M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	1650	Press ~~Mis.~~
35-36		
Dated	6- 12-	1859.

Not to be folded or roughly handled

No. 35. Read the following letter from W. HUDLESTON, Esq., Acting Secretary to the Board of Revenue; to J. D. BOURDILLON, Esq., Secretary to Government, Revenue Department, dated 14th November 1859, No. 4675.

With reference to the Proceedings of Government, dated 23rd June, No. 827, Revenue Department, and 1st October, No. 1338, Revenue Department, both of 1859, calling for a report on the proposed abolition of the drawback of duty now allowed on re-exported goods, I am directed by the Board of Revenue to report that, with the exception of the districts entered in the margin, no drawback has been claimed or paid within the last three years at any of the ports of the Presidency. No special establishment is entertained in connection with drawback, and consequently no reduction of establishments is feasible.

In Con. 27th June 1859, *No.* 3065.

In Con. 3rd October 1859, *No.* 4926.

Madras. *Tinnevelly.*
South Arcot. *Malabar.*

2. In South Arcot, no drawback has been claimed or paid on re-exportation of goods by *sea* to foreign ports, but under the orders of Government, dated 27th May last, No. 713, Revenue Department, permitting drawback to be granted on the South Arcot *land* frontier on goods for Pondicherry imported at Madras on board the P. and O. Company's steamers, and paying duty there, a sum under Rupees 100 has been paid on production of the certificate of the Madras Collector of Sea Customs.

In Con. 27th May 1859, *No.* 2412.

3. The order of Government was necessary to put the Land Customs on the same footing as the Sea Customs, which the law now requires.

	Rs.	*A.*	*P.*
1856-57	106	2	4
1857-58	74	13	1
1858-59	55	2	2
Total Rs...	236	1	7

4. In Tinnevelly, the whole amount of drawback paid in the last three years has been only Rupees 236-1-7, as shown in the margin. Neither the British nor the native merchants there expressed themselves adverse to the abolition of the system when consulted by the Collector.

	Rs.	*A.*	*P.*
1856-57	890	15	11
1857-58	2,807	7	5
1858-59	3,672	8	4
Total Rs...	7,370	15	8

5. In Malabar drawback has been paid only at Cochin to the amount of Rupees 7,370-15-8 in the last three years, and there the Collector believes that it is claimed in most instances solely in view to the evasion of the just demands of the State, by exporting the goods to the Cochin and Travancore ports, and bringing them back into our territories from thence by backwater and inland navigation. The abuse which was formerly carried on through the Cochin sirkar port of Mullapuram, until checked by the order of Government, dated 11th June 1852, No. 557, Revenue Department, disallowing the payment of drawback on export to that port, has been revived by means of the Travancore port of Palliport which affords similar facilities for the evasion of import duties on goods brought into the market at British Cochin.

In Con. 21st June 1859, *S. C. No.* 145.

6. The question will form the subject of a separate communication.

7. Cochin was till recently a bonding and warehousing port, but no advantage having been taken of the privilege, it was lately withdrawn. It may admit of consideration whether, should drawback be abolished, the privilege of bonding goods should not be restored to it, but special precautions will be needed to guard against a still more extensive evasion of duty on goods for the Cochin market. In none of the foregoing districts is any distinct establishment entertained in the Drawback department, and the abolition of the system will not facilitate reductions.

	Rs.	*A.*	*P.*
1856-57	9,954	15	5
1857-58	8,427	8	2
1858-59	5,845	13	8
Total Rs...	24,228	5	3

8. At Madras, the total amount of drawback paid in the last three years has been Rupees 24,228-5-3.

9. The duties connected with the Drawback department are performed by the clerk who transacts the business of entering manifests, and similar work connected with the entry and clearing of vessels, and no reduction of establishment could be effected should the privilege be abolished; indeed the Collector observes that the extension of the bonding system which has already taken place calls for an increase of establishment, and if, as he supposes and the Board understand, the abolition of drawback will allow of goods in bond being exported *free of all duty*, the *reserved duty* now collected being the difference between the full rate of duty and the drawback allowed, the privilege of bonding and warehousing goods is likely to be availed of to a larger extent than ever.

10. On this point of the "reserved duty," however, some doubt exists. The Chamber of Commerce ask for an assurance that this will no longer be collected, as unless that measure accompany the abolition of drawback, theyprotest against the withdrawal of the privilege, as being one of the few facilities afforded to trade by Government in this country, and which should be increased rather than diminished.

11. They consider that duty should be levied only on such goods as are consumed in the country and that every means should be afforded by Government to allow of Madras being a depôt for European goods whence other settlements may be supplied.

12. The abolition of the reserved duty on goods in bond would, however, afford an additional facility for this purpose.

13. So far as the Board can see, and supposing that they are correct in thinking that the reserved duty will be abolished with the privilege of drawback, and goods could be exported free from bond, they are of opinion that trade would be benefited rather than injured by the measure and that only in the special case of the goods for Pondicherry imported from Europe by the mail steamers and overland route would hardship result. They think that liberal policy and courtesy, to an Ally alike dictate a special reservation in favor of this peculiar traffic.

Ordered in consequence that the following letter be despatched.

No. 36. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort St. George; to W. GREY, Esq., Secretary to the Government of India; dated 6th December 1859, No. 1650.

With reference to your letter of the 9th June last, No. 1139, I am directed by the Honorable the Governor in Council to forward copy of one from
14*th November* 1859 *No.* 4675. the Board of Revenue reporting on the proposal to abolish the drawback of duty now allowed on goods re-exported by sea.

2. The Board represent that during the last three years drawback has been paid only in four districts, and to the extent specified in the margin; that no special establishment is entertained for the purposes of the drawback, and that, consequently no reduction of establishments will be rendered feasible by its abolition.

South Arcot	100
Tinnevelly	236
Malabar	7,371
Madras	24,228

3. The small amount set down as paid in South Arcot, was not paid on goods re-exported by sea, but was granted on the land frontier, under the order of this Government reported in my letter of 16th July 1859 No. 952 on goods for Pondicherry imported by sea into Madras on payment of duty, and conveyed by land to Pondicherry. In Tinnevelly the abolition of the system of drawback is not objected to by the trading community.

4. At the port of Cochin in Malabar, drawback is claimed merely for purposes of smuggling; and this Government has, in passing orders on another report from the Board of Revenue on that subject, prohibited the payment of drawback on goods exported from Cochin to Palliport.

5. The Government of India wished to have the opinion of the Madras Chamber of Commerce on the proposed measure, and I enclose copy of a letter from that body on the subject. It will be seen that the Chamber express decided opposition to the abolition of drawback; on the ground that this is one of the few facilities afforded to trade by Government in this country, which facilities ought in their opinion to be increased rather than lessened.

6. The Chamber appear to have overlooked the advantage to trade arising from the practice of bonding, with which it is not proposed to interfere.

7. The Board of Revenue express the opinion that if the practice of allowing drawback is abolished, a special exception should be made in favor of goods for Pondicherry imported from Europe into Madras by the mail steamers and conveyed from this port by land. This Government desires to support that recommendation.

Rev Depart.
No. 1650
W Grey Esqre
Secretary to the Govt of India
Sir,

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to your letter of the
9th June last No. 1139,
I am directed by the
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14th Novr 59 No 4675 in Council to forward
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South Arcot — 100
Tinnevelly — 239
Malabar — 737
Madras — 24.218

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Fin Con 7 Sept 59 — No 4455
x 26 Sept 59 —

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recommendation.

1st Geo. 6th Decr 1859.

4th Octr/59 No. [illegible]09
24 Letrs — 44/5

631-70

Copy to the Govt. of Madras
6. 12. 1859

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28 D-69+
10 D/90
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No. 35 & 36.

Revenue 1859 Dept.
Pro: of Govt. 10th Decr.

No. 1650.

To the Secretary to the
Govt. of Orissa
Dy 6th Decr. 59.

Reporting on the
proposals to abolish the
drawback of duty now
allowed on goods re-
exported by Sea.

Copy sent to the Honorable W. Roberts
Legislative Member Calcutta
31 Feb 1871

Copied on

C3 December 1859