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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 229	Press / Mis.
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Dated 5—5—	18 65

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Not to be folded or roughly handled

No. 15. Read the following letter from J. YOUNG, Esq., Chairman of the Chamber of Commerce ; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George, dated Madras, 22nd April 1865.

I am directed by the Chamber of Commerce of Madras to bring to the attention of His Excellency the Governor in Council certain points in the Financial statement laid before His Excellency the Viceroy of India by Sir C. Trevelyan on the 1st April, which appear to press unjustly on the commercial and agricultural interests of this Presidency. Although the measures proposed in that statement have already passed into law, the Chamber trust that the expression of their sentiments will not be thought superfluous. The injustice now done may yet be corrected, and the present protest may, if it meets with the support of our own Government, have some weight in future adjustments of the Financial burdens.

2. Although the Chamber, in common with the general public, see with satisfaction the expiry of the Income Tax, they would think even that relief rather dearly bought at the expense of the imposition and aggravation of Export duties, which are condemned by all sound economic principles. But the Chamber's objections to these new duties is strengthened by the fact, clearly enough disclosed by Sir C. Trevelyan's own statement, that the Financial necessities of the State were already provided for in the Budget without them.

3. It is true that Export duties already exist, and that for the present they cannot be dispensed with altogether ; but the Chamber submit, that when a source of revenue is confessedly injurious to the industry of the country, and paralyzing to that activity and prosperity of private enterprise, which is the only sure basis of sound finance, it is the part of a true statesman to lessen by degrees, and as rapidly as he can, his dependence upon that source, with the distinct view of enabling himself at the earliest period to abandon it altogether.

4. Such were the views that guided Sir Robert Peel in commencing the series of those commercial reforms which are now inseparably associated with his name : such, the Chamber regret to see, are not the views of Sir C. Trevelyan.

5. Leaving general principles and taking up details, the Chamber without going into every article would call the attention of His Excellency particularly to the duties imposed on tea, coffee, and rice. Their introduction is prefaced with the statement, that the producers are well able to bear so moderate a charge, in consequence of the diminution of the assessment of the Land Revenue, and the rise in prices. If the alleged diminution of assessment were a fact, the Chamber do not see the wisdom of giving with one hand and taking with the other, but they deny the fact as regards tea and coffee ; and as to rice, while acknowledging that in a limited tract of country, once in rapid course of desolation by over-assessment, a reduction was judiciously made some years ago, and with the best results, the Chamber fearlessly appeal to His Excellency's own knowledge to support them in the statement that the revision ordered in the Ceded Districts and Northern Circars being based on the prices of recent years is calculated largely to increase the assessment.

6. Moreover, we are told by Sir Charles Trevelyan, that the tea and coffee Districts are unprovided with almost everything which constitutes the outfit of a civilized administration. A poor reason for taking the tea and coffee planters' money without the hint of a pledge to supply those wants.

7. In His Excellency's Minute upon his late visit to the Northern Circars, the Chamber find the fruitful suggestion of local taxation for local objects. This the Chamber understand and approve, and they doubt not the planters would cheerfully pay for the supply of their crying local wants, also well known to His Excellency from personal inspection. But the idea that because Wynaad has been utterly neglected hitherto, its industry is to be taxed, and the proceeds merged in the General Treasury, is one that the Chamber neither understand nor approve. The re-imposition of an Export duty upon coffee, the produce of Wynaad, is particularly oppressive ; for as your Excellency is aware the holders of land in that District, by means of an Act that applies only to the Wynaad, are already exceptionally taxed. No fixed valuations of coffee have yet

been published, but since these Export duties have been enforced, plantation coffee has been valued by the Customs at Rupees 30 per cent., and the duty levied upon that price making the Government dues upon an acre of coffee in bearing equal to a tax of 9 Rupees per acre.

8. The Chamber do not desire to lengthen this memorial by arguments to prove that the Export duty on rice falls entirely on the producer. Assuming this, they would go on to say that they have reason to believe that there is no article of agricultural produce in the prime cost of which Government land tax forms so large an element as in that of rice. On this already burdened article, the old rate of duty amounted to 6 per cent. *ad valorem*; while other articles only paid 3. Sir C. Trevelyan at one stroke raised the rate to 9 per cent. The Chamber are utterly at a loss to imagine why the original inequality should have existed; still less can they account for the present aggravation of this inequality, except in the supposition, which they do not willingly admit, that the sufferers are selected as having no voice to reach the public ear. The Chamber believe that His Excellency will feel a special interest in these helpless and voiceless subjects of Her Majesty entrusted by her to his care.

9. The Chamber protest against the sudden imposition of these duties.

10. On the 1st April, contracts and orders with limits were in process of execution for coffee, sugar, and rice at most of the Ports of this Presidency at prices free on board. In all these current engagements a direct and immediate pecuniary loss is inflicted upon the Contractors or Agents, whose customers or principals will undoubtedly decline to add the new duties to their price, already fixed on a close calculation of the selling price in Europe. The hardship of this the Chamber need not dwell on. It may be said that this is the necessary consequence of an increase of duty, that somebody must suffer; but this is one reason the more why such changes ought not to be gratuitously made.

11. The Chamber approve cordially of the proposal to provide for re-productive Public Works by loans in England.

12. With respect to Sir C. Trevelyan's bequest to his successor, of an increase in the Salt tax, the Chamber admit that the incidence of this tax on the consumer is very light, and that its increase would be hardly felt by him.

13. But they would suggest one caution, that on this Coast, where Salt is almost produced spontaneously, the temptation to contraband manufacture is very great, and its effects very demoralizing; and the Legislature would do well to weigh this consideration and to consult experienced local officers as to the probable effect of the increased inducement held out by increased price.

14. Trusting that the above considerations may recommend themselves to the approval, and obtain the powerful support of His Excellency the Governor in Council.

No. 16. To the Chairman of the Chamber of Commerce, Madras, dated Fort Saint George, 5th May 1865, No. 229.

In acknowledging the receipt of your letter of the 22nd ultimo, I am directed by His Excellency the Governor in Council to request that you will be good enough to explain the precise meaning of the statement, that the holders of land in Wynaad, "by means of an Act that applies only to the Wynaad, are already exceptionally taxed." His Excellency in Council is not aware what Act is here alluded to.

(True Extract.)

A. J. ARBUTHNOT,
Chief Secretary.

Exd. J. Tulloch.

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Financial Department.

No. 229

To

The Chairman of the Chamber of Commerce
Madras.

Sir

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Fort St George
5th May 1865.

Chamber of Commerce

Madras 22nd April 1865

From,

John Young Esqre

Chairman of the Chamber of Commerce

To,

The Honble A. J. Arbuthnot

Chief Secretary to Government

Fort Saint George

Madras

Sir

I am directed by the Chamber of Commerce of Madras to bring to the attention of His Excellency the Governor in Council certain points in the Financial Statement laid before H. E. the Viceroy of India by Sir C. Trevelyan on the 1st April, which appear to press unjustly on the commercial and agricultural interests of this Presidency. Although the measures proposed in that Statement have already passed into law, the Chamber trust that the expression of their sentiments will not be thought superfluous. The injustice now done may yet be corrected and the present protest may if it meets with the support of our own Government, have some weight in future adjustments of the Financial burdens.

Although the Chamber, in common with the general public see with satisfaction the expiry of the Income Tax, they would think even that relief, rather dearly bought at the

expense of the imposition and aggravation of Export Duties— which are condemned by all sound economic principles. But the Chamber's objections to these new duties is strengthened by the fact, clearly enough disclosed by Sir C. Trevelyan's own statement, that the Financial necessities of the State were already provided for in the Budget without them.

It is true that Export Duties already exist, and that for the present they cannot be dispensed with altogether. But the Chamber submit that when a source of revenue is confessedly injurious to the industry of the country and paralyzing to that activity and prosperity of private enterprise which is the only sure basis of sound Finance, it is the part of a wise Statesman to lessen by degrees and as rapidly as he can, his dependence upon that source, with the distinct view of enabling himself at the earliest period to abandon it altogether.

Such were the views that guided Sir Robert Peel in commencing the series of those commercial reforms, which are now inseparably associated with his name. Such, the Chamber, regret to see, are not the views of Sir C. Trevelyan.

Leaving general principles and taking up details, the Chamber without going into every article would call the attention of H. E. particularly to the duties imposed on Tea, Coffee and Rice. Their introduction is prefaced with the statement, that the producers are well

able to bear so moderate a charge, in consequence of the diminution of the Assessment of the Land Revenue, and the rise in prices. If the alleged diminution of assessment were a fact, the Chamber do not see the wisdom of giving with one hand and taking with the other— but they deny the fact as regards Tea and Coffee and as to Rice while acknowledging that in a limited tract of country, once in rapid course of desolation by over assessment, a reduction was judiciously made some years ago, and with the best results, the Chamber fearlessly appeal to His Excellency's own knowledge to support them in the statement that the Revision ordered in the Ceded Districts and Northern Circars, being based on the prices of recent years is calculated largely to increase the assessment.

Moreover we are told by Sir Charles Trevelyan, that the Tea and Coffee districts are unprovided with almost every thing which constitutes the outfit of a civilized administration. A poor reason for taking the Tea and Coffee planters' money without the hint of a pledge to supply those wants.

In His Excellency's recent tour upon his late visit to the Northern Circars, the Chamber find the fruitful suggestion of local taxation for local objects. This the Chamber understand and approve, and they doubt not the planters would cheerfully pay for the supply of their crying local wants, also well known to His Excellency from personal inspection. But the idea that because Wynaad has been

utterly neglected hitherto, its industry is to be taxed and the proceeds merged in the General Treasury is one that the Chamber neither understand nor approve. The re-imposition of an Export Duty upon Coffee, the produce of Wynaad is particularly oppressive, for as your Excellency is aware the holders of Land in that district, by means of an Act that applies only to the Wynaad are already exceptionally taxed. No fixed valuations of Coffee have yet been published, but since these Export Duties have been enforced Plantation Coffee has been valued by the Customs at Rs 30 per Cwt, and the duty levied upon that price making the Government dues upon an Acre of Coffee in bearing equal to a tax of nine rupees per acre.

The Chamber do not desire to lengthen this Memorial by arguments to prove that the Export Duty on Rice falls entirely on the producer. Assuming this they would go on to say that they have reason to believe that there is no article of agricultural produce in the prime cost of which Government land tax forms so large an element as in that of Rice. On this already burdened article, the old rate of duty amounted to 6 per cent ad valorem, while other articles only paid 3. Sir C. Trevelyan at one stroke raised the rate to 9 per cent The Chamber are utterly at a loss to imagine why the original inequality should have existed.

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The Chamber protest against the sudden imposition of these duties.

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light and that its increase would be hardly felt by him.

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Trusting that the above considerations may recommend themselves to the approval and obtain the powerful support of His Excellency the Governor in Council.

I have the honor to be,

Sir,

Your most obedient Servant.

John Ginty

Chairman

Treasury 17th Dec. 1845

To
The Chairman of Committees

Sir

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith the Petition of the Chamber of Commerce of Calcutta against the Customs Duties imposed by the Tariff Act of the Legislature of India, and to request that you will move the House of Commons that the said Petition may be referred to the Committee on the Bill.

I am Sir
Your obedient humble Servant
C. E. Trevelyan

Read 22nd Dec. 1845

Ordered that the Petition be referred to the Committee on the Bill

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Sir

I have the honor to acknowledge the receipt of your letter of the 17th Instant, transmitting a Petition against the Customs Duties imposed by the Tariff Act of the Legislature of India, and requesting that I would move the House of Commons that the said Petition may be referred to the Committee on the Bill.

In reply I beg to state that I should be disposed to forward the Petition and to express an opinion in coincidence with that of the Petitioners I object on principle to export duties

I would move the memorial to the House of Lords, although I am myself opposed to the new export duties & indeed to the Budget altogether, I do not think it should express an opinion. I think that export duties are more exception able than in other parts of India.

I think Lord Hardinge should be asked to explain the statements that by a special Act lands in Bengal are exempt from taxation

I have &c

Lord Monteagle

15-10-45

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