M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 407 Press ~~Mis.~~

491-492,

Dated 25 — 2 — 1862.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 25th February 1862.

No. 491. Read the following letter from R. A. DALYELL, Esq., Sub-Secretary to the Board of Revenue; to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Chepauk, 24th December 1861, No. 7,188:—

SIR,

In Cons. 17th June 1859, No. 2,2831.

1. With reference to the Proceedings of Government, under date 15th June 1859, No. 790, I am directed by the Board of Revenue to submit the following report.

2. The late Member of the Legislative Council, Mr. Daniel Elliott, forwarded a Minute to the Madras Government in the early part of 1858 on the subject of the sufficiency or otherwise of the existing law for the prevention of smuggling, and in his covering letter explained that, as far as Salt was concerned, Section 18 of Regulation I of 1805 authorized the infliction of a fine in cases of smuggling, and inquired whether any further legislation was necessary for the repression of smuggling, whether it would be advisable to provide for the confiscation of the vehicles in which smuggled goods were conveyed, and for the infliction of a fine in all cases of smuggling, and what were the descriptions of goods other than Salt which, in the opinion of the Madras Board of Revenue, were most frequently exported or imported without payment of Customs dues.

In Cons. 26th May 1858, No. 1,682.

3. This Minute and letter were referred to the Board of Revenue for report in Extract from Minutes of Consultation, under date 20th April 1858, No. 507, and in their letter to Government, dated 13th May 1859, No. 1,716, the Board expressed their opinion that the enactment alluded to by Mr. Elliott provided only for the cases of smuggling connected with Salt of Home manufacture, and was not applicable to the smuggling of Foreign Salt, which they feared took place to some extent from Foreign Territory to the detriment of this source of revenue. They added, however, that the adoption of the Excise system, which was then proposed, would provide a remedy in this case, but brought to the notice of Government the facility for the evasion of export duty which was afforded by the Port to Port trade being free, vessels being in the habit of clearing out nominally for British ports, but eventually landing their cargoes in Foreign Territory.

4. In the Order alluded to in paragraph 1 of this letter, Government ruled that Section 18 of Regulation I of 1805 provided for the infliction of a fine in all cases of smuggling Salt whether of Foreign or Home manufacture, and requested that the Board would report distinctly whether further legislation regarding smuggling was necessary, and whether it was or was not prevalent in the Madras Presidency, the question being considered with reference to the recent change in the Customs duties which had just taken place.* The last point noticed in the Board's letter having been already disposed of in 1854, the Government declined to enter into it again.

* Act VII of 1859.

Dated 7th July 1859, No. 2,661.

5. The Board accordingly issued a Circular to the Collectors of Maritime Districts, directing them to report on the two points mentioned above at the expiration of the official year, when Act VII of 1859 would have been a year in operation, and bringing to their notice the ruling of Government regarding the scope of Regulation I of 1805.

Act X of 1860.

6. Several of the Collectors' replies were not received till some time after the law had again undergone a change, and the Board deemed it advisable to request the District Officers to report whether that modification had in any way affected the question of smuggling, and the delay which has occurred in the submission of this report is owing to this further reference.

Ganjam.
Vizagapatam.
Madras.
Madura.
Tanjore.
South Canara
Kistna.
Nellore.
Tinnevelly.

7. The Collectors of the Districts noted in the margin have expressed their opinion that little or no smuggling of articles other than Salt takes place in their Districts, and that any further legislation on the subject would be unnecessary, and they state that, as far as they have been able to judge, no change whatever has taken place since the enactment of Act X of 1860.

8. The Collector of the Godavery District reports that smuggling by sea is hardly ever attempted though cases may occasionally occur of dutiable

articles being surreptitiously landed from French vessels at Coringa. The inefficiency of the establishment on the land frontier, however, gives opportunity for frequent evasions of duty, both export and import, and Wines and Spirits are said to be as frequently smuggled from Yanam into the Rajahmundry District as piece goods are from it to the former place. The Collector would, therefore, increase the severity of the law against smuggling, and would inflict a fine in all cases and confiscate the boats or vehicles in which the smuggled goods were transported.

9. The Collector of South Arcot, another District within which a Foreign settlement is situated, appears to have considerable doubts whether smuggling does actually take place to any great extent in his District, and seems to think any revision of the Law on the subject unnecessary; but reports that a rumour is very prevalent that a considerable quantity of goods are transported free of duty between Pondicherry and his District. Though unwilling to admit the truth of the rumour, and though his endeavours to discover upon what foundation it rested have been fruitless, the Collector expresses his decided opinion that the present establishment is altogether too limited in number to guard the very extended frontier between South Arcot and the French Territory, and that the salaries which are paid are fixed at such low rates as to render it improbable that efficient or trustworthy persons would be willing to take service in the Department.

10. He forwards a sketch map, which is herewith submitted for the information of Government, showing how the French and English Territory is intermingled at the frontier, and that, though the whole area of Pondicherry comprises but a few square miles, the villages belonging to the two Governments are so mixed up together as to render the process of guarding a frontier line all but impossible.

11. The Collector gives three plans the adoption of any one of which would, in his opinion, go far towards rendering smuggling, to any extent, difficult if not impossible. (1.) To make the frontier enclose the whole of the French Territory within it as shown by a red line on the map, and to treat all English villages on the French side of the frontier as French in regard to exports and imports, presuming that the disadvantages of such an arrangement would be compensated for by the advantages, and to place on this line a series of guard houses with really efficient establishments, which in consideration of their reduction in number might probably be effected without an increase of cost. (2.) To effect an exchange of Territory with the French Government so that all without the red dotted line on the map would become English, and make this line the frontier; and (3.) To revise Regulation V of 1821, so far as it relates to the renting of frontier duties, and to farm out those of his District to the highest bidder.

12. The Collector gives his decided preference to the third proposition, but the Board are not prepared to recommend any change in the existing system beyond such revision of the establishment as may be necessary, which they presume is already under consideration by Mr. Pelly, on the very vague information afforded as to the prevalence of smuggling. They would be in favor of adopting the first proposal if any change is found, on further inquiry, to be required, as it appears to them to combine efficiency with simplicity: before it could be put in practice however, it would be necessary that an agreement should be come to with the French Government that the English villages within the frontier line should be treated by their Government as French in regard to Customs duties, and such a course might possibly, from causes of which the Board are at present unaware, lead to a difficulty in the adoption of the proposition.

13. The Collector will be directed again to put himself into communication with the French Government, and endeavour to obtain such information with regard to the production, consumption and exports of the French Territory as will enable him at once to judge of the truth or otherwise of the rumours he alludes to, and report the result to the Board for their orders.

14. In North Canara little or no smuggling of other articles than Salt takes place, and the Collector is not of opinion that further legislation is required. The smuggling of Salt from Goa is still carried on very extensively, and the advantages which the Collector anticipated from the superior efficiency of the New Police have not as yet been realized, but the Board trust that much may be effected towards the prevention of this fraud on the revenue by the adoption of the

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25th February 1862.

scheme proposed by the Collector for the concentration of frontier Chowkies, which was submitted to Government by the Board with their Proceedings under date 9th July 1861, No. 3,609.

15. The Acting Collector of Sea Customs gives his opinion that smuggling cannot be said to be prevalent at the Port of Madras though irregularities may occur in making transhipments which are more frequently the result of ignorance than of any design to defraud the revenue, and is of opinion that transhipments should invariably take place under the superintendence of a Custom House Officer, a course which his present establishment does not admit of. The late Collector considered that occasional cases of smuggling of jewelry and other such portable articles took place, and brought to notice that Section 19 of Act IV of 1842 only permits search of the person when the Customs Officers have good reason to suppose that smuggled goods are so concealed by the party, but the Board are of opinion that the wording alluded to gives sufficient latitude to the searching Officer and have allowed them to stand in Section 170 of the Consolidated Customs Bill.

16. In Malabar a systematic evasion of import duty is reported to take place, and in consequence the revenue from this source has much fallen off. Mr. Grant explains that large quantities of dutiable goods, especially Wines and Spirits, are landed at the ports in the Travancore Territory in the vicinity of British Cochin and at the French Settlement of Mahé, and are thence surreptitiously introduced by land and by the backwater into his District; he also states that a large amount of export duty is evaded by persons taking out a port clearance for a British port, and in reality landing their cargo at a Foreign port, and suggests that all Masters of Vessels should be obliged to return their port clearance to the Officer of Customs at their port of departure with the countersignature of the Officer at their port of arrival, and that should they fail to do so within a reasonable time, the former Officer should proceed to recover the amount of duty, but the Board direct me to express their opinion that this question will best be disposed of in connection with the proposal to place all ports of Foreign and Native States in India on the same footing as British Ports so far as the Port to Port trade is concerned.

17. The Collector is also of opinion that the smuggling which seems to take place in imported articles can only be put a stop to by assimilating the duties in the Travancore and British Territories as well as the monopoly price of Salt, but this question also is now before Government, and will probably be finally disposed of in connection with the above mentioned proposal.

18. From the foregoing it will be observed that little or no smuggling takes place generally throughout the Madras Presidency, and that the general opinion is that no modification of the Law for its prevention is necessary, though in two Districts, in each of which a Foreign Settlement is situated, and in another which is contiguous to a Native State with a sea-board, a good deal of smuggling is carried on, which, however, would probably be more easily checked by increasing the efficiency of the frontier establishments than by adding to the stringency of the Law.

Rajahmundry.
South Arcot.
Malabar.

19. The Board direct me, however, to bring to notice that the new Consolidated Customs Bill disposes of the question so far as the proposed modification of the Law is concerned as by Section 136 and 139 all ships, boats, carriages or other means of conveyance used in the removal of any goods liable to forfeiture under it, or any other Act relating to Customs, are declared liable to forfeiture, and every person who shall be in any way knowingly concerned in conveying, removing, depositing, concealing, or in any manner dealing with any goods liable to duties of Customs with intent to defraud Government of such duties, is to be liable to a fine of Rupees 1,000 or of three times the value of the goods.

No. 492. ORDER THEREON, 25th February 1862, No. 407.

1. In this letter the Board of Revenue give a clear summary of the correspondence which has taken place since March 1858, about the sufficiency or otherwise of the existing Law for the prevention of smuggling, and point out that the new Consolidated Customs Bill disposes of the question, as by Sections 136 and 139 all ships, boats, carriages or other means of conveyance used

in the removal of any goods liable to forfeiture under it, or any other Act relating to Customs, are declared liable to forfeiture, and every person who shall be in any way knowingly concerned in conveying, removing, depositing, concealing, or in any manner dealing with any goods liable to duties of Customs with intent to defraud Government of such duties, is to be liable to a fine of Rupees 1,000, or of three times the value of goods.

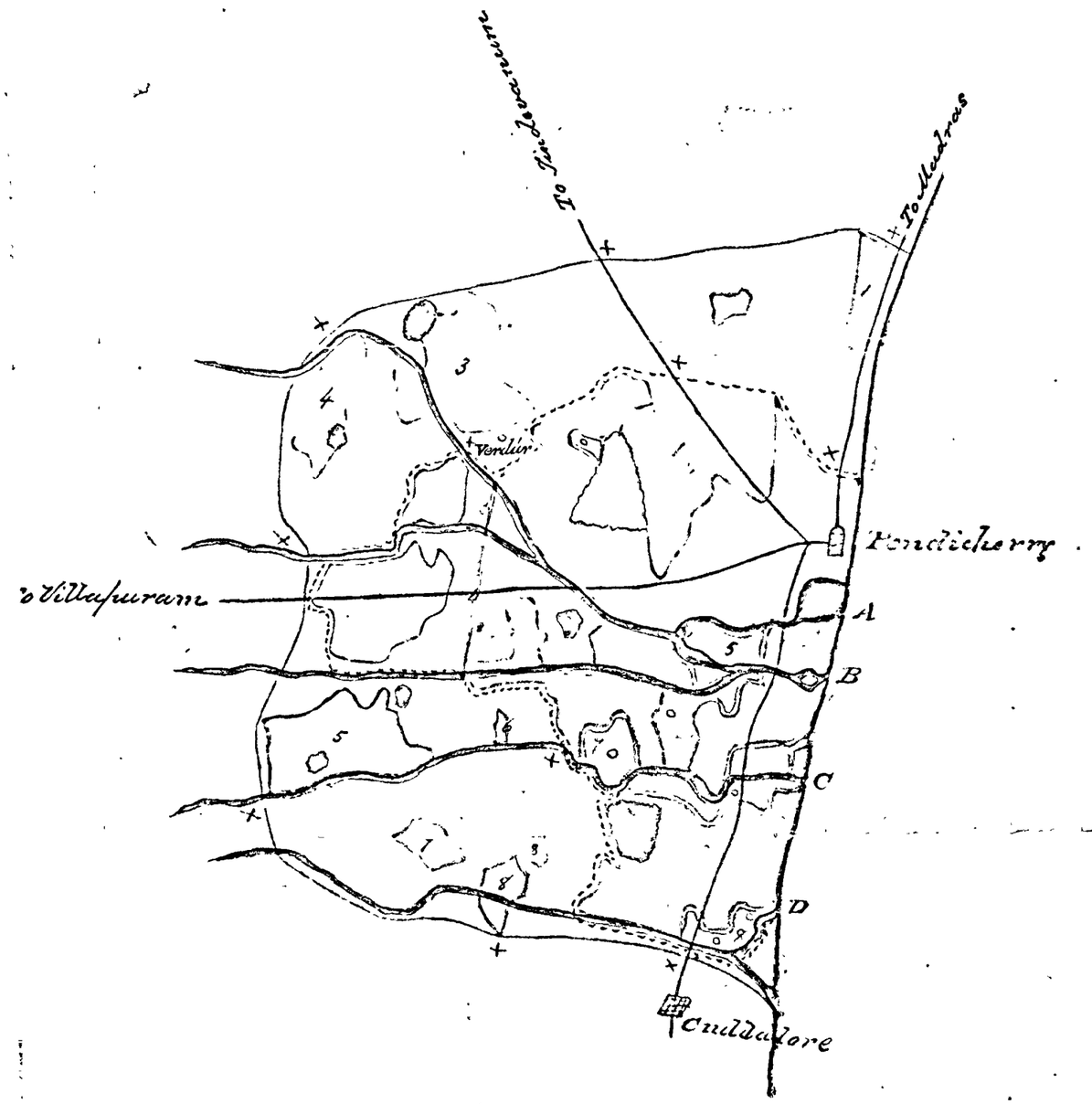
2. The Government observe that the two-fold object of punishing the persons concerned, and confiscating the conveyances used, in smuggling sought in the Draft Act forwarded to the Madras Member of the Legislative Council with Mr. Acting Secretary Forbes' letter, dated 19th February 1858, No. 223, and which has elicited the correspondence noted by the Board will be gained by the Consolidated Customs Bill when it becomes Law, and that it is therefore unnecessary further to pursue the subject. A copy of the Board's letter and of this order will be forwarded to Mr. Forbes, Member of the Legislative Council, with the papers* on the subject of the Bill alluded to, for his information.

* From Board of Revenue, dated 4th December 1861, No. 6,718, with accompaniments.

3. Paragraph 18 of the Board's letter, in which they state that smuggling in the Districts marginally noted would be more easily checked by increasing the efficiency of the frontier establishments than by adding to the stringency of the Law, will be referred to Mr. Pelly for early consideration and report.

Godavery.
South Arcot.
Malabar.

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



H. Crowe
Collector

Revenue Department

No. 607.

Proceedings of the Madras Government

Under date the 25th July 1862

Read the following

letter from the Sub Secretary

to the Board of Revenue.

Submitting report on the subject of the smuggling of salt and other goods with reference to proceedings of Government 15th June 1859 No. 790.

Here enter dated 24th Decr. 1861 No. 7188.

In this letter the Board of Revenue give a clear summary of the correspondence which has taken place since March 1858 about the sufficiency or otherwise of the existing Law for the prevention of smuggling, and point out that the new Consolidated Customs Bill disposes of the question as by Sections 136 and 139 all Ships, boats, carriages or other means of conveyance used in the removal of

any

any goods liable to
forfeiture under it. Or
any other Act relating
to Customs are declared
liable to forfeiture and
every person who shall
be in any way knowingly
concerned in conveying,
removing depositing,
concealing, or in any manner
dealing with any goods
liable to duties of customs
with the intent to defraud
Government of such duties,
is to be liable to a fine
of Rs 1,000 or of three times
the value of goods.

2. The Government observe that the two fold object of punishing the persons concerned, and confiscating the conveyances used, in smuggling sought in the Draft Act forwarded to the Madras Member of the Legislative Council with Mr. A. Secretary Forbes's letter

letter dated 19th February 1858 No. 223 and which has elicited the correspondence noted by the Board; while the benefit to be gained by the consolidated Customs Bill when it becomes Law and that it is therefore unnecessary further to pursue the subject. A copy of the Board's letter and of this order will be forwarded to Mr. Forbes, Member of the Legislative Council with the papers on the subject of the bill alluded to, for his information.

From Bd of Revl 9/4 Dec/61
No. 6718 with accompaniments

Godavery
S. Arcot
Malabar.

3. Para 18 of the Board's letter in which they state that smuggling in the marginally noted Districts would be more easily checked by increasing the efficiency of the frontier establishments than by adding to the stringency of the Law will

will be referred to Mr. Pelly for early report.

The Board will consider the proposal of the Collector of South Arcot to reduce the extent of the customs line round Pondicherry. The revenue is increased by treating the portions of French territory on the British side of the line, as British territory would probably be trifling while the reduction in the length of the line to be provided would lessen the expense and enable Government to afford better salaries to the Preventive force without increasing the aggregate charge on this account.

Ans. Copies to the Bd. of Rev. Cir. 26
H. Com. the Collr. with Bd's Letter 27

Central Acct.

Prevention of Smuggling

Consideration

18

24 — 6 —

Despatched
22/2/62

Revenue 1862 Depts
Recd of Govt for February
& to 49 Encs

Recd of the Madras Govt
— 25th February 1862

From Hon'ble Secy of
State for India 63 No 31.

Forwarding orderson
letter from Revenue Board
submitting report on the
subject of the Smuggling
of Salt and other goods.

1491 & 1492