

MADRAS RECORD OFFICE.

Government of Madras.

Political DEPARTMENT.

G.O. No.

231

Press
Mis.

Dated

31-5-

1873

Not to be folded or roughly handled

POLITICAL DEPARTMENT.

No. 231.

FROM

THE HON. W. HUDLESTON,
Chief Secretary to the Government of Fort St. George,

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FOREIGN DEPARTMENT.

SIR,

With reference to your Under-Secretary's letter, dated the 5th March 1873,
No. 429-P., I am directed to transmit

* Dated 9th May 1873, No. 41.

† „ 21st „ „

copy of a report* from the Collector of
the Kistna District, and of Proceedings†
of the Board of Revenue on the subject, and to state that neither the terms of the
Commercial Treaty of 1802 with His Highness the Nizam, nor the practice under
it for the past seventy years, afford any grounds for the assumption in
Messrs. Smith, Fleming, and Co.'s letter, that Masulipatam was by that treaty made
a free port for goods intended for consumption in the Hyderabad State.

I have the honour to be,

Sir,

Your most obedient servant,

OOTACAMUND,
31st May 1873.

*Acting Under Secretary,
for Chief Secretary.*

From G. D. LEMAN, Esq., Acting Collector of the Kistna District, to the Hon. W.
HUDLESTON, Chief Secretary to Government, Fort St. George, dated
Masulipatam, 9th May 1873, No. 741.

I have the honour to return the enclosure, and to reply that no special
commercial privileges are or ever have been accorded to the subjects of His High-
ness the Nizam at Masulipatam.

2. The previous reference on the same subject was answered according to
the instructions endorsed on it through the Board of Revenue, and I have the
honour to enclose a copy.

Proceedings of the Board of Revenue, dated 21st May 1873, No. 848.
From G. D. LEMAN, Esq., Acting Collector of the Kistna District, to J. GROSE,
Esq., Secretary to the Board of Revenue, dated Masulipatam, 30th April
1873, No. 671.

In accordance with the Chief Secretary's endorsement, dated 11th March
Secretary of State's despatch, dated 23rd January 1873, No. 4, Political Department.
Letter from Messrs. Smith, Fleming, and Co.,
to Assistant Under Secretary of State, dated
7th January 1873.

1873, I have the honour to return the
accompanying correspondence through
the Board to Government.

2. Board's Proceedings, No. 502,
dated 1st April 1873, are on the same
subject. I have looked into the matter further since writing my letter published
with the above Board's Proceedings, and I think the Proceedings of the Board
dated 8th July 1844 render it quite clear that Masulipatam was never considered
a free port for goods imported for Hyderabad.

3. I have but the Order as published at page 360 of the old Circular Order
Book of the Board of Revenue to refer to, but it would seem that, when consider-
ing the terms of the treaty of 1802 with
reference to Act VI.* of 1844, the only
question was about the amount of frontier duty to be charged, and that the Sea
Custom duty was passed over altogether as a matter about which there could be
no question. Up to that time goods imported in certain vessels, and, among them,
those of His Highness the Nizam, were not chargeable with duty, as by Regulation,
XI. of 1803 they were considered to be in British bottoms and so exempt from
import duty.

4. It does not seem to me that there are any words in the treaty of 1802
that justify Messrs. Smith, Fleming, and Co.'s statement in their letter to
Mr. Seccombe that the treaty "expressly makes Masulipatam a free port for all
goods intended for consumption in Hyderabad." The free use of the port given in
Article 1 cannot be taken to mean more than a permission to His Highness to
make use of the port without let or hindrance—a permission which is extended in
Article 2 to all ships carrying His Highness' flag.

5. A similar concession is given in Section 2, Regulation IV. of 1812, to
all European ships.

6. Also while Article 8 of the treaty of 1802 lays down that no more than
five per cent. is to be charged by His Highness the Nizam on exports the treaty
is silent as to what may be charged by the Honourable East India Company.

7. My records do not show that any application to pass goods free has ever
been made before this, and it is certain that there has never been in the district
any such preventive service as would have been necessary to stop smuggling and
prevent the sale in the district of goods imported nominally for Hyderabad had
the port ever been made use of as proposed.

SUBMITTED to Government with reference to the Chief Secretary's endorsement
on a letter from the Government of India inquiring whether Masulipatam is a free
port for goods destined for the Nizam's dominions under the Commercial Treaty
of 1802.

2. The same point raised by Messrs. Nichol and Co. of Hyderabad was
dealt with in Board's Proceedings, dated 1st April 1873, No. 502, a copy of which
is forwarded.

3. The "free use of the seaport" is granted to the Nizam by Article 1 of the
treaty, but this did not make it a *free port*. In Article 3 a "free transit" of goods
across the frontier line is provided for, but Article 5 shows that duty was levied on
the goods that had the free transit. Similarly duty has always been levied on
goods landed at Masulipatam for the Nizam's dominions in spite of his having the
free use of the port.

4. The treaty has never been understood to bear the sense attributed to it
by Messrs. Smith, Fleming, and Co., nor is it susceptible of that construction, nor
has the Nizam's Government ever made the claim.

(True Copy and Extract.)

(Signed) J. GROSE,
Secretary.

Proceedings of the Board of Revenue, dated 1st April 1873, No. 502.
Read the following letters :—

From G. D. LEMAN, Esq., Acting Collector of the Kistna District, to the Secretary to the
Board of Revenue, dated Masulipatam, 6th January 1873, No. 35.

I have the honour to forward, for the consideration and orders of the Board, an original
letter from the Agent to Messrs. Nicol and Co. at Hyderabad, inquiring whether, under the
Commercial Treaty of 1802,* goods from
England will be allowed to be imported at
Masulipatam free of duty.

* Vide pages 83 and 84 of Volume V. of Mr. Aitchison's
Treaties, &c., 1864.

2. I am not aware that the treaty quoted has become obsolete.

ENCLOSURE No. 1.—Letter from the Agent to Messrs. Nicol and Co.

From the same Officer, dated Repalli, 19th March 1873, No. 408.

ABSTRACT.—Requesting early reply to his letter, No. 35, dated 6th January 1873.

The Board cannot find that, during the seventy years which have elapsed since the treaty, it has
been thought to bear the sense now sought to be attached to it; nor does the wording, in their
opinion, warrant such a construction.

2. The Collector should levy duty, as usual, on goods imported at Masulipatam without
taking heed of their destination.

(A true Copy and Extract.)

(Signed) H. E. STOKES,
Acting Sub-Secretary.

Exd. J. Wright.

1873.

FOREIGN DEPARTMENT.

From
The Chief Secretary to Government,
Fort St. George.

To
The Secretary to the Govt. of India,
Foreign Department.

Dated 31st May 1873.

Recd.

No. 231.

Enclosure.

Forwarding certain papers bearing on the question of Masulipatam being a free port for goods intended for consumption in the Hyderabad State.

Political Department.

No. 231-

To

The Secretary to the Government
of India,
Foreign Department.

Sir,

With reference to
your Under Secretary's
letter dated the 5th March
1873, N^o 429 P. I am di-
rected to transmit copy
of a report from the Job-
betor of the Krishna Dis-
trict, ~~together with copy~~
and of ~~the~~ ^{the} Proceedings of the
Board of Revenue, ^{on the subject} and
to state that ~~the~~ ^{the} ~~remarks of this~~ ^{remarks of this} ~~for~~ ^{for}
that neither the terms
of the Commercial Treaty
of 1802 with H. H.
the Nizam, nor the
practice

* Dated 9th May 1873. N^o 741.

* Dated 21st May 1873.

practice under it for
the past 70 years, af-
ford any grounds for the
assumption in Messrs.
Smith, Fleming and
Co's letter, that Masulipa-
-tan was by that treaty
made a free port for goods
intended for consumption
in the Hyderabad State.

S.R.

{ Ootacamund
June 1873

Col. Smith, Secretary, Secy to the Govt.
to B. 3/4

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18 Feb 1873 *Department*

No. 231

To
The Secretary to the
Government of
Department.

Dated 17/11/1873.

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