

MADRAS RECORD OFFICE.

Government of Madras.

Political DEPARTMENT.

G.O. No. *224*

Press

Mis.

Dated

6-8-1863

Not to be folded or roughly handled

Proceedings of the Madras Government, Political Department,
6th August 1863.

No. 7. Read the following Proceedings of Government in the Revenue Department, dated 30th July 1863, No. 1,417.

Communicating a copy of the Resolution of the Government of India to the Resident of Travancore, with certain orders, relative to the admission of the Travancore and Cochin States, to the benefits of the new interportal trade under Section 3 of Act VI of 1848. } (Vide Proceedings Revenue Department, dated 30th July 1863, Nos. 533 and 534.)

No. 8. ORDER THEREON, 6th August 1863, No. 224.

To be recorded.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

Exd. T. O'Connor.

*Proceedings of the Madras Government, Revenue Department,
30th July 1863.*

5. 533. Read the following Endorsement of the Secretary to the Government of India:—
had the following Extract from the Proceedings of the Honorable the President in Council, in
the Home Department, (Separate Revenue,) under date the 12th June 1863, No. 3,858.

Read again the undermentioned correspondence with the Governments of Bombay and
Madras, viz.

From the Secretary to the Government of Bombay, No. 30, dated the 1st of July 1858,
submitting copies of papers relative to the question of extending to Native Tributary States the
privileges of British Indian Ports as conferred by the provisions of Act VI. of 1848.

To ditto, No. 1,302, dated the 26th of August 1858, calling for a Statement showing the
actual loss of Revenue which will result if, as proposed, all fiscal restrictions upon the Trade
between the British Territory and the Ports of *all* Native States in the Bombay Presidency are
abolished: and requesting that it may be specified what Articles of Commerce, such as Opium,
spirits, Salt, or Articles of Foreign Manufacture, should be exempted from the concessions
which it is proposed to make.

To the Secretary to the Government of Fort Saint George,
No. 1,301, calling for a similar Statement.

From Secretary* to the Government of
Bombay, No. 63, dated 23th of December
1858, recommending the removal of the restric-
tion on the import of Wool.

(A).—From ditto, No. 66, dated the 31st idem, on the limitations which should be placed
on the proposed concessions.

To the Secretary to the Government of Fort Saint George,
calling attention to the above-mentioned letter No. 1,301.
On ditto, No. 1,191, dated 30th August 1859, submitting
the information called for.

To ditto, No. 2,055,† dated the 7th of
October 1859, stating that the Governor Gen-
eral in Council is willing to adopt the recom-
mendation contained in letter (A), but that

before issuing a general Notification to that effect, he wishes to be informed whether the figures
given in Mr. Spooner's letter represent the entire loss which the measure will entail upon the
Bombay Customs Revenue.

Endorsement on the above letter No. 2,059, to the Government of Madras, calling for
information as to the amount of Revenue that will be affected by the remission at that Presi-
dency of the import Duty on Wool.

(B).—From the Chief Secretary to the Government of Fort Saint George, No. 35, dated
14th January 1861, relative to the duties now levied at British Indian Ports on the produce of
Travancore and Cochin States entering such Ports, and recommending the admission of those
States to the benefits of the free interportal trade under Section 3 of Act VI. of 1848.

(C).—To the Government of Bombay, No. 616, dated 20th March 1861, forwarding copy
letter (B) and requesting an opinion thereon.

(D).—To the Government of Fort Saint George, No. 617 of the same date, replying to
letter (B) and calling for further information on the subject.

Read letter from the Acting Secretary to the Government of Bombay, No. 63, dated the
1st of May 1861, replying to letter (C).

To the Government of Fort Saint George, No. 1,178, dated 13th June 1861, No. 2,229,
19th November 1861, No. 813, dated 12th February 1862, and No. 3,344, dated 4th July
1862, calling attention to letter (D).

From the Chief Secretary to the Government of Fort Saint George, No. 334, dated 20th
August 1862, forwarding in reply to the above noted letters a copy of Proceedings regarding the
abolition of the existing Customs restrictions on the trade between the British Territories and
Travancore and Cochin States, together with copy of a communication from the Resident of
Travancore showing the great importance attached by the Mercantile Community to the subject
in view of the injury inflicted on the Port of Alleppey by the present system.

RESOLUTION.

The papers quoted above relate to the question of the abolition of fiscal restrictions
on the trade between British Territory and the Native States of India. The principle that it
is desirable to abolish such restrictions has already been accepted by this Government, and but
practical considerations would have been some time ago carried into practice. It was with
a view of ascertaining more precisely the position in which the financial question stood that in
1861 the Governments of Bombay and Madras were addressed on the subject.

The President in Council has considered the replies to the above requisition, and now
recommends the adoption, without further delay, of the policy determined upon so far back as
1848, of placing the Ports of certain Foreign States in the Presidencies of Madras and Bombay
on the same footing as British Indian Ports in connection with the levy of duties of Customs.

The Government of Bombay consider that the proposed measure should be limited to
country produce and manufacture, and under this limitation should be extended to the

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Ports of Foreign European States on the Continent of India equally with Foreign Native States; but the President in Council holds that, for the present at least, it is advisable to confine the measure to the Native States, leaving the question of its extension to European States for future consideration.

4. The late Court of Directors in their Despatch, dated the 4th November 1857, observed that "the question of affording relief to Foreign States in India, such as had been proposed by the Government of Bombay, rested, as regarded States belonging to European nations, upon different grounds from that of conferring such a benefit upon the Ports of Native States, whose possessions were contiguous to, or surrounded by, our Territory." The Court went on to say—"We regard the welfare of these States (Native) as so interwoven with that of our own subjects that it is both unjust and impolitic to vex or hinder their trade with our Ports by any fiscal restrictions. We strongly approve, therefore, of the proposal at once to place the States of Kutch, Kattiawar and Cambay, the principal States to the northward of Bombay, on the same footing of Commercial freedom as the subjects of our own Territories. We shall also be glad to have this principle extended to all the Native States on the Continent of India."

5. As regards the terms on which the concession proposed should be granted, it appears to the President in Council that these should be generally that the States, in whose favor the concession is made, should engage to impose on their Foreign Trade Export and Import Duties not lower than those imposed by this Government with the same valuations for duty or valuations not below them; that they should reciprocate with the Government of India in respect to freedom of Home Trade, and that if deemed necessary, they should charge on Country Spirits, manufactured for export to our Territories an Excise or Customs Duty equal to that charged in the British Territories. Salt and Opium, and also Spirits made after the English method, not being free under the interportal Law, no question arises in respect to these articles. Any exceptions to these general terms, which may be deemed proper or necessary in respect to particular States, might form the subject of special negotiation.

6. If the Native States in the Bombay Presidency are willing to enter into an engagement, such as that abovementioned, the President in Council does not apprehend that any evil would result from the grant of entire freedom of trade from Port to Port, and he thinks that under such an arrangement there would be less risk of smuggling than under the limitation proposed by the Government of Bombay.

7. Of the conditions proposed by the Government of Madras to be required on the part of Native States, the first three and the fifth are merely the carrying out of the provisions that the Export and Import Tariffs and the valuations for duty in the Native States shall not compete injuriously with those adopted by the Government of India. Salt, to which the fourth condition relates, and the articles mentioned in the first of the two conditions which the Government of Madras would concede, are not, as already mentioned, included in the free interportal trade, (that is as regards Spirits when they are made after the English method). The second of these two conditions will perhaps prove difficult to carry out; but in expressing his apprehensions on this point the President in Council has no wish to fetter the Local Government's free consideration of the best means devisable for introducing the new measure in a form adapted to the peculiar geographical position of the Foreign States concerned.

8. No separate legislation will be necessary in connection with the policy under consideration. Section 12 of Act VI. of 1863, an Act to consolidate and amend the Laws relating to the administration of the Department of Sea Customs in India, which came into operation last month, enables the President in Council to declare, whenever he may think proper, that the Port of any European Foreign State, as well as of any Native Foreign State, shall be regarded for certain purposes of the Customs Act, as a British India Port. The Section also gives power to revoke or suspend any such declaration.

ORDERED, that a copy of the above Resolution be forwarded to the Governments of Fort Saint George and Bombay. The Local Governments will take action in each case or class of cases as may seem to them expedient, guarding the public interests by all necessary conditions or restrictions, and submitting each case when complete for the confirmation of the Government of India.

(True Extract.)

(Signed) E. C. BAYLEY,
Secy. to the Govt. of India.

No. 534.

ORDER THEREON, 30th July 1863, No. 1,417.

1. A copy of the above Extract will be forwarded to the Board of Revenue, the Resident at Travancore and Cochin and the Collector of Malabar.

2. In paragraph 14 of their Proceedings, dated 13th August last, the Government set forth the conditions under which the freedom of interportal trade could be carried out. These were,

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30th July 1863.

I. The free admission of British Indian produce into the Native States, by land and sea, with the exception of certain articles which are either the subject of Monopolies or produce so large a revenue that they cannot at present be admitted without financial danger to the Native States, such for instance as Tobacco.

II. The levy of British rates of duty on all foreign produce imported into the Native States with similar temporary exceptions.

III. The adoption of the same course in regard to the produce of the Native States when exported thereto.

IV. The Native States to raise their Salt tax to the same level as that of the Madras Government.

V. The adoption of the British Tariff valuations.

3. As regards the three first conditions, the first thing to be done is to draw up a list of the articles to be excepted: showing in British weights, measures and currency the Imports and Exports of them, their values, and the duty realized for the last two or three years. A similar list should also be prepared of articles, of which the present Tariff valuations and duties differ materially from those of the British Government.

4. As to Salt, the Government proposed that the duty on it should be assimilated to the British duty, partly as an unobjectionable and easy means of compensating, *pro tanto*, any loss which might be inflicted on the Native States by the new arrangements, and partly to remove the inducement which now exists for smuggling it across the British frontier. The Government still attach importance to this condition; in fact without it, the protection of the Salt Revenue of Malabar would require the establishment of Chowkies along the frontier—the very thing which it is the object of these arrangements to render unnecessary.

5. The concessions to be made in return by the British Government were:—

I. The admission of Travancore and Cochin produce into British Indian ports free of all duty, excepting only Opium, Salt, Wines and Spirits. If the Native States levy the same duties and adopt the same Tariff, there would seem to be no necessity of excepting the three last articles. But on this point the Board of Revenue will be requested to report.

II. The admission of the excepted articles at British Cochin, and the Customs receipts at that port to be shared between the British Government and those States in such proportions as a Commission specially to be named for the purpose may consider just.

6. The Government purpose deputing Mr. Clarke, 3rd Member of the Board of Revenue (who will shortly be at Calicut), to arrange matters on their behalf, and confer with a Commissioner to be appointed by each of the Native States. Mr. Clarke, from his experience as Collector of Malabar, is conversant with the subject, and can visit Cochin without inconvenience on the expiry of his present leave. A special Act will be necessary to enable the Government to levy other than the British duties at British Cochin.

7. The Resident will communicate to the Rajahs of Travancore and Cochin the satisfaction which the Government experience in being enabled to propose to them arrangements which cannot fail to be of the utmost advantage to the trade of their countries with the British territories. The Resident will at the same time assure the Rajahs that their interests will be carefully studied, and will press the subject on their immediate attention. The Resident will, with the permission of the Rajahs, proceed at once to collect the necessary information, and will request them to name suitable persons to confer with Mr. Clarke, whose deputation will leave Mr. Fisher in a more independent and impartial position to assist and advise the Rajahs.

8. Mr. Clarke will inform the Resident when he will be at Cochin. He should first discuss the subject with the Collector of Malabar, and with the Mercantile community of Cochin from whom he will gain much valuable information.

9. The Board will supply the Resident with several copies of the Customs Acts, Schedules of Duty and Tariff valuations.

(True Extract.)

[Signature]

Secretary to Government.

To the Board of Revenue,
" Resident of Travancore and Cochin.
" Political Department,
" Collector of Malabar.
To T. Clarke, Esq.
And S. T. Augustin.

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Official Letter to Congress
11th April 1863.

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