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**Letter and memorandum by George Henry Maxwell Batten, Commissioner of
Inland Customs, concerning the abolition of the customs line between
Rajputana [Rājasthān] and the Central Indian States.**

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About this record

Letter from George Henry Maxwell Batten, Commissioner of Inland Customs, regarding Lewis Pelly's desire to abolish the customs line between Rajputana [Rājasthān] and the British Territory.

The letter encloses a confidential memo which Batten wrote at Lord Northbrook's request on the feasibility of such a proposal and goes on to detail the only way in which the customs line could be abolished. Batten's proposal is to levy excise duties on salt at their place of production however this subsequently raises the practical difficulties of how to ensure salt is only manufactured for trade at those places the excise duty is being levied.

The enclosed memo, dated 30 September 1873 is titled "Note on the feasibility of abolishing that part of the Inland Customs Line which is on the frontier of Rajputana (including Bhawalpur) and the Native States of Central India".

It outlines details of the customs line including costs, manpower requirements, its purpose and the amount of taxation produced by it and the difficulties that would be encountered in abolishing it. Batten goes on to outline the only way he can see to abolish the line by levying excise duties on salt production and gives considerable detail on the way in which he believes such a proposal could be implemented.

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Camp Lahore - July 9: 1874

My dear Colonel Pelley,

Mr Adam tells me that you were making inquiries regarding the proposals for taking steps to abolish the Customs Line between Rajputana & the British Territory. I have the pleasure to send you a confidential memo, which I drew up at Lord Northbrook's request. This I think will explain the whole matter -

Lord Northbrook would I believe be very glad to abolish the line if he could do so without a great sacrifice of revenue. After the most careful

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consideration which I can give to the question I feel convinced that there is no other ^{way} of doing this than that indicated in the memo viz by taxing the salt in the form of an excise duty at the places of production, & handing over to the native States concerned the produce of the tax on the salt consumed by their subjects.

The chief practical difficulty appears to me to be this - would these native States be able, if willing, to suppress salt manufacture at all other places than those where the excise duty was levied? It would not I

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It will be necessary to suppress it
entirely - Manufacture for purely
local consumption might be per-
mitted - due allowance being made
for this in the amount to be paid
by the British East to the State - but
manufacture for the purposes of a
distant trade should be strictly
suppressed without the interference
of Statelike under our East,
which would probably be extreme-
ly distasteful to the native Durbars.

Now there might be some difficulty
in satisfying the Thakours, in
whose estates there might be salt
sources - The Durbars would have to

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do this from the amount made
over to them by our Est.

It is a 'big thing', but I am
sure if by your co-operation it
could be carried out it would be
an unmitigated benefit to all
concerned if we could manage
to abolish the Custom line with
its army of officers necessarily
empowered to interfere with all
trade crossing it - I should like
much to talk the matter over with you
If you are any where within reach of
Agra about the end of this month I
might manage to meet you for the purpose
Please direct to me at Agra

Yours sincerely
G H Batten - Comr. Inland Customs

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MSS Eur F126/74

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[Confidential.]

Note on the feasibility of abolishing that part of the Inland Customs Line which is on the frontier of Rajputana (including Bhawalpur) and the Native States of Central India.

THIS portion of the Inland Customs Line extends from the Indus to the Tapti passing round the Northern Frontier of Bhawalpur, then turning across the Satlaj southwards and hugging the boundary of British Territory till it reaches the Narbada. Crossing this, it turns to the west, and, diverging from the Narbada, reaches the Tapti at Burhanpur.

The total length is about 1,200 miles. It cost in 1872-73 £105,728. The establishment entertained on it consists of 8,578 officers and men.

The main object of this Line is to prevent salt, the produce of Native States, entering British Territory, unless it has paid a duty of Rs. 3 per maund.

A subsidiary object is to tax all sugar exported across the Line at the rate of 1 Rupee per maund for refined sugar, and 6 annas per maund for unrefined saccharine produce.

In the year 1872-73, about 30 lakhs of maunds of salt were imported across this portion of the Line paying duty exceeding £900,000. With the exception of nearly 7 lakhs of maunds, the produce of salt works in British Territory, but outside the Customs Line, the remainder of the salt imported was from Rajputana. The 23 lakhs of maunds were from the following places :—

Bhartpur	...	...	12 lakhs of mds.
Sambhar	...	...	6½ " "
Didwana	...	...	3½ " "
Pachbhadra	...	...	1½ " "

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The sugar duties on exports across this portion of the Line amounted to £142,000.

These, it may be said, fell on the consumers in the Native States outside the Customs Line.

Thus the whole revenue was nearly £1,044,000, from which rather more than 10 per cent. must be deducted for cost of collection.

It is evident that unless we are prepared to give up this large amount of revenue, we must either maintain the Customs Line, or resort to some other plan for securing the duty on the salt. I can imagine no other plan but one, namely, that of excising the salt at the places of its production. But all the places above mentioned are situated in the three Native States of Bhartpur, Jaipur and Jodhpur, and there are many other places in Rajputana where salt is produced which would be immediately imported into British Territory if the Customs Line were removed, unless the production was prohibited or the salt was excised at the same rate as at the places above mentioned.

To carry out this measure would therefore require the consent of all the Native States in which salt can be produced, and would involve the taxation of all the subjects of the Native States in Rajputana and Central India consuming such salt.

It has hitherto been assumed,—and, perhaps, correctly, though I am not aware that the matter has ever been carefully considered or reported on—that such measures as these have been from political and other causes practically impossible. The position of the British Government has recently been much altered by our getting hold of the Sambhar Lake, and will be still more improved when the Lake is connected by Railway with Agra and Dehli. When the Railways are completed, it is quite possible that only Sam-

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bhar salt will be imported from Rajputana into British Territory.

During the last three years that the Lake has been under British management, the average annual quantity of salt manufactured has been $15\frac{1}{2}$ lakhs of maunds, after allowing a deduction of 10 per cent. for wastage. In ordinary years, when the rainfall is not excessively great so as to weaken the brine, which seldom happens, there is practically no limit to the quantity which might be manufactured in a year if labor were available. Owing to the fact that the greater part of our charges, *i. e.*, the rent of the Lake and the cost of establishment, are fixed, while the actual cost of manufacture is extremely small, the more salt we make, the less it costs per maund. With increased labor, or, what amounts to the same thing, increased mechanical facilities for extracting the salt, we could easily make double the quantity hitherto manufactured. The salt would then cost about $4\frac{1}{2}$ annas per maund at Sambhar. The Railway charge to Agra should not exceed 4 annas per maund, and to Dehli very little more. At these prices Sambhar salt would entirely command the market at Dehli and Agra, and even in Rajputana itself.

The price might still further be reduced by our giving up, as under treaty we have a right to do, the Nawa-Godha works, and concentrating the manufacture on the south side of the Lake. This would bring down the cost of the salt at Sambhar to about $2\frac{3}{4}$ annas per maund. At this price with the Railway in our hands, we could defy competition from Nawa and Godha. It is anticipated, even now, that Bhartpur salt, from its inferior quality and comparatively high price, although produced near the Line of Railway, will not be able to compete with Sambhar salt. Didwana and Pachbhadra, being far from the Railway and dependent on carriage by camels and Banjara cattle, could not come into competition.

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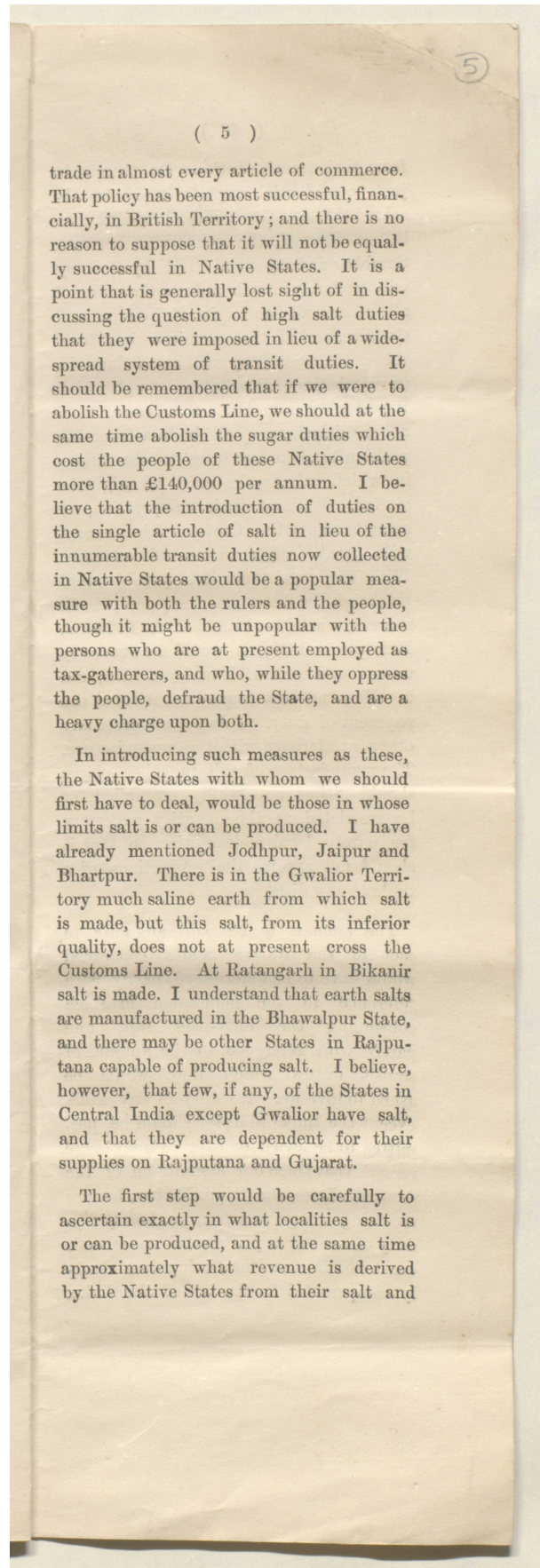
(4)

Under these circumstances, the various salt sources would yield a very small revenue to the Native States in which they are situated, and any negotiations on a liberal basis for excising the salt at the various places of production or closing the manufacture would be much facilitated.

The British Government could afford to be liberal, for, as above stated, it would subject to taxation the whole of the consumers in Rajputana and Central India, who at present pay us no taxes whatever except those on imported sugar. In fact, it could afford to give up the whole amount derived from this new taxation.

It would not be just to put this taxation on the people of the Native States without relieving them at the same time from taxes which they at present pay. The unpopularity of such a measure would probably prove an insurmountable obstacle to its enforcement. A grand opportunity would be afforded of getting rid to a great extent of the transit duties, by which, to use the words of Sir Madhava Rao, the trade of these Native States is now tied hand and foot. That Minister told me that he found it impossible to propose any measure to abolish the transit duties in Holkar's Territory, unless he was prepared with some equivalent which would realise the same amount of revenue. I would propose to do that for the Native States which we have done for ourselves in British Territory, and which they cannot combine to do for themselves. The introduction of high salt duties in Madras, Bombay, the North-Western Provinces, and the Punjab was in each case accompanied by the abolition of transit duties on innumerable articles, which duties formerly covered the face of the land as they do now in Native States. The policy pursued was to concentrate on one article of universal consumption taxation which hampered the

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trade in almost every article of commerce. That policy has been most successful, financially, in British Territory ; and there is no reason to suppose that it will not be equally successful in Native States. It is a point that is generally lost sight of in discussing the question of high salt duties that they were imposed in lieu of a widespread system of transit duties. It should be remembered that if we were to abolish the Customs Line, we should at the same time abolish the sugar duties which cost the people of these Native States more than £140,000 per annum. I believe that the introduction of duties on the single article of salt in lieu of the innumerable transit duties now collected in Native States would be a popular measure with both the rulers and the people, though it might be unpopular with the persons who are at present employed as tax-gatherers, and who, while they oppress the people, defraud the State, and are a heavy charge upon both.

In introducing such measures as these, the Native States with whom we should first have to deal, would be those in whose limits salt is or can be produced. I have already mentioned Jodhpur, Jaipur and Bhartpur. There is in the Gwalior Territory much saline earth from which salt is made, but this salt, from its inferior quality, does not at present cross the Customs Line. At Ratangarh in Bikanir salt is made. I understand that earth salts are manufactured in the Bhawalpur State, and there may be other States in Rajputana capable of producing salt. I believe, however, that few, if any, of the States in Central India except Gwalior have salt, and that they are dependent for their supplies on Rajputana and Gujarat.

The first step would be carefully to ascertain exactly in what localities salt is or can be produced, and at the same time approximately what revenue is derived by the Native States from their salt and

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from their transit duties. On these subjects confidential reports could be obtained through the Political Agents. As before observed, the connection between Sambhar and Agra and Dehli by Railway will probably much reduce the value of all other salt works in Rajputana and Gwalior, and of the revenue derived from them. The Railway will also reduce the transit duties of the States through which it passes. When these effects have been accomplished, we shall be in a favorable position to make overtures to the States in which salt works exist or might be started. Without their co-operation, we cannot remove the Customs Line, except with great danger to our salt revenue. With their assistance it is possible that this might be done. At the principal salt sources, such as Pachbhadra, Didwana, Bhartpur and Díg, it would be necessary to surround each work with a cordon, and to allow no salt to pass out without the payment of duty. I do not advocate any other interference with the manufacture. The manufacture of salt in other places should either be entirely prohibited, or be restricted to the quantity necessary for purely local consumption, so that it should not assume the proportions of a trade to any distance.

The amount to be paid annually to each of the Native States concerned would have to be determined, partly with reference to the population in them consuming the duty-paid salt, and partly with reference to the amount of transit duties which they would be asked to give up. No duty of any kind, except the Imperial duty, should be permitted to be levied on salt. I may here remark that since our assumption of the Sambhar Lake, the Jaipur Darbar, besides receiving a large rent from us, has put a duty of one rupee per maund on all salt consumed in that State, being thus doubly compensated for the loss of the Lake.

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This duty would have to be absorbed in the Imperial duty.

The Salt works in British Territory outside the Customs Line, *i. e.*, those in the Gurgaon and Rohtak Districts and in Ajmir, would be treated as those in Native States, that is, the excise duty would be taken before the salt left the works.

If these measures were carried out, the Native States which possess no salt would be entirely at our mercy. Their people would be obliged to eat duty-paid salt. They would not be in a position to enforce any compensation for this extra taxation thrown on their people. But I think that it would be a wise as well as a generous policy to grant them some of the proceeds of the tax on the condition of their abolishing at least an equivalent amount of transit duties. We could afford to do this, as the proceeds of the tax would be large, and it would be politic to do it, as it would convert an unpopular into a popular measure.

It will be seen from the figures given in the beginning of this note that the sugar duties more than cover the cost of the Line which it is proposed to abolish, and that therefore Government would lose the difference. But the proposed measures would enable us to abolish that part of the Bombay Frontier Line which is maintained to prevent the import of Rajputana salts into that Presidency. I gather from paragraph 24 of Mr. Pedder's report, dated 22nd August 1870, on the Bombay Frontier arrangements, that the portion of Line referred to consists of three sections, the Marwar, Myhee Kanta and Rewa Kanta sections, aggregating 250 miles in length, and costing more than £ 1,800 per annum.

The salt which is kept out by this Line,—for none comes across it paying duty and all other is prohibited,—is chiefly that produced at Pachbhadra and in the vicinity of the Luni River in Marwar. If the

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Rajputana State Railway is continued from Ajmir to Disa, an impetus will be given to the manufacture of salt in this locality. The considerations which led to the assumption of the Sambhar Lake by the British Government in view of the Railway communication with the Lake, point to the advisability of our adopting a similar measure for the Pachbhadra salt works. With a Railway from Disa to Ajmir, and from Ajmir in one direction to Agra and Dehli and in another *via* Nimach to Indor and Khandwa, the Pachbhadra salt might prove a formidable rival, from its excellent quality, to Sambhar salt, when the two were thus brought into competition.

Mr. Hume ascertained that the average price of Pachbhadra salt on the spot was 5 annas per maund, of which only $3\frac{3}{4}$ annas go to the manufacturer and $1\frac{1}{4}$ anna to the Jodhpur State. The salt can therefore be manufactured at a cost of less than $3\frac{3}{4}$ annas per maund.

This furnishes another argument for our keeping down the price of Sambhar salt, which can only be done by increasing the quantity manufactured.

To recapitulate,—the measures which I venture to suggest are:—

- 1st.—That careful inquiries be made as to the situation and capabilities of the different salt sources in the Native States outside our Customs Line, both those which now produce salt and those which are not now worked.
- 2nd.—That the amount of revenue derived by the Native States from their salt works be ascertained.
- 3rd.—That as much information as possible should be collected as to the nature, rate, &c., of

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the transit duties levied in the different Native States of Bha-walpur, Rajputana, and Central India, and the amount of revenue obtained by each State from these transit duties.

The above should be the subject of confidential reports from the Political Agents.

4th.—That every effort be made to increase the quantity and thus to reduce the price of salt manufactured at the Sambhar Lake, and, if possible, to concentrate the works at the south side of the Lake. The contemplated tramway into the bed of the Lake will do much to effect this, and it may be worthwhile to import labor to Sambhar when the Railway is completed. The Railway freight charges on the salt taken from Sambhar should be reduced to a minimum. It might be even worthwhile to carry the salt at first at a loss to the Railway Department, if thereby a larger gain was made by the Salt Department, which could make up the deficiency to the Railway Department.

5th.—That the effect of the Railway communication with Sambhar, and generally of the State Railways in Rajputana, on the different salt manufactories and on the Native transit duties be watched and reported on.

6th.—That when the above information has been obtained, and the Railway communication, and other works connected with

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the Sambhar manufactures be carried out, negotiations be entered into with the Native States in whose limits salt is or can be produced with the following objects :—

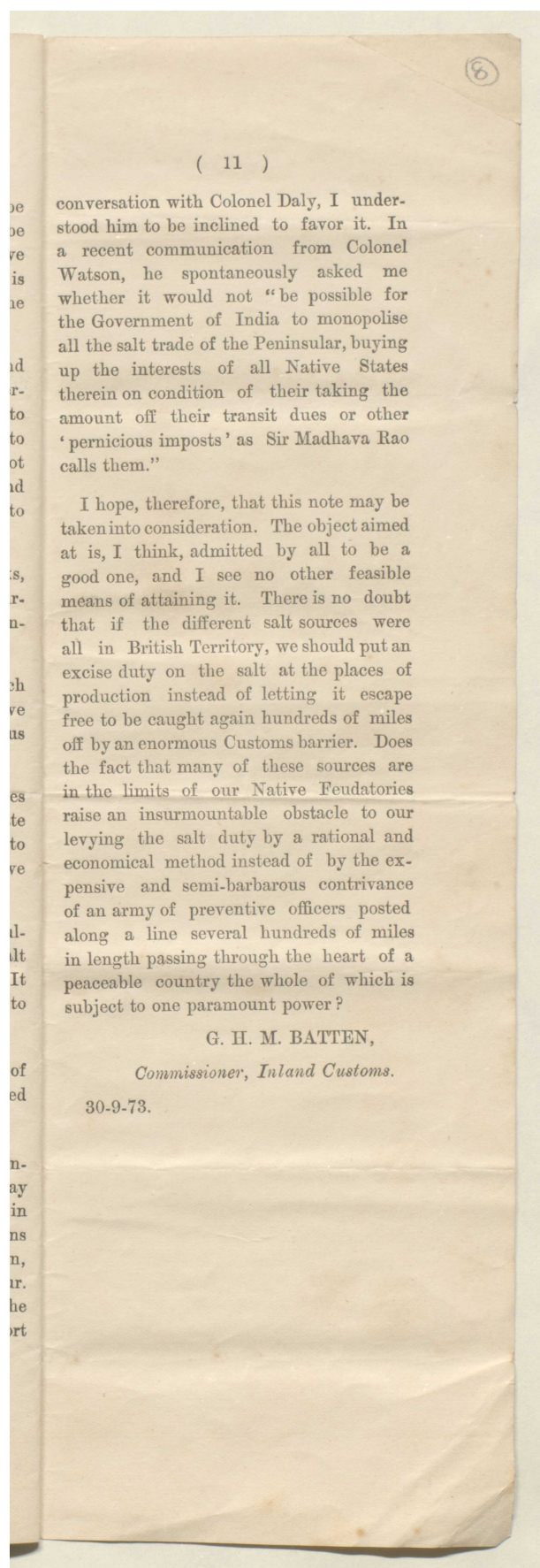
- (a), to allow us to put a cordon round all works where salt is permitted to be produced to any large extent, and to excise such salt at a rate not exceeding Rs. 3 per maund before it is permitted to pass out of the works;
- (b), to suppress all other salt works, or to restrict them to purposes of purely local consumption;
- (c), to determine the amount which each Native State should receive from the taxation thus thrown on its subjects;
- (d), to abolish transit duties and duties on salt in each Native State to an amount equivalent to that which it will receive from the salt tax.

7th.—That the salt works at Noh, Sultanpur and Sambhar be dealt with in a similar way. It may be even advisable to shut up the works at Noh.

8th.—That, finally, the 1,450 miles of Customs Line above referred to be abolished.

Such is the scheme which I would venture to submit for consideration. I may mention that in the last cold season in Rajputana I discussed these questions with Colonel Brooke, Colonel Beynon, and Major Walter then at Bhartpur. These officers spoke favorably of the feasibility of the scheme. In a short

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