CHAPTER FOUR
THE ANGLO - PORTUGUESE TREATY OF 1878 AND ITS IMPACT ON THE SALT INDUSTRY IN GOA

4.1 INTRODUCTION

The Anglo - Portuguese Treaty of 1878 was a turning point for the stagnated economy of Portuguese India. Signed on 26-12-1878 and implemented from 15-1-1880, the Treaty opened up a new chapter of economic relations, between Portugal and England, in the Indian sub-continent. The Anglo - Portuguese Treaty of 1878 was the culmination of long drawn negotiations between the authorities of the two allied nations to establish an economic union of the two Indias - one, Portuguese India, a tiny one, and the other British India with its gigantic geographical size. With the signing of the Treaty, Portugal's efforts to extricate Goa from its virtual isolation were vindicated and Portuguese India's hopes to end its economic stagnation soared high. The Treaty of 1878 was not the first attempt to bring about an alliance in economic matters between the two countries. It was a culmination of an alliance dating back to the closing years of the 14th century. The alliance between the two countries began on 9-5-1386 with the signing of the Treaty of Perpetual Alliance at Windsor, and was sought to be strengthened by subsequent Treaties signed from time to time. Most of these treaties and trade agreements proved disadvantageous to Portugal. Trade Agreement of 1654, giving to British subjects in Portugal and colonies trading rights was found disadvantageous to Portugal and favourable to the British interests. The Treaty of Commerce of 1842 and the Treaty dealing with the slave trade signed during the same year, proved to be favourable to England and less advantageous to the Portuguese nation. The Anglo-Portuguese alliance, thus, imposed upon Portugal the role of a satellite of its oldest ally. "Portugal became not only England's oldest ally, but also her first European colony". The Anglo - Portuguese Treaty of 1878 was not, at all, different in its effects on the economy of Portuguese India. Although it imparted certain advantages to the economy of Portuguese India, the Treaty made Goa, Daman and Diu virtual satellites of British India. The monopoly of salt manufacture and salt
trade which was granted to the British India Government by the Treaty of 1878, imposed upon Goa the status of a British colony within a colony.

4.2 MAIN FEATURES OF THE TREATY OF 1878

The Anglo-Portuguese Treaty of 1878 aimed at the establishment of a Customs Union of British India and Portuguese India by abolishing the Customs line between the two Indias and ensuring, thus, complete freedom of trade between them.

The Treaty provided for the following:

a. Reciprocal freedom of commerce, navigation and transit between the two Indias;

b. Abolition of all custom duties on the frontier lines between British India and Portuguese India;

c. Uniformity of customs duties in the two territories on goods imported and exported by sea with, however, special stipulations with regard to salt, spirits and opium;

d. Introduction into Portuguese India of the system of excise on spirituous liquors, including toddy, sanctioned by law in the Bombay Presidency;

e. Prohibition of the export from Portuguese India of opium, or its cultivation or manufacture, except on account of the British Government;

f. Monopoly power of the Bombay Presidency Government in British India on the manufacture of salt and its trade in Portuguese India, with the powers granted to the British India Government to limit the manufacture of salt and suppress if necessary, the salt works therein; and

g. Mutual agreement for the construction of a railway line from the town of New Hubli to the port of Mormugao and its extension from New Hubli to Bellari. 5

The Treaty contained many provisions related to these main features and, also, other provisions. Important provisions of this Treaty are given in the Appendix.

With the implementation of the Treaty, the Custom line between British India and Portuguese India was abolished. On the part of British India, it was a further step towards complete freedom of inland trade in India. 'The first and greatest step' towards complete freedom of inland trade had been made in the preceding year, when the British India abolished the great salt line which shut out the product of the native
states in Central India from British territory and which for many years had been a great hindrance to trade and a scandal to British administration. For Portuguese India, the creation of a Custom Union of the two Indias was an important step in the direction of paving the way for the economic development of the Portuguese territory in India. The Portuguese India Government had come to realise, for a long time, that given the size of Goa, Daman and Diu and the geographical position of this Portuguese territory which was surrounded by the British Indian Territory from three sides, free movement of goods between the two Indias was absolutely necessary to lift Goa and other Portuguese possessions from their decadence. A Customs Union would have made possible the availability of vast markets for the products of Portuguese India in British India. It was further hoped that a Customs Union of the two territories would help develop the external trade of Portuguese India, increase the Customs revenue of the Government and safeguard the rights of sovereignty of the Portuguese nation in these parts of India. These hopes were not vindicated as the Treaty was not between two equally powerful nations, but between one nation which had caught itself in the morass of economic backwardness and the other, the most powerful nation which had attained commercial supremacy in the world economy and had strengthened its political and economic position in the Indian sub-continent. All the economic woes that followed the Anglo-Portuguese Treaty of 1878 were the outcome of the economically weak position from which Portugal negotiated the Treaty with Great Britain. Portugal's possessions in India had reached such a low economic level that it had no other alternative, but to sign the Treaty on British India's terms. We can have a better grasp of the impact of the Treaty on Goa and other Portuguese possessions, if we probe deep into the factors and developments that compelled Portugal to sign this treaty.

4.3 FACTORS AND DEVELOPMENTS WHICH CONTRIBUTED TO THE SIGNING OF THE TREATY OF 1878

The Treaty of 1878, which was given effect after the exchange of ratifications on 6-8-1879, was the outcome of the desperate attempts made by the Portuguese government to extricate Portuguese India from its increasingly deteriorating position. The
state of the Goan economy prior to the Treaty was a cumulative effect of many forces which were in operation much before the 19th century. "Goa presented a dismal picture of economic ruin, largely ascribed to the substantial run down in her commerce". 

Goa had lost its trade with the outside world, thanks to a variety of factors beginning with the powerful challenge thrown up by the Dutch to the commercial and military supremacy of the Portuguese in the Indian Ocean and on the west coast of India. With the consolidation of the British power in the Indian sub-continent, particularly with the emergence of Bombay as an international entrepot, the economic decline of Goa gained momentum. Received by Great Britain as a dowry gift from Portugal, Bombay, after its transfer to the British Crown, developed as a flourishing trade and commerce centre and attracted both interregional and international trade at the cost of hitherto traditional centres of commerce like Surat.

During the pre-Treaty period, the Portuguese India's trade with Europe had been almost nil. The trade with Brasil which was sustained by goods coming from Balaghat, was almost extinct as it was supplanted by the trade from Bombay. In spite of the privileges of lower import duties in Portuguese Africa, Portuguese India's trade with that territory was moving downwards to reach the lowest ebb, since the cotton goods industry of Daman could not face the competition of the American and British goods in Portuguese Africa. So, the industry had to be closed. The ships from Europe had almost stopped coming to Goa. The pre-Treaty economic position was such that Portuguese India's export trade was composed of just a handful of traditional commodities like coconuts, arecanuts, salt, fresh fruits etc. It was mostly with British India. A large number of people, during this period, were finding their way to British India, particularly to Bombay, in search of means of livelihood they were awfully short of, in Goa and other possessions. Thousands of Goans had settled in Bombay and other places in British India, and, in less number, in other parts of the world. The Goan economy and also the economy of other possessions, was being sustained by the remittances of these emigrants, which, with great difficulty, could cover up the gap between the imports and exports of Portuguese India. Most of the Goan emigrants were working as servants and artisans. The middle class people in Goa were
mostly living on their salaries which they earned as civil and military employees. The majority of the people of the territory was leading a miserable life.\textsuperscript{15}

Against the background of this alarmingly critical and deplorable situation in which Portuguese India was finding itself, in glaring contrast to the economic progress of British India, the Government authorities and the intellectual class of Goa became increasingly conscious of the fact that all the economic problems of Goa were the result of the isolation of Goa on account of the lack of a communication link in the form of a railway line connecting the Murmugao port to the mainland India and lack of adequate development of the Murmugao port which in its existing state could not establish adequate links with the world markets.\textsuperscript{16} In fact, the Portuguese government had realised the disadvantages of the economic isolation of Portuguese India, long before the negotiations for the common customs union started to pave the way for the Anglo-Portuguese Treaty of 1878. The Portuguese government’s first attempt to link Goa with British India by a railway line dates back to the year 1864.\textsuperscript{17} The efforts did not succeed, but the Portuguese government renewed the same in the subsequent period when negotiations began on the Anglo-Portuguese Treaty, for the formation of the Common Customs Union. The proposal of the above railway link, aimed at removing Goa from its isolation, occupied an important place in these negotiations and, consequently, in the Treaty. The article VI of the Treaty made reference to the probable construction of a railway communication between British India and Portuguese India, and to the fact that a company had been formed for the construction of a railway line from the port of Murmugao to the town of New Hubli.\textsuperscript{18}

The realisation of the fact that the isolation of Goa was acting as an obstacle to the economic development of the territory finds ample place in the report of Andrade Corvo, the Portuguese Minister, prior to the Treaty of 1878. In his report, he wonders how a land which was being rightly considered the garden of India was reduced to such a miserable condition.\textsuperscript{19} He himself explains that the main reason of the decadence of Portuguese India was the total isolation of the territory. Despite being a fertile land, Goa was finding itself in a precarious economic and financial situation because of the decline of trade and commerce and lack of capital, resulting from its iso-
lation from the mainland India, on account of the lack of communication links. This is amply proved by the economic indicators of the period prior to the Treaty. It should be, however, made clear that the isolation of Goa was not the only factor which contributed to the decline of trade and commerce in the territory. Deep inertia on the part of the mother country as regards the problems of Portuguese India was being witnessed during the period prior to the Treaty. To add to this, there was utter lack of enthusiasm of the local people towards improving trade and industry in the territory.

The stagnation and deterioration of the economy of Portuguese India prior to the Anglo-Portuguese Treaty of 1878 is reflected in a few indicators of the economic performance of the territory. The Table 4.01 which gives us the figures of the receipts of the public treasury, the Dizimos (Tithes) and the Custom receipts, during the period from 1868-69 to 1877-78, focuses on the fact that there has been a decline in all the above three variables in Portuguese India.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Receipts</th>
<th>Tithes (Dizimos)</th>
<th>Custom Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1868-69</td>
<td>884,803,475</td>
<td>288,714,990</td>
<td>186,957,640</td>
</tr>
<tr>
<td>1869-70</td>
<td>884,988,225</td>
<td>244,798,255</td>
<td>170,827,056</td>
</tr>
<tr>
<td>1870-71</td>
<td>997,522,210</td>
<td>237,079,104</td>
<td>161,868,904</td>
</tr>
<tr>
<td>1871-72</td>
<td>1,197,123,083</td>
<td>245,888,152</td>
<td>177,044,232</td>
</tr>
<tr>
<td>1872-73</td>
<td>994,722,730</td>
<td>228,122,685</td>
<td>168,340,219</td>
</tr>
<tr>
<td>1873-74</td>
<td>881,458,659</td>
<td>224,554,902</td>
<td>162,932,438</td>
</tr>
<tr>
<td>1874-75</td>
<td>874,808,609</td>
<td>196,047,096</td>
<td>166,182,587</td>
</tr>
<tr>
<td>1875-76</td>
<td>872,470,387</td>
<td>195,089,037</td>
<td>183,389,381</td>
</tr>
<tr>
<td>1876-77</td>
<td>838,325,624</td>
<td>207,824,099</td>
<td>163,515,842</td>
</tr>
<tr>
<td>1877-78</td>
<td>850,490,797</td>
<td>200,653,135</td>
<td>149,309,465</td>
</tr>
</tbody>
</table>

Note: One Rupee was equivalent to 400 Reis.
Source: Relatorio do Governador Geral do Estado da India, 1879, p.82-83
The fall in the public receipts of Portuguese India was mainly the result of the decline in the receipts from tithes which were levied on coconuts, salt and rice at the rate of 10% of the gross produce of these crops. The income from the levying of tithes was 313,417,780 reis in 1867-68, which decreased to 195,089,037 reis in 1875-76. In 1877-78, the income from this property tax was 200,653,135 reis, an amount which was slightly higher than the income in 1875-76. Between 1868-69 and 1877-78, one notices a decline of 88,061,855 reis in the income from tithes, which amounts to 30.5% fall in this income. The decline was due to the defective system of collection of tithes. During the same period, the custom receipts decreased from 186,957,640 reis to 149,309,465 reis, the fall amounting to 20%. However, the decline in the public receipts was just 3.8% during this period. The contraband trade in salt, cashew liquor and coconut liquor which were smuggled out into British India, was another factor which had led to the fall in public receipts.

The trends in the movement of public receipts of Portuguese India between 1868-69 and 1877-78 as shown by the Table No. 4.01 are as follows: The public receipts of the territory marginally increased during the years from 1868-69 to 1870-71. Between the year 1870-71 and 1871-72, there was a substantial rise in the public receipts to the tune of 199,600,873 reis, but from the latter year, they kept a downward trend up to 1876-77, during which they reached the lowest ebb in the eight years period starting from 1872-73. In 1877-78, the public receipts of Portuguese India registered a slight increase over those in 1876-77. Thus, one observes that for most of the years during more or less 10 years period prior to the Treaty of 1878 the public receipts were decreasing in Portuguese India. Average tax receipts in Portuguese India, during those years were 1,213 reis, while in British India they were 1,530 reis. The lower level of average tax receipts in Portuguese India was the result of the poverty that was prevailing in the territory, which prevented the rise in the public receipts collected by the government. There were other factors contributing to the fall in the public receipts. The report of the Governor General of Portuguese India for the year 1879 dispatched to the National Government at Lisbon mentions the other causes of
the poor performance of the public finances in Portuguese India. The public receipts decreased because of the following:-

i) The Government sold some of the lands owned by it by public auction, as a result, it lost the receipts from these lands,

ii) Lands received by many people as 'prazos de coroa' were exempted from the payment of 'foros' to the Government,

iii) There was scarcity of cereals, both locally produced and imported from outside, on account of unfavourable rainfall, and

iv) There were trade fluctuations which affected trade and commerce in British India, in general, and Bombay, in particular.27

The crisis in trade and commerce experienced by Bombay was the result of the sudden fall in cotton prices in America.28 It had a direct bearing on the commercial relations of Goa and Daman with Bombay, since, by now, most of the commercial transactions of Portuguese India were with Bombay. This led to the decline in the customs revenue of Portuguese India.29 The decline in the customs revenue was also the outcome of less availability of imported cereals on account of unfavourable rainfall in rice-producing regions of British India. This is corroborated by the fact that Portuguese India's imports of rice which were to the tune of 32,870 khandis decreased to 20,747 khandis in 1874. In 1878, rice imports increased to 63,323 khandis, but in 1879 they decreased to 33,836 khandis.30

However, since the crisis in trade and commerce in Bombay took place around the year 1872-73, its effect on the Portuguese Indian economy can be better gauged, if we compare the public receipts in 1872-73 with those in 1877-78. The fall between these two years is 14.5%. The effect of the commercial crises in Bombay reflected in the collection of import and export duties in Portuguese India in the following manner: Import duties of Portuguese India, which were 303,814 xerafins in 1872-73 decreased by 16,673 xerafins in 1873-74. Export duties registered a fall of 20,529 xerafins. The decline in import and export duties was 5.4% and 15%, respectively.31

Portuguese India's position on the import-export front on the eve of the implementation of the Treaty of 1878, was not, at all, promising. The Table 4.02 gives
us the figures of imports and exports of Portuguese India during the period 1876-77 and 1878-79.  

TABLE 4.02  
EXTERNAL TRADE OF PORTUGUESE INDIA (1876-77 TO 1878-79)  
(value in reis)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1876-77</td>
<td>1,566,586,026</td>
<td>799,448,419</td>
<td>767,137,607</td>
</tr>
<tr>
<td>1877-78</td>
<td>1,784,056,391</td>
<td>836,399,145</td>
<td>947,657,246</td>
</tr>
<tr>
<td>1878-79</td>
<td>2,275,282,168</td>
<td>901,347,625</td>
<td>1,373,934,543</td>
</tr>
</tbody>
</table>

Note:-- 1 Rupee = 400 Reis; 1 Xerafin = 200 Reis  
Source:-- Relatorio do Governador Geral 1879, pp.102-103

The Table 4.02 shows us that during this period imports and exports have recorded an increase of 45% and 12%, respectively. Exports increased by a very low percentage of 12% as compared to the rise in imports which was 45%. The external trade between these years was depressing in one more sense. In 1876-77, exports were 51% of the import trade of the territory. During the next two years, this percentage further decreased to 47% and 39%, respectively. That at the time of the implementation of the Treaty, Portuguese India's position of external trade was not, at all, promising, is corroborated by one more fact associated with the external trade during the above period. The negative balance of trade between the years 1876-77 and 1877-78 increased by 23.5%, while between the years 1877-78 and 1878-79, the rise was 45%, indicating a deteriorating negative balance of trade position during the period.

The deteriorating external trade position of Portuguese India is more visible when we compare its import and export trade position in 1868 with that in 1878-79. In 1868, the value of the import trade was 4,627,188 xerafins (925,437,600 reis) and the export trade was worth 2,639,812 xerafins (527,962,400 reis). The value of the export trade was, thus, 57% of the value of the import trade. In 1878-79, although there was a rise in the value of both import and export trade, over and above that in 1868, the value of the export trade was 39% of the value of the import trade, indicating the worsening position of Portuguese India's trade gap over the period. Prior to the
implementation of the Treaty of 1878, agriculture, commerce and industry in Diu were in total decadence. The value of internal and external trade of Diu in 1879 had gone down to 25,000,000 reis, which was 1/20th part of the commerce in olden times. 34

The economic deterioration of Portuguese India was further accelerated by the British Government's revocation of the privileges at Surat, granted by the Mughals to the Portuguese government. Under these privileges, the Portuguese Factory at Surat, established in 1661, enjoyed the privilege of lower duties on the Portuguese products at the rate of just 2.5% ad valorem. Since the goods imported into and exported from the British Indian territory had to pay comparatively higher import and export duties, the privilege enjoyed by the Portuguese Factory at Surat, promoted smuggling of goods through this Factory into British India. The extent of the difference between the rates of custom duties charged by the British India authorities and those charged by the Portuguese authorities at Surat Factory can be gauged by giving just one example. Liquor was paying Rs. 3 per gallon if imported directly into British India, but just 2.5% ad valorem if imported through the Portuguese Factory of Surat. 35 The wide difference between the rates charged in British India and those at the Surat Factory led to the simulated sales of goods to the Portuguese. In order to evade higher custom duties prevailing in British India, the merchants of British India started the practice of invoicing in the Portuguese territory goods other than the Portuguese goods. As a result, these goods started entering British Indian territory through Surat by paying duties at the rate of just 2.5% ad valorem. This resulted into a loss of custom revenue to the tune of 150,000 Sterling pounds per annum, to the British India government. It was pointed out by the British authorities that the Portuguese authorities at the Surat Factory were hand in glove with the unscrupulous merchants, in this smuggling activity. 36 Subsequently, the Bombay Government by a notification issued on 26-7-1872 abolished from 1-9-1872 the Firman privilege granted by the Mughals to the Portuguese. 37 Although this decision evoked loud protests from the Portuguese government and repeated demands were made by Portugal to the British Crown to restore these privileges at Surat, the British government stood firm on its
stand as regards the revocation of privileges. However, the protests of the Portuguese authorities generated a new thinking as regards the economic relations between the two Indias. A proposal to form a Customs Union of the two territories, involving common customs tariffs and removal of all customs barriers between the two, was made by the British authorities. For the Portuguese, the factory at Surat was a symbol of the national pride, but by 1844, the Portuguese ships had virtually stopped visiting Surat and trade there had greatly decreased, leading to a substantial fall in the revenue earned at the said factory. With the revocation of the privileges, Portuguese India lost even this meagre sum of revenue earned at this factory. The Portuguese government, by this time, realised that Goa, Daman and Diu could not survive unless their isolation was ended by way of their close and unhampered economic relations with British India. The Portuguese Government expressed its willingness to negotiate with the British Government for the cession of the privileges which it claimed at Surat, on the following basis: An agreement for the construction by both the governments, of a railway line from the port of Murmugao to the frontier of Goa; free transit of all British Indian products through the Portuguese territory to the said port, and of products imported through that port for British India; exemption and reduction of import duties; and an agreement for mutual extradition of criminals. Thus, the proposal made by the British government for the formation of a common Customs union involving the removal of diverse tariff lists and abolition of trade barriers between the two regions, was thought of by the Portuguese government as an important measure in the direction of extricating Portuguese India from its economic backwardness.

The Treaty of 1878 was, thus, the outcome of Portuguese India's deplorable economic conditions prior to the signing of the Treaty. As we have said before, it was a desperate attempt on the part of the Portuguese government to lift the sagging economy of the territory from its backwardness. The Portuguese government both at the national level and at the level of Portuguese India had realised that if the Treaty was to play a major role in strengthening the economy of the Portuguese territory in India, it should reconcile to the fact that its future is inseparably bound to the economy of British India. It was also realised that Portuguese India had to make certain sacrifices
in order to get the desired benefits from British India. In such circumstances, it was but natural for Portugal to accept certain terms in the Treaty, which involved great sacrifices on the part of Portuguese India, but which were greatly beneficial to British India. This was the reason why Joao de Andrade Corvo signed the Treaty even though he was aware of the fact that certain provisions of the Treaty would harm the interests of the people and the government of Portuguese India. The two provisions in the Treaty which played havoc with the economy of Goa, Daman and Diu were the introduction of the British Abkari system in respect of alcoholic beverages in Portuguese India, and the granting of the monopoly of salt manufacture and trade in Portuguese India to the British India government. While negotiations were going on between the two countries on the proposed Treaty, the Portuguese Government and the intellectuals in Goa were aware of the fact that the monopoly of the manufacture and sale of salt in Portuguese India, which was supposed to be granted to the British India government would immensely benefit that government at the cost of the interests of the saltpan owners and the government of Portuguese India. Since, with the implementation of the Treaty, the contraband trade of salt to British India, would have come to an end and the British Government would have saved the annual loss of revenue estimated by some to be over Rs. 6.84 lakh, and, secondly, the entire salt industry in Portuguese India with its annual production of salt estimated by some to be Rs. 57 lakh, would have fallen into the hands of the British India government, the Treaty would have greatly strengthened the monopoly power of this government throughout India. The introduction of the Abkari system in Goa, Daman and Diu, would have also benefitted the British India government as it would have brought the contraband trade of Portuguese Indian liquors into British India to an end, and would have, thus, increased the revenues of that government. Both these provisions would have worked against the interests of Portuguese India. Even though the Portuguese government and some Goan intellectuals were aware of these possible dangers to the salt and liquor industry of Portuguese India, they welcomed these provisions as they thought that in exchange of these sacrifices, Portuguese India would get better deal from the British Government. It was felt that the system of Common Customs Union and the re-
moval of the Customs barriers between the two Indias, leading to the free movement of the merchandise, would bring about the much required development of trade and commerce in Goa and other possessions. It was also thought that the removal of the import duties by the British government on coconuts, coconut oil, arecanuts and cashewnuts exported from Portuguese India to British India, would promote the commercial development of Goa, Daman and Diu.\(^{42}\) It is worth mentioning here that prior to the implementation of the Treaty, coconuts of Goa could not compete with those produced in Cochin, as the latter were not subject to import duties of British India.\(^{43}\)

One of the most important considerations that prompted the Government of Portuguese India to accept the above mentioned unfavourable terms in the Treaty was the proposal in the Treaty to construct a railway line connecting the Mormugao Port to the British Indian Railway system. In fact, it was one of the principal motives behind the efforts made by the Portuguese authorities to sign the Treaty. The Portuguese Government submitted itself to the unfavourable and unjust terms of the British government as regards the salt industry of Portuguese India, out of its realistic approach towards the prevailing situation during those times.\(^{44}\) The Portuguese Government felt that even in the absence of these terms imposed by the British government, the salt industry in Goa and other possessions would suffer as the British India Government would enforce its order prohibiting the import of Portuguese Indian salt into British India in the ships of not less than 300 tonnes. In that case, the export of the Goan salt to the Bombay Presidency territory would have suffered, as its shipping through patmarins would not have been allowed by that Government and the transportation of the Goan salt in the ships of not less than 300 tonnes would have rarely taken up by the salt traders since it was economically unprofitable. Moreover, it was difficult for the traders to hire ships of that capacity for the transport of salt.\(^{45}\)

4.4 BRITISH GOVERNMENT AND THE TREATY OF 1878 - MOTIVES BEHIND THE SIGNING OF THE TREATY

A close study of the economic relations of Great Britain with the political powers in the Indian sub-continent, including Portugal, impresses upon us the fact that the Britishers did whatever they could do within their capacity to bring all other pow-
ers in India into their submission. After consolidating their military and political power in the Indian sub-continent, the Britishers entertained the hopes that they would be able to annex the Portuguese settlements in India to British India. That Great Britain was looking for an opportunity to annex the Portuguese settlements to the territory under their rule, was amply proved by the deeds and utterances of the British authorities on various occasions. The Governor of Bombay, Sir Robert Grant's statement in this regard indicates the thought process of the British nation in this matter. For him, the Portuguese possessions were absolutely valueless. They were most inconvenient neighbours and rallying points for the discontents of the British subjects in India. He stated further that the policy of the British nation was to seize the earliest opportunity of 'barring up the most inconvenient and possibly mischievous inlet'.

In 1839, the British government proposed to the Portuguese government the exchange of Goa for a pecuniary equivalent. It offered 500,000 stering pounds for the exchange of Goa, Daman and Diu and stated that if the security of British India demanded, the British troops would enter into the Portuguese possessions. The letter of the British envoy at the Portuguese court, dispatched to the Foreign Minister of Portugal stated that the offer to exchange Goa, Daman and Diu against pecuniary considerations should be acceptable to the Portuguese Government as Portuguese India had become an unproductive state as far as its public revenue earning capacity was concerned, and there were no prospective hopes of improving its trade and commerce, and other sources of prosperity. Secondly, Great Britain had pecuniary claims upon Portugal, which required speedy settlement. The third reason given by the British Government for its proposal of the exchange of Goa, Daman and Diu for a pecuniary equivalent was the so called anarchical state of the Portuguese possessions. It was argued by the British government that the Portuguese possessions were showing a tendency to provoke collision with the neighbourly states which were allies of Great Britain. The British envoy in a letter to the Foreign Minister of Portugal, Viscount of Sa' de Bandeira, threatened to capture Goa when the British Government suspected that the Portuguese authorities in Goa were protecting the insurgents from Sawantwadi and, thus, fomenting disturbances in that principality. Although Viscount of
Sa' de Bandeira sent a befitting reply to this proposal which was nothing but an affront to the self-respect of the Portuguese nation meted out by the British Government, the failure to grab Goa and other Portuguese settlements made Great Britain more determined in its designs to take over Goa. All their efforts were now in the direction of bringing about the economic collapse of Portuguese India. The British government hoped that with the economic downfall of Goa, the natural outcome would be its voluntary transfer by the Portuguese authorities to the British India Government. The British designs were at work at different levels, during the period prior to the signing of the Treaty of 1878, and if one observes some of the provisions of the Treaty, particularly those related to salt and liquour produced in Portuguese India, it can be said without an iota of doubt that they were the culmination of the efforts of the British Government to bring about the economic downfall of Portuguese India.

In fact, the British policy vis-a-vis commercial interests of Portuguese India was never sympathetic. The events in the 19th century proved the fact that whenever commercial interests of British India even remotely clashed with those of Portuguese India, the Britishers made all out efforts to wipe out the Portuguese challenge by whatever methods available to them. The Portuguese - Malwa opium trade which was clandestinely going on through the Portuguese port was disrupted by the Britishers by introducing a transit system in 1831 which protected the East India Company's opium monopoly. Britain succeeded in compelling Portugal to open up its ports to cheap British textiles through treaties on this subject. The British India government pursued a hostile policy towards the traditional exports of Portuguese India. The salt industry in Portuguese India had to face all types of obstacles from the British India government. The imports of salt from Portuguese India were restricted by way of severe custom duties on salt. As mentioned before, prior to the Treaty of 1878, the British India Government prohibited the import of salt into British India in the ships of not less than 300 tonnes. The Bombay Presidency government issued this order with the sole purpose of totally discouraging the import of salt from Portuguese India, since it was fully aware that Goan salt was transported to the Bombay Presidency in patmarins, as transportation in the ships of not less than 300 tonnes was totally un-
profitable for Portuguese India.\textsuperscript{51} The British India government imposed exorbitant custom duties on the indigenous liquor imported from Portuguese India. Despite being fully aware that Portuguese India's economy was dependent upon the exports of traditional goods like salt and liquor, the Government of British India followed a totally unsympathetic policy towards the traditional exports of that territory.\textsuperscript{52} This resulted into a rise in contraband trade in salt and indigenous liquor between the two territories.

That the Britishers had vested interests in hastening the economic decline of Portuguese India, is corroborated by one more fact. The British India Government expressed initially its strong opposition to the construction of the railway line from the British India border to the port of Mormugao and also to the development of the port of Mormugao when such demand was made by the Portuguese authorities. This was much before the negotiations started for the proposed Anglo-Portuguese Treaty. The Bombay Presidency Government tried to pursue its proposal of railway link between Karwar and Hubli, even though it knew well that Karwar could not, at all, compare favourably with the port of Mormugao which was a natural harbour far better than Karwar.\textsuperscript{53} An extract of the Bombay Gazette dated 23-8-1878 indicates the fact that the British Indian opinion was favouring the construction of a railway line between Karwar and Hubli and wished that the efforts to construct Mormugao - Hubli railway line would never materialise.\textsuperscript{54}

The economy of Portuguese India would have revived if the British India Government had extended its helping hand to its allied nation by granting preferential treatment to the Portuguese Indian goods entering into the British Indian territory. This would have promoted trade between the two territories and Goa's economy would have prospered inspite of its tiny size in the face of a country of gigantic proportions. A territory of the size of a half district that was Goa, even with a high level of economic prosperity would not have been able to challenge the commercial supremacy of Great Britain. The Britishers were shrewd enough to know this and, also, to take care of their interests in such a situation. In spite of this, they did not miss a single opportunity to bring about economic debacle of Portuguese India. Their de-
signs in this respect were crystal clear in the Treaty of 1878. The Treaty can be taken as a unique example of how a country in the name of extending a helping hand to its ally, tried, in a subtle way, all its means to 'kill' the main industries of its ally and, in this way, bring the allied country under its thumb so as to serve its own interests. This was exactly done by the British nation within the framework of the Treaty of 1878. Great Britain's main objective to sign the Treaty was to gain monopoly control of the manufacture and distribution of salt in Portuguese India and to introduce in Portuguese India the British Abkari system in respect of indigenous liquor produced in this territory. Its motive to take over the monopoly control of salt manufacture and its distribution in Portuguese India was two-fold:—Firstly, the Britishers wanted to wipe out the competition of Goan salt and salt produced in other Portuguese possessions to the salt industry of British India, which was subject to the Government monopoly in that territory. Goan salt was perceived by the British Government as a threat to the salt monopoly exercised by that Government within its territory. Portuguese Indian salt was successfully competing the salt produced in British India on its own soil. This was because salt produced in Goa and other possessions was cheaper than that produced in British India. While salt was sold at one real per pound in Portuguese India, its price was Rs. 2 and 2 annas per maund in British India. Price differences between Pernem, the northern most concelho of Goa and Sawantwadi, a princely state contiguous to Pernem, can be cited here. While 8 seers of salt were costing one rupee in Sawantwadi, the same quantity was priced at 8 reis in Pernem. Secondly, by taking over the monopoly control of the Portuguese Indian salt, the British government wanted to get rid of the contraband trade in Goan salt, which was going on between the two territories, since long time. As heavy tariff duties on the British Indian side were making the entry of Goan salt into British India difficult, smuggling of Goan salt into British India was a regular feature on the borders of the two Indias. The Goan frontier line, covered as it was with dense forests, was a most difficult boundary to guard for the British India government. Retired jungle paths offered great temptation and considerable facility to the smugglers, while the profit to be derived from a single successful trip was so great that the strictest vigilance could not entirely prevent the
illicit traffic. By taking over the monopoly control of the Portuguese Indian salt industry through the exclusive right to manufacture salt in Goa, granted by the Treaty of 1878, the British authorities thought that the salt revenue of the British India government would increase as a result of the stoppage of the contraband trade in salt. 'Times of India', an English daily published from Bombay, highlighted this advantage of the rise in the salt revenue of the Government, by stating that it was much more than "the direct saving from the reduction in establishment" that would follow as a result of the establishment of a Customs Union for both the territories. It had been estimated that salt amounting to about 3 lakh maunds (11,196 tonnes) was being smuggled into the British territory leading to the loss of revenue of about Rs. 6 lakh to that Government.

Thus, Great Britain's main objective of signing the Treaty of 1878 with Portugal was to gain the monopoly of salt manufacture and sale in Portuguese India. In order to achieve their goal, the Britishers presented an exaggerated picture of the contraband in salt. As Mr. Constancio Roque da Costa argues in his book, "O Tratado Anglo-Portuguese de 26 de Dezembro ....," the impression created by the Britishers that the contraband of salt into British India was very high, was totally wrong. The Portuguese authorities negotiating the Anglo-Portuguese Treaty were led to believe by the Britishers that the contraband of salt was amounting to 50% of the total salt production in Portuguese India. Mr. Constancio Roque da Costa pointed out that the figures pertaining to the year 1876 proved the contrary. The difference between the production of salt in 1876, on one hand, and the quantity of salt consumed and exported, on the other, during this year was 58,767 khandis, which was about 16% of the total production of salt in 1876. He stated further that taking into account large quantity of salt of 1876 and the previous two years, which was lying in the godowns, looking forward to reasonable prices, the quantity of the contraband salt would be much less than 16% of the total production and not 50% as was made out by the British authorities and gullibly believed by the Portuguese negotiator of the Treaty, Mr. Andrade Corvo.
As mentioned before, the other important motive which prompted the British Government to sign the Anglo-Portuguese Treaty of 1878 was to impose upon Portuguese India the British Abkari system in respect of liquor production. The British Government which was entertaining its designs against the indigenous liquor industry in Portuguese India was of the firm view that the only way to protect the British Indian liquor industry from the competition of the liquor imported from Portuguese India and to prevent the smuggling of the liquor from Portuguese India into British Indian territory was to subject the local Portuguese Indian liquor industry to the Abkari system which was in force in the Bombay Presidency. Before the signing of the Treaty, the liquor industry in Portuguese India was flourishing and the exports of coconut liquor and cashew liquor to British India were going on unhampered despite heavy Custom duties levied on the Portuguese Indian liquor. The production of liquor in Goa and Daman was taking place with minimum restrictions and very low tax rates. It was, therefore, possible for this industry to compete successfully with the liquors produced in Bombay Presidency and other parts of the British Indian territory. Inspite of higher import duties, the Goan liquors were finding their way to different parts of British India through legal as well as illegal channels, thanks to the superior quality of these liquors. The British Indian authorities were finding it difficult to take up the challenge thrown up by the Goan liquors and it was not an easy task for them to stop the smuggling of the Portuguese Indian liquor which was entering into British India through a number of clandestine exit points.\textsuperscript{63} The British India Government realised that the liquors produced in Portuguese India are competing the local liquors in the British Indian territory and the contraband trade in liquors is taking place on account of two important factors: one, superior quality of the Portuguese Indian liquors and, second, low rates of taxation, the Portuguese Indian liquors were subject to. The low rates of taxation in Portuguese India had made these liquors cheaper than those in British India where they were subject to heavy excise duties. The British Government realised that the only alternative at their disposal to end this situation was the introduction of same rates of taxation in Portuguese India as were in force in British India in respect of production, sale and export of the liquors.
The Treaty of 1878 gave the British Government an opportunity to achieve its goal and, accordingly, the introduction of the Abkari system, in conformity with the Bombay Abkari Act of 1878, was made an integral part of the Treaty.

4.4.1 BRITISH SALT MONOPOLY IN THE FRENCH POSSESSIONS IN INDIA

British India's successful take over of the manufacture of salt in Portuguese India, under the Treaty of 1878, was in line with its policy of bringing salt production in the entire Indian sub-continent under its monopoly power. This was required to protect and strengthen its salt monopoly in its own territory. As per this policy, the British India government had decided to take in its hands monopoly control of the manufacture and distribution of salt in other European settlements in India and had moved in this direction, by trying to bring under its monopoly control the salt industry in the French possessions in India. By a convention between Great Britain and France signed at London on 7-3-1815, the French Government farmed out to the British India Government, the exclusive right to purchase the salt that may be manufactured in the French possessions in India, 'at a fair and equitable price'. The French Government was bound to fix in the French possessions 'nearly the same price for salt, as that at which it shall be sold by the British Government in the vicinity of each of the French possessions'. By exercising monopoly control over manufacture and distribution of salt in the French possessions, the British Government wanted to prevent large scale contraband of salt from French possessions to British India. But, the contraband continued to great discomfiture of the British India Government. By a convention between the Governments of Madras and Pondichery signed at Pondichery on the 13th May 1818, the British Government succeeded in stopping the manufacture of salt throughout the territory of French possessions in India. To compensate the loss to the proprietors of the salt-pans in the French possessions for keeping the salt-pans in a state of inactivity, the Madras Government undertook to pay to the French Government as an indemnification to the said proprietors a sum of 4,000 star pagodas per annum. The British Government was to supply to the inhabitants of the French settlements in India the required quantity of salt for their domestic use and consumption. The French Government was required to adopt strict measures for ensuring the effec-
tual prevention of the contraband trade of salt. This Convention of 13-5-1818 was, subsequently, renewed by the two Governments by signing a new convention.\(^{66}\) The Government of Great Britain was paying Rs. 4 lakh per year to the French Government for effecting a ban on the manufacture of salt in Pondicherry.\(^{67}\) In this way, the British India Government succeeded in wiping out the local salt industry in the French settlements in India.

The British salt monopoly in Portuguese India as envisaged in the Treaty of 1878, was, thus, the continuation of the efforts of the British Government to bring under its monopoly control, salt production and sale of salt in all other European possessions in the Indian subcontinent.

4.5 FEATURES OF THE BRITISH SALT MONOPOLY IN PORTUGUESE INDIA

One of the most striking features of the Anglo-Portuguese Treaty of 1878 was that it made the production of salt in Portuguese India the monopoly of Britain. The British monopoly was also applicable to the sale and distribution of salt in Portuguese India. The article 12 of the Treaty empowered the British India Government to control and supervise the production and distribution of salt, to allow or disallow production of salt in the salt-farms, to fix prices of salt for different uses and stipulate quotas of salt for domestic consumption and other purposes in Portuguese India. As per the above article, the Government of Bombay was given the exclusive privilege of regulating or undertaking the manufacture and sale of salt in Portuguese India, for the period during which the Treaty was to remain in force.\(^{68}\)

As per the provisions in the above article, the proprietors or tenants of salt-works could, under the direction of the agents of the Government of Bombay and subject to the conditions mutually agreed upon between them, continue to manufacture salt on their own account, or manufacture salt on account of the British agents, or farm out their salt works to the British agents. In case the proprietors or tenants of salt works could not arrive at a voluntary agreement with the British agents, the Portuguese India government was to take necessary measures to let these salt works in farm to, and under the direction or administration of the British agents, so that these agents
could arrange to manufacture salt in these salt-works in most suitable manner possible. However, after the expiry of the farm, the proprietors were to obtain the possession of their salt-works and were entitled to get compensation for any damages during the farming out period.69

The British agents were empowered to suppress any salt-works which they thought were difficult to superintend or guard, or could not be worked with profit. The Portuguese government was bound to order the suppression of such works on the recommendation of the British agents.

The Treaty prohibited the manufacture and sale of salt, the collection of salt, spontaneously produced, and the transit and exportation of the same by sea and land, by any persons not delegated in this behalf by the British agents or by the persons who had not obtained from the British agents a permit in this regard. The Portuguese India government was to adopt in its territory the procedure and penalties in force in British India for the repression of smuggling and contraband practices in respect of salt. The Treaty ensured effective exercise of the above privilege by investing the British agents with certain powers. The British agents could enter and inspect at any time any salt work or any warehouse or premise used for storing salt, or any vessel which had been or was proposed to be laden with salt. They could arrest any person involved in smuggling or prohibited activity and, also, his accomplice. They had power to seize any salt which they thought to be used for contraband trade. The British agents were given effective powers to search persons, animals, carriages, vessels, goods and packages in or upon which they had reason to believe that contraband salt was concealed or likely to be concealed. They could seize animals, carriages or vessels used in transporting salt, and, also, all goods and packages in or among which it might be contained or concealed.70 They were armed with the right to obtain from the Portuguese authorities orders for arrests or searches, required in the proceedings against contraband of salt. As per the Treaty, it was the duty of the Portuguese government to appoint officers who were statutorily required to assist the British agents in their proceedings against contraband of salt. For this purpose, these officers were supposed to reside at or near salt-works.71
In accordance with the provisions contained in the article 12 of the Treaty, the British Government undertook to pay just compensation to the proprietors of saltworks which had been let in farm to the British agents or suppressed by the Portuguese India Government on the recommendation of the British agents. The article 15 of the Treaty of 1878 provided that the British Government, in accordance with the stipulations contained in the articles 11, 12, 13 and 14 of the Treaty would undertake to pay to the Portuguese Government an annual compensation of Rs. 4 lakh. It was, however, agreed by both the Governments that the amount of compensation was not to be paid to the Portuguese Government, but was to be held by the British Government as a collateral money to guarantee the Railway project agreement.  

The Treaty provided that whenever the British India government was to decide the suppression of the operation of the salt-works in Portuguese India, the responsibility to award compensation to the owners of the suppressed salt-works was to be carried out by the Mixed Commission appointed under the provision of the Treaty. The Mixed Commission awarded compensation to the owners of the suppressed salt-works and, also, to the owners of the saltworks which had been let in farm to the British agents. The amount of the compensation was to be decided on the basis of the average annual proceeds of the salt works, the average price of salt in the locality and (excluding duty) in the neighbouring British Indian districts and the damage, if any, caused to the proprietors by the suppression of their salt works, or by deprivation of the free use of them with respect to other cultivation and other rights of property.

Before the implementation of the provisions regarding salt in the Treaty, the saltpan owners had come to know what was the fate in store for them during the tenure of the Treaty. But, the seriousness of the misfortune which had visited them in the name of the Anglo-Portuguese Treaty was conveyed to them by none other than the delegate of the Crown Antonio Augusto de Aguiar who visited Portuguese India to take necessary steps for the execution of the Treaty. In a meeting of the saltpan owners convened by him in the Government Palace at Panaji on 2-12-1879, he informed them that the Treaty had made all saltpans of Portuguese India, the property of the British Government, and the salt to be produced in them the monopoly of that Gov-
ernment. He made clear the point that no change was possible in any clause of the Treaty. He informed further that in the existing circumstances, the salt pan owners had only two alternatives before them: (1) To cultivate the saltpans on their own account and pay the excise duty to the British India Government, after getting the licence for the same from that Government, or (2) to surrender the saltpans to the British agents and receive, in return, compensation which was to be determined by the Mixed Commission.

A Committee of the saltpan owners was appointed by the Crown delegate to formulate conditions for the cultivation of the saltpans by the owners. However, there was disagreement over the conditions for the cultivation of the saltpans between this committee of saltpan owners and the British delegate, which defied solution despite several meetings. Finally, the British delegate agreed, in a telegram to the saltpan owners of Goa Island, to buy from the saltpan owners salt upto 6 lakh maunds (22,392 tonnes) at the rate of 6 annas per maund.

Even though the saltpan owners were bound to follow the conditions laid down by the Treaty for the cultivation of salt in their saltpans, the saltpan owners of Bardez defied these conditions and continued producing salt without signing contract with the British Government. The Governor General banned the production of salt in this Concelho and instructed the administrators of all Concelhos to ensure that the saltpan owners would sign the contract with the British Government on or before 25-1-1880. Under the threat of the Portuguese India Government that failing to sign the contract, the owners would loose their saltpans as they would be taken over by the Government, the saltpan owners were forced to sign the contract. The Commissariat of Salt and Abkari had by that time initiated strict action against those owners from Bardez who had not signed contracts with British agents. In this way, the saltpan owners of Bardez had to submit themselves on the lines of the saltpan owners from other Concelhos of Goa to the conditions imposed by the British India Government and became the “leaseholders” of the British Government for a period of three years.

After the implementation of the Treaty, a contract was signed between the British India government and the saltpan owners of Goa on 25-1-1880. The contract
provided for the following:- (1) The British India Government would not import salt so long as Goan salt was available to meet the local demand in Goa. (2) The British agents would not interfere in the process and method of manufacturing and hours of work. The workers were not supposed to stay in the saltpans between 7.30 p.m. and 5 a.m., After the payment of excise duty salt could be removed between 7 a.m. and 6 p.m. The British agents would decide on the place where salt was to be deposited. (3) Fish, mud and other things from the saltpans will not be claimed by the British agents. Fishermen will be allowed to operate during the day. (4) The British agents will guard the salt pans. (5) The salt producers could produce whatever quantity of salt they wish to produce, subject to the condition that they should pay excise duty to the British government before removing the salt. The excise duties to be paid by the owners will be as per the rates in force in Bombay Presidency. (6) The saltpan owner would be bound to accept the requirement of the British agents to supply, in proportion to the area of his saltpan, the salt required for local consumption at the rate of 2.5 annas per Indian maund. This salt will not pay British excise duty. (7) The saltpan owner will be bound to supply, in proportion to the area of his salt pan, the salt required for the purpose of manure or fish curing. The rate of this salt will be decided by the Portuguese India and British India governments. This salt was not required to pay any excise duty.

The contract stipulated that the British agents would buy upto 7 lakh maunds (26,124 tonnes) of salt from the saltpan owners. Whatever stocks of salt will be in the possession of saltpan owners on the 10th November of every year, will be bought by the British agents, subject to the maximum limit of 7 lakh maunds, (26,124 tonnes) at the rate of 6 annas per maund. 79

Both the contracting parties to the Treaty of 1878 agreed upon an additional article, dated 8th March 1879, to the said Treaty, which stated that both the countries should reconsider the stipulations of the article XII of the Treaty in order to alter, modify or improve the same and remove any abuses which might have arisen in the practical application of these stipulations. Accordingly, an agreement was signed in Lisbon on 24-9-1884 concerning measures to regulate the implementation of the arti-
cle XII of the Treaty. In pursuance with this agreement, a mixed commission was to meet in Goa to make a new award of the compensation to be paid from the beginning of the fourth year of the Treaty (15-1-1883) to all the proprietors of salt works in Goa, whose salt works had been placed in charge of the British agents before the above date and who had received compensation as awarded by the Mixed Commission of 1880, up to the end of the 3rd year of the Treaty. The Mixed Commission was also to award compensation to 1) all the proprietors of Goa and Daman whose salt works had been placed in charge of the British agents since 15-1-1883, 2) The proprietors of Daman, since 15-1-1883 whose saltworks were to be suppressed, and 3) The Government of Diu.

As per the same agreement signed in Lisbon on 24-9-1884 in pursuance with the additional article of 8-3-1879 the existing arrangement as regards the supply of salt by the British agents to the Portuguese government to enable it to sell the same to the people for their domestic consumption, was changed. Under the existing arrangement, the British agents were supplying this salt to the Portuguese government at the rate of 1 anna 8 pies per maund in Goa and 1 anna 6 pies per maund in Daman and Diu. The new arrangement which was introduced from 1-11-1885 was to proceed on the following lines:

The British agents were required to hand over to any person or persons willing to undertake production of salt, any two groups of salt works to be selected by the Portuguese government from among those salt-works which had been transferred to the British agents. The persons willing to undertake production of salt on these two groups of salt-works were to be authorized by the Portuguese government. Out of these two groups of salt works, one was to be from Goa Island and the other from Salsete. Salt produced in these saltworks was to be used by the Government of Portuguese India for distributing it to the people of Goa for their domestic consumption, subject to the condition that per head annual quota was to be 14 pounds. Salt of inferior quality produced in these salt-works was to be supplied by the Government to the cultivators for manuring their farms or coconut groves. Thus, the Agreement signed in pursuance with the Additional Article of 8-3-1879 provided for the transfer of some
salt-works in charge of British agents, to the Portuguese government to enable it to produce salt to meet the domestic consumption requirements of the people and the needs of the cultivators in respect of the manuring of farms and coconut-groves. Such salt was not subject to the excise duties of the British Government. The new arrangement for the supply of salt for domestic consumption and manuring purposes stipulated that if the production in the salt-works meant for the above purposes was less than the needs of the people, the deficiency was to be made up by the British Government, and if production was surplus, the same government would buy this surplus quantity and, also, reduce proportionately the area of salt-works transferred to the Portuguese Government. 81

So far as inferior quality salt was concerned, it was agreed that such salt should be denaturalized before it was sold to the cultivators for manuring purposes. The Agreement of 24-9-1884 provided for the enlargement of the limit within which the British agents had powers to arrest persons indulging in stealing or smuggling of salt from the salt-works or otherwise in the act of committing contraband. This limit was enlarged to 100 yards from 1-11-1884, but it was not to include inhabited houses or villages. The inviolability of domicile guaranteed by the 'Carta Constitucional' to the people was to be honoured.

Another provision agreed upon in the said agreement was that the requirement of the unsold salt to be destroyed after six months, was relaxed and the period was extended to 12 months from the first June of every year, in the case of any proprietor of salt works in Goa agreeing to work under the British excise system. 82

4.6 THE STATE OF THE SALT INDUSTRY DURING THE TENURE OF THE TREATY

The production of salt in Goa during the period when the Treaty of 1878 was in force, suffered a lot because of the restrictions and controls imposed by the monopoly of the British India Government in the manufacture and sale of salt in Portuguese India. The figures of the production of salt during the tenure of the Treaty (1880-1891) depicted by the Table 4.03 show that the production was neither steadily increasing nor was stable. During the first year of the implementation of the Treaty,
Goa produced 14,112.67 tonnes of salt, which increased in the second year to 17,074.17 tonnes, but, from this year, kept a decreasing trend up to 1883 when production reached the level of 7,062.86 tonnes. During the year 1884, it slightly increased to 7,882.71 tonnes. The peculiarity of this year is that production of salt in Salsete did not take place at all. During the next year, there was a rise in the salt production to 13,374.37 tonnes. After fluctuations in the salt production up to 1888, the salt production kept an increasing trend up to the last year of the Treaty (1891) when the production of salt in Goa was maximum --- 22,663.61 tonnes among all the years during which the Treaty was in force. The average annual production of salt during the 12 years period of the Treaty was 13,866.5 tonnes. The Table 4.03 shows that the minimum production of salt was registered during 1883 when production was 7,062.86 tonnes. 83

As regards the salt works in Goa, the Table 4.03 shows that the number of salt works in operation kept fluctuating during the tenure of the salt monopoly exercised by the British Government. During the first year, the number of salt works in operation was 263. It increased to 330 in the second year, keeping a decreasing trend since this year, to reach the lowest level of 87 salt works in 1884. The cause of this substantial fall in the number of salt works under cultivation was that during this year no salt-work was under cultivation in Salsete. From this year onwards up to 1889, we notice fluctuations in the number of the salt works under cultivation. From 1889, the number of the salt-works under operation decreased to reach the level of 268 during the last year of the Treaty.

If we analyse the figures of the production of salt and of the number of salt works under operation during this period, we arrive at the following conclusions:-

I. During the tenure of the Treaty annual production of salt increased by 60.5%.

ii. During the same period the number of salt-works increased by just 2%.

iii. The wide disparity between the above two percentages indicates that the increase in the production of salt between the first and the last year of the Treaty, was due to the increase in the production of the existing salt-works which were put to more intensive cultivation during the period of the Treaty. 84
TABLE 4.03
SALT PRODUCTION IN GOA DURING THE TENURE OF THE TREATY OF 1878

<table>
<thead>
<tr>
<th>YEAR</th>
<th>No of salt works under cultivation</th>
<th>Total production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maunds</td>
</tr>
<tr>
<td>1880</td>
<td>263</td>
<td>378,152</td>
</tr>
<tr>
<td>1881</td>
<td>330</td>
<td>457,506</td>
</tr>
<tr>
<td>1882</td>
<td>327</td>
<td>413,176</td>
</tr>
<tr>
<td>1883</td>
<td>109</td>
<td>189,251</td>
</tr>
<tr>
<td>1884</td>
<td>87</td>
<td>211,219</td>
</tr>
<tr>
<td>1885</td>
<td>278</td>
<td>358,369</td>
</tr>
<tr>
<td>1886</td>
<td>237</td>
<td>342,500</td>
</tr>
<tr>
<td>1887</td>
<td>244</td>
<td>403,545</td>
</tr>
<tr>
<td>1888</td>
<td>232</td>
<td>236,864</td>
</tr>
<tr>
<td>1889</td>
<td>277</td>
<td>393,572</td>
</tr>
<tr>
<td>1890</td>
<td>275</td>
<td>467,241</td>
</tr>
<tr>
<td>1891</td>
<td>268</td>
<td>607,276</td>
</tr>
</tbody>
</table>

Note: Quantities are converted into tonnes.
Source: Franscisco Xavier Ernesto Fernandes, India Portuguesa Estudos Economicos Sociais, Bastora, 1905, p.214

4.6.1 SALT PRODUCTION DURING THE TREATY IN DIFFERENT CONCELHOS

The Table 4.04 shows production figures and the number of salt works which were under operation, during the tenure of the Treaty, in different Concehlos: 85

Salsete: The production of salt in Salsete was subject to fluctuations during this period. The total output of salt during the first year was 3,859.87 tonnes which decreased in the next year to 3,679.9 tonnes and increased to 4,165 tonnes in the year 1882. In 1883, the production of salt in Salsete was lowest (872.1 tonnes) among the production figures of the entire period during which the Treaty was in force. As mentioned before, in 1884 there was no production of salt in Salsete. From the year 1885, production of salt kept an increasing trend, but the year 1888 witnessed substantial fall, reaching the level of 969.57 tonnes. In 1889 there was manifold increase in the
TABLE 4.04
SALT PRODUCTION IN DIFFERENT CONCELHOS OF GOA UNDER THE TREATY OF 1878 (1880-1891)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SALSETE</th>
<th>Production</th>
<th>No. of salt works</th>
<th>BARDEZ</th>
<th>Production</th>
<th>No. of salt works</th>
<th>GOA ISLAND</th>
<th>Production</th>
<th>No. of salt works</th>
<th>PERNEM</th>
<th>Production</th>
<th>No. of salt works</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>136</td>
<td>103426</td>
<td>61</td>
<td>139193</td>
<td>114430</td>
<td>55</td>
<td>117103</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1881</td>
<td>164</td>
<td>98604</td>
<td>64</td>
<td>141234</td>
<td>189234</td>
<td>83</td>
<td>28434</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1882</td>
<td>164</td>
<td>111604</td>
<td>63</td>
<td>124788</td>
<td>150212</td>
<td>81</td>
<td>26572</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1883</td>
<td>36</td>
<td>23369</td>
<td>52</td>
<td>138172</td>
<td>1473</td>
<td>3</td>
<td>26237</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1884</td>
<td>-</td>
<td>-</td>
<td>54</td>
<td>155463</td>
<td>32118</td>
<td>21</td>
<td>23638</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1885</td>
<td>95</td>
<td>56340</td>
<td>61</td>
<td>137040</td>
<td>138078</td>
<td>65</td>
<td>26911</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1886</td>
<td>104</td>
<td>70475</td>
<td>61</td>
<td>126016</td>
<td>125165</td>
<td>55</td>
<td>20844</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1887</td>
<td>108</td>
<td>81780</td>
<td>64</td>
<td>149412</td>
<td>143623</td>
<td>56</td>
<td>28530</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1888</td>
<td>101</td>
<td>52980</td>
<td>61</td>
<td>106853</td>
<td>83400</td>
<td>53</td>
<td>20631</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1889</td>
<td>114</td>
<td>118782</td>
<td>62</td>
<td>41109</td>
<td>206969</td>
<td>82</td>
<td>26712</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1890</td>
<td>112</td>
<td>84934</td>
<td>62</td>
<td>139902</td>
<td>219453</td>
<td>84</td>
<td>22955</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
<tr>
<td>1891</td>
<td>111</td>
<td>135481</td>
<td>61</td>
<td>174838</td>
<td>273951</td>
<td>80</td>
<td>22006</td>
<td>(3859.87)</td>
<td>(5194.7)</td>
<td>(4270.5)</td>
<td>(638.3)</td>
<td></td>
</tr>
</tbody>
</table>

Note:- (a) salt production in maunds (b) quantities in brackets indicate salt output in tonnes
Source:- Francisco Xavier Ernesto Fernandes, India Portuguesa, Estudos Economicos Sociais, Bastora, 1905, p.214
production of salt as compared to the previous year. This rise was 357%. The pro-
duction of salt again decreased in 1890 to witness a substantial rise in the next year.
There were also fluctuations in the number of salt-works which worked during the
period of the Treaty. In 1880, the number of these salt-works was 136 which in-
creased to 164 in 1881 and 1882, but witnessed a sharp fall in 1883 reaching the low-
est level (36) during this year. After the entire lot of salt works remaining inactive in
1884, the number of salt works in 1885 increased to 95, which after increasing for 2
years, fluctuated in the subsequent period.

The number of salt works which worked during the period of the Treaty de-
creased from 136 in 1880 to 111 in 1891, amounting to 18.4% fall. Despite this fall,
we experience 31% rise in the annual production of salt between the years 1880 and
1891. We also note that during some years, even though there has been rise in the
number of salt-works, the quantity produced of salt has registered a substantial fall.
For example, between 1880 and 1881, the number of salt works increased by 28, but
the quantity produced decreased by 180 tonnes.

Bardez: The salt production during the first year of the Treaty was 5,194.7 tonnes,
which increased by just 1.4% during the second year, but decreased to 4,657 tonnes in
1882. From this year it kept an increasing trend upto 1884 and then decreased to
4,702.9 tonnes. From 1887, the production of salt decreased and reached the mini-
mum level of 1,534.2 tonnes in 1889. The production then rose till the last year of the
Treaty. Over the period of the tenure of the Treaty, the annual production of salt in
Bardez increased from 5,194.7 tonnes to 6,525 tonnes, amounting to an increase of
25.6%. We note that, even though the number of salt-works remained the same dur-
ing some years, there were wide variations in the salt output. For example, in 1889
and in 1890 the number of salt works was 62, but production in 1890 was 240% more
than what it was in 1889. It is further observed that even though the number of salt-
works decreased during some years there was increase in the quantity produced of
salt. For example, when in 1882, 63 salt works produced 4,657 tonnes of salt, in
1884, 54 salt works produced 5,801.9 tonnes of salt.
As regards the number of salt works worked it remained constant or marginally increased except for the year 1883 and 1884 when the number of salt works was 52 and 54, respectively. Over, the period of the Treaty, the number of the salt-works fluctuated in Bardez, but the number of the salt-works in the first year of the Treaty was the same (61) as that in the last year.

**Goa Island:** The production of salt in Goa Island was 4,270.5 tonnes in the first year of the Treaty. During the second year, the production rose to 7,062.2 tonnes, but in 1882 decreased to 5,606 tonnes. In the year 1883 only 3 salt-works were at work and the production was minimum, reaching the level of 55 tonnes. From this year, the production increased to 5,153 tonnes in 1885, but in 1888 decreased to the level of 3,112.5 tonnes. From this year up to the last year of the Treaty the salt production kept an increasing trend reaching the level of 10,223.8 tonnes. The increase between the first year and the last year of the Treaty amounts to 139.4%. Maximum production of salt was registered in the last year of the Treaty. We further notice that even though there was decrease in the number of saltworks during some years, the quantity produced of salt was found increased. For example, in 1891, the number of salt works was 80 which was less than that in 1881 by 3. Inspite of this, the salt production in 1891 was more than that in 1881 by a quantity of 3,161.6 tonnes. As regards the number of saltpans, we note that there were fluctuations in it, over the period of the Treaty. The number which was 55 in the first year, increased to 80 in the last year of the Treaty. The salt works which were under operation during 1883, were minimum in number - just three - among all the years of the Treaty.

**Pernem:** The production of salt in Pernem was 638.3 tonnes during the first year of the Treaty. Over the period of the Treaty there were fluctuations in the production of salt in this Concelho. The production increased to 1,061.2 tonnes in 1881, but remained more or less stable at the level of 970 tonnes, during the next two years. In the subsequent period, the salt production was subject to variations. These variations occurred even though the number of salt works under operation remained the same during some years. For example, during the years 1885, 1886, 1888 and 1890, the number of salt works under operation remained at the level of 17, but production
during these years was 1,004.3 tonnes, 778 tonnes, 770 tonnes and 856.7 tonnes, respectively. During some years, when the number of saltworks was less, the salt production was more than what it was when the number of salt-works was more. For example, when the number of salt-works was 12 in 1884, the production was 882.2 tonnes which was more than that in 1886, 1888 and 1890, during which the number of salt-works was 17. Between the first and the last year of the Treaty, the number of saltworks under operation increased from 11 to 16 which amounted to an increase of 45%, and the annual salt production registered an increase of 183 tonnes which amounted to a rise of 28%.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>No of Salt works Worked</th>
<th>Average Salt output per each salt work under operation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maunds</td>
</tr>
<tr>
<td>1880</td>
<td>263</td>
<td>1,437.0</td>
</tr>
<tr>
<td>1881</td>
<td>330</td>
<td>1,386.0</td>
</tr>
<tr>
<td>1882</td>
<td>327</td>
<td>1,263.5</td>
</tr>
<tr>
<td>1883</td>
<td>109</td>
<td>1,736.0</td>
</tr>
<tr>
<td>1884</td>
<td>87</td>
<td>2,427.8</td>
</tr>
<tr>
<td>1885</td>
<td>278</td>
<td>1,289.0</td>
</tr>
<tr>
<td>1886</td>
<td>237</td>
<td>1,445.0</td>
</tr>
<tr>
<td>1887</td>
<td>244</td>
<td>1,653.8</td>
</tr>
<tr>
<td>1888</td>
<td>232</td>
<td>1,021.0</td>
</tr>
<tr>
<td>1889</td>
<td>277</td>
<td>1,420.8</td>
</tr>
<tr>
<td>1890</td>
<td>275</td>
<td>1,699.0</td>
</tr>
<tr>
<td>1891</td>
<td>268</td>
<td>2,266.0</td>
</tr>
</tbody>
</table>

Note: The table is compiled on the basis of the table 4.03. Quantities are converted into tonnes
4.6.2 AVERAGE SALT PRODUCTION PER EACH SALT WORK UNDER OPERATION

The Table 4.05 shows the average quantity of salt produced in Goa per each salt work under operation during the period of the Treaty of 1878, when the manufacture of salt in all the salt works in Goa was the monopoly of the British India Government.⁸⁶

The analysis of the average salt output in Goa per each saltwork during the tenure of the Treaty focuses certain features of salt production during the Treaty. It is found that when the number of salt works was minimum (87) in 1884, the average salt output per each salt work was maximum. It was 90.6 tonnes. When the number of salt works in 1882 was 327 which was maximum number during the period, the average salt output per each salt work was very less (47.15 tonnes). Total output of salt in 1891 was maximum, but average salt output per each salt work was not maximum. It was 84.56 tonnes which was less than what it was in 1884 when the number of salt works was minimum.

The study of the salt production per each saltwork in different Concelhos of Goa enables us to draw certain important conclusions regarding the differences among the salt-producing Concelhos of Goa. It is clear from the Table 4.06 that even though the number of saltworks was largest in Salsete among all Concelhos of Goa, average output per each salt work was smallest. On the contrary, in Pernem even with the smallest number of saltworks among all Concelhos of Goa, average output per each salt-work was higher than what it was in case of Salsete. In Bardez and Goa Island average output per each salt-work was comparatively higher than that in other two Concelhos. The cause of average output per each salt-work in Salsete being comparatively very less may be that the size of the salt-works in this Concelho was smaller than that in other Concelhos. It may also be possible that there were variations in the productivity of the salt-works in different Concelhos.⁸⁷
<table>
<thead>
<tr>
<th>YEAR</th>
<th>SALSETE</th>
<th>BARDEZ</th>
<th>GOA ISLAND</th>
<th>PERNEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of salt works</td>
<td>Output per each salt work</td>
<td>No. of salt works</td>
<td>Output per each salt work</td>
</tr>
<tr>
<td>1880</td>
<td>136</td>
<td>760 (28.36)</td>
<td>61</td>
<td>2281 (85.12)</td>
</tr>
<tr>
<td>1881</td>
<td>164</td>
<td>601 (22.43)</td>
<td>64</td>
<td>2206 (82.32)</td>
</tr>
<tr>
<td>1882</td>
<td>164</td>
<td>680 (25.37)</td>
<td>63</td>
<td>1980 (73.9)</td>
</tr>
<tr>
<td>1883</td>
<td>36</td>
<td>649 (24.22)</td>
<td>52</td>
<td>2657 (99)</td>
</tr>
<tr>
<td>1884</td>
<td>-</td>
<td>-</td>
<td>54</td>
<td>2879 (107.4)</td>
</tr>
<tr>
<td>1885</td>
<td>95</td>
<td>593 (22.13)</td>
<td>61</td>
<td>2246 (83.82)</td>
</tr>
<tr>
<td>1886</td>
<td>104</td>
<td>677 (25.26)</td>
<td>61</td>
<td>2065 (77)</td>
</tr>
<tr>
<td>1887</td>
<td>108</td>
<td>757 (28.25)</td>
<td>64</td>
<td>2334 (87.1)</td>
</tr>
<tr>
<td>1888</td>
<td>101</td>
<td>257 (9.6)</td>
<td>61</td>
<td>1751 (65.34)</td>
</tr>
<tr>
<td>1889</td>
<td>114</td>
<td>1041 (38.85)</td>
<td>62</td>
<td>663 (24.74)</td>
</tr>
<tr>
<td>1890</td>
<td>112</td>
<td>758 (28.28)</td>
<td>62</td>
<td>2256 (84.2)</td>
</tr>
<tr>
<td>1891</td>
<td>111</td>
<td>1220 (45.53)</td>
<td>61</td>
<td>2866 (107)</td>
</tr>
</tbody>
</table>

Note: (a) The table is compiled on the basis of the table 4.04; (b) salt output in maunds; (c) quantities in brackets indicate salt output in tonnes.
4.6.3 SALT PRODUCTION IN GOA DURING THE INITIAL PERIOD OF THE TREATY OF 1878 - ITS CHARACTERISTIC FEATURES

It is worth analysing the production of salt in Goa during the initial period of the Treaty of 1878. The report of the Gerencia for the second year of the implementation of the Treaty, throws light on the characteristic features of the salt production during this initial period. Although the figures of the salt production and the number of saltpans during the first two years of the Treaty differ from those given by Earnesto Fernandes in his study of the Goan salt industry during the tenure of the Treaty of 1878, the data contained in the aforesaid report of the Gerencia, help us to know the break-up of the salt production and of the number of salt-pans in Goa among different categoriers thereof. During the first year of the Treaty only those proprietors who signed contracts with the British agents to produce salt on their own account undertook the production of salt in Goa. During the second year, besides the above mentioned proprietors, British agents also produced salt, by special contracts, on a number of saltpans, the proprietors of which had been provided compensation by the British agents. As a result, the total production of salt in Goa which was 14,541.8 tonnes in the first year, as per the figures provided by the report of the Gerencia, increased to 18,448 tonnes during the second year of the Treaty, amounting to 26.8% rise between the two years. During the second year, as shown in the Table 4.07, the production of salt by the proprietors who signed contract with the British agents to produce salt on their own account was more than the production of salt by the British agents on the saltpans, the proprietors of which were compensated by the British Government, in all the four salt producing Concelhos of Goa. In the first category, Bardez produced maximum salt followed by Goa Island, Salsete and Pernem. Total salt produced in Goa in this first category was 14,809.2 tonnes. In the second category, Goa Island produced maximum salt followed by Salsete and Bardez. In Pernem, production under this category was nil. Total salt produced in Goa in the seond category was 3,638.7 tonnes. Thus, out of 18,448 tonnes of salt which was the total production of salt during the second year of the Treaty, salt produced by the salt proprietors on their own account was about 80% and salt produced by the British agents on the saltpans,
the proprietors of which were compensated by the British government, was about 20%. 89

### TABLE 4.07
PRODUCTION OF SALT DURING THE SECOND YEAR OF THE TREATY

<table>
<thead>
<tr>
<th>Concelhos</th>
<th>Production by the proprietors who signed contracts with the British agents to produce salt on their own account</th>
<th>Production by the British agents by special contracts, on saltpans, the proprietors of which were compensated by the British Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maunds</td>
<td>Tonnes</td>
</tr>
<tr>
<td>Goa Island</td>
<td>130,423</td>
<td>4,867.4</td>
</tr>
<tr>
<td>Salsete</td>
<td>89,897</td>
<td>3,355</td>
</tr>
<tr>
<td>Bardez</td>
<td>147,849</td>
<td>5,517.7</td>
</tr>
<tr>
<td>Pernem</td>
<td>28,647</td>
<td>1,069</td>
</tr>
<tr>
<td>Goa (Total)</td>
<td>396,816</td>
<td>14,809.2</td>
</tr>
</tbody>
</table>

Note:- Quantities are converted into tonnes

During the first three years of the Treaty, the proprietors of 289 saltpans in Goa signed contracts with British agents to cultivate these saltpans on their own account. Out of this, the maximum number of saltpans under the above category belonged to Salsete. Salsete had 134 saltpans of this category. Bardez, Goa Island and Pernem had 70, 67 and 18 saltpans, respectively. During the same period of the first three years, 162 proprietors signed contracts with the British agents and, accordingly, were awarded compensation by the Mixed Commission. Out of this, maximum number of saltpans (88) which got compensation from the Mixed Commission, were from Goa Island followed by Salsete (70). Bardez and Pernem had two saltpans, the proprietors of which got compensation from the Mixed Commission. There were five saltpans in Goa (4 in Goa Island and 1 in Pernem), the proprietors of which neither signed contracts with the British agents to cultivate the same on their own account nor were compensated by the Mixed Commission, since they had remained uncultivated for more than 10 years. During this period, there were 43 saltpans in Goa, in the case of which ownership of the saltpans was lying with two or more proprietors. Maxi-
mum number of such saltpans was in Salsete with 30 saltpans of this category, followed by Goa Island (11). Bardez and Pernem had 1 each.

It was observed that some proprietors of these saltpans signed contracts with the British agents and others did not.90

During the initial period of the implementation of the Treaty one notices a sizeable percentage of the saltpans in Goa remaining uncultivated.

The Table 4.08 indicates that between the first and second year of the Treaty, there has been increase in the number of salt-pan cultivated entirely, in all the salt-producing Concelhos of Goa. As the British salt monopoly, brought about by the Treaty of 1878, came as a blow to the salt industry of Portuguese India, a large number of saltpans remained uncultivated during the first year of the Treaty. Their number in different Concelhos was as follows: Goa Island 112; Salsete 95; Bardez 11; and Pernem 5. The number of saltpans cultivated entirely, during the first year in these Concelhos was 49, 117, 61 and 16, respectively. During the second year, when the saltpan owners adjusted themselves to the new situation, the number of the uncultivated saltpans decreased to 84, 67, 8 and 3, and that of the saltpans cultivated in their entirety, increased to 84, 160, 65 and 19, respectively. Between the first and second year, the number of saltpans cultivated partially, decreased in Goa Island and Salsete, and in Bardez and Salsete no saltpan was brought under partial cultivation.91

On the basis of the above figures, we can arrive at the total number of saltpans under different categories pertaining to the territory of Goa. The Table No. 4.09 shows the total number of saltpans which were cultivated entirely in Goa along with the number of saltpans which were cultivated partially and which remained uncultivated during the first and second year of the Treaty.

As regards the number of saltpans in different categories, we notice that for the entire territory of Goa, the number of saltpans cultivated entirely was 243 in the first year of the Treaty. The number of saltpans which remained uncultivated was 223, and 33 saltpans were found cultivated partially during this year. During the second year of the Treaty, these figures were 328; 162 and 9, respectively. It is clear from the above, that during the first year of the Treaty 44.6% of the saltpans remained unculti-
vated and 48.6% of the total number of saltpans were cultivated entirely. The percentage of the saltpans cultivated partially was 6.6% of the total number of saltpans in Goa.

During the second year, the above percentages were as follows: Saltpans which were cultivated entirely: 65.7%; saltpans which remained uncultivated: 32.4% and saltpans which were cultivated partially: 1.8%.

|TABLE 4.08| NUMBER OF SALTPANS IN DIFFERENT CATEGORIES IN FOUR CONCELHOS OF GOA (FIRST AND SECOND YEAR OF THE TREATY) |
|---|---|---|
|Concelho| No. of saltpans cultivated entirely| No. of saltpans cultivated partially| No. of saltpans without being cultivated|
|GOA ISLAND| 1. First year of the Treaty| 49| 9| 112|
| | 2. Second year of the Treaty| 84| 2| 84|
|SALSETE| 1. First year of the Treaty| 117| 22| 95|
| | 2. Second year of the Treaty| 160| 7| 67|
|BARDEZ| 1. First year of the Treaty| 61| 1| 11|
| | 2. Second year of the Treaty| 65| 0| 8|
|PERNEM| 1. First year of the Treaty| 16| 1| 5|
| | 2. Second year of the Treaty| 19| 0| 3|

Source: Relatorio Geral da Gerencia do Sal e Abkari, 1882, p.3

|TABLE 4.09| TOTAL NUMBER OF SALTPANS UNDER DIFFERENT CATEGORIES IN GOA (FIRST AND SECOND YEAR OF THE TREATY) |
|---|---|---|
|Saltpans| First Year of the Treaty| Second Year of the Treaty|
|1. Cultivated entirely| 243| 328|
|2. Cultivated partially| 33| 9|
|3. Without being cultivated| 223| 162|
|4. Total| 499| 499|

Source: Relatorio Geral da Gerencia do Sal e Abkari, 1882, p.3
The above analysis explains us that the percentage of the saltpans which remained uncultivated decreased by 16% and that of the saltpans which were cultivated entirely registered an increase of 17% between the first and second year. The percentage of the saltpans cultivated partially decreased by 4.8%.

4.6.4 COMPENSATION RECEIVED BY THE SALTPAN OWNERS OF PORTUGUESE INDIA FROM THE BRITISH INDIA GOVERNMENT

In accordance with the provisions contained in the article 12 of the Treaty, the British Government paid compensation to the proprietors of salt works which had been let in farm to the British agents or suppressed by the Portuguese India Government on the recommendation of the British agents. The salt works owners in Portuguese India received from the British India Government an annual compensation of Rs. 135,518. The Table 4.10 gives the break-up of the compensation paid by the said Government to the saltworks owners in different salt-producing areas of Portuguese India. The Goan salt-pan owners got Rs. 92,197 as an annual compensation from the British India Government, while Daman and Diu received Rs. 38,864 and Rs. 4,456, respectively. The maximum compensation was received by the owners of the saltpans in Salsete followed by those in Daman. However, the compensation did not mitigate fully the losses of the salt-pan owners whose salt-works were suppressed by the British government. Moreover, the compensation was paid only for saltpans which were in operation. There were many saltpans owners who had saltpans which were not in operation but the owners had started preparatory work on these saltpans and had incurred expenditure so as to undertake production of the commodity. Such saltpans were not paid compensation even though the owners incurred losses as they could not undertake production of salt as a result of the provisions of the Treaty, relating to salt manufacture. Thus, the provisions related to compensation to be paid to the saltpan owners were unjust and discriminatory. That the Britishers were not sincere in their policy as regards the payment of compensation, was proved by one more fact. The British India government did not pay compensation to the saltpan owners for the year 1892, the year when the Treaty came to an end. Even though the owners were eligible to receive the compensation as per the provisions of the Treaty, they were not paid the
same and, as a result, had to make organised efforts in the form of public meetings and other means to pursue their genuine case.

TABLE 4.10
COMPENSATION RECEIVED BY THE SALT-PAN OWNERS FROM THE BRITISH INDIA GOVERNMENT UNDER THE TREATY OF 1878 (in Rupees)

<table>
<thead>
<tr>
<th>Concelho/District</th>
<th>Total compensation received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salt-pan owners of Salsete</td>
<td>59,361</td>
</tr>
<tr>
<td>2. Salt-pan owners of Goa Island</td>
<td>28,105</td>
</tr>
<tr>
<td>3. Salt-pan owners of Bardez and Pernem</td>
<td>4,731</td>
</tr>
<tr>
<td>4. Salt-pan owners of Daman</td>
<td>38,864</td>
</tr>
<tr>
<td>5. Salt-pan owners of Diu</td>
<td>4,456</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>135,518</strong></td>
</tr>
</tbody>
</table>

Source:- Amancio Gracias, 'O Caminho de Ferro e Porto de Mormugao'. Bastora, Tipografia Rangel, 1940, p.80

4.6.5 TOTAL SALT RECEIVED BY THE BRITISH AGENTS DURING THE FIRST 2 YEARS

The state of the salt industry in Goa can also be gauged on the basis of the total salt received by the British agents from the proprietors of the saltworks in Goa. The figures given below pertain to the first two years after the implementation of the Treaty.

As per the provision in the Treaty of 1878, as regards the monopoly of salt manufacture and sale exercised by the British India Government, the proprietors of salt pans in Goa who had signed contracts with the British agents to produce salt on their own account had an obligation to hand over to the British agents the quantity of salt produced by them. During the first year of the Treaty, the British agents received from the proprietors 8,425.5 tonnes of salt. The British agents paid Rs. 78,046 as the value of the salt they received from the salt-pan proprietors. The share of Goa Island in the quantity of salt received by the British agents was 3,868.5 tonnes which was 46% of the total salt received by the British agents.

In the second year of the Treaty, the British agents received 6,905.2 tonnes of salt against the payment of Rs. 59,481 by the British Asst. Collector. It meant that
between the first and second year of the Treaty, the British agents received 1,520.3 tonnes less salt from the proprietors. It is observed that even though the production of salt between these 2 years increased in Bardez, salt received by the British agents in this Concelho decreased from 1,404.5 tonnes to 344.8 tonnes. There was also a fall in the salt handed over to the British agents in Salsete from 3,094 tonnes to 2,239.7 tonnes. But this fall was understandable since salt production itself had decreased in this Concelho during this period. 95

The state of the salt industry in Goa, during the tenure of the Treaty, can be understood better, if we know the total quantity of salt sold in Goa and the different channels in which this salt was used. The data pertaining to the total quantity of salt sold in Goa by the proprietors of the saltpans and the British agents, in the second year of the Treaty, and its break-up, given below, into different quantities as per its uses, can give us an idea about the shares of exports and internal consumption in the quantity of salt sold in Goa. The proprietors sold 6,513.7 tonnes of salt during this year. The salt sold by the British agents was more than 1,723.3 tonnes. Total salt sold in Goa was, thus, 8,237 tonnes during the second year of the Treaty. 96 This quantity was used in the following manner:-

<table>
<thead>
<tr>
<th>Purpose for which sold</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maunds</td>
</tr>
<tr>
<td>1. Export by Sea</td>
<td>109,876</td>
</tr>
<tr>
<td>2. Export by land</td>
<td>105,838</td>
</tr>
<tr>
<td>3. Internal Consumption</td>
<td>5,002</td>
</tr>
</tbody>
</table>

Note:- Quantities are covert into tonnes
Source:-- Relatorio Geral da Gerencia do Commissariado do Sal e Abkari, 1882, p.3

The total export of salt was, thus, 8,050.5 tonnes. Goan salt was exported to Vengurla, Malvan, North Kanara, South Kanara, Belgaum, Sawantwadi, Ratnagiri and other nearby and remote places. 186.67 tonnes of salt which was sold for internal
consumption was supplied to the private people and to shopkeepers under licences granted by the British Agents. 97

Besides the above quantity of salt sold by the proprietors and the British agents, salt amounting to 1,047.8 tonnes was sold in Goa by the British agents for the purpose of fish-curing. The rate charged by the British agents was 6 annas per maund. The total quantity of fish which was salted with the help of the above salt was 2,995 tonnes in Goa. Bardez registered maximum sale of salt for fish curing, which amounted to 475.2 tonnes. This quantity was 45% of the total salt sold in Goa for the purpose of fish-curing.

The British agents sold in Goa during the same period 24.8 tonnes of salt for being used as a manure in rice farms and fruit gardens. The rate charged by the British agents for the salt to be used as manure was 2.5 annas per maund. 98

4.6.6 PUBLIC DISTRIBUTION OF SALT DURING THE TENURE OF THE TREATY OF 1878

The British salt monopoly in Portuguese India created in this territory an elaborate and well planned system of public distribution of salt, aiming at supplying salt to the people for their personal consumption. This system was unique in the Portuguese Indian territory throughout the period of the 19th Century. It worked through 'Estancos' (Public distribution centres acting, also, as warehouses) which were set up by the Portuguese India Government in different parts of the territory. The 'Estancos' were constructed by the Public Works Department of Portuguese India. They were selling salt to the citizens for their domestic consumption. 99 After the construction of the 'Estanco' by the Public Works Department or after availing premises for the 'Estanco', the public distribution work in respect of salt for domestic consumption was leased to the highest bidder participating in the auction for the same. The Village Chief (Regedor) had powers to put at the disposal of the lease-holder of the 'Estanco', a part of the salt produced by the salt-owners, which was destined for this purpose. The British agents had to verify this quantity before handing it over to the leaseholder of the 'Estanco'. 100
As per the article XII of the Treaty, the Portuguese India Government established a net-work of ‘Estancos’ in many parts of the territory for the distribution of salt for domestic consumption. The Table 4.12 shows the names of the places in each Concelho where ‘Estancos’ were set up by the Government. In all 18 estancos were established in 1880. Besides this, one depot was set up at Angediva Island. In the third year of the Treaty two more ‘Estancos’ were started by the Government, one at Betim (Bardez) and the other at Arambol (Pernem).

The public distribution of salt through ‘Estancos’ was nothing but a system of rationing of salt by fixing an annual quota of salt per individual for his or her domestic consumption. In accordance with what was stipulated in the Treaty, each person’s quota was 7 seers, i.e. 14 lbs. per annum. The ‘Estancos’ were supplying this quantity in four quarterly instalments. Each individual was being supplied one seer for the first quarterly and two seers for each of the next quarterlies. The remaining salt was received by the people in the remaining quarterlies. The price charged by the ‘Estancos’ per seer of salt was 30 old reis or 8 reis of Convention. From the third year of the Treaty, the ‘estancos’ started selling salt at the rate of 15 old reis or 4 reis of Convention per seer. This amounted to 50% reduction in the rate of salt charged by the ‘estancos’ in the past.

The Portuguese India government, even under the British monopoly of salt manufacture and sale in Portuguese India, was careful in ensuring that the people of the territory get good quality salt from the ‘estancos’. Whenever low quality salt was being supplied to the people by the ‘estancos’, the Commissariat of Salt and Abkari was giving instructions to the British Collector through the Administrator of the respective Concelho to withdraw such salt from the ‘estancos’ and replace it by good quality salt. The lease-holders of the ‘estancos’ were also instructed to stop selling such salt to the people.

As per the administrative system followed strictly by the Portuguese India Government, the leaseholder of the ‘estanco’ was required to collect from the British agents the salt meant for being distributed through the ‘estancos’. The employees of the Commissariat of Salt and Abkari were empowered to approve the quality of salt in
the possession of the British agents, before the leaseholders collected the same for distributing it through the 'estancos'.105

Besides 'estancos', Goa had retail shops to sell salt on retail basis, under the licensing system operated by the British India government through its agents in Goa. Total number of such shops were 89. Goa Island, Bardez and Salsete had 26,17 and 28 shops, respectively, while Pernem, Sanquelim and Ponda had 1,7 and 10, respectively.106

<table>
<thead>
<tr>
<th>Concelhos/Areas</th>
<th>Places</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goa Island</td>
<td>1.Nova Goa (Panaji)</td>
</tr>
<tr>
<td></td>
<td>2.Old Goa</td>
</tr>
<tr>
<td></td>
<td>3.Goa Velha</td>
</tr>
<tr>
<td>Bardez</td>
<td>1.Mapusa</td>
</tr>
<tr>
<td></td>
<td>2.Calangute</td>
</tr>
<tr>
<td></td>
<td>3.Tivim</td>
</tr>
<tr>
<td></td>
<td>4.Aldona</td>
</tr>
<tr>
<td></td>
<td>5.Betim</td>
</tr>
<tr>
<td>Salsete</td>
<td>1.Margao</td>
</tr>
<tr>
<td></td>
<td>2.Chinchinim</td>
</tr>
<tr>
<td></td>
<td>3.S.Tome</td>
</tr>
<tr>
<td></td>
<td>4.Cortalim</td>
</tr>
<tr>
<td></td>
<td>5.Curtorim</td>
</tr>
<tr>
<td>Pernem</td>
<td>1.Naibaga</td>
</tr>
<tr>
<td></td>
<td>2.Arambol</td>
</tr>
<tr>
<td>Sanquelim</td>
<td>Bicholim</td>
</tr>
<tr>
<td>Ponda</td>
<td>Khandepar</td>
</tr>
<tr>
<td>Sanguem</td>
<td>Sanguem</td>
</tr>
<tr>
<td>Quepem</td>
<td>Quepem</td>
</tr>
<tr>
<td>Canacona</td>
<td>Talpona</td>
</tr>
<tr>
<td>Angediva Island</td>
<td>Depot at Angediva</td>
</tr>
</tbody>
</table>

Source:- O Relatorio Geral da Gerencia do Commissariado do Sal e Abkari, 1882, pp.4, 5
The Government of Portuguese India created an administrative set up to supervise and superintend the operation of salt tax and Abkari in Goa and cooperate with the British agents in the execution of the relevant provisions in the article XII of the Treaty. In pursuance with the provisions of the article XII and XVIII of the Treaty and the agreement dated 15-1-1880 signed by the Portuguese and British Commissioners, a 'Forca Policial' for salt and Abkari was formed with the total staff of 468. It consisted of one Commissariat, seven fiscal chiefs and a large number of Jamadars and sipoys. During the second year of the Treaty there were 101 Jamadars and 357 sipoys. Total salaries paid to the entire staff of this body was Rs.57,878.107

Under severe restrictions and controls on the salt industry, making salt a scarce and costly commodity, during the tenure of the Treaty, it was but natural that the people will indulge in smuggling of salt from the place where it was deposited and guarded under the close eyes of the British agents. But the Treaty had envisaged appropriate measures to tackle this problem and the Portuguese India Government had made elaborate arrangements for preventing the contraband trade in salt. All the provisions of the laws and rules pertaining to salt were severely implemented by the Portuguese Government. The Commissariat of Salt and Abkari had laid down a procedure to act in this matter. Whenever contraband salt was apprehended, the Administrators of Concelhos were required to take action in such cases. Smuggling of salt was put down by the government with heavy hand. The Customs guards were always on their toes to curb smuggling which, even with severe measures, had not stopped.108 There were many instances in which smuggled salt was intercepted and apprehended by the Customs guards. During the second year of the Treaty, there were 48 registered cases of smuggling of salt in both Old and New Conquests. It was noticed that the smuggling of salt to the southern part of India was going on without any abatement.109 That the contraband of salt was a serious problem is indicated by the request made by the British Commissioner to the Portuguese authorities to allow him to establish posts at places overlooking roads and rivers, so as to supervise the movement of salt in different areas.110
4.7 Total number of salt producers during the initial period of the Treaty

The Census of 1881 throws light on the total number of the salt producers in Goa during the initial period of the Treaty and the break-up of this population among different Concelhos and salt-producing villages. The total number of the salt producers as per this Census was 1,131. Four salt-producing Concelhos of Goa reported the following number of salt producers: Goa Island 307; Salsete 115; Bardez 426; Pernem 94 and Sanquelim, a non-salt producing Concelho, 189. In Goa Island the following villages were reported as salt-producing villages: Batim, Goa Velha, Merces, S.Braz, Santa Cruz and S. Lourenco, with 47; 27; 10; 1; 8 and 14 salt-producers in each of them, respectively. The salt-producing villages in Salsete, as reported by the Census of 1881, were Assolna, Chinchinim and Navelim, with 24; 75 and 16 salt-producers in each of them, respectively. The Concelho of Bardez had the following salt producing Villages: Calangute, Candolim, Nagoa, Nerul, Oxel, Parra, Pilerne and Siolim. The number of salt producers in these villages was 13; 4; 109; 231; 3; 2; 60 and 4, respectively. Arambol, Agarwaddo, Corgao, Mandrem and Kerim, villages pertaining to Pernem, the northern-most salt producing Concelho of Goa, had 24; 32; 14; 1 and 23 salt producers, respectively.

According to the Census of 1881, the total population of Portuguese India was 475,172 and that of Goa was 413,698. Taking into account the total number of salt producers in Goa which was 1,131, one can conclude that the percentage of salt producers to the total population of Goa was abysmally low - just 0.27%. The percentage of salt producers to the total number of workers in Goa Island, Salsete, Bardez and Pernem, taken together, amounting to 85,813, was 1.3%. Since, the number of workers in Goa Island, Salsete, Bardez and Pernem was 13,341; 36,448; 34,970 and 1,054, respectively, the percentage of salt producers to the total number of workers in each of these Concelhos was 2.3; 0.3; 1.2 and 8.9, respectively.

4.8 POSITIVE IMPACT OF THE TREATY OF 1878

The Treaty of 1878 brought about in its wake many advantages to the economy of Portuguese India. One of the greatest contributions of the Treaty was that it removed Portuguese India from its isolation. As was expected by the Portuguese
authorities who were negotiating the Treaty with the British Government, the Treaty contributed to the end of the isolation of Goa since it led to a free flow of goods across the borders on account of the removal of the custom barriers between the two territories. It also translated into reality, the long cherished dream of the Goan people to establish a railway link with the British Indian territory. With the establishment of the Customs Union and the removal of the Customs barriers in the form of customs duties on the commodities moving between the two Indias, the people of Goa could get essential commodities like rice, cloth, oils and other food items, tobacco etc. with greater ease and at cheaper prices. The consumers belonging to poor and middle classes were immensely benefitted because of the fall in the prices of the consumer goods. The traditional export goods of Portuguese India, namely coconuts, betelnuts and fruits could flow to British India without any restrictions and, thus, they could secure wider markets in British India.

The air of optimism that was blowing in Goa during the early years of the implementation of the Treaty of 1878 finds place in the report of the Governor General of Portuguese India, dated 21-3-1881, dispatched to the ‘Junta Geral da Provincia’. The Governor General Caetano Alexandre de Almeida remarked in this report that the new order of things brought about by the Treaty had been advantageous to the population in general and more especially to the poorer classes. On account of the total abolition of the Customs duties, and the full liberty of transit, the prices of the principal articles of food had decreased, to the extent of 25% in case of some and 30% in case of others. The prices of tobacco had gone down to 50% of what they were before. The Governor General attributes these changes to the abolition of the customs duties and the full liberty of transit, without any delays or fiscal vexations of any kind, which the commerce of Goa was enjoying under the Treaty. Although the price of salt increased, it was compensated by the fall in the prices of other essential commodities consumed by the people. The Treaty, as per this report, had brought prosperity to the commerce in Portuguese India since both imports and exports had increased considerably. This note of optimism, however, did not continue for long, as the Treaty brought in its wake certain serious disadvantages to the economy of Portu-
guese India. In spite of its darker side which became more and more visible as years
rolled by, during the tenure of the Treaty, one cannot deny the fact that the Treaty had
many bright spots for the economy of Portuguese India. It brought improvements in
the economic life of the people in many respects.

The Treaty contributed to a major restructuring of the financial and fiscal
administration of Portuguese India. The rationalisation of the fiscal administration
was brought about by the Government. The Government adopted measures to achieve
more efficient revenue collection and, accordingly, established branch offices of the
Revenue Department in the outlying provinces of Goa. 117

The Treaty paved the way for the signing of a monetary convention by the two
Governments, which took place on the 18th March, 1880. A uniform system of cur-
rency, weights and measures was introduced in order to facilitate free movement of
goods between the two territories as provided by the Treaty. This was the pressing
need of the time, as most of the trade relations of Portuguese India were with the
British Indian territory and it was inconvenient for Portuguese India to maintain a dif-
ferent system of currency, weights and measures. With the Monetary Convention, the
existing Portuguese Indian coinage came to an end and new silver and copper coins
equivalent to those in British India were introduced in Portuguese India. The new
Portuguese Indian Rupee had greater intrinsic value than the old one. 118

The most positive contribution of the Treaty, a contribution that has left an
indelible mark on the economy of Portuguese India, has been the Railway line linking
Goa to British India’s railway network. The Treaty provided for the construction of
the Railway link between the Mormugao port and the hinterland of British India, and
also for the development of the Mormugao port to attract more trade from the rest of
the world. Taking into account the staunch opposition of the British Government to
the proposal of the railway line linking Goa to the British Indian railway network,
made by the Portuguese Government in the initial stage of its efforts for the same, the
agreement between Portugal and Great Britain as regards the said railway link was a
turning point in the life of Portuguese India. No doubt, the change in the policy of
British India as regards this proposal was the outcome of its realisation that the rail-
way project and the development of the Mormugao port could transform Goa into an outlet for the British Indian products and, thus, serve the economic interests of British India. But, one cannot deny the fact that with the establishment of the railway line passing through territory of Goa and linking Goa with the frontier of British India, far reaching changes were experienced in the communication network of Goa. The importance of the land routes through Ghat passes decreased. The difficulties and inconveniences suffered by the people of Goa and the people across the border of this territory during the Monsoon season ended forever. The movement of goods between the two Indias increased as there was now regular and secure means of transport between the two territories. The new mode of transport was faster than the transport of goods by bullocks or other pack animals. As a result of the railway link from Mormugao port to the frontier of British India, the most beneficial and permanent effect that accrued to the economy of Goa was that Goa was freed from the isolation that had hampered its internal and external trade for years together. Hitherto inaccessible areas in British India became accessible to Goa. The railways opened up the interior regions of British India to the economy of Goa which helped the Portuguese territory in getting an outlet for its export products and in availing with greater ease, in all the seasons, consumer goods and other goods from British India.

The construction of the railways and the development of the Mormugao port benefitted the economy of Goa also in the field of employment generation. Jobs in the railways and in the Mormugao port created employment opportunities for the people of Goa and reduced, to some extent, the unemployment problem that was assuming serious proportions owing to the stagnation of the Goan economy.

4.8.1 CHANGES IN THE CUSTOM DUTIES STRUCTURE BROUGHT ABOUT BY THE TREATY AND ITS IMPACT

The Treaty of 1878 brought about drastic changes in the Custom Tariffs list of Portuguese India. At the time of the signing of the Treaty, the Custom Tariffs list that was in force, was the one decreed on 12-11-1869, whereby 169 articles were subject to specific import duties. Those import goods which were not specified in the import duties list were levied import duty at the rate of 6% ad valorem. Under export duties
list, 12 articles were taxed and others were exempted from the payment of these duties. By the Decreto of 9-9-1880, all goods including even those which had been declared exempted from import and export duties, were levied the duty of 3% ad valorem.\textsuperscript{121}

After the signing of the Treaty, the Custom tariffs list was made more liberal. As regards imports, 62 commodities were listed for specific duties, while in case of export commodities only 3 articles were levied specific duties. Arms, ammunition and alcoholic drinks were subjected to higher import duties. Rice, wheat, pulses and livestock were exempted from the payment of import duties. However, rice exports were made subject to custom duties.\textsuperscript{122}

The Custom Tariffs list, introduced on 24-4-1882 and formulated in accordance with the Indian Tariff Act of 1882, was more liberal. Only arms and ammunitions, salt, opium and alcoholic drinks were levied import duties and all other goods were exempted from the payment of such duties. As regards export duties, only rice had to pay the export duty. Thus, during the tenure of the Treaty of 1878 there was custom duty-free movement of almost all goods between two Indias. Although the Treaty brought about uniformity in the Custom tariffs structures of both the territories, this arrangement was more favourable to the British government than to the Portuguese government as the uniform custom tariffs list was an exact copy of the British tariffs list and the British government was empowered to modify the tariffs as and when found necessary.\textsuperscript{123}

One of the conspicuous effects of the Treaty of 1878 was the fall in the Custom duties revenue of Portuguese India. The unification of the Custom tariffs system of Portuguese India with that of British India, brought about this decline in the Customs receipts.\textsuperscript{124}

The customs receipts during the first three years after the implementation of the Treaty were as follows:- 1st Year: 28,155,061 reis; Second Year: 29,717,960 reis; Third Year: 38,902,746 reis. The Custom duties revenue during the tenure of the Treaty was less, but this loss was compensated by the increase in the receipts of other indirect taxes, maximum increase being experienced by the Abkari duty. Before the
implementation of the Treaty, the tax revenue from the production and sale of liquour in Goa was Rs. 65,714. The introduction of the Abkari system, subsequent to the implementation of the Treaty, brought in, in Goa Abkari receipts of Rs. 176,337 in the first year of the Treaty. This figure increased to Rs. 225,452 in the second year of the Treaty.

4.8.2 EFFECTS OF THE TREATY AND THE RAILWAY PROJECT MORE FAVOURABLE TO BRITISH INDIA

As mentioned above, the Treaty of 1878 brought about far reaching and favourable changes in the economy of Goa, Daman and Diu, in respect of certain economic areas which required long awaited improvements for the economic survival of this tiny territory. It should, however, be stressed here that the Anglo-Portuguese Treaty did not remove the territory from its economic decadence. Although the Portuguese Government was entertaining great hopes about the impact of the Treaty of 1878 on the Portuguese Indian economy, the economy of this tiny territory remained decadent even towards the close of 1880s. A report for the year 1887 dispatched by the Governor General of Portuguese India to Portugal gives us a vivid picture of the economic position of Goa, Daman and Diu during that period. The report says, “Agriculture has continued to be decadent. It is not using modern techniques of production. Agricultural lands are mostly owned by the Communidades and are in the same state as found by Afonso de Albuquerque in 1510. The commerce has been reduced to the immediate necessities of consumption. Industries are almost non-existent. The handicraft products produced in Goa are rudimentary in nature. The territory suffers from lack of capital and the artisans do not have adequate professional training”. This situation was the outcome of not only the disabilities like the British salt monopoly and the Abkari system, heaped by the concerned provisions in the Treaty on the economy of the Portuguese possessions, but also of certain so called advantages which were brought about by the Treaty. Most of these advantages were more favourable to British India than to the Portuguese settlements in India. Moreover, these so called advantages affected, in the long run, the interests of Portuguese India.
As mentioned before, the Treaty, leading to the removal of the Customs barriers, resulted into free movement of goods between the two territories and the people of Portuguese India could avail of the essential commodities at lower prices. Although this benefitted the consumers, particularly the poor sections of the society, the position of the rice-producing farmers in Goa became precarious as the prices of rice kept a downward trend in the market, in conformity with the prices of the imported rice. As the markets of Portuguese India were flooded with large quantities of rice imported from British India, the production of rice in Goa became an unprofitable enterprise. The cultivation of paddy was adversely affected in Goa.128

As we have seen before, one of the great advantages of the Treaty was that it laid down the basis for the exploration of the Mormugao Harbour and the construction of a railway line linking the Mormugao port to the frontier of the British Indian territory. However, the contract which was signed in Lisbon between the Portuguese Government and the West of India Portuguese Guaranteed Railway Co. Ltd on 18-04-1881, granting to the latter a concession for a period of 99 years to undertake the work of the construction and maintenance of the railway line in Goa and the work of the development and maintenance of the Mormugao Port, was more favourable to the British Indian interests than to Portuguese India.129 The Stafford House Committee which was set up to study the proposal for the construction of the railway line in Goa and the development of the Mormugao Port, demanded from the Portuguese Government a guarantee for the payment of interest on the capital which would be invested. The estimated cost of the entire project was 1,300,000 sterling pounds. By the clause 21 of the contract, the Portuguese Government undertook to pay to the said Company the amount necessary to create a dividend of 5% on the capital of 800,000 sterling pounds and of 6% on the additional capital of 550,000 sterling pounds. Thus, the Portuguese Government was bound to pay 73,000 sterling pounds (Rs. 1,095,000) as interest amount on the total capital invested by the West of India Portuguese Guaranteed Railway for the construction of the Railway line in Goa and the development of the Mormugao Port.130 In addition to the above guarantee of the profit, the annual salt compensation of Rs.4 lakh which the British Government undertook to pay to the
Portuguese Government under the Treaty, was held by the British Government as a collateral money to guarantee the Railway project agreement. This guarantee of 5% interest on the initial share capital and 6% interest on the additional share capital, which the Portuguese Government was bound to give under the contract, was, in fact, a costly affair for the Portuguese Government, if one considers the rates of interest prevailing during those days. The conditions in the contract thus prove the fact that the British Government tried its best to serve its own interests at the cost of the Portuguese India Government. How the British Government succeeded in taking utmost advantage of the weaker position of the Portuguese India Government is amply proved by the fact that the additional capital of 550,000 sterling pounds was never subscribed, but was raised in London on the hypothecation and guarantee of the Railway line in Goa at the interest rate of 4%. Since the interest guaranteed by the Portuguese Government on the additional capital was 6%, it meant that the Company pocketed 2%, i.e., Rs. 165,000 at the cost of Portuguese India.

The construction of the Railway line in Goa and the development of the Mormugao Port benefitted the British Indian economy more than the economy of Portuguese India. This was because Goa became an outlet for the British Indian products. The products of British India could have now an easy and faster exit through the Mormugao Port. In fact, one of the motives of the British India Government to undertake this project, which was spelt out by the British delegate at the negotiations table for the Treaty, was to consolidate its salt monopoly in Portuguese India. The British Government used the Port development and the Railway construction project as a tool to serve its own interests. The British delegate was very vocal about the benefit which this project would have accrued to the British salt monopoly. He said that the project would greatly enhance the value of the British salt policy in Goa, because it would carry salt safely, speedily and cheaply in all seasons over the Ghats into the interior. In the absence of the Railways, salt and other commodities could be conveyed by land route on the pack of bullocks only during six months of the year.

The construction of the Railway and the development of the Mormugao Port in Goa did not confer on Goa any significant immediate benefits. The Portuguese
Government expected that the project would contribute to the development of trade and commerce in Goa and bring back the lost glory of Portuguese India. The Portuguese Government was also entertaining the hopes that the Port and Railway project would lead to the building up of a city in Mormugao which could compete with the flourishing city of Bombay. However, although the project removed Goa from its isolation, the economy of Portuguese India did not gain much from the Railway and Mormugao Port project. The expectations regarding the building up of an industrial city never materialised even after the dawn of the 20th century. The Mormugao Port did not rise above its status of a transit port for the port of Bombay. And, as a result, the Portuguese Indian territory remained in the same stagnated and decadent position even during the 20th century. One of the indicators of the failure of the Mormugao Port and the Railways in promoting trade and commerce in Goa is the amount of the net earnings of the Railway line during the period from 1888 to 1900. They were less than the required minimum annual net revenue of Rs. 1,224,000. From 12-5-1881 to 1902, the Portuguese Government paid to the company 1,238,265 sterling pounds (Rs. 18,573,975) and the compensation paid by the Portuguese Government to the property owners, for their lands which were taken over by the Government, was Rs. 834,533. The construction of the Railways and the development project of the Mormugao port affected the economy of Portuguese India in one more sense. It contributed to substantial deficit in the budget of the territory for two reasons:—Firstly, the territory had to hypothecate the receipts of the Abkari tax to enable itself to pay the interest on capital raised by the Railway Company. Secondly, it had to surrender to the British Government as a collateral money to guarantee the railway project agreement, the annual salt compensation of Rs. 4 lakh which the British Government had undertaken to pay to the Portuguese Government.

Thus, the hopes entertained by the Portuguese authorities about the future of Portuguese India were virtually shattered. Joao Vilhena, in his report attached to the Tax Reforms of 1881, had hoped that “after the Railways of Mormugao are constructed, India (i.e. Portuguese India) will be, no doubt, the most flourishing territory among all Portuguese Colonies”.

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The subsequent developments proved these optimistic predictions about the impact of the Railway project on Portuguese India, totally wrong.

4.9 THE TREATY OF 1878 - A LETHAL BLOW TO THE SAL INDUSTRY AND THE CONSUMERS OF SALT

As we have seen above, the Anglo-Portuguese Treaty paved the way for the free movement of goods across the borders between Portuguese India and British India through the creation of the common Customs Union and, thus, benefitted the people of Portuguese India, who, thanks to the abolition of the custom duties between the two territories, could avail of the essential commodities from British India at cheaper rates. However, the Treaty struck a lethal blow to two main industries of Portuguese India - one, the salt industry and the other, liquor industry. The free movement of goods between the two territories, which was made possible by the removal of customs barriers was not made applicable to salt, liquor, arms and ammunition and opium. The British government introduced certain provisions in the Treaty, which enabled that government to nip in bud the competition meted out by Portuguese India to its salt monopoly within the territory of British India and its liquor industry. The British Government succeeded also in inserting in the Treaty a provision to protect its opium trade from any possible competition from Portuguese India. During the 12 years period, the people of Portuguese India were severely affected by the provisions related to the British salt monopoly and the Abkari system, in the Treaty of 1878. Both these provisions worked against the interests of the people of Portuguese India as their main aim was to consolidate the British interests at the cost of the local salt and liquor industries. Although Great Britain had failed in its consistent and continuous efforts to annex Goa to British India, it succeeded, through these provisions, in making this territory an economic dependency of the British power in India. It enabled the Britishers to tighten their grip over the Portuguese territories and “these aroused forebodings about the future of the Estado.”140 It is pertinent to note here that while British India looked at the Treaty as a weapon to make Portuguese India subservient to its interests, Portuguese India looked at it as a means to revive its sagging economy.
The British government made every effort to exploit to its benefit the precarious situation the Portuguese Indian economy was finding itself in. Nowhere was this attempt more visible than in the implementation of the British salt monopoly in Portuguese India. As we have seen before, the monopoly in the manufacture and sale of salt exercised by the British Government, caused great damage to the salt industry of Goa, Daman and Diu. The British Government became the virtual owners of all saltpans in Goa and the proprietors of the saltpans who had to sign contracts with the British agents to cultivate the saltpans on their own account, became the “leaseholders” of the British India Government. In fact, the clause 12 in the Treaty, granting the British India Government the exclusive right to produce and sell salt in Portuguese India which led to the handing over of all the saltpans in this territory to the Bombay Presidency government, was a clear violation of the property right of the proprietors of the saltpans. The Portuguese India Government which did not own a single saltpan in the territory armed itself with powers to surrender the entire salt industry to the British India government. By allowing a foreign nation to take over one of its principal industries and by surrendering the salt-pan to this foreign power, the Portuguese Government bargained its sovereignty in exchange for certain benefits which it could derive from the Treaty. The Treaty gave ample powers to the British India Government to suppress the operation of the salt works which, according to that Government, were found to be harmful to the interests of that country, were difficult to explore or unable to give sufficient profits. Decisions on the above subjects were to be taken by the British agents stationed on the Portuguese Indian soil. The Treaty provided these British agents ample powers to carry out searches with the objective of unearthing the smuggling of salt in the Portuguese Indian territory. As was provided in the clause 12 of the Treaty, the British agents could act as a government within the sovereign territory of Portuguese India. They could enter and inspect any place where salt was suspected to be stored, search people, animals etc, seize the smuggled salt, arrest the culprits if they were found indulging in smuggling of salt or involved in any other illegal act violating the laws or rules concerning salt. The British agents had
powers to prosecute the accused and punish the guilty, in pursuance with the British Indian law.\textsuperscript{142}

The entire period during which the Treaty was in force, witnessed conflict or disagreement of this or that kind, between the British India Government and the salt-works proprietors in Goa, and on every occasion, the British India Government tried to safeguard its own interests at the cost of the Goan salt industry. At the time of the renewal of the contracts between the British India Government and the saltworks owners in Goa, the clash of interests between the two parties was clearly visible. When in 1883, the British authorities convened a meeting of the saltpan owners in Panaji for the renewal of the contract, the saltpan owners proposed that the British agents should purchase from them whatever salt that remained unsold after 15 January of every year up to the quantity of 15 lakh maunds (55,980.1 tonnes). As this was not acceptable to the British authorities, the signing of the contracts was postponed, but, finally, the British government agreed to buy the entire salt as suggested by the saltpan owners, but on the condition that the British agents would buy two types of salt with different prices. The British agents handed over to the Portuguese India Government samples of these two types of salt, which were brought from British India. This proposal was rejected by the Goan saltpan owners on the ground that they were not in a position to produce salt by British Indian methods. Although the problem remained unsolved, the saltpan owners continued cultivating salt without being interfered with by the British agents and the Portuguese India Government.\textsuperscript{143} However, after the publication of the conditions for the manufacture and sale of salt by the British Collector, the saltpan owners were compelled to sign the contracts for the remaining period of the Treaty. The conditions were onerous and vexatious. The salt producers were allowed to work on the salt farms for the manufacture of salt during stipulated hours only. The salt produced by the salt producers was to be deposited at those places marked by the British authorities. Such salt could be transported from the places of deposit after paying an excise duty of Rs. 2.5 per maund. The salt producers were bound to destroy the stocks of salt if they remained unsold for more than 2 years.\textsuperscript{144}
The salt monopoly exercised by the British India government made the life of the people, particularly, that of the people associated with the salt industry and salt trade miserable at different levels. Not only the provisions in the Treaty as regards the salt monopoly and abkari system were harmful to the interests of the people of Portuguese India, but the very implementation of these provisions and measures enforced by the administrative machinery of the British Government in the Portuguese Indian territory was unduly harsh and coersive. The Portuguese India Government abetted the British power in this vexatious enforcement of the concerned measures. The implementation of the salt monopoly by the British agents and the local government was accompanied by excesses on the people associated with salt manufacture and trade. The salt-works were under the control and supervision of Jamadars and Sepoys who, many a time, employed coersive methods while enforcing the laws and measures related to the salt monopoly. Their supervision of the places where salt was being produced, stored and distributed was so strict that the Treaty left behind nothing but bitterness and hatred towards the British salt monopoly. That the implementation of the Treaty as regards the salt monopoly and, also, the Abkari system was harsh and coersive was proved by the sharp reaction of the people in different localities. There were cases of the beating of the law-enforcers in Merces-Santa Cruz area in the neighbourhood of salt-pans. In many areas, the salt manufacturers refused to deposit the salt produced by them at the places earmarked by the British agents. In spite of these occasional conflicts between the law-enforcers and the people who suffered on account of the harsh and coersive enforcement of measures, the Treaty will go down in the history of Portuguese India as that characterised by the most effective implementation of the measures concerning salt administration and administration of the Abkari system.

Under the salt monopoly exercised by the British Government, the people of Portuguese India had to suffer great hardships and inconveniences on account of the exorbitant rates charged by the British India government for the supply of salt. Since the Treaty provided that the British India government will be the sole authority to fix the prices of salt produced in Portuguese India, the free price mechanism in respect of
salt sold internally in Portuguese India and salt exported from the territory came to an end. As a monopoly supplier, the British India Government fixed different prices for different uses of salt. The salt made available for fish curing was charged 6 annas per maund, and for using it as a manure, the price was 2.5 annas per maund. The price of salt charged to the Government of Portuguese India for enabling it to distribute the salt through ‘Estancos’ for domestic consumption of the people, was 1 anna 8 pies per maund. As compared to the price structure that was in force before the implementation of the Treaty, these prices were exorbitant and beyond the capacity of the people of Portuguese India.¹⁴⁷

The British monopoly of the manufacture and sale of salt in Goa, Daman and Diu played havoc, not only with the producers of salt but also with the consumers of this essential commodity in Portuguese India. As we have seen before, the cost of salt was now beyond the capacity of the consumers of salt. The salt available for fish curing and manuring was also costly. These were, no doubt, hardships suffered by the people of Portuguese India. But greater hardships were heaped upon them when the consumption of salt per individual was regulated by the Portuguese government, in accordance with the provisions in the Treaty, to 14 pounds (6.35 kgs) per annum. This quantity of salt allowed by the British India Government and supplied by the Portuguese Government through ‘Estancos’ was totally inadequate for an individual for his or her personal consumption. This restrictive availability of salt for domestic consumption evoked loud protests from different quarters of the Goan society even before the signing of the Treaty. It was pointed out to the British Government that since the principal food of the people of Goa consisted of vegetables and fish, the average annual need of a person at the minimum level was 32 pounds of salt and, as such, the minimum of 14 pounds which was to be allowed by that government was a dismally low figure. But, despite repeated demands made by the people to increase the per individual quota of salt, the British Government did not budge an inch and continued with the same quantity as agreed upon in the Treaty. The people demanding higher quota of salt for Goa, referred to the Statistical Abstract relating to British India and pointed out that average consumption per person per annum was 18 lbs.¹⁴⁸
In 1891, Mr. Cristovao Pinto, a member of the Portuguese Parliament raised this issue of dismally low per capita availability of salt to the people of Portuguese India and pointed out that the average consumption of salt in the Bombay Presidency had been 28.9 lbs.  

When the negotiations were going on for signing the Treaty, the British Government justified its policy of allotting the supply of 14 pounds of salt per head per annum to the people of Portuguese India, in its letter, dated 13-7-1877, to Mr. Nogueira Soares who was negotiating the Treaty on behalf of the Portuguese Government. He agreed that the quantity received by the two French possessions - Pondicherry and Mahe, was higher than that allotted for Portuguese India. While Portuguese India was allotted 14 lbs of salt per head per annum, Pondichery and Mahe were allotted 24.8 and 35.4 lbs of salt per head per annum, respectively. But the quota for the above two French possessions included the quantity of salt for all purposes, i.e., domestic use, fish curing and manuring. On the contrary, the quota for Portuguese India was meant for domestic purpose only. It was further pointed out by him that this quota for Portuguese India was sufficient since, in 1875-76, the consumption of salt per head per annum for all purposes had been 11.3 lbs. While the quota in Gujarat and the rest of Bombay Presidency had been 9.6 and 12.1 lbs, respectively, in Madras and Bengal it was 12.5 and 10 lbs per head per annum, respectively, in 1874-75. Thus, the complaint of the Portuguese India Government that the per capita supply of salt to its subjects was lower than the people's actual per capita consumption was not entertained by the British Government. Even the authorities in Lisbon felt that quota of 14 lbs was reasonable. However, per head consumption of salt in Madras Presidency was higher than that allowed in Portuguese India. In 1850-51, it was 13.5 lbs which increased to 16 and 1/8 lbs in 1861-62 and, then, to 19 lbs in 1866-67.

The insufficient quantity of salt available to the people for their personal consumption coupled with its higher price fixed by the British Government, made the life of the people, particularly poor people of Goa, Daman and Diu miserable. They were left with no alternative but to sacrifice, partly or wholly, the consumption of salt at the
cost of their health. Inadequate use of salt in food consumption led to diseases associated with the lack of salt in the human body. Moreover, less salt or absence of salt made the food consumed by the people tasteless.\textsuperscript{154} The problem of lack of or inadequate supply of salt was so serious in Goa that in many parts contiguous to the sea coast, the people resorted to the extraction of salt from the silt of paddy fields inundated by sea water. Many people started extracting whatever salt they could get by using sea water.\textsuperscript{155}

Although the British Government agreed to supply 14 lbs. i.e. 7 seers of salt per capita per year to the Goan people, during the tenure of the Treaty of 1878, the average quantity of salt, actually received by the people of Goa for their domestic use, was much less than the quantity which was agreed upon. Goa's population enumerated as on 17-2-1881 was 420,868. Considering the agreed supply of 7 seers per capita per year, the Government of Portuguese India was entitled to receive during the first year of the Treaty 2,748.7 tonnes of salt from the British agents.\textsuperscript{156} But, the Government 'Estancos' received from the British agents, in terms of no. 1 clause (i) of the article XII of the Treaty, 1,761.3 tonnes of salt. Thus, the Goan people got 987 tonnes less salt during the first year of the Treaty. During the second year, based upon the population of Goa, the Government 'estancos' should have received from the British agents 2,748.7 tonnes of salt, but, it actually received 2,230.1 tonnes of salt from the British agents. Thus, the Goan people received 518.6 tonnes less of salt during the second year of the Treaty.\textsuperscript{157}

In terms of salt sold at 'estancos' for domestic consumption, the actual average per head consumption of salt in Goa, during the second year of the Treaty, was 6 seers and 4.8 tolas which was less than the 7 seers or 14 pounds agreed upon in the article XII of the Treaty. The figure is derived by dividing the quantity of salt sold at 'estancos' which was 2,086.5 tonnes by the total number of the people (368,965) who approached 'estancos' for salt purchases.

Besides the salt sold to the people by the 'estancos', the people of Goa were receiving this essential commodity under the following arrangements: (1) Salt sold in retail, (2) salt sold by the British agents and salt pan owners to the people for its con-
sumption within the territory and (3) salt sold in retail by the shops set up under the licence granted by the British agents. During the second year of the Treaty, total quantity of salt effectively consumed in the territory, under all arrangements mentioned above, was 2,349.4 tonnes. Taking into account the population of Goa (417,917) as enumerated by the ‘estancos’ in the second year, per capita consumption of salt in Goa was found to be about 6 seers. This figure was less than 7 seers or 14 pounds agreed upon in the Treaty of 1878. If the population of Goa (420,868) as enumerated on 17-2-1881 is taken into account, per capita consumption of salt was still less - 5 seers and 78 tolas. Although this figure of average per capita consumption of salt in Goa, as calculated above, may not denote correct average consumption of salt during the second year, firstly, because of the possibility of clandestine use of salt out of previous year’s stocks not manifested to the British agents and, secondly, because of the possibility of a large number of poor people having foregone the use of salt, it tells us, in no uncertain terms, that average per capita availability of salt to the Goan people, on the part of the British agents, was less than 7 seers or 14 lbs which were agreed upon in the Treaty. It was feared that the per capita availability of salt in the 3rd year would still be less, since on account of the decrease in the price of salt from 30 old reis (8 new reis) to 15 old reis (4 new reis) and the free distribution of salt to the poor people, more and more people would approach the ‘estancos’ to receive salt for domestic use.

4.9.1 IMPACT OF THE BRITISH SALT MONOPOLY ON COCONUT PLANTATIONS AND FISH CURING INDUSTRY

The British salt monopoly in Portuguese India adversely affected the coconut plantations in the territory of Goa. Salt was being used as a manure for coconut trees and, also, for other fruit bearing trees. It was also used as a manure in the agricultural farms. However, its use in coconut plantations was widespread. On account of its capacity to improve the fertility of the soil and, comparatively, cheap price in the market, demand for salt as manure was very large. With the introduction of the British salt monopoly and consequent fixation of the price of salt for the purpose of manure at a higher rate of 2 and 1/2 annas per maund, the availability of salt became be-
yond the reach of the proprietors of coconut groves. This led to the decrease in the use of salt as a manure in the coconut plantations and consequent fall in the production of coconuts.  

Another industry which fell victim to the British salt monopoly was the fish curing industry in Portuguese India. As a leading traditional industry in all the three districts of Portuguese India, the fishing industry was consuming large quantities of salt for salting the fish whenever there was surplus fish catch. Salting of fish earned supplementary means of livelihood for the fishermen as it made the product durable for long period. As the price charged by the British agents for the supply of salt for the purpose of fish curing was as high as 6 annas per maund, fish curing became uneconomical and unprofitable enterprise. This resulted into large quantities of surplus fish lying heaped on the beaches. The fishermen were left with only one alternative - to destroy the surplus fish catch and sacrifice their potential supplementary income.

4.10 CONTRIBUICAO PREDIAL AND SALTPANS

When the entire salt industry in Goa, was groaning under the weight of the British salt monopoly, the Portuguese India Government struck a powerful blow to the proprietors of salt-works in Goa, when the Government subjected the salt-works to the newly established property tax, named as Contribuicao Predial, which substituted the tithes (Dizimos). The Taxation Reforms decreed on 1-9-1881 brought about substantial changes in the economic organisation and financial system of Portuguese India. In place of ‘Dizimos’ (tithes) which were abolished by the Government, a tax on net earnings of all rural and urban properties, named as Contribuicao Predial, was introduced. The Portaria Provincial dated 26-5-1884 and, then, the Portaria dated 25-5-1888, while implementing the decision to introduce the Contribuicao Predial, made it also applicable to the saltpans cultivated by the saltpan owners under contracts which they signed with the British India Government. This decision of the Government was unjust and exploitative as all the saltpans in Goa had been handed over to the British India Government under the article 12 of the Treaty and the salt produced by the owners on these saltpans was the monopoly product of the British Government. It was further argued by the saltpan owners that the Portuguese India Gov-
ernment had no reason to bring the saltpans under the tax net of the ‘Contribuicao Predial’ as the British Government had paid the compensation of Rs. 4 lakh to the Portuguese Government on the ground that the monopoly of salt had led to the abolition of all taxes related to salt.\textsuperscript{166} It was pointed out by the saltpan owners that when the tithes (Dizimos) were being levied by the Government on the gross incomes from land, prior to the introduction of the ‘Contribuicao Predial’, the saltpans had been exempted from the payment of the Tithes on the ground that under the Treaty the saltpans had been surrendered to the British Government.\textsuperscript{167} Despite the exemption of the saltpans from the Tithes which had continued for 8 years after the implementation of the Treaty, when the new tax in place of the Tithes was introduced, it was, thoughtlessly, made applicable to the saltpans.\textsuperscript{168}

The Government, however, made it clear that the Contribuicao Predial will be levied on the net incomes from saltpans, not during the tenure of the Treaty, but after the end of the Treaty.\textsuperscript{169} In spite of this promise given by the Government, the saltpan owners were asked to pay the Contribuicao Predial, which was 10% of the net incomes from the saltpans, in 1888. The saltpan owners had no other way but to pay the tax, which they did under protest.\textsuperscript{170} But, they decided to pursue their demand for the abolition of the imposition of the Contribuicao Predial on the saltpans during the tenure of the Treaty.\textsuperscript{171} With the imposition of the Contribuicao Predial on the saltpans, the salt produced in Goa was made subject to two taxes. One, the excise duty of the British Government and the other, Contribuicao Predial on the production of salt in the saltpans. As the rate of the excise duty was Rs. 2.5 on salt valued at 6 tangas, it amounted to a rate of more than 600% ad valorem. When the salt producers had to bear this heavy burden of the excise duty imposed by the British Government, the Portuguese India Government had come out with the Contribuicao Predial to make it applicable to the saltpans and, thus, add to the burden of the salt producers. By doing so, the local government put the salt produced in Portuguese India in an unfavourable condition as compared to the salt produced in British India, where it was paying only one tax - the excise duty. The Goan salt, thus, had to face difficult situation in already difficult times.\textsuperscript{172}
4.11 IMPACT OF THE TREATY ON SOCIAL LIFE IN PORTUGUESE INDIA

The British salt monopoly and the British Abkari system caused great harm to the social life in Portuguese India. Both created tension in the public life. Since the above two systems were imposed upon Portuguese India albeit through the subtle medium of the Treaty and they were antagonistic to the interests of the people related to the salt industry and liquor industry, an atmosphere of social unrest was built up in Portuguese India, giving rise, many a time, to violent activities which disturbed the peaceful and quiet life of Goa and other Portuguese possessions. The British salt monopoly involving restrictions and controls on the production and sale of salt, suppression of many salt-pans by the British agents, harsh and vexatious enforcement of the provisions related to salt in the Treaty, strict regulation of the supply of salt to the people, leading to the inadequacy of salt for personal consumption and for productive purposes, rise in the price of salt after the implementation of the Treaty and unemployment created by the closure of many salt-works, contributed to social tensions in Portuguese India and forced many people to indulge in criminal activities. The British Abkari system also promoted social unrest as many people who were thrown out of employment, joined the band of criminals. There were many cases of banditry, thefts and smuggling. In fact, one of the purposes of the salt monopoly system and the Abkari system forced by the British Government on Portuguese India was to wipe out the smuggling that was going on between the two territories, but the Treaty made the smuggling of salt and liquor a profitable exercise. In spite of the precautions taken by the Portuguese India Government and its counterpart in British India, smuggling of salt and liquor did not stop, thanks to the existence of many difficult routes over which vigilance was impossible.

The Treaty acted as a curse to Daman, as the British India Government armed with the powers granted by the article 12 of the Treaty suppressed all the salt pans of Daman. Although this was in conformity with the letter of the Treaty, the Portuguese authorities felt that it was against the spirit of the Treaty. The Portuguese authorities at Lisbon in a communication to the local government in Goa had articu-
lated this view. They reacted to the suppression of the saltpans in Daman by stating that the purpose of the provision regarding salt in the Treaty was not to destroy the salt industry, but to regulate the production and sale of salt in Portuguese India. They further pointed out that the saltpans in Daman could be suppressed by the British Government if the salt manufacturers are compensated for the loss in their incomes, the Government of Portuguese India is compensated for the loss of its revenue and the salt workers are given due compensation for the loss of their wage incomes.\textsuperscript{176} The British India Government, however, went ahead with their policy of suppression of all the salt-works in Daman. Although the owners of the saltpans were given compensation, those who were engaged in the saltpans, as workers, lost their employment and, as a result, they were forced to migrate with their families to the neighbouring British India. Not only the salt workers, but also all the people associated with the coastal shipping in Daman were affected on account of the British salt monopoly in Portuguese India. The coastal shipping in Daman was largely dependent on the transportation of salt to different ports in the British India. With the total suppression of the saltpans in Daman, the coastal shipping lost its regular business, leading to loss of incomes and rise in unemployment.\textsuperscript{177} Even before the implementation of the Treaty, the economic position of Daman had deteriorated because of the decline of the cotton goods industry on account of the fall in the exports of these goods which had been virtually evicted from the East African markets by the products imported from USA, Great Britain and France. Diu also was finding itself in a precarious economic position, not only because of the impact of the British salt monopoly system on its salt industry, but also because of the decaying state of its cotton goods industry which could not compete with the foreign made textile goods.\textsuperscript{178}

4.12 ADVERSE EFFECT OF THE TREATY ON SALT PRODUCTION IN GOA

The British monopoly of salt in Portuguese India played havoc with the production of salt in the territory. The impact of the Treaty on the production of salt in Portuguese India can be measured in terms of the number of salt-works which were under operation and, also, in terms of the difference between the total output of salt

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before the Treaty and that during the last year of the Treaty. During the tenure of the Treaty almost 50% of all saltpans in Goa remained idle. During the last year of the Treaty, 268 saltpans were under cultivation and the total production of salt in Goa was 22,663.6 tonnes. Total consumption of salt for domestic consumption, fish curing and manuring of land was 5,598 tonnes. The average annual quantity of salt exported during the last three years of the Treaty, was 11,059 tonnes. By deduction from the total production of salt during the last year of the Treaty, the quantities of internal consumption of salt in Goa and the average annual export of salt, as mentioned above, the surplus production of salt in Goa during the last year of the Treaty was calculated to be 6,006.5 tonnes. This surplus production of salt during the last year of the Treaty was 26.5% of the total production of salt.\textsuperscript{179} The actual production of salt in Goa in the beginning of the implementation of the Treaty, had been officially calculated to be 46,848 tonnes. If we compare the quantity of salt produced during the last year of the Treaty with that produced in the beginning of the implementation of the Treaty, we observe that the production in the last year of the Treaty was less by 24,184.5 tonnes. It implies that the annual production of salt between the period in the beginning of the Treaty and the last year of the Treaty decreased by 51.6%. Even if we accept the estimates of the annual production of salt made by the First Mixed Commission and the Second Mixed Commission for the period in the beginning of the Treaty, we notice that the fall in the annual production of salt in Goa was substantial.\textsuperscript{180} The first Mixed Commission had estimated the production of salt in the beginning of the implementation of the Treaty as 42,197.4 tonnes. But, the second Mixed Commission estimated this quantity as 29,463.4 tonnes. Even going by these lower estimates, the production of salt in the last year of the Treaty was less than that in the beginning of the implementation of the Treaty by 19,533.7 tonnes and 6,799.8 tonnes, respectively.\textsuperscript{181}

4.13 THE TREATY OF 1878 - ADVERSE EFFECTS ON THE LIQUOUR INDUSTRY

The Treaty with its article 13 struck a lethal blow to the liquour-producing industry in Portuguese India. The toddy tapping industry and liquor distillation industry producing coconut liquor, cashew feni and other liquors were seriously af-
fected. The article 13 sounded a death knell to the Goan liquour on the same lines as was done by the article 12 to the salt industry in Goa, Daman and Diu. This was because of obvious reasons. The new excise duties which came into existence in Portuguese India were very high as compared to the taxes which were in force upto that time. This new structure of excise duties which were levied on the tapping and distillation of liquours and, also, on their sales, imposed an increased tax burden on the tappers and producers of liquours. This heavy burden of tax led to a tremendous rise in the prices of all liquours in Portuguese India, leading to a substantial fall in the internal consumption of liquours and their exports. The fall in internal consumption and exports of liquours resulted into the decline in the production of liquours in Goa, Daman and Diu.182

Before the implementation of the Treaty, the tax on toddy tapping per coconut tree was 2 tangas per annum. This tax, immediately after the signing of the Treaty, was increased to Re.1 per coconut tree per annum, as per the Abkari system which was created by the Portaria no. 852 of 29-12-1879. From the 4th year of the Treaty, the tax on toddy tapping per coconut tree was increased to Rs. 2 and from 1-1-1885 to Rs. 4.183

The Abkari system brought about a substantial rise in the prices of liquours. The price of one bottle of liquor was raised to about 4 annas in the initial period. Later on it experienced a rise of 8 to 10 annas per bottle. This led to the decline in the consumption and exports of these liquours, resulting into a fall in their production. The production of Feni produced from tapped coconut trees was 2,000 'caloes' per day in Goa(1 calao=18 bottles). One fourth of this total production was being sold to the 'tavernas' i.e. liquor shops in Goa and the remaining was exported to British India. The Abkari system led to the decrease in the production of this liquor to the 1000 'caloes' per day.184 The Abkari system brought down the number of the tapped coconut trees from more than 107,000 prior to the implementation of the Treaty to around 79,500 by 1890-91. The number of the tapped cajuarina trees in Daman was 163,876 prior to the Treaty. It decreased to 40,888 by 1890-91.185 The distillation of cashew liquor also suffered because of the Abkari system. However, in the subse-
sequent years, there registered a rise in the number of tapped coconut and cajuarina trees, although their rise failed to compensate the loss to the Government and the proprietors. 186

Thus, the Treaty of 1878 with its article 13, dealt a heavy blow to the liquour industry in Portuguese India. In fact, the introduction of the British excise system which was forced upon Portuguese India through the medium of the Treaty by the Britishers, had only one objective for the British India Government. It was wiping out the competition of the Portuguese Indian liquour industry to the British Indian one. The British authorities succeeded, to a large extent, in their objective, as the uniformity of the taxes in both the territories made Portuguese Indian liquour less attractive than what it was before.

The benefits derived from the Treaty by the British India Government and the economy of British India were much more than what limited advantages accrued to the Portuguese Indian economy. By paying a compensation of Rs. 132518 to the salt-works owners and Rs. 4 lakh to the Portuguese India Government, the British India Government succeeded in taking over the entire salt industry of Portuguese India in its hands. Even though the smuggling of salt and liquours did not completely stop, there was reduction in the smuggling of these products. This was because the differences in the prices of these two commodities between the two territories had been substantially reduced during the tenure of the Treaty. According to one estimate, out of an annual production of around 11 lakh maunds (41,052 tonnes) of salt, about 3 lakh maunds (11,196 tonnes) were smuggled to British India. Given the import duty of Rs. 1-13-00 per maund which was in force in British India before the Treaty, the total loss to the British India Government on account of the smuggling of estimated 3 lakh maunds (11,196 tonnes) of salt, was more than Rs. 5 lakh. A large part of this loss was saved as a result of the reduction in the smuggling of salt during the tenure of the Treaty. 187

As per the article 13 of the Treaty which provided for the introduction of the Abkari system in Portuguese India, the Abkari systems in both the territories were to be on par with each other. Since the excise duties on liquours in Portuguese India
were to be the same as enforced in the Bombay Presidency, through the Bombay Ab-
kari Act of 1878, whenever the taxes on toddy taping and distillation were increased
in the Bombay Presidency, the Portuguese India Government had to follow suit by in-
creasing the same at the same rates. This benefitted the British India Government as
the liquor produced in Portuguese India ceased to be cheaper, which reduced the
competitive power of the Portuguese Indian liquor in British India. 188

4.14 TERMINATION OF THE TREATY IN 1892

The hardships suffered by the people on account of the clauses 12 and 13 of
the Treaty which severely affected the salt and liquor industry of Portuguese India
evoked sharp reactions from the proprietary class and tappers in Goa. A demand be-
gan to take shape in Goa for the revocation of the Treaty. The proprietors of saltpans
and coconut groves and, also, tappers expressed their displeasure and bitterness
against these unjust clauses, in a meeting held in September 1891 in the Municipal
Hall at Panaji. The largely attended meeting demanded in a resolution that the two
governments should sign a new trade agreement that could protect the genuine inter-
est of the producers of salt and coconuts and also tappers under favourable condi-
tions. It was rightly thought that the new trade agreement should keep the interests of
the people of Portuguese India uppermost in its mind. 189

Even though the British Indian economy derived more and more gains from
the implementation of the Treaty, the Government of that territory realised that the
benefits from the Treaty were not as substantial as they were expecting and were not
in proportion to the administrative costs incurred by that Government. The British
salt monopoly did not benefit the British India Government in terms of the tax reve-
nue from the import of salt from Goa into British India. Before the implementation of
the British salt monopoly, the import duty revenues of the British India Government
from the salt imports from Portuguese India estimated to be 280,000 maunds
(10,449.6 tonnes), were Rs.5.07 lakh per annum. Prior to the British salt monopoly,
the import duty on salt was Re.1 and 13 annas per maund. Later on, when the import
duty on salt was hiked to Rs.2 and 8 annas per maund, the British India Government
incurred a loss of Rs. 7 lakh in the import duties revenue from the import of salt from
Goa. It was also found that the implementation of the salt monopoly in Portuguese India involved larger costs of administration to the British India Government. The costs were amounting to Rs. 1 lakh per annum. This made the British Government to realise that the salt monopoly was not conducive to the interests of British India.

All these factors which worked on the sides of both the contracting parties to the Treaty, brought about the termination of the Treaty on 14-1-1892 as the same was not renewed by them before the stipulated date.
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