M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1708 — Press / Mis.

Read

Dated 13. 8. 1862.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 13th August 1862.

Read the following papers :—

No. 140. From W. HUDLESTON, Esq., Secretary to the Board of Revenue, to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Madras, 18th February 1862, No. 1,162 :—

Procs. of Govt., dated 20th April 1861, No. 897, R.D.
,, ,, ,, 12th Sept. ,, ,, 1,817.

Annual average of Revenue on five years' trade with Foreign State in India from 1856-57 to 1860-61.

European States.

	Rs.	
Sea Customs on Imports.....	18,322	
,, Exports... ..	17,285	
		35,607
Lands Customs on Imports.. ..	1,08,833	
,, Export.. ..	70,537	
		1,79,370
Total..		2,14,977

Native States.

	Rs.	
Sea Customs on Imports.....	12,013	
,, Exports.....	9,477	
		21,490
Land Customs on Imports.....		27,793
,, Exports.....		16,233
		44,026
Total.....		65,516

SIR,

1. With reference to the Orders of Government noted in the margin, I am directed by the Board of Revenue to submit their report on the proposal to place the coasting trade with Native States, on the same footing as that between British Indian ports, prefacing their remarks by stating, that in their opinion, the Land and Sea Customs must in each case be dealt with in one and the same manner in this Presidency.

2. The accompanying Statements show, as required, the extent of revenue depending on the trade with Foreign States in India, both Native and European, during the last five years, and the marginal abstract gives the annual average of the series, which, it must be observed, includes years in which excessive changes have been made in our rates of duty, and our revised Tariff of values for duty has been introduced.

3. The trade with the European States is between the French Settlements of Yanam, Pondicherry, Karikal and Mahé, and the Portuguese Settlements of Goa, Damaun and Divu.

4. The revenue derived from this trade, is chiefly drawn from the Land Customs, between the Districts of South Arcot and Tanjore, and the French Settlements of Pondicherry and Karikal.

5. The next largest revenue is from the Land Customs collected in North Canara on the Goa frontier, but more than one-half of this is derived from duty on Goa Salt imported into our territories, which may be excluded from consideration, as Salt and Opium are specially excepted from the operation of the Interport Act of 1848.

Exports.	*Imports.*
Indigo.	Wine or Spirits.
Piece goods.	Metals.
Oil seeds.	Piece goods.
Oils.	Twist.
Hides.	Spices.
Betel nut.	
Ground nut.	
Tobacco.	

6. The articles in which the trade with the French Settlements is mainly carried on are shown in the margin, in order corresponding with the extent of the trade, the first-named being the most important items. It will be observed that the Imports are, with the partial exception of Twist, not native produce. Grain for consumption in the French territory is allowed to be exported free by the land frontier, the French authorities undertaking to collect for us the Sea Customs on whatever grain is exported by sea from their territory. It has been proposed to extend this concession to exports by sea, but in view of the great difficulty of preventing evasion of Customs by exporters under this pretence, the Board are not prepared to support the proposal.

7. With the above exception these ports are, it is believed, free ports, and while the revenue that would have to be sacrificed by the extension to them of the privileges of the interport trade, is considerable, it may reasonably be doubted whether any corresponding benefit would result to our own over-sea trade from the measure, and also whether the foreign

Note.—The loss of revenue would to some extent be compensated by the saving in Draw-back granted on re-exports, which in the year 1860-61 amounted to Rupees 27,051 at the Madras Sea Customs House alone, on re-exports to Pondicherry and Karikal.

Governments concerned would consent to adopt our Export and Import scale of Duties and Tariffs, which appears to the Board to be an indispensable condition of the arrangement.

8. The trade with Native States is confined almost exclusively to Travancore and Cochin. The only exception is the limited intercourse between our Western Coast, and the Provinces of Cutch and Guzerat.

9. The Land Customs, which it will be observed form as in the case of the trade with the European Settlements much the larger item of revenue, are collected solely in Madura and Tinnevelly on the Travancore frontier, and principally in the latter District.

It is, however, to be observed that our Customs Houses in the Malabar and Coimbatore Districts on the Cochin inland frontier were withdrawn in 1846, when those of the Cirkars were also withdrawn on their side of the frontier.

Vide Ex. Mins. of Cons. dated 29th July 1846.

10. The trade consists mainly in Grain, Tobacco, and Piece goods, exported; and Timber, Cocoanuts and Oil, Betel nuts, Palmyra Jaggery, and Salt-fish, imported.

11. Travancore and Cochin have both strong claims on the liberal consideration of Government. They pay large tribute to the State Paramount. They produce much that our provinces need, and need much that our provinces produce. Their revenues suffer by the existing disabilities, while at the same time the Government revenues are injured to some extent in the items of Salt sales, and Customs on Wines and Spirits; and the many and serious evils inseparable from systematic smuggling, carried on by the semi-civilized inhabitants of a wild country, are developed to the highest degree.

12. The immediate sacrifice of revenue by admitting them to the privileges of British Indian ports would be small, and would be still further reduced by the discontinuance of the Draw-back on re-exports of European goods from our ports to those of the Cirkars. Reciprocal action is proposed by Mr. Maltby under the following *limited* arrangements :—

I. That the *produce* of Travancore and Cochin shall enter the ports of British India duty free.

II. That the value Tariffs of Travancore and Cochin shall be assimilated to the British Tariff.

III. That the Rajahs shall bind themselves to sell Salt at the monopoly price of the Madras Presidency.

IV. That the British Government shall prohibit the importation of Tobacco into British Cochin except on paying duty to the Rajahs.

13. It will be observed that the free *export* of goods *to* the ports of the Cirkars is not included in these proposals, which are further limited to the imported *produce* of the Cirkars.

14. The Board would recommend the immediate adoption of the three first proposals, which will be very beneficial to the revenues of the two Cirkars, and will also save Government from the loss now sustained in its Salt revenues in Malabar, by the importation of that article through the Cochin territory at prices far below those of the Government monopoly.

The Board are under the impression that the adoption of the British Tariff values has been already carried out.

15. The fourth proposal would need a Legislative enactment, and should also in the Board's opinion be reciprocated by the Cirkars adopting our rates of duty on Wines and Spirits, which now find their way through Cochin territory to the Malabar and Coimbatore markets, including the Hill stations, at rates of duty below those in force at our ports.

16. The papers that have been communicated to the Board are incomplete on this point, as well as on the larger question raised by Mr. Maltby of a convention for sharing between the three States the duties collected at British Cochin, or that would be collected on its trade did that trade pass through the ports of the Cirkars; the duties being calculated in account whether levied or not, and the measure to be reciprocated by the withdrawal of all the Frontier Chowkies between British Cochin and the territories of the Cirkars.

17. Mr. Maltby's consideration of the subject appears to have been interrupted by his illness, and as the matter is distinct from the subject of the three first proposals, the Board deem it unnecessary to discuss it further in the present letter, which has already been delayed longer than they could have wished. The free importation of *all goods* from the Cirkars' territory into our own Provinces, and the free export of goods to the ports of the Cirkars would complete their admission to the full privileges of British Indian Ports, and the Board would certainly advocate this larger measure on the condition that the Export and Import duties of the Cirkars shall not be reduced below our own, as without this proviso the port of Aleppy would probably draw away a large amount of trade from Bombay and our western ports. But although the sacrifice of revenue by Government would be small, and would be still further reduced by the saving of Draw-back, yet as it is not solicited by the Resident, and would not seem to afford any corresponding advantage to Government, the Board would defer its concession pending the settlement of the larger question above referred to.

No. 141. Telegram from the Collector of Malabar, to the Secretary to Government, Madras, dated 28th February 1862.

February 28th.—Total Customs receipts of Cochin for last Calendar year amounted to one lac three thousand eight hundred and twenty-seven or twice fifty-one thousand nine hundred and thirteen and half Rupees. 18-15.

No. 142. ORDER THEREON, 13th August 1862, No. 1,708.

1. The above papers relate to a question which has at various times been under consideration of Government, but the disposal of which has been retarded by financial and other difficulties, viz., the removal of all Customs restrictions on the mutual trade of the British territories and those of the Rajahs of Travancore and Cochin.

2. By Act VI of 1848 the Coasting or Port to Port Trade of British India was freed from all duties, but Travancore and Cochin, as Foreign Native States, do not come within the scope of this enactment and consequently the produce of those territories when landed at British ports is charged with import duty as foreign goods, and similarly the produce of British India when exported to Travancore and Cochin ports is charged with export duty. The same is the case with goods passing the land frontier, though on some lines the levy of duty has been mutually abandoned. The Rajahs of Travancore and Cochin on their part levy Customs dues on imports from and exports to British ports.

3. In 1861 Government recommended that Travancore and Cochin should be admitted to the benefits of Act VI of 1848.

4. The Government of India in reply, stated that they had "no doubt of the general "sound policy of removing all restrictions on trade with Native States in India," that this "was "freely admitted by the Court of Directors when the question was raised by the Government of "Bombay in the year 1856" and that "the adoption of the measure was prevented in "1859 by financial considerations alone." "These considerations," they added, "it was "still necessary to regard as it might be doubted whether the benefit of the measure "will be sufficiently great to justify the abandonment of a considerable amount of "Revenue during the ensuing twelve months." But, they went on to say, "it has been suggested that the exclusion of the Native States of India from the benefits of the coasting trade, while "it inflicts a very serious injury upon those States does not in reality obtain any corresponding "advantage for the British Government, but that on the contrary the policy became actually injurious to our Customs Revenue when once the Port to Port Trade was made free and our Customs "Revenue made mainly to depend on an over-sea trade, which trade it is certain would greatly "benefit by extended coasting trade with Native States." It had indeed been doubted whether even a temporary loss of Revenue would ensue from the adoption of a more liberal policy.

5. This Government were accordingly requested to take the subject into consideration and state whether they concurred in the view "that the indirect gain to the Revenue which may be "expected to follow on the abolition of the existing restrictions on the freedom of trade between

"British India and Native Indian States would be likely to cover the actual loss of Revenue "which is now derived from the duties imposed upon that trade, or, at all events, a considerable "portion of it."

6. The Government of India also called for returns of the Revenue realized from the duties on the trade by land and sea with Foreign States in India both Native and European.

7. Dealing first with the trade of this Presidency with Native States, it is to be premised that that trade is almost wholly limited to Travancore and Cochin, and for all practical purposes the traffic with other Native States may be left out of consideration.

8. Taking the five years from 1856-57 to 1860-61, the average amount annually realized in the shape of Customs duties on the trade with Native States has been Rupees 65,516 which Rupees 21,490 has been realized at the ports and Rupees 44,026 on the land ontier. The highest sum realized in any year on imports was Rupees 41,621 and on expor 9,958. The Revenue at stake may in round numbers be taken at Rupees 65,000, from which ever the charge for Establishments maintained for the collection of the Revenue and re f drawback have to be deducted.

9. The question, however, as regards Travancore and Cochin is not merely one of R e. From their position and the nature of the communications by backwater between them the adjoining Province of Malabar, foreign produce can be and is surreptitiously introd British territory to a considerable extent, and preventive measures of an expensive and nature must be speedily adopted or the Customs and Salt Revenue will largely suff articles in which smuggling is most extensively carried on at present are Wines and S Salt. The loss to the British Rev the last article alone was estimated late Resident Mr. Maltby in 1860 at of Rupees. The loss on Wines and pi cannot be so easily calculated, but instance it was upwards of Rupees 10

Vide paragraphs 18 to 24, Mr. Maltby's letter to Collector of Malabar, dated 22nd August 1860, in Proceedings of Government, Political Department, dated 8th October 1860, No. 601.

Paragraph 25.—*Ibid.*

10. The Native States, on the other hand, suffer in like manner. Tobacco, for in largely imported into British Cochin, and thence smuggled into those territories. Th into that place of this article alone we by Mr. Maltby at 10 and 12 lacs annually, at the selling rate of the Travancore monopoly. Again, as there are no British Houses around Cochin, the produce of those States is largely introduced into it, in order that when re-exported to British ports it may obtain free entry in the latter. The injury ca by this diversion of trade from the Travancore ports to British Cochin is great and a just cau of complaint.

Paragraph 6.—*Ibid.*

11. Thus both the British Government and these Native States are alike sufferers from the present state of affairs, in a pecuniary view, independent of the demoralizing effect of the systematic system of smuggling to which it gives rise.

12. The only thorough remedy is an assimilation of the Customs duties and Tariffs and the treatment of the Native States as integral parts of British India.

13. The Government on a careful re-consideration of the whole subject are not prepared now to recommend that the admission of Travancore and Cochin to the benefits of Act VI of 1848 should be conceded without an equivalent concession in favor of British produce. The boon involved in that admission is evidently not to be measured by the mere amount of Revenue which the British Government would sacrifice, though, viewed in this respect only, the concession is considerable. But in requiring an equivalent the British Government are bound in justice to pay due regard to the financial condition of these States, which pay a large* tribute to it, and have other strong claims on its consideration. There are certain articles, for instance Tobacco, from which the Travancore State derives a large Revenue, and which

* NOTE.—Travancore 8 lacs.
Cochin 2 do.

must of necessity be excepted for the present from any such arrangement as that contemplated or the consequences would be ruinous:—

14. The arrangement which this Government would propose having due regard to all these circumstances is the following. On the part of the Native State they would require—

I. That the produce of British India should be admitted free into them by land and sea, certain articles, which are either the subject of monopolies, or produce so large a Revenue that they cannot at present be admitted free without financial danger, being excepted. These excepted articles to be settled from time to time, on the understanding that as the circumstances of the Native States safely permit, their number shall be gradually reduced until ultimately all British Indian produce shall enter free.

II. The British rates of duty to be levied by the Native States on all foreign produce, imported into them, exception being temporarily allowed, on particular articles as provided in the case of British Indian produce.

III. The same course to be adopted in regard to the produce of the Native States when exported therefrom.

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

V. The British Tariff valuations to be adopted as a general rule.

On the part of the British Government, the following would be the concessions:—

I. The admission of Travancore produce, Opium, Salt, Wines and Spirits excepted, to benefits of entry into British Indian ports free of duty.

II. The Travancore and Cochin duties on the excepted articles, Tobacco and the like, s far as the Government consider them equitable, to be levied at British Cochin, and the proceeds to be shared between the three Governments in such proportions as a Commission specially to be named for the purpose may consider just.

15. In explanation of these proposals the Government will make the following remarks:—

0. The first is but the carrying out of reciprocal concession so far as circumstances permit. The cepted articles will not be numerous, and ultimately they will altogether disappear. But meanwhile exceptions must be permitted, or the finances of the States will be thrown into irretrievable confusion, and other reforms which the Rajahs are with the encouragement of the Resident, gradually effecting must be indefinitely postponed. The Government will exercise a salutary control over the excepted list and the policy of the Rajahs of late shows that their co-operation may be relied on.

16. The second and third stipulations provide for the adoption of the British rates of duty as far as practicable at once and universally hereafter.

17. The fourth stipulation is necessary for the protection of the British Salt duty, and it was estimated by the late Resident that it would add about 1½ lacs to the Revenue of the State of Cochin.

18. The fifth proposal is intended to secure to the mercantile community the great advantage of an uniform Tariff as far as practicable.

19. Of the equivalent concessions on the part of the British Government the second alone needs remark.

20. The proposal to levy the Travancore and Cochin duties at British Cochin and to share the proceeds is based on the considerations of its position. A reference to the map will show that it is the natural outlet of the trade of the adjoining Native States. Its territorial limits are very circumscribed and its productions of necessity limited. Its trade, as the Memorial addressed to this Government by the residents in 1860, and the late Resident's letter already quoted show, is confined to articles produced or consumed by those States, and is chiefly fostered by the circumstance of Act VI of 1848 not being extended to them. If their Coasting trade were freed, British Cochin would have only its fair and natural share of the export traffic, and

its import trade is now quite at the mercy of the Rajahs who might completely surround it with
a effective cordon of preventive guards. If therefore the British Government retained, as
roposed, control over the duties to be charged at British Cochin, its merchants would have no
valid cause of complaint, and they would gain the advantage of internal rade with those States
free from vexatious interference. On the other hand the Native States may fairly claim a share
of the revenues, because one effect of extending the operation of Act VI of 1848 to these ports
will be to transfer part of their over-sea trade to British ports ; as Bombay, &c. The levy of the
Travancore and Cochin duties will effectually prevent the smuggling of Tobacco, &c., into
those States.

21. The details of this arrangement must be worked out in communication with the Resident
and the Dewans of the Native States, but if the principle on which they are based is
approved by the Supreme Government no difficulty on this score is to be apprehended, for the
Government have a deep interest in the welfare of Travancore and Cochin and will not risk or
retard their prosperity.

22. It is impossible to say whether by the simple admission of the produce of these States
to the benefits of Act VI of 1848, the loss of Revenue thereby entailed would be made up.
Trade would of course increase, but the extent of the gain thus indirectly caused to the British
Government cannot be estimated. The plan proposed by Government however, which in fact
involves the ultimate introduction of the British duties and Tariffs, cannot fail to be profitable to
the Native States as well as to the British Government. The latter will gain by the prevention
of smuggling in Salt alone, more than the Revenue it sacrifices, besides the great advantage
ultimately secured to trade of an uniform Tariff and scale of duties for all India. Nor will the
advantage to the Native States be less considerable. The trade of their ports will not be diverted
as at present to British Cochin and their valuable monopolies will be protected so long as
circumstances require their retention.

23. And both the Native and British Governments will be gainers in another respect by
the blow which the proposed arrangement will give to the smuggling now so prevalent.

24. As regards Foreign European States a similar course does not seem practicable.
They are, it is understood, free ports except in the articles of Liquors and Tobacco. It is not
likely that they would adopt the British duties, and unless they did so, the admission of their
produce into British Indian ports would merely involve the loss of the Revenue now realized
from import duty, without any corresponding advantage. British produce could not of course
be admitted into those States free of duty without diverting the trade in all dutiable goods from
our ports to theirs. The Government do not see their way therefore to any arrangement of
mutual advantage with these States under present circumstances. All that can be done is to allow
the free transit across the frontier of grain and other articles of petty local consumption at
present, and to admit grain by sea also for the same purpose, on the understanding that the
British duty is levied and paid over to the British Government on all re-exported grain. These
concessions make the levy of duty as little vexatious as possible and under the circumstances
the Government do not advise more. The Revenue from Customs dues on the imports and exports
of these States has in the five years from 1856-57 to 1860-61 averaged Rupees 2,15,000 per
annum, whereof Rupees 1,27,155 have been realized on imports and Rupees 87,222 on exports.

* 16th April 1861, No. 199, Political Department.
29th June ,, ,, 297, ,, ,,
28th Nov. ,, ,, 527, ,, ,,

25. Resolved that these Proceedings be communicated to the Political Department, with reference to the orders* noted in the margin, in view to their being laid before the Government of India through that Department.

(Signed) T. PYCROFT,
Chief Secretary.

Rev: 1060/62

Enclosure in a letter from the Secretary to the Board of Revenue to the Secretary to Govt. of Madras dated 18th Sept. 1862. R/2-11

Statement showing the Sea & Land Custom Duties collected in each District on the Trade with Native States in Cochin during the last five years from 1856/57 to 1860/61.

State

No = 460/62

Enclosure in a letter from the Secretary to the Board of Revenue to the Secretary to Govt. of Bombay. Dated 18th Feby. 1862. No 1162.

Statement shewing the Sea and Land Customs Revenue collected in each District on the Trade with Native Indian States during the last 5 years from 1856/57 to 1860/61

Customs Revenue collected in each District on the Trade with Native Indian States in India during the last 5 Years from 1856/57 to 1860/61

1856/57 Value	1856/57 Duty	1857/58 Value	1857/58 Duty	Revised Tariff Values introduced 10th December 1860 Value	Revised Tariff Values introduced 10th December 1860 Duty	Total of 5 Years Value	Total of 5 Years Duty	Annual Average Value	Annual Average Duty	Remarks	Ports with which trade is carried on
17	18	19	20	21	22	23	24	25	26	27	28
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs		
"	"	"	"	"	"	"	"	"	"	No trade is carried on in these Districts with Native Indian States.	
"	"	"	"	"	"	"	"	"	"		
"	"	"	"	"	"	"	"	"	"		
"	"	"	"	"	"	"	"	"	"		
"	"	"	"	16409	375	16409	375	16409	375	Cochin and Travancore	
"	"	"	"	"	"	"	"	"	"	Travancore	
100	"	160	"	73	"	233	"	46	"	612	"	122	Travancore
7	"	1	"	"	"	39	"	"	"	47	"	10	Travancore and Cochin
52	"	"	"	"	"	"	"	62	"	114	"	23	Travancore and Cochin
"	"	"	"	"	"	"	"	4	"	"	"	"	Travancore
36	49	16	488	15	923	28	2589	93	5705	187	1141	37	Travancore
"	"	"	"	"	"	"	"	"	"	"	"	"	Travancore, Cutch, Porebunder and Jaffurabad
"	"	2572	"	2913	"	1332	"	3424	"	1619	"	3224	Travancore and Cutch
17137	49	14914	222887	6003	216601	6939	264613	5275	249671	28431	209914	5686	Travancore, Cutch and Cochin
	8423	7612		9277		11571		8900		45885		9477	
49	1616	4	112	3	1653	50	"	"	2523	106	704	21	Travancore
37029	1760702	15433	473462	19941	353744	14642	311715	11038	1936896	81063	357379	16212	Travancore
38089	1772521	15537	473874	19941	366397	14692	311715	11038	1940419	81169	388083	16233	

* This includes Exports also; the particulars of the exports and imports are not separately shewn in the Collector's Return.

5 2862

Imports 19938

27793
16233
44026
21490
65516

19938
9477
16233
25710

Secretary.

State

... and Land Custom Revenue collected ... Districts on the Trade with European Foreign States in India during the last five years from 1856/57 to 1860/61.

Ports with which trade is carried on	Imports 1856/57 Value	Imports 1856/57 Duty	Imports 1857/58 Value	Imports 1857/58 Duty	Imports 1858/59 Value	Imports 1858/59 Duty	Imports 1859/60 Value	Imports 1859/60 Duty	Imports 1860/61 Value	Imports 1860/61 Duty	Revised Total of Values under Act XXIII of 1860 10th December 1860	Total of 5 years Value	Total of 5 years Duty	Annual average Value	Annual average Duty	Exports 1856/57 Value	Exports 1856/57 Duty	Exports 1857/58 Value	Exports 1857/58 Duty	Exports 1858/59 Value	Exports 1858/59 Duty	Exports 1859/60 Value	Exports 1859/60 Duty	Exports 1860/61 Value	Exports 1860/61 Duty	Revised Total of Values under Act XXIII of 1860 10th December 1860	Total of 5 years Value	Total of 5 years Duty	Annual average Value	Annual average Duty	Remarks
	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30						
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs							
Pondicherry and Karical	"	1425	"	349	"	28	"	348	"	682	"	"	"	1884	"	808	"	140	"	"	"	2832	"	406	Pondicherry and Karical						
Pondicherry and Yanaon	283	28	178	28	1567	824	8476	1242	1695	248	7392	242	"	"	"	"	31995	960	22923	688	126320	3790	25264	760	Pondicherry and Yanaon						
Pondicherry Yanaon and Karical	25502	3622	6930	1444	9333	1667	66164	8670	13253	1734	29218	971	32041	3145	415610	11555	233357	8341	674895	21063	1145118	45795	289024	9016	Pondicherry Yanaon and Karical						
Pondicherry Karical & Maldives	176	18	3804	486	6518	1271	18772	2204	3785	441	6209	19	1724	59	21303	488	10880	809	10639	625	74169	2000	8834	400	Pondicherry Karical & Maldives						
Pondicherry and Yanaon	"	"	22	2	20	2	933	21	186	4	"	"	584	16	"	"	"	"	"	"	684	16	584	16	Pondicherry and Yanaon						
Indian French Ports	"	6237	"	2299	"	2731	"	18337	"	3665	"	1578	"	2268	"	2224	"	4215	"	1193	"	11458	"	2291	Indian French Ports						
Karical and Pondicherry	"	403	"	2014	"	1190	"	7807	"	1661	"	682	"	391	"	468	"	785	"	201	"	2477	"	495	Karical and Pondicherry						
Karical	21320	21	1059	3	58196	39	83079	78	16646	16	"	"	120	4	85	2	"	"	"	"	208	6	41	1	Karical						
Pondicherry	"	961	244	1276	283	8098	384	5296	943	1099	189	423	13	175	5	93	3	"	"	316	9	1014	30	203	6	Pondicherry						
Mahe Domans & Dirs in Gujarat &c	"	"	"	8981	"	4702	"	2956	"	*22185	"	8409	"	"	"	"	"	"	"	"	"	"	"	"	"	Mahe Domans & Dirs in Gujarat &c						
Goa Mahe and Damaun	"	"	"	440	"	75	"	712	"	1805	"	341	"	3269	"	1378	"	1066	"	1264	"	9447	"	1889	Goa Mahe and Damaun						
Pondicherry Karical Mahe & Goa	13034	1906	7057	157	6304	1746	47415	4753	9483	950	98370	3581	20241	2863	58148	2023	45776	962	54407	623	321072	10032	64214	2006	Pondicherry Karical Mahe & Goa						
	6		18225		118442		13463		91613		18322		115716	13106		18649		17275		25556		86363		17285							
Yanaon	1124	206	716	178	786	221	3857	827	770	165	13499	423	23795	429	252800	7659	42986	12900	712117	21367	1424388	42778	284876	8556	Yanaon						
Pondicherry	20	"	57890	"	42385	"	41388	"	257444	"	57688	"	177305	"	23262	"	28823	"	24181	"	28581	"	113052	"	22610	Pondicherry						
Karical	63	"	5726	"	6418	"	3017	"	24908	"	4982	"	37826	"	32936	"	14476	"	40203	"	815798	"	196839	"	39368	Karical						
Goa	76	740	87	301	172	882	242	2824	712	565	142	"	"	"	"	"	"	"	"	"	"	"	"	"	"	Goa						
Mahe	801		187892		117328		109941		54471		105933		38950	56627		57051		17747		131610		352689		70537	Mahe						

* This includes Exports along the Jurisdictions of the Exports & Imports are not separately shown in the Collectors Returns

Thomas
Secretary

1. By Act XI of 1848, the coasting or Port to Port Trade of British India is free from all duties — + is free from all duties — + Travancore and Cochin, Travancore and Cochin, as Foreign Native States, do not come within this Act. Hence the produce of their territories when landed at British ports, and British produce when + Exported to + their Ports are liable to Customs duties. The same is the case with goods passing the land frontier though on some lines the right has been mutually abandoned. + The inconveniences of this State

Cont'd

+ Travancore & Cochin on their part & Navy Customs dues on imports to & Exports from British India.

state of affairs are well exemplified in Malabar. Tobacco - a Travancore Monopoly - is largely imported into British Cochin notoriously for the purpose of being smuggled into Travancore - and Wine and Spirits are largely imported into Cochin & Travancore ports and thence smuggled by backwater into our territories. - Salt is also largely smuggled into Malabar from Cochin

2. In 1861 Govt. recommended that Travancore and Cochin should be admitted to the benefits of Act VI of 1848.

3. The Govt. of India in reply stated that they had "no doubt of the general sound policy of removing all restrictions on trade with Native States in India" - that this "was freely admitted by the Court of Directors when the question was

by the Govt. of Bombay in the year 1856" and that "the adoption of the measure was prevented in 1859 by financial considerations alone." "These considerations" they added "it was still necessary to regard" as it might be "doubted whether the benefit of the measure will be sufficient to justify the abandonment of a considerable amount of Revenue derived from the customs during 12 months - But, being, they went on to say" it has been suggested that the exclusion of the Native States of India from the benefits of the coasting Trade, while it inflicts a very serious injury upon those States does not in reality obtain any corresponding advantage for the British Govt. but that on the contrary

contrary the policy became actually injurious to our Customs Revenue when once the Port to Port Trade was made free and our Customs Revenue made mainly to depend on an over Sea trade, which trade it is certain would greatly benefit by an taxed Coast-ing trade with Native States." It had indeed been doubted "whether even a temporary loss of Revenue would ensue from the adoption of a more liberal policy"-

4. This Govt were accordingly requested to take the subject into consideration and state whether they concurred in the view "that the indirect gain to the Revenue which may be expected to follow on the abolition of the existing restrictions on the freedom of Trade between

British India and Native States would be likely to prove the actual loss of Revenue which is now derived from the duties imposed upon that trade or at all events a considerable portion of it."

5. The Govt of India also called for returns of the Revenue realized from the duties on the Trade by land and Sea with Foreign States in both Native and European

6. The Board's report here with submitted in reply to these calls.-

Taking first

7. Travancore and Cochin it will be seen that in 1860/1, we realize about Rupees 52000 on goods imported by land & Sea from and Rs 20000 on goods exported Similarly to those States

The

The average revenue from both sources during 5 years has been about Rs 65,500 annually - From this however some deduction has to be made for drawback on European goods re-exported.-

8. From 60 to 70 thousand Rupees therefore seems to be the probable loss of immediate Revenue to be expected from placing the Travancore and Cochin Ports on the same footing as our own -

9. To estimate the probable gain direct and indirect is not so easy.- Mr Matthey seems to contemplate only the admission of the produce of Travancore and Cochin into British ports duty free-

This

By Sea - By Land

Imports - 12013 - 27793
Export 9477 - 16233

21490 - 44026

65516

11

C

11. This of course he meant as the first step but it merits consideration whether it is worth the while of the British Government to pay the price it will cost -

12. By such an arrangement the Travancore State would not only retain its present export duties but might even raise them as soon as the British duty has taken effect - On the other hand British produce admitted into Travancore would still be subject to their Import duties - so that in fact we should be giving their produce free entry into our market while our produce would be taxed on entry into theirs - This would scarcely be just to our own

own subjects - It must also be borne in mind that this arrangement leaves unsolved the difficulties connected with the smuggling trade - British Tobacco would still be as freely smuggled into Travancore & Cochin Salt and European wines and spirits into our territory -

13. I presume therefore that Govt will except the reciprocal free entry of British Indian produce - as the general rule -

14 The Supreme Government seem to hold this view also, for they speak of "untaxed coasting trade with the United States" - This expression in fact would seem to imply more nay absolute freedom from all duty on all the interport trade. They speak of Salt and Opium as necessarily excluded from any arrangement with the United States and of wines and spirits as not necessarily excluded "if the same import and export duties are levied on these articles as in British India" This in fact is a necessary consequence of fact

British

VI of 1846 = Por in =
= stance Wine import =
= ed from France en =
ters to Canada pays
its regulated Sea =
= port duty at Canada =
= da and may then
be carried inland
or sent by Sea to
any other Indian
port free of all
further duty - and
similarly Wine and
European produce
of any kind pass =
= ing from the en =
= trepôt Canada
to the port

port of Calcutta to the
English port of Calcutta
would be admitted
free of duty. If Act
VI of 1846 is declared
applicable to native
States. This of course
involves equalization
of Tariff rates and
duties - or at least,
so far as British
India is interested,
the imposition of
no lower duties on
Provisions than on
British India -
The Provincial Go-
vernment have
adopted an Export
Tariff in which with
the rates of duty
charged thereon

British

British Interests - They are prepared also to adopt the British Import duties except on Wines and Spirits. These are the very articles which with salt constitute our dependency and the Travancore Government undertake to retain them as a means of bargaining for the protection of their Tobacco revenue which is their dependency.

15 The key to a really satisfactory arrangement seems to lie in British Cochin. This port has no produce of its own but its position makes it the natural outlet for the produce of Travancore and Cochin and at the same time gives an emporium for smuggling. The native states have surrounded it with Customs houses and as goods cannot profitably be exported when saddled with the native and British duties, its trade must sooner or later suffer materially - so also with Imports.

C

16. A reference to the map will shew that Cochin is really at the mercy of the surrounding native states and I do not see therefore why Govt should hesitate to make an equitable arrangement with those states, founded on the recognition of this fact.

17. This arrangement

to

is I think to be gained
by the suggestion of the
Cochin Chamber which
evidently has also Mr
Maltby's support - viz that
Cochin should be
regarded as a port com-
mon to all 3 States -
That Tobacco should
be liable on Import
and Export to the native
states and that all
other articles should
be subject only to the
English duties the
proceeds being shared
among the 3 Govern-
ments as might be
determined - If this
be conceded, it appears
that the native Govern-
ments will adopt
our duties and raise
their salt prices - Thus
all smuggling in salt,
Wine and Spirits will
be effectually stopped

I suppose we made no
stay after the Grant & suffered
by the Chamber of Commerce
thanks

Pepper has already
been disposed of
privately for 5 fl
per

15

and the only thing
the Cochin Merchants
will have to complain
of is the restriction on
Tobacco - There is however
no legitimate trade in
that article and the loss
in this respect will be
amply compensated by
the saving of their other
trade -

18. I think the duty at
Cochin should be shared
for the reason that by
fully bringing into operation
the Port to Port Act, Travan-
core would lose much,
of whatever direct over-
sea trade it now has -
its produce would not
only be shipped from
Cochin but much would
doubtless find its way
to Bombay and the
revenue now realised
by these States would
be lost to them -

If

19 If the application of the Port to Port Act be limited to Travancore produce only, the gain to this Govt. will be indirect and I should think very small.

20 If on the other hand the full measure is carried out, there can be no question I presume of the advantage. The loss by the smuggling of Salt, Wine and Spirits will be saved immediately and will go far towards compensating the immediate loss of Revenue.

21 It is for Government to decide on what basis the arrangement should be carried out.

22 The Board recommend the adoption of the 3 first suggestions made by Mr. Maltby - but

to the British Govt.

para 4.

16 but the third viz the equalisation of the Salt duty depends on the protection required for the Tobacco Monopoly - which the Board would defer and it leaves the Wine question and the trade of Cochin open for further treatment -

23 As regards European States the Govt. of India apparently only require returns of the Revenue -

24 This is about £15,000 on an average of 5 years including North Canara Pondicherry and Mahé are almost entirely Free Ports and the conception of the Port to Port Trade to them would simply draw away the trade of our own Ports - It is not likely that they would agree to levy our duties and if they did the additional

market for our produce would not be great.

J D S

Memo

On the subject of placing the coasting trade with native states on the same footing as that between British Indian Ports.

This memo seems correct. I have made a few notes here and there and think that a reply to the effect of the memo should be sent to Govt of India.

2. In Matthy's letter of 25th Jan. should read "Commissioner" instead of "Collector"

First prisoners employed now in fluctuating on Trincomalee Pay, Allepee more especially by reduction of Six men from the benefit of Act VI. 1845, and the heavy duties imposed on the produce or industry of British Ports by the Act

Subject

2dly The impossibility of the Tobacco system of Tranquebar being materially ameliorated unless the importation of Indian Tobacco into Port of Cochin-is done away with & the Tobacco from British India Ports being subjected to the same rate of duty on import as is now levied on Tobacco from Sumatra and other places out of India -

3- We should then go on the principle of India for a compensation in manner, embracing

1. Complete freedom of the Port & Port trade between the Tranquebar

3. Collection of customs duties at British Cochin & Dividend between the two States

of British India - the import of a few special articles - Salt - Tobacco pepper - Betel - Cardamoms.

2- Levy of the foreign rate of duty on all Tobacco imported into British Cochin and its Dependencies

4 Complete abolition of the duties & duties, but in lieu thereof -

5- Price of salt in Cochin to be the same as in the price in Madras Presidency -

6. With the consent of the Cochin Government -

Encl. 2/4th February 1860.
" — 20th September 1860.
(with Enclosures)
" — 25th January 1862.

19 Cochin, 9th April 1862.

My dear Sir,

I think that I can offer such remarks as I have to make on your Memo: more conveniently in the form of a letter than in that of notes. My views on the subject of the trade of Travancore and Cochin are so fully stated in the letters noted in the margin, that I have only to offer a few remarks on some points in which I think the position of these States is not fully understood.

2. We differ very little as to our views on the subject, both wishing to see every restriction upon trade removed if this be possible, but there are many difficulties in the way of complete freedom and I am afraid lest by attempting too much at once, all amelioration should be postponed for a year or two longer.

3 I would therefore very strongly urge upon the Government that they should deal, first and separately, with the subject of the injury inflicted upon the trade of Travancore, by imposing on the produce of a State which forms an integral part of British India, and pays eight lacs of Rupees to the imperial revenue, the same duties that are levied on the trade of foreign States.

I hardly think that we are called upon to discuss the privaneges of a foreign state over which we exercise no sovereignty WD

But it acts like a foreign State & taxes our produce

4 I have shewn in my letters of Sept^r 20th 1860, & January 25th 1862, how serious is the injury inflicted on Travancore and how small is the pecuniary benefit to the British Government, & this your Memo: confirms.

5 The decision of this question will aid the consideration of the other questions and in justice to the

Rajah

C.S. March/62 R28 RC 31 July

Rajah it should not be blended with them. Kindly glance over my letters and see how hard it is that the trade should all be drawn from Allepey to Cochin, and taxed 20,000 Rupees by the Rajah of Cochin on the back-water, and all without the British Government getting any duty after all, because the goods being shipped from British Cochin, enter Calcutta and Bombay free of duty.

6 You say in Para: 12. of your Memo: that the Rajah should reciprocate and this I believe, he is quite prepared to do with regard to the common products of the Country, or rather he has already exempted them from duty on entrance into Travancore, as you will see by the annexed Notice, and asks the British Government to reciprocate.

Only 11-2 Per cent on their chief Exports

7. In short, what is asked is, that the produce of Travancore be admitted into British Indian ports free of duty and this should, I think, at once be granted, for if it is admitted into British Cochin free of duty and thence exported to all Indian ports free of duty, as is now the case, on what principle is the privilege with-held when the goods are exported from the ports of Travancore?

We do not think it worth while to keep a preventive for but Travancore wants it does.

8. The Concession would simply free the trade from heavy burdens and eventually prove equally beneficial to the British Government and to Travancore, for most of the goods go to Bombay for eventual shipment to Europe, China, &c and swell the British Customs at Bombay.

9 This should be decided on its own merits, for the Rajah does not ask and could not reciprocate entire free trade, which you appear to suggest. He must levy an export duty on all produce which leaves his Kingdom. No more legitimate means of raising the necessary revenue, can be proposed. To allow the produce intended for the Ports of British India exemption from duty, and to admit the produce of

Granted

It is a very fair mode of securing a revenue to

of British India on the same terms, would be to abandon nearly the whole of his Customs revenue, which, of course, is impossible. The whole, with a very trifling exception, would be transferred to the Indian Treasury. The produce of Travancore would all go to Bombay, Calcutta & British Cochin to be there shipped for Europe, paying duty to the British Government; and the piece-goods, hardware, metals, &c. of Europe, would be imported into Bombay, Cochin, &c, and thence come into Travancore free of duty.

10. It appears to me that if so wide a measure as entire freedom of trade between the State of Travancore and British India be desired, it could only be proposed by the British Government, accompanied by an Agreement to remit a proportion of the tribute & equivalent to the amount sacrificed by the Rajah.

11. This may eventually be brought about, but it should not, I think, be proposed at present, lest the simpler and more pressing question be thereby postponed.

12. The question of removing the Backwater Chow-keys which surround Cochin, the three Governments & sharing in the Customs collected at the port of Cochin, is one of great importance, and I believe that it is quite practicable, but even as a preliminary to this, it is desirable that the duties on Travancore produce should be removed, so that the trade may flow into its natural channels and it may be ascertained how much belongs to Allepey and how much to Cochin.

13. It appears that the Customs were formerly shared between the British Government and Cochin, and at an earlier date between the Dutch & Cochin, and I do not

not think that there will be any difficulty in arranging with the Cochin Rajah. The Travancore State will, I think, be willing to join in the Convention in order to have the Tobacco revenue protected, but much liberality on the part of the Paramount Power, towards this State will perhaps be necessary, such as a guarantee that the duty paid over to the Travancore State, shall not fall short of the amount now collected at the Backwater Chowkeys.

The protection of the Tobacco Rent is a great boon surely.

14. The amount of revenue collected at British Cochin, or that would be collected if all imports paid duty there, must be ascertained and the share of each state be allotted. This will not be easy and will occupy some time. Commissioners, probably consisting of the Resident, the Collector of Malabar, the Dewans and a member of the Mercantile Community of Cochin, might, I think, be appointed to arbitrate, or to report.

15 I should here mention that the export duties of Travancore are 5 per cent. The question of reducing them to 3 per cent was considered, but it was found that the revenue could not be spared and no other equally unexceptionable mode of realising it could be found. The extra 2 per cent is a tax on the Rajahs own subjects, and it is better that this should continue to be levied & public works be steadily carried on, than that it should be abandoned and the revenue be crippled.

But what is the import duty?

16 The course then, which I recommend is, that the Government of India be solicited to pass an order, or enactment, that the produce of Travancore & Cochin be admitted free of duty into the Ports of British India, & that on doing so, they should take the opportunity to invite the Rajahs to enter into arrangements to remove the

We should have given up our vantage ground.

the Backwater Custom houses and share the Customs of British Cochin, with subsidiary arrangements for protecting the Tobacco revenue of Travancore Cochin and the Salt revenue of British India, thereby suppressing the Smuggling trade. That a Commissioner be appointed by each State to consider the terms of such a Convention.

I hope that in this way an act of justice will be done at once & an important step made towards the attainment of the other beneficial measures which we desire.

Believe me
My dear Sir
Yours very sincerely
Edw. C. Bayley

Cochin
March 9th 1862.

Notice.

Note - These are Chief Exports - the concession of free import is of nominal value -

Value of Exports in Rupees

1. 613.000 — 1. Coppra.
2. 58000 — 2. Cocoanuts
3 109,000 — 3. Cocoanut oil
4 151763 — 4. Coir of different sorts
5 - 139600 — 5. Dry Ginger
6 not stated — 6. Fish Oil
7 - 14000 — 7. Turmeric
8 23,000 — 8. Palmyra Jaggery
9 69000 — 9. Tamarind of different sorts.
10 - 8400 — 10. Coffee
11 not stated. — 11. Nutmegs.

It is hereby notified for general information that His Highness the Rajah of Travancore has been pleased, at the recommendation of the British Resident, with a view to the convenience of Exporters of the undermentioned produce from the Ports of Travancore, to order, that such produce be, from the 25th Instant / 15th Chittray, admitted into the limits of the Travancore Territory, free of duty.

(Sd) T. Madava Row
Dewan.

Huzzoor Cutcherry,
Trevandrum,
19th April 1860.

(True Copy)
T. K. Cobb
Lt.

The above is taken from the administration report of 1860/61 D.S.

25

The enclosed memo
B. has returned by
3rd Feb 82

28

Sir Lascelles states urges that the fur.
trade of the State be admitted free of duty
into the ports of British India & the
following Islands.
1. That the State pays under treaty
for or in respect to the Imperial Revenue
2 That when the treaty rate shall cease
& the Subsidy ceased, the trade of Jeypore
with the Country of British India
& the Jeypore Country be on
as on the same footing.
3. That the trade of Jeypore is
much impeded by the heavy duty and
inland transit duties which the trade
of the B. provinces is exempt. This
imparts a check in the determination
of the trade of Jeypore & the diversion
of the trade to Cochin. This takes
place in order to avoid the 10 p.c.
duties. These are avoided & the

See
where it
is to be
prepared

Done & Sealed as
fully the inquiries &c.
Jan one inclosed on

British Govt. is no grievance; but the trade
down the Red Sea is taxed 3 p.c by
the Rajah of Cochin, & the measures of
the Travancore State are largely de-
manded

4 That as the produce of Travancore
is admitted (by land) free of duty
into British Cochin, it is unjust
that it should not be so admitted by
sea into the Ports of British India.

5. That if this is not done it should
be framed to levy duties on export into
Cochin, so as to give this advantage
to that Port with the tendency of
drawing the trade of Travancore
into its natural channel.

A small state like Travancore

25

The enclosed memo.
B. has prepared by
24 & contains further
& more recently &c.
comments on the European trade via Calcutta &
with the large ports of Calcutta &
Bombay & of all goods of whatever &
their Indian ports on which & duty
& entering into Travancore the Rajah
would take his export duties & all
the trade except a small proportion
drawing for Europe to Alleppy direct-
ly &c.

where [illegible] suppose but is to be done to be alike as fully the injuries Travancore inflicts on

The enclosed memo. was prepared by me & first shewn to Mr Pigott - who as will be seen gives his hte shares my views of the subject. It was then sent to Mr F. Maltby & the memo are contained in the paper A.

Mr Maltby & I view the question in different lights - the doubts - hesitations - the doubts very proper & very truly on the injuries inflicted on Jamaica by treating that as a foreign State but he does not seem done to realise as fully the injuries Jamaica inflicts on

B.

I think it would be better to put into the question fully as once initiated in the pamphlet way proposed by Mr Maltby - Labour & money be disposed of dial very liberally with the Royal & Parliament and to remit a portion of the tribute paid by from wholesome taxes by an exercise of any authority which the Governor is called upon to make either for Military or Civil duty - she would be as well that we should know the exact amount of our Expenditure both Civil & Military - and we should also get an account of the Revenue derived by Parliament from duties & Imposts on exports & also of estimated charge produced by alterations

Mr Merivale

I quite approve of the excellent letter & exact facts which you have put together upon this question & suggested [illegible] is the best [illegible]

British & he did in
permitting the smuggling
of Salt & Liquors
into it. He would
have as much Right
-ancore as part of
British India that
would still decline
& it is much of
the ~~Tra~~ privileges of
a Foreign State as
will permit it to
levy import Duties
on our produce. This
does not seem to me
quite fair. At the
same time the fi-
-nances of Travancore
are in such a state
that some consider-
tion is justly due
to its Govt. The just
course seems to me
to be the following.
1st To leave Travancore
& Cochin free to tax

This course would lead to the maintenance of the Land & Bachonter Chowkies, & I should prefer a reciprocal freedom of trade between the States & our Districts if practicable, a few articles such as tobacco Salt, Opium &c being excepted. - I am not aware what Revenue Travancore derives from Customs. - The advantage of a free trade might be worth purchasing by a re-duction of the tribute, if Tra-vancore could not otherwise bear the sacrifice of its Custom duties. -

Yrs

their own produce on
~~export~~ their ~~being the~~
Export - provided
~~But~~ Export - provided
that when
always
the article to taxed
is one in which
Export duty in our
territories,
the Travan-
core duty shall not
be materially less
than the English duty.
It is their look out
not to over tax their
produce - the pro-
duce is presented in
order to prevent trade
being diverted from
its natural course
by differential duties.
2. To require them
to admit the produce
of British India
free, except as re-
gards certain arti-
cles which are
either the subject of

manufactures - or produce
to levy a revenue
that they cannot be
admitted free without
financial danger.
it being understood
however that ultimately
all British Indian
produce is to be
admitted free - The
excepted articles to
be stated & the Resi-
-dent from time to
time to name those
which can safely
~~be admitted free~~
be removed from
the Except~~ed~~ list.

3. The Travancore &
Cochin states to levy
at their discretion
import duties on
Foreign produce whether
imported direct or
from a British Indian
Port - provided that
their duties are never
less than the British

7 rates - This will ad-
-mit the Smug-
-gling of Liquors into
our territories -

4. The Travancore &
Cochin states to raise
their salt tax to the
same level as ours.
This Mr Wall by says
will add 1½ lac £
their revenues.

Per contra.

I. Travancore & Cochin
produce - Opium, Salt
& Spirits excepted - to
be admitted free into
British Indian Ports.
This is a grant of the
65,000 Rs levied as
duty & an open Market
& these are produce -
& Cochin
II. The Travancore duties
as a general rule to
be levied in British
Cochin and the revenue
shared in such pro-
portions as a Commissioner
to be named for the

V. Encl. 2 Letter of
25 Jan 762 in Political
Dept.

- This does not mean, I
presume that Alleppey & other
ports are to be closed & all
trade compelled to British Cochin
Ed
No 105

purpose may determine.

III Drawback to be allowed on Foreign goods re-Exported from a British Indian Port to Travancore & Cochin - including British Cochin -

Orders requested

S.D.L.

I concur in thinking it advisable that the whole subject should be treated together as proposed by Hon'ble Sir & acquiesced in by Mr Cyril Pitt

E.Mc

Revenue Department

No. 1708.

Proceedings of the Madras Government
Under date the 13th August 1862
Read the following papers

From the Secretary to the Bd of Revenue
Submitting report on the proposal to place the Coasting Trade with Native States on the same footing as that between British Indian ports.

/ Here enter 18th Feby 1862 No. 1162 /

Telegram from the Coll. of Malabar
Reporting that total Customs receipts of Cochin for last Calendar year amounted to one lac three thousand eight hundred and twenty seven or twice fifty one thousand nine hundred and thirteen and half Rupees

/ Here enter 28th Feby 1862 /

The above papers relate to a question which has at various times been under consideration of Government, but the disposal of which has been retarded by financial and other difficulties. Viz the removal of all Customs restrictions on the maritime trade of the British territories

R.H.

E.Mc

territories and those of the Rajahs of Travancore and Cochin.

2 By act VI of 1848 the coasting or Port to Port trade of British India was freed from all duties, but Travancore and Cochin, ~~as~~ Foreign states or States, do not come within the scope of this enactment and consequently the produce of those territories when landed at British ports is ~~not~~ charged with import duty as Foreign goods - and similarly the produce

Exam

2

produce of British India when exported to Travancore & Cochin ports is ~~not~~ charged with export duty - The same is the case with goods trading the land frontier, though on some lines the ~~export~~ duty duty has been mutually abandoned. The Rajahs of Travancore and Cochin on their part levy Customs dues on imports from and exports to British Ports.

In

3 In 1851 Govt recommended that Travancore and Cochin should be admitted to the benefits of Act XI of 1848.

4 The Government of India in reply stated that they had "no doubt of the general sound policy of removing all restrictions on trade with Native States in India" that this "was freely admitted by the Court of Directors when the question was raised by the Govt of Bombay in the year 1856" and that "the adoption of the measure was prevented in 1859 by financial considerations alone". "These considerations" they added "it was still necessary to regard as it might be doubted whether the benefit of the measure will be sufficiently great to justify the abandonment of a considerable amount

of Revenue during the ensuing 12 months". But they went on to say "it has been suggested that the exclusion of the Native States of India from the benefits of the coasting Trade, while it inflicts a very serious injury upon those States does not in reality obtain any corresponding advantage for the British Govt" but that on the contrary the policy became actually invidious to our Customs Revenue when once the Port to Port Trade was made free and our Customs Revenue made mainly to depend on our over Sea trade, which trade it is certain would greatly benefit by extended coasting trade with Native States. It has indeed

indeed been doubted
whether even a temporary
loss of Revenue would
ensue from the adop-
tion of a more liberal
policy"

5 His Govt were ac-
cordingly requested to
take the subject into
consideration and
state whether they con-
curred in the view "that
the indirect gain to
the Revenue which may
be expected to follow
on the abolition of the
existing restrictions on
the freedom of trade
between British India
and native Indian
States would be likely
to cover the actual
loss of revenue which
is now derived from
the duties imposed
upon that trade, or, at
all events, a considera-
able portion of it".

6 The Govt of India
also called for returns

Opium

of the Revenue realised
from the duties on the
trade by land and
sea with Foreign States
in India both native
and European.

7 Dealing first with the
trade of this Presidency
with Native States, it is
to be premised that that
trade is almost wholly
limited to Travancore
and Cochin and for
all practical purposes
the traffic with other
Native States may be
left out of consideration

8 Taking the 5 years
from 1856/7 to 1860/61, the
average amount an-
nually realised in the
shape of Customs duties
on the trade with native
States has been Rs 63,576
of which Rs 21,490 has
been realised at the
ports and Rs 44,026 on
the land frontier. The
highest sum realised
in any year on imports

were

is largely introduced into it, in order that when re exported to British ports it may obtain free entry in the latter. The injury caused by this diversion of trade from the Travancore ports to British Cochin is great and a just cause of complaint

11 Thus both the British Government and these native States are alike sufferers from the present state of affairs, in a pecuniary view, independent of the demoralising effect of the systematic system of smuggling to which it gives rise.

12 The only thorough remedy is an assimilation of the Customs duties and Tariffs and the treatment of the native States as integral parts of British India.

13 The Government on a careful reconsideration of the whole subject are

are not prepared now to recommend that the admission of Travancore and Cochin to the benefits of Act VI of 1848 should be conceded without an equivalent concession in favor of British produce. The boon involved in that admission is evidently to be measured by the mere amount of Revenue which the British Govt would sacrifice, though, viewed in this respect only, the concession is considerable. But in requiring an equivalent the British Govt are bound in justice to pay due regard to the financial condition of these States which pay a large tribute to it, and have other strong claims on its consideration. There are certain articles for instance Tobacco - from which the Travancore State derives a large revenue, and which

x Note Travancore & Cochin Salt
Travancore — 8 lacs
Cochin — 2 do
Cochin — 2 do

which must of necessity be excepted for the present from any such arrangement as that contemplated or the consequences ~~would~~ would be rumerous

14 The arrangements which this Govt would propose having due regard to all these circumstances is the following. On the part of the Native States they would require

I That the produce of British India should be admitted free into them by land and sea certain articles, or which are either the subject of Monopolies, or produce so large a revenue that they cannot at present be admitted free without financial danger being excepted. These excepted Articles to be settled from time to time, on the understanding that as the circumstances

Or

II The British rules of duty, to be levied by the Native States on all foreign produce imported into them, exceptions being taken. Strictly allowed, on particulars as tables as provided in the case of British Indian produce.

III The same course to be adopted in regard to the produce of the Native States when exported therefrom.

Original Paras

circumstances of the Native States safely permit, their number shall be gradually reduced until ultimately all British Indian produce shall enter free.

II The Native States to be free to levy at their discretion import duties on Foreign produce whether imported direct or from a British Indian port - provided always that articles liable to duty under the British Customs Laws shall not be admissible at lower, than the British rates of duty.

III The Native States to have the same power in regard to export duties on their own produce subject to the same provisio.

IV The Native States to raise their salt duties to the same level as that of the adjacent Govt.

In re

V. The British Tariff valuations to be adopted as a general rule.

On the part of the British Govt., the following would be the concessions.

I. The admission of Travancore produce - Opium - Salt, Wines and Spirits excepted - to the benefits of ~~free~~ entry into British Indian ports free of duty.

II. The Travancore and Cochin duties - ~~on~~ or ~~The Excepted articles~~ Tobacco & the like ~~general rate~~ so far as the Government consider them equitable - to be levied at British Cochin and the proceeds to be shared between the three Govts in such proportions as a Commission specially to be named for the purpose may consider just.

15 In explanation of these proposals the Govt will make the following remarks - The first is that the

the carrying out of reasonable exception as per margin as circumstances permit. The excepted articles will not be numerous - and ultimately they will altogether disappear - But meanwhile exceptions must be permitted, or the finances of the State will be thrown into irretrievable confusion and other reforms which ~~duty~~ ~~levied~~ by ~~Govt~~ the Rajahs are with the encouragement of the Resident, gradually effecting must be indefinitely postponed. The Govt will exercise a salutary control over the excepted list and the policy of the Rajahs of late shows that their co-operation may be relied on.

The 2nd and 3rd provisos are intended to leave the Rajahs a certain reasonable freedom

If the marginal alterations are preferred /

16 The 2d & 3d stipulations provide for the adoption of the British rates of duty as far as practicable at once & universally thereafter

freedom of action. It is
not to be supposed that
they will levy duties
which must lead to smug-
gling or discourage their
own trade - at the same
time the proviso that
their duties shall not
be less than ours will
prevent smuggling
into our territories and
the diversion of trade
from its natural out-
lets by differential duties.

17 The 4th stipulation
is necessary for the pro-
tection of the British
salt duty and it was
stipulated by the late
Resident that it would
add about 1½ lacs to the
Revenue of the State of
Cochin.

18 The 5th proposal is
intended to secure to the
mercantile community
the great advantage
of an uniform Tariff
as far as practicable

19 Of the equivalent
compensations

conceptions on the part of the
British Govt the seemed
alone needs remark.

D The proposal to levy
the Travancore and Cochin
duties at British Cochin
and to share the proceeds
is based on the consider-
ations of its position -
A reference to the map
will show that it is the
natural outlet of the
trade of the adjoining
Native States - Its terri-
torial limits are very circum-
scribed and its produc-
tions of necessity limited
Its trade - as the memo-
rial addressed to this
Government by the resi-
dents in 1860 - and the
late Resident's letter
already quoted show -
is confined to articles
produced or consumed
by those States, and is
chiefly fostered by the
circumstance of Act
VI of 1848 not being ex-
tended to them - Spices
cassia

coasting trade were paid
British Cochin would
have only its fair and
natural share of the
export traffic, and its
import trade is now
quite at the mercy
of the Rajahs who might
completely surround it
with an effective cordon
of preventive guards. If
therefore the British
Govt retained, as pro-
posed, control over
the duties to be charged
at British Cochin,
its merchants would
have no valid cause of
complaint and they
would gain the advan-
tage of internal trade
with those States free
from vexatious inter-
ference. On the other
hand the Native States
may fairly claim a
share of the Revenues
because one effect of
extending the operation
of Act VI of 1848 to these
ports

† The levy of the Tra-
vancore & Cochin duties
will effectually pre-
vent the smuggling
of Tobacco &c into
the States.

ports will be to trans-
fer part of their over-sea
trade to British
ports as Bombay &c. †
2) The details of this
arrangement must be
worked out in commu-
nication with the Resi-
dent and the Dewans
of the Native States, but
the principle on which
they are based is ap-
proved by the Supr: Govt
on this score is to be
apprehended, for the
Government have a dup
interest in the welfare
of Travancore and Cochin
and will not risk or
retard their prosperity
22 It is impossible to
say whether by the simple admis-
sion of the produce of these
States to the benefits of
Act VI of 1848 the loss of
Revenue thereby entailed
would be made up.
Trade would of course
increase, but the extent
of the gain thus indirectly
caused

caused to the British
Government cannot be
estimated. The plan
proposed by Govt however
which in fact involves
the ultimate introduc
tion of the British duties
and tariffs - cannot fail
to be profitable to the
Native States as well
as to the British Govt.
The latter will gain by
the prevention of smug.
gling in Salt alone
more than the Revenue
it sacrifices, besides the
great advantage which
would be secured to trade
of an uniform Tariff
and scale of duties
for all India: whe
while the advantage to
the Native States be
less considerable. The
trade of their ports
will not be diverted
from British Cochin to British Cochin
as at present, and
their valuable monopo
lies will be protected
so long as circumstances
require their retention.

23 And both the Native
and British Governments
will be gainers in another
respect by the blow which
the proposed arrange
ment will give to the
smuggling now so
prevalent.

24 As regards Foreign
European States a simi.
lar course does not
seem practicable - They
are, it is understood,
free Ports except in the
articles of Liquors and
Tobacco. It is not likely
that they would adopt
the British duties and
unless they did so, the
admission of their pro.
duce into British In.
dian ports would there.
by involve the loss of
the revenue now realised
from import duties,
without any corres.
ponding advantage.
British produce would
not of course be admitted
free
into

into those States free of duty without diverting the trade in all dutiable goods from our Ports to theirs. The Govenmnt do not see their way therefore to any arrangement of mutual advantage with these States under present circumstances. All that can be done is to allow the free transit across the frontier of grain and other articles of petty local consumption as at present, and to admit grain by sea also for the same purpose on the understanding that the British duty is levied and paid over to the British Govt on all exported grain. These conceptions make the levy of duty as little vexatious as practicable

and under the circumstances the Govenmnt do not advise more. The revenue from Customs dues on the imports and exports of these States has in the 5 years from 1856/7 to 1860/1 averaged Rs Rupees 2,15,000 per annum. Of these Rs 1,27,155 have been levied on Imports & Rs 87,222 on Exports

J.W.L.

Resolved that the Govenmnt be communicated to the Political Department with reference to the Order noted in the Margin, in view to their being laid before the Govenmnt of India through that Department.

16 April 1861 R. 129 Pole
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Pro: of the Madras Govt
D/ 13th August 1862.

Extract Paras of the Govt of Ind
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aps ing order to
papers relating to the
question of removing all
Customs restrictions on
Mutual Trade of the
British territories and
those of the Rajahs of
Travancore and Cochin

H.O. 14—10,000—21-4-22

CE.