. Earth salt; Its quality.
- 198—199. An excise recommended but of no avail.
- 200. The licensing system.
- 201. Not very successful either; Suppression of manufacture recommended.
- 202. Revenue the only objective.
- 203. Government unwilling to reconsider policy.
- 204. Monopoly salt quality—Not bad; Owing to absence of auction sales or sub-monopoly.
- 205. A satisfactory analysis.
- 206—207. Falk's allegations against Madras salt; Found to be exaggerated.
- 208. Pritchard believes in Falk's picture.

PARAGRAPH.

- 209. Retail prices not unduly high.
- 210. English manufacturer attempts Madras Market unsuccessfully; The 1876 Commission result of Cheshire agitation.
- 211. Segregation of officers recommended.
- 212—214. Treaties with France.
- 215—216. High *per capita* consumption in French settlements provokes suspicion of smuggling.
- 217. The administrative aspect—monopoly *vs.* excise.
- 218. Plowden recommends excise.
- 219. Secretary of State agrees.
- 220. Excise regulation ineffective.
- 221—222. Madras Government defend monopoly.
- 223—224. 1876 Commission favour excise.
- 225. Government of India recommend Government manufacture alongside.
- 226. 1884—excise manufacture begins in practice.
- 227—228. Excise not successful.
- 229—230. A reversion to monopoly contemplated.

---

CHAPTER IV.

**History of Salt Revenue in Bombay.**

- 231—233. Pre—1838 Administration unsystematic.
- 234. Proposal for a monopoly.
- 235. Negatived by the Court of Directors.
- 236. Bombay Customs Committee to explore vistas of increase.
- 237. Bruce recommends an excise levy.
- 238—239. Bombay Government approve of Bruce's recommendations; And Court of Directors' stroke of wise statesmanship.
- 240. But proposal referred to All-India Customs Committee.
- 241. Government of India differ.

PARAGRAPH.

- 242. Committee condemn transit duties and recommend salt duty instead.
  - 243—245. Regulations 1837 and 1838.
  - 246. 1844—Town duties abolished and salt duty raised; Surat riots.
  - 247. Duty reduced.
  - 248. Commutation again results in loss.
  - 249. Effect of salt duty laws.
  - 250. Plowden recommends reversion to eight annas.
  - 251. Another enquiry committee.
  - 252. Rise to Re. 1/- and to Rs. 1/4/-.
  - 253. And Rs. 1/8/-.
  - 254. Further increase strenuously opposed by Bombay Government.
  - 255. But Government of India over-ride their sentiment.
  - 256. Effect on consumption.
  - 257. Analysis.
  - 258—260. Government officers testify to pressure.
  - 261. Protection against illicit traffic.
  - 262. Frontier preventive lines.
  - 263. Plowden makes smuggling the acid test of the excise system; yet excise found better than monopoly.
  - 264. High duty how far cause of illicit traffic; Reduction in duty—the remedy.
  - 265. Government aware of the smuggling but connive at it.
  - 266—267. Pedder also finds smuggling rampant.
  - 268. And suggests monopoly system as remedy. Pedder's *raison d'être* for monopoly.
  - 269—270. Baroda Government refused right to manufacture salt by the Bombay Government.
  - 271. Okha works opened after all.
  - 272. The relative abilities of Bombay and Bengal to bear the salt duty. Land assessment much higher in Bombay.
  - 273. Equalisation of the Salt duty demanded.
-

CHAPTER V.

**Salt Revenue in Northern & Central India.**

PARAGRAPH.

- 274. The Punjab salt range; Possibility of their being exploited from very ancient times.
- 275. Mayo Salt mines. Geological history.
- 276. Economic importance.
- 277. Sikh owners.
- 278. Crude mining. The British on the scene.
- 279. Value of Khewra salt.
- 280—281. Mines as source of income to the State.
- 282. Kohat quarries.
- 283—284. Duty increased by the British.
- 285. Differential treatment to trans-Indus mines; Defying hills-men.
- 286. Rapid increase in salt revenue.
- 287. Administration—a monopoly; And a blessing to Government.
- 288. *Per capita* consumption.
- 289—291. Subsequent increase in rate; Effect upon people. The salt duty a great grievance. Salt should be cheap.
- 292. The North Western Provinces and suppression of manufacture.
- 293. Hardship recognised by Government.
- 294—295. Government generosity exhausted.
- 296. The inland Customs line.
- 297—298. Effect of duty upon people.
- 299. Rajputana sources; The Sambhar lake.
- 300. Brine springs rich in salt.
- 301—303. The Rajputana sources worked by the British temporarily.
- 304. A state railway project sanctioned.
- 305—306. Government of India Lease of salt with the Rajputana States.

CHAPTER VI.

**The Inland Customs Line—Its abolition and after.**

PARAGRAPH.

- 307. Effects of varying rates of duty.
- 308. An ingenuous statement; Not even financially profitable.
- 309. Another economic atrocity; The Inland Customs, line—its genesis.
- 310. A monstrous system.
- 311. Its extent and its working.
- 312. Measures necessary for abolition.
- 313—314. Mayo's initiative.
- 315. Northbrook's progress in abolition.
- 316. Lytton completes the scheme of abolition.
- 317—320. Attempt at equalisation of duties—an impasse.
- 321. Customs line abolished in 1879.
- 322. Greatest good of the greatest number accomplished; But original sin was there.
- 323. Effects upon consumption beneficial.
- 324—326. Though Madras and Bombay suffer by increase in duty.
- 327. Duty reduced again.
- 328. Scope for mischief.
- 329. Troubles ahead; Expensive Burmah annexation; Fall in gold prices; Duty increased to Rs. 2/8/-; Falling exchange.
- 330. An alternative duty available; Evading the burden of the income tax on the well-to-do.
- 331. The salt duty an injustice to the poor.
- 332. Gokhale's condemnation.
- 333. Government see light and reduce duty. The poor Man's salt cheaper.
- 334. War enhancement; Opposition by Assembly to increase; High-handed increase to Rs. 2/8/- in 1923. Reduced to Rs. 1/4/-.
- 335. After the Customs line abolition; How consumption fared; Total consumption varies; Gokhale's figures more or less similar.
- 336. *Per capita* consumption varies.

PARAGRAPH.

- 337—338. A vague explanation of low consumption.  
339. Mr. Gokhale's analysis; Reduced duties give greater consumption; *Per capita* must be 12 lbs. in India.  
340—342. Assurance of reduction given.  
343—344. Present salt administration in Bengal. No vestige of old factories left.  
345—346. Conditions in Madras.  
347. Bombay business the same.  
348. Duty-free issues for fish-curing; and for industry.  
349. Dual system also prevailing in Bombay.  
350. Bombay excise system. Small salt works impossible in Bombay.  
351. Salt chowkies and prevention of illicit traffic.  
352—353. Conditions of payments of duty.  
354—356. Bombay-Calcutta salt trade; Prevention of clandestine landing before putting on board the ship.  
357. Latest set of rules.  
358. Tonnage of ships prevention after loading.  
359. Bond or surety for duty.  
360. Wastage allowance.  
361. Exemption from duty to industrial salt allowed.  
362. But with too much botheration attendant on it.  
363. Agricultural salt also duty-free; Not however taken advantage of.  
364. Free salt for fish-curing. Concession loses importance here too. Industry left undeveloped on this account.  
365—366. Northern India Department Monopoly manufacture.  
367. Concession to industry.  
368—371. Burma salt department.

---

CHAPTER VII.

**Rationale of the Salt Revenue.**

372. Salt duty the most important excise in India.  
373—374. The three sources of salt supply.  
375. British philosophy of the salt duty in India.  
376. Is the claim justified?

PARAGRAPH.

377. The poor man gives his share in many taxes. Gokhale's contention; The poor classes contribute much more than they can.
378. Baneful effects of the duty on alimentary consumption; Indians do not economise salt.
- 379—380. Consumption no doubt stinted.
381. Consumption comparison of foreign countries.
382. Warm rice-eating race needs more salt. Unjust bearing on the poor.
383. Abolition of salt duty in England a hundred years ago.
384. Effect upon Indian agriculture.
385. Salt as manure—germicidal properties.
- 386—388. Fertilising properties.
389. Destruction of weeds.
390. Salt for cattle.
391. Good for their constitution.
- 392—394. Sheep-farming requires salt.
- 395—396. Monetary value of administering salt to cattle.
- 397—398. Salt preserves hay and restores it.
399. Salt and agriculture; Puny Bengal bullocks, need it; The salt duty a prohibition on all improvement in Bengal.
400. Cause of murrain in Indian cattle.
401. Ratton too condemns the Government failure.
402. Bombay concession not availed of.
403. Because of innate defect; de-naturalisation.
- 404—405. Bombay is not India.
406. Will mere remission help agriculturists?
407. Fish-curing salt; Fish imperfectly cured is a menace to health. Rate too high.
408. Fishing as a training ground for mercantile marine and navy; Early sea-faring life.
409. Occupation of disbanded soldiers in Britain.
410. Industrial salt more important. Salt as the parent substance in applied chemistry.
411. Ratton's list of salt products.
412. British *vs.* Indian industries.
413. Britain *vs.* Bengal.



PARAGRAPH.

- 414. 1903 concession does no good to India. Duty-free salt does not reach the handicraftsman.
- 415. Benefit required by persons of all descriptions.
- 416. Japan's enlightened policy. Industrial salt sold below cost price.
- 417. Italian salt policy. Indulgence granted.
- 418. Abolition of duty urged in the past.
- 419. An unjustifiable and oppressive duty.
- 420. Does not the duty press upon the people? Salt duty not the only tax.
- 421—423. Salt duty deprives East India of its industry.
- 424. Salt duty encourages foreign import. Regulations mainly for the safety of revenue.
- 425—426. Some handicaps removed after the Taxation Inquiry Committee.
- 427. An immediate reduction must not reduce revenue.
- 428. Spirit of enterprise must be fostered.
- 429. Dr. Pranjpye's proposal of 8 annas.
- 430. Price, duty and consumption.

---

CHAPTER VIII.

**The Salt Industry—Recent Developments.**

- 431. Total imports.
- 432. Share of provinces.
- 433. Imports increasing year by year. India can supply both the quality and the quantity required.
- 434. Salt can be manufactured anywhere in India. Berar works.
- 435—436. Pachbhadra salt works.
- 437. Government works yet to be developed.
- 438. The future of the Khewra mines.
- 439—440. Facilities given to the importer denied to the native manufacturer.
- 441. Improve legislation and technical skilled labour.
- 442. Mr. Strathie's report not forthcoming.
- 443. A real handicap—the size of vessels. A lower tonnage still desirable.

PARAGRAPH.

444. Lower railway freight too.
445. Lower rates for salt tend to promote another industry.
- 446—448. Even the Northern India Railways can profit.
449. Bombay salt capable of unlimited expansion.
450. The alleged "salt prejudice" of the Bengali. Even Bengal and Orissa can produce its own salt supply.
451. Up-to-date plants needed.
452. Even Bengal salt can be of good quality.
453. Even superior to the Bay-salt on the Coromandal Coast.
454. Experimental salt factories needed in Bengal.
455. Ousting the supplies from foreign countries.
456. The religious character of the Bengali notion goes in favour. Prejudice even disappears before low prices.
457. Indigenous substitutes for foreign imports must be found.
458. India's future centres of salt manufacture.
459. The case of Tuticorin.
460. Proper justice not yet given to it.
461. Sindh, a neglected province. An early opportunity missed.
- 462—463. Salt beds in Sindh Desert discovered in 1847.
464. Salt to last 1,662 years.
465. 5s. per ton.
466. A good case made out for the Bengal market. Sindh salt could undersell Liverpool salt.
467. Burke's attempt failed as no action was taken by Government. On the other hand Plowden went against the development of Sindh beds.
468. These rich deposits forgotten altogether. Maurypur Salt Works started 1878.
469. Quality of the Sindh salt. Maurypur salt analysis.
470. The required quality as well as the quantity can be supplied. Considerable expansion possible.
471. Hitches in the way of Karachi. Their removal possible.
472. Import of coal and export of salt.

PARAGRAPH

- 473—474. The Board supports it.
- 475. India self-supporting in salt supply.
- 476. Differences between our conclusions and the conclusions drawn by the Central Board of Revenue or the Taxation Enquiry Committee.
- 477. Not much scope for further inquiries.