M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1999	Press ~~Mis.~~
214—215	
Dated 17—10—1861.	

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 17th October 1861.

No. 214. Read the following letter from C. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, to T. PYCROFT, Esq., Chief Secretary to the Government of Madras, dated Fort William, 18th September 1861, No. 11,535:—

SIR,

I am desired to forward to you a copy of a letter from the Junior Secretary to the Government of Bengal, No. 417A, dated the 30th ultimo and its enclosures, and to request that you will be good enough to move His Excellency the Governor in Council to cause this Government to be furnished, on as early a date as possible, with a report on the question of the Customs Import Duty on foreign manufactured Tobacco therein mooted.

From J. D. GORDON, Esq., Junior Secretary to the Government of Bengal, to the Secretary to the Government of India, Financial Department (Customs), dated Fort William, 30th August 1861, No. 417 (A).

SIR,

1. I am directed to forward for the consideration and orders of His Excellency the Governor General in Council, the accompanying copies of the letters noted in the margin, relative to the existing high rate of duty on foreign manufactured Tobacco.

From Secretary to Bengal Chamber of Commerce, to Secretary to Government of Bengal, dated 7th June (one enclosure).
From Officiating Junior Secretary to Board of Revenue, No. 1,285, dated 17th instant (five enclosures), to Secretary to Government of Bengal.

2. The Lieutenant-Governor strongly recommends that a duty of 20 per cent. *ad valorem* should be substituted for the duty now in force. He would observe that this will, in the present state of things, probably be found sufficient to avoid doing injustice to the native tobacco which is about to be subject to an excise duty.

Memorandum from Honorable H. B. DEVEREUX, Officiating Junior Secretary to the Board of Revenue (No. 1,018, dated the 18th June 1861).

Forwarded to the Collector of Customs, Calcutta, for his early attention and report.

From H. W. J. WOOD, Esq., Secretary to the Bengal Chamber of Commerce, to E. H. LUSHINGTON, Esq., Secretary to the Government of Bengal (dated the 7th June 1861).

SIR,

1. I am directed to submit for the consideration of the Honorable the Lieutenant-Governor, the accompanying Extract from a letter addressed to the Chamber of Commerce by Messrs. Whitney Brothers & Co. and other American Merchants, who represent that in consequence of the excessive duty of one Rupee per seer on foreign manufactured Tobacco, the trade in this article from America has become nearly extinct, the quantity imported in 1859 being 8,24,500 lbs, which was reduced in 1860 to 2,00,000 lbs and only 3,300 lbs having been imported in the present year.

2. These figures show a result which the Committee are satisfied will at once move His Honor to the consideration of the question, whether such a prohibitory impost shall be continued, involving the discouragement of an important article of American commerce, and its probable withdrawal from the Indian market.

Extract from letter, dated 29th May 1861, from Messrs. WHITNEY BROTHERS & Co. and other American Merchants.

"We wish to call the attention of the Revenue Department to the excessive rate of duty levied on foreign manufactured Tobacco, which has for many years been imported from America to considerable extent; but since the duty of one Rupee per seer has been imposed, the importation both to this Port and Bombay has almost entirely ceased. The imports for the past three years into Calcutta from United States have been as follows:—

1858	lbs.	5,29,000
1859...	„	8,24,500
1860	„	2,00,000

The export from United States for India in the latter year after advices of the advanced rate of duty reached there was stopped altogether, and in the present year but 3,300 lbs. have been imported from thence. If, therefore, the increased duty was intended to augment the revenue from

this source, the object has completely failed. We would remark that in the year previous to the change the duties collected from this article mounted to Rupees 36,000. If the object of the high duty is to stimulate native manufactures, it is useless as no manufactured Tobacco produced in this country can come into competition with American.

The best description of manufactured Tobacco that is brought to the market from United States cost under the present duty 1-4 per pound.

The market price for the best quality has never exceeded 1 Rupee per pound, and at present with very small stocks is worth but 14 to 15 Annas, and consumers are of that class who cannot afford to pay above this price. Inferior Tobacco which formerly sold at 4 to 6 Annas is of course entirely excluded from the market. Under these circumstances we would urge a reduction of duty in all manufactured Tobacco. An *ad valorem* duty would unquestionably be the fairest to the importer, and a source of the greatest amount of revenue to Government. It is our belief that a duty of 20 per cent. on the market value is quite as high as the article will bear. Anything above that would reduce importations.

It will doubtless be sufficient evidence of the injustice of the present scale of duty to point out to you, that whether same rate, one Rupee per seer, is levied on American manufactured Tobacco as on Manilla Cheroots. On the former it amounts to 50 to 100 per cent. of its market value, while on the latter it is but 10 to 12½ per cent."

No. 276A.

Forwarded to the Board of Revenue with a request that they will submit an early report on the statements herein made.

(By Order of the Lieutenant-Governor of Bengal,)

(Signed) H. BELL,

Under Secretary to the Government of Bengal.

FORT WILLIAM,
14*th June* 1861.

From Honorable H. B. DEVEREUX, Officiating Junior Secretary to the Board of Revenue, to the Secretary to the Government of Bengal, No. 1,285, dated 17th August 1861.

SIR,

1. I am directed by the Board of Revenue to forward, for the information of the Lieutenant-Governor, the report which was called for in your Office Docket, No. 276*a*, dated the 14th June (herewith returned with its enclosure), on the statement made in the letter from the Chamber of Commerce, dated the 7th idem.

2. It was stated in that letter, that in consequence of the excessive duty of one Rupee per seer on Foreign manufactured Tobacco, the trade in this article from America has become nearly extinct, the quantity imported in 1859 being 824,000 lbs, which was reduced in 1860 to 200,000 lbs, and only 3,300 lbs. having been imported in the present year.

3. From the accompanying Report of the Collector of Customs on the subject, No. 163, dated the 7th instant (enclosure A), it appears that these figures are not quite correct, and that the actual importations of American Tobacco whether cleared on payment of duty or bonded has been as follows:—

	1858.	1859.	1860.
Cleared.....	Maunds 5,951	Maunds 9,803	Maunds 1,028
Bonded.....	„ 0	„ 0	„ 3,462

4. There can be no question as to the serious falling off in the importation of American Tobacco, and the Board agree with Mr. Chapman in thinking that an import duty of Rupee one per seer on it is far too high and is tantamount to a prohibitory duty.

5. From the enclosure B of Mr. Chapman's letter, it appears that one thousand of the common Manilla Cheroots were valued in the Tariff at Rupees 25, and now pay from Rupees 44 to Rupees 2-9 as import duty, while one maund of American Tobacco was valued in the Tariff Rupees 18 and pays Rupees 40 as import duty. Thus Manilla Cheroots pay but 10 or 12 per cent. of their value, while the duty on the American Tobacco is more than 222 per cent.

6. It is clear indeed, that when an uniform rate of duty is charged on articles which differ so greatly in value, it must operate unfairly. The old system of *ad valorem* duty is that which,

in the Board's opinion, is most appropriate to such articles, and they would recommend a return to that mode of assessing duty on Tobacco. The American Tobacco would, they think, bear a duty of 25 per cent. *ad valorem*.

7. It appears certain that importations of the cheaper kinds of Tobacco cannot be maintained with so high a duty as one Rupee the seer for manufactured, and eight Annas for unmanufactured.

8. In making this recommendation to change the existing duty, the Board would point out that the foreign Tobacco and that of Madras and Bombay will, when imported, enter into competition with that of Bengal which it is now proposed to tax, and that it will be necessary in fixing the revised rate of Import duty on foreign Tobacco, to keep in view the rate which may be imposed on Home grown Tobacco; but so that the latter may not be subjected to disadvantage; and also to impose the same duty on the growth of Madras and Bombay.

9. I beg that the original enclosures may be returned when no longer required.

From C. CHAPMAN, Esq., Collector of Customs, Calcutta, to the Officiating Junior Secretary to the Board of Revenue, No. 163, dated 7th August 1861.

SIR,

1. I have the honor to acknowledge the receipt of your Office Memorandum, No. 1,018, under date the 18th June last, forwarding copies of the correspondence noted in the margin, on the subject of the present high duty on Tobacco,

Secretary Bengal Chamber of Commerce to Secretary Government of Bengal, dated 7th June 1861.

and as directed I beg to submit the following report.

2. In the 17th paragraph of my Report, No. 316 of the 22nd June, I mentioned that although the amount of revenue realized on Tobacco during the official year 1860-61, was in excess of the collections for the previous year, still the importation of Tobacco had fallen off, and that the present duty was very heavy, I further mentioned that should the present rate be continued a still further decrease in the imports might be anticipated.

3. The Statement of the quantities of American Tobacco imported here, as mentioned in Messrs. Whitney & Co.'s letter to the Chamber of Commerce, does not tally with the accompanying one* prepared from the Records of the Office, but there can be no question as to the serious falling off in the importation of American Tobacco, and that an import duty of one Rupee a seer on this Tobacco is far too high and is tantamount to a prohibitory duty.

* Marked A.

4. The statement above alluded to by me shows clearly that the present duty interferes with the import, the Board will perceive that in 1860, out of maunds 4,490-12-2 American Tobacco, no less then maunds 3,462-11-4 were placed in bond, and that for the first six months of 1861 only maunds 602-1-1 have been imported direct from America.

Vide Statement B.

5. The American Tobacco is cheap and consumed chiefly by those who cannot afford to pay high price for any luxuries, and it bears particularly hard on the European Soldiers and Sailors frequenting this Port. It was, I believe, anticipated when the duty was raised, that it would affect equally all kinds of Tobacco, but it appears from a Statement prepared by me marked C, and herewith annexed, that the weight of the enhanced duties falls entirely on the cheap Tobacco, and that Cigars now pay less duty than when the tax was only 20 per cent. This has resulted from charging duty on all qualities of Tobacco by weight and not according to the former Tariff values.

6. This alone appears to me a sufficient argument as to a revision of the present duty.

7. It now remains to decide on what may be considered a fair duty to be levied so as to yield the greatest amount of duty without interfering with the importation.

8. In my opinion a duty of 20 or 25 per cent. on the market value would be as high an impost as Tobacco could stand, and I think that by charging this duty in the manner proposed by me, the imports would again amount to the usual quantity. No objection would, I imagine, be made on the part of importers. The duty on the cheaper kinds of Tobacco would be decreased, and that on Cigars increased.

A.

Memorandum of Tobacco and Segars imported and cleared on payment of duty and bonded during the years 1858, 1859, *and* 1860.

Whence imported.	Cleared on payment of duty.					
	1858.		1859.		1860.	
	Boxes.	Maunds.	Boxes.	Maunds.	Boxes.	Maunds.
America	...	5,951 - 26 - 0	...	9,893 - 10-10	...	1,028 - 0-14
Great Britain	64 &	39 - 12 - 0	351 &	21 - 20 - 0	14 &	54 - 20 - 3
China...	...	2,619 - 33 - 0	...	2,141 - 30 - 0	...	1,749 - 33 - 0
Alexandria	1	.....	...	.....	...	.....
Coromandel coast	...	23 - 0 - 0	...	.....	...	.....
Rangoon	5 &	244 - 6 - 0	...	1,429 - 26 - 0	...	428 - 32 - 0
Manilla	...	197 - 8 - 0	...	63 - 36 - 0	...	37 - 5 - 0
Madras	...	1,205 - 20 - 0	1 &	216 - 24 - 0	...	127 - 10 - 0
Sydney	...	44 - 18 - 0	...	.....	...	.....
Trieste	...	0 - 12 - 0	...	.....	...	.....
Hamburg	2	.....	...	.....	...	.....
Mauritius	...	45 - 7 - 0	...	.....	...	.....
Bombay	...	26 - 6 - 0	...	30 - 0 - 0	...	.....
Cape	...	2 - 30 - 0	...	.....	...	2 - 5 - 9
France	...	12 - 34 - 0	...	.....	...	1 - 0 - 0
Ceylon	...	.....	...	15 - 10 - 0	...	.....
Malta...	...	.....	...	2 - 13 - 0	1	.....
Total...	72 &	10,412 - 12 - 0	352 &	13,814 - 9-10	15 &	3,428 - 26-10
Bonded.						
America	...	.....	...	.....	...	3,462 - 11 - 4
Singapore	...	.....	...	14 - 12 - 0	...	175 - 0 - 0
Manilla	...	14 - 12 - 0	...	.....	...	7 - 6 - 0
Total...	...	14 - 12 - 0	...	14 - 12 - 0	...	3,644 - 17 - 4
Grand Total...	72 &	10,426 - 24 - 0	352 &	13,828 - 21-10	15 &	7,073 - 3 -14

NOTE.

Total quantity of Tobacco imported including bonded.

	1858.		1859.		1860.	
	Boxes.		Boxes.		Boxes.	
From America.....	...	489,738 lbs. or maunds 5,951 - 26 - 0	...	814,077 lbs. or maunds 9,893 - 10 - 10	...	369,489 lbs. or maunds 4,490 - 12 - 2
From other ports.....	72 &	4,474 - 38 - 0	352	3,935 - 11 - 0	15	2,582 - 31 - 12
Total...	72 &	10,426 - 24 - 0	352 &	13,828 - 21 - 10	15 &	7,073 - 3 - 14

B.

Statement of Tobacco imported from January to June 1861.

	North America.		Bombay.		Other Ports.	
	Bonded.	Cleared on payment of duty.	Bonded.	Cleared on payment of duty.	Bonded.	Cleared on payment of duty.
January Mds...	83 - 32 - 10	19 - 27 - 8	...	.....	...	50 - 34 - 15
February „ ...	.....	.....	...	.....	...	6 - 27 - 4
March „ ...	.....	11 - 26 - 10	...	.....	...	8 - 37 - 9
April „ ...	62 - 1 - 1	.....	...	.....	...	2 - 25 - 15
May „ ...	.....	265 - 20 - 13	...	115 - 20 - 0	...	6 - 9 - 2
June „ ...	.....	159 - 12 - 7	...	611 - 33 - 3	...	2 - 12 - 8
	145 - 33 - 11 or 12,001 lbs.	456 - 7 - 6 or 37,538 lbs.	...	727 - 13 - 3 or 59,850 lbs.	...	77 - 27 - 5 or 6,393 lbs.

C.

Memorandum showing the relative Increase and Decrease of Duty on the several descriptions of manufactured and unmanufactured Tobacco during the last two years.

	Assessed up to 12th March 1859.				Assessed from 14th March February			
	Value as per Tariff of 1st February 1855.	Ratio of duty in force.	Amount of duty.		Value as per Tariff of 1st February 1855.	Ratio of duty in force.	Amount of duty.	
Manufactured.	RS. A. P.		RS. A. P.		RS. A. P.		RS. A. P.	
1 Maund American Tobacco.....	18 0 0	5 per cent. *ad valorem.*	0 14 4 per Md.		18 0 0	20 per cent. *ad valorem.*	3 9 7	
1 do. China cut do.	22 8 0		1 2 0 per Md.		22 8 0		4 7 0	
1 do. Gulph do.	25 0 0		1 4 0 per Md.		25 0 0		5 0 0	
1,000 Segars Havannah about five seers.....	40 0 0		2 0 0 per Md.		40 0 0		8 0 0	
1. lb. do. do.	5 12 0		4 7 0 per lb.		5 12 0		1 2 4	
1,000 Segars Manilla No. 1, 8 seers, 8 Chittacks.....	25 0 0		1 4 0 per 1,000.		25 0 0		5 0 0	
1,000 do. do. No. 2, 4 seers, 4 Chittacks.....	25 0 0		1 4 0 per 1,000.		25 0 0		5 0 0	
1,000 do. do. No. 3, 3 seers....	25 0 0		1 4 0 per 1,000.		25 0 0		5 0 0	
1,000 do. do. No. 4, 2 seers, 9 Chittacks.....	25 0 0		1 4 0 per 1,000.		25 0 0		5 0 0	
1,000 do. American.....	20 0 0		1 0 0 per 1,000.		20 0 0		4 0 0	
1 lb. European snuff.....	3 0 0		0 2 4 per lb.		3 0 0		0 9 7 per lb.	
1 Dozen bottles do. American.....	3 0 0		0 2 4		3 0 0		0 9 7	
Unmanufactured.								
1 Maund Sandoway leaf Tobacco..	10 0 0	3½ per cent. *ad valorem.*	0 5 7		10 0 0	20 per cent. *ad valorem.*	2 0 0	
1 Do. China do.	18 0 0		0 10 0		18 0 0		3 9 7	
1 Do. Gulph do.	20 0 0		0 11 2		20 0 0		4 0 0	

(True Copy.)

CALCUTTA, CUSTOM HOUSE,
The 7th August 1861.

(Signed) T. JONES,
Register Bengal Secretariat.

1859 to 17th 1860.	Present Assessment commencing from 18th February 1860.				
Ratio of increase over duty of 1858-59.	Present market value.	Ratio of duty in force.	Amount of duty.	Ratio of increase over duty of 1859-60.	Remarks.
	RS. A. P.		RS. A. P.		
300 per cent.	82 0 0 average duty included.	1 Rupee per seer.	40 0 0	1,010 per cent.	
Ditto.	123 0 0 average do.		40 0 0	789 0 0	Very seldom imported and only for private use by Chinese.
Ditto.	nominal.		40 0 0	700 0 0	No importation.
Ditto.	Ditto.		*5 0 0		* Lowered 37 per cent. (Seldom imported.)
Ditto.	Ditto.		†0 7 9		† Ditto 57 per cent. (Seldom imported.)
Ditto.	40 0 0		8 8 0 per 1,000	70 per cent.	4,700 = 1 Maund duty 40 Rs.
Ditto.	25 0 0		‡4 4 0	.....	9,400 = 1 Maund duty 40 Rs. ‡ Reduced 15 per cent.
Ditto.	18 0 0		§3 0 0	.....	13,333 = 1 Maund duty 40 Rs. § Reduced 40 per cent.
Ditto.	16 0 0		‖2 9 0	.....	15,609 = 1 Maund duty 40 Rs. ‖ Reduced 48¾ per cent.
Ditto.	Nominal.		.....	.....	No importation.
312 per cent.	4 0 0 per lb. average net.		¶0 7 9 per lb.	.....	¶ Duty reduced 19 per cent.
Ditto.	1 0 0 per lb. average net.		.....	.....	No importation.
475 per cent.	10 0 0	8 Annas per seer.	20 0 0	900 per cent.	Not subject to duty if imported direct from Arracan and entered in Export Clearance.
Ditto.	22 0 0		20 0 0	455 0 0	
Ditto.	Nominal.		20 0 0	400 0 0	

(Signed) C. CHAPMAN,
Collector of Customs.

(True Copies.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

No. 215. ORDER THEREON, 17th October 1861, No. 1,999.

Referred to the Board of Revenue for early report.

(Signed) J. D. SIM,
Secretary to Government.

No. 1535-

From

C. H. Lushington Esquire
Secretary to the Govt. of India
Financial Department

To

The Chief Secretary to the Government
of Madras -

Sir,

I am desired to forward to you a copy of a letter from the Junior Secretary to the Government of Bengal No. 417 A. dated the 30th ultimo and its enclosures, and to request that you will be good enough to move His Excellency the Governor in Council to cause this Government to be furnished, as early as date as possible, with a report on the question of the levy of Import Duty on Foreign manufactured Tobacco therein noted. -

I have the honor to be
Sir,
Your most obedient Servant

Fort William
the 18th September
1861

Secretary to the Govt. of India

21-11-93

24-11-10

Rev. 1861 Deptt
Pro: of Govt for October
No. 2316.

From
The Secy to the
Govt of India
Financial Deptt

From do dy 5th October/61
No. 2611
Dated 18th Septr 1861.
Rec'd 28 Septr 1861.
Encl 1.

No 11535

Forwarding copy of a notifi-
cation under Act 21 of 1861
offering certain suggestions
with respect to its publica-
tion and requesting to be
informed in detail of
the simplest means
under the Govt recommen
for ascertaining and
for enforcing Income Tax

Referred to the
Board of Revenue for early
report.
Fort St George
17th October 61

IRS

My Copies
To the Board of Revenue. Dispt 18

From the Bd dy 9th Nov/61
No. 2694 - 15-2/62-34
From do dy 20th Nov/61 No. 2741
9 Jany/62-35

No 2142

See two