M.R.O. 14—13,000—27-9-54.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1617	Press ~~Mis~~
533-534	
Dated 30-7-~~19~~1863	

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 30th July 1863.

No. 533. Read the following Endorsement of the Secretary to the Government of India:—

Read the following Extract from the Proceedings of the Honorable the President in Council, in the Home Department, (Separate Revenue,) under date the 12th June 1863, No. 3,856.

Read again the undermentioned correspondence with the Governments of Bombay and Madras, viz.

From the Secretary to the Government of Bombay, No. 30, dated the 1st of July 1858, submitting copies of papers relative to the question of extending to Native Tributary States the privileges of British Indian Ports as conferred by the provisions of Act VI. of 1848.

To ditto, No. 1,302, dated the 26th of August 1858, calling for a Statement showing the actual loss of Revenue which will result if, as proposed, all fiscal restrictions upon the Trade between the British Territory and the Ports of *all* Native States in the Bombay Presidency are abolished; and requesting that it may be specified what Articles of Commerce, such as Opium, Spirits, Salt, or Articles of Foreign Manufacture, should be exempted from the concessions which it is proposed to make.

From Secretary* to the Government of Bombay, No. 63, dated 28th of December 1858, recommending the removal of the restriction on the import of Wool.

* To the Secretary to the Government of Fort Saint George, No 1,801, calling for a similar Statement.

(A).—From ditto, No. 66, dated the 31st idem, on the limitations which should be placed on the proposed concessions.

To ditto, No. 2,058,† dated the 7th of October 1859, stating that the Governor General in Council is willing to adopt the recommendation contained in letter *(A)*, but that before issuing a general Notification to that effect, he wishes to be informed whether the figures given in Mr. Spooner's letter represent the entire loss which the measure will entail upon the Bombay Customs Revenue.

† To the Secretary to the Government of Fort Saint George, calling attention to the abovementioned letter No. 1,801. From ditto, No. 1,161, dated 30th August 1859, submitting the information called for.

Endorsement on the above letter No. 2,059, to the Government of Madras, calling for information as to the amount of Revenue that will be affected by the remission at that Presidency of the Import Duty on Wool.

(B).—From the Chief Secretary to the Government of Fort Saint George, No. 35, dated 15th January 1861, relative to the duties now levied at British Indian Ports on the produce of the Travancore and Cochin States entering such Ports, and recommending the admission of those States to the benefits of the free interportal trade under Section 3 of Act VI. of 1848.

(C).—To the Government of Bombay, No. 616, dated 20th March 1861, forwarding copy of letter *(B)* and requesting an opinion thereon.

(D.)—To the Government of Fort Saint George, No. 617 of the same date, replying to letter *(B)* and calling for further information on the subject.

Read letter from the Acting Secretary to the Government of Bombay, No. 63, dated the 18th of May 1861, replying to letter *(C)*.

To the Government of Fort Saint George, No. 1,178, dated 13th June 1861, No. 2,229, dated 9th November 1861, No. 813, dated 12th February 1862, and No. 3,344, dated 4th July 1862, calling attention to letter *(D)*.

From the Chief Secretary to the Government of Fort Saint George, No. 334, dated 20th August 1862, forwarding in reply to the above noted letters a copy of Proceedings regarding the removal of the existing Customs restrictions on the trade between the British Territories and the Travancore and Cochin States, together with copy of a communication from the Resident of those States showing the great importance attached by the Mercantile Community to the subject and the grevious injury inflicted on the Port of Alleppey by the present system.

RESOLUTION.

THE papers quoted above relate to the question of the abolition of fiscal restrictions upon the trade between British Territory and the Native States of India. The principle that it is desirable to abolish such restrictions has already been accepted by this Government, and but for financial considerations would have been some time ago carried into practice. It was with the view of ascertaining more precisely the position in which the financial question stood that in March 1861 the Governments of Bombay and Madras were addressed on the subject.

2. The President in Council has considered the replies to the above requisition, and now authorizes the adoption, without further delay, of the policy determined upon so far back as 1857, of placing the Ports of certain Foreign States in the Presidencies of Madras and Bombay on the same footing as British Indian Ports in connection with the levy of duties of Customs.

3. The Government of Bombay consider that the proposed measure should be limited to articles of country produce and manufacture, and under this limitation should be extended to the

Ports of Foreign European States on the Continent of India equally with Foreign Native States; but the President in Council holds that, for the present at least, it is advisable to confine the measure to the Native States, leaving the question of its extension to European States for future consideration.

4. The late Court of Directors in their Despatch, dated the 4th November 1857, observed that "the question of affording relief to Foreign States in India, such as had been proposed by "the Government of Bombay, rested, as regarded States belonging to European nations, upon "different grounds from that of conferring such a benefit upon the Ports of Native States, "whose possessions were contiguous to, or surrounded by, our Territory." The Court went on to say—"We regard the welfare of these States (Native) as so interwoven with that of our own "subjects that it is both unjust and impolitic to vex or hinder their trade with our Ports by "any fiscal restrictions. We strongly approve, therefore, of the proposal at once to place the "States of Kutch, Kattiawar and Cambay, the principal States to the northward of Bombay, "on the same footing of Commercial freedom as the subjects of our own Territories. We "shall also be glad to have this principle extended to all the Native States on the Continent "of India."

5. As regards the terms on which the concession proposed should be granted, it appears to the President in Council that these should be generally that the States, in whose favor the concession is made, should engage to impose on their Foreign Trade Export and Import Duties not lower than those imposed by this Government with the same valuations for duty or valuations not below them; that they should reciprocate with the Government of India in respect to freedom of Home Trade, and that if deemed necessary, they should charge on Country Spirits, manufactured for export to our Territories an Excise or Customs Duty equal to that charged in the British Territories. Salt and Opium, and also Spirits made after the English method, not being free under the interportal Law, no question arises in respect to these articles. Any exceptions to these general terms, which may be deemed proper or necessary in respect to particular States, might form the subject of special negotiation.

6. If the Native States in the Bombay Presidency are willing to enter into an engagement, such as that abovementioned, the President in Council does not apprehend that any evil would result from the grant of entire freedom of trade from Port to Port, and he thinks that under such an arrangement there would be less risk of smuggling than under the limitation proposed by the Government of Bombay.

7. Of the conditions proposed by the Government of Madras to be required on the part of Native States, the first three and the fifth are merely the carrying out of the provisions that the Export and Import Tariffs and the valuations for duty in the Native States shall not compete injuriously with those adopted by the Government of India. Salt, to which the fourth condition relates, and the articles mentioned in the first of the two conditions which the Government of Madras would concede, are not, as already mentioned, included in the free interportal trade, (that is as regards Spirits when they are made after the English method). The second of these two conditions will perhaps prove difficult to carry out; but in expressing his apprehensions on this point the President in Council has no wish to fetter the Local Government's free consideration of the best means devisable for introducing the new measure in a form adapted to the peculiar geographical position of the Foreign States concerned.

8. No separate legislation will be necessary in connection with the policy under consideration. Section 12 of Act VI. of 1863, an Act to consolidate and amend the Laws relating to the administration of the Department of Sea Customs in India, which came into operation last month, enables the President in Council to declare, whenever he may think proper, that the Port of any European Foreign State, as well as of any Native Foreign State, shall be regarded for certain purposes of the Customs Act, as a British India Port. The Section also gives power to revoke or suspend any such declaration.

ORDERED, that a copy of the above Resolution be forwarded to the Governments of Fort Saint George and Bombay. The Local Governments will take action in each case or class of cases as may seem to them expedient, guarding the public interests by all necessary conditions or restrictions, and submitting each case when complete for the confirmation of the Government of India.

(True Extract.)

(Signed) E. C. BAYLEY,
Secy. to the Govt. of India.

No. 534.

ORDER THEREON, 30th July 1863, No. 1,417.

1. A copy of the above Extract will be forwarded to the Board of Revenue, the Resident at Travancore and Cochin and the Collector of Malabar.

2. In paragraph 14 of their Proceedings, dated 13th August last, the Government set forth the conditions under which the freedom of interportal trade could be carried out. These were,

Proceedings of the Madras Government, Revenue Department,
30th July 1863.

I. The free admission of British Indian produce into the Native States, by land and sea, with the exception of certain articles which are either the subject of Monopolies or produce so large a revenue that they cannot at present be admitted without financial danger to the Native States, such for instance as Tobacco.

II. The levy of British rates of duty on all foreign produce imported into the Native States with similar temporary exceptions.

III. The adoption of the same course 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 adoption of the British Tariff valuations.

3. As regards the three first conditions, the first thing to be done is to draw up a list of the articles to be excepted: showing in British weights, measures and currency the Imports and Exports of them, their values and the duty realized for the last two or three years. A similar list should also be prepared of articles, of which the present Tariff valuations and duties differ materially from those of the British Government.

4. As to Salt, the Government proposed that the duty on it should be assimilated to the British duty, partly as an unobjectionable and easy means of compensating, *pro tanto*, any loss which might be inflicted on the Native States by the new arrangements, and partly to remove the inducement which now exists for smuggling it across the British frontier. The Government still attach importance to this condition; in fact without it, the protection of the Salt Revenue of Malabar would require the establishment of Chowkies along the frontier—the very thing which it is the object of these arrangements to render unnecessary.

5. The concessions to be made in return by the British Government were:—

I. The admission of Travancore and Cochin produce into British Indian ports free of all duty, excepting only Opium, Salt, Wines and Spirits. If the Native States levy the same duties and adopt the same Tariff, there would seem to be no necessity of excepting the three last articles. But on this point the Board of Revenue will be requested to report.

II. The Travancore and Cochin duties, so far as the British Government consider them equitable, to be levied on the excepted articles at British Cochin, and the Customs receipts at that port to be shared between the British Government and those States in such proportions as a Commission specially to be named for the purpose may consider just.

6. The Government purpose deputing Mr. Clarke, 3rd Member of the Board of Revenue (who will shortly be at Calicut), to arrange matters on their behalf, and confer with a Commissioner to be appointed by each of the Native States. Mr. Clarke, from his experience as Collector of Malabar, is conversant with the subject, and can visit Cochin without inconvenience on the expiry of his present leave. A special Act will be necessary to enable the Government to levy other than the British duties at British Cochin.

7. The Resident will communicate to the Rajahs of Travancore and Cochin the satisfaction which the Government experience in being enabled to propose to them arrangements which cannot fail to be of the utmost advantage to the trade of their countries with the British territories. The Resident will at the same time assure the Rajahs that their interests will be carefully studied, and will press the subject on their immediate attention. The Resident will, with the permission of the Rajahs, proceed at once to collect the necessary information, and will request them to name suitable persons to confer with Mr. Clarke, whose deputation will leave Mr. Fisher in a more independent and impartial position to assist and advise the Rajahs.

8. Mr. Clarke will inform the Resident when he will be at Cochin. He should first discuss the subject with the Collector of Malabar, and with the Mercantile community of Cochin from whom he will gain much valuable information.

9. The Board will supply the Resident with several copies of the Customs Acts, Schedules of Duty and Tariff valuations.

(True Extract.)

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

To the Board of Revenue.
" Resident of Travancore and Cochin.
" Political Department.
" Collector of Malabar.
To T. Clarke, Esq.

Exd S. T. Augustin.

"India, such as had been proposed by the Government of Bombay, rested, as "regarded States belonging to European nations, upon different grounds "from that of conferring such a benefit upon the Ports of Native States, "whose possessions were contiguous to, or surrounded by, our Territory." The Court went on to say—"We regard the welfare of these States "(Native) as so interwoven with that of our own subjects that it is both "unjust and impolitic to vex or hinder their trade with our Ports by any "fiscal restrictions. We strongly approve, therefore, of the proposal at once "to place the States of Kutch, Kattiawar and Cambay, the principal States "to the northward of Bombay, on the same footing of Commercial freedom "as the subjects of our own Territories. We shall also be glad to have this "principle extended to all the Native States on the Continent of India."

5. As regards the terms on which the concession proposed should be granted, it appears to the President in Council that these should be generally that the States, in whose favor the concession is made, should engage to impose on their Foreign Trade Export and Import Duties not lower than those imposed by this Government with the same valuations for duty or valuations not below them; that they should reciprocate with the Government of India in respect to freedom of Home Trade, and that if deemed necessary, they should charge on Country Spirits, manufactured for export to our Territories an Excise or Customs Duty equal to that charged in the British Territories. Salt and Opium, and also Spirits made after the English method, not being free under the interportal Law, no question arises in respect to these articles. Any exceptions to these general terms, which may be deemed proper or necessary in respect to particular States, might form the subject of special negotiation.

6. If the Native States in the Bombay Presidency are willing to enter into an engagement, such as that above mentioned, the President in Council does not apprehend that any evil would result from the grant of entire freedom of trade from Port to Port, and he thinks that under such an arrangement there would be less risk of smuggling than under the limitation proposed by the Government of Bombay.

7. Of the conditions proposed by the Government of Madras to be required on the part of Native States, the first three and the fifth are merely the carrying out of the provisions that the Export and Import Tariffs and the valuations for duty in the Native States shall not compete injuriously with those adopted by the Government of India. Salt, to which the fourth condition relates, and the articles mentioned in the first of the two conditions which the Government of Madras would concede, are not, as already mentioned, included in the free interportal trade, (that is as regards Spirits when they are made after the English method). The second of these two conditions will perhaps prove difficult to carry out; but in expressing his apprehensions on this point the President in Council has no wish to fetter the Local Government's free

consideration of the best means devisable for introducing the new measure in a form adapted to the peculiar geographical position of the Foreign States concerned.

8. No separate legislation will be necessary in connection with the policy under consideration. Section 12 of Act VI. of 1863, an Act to consolidate and amend the Laws relating to the administration of the Department of Sea Customs in India, which came into operation last month, enables the President in Council to declare, whenever he may think proper, that the Port of any European Foreign State, as well as of any Native Foreign State, shall be regarded for certain purposes of the Customs Act, as a British India Port. The Section also gives power to revoke or suspend any such declaration.

ORDERED, that a copy of the above Resolution be forwarded to the Governments of Fort St. George and Bombay. The Local Governments will take action in each case or class of cases as may seem to them expedient, guarding the public interests by all necessary conditions or restrictions, and submitting each case when complete for the confirmation of the Government of India.

(True Extract)

Secy. to the Govt. of India.

Less with the
Exception of certain
articles in which
are either the ab-
sence of Manufac-
ture or produce is such
a reliance that they
cannot at present
be altered without
financial danger
to the Native States
such for instance
as Tobacco.

II. The levy of Brit
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all foreign articles
imported into the
Native States shall
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Exceptions

III. The adoption of
the same Currency
Exchange in
Espoused to the purchase

of the Native States
shall pass & pass free

from

III. The Native States
transit their salt
tax & the same
level as that on
the Madras salt

V. The adoption of
the British Tariff
Valuations

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three first Currencies
the first being the
one in use and
a list of the articles
the Exempted shewing
in British weights
Currencies Currency
the imports & Exports
of them - their values
the Duty to be levied
for the back this of

three years. A claim
for such of those
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~~stock~~ five hundred
Tons of the articles
& duties described
materially from
those of the British
Act

And be it enacted that the
Master or Steward shall
be also incited
of the British Ports
produce the Ship's
Papers clearly
the Nature of Cargo
Value & Quantity
duty Goods shall
bring to be imported
on the Return thereof
by the Ship or Vessel

ments - and shall
to remove the im-
prisonment which
may exist for smuggling
it across the British
frontier - The first State
attack of importance
of this Civil War
in fact in that it
the protection of the
Salt Red of Mexico
hold to prove the
establishment of
close Ties along the
frontier - the very
thing which it is
the object of this Act
to suppress
under unnecessary
The Concessions
to be made on the
of the British Part
were
1st The abandonment

Warrance of Cocks
purchase in the British
Custom port free
of all duty - Except
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Wines & Spirits -
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II - The Warrance
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Brit & Cochin &
the Customs Regul
ations thereof -

Thirdly the Treaty the
British shall enjoy
those Stations in which
they for time & Con-
sideration shall be
be named for the pur-
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just - The first point
to be settled, the
Clarke, 3d Member
of the Bd of Revenue
who will shortly be
at Calicut / Bom
already mentioned
in their behalf of
Confirmation of a Com:
for the Pepper trade
Cochin if the Natives
States - Mr Clarke
from his long experience
as Collector of Malabar
& Canara can be with
the Subject during
Case which Cochin
Right in consequence

on the existing Treaties between the British Government and the several Native States, which will be necessary to enable the first to obtain other than the British Rights of Protection and Control in those States.

The Resident will communicate to the Rajahs of Travancore and Cochin the satisfaction with which the favourable reception is likely to be met on the part of the British Government, and will assure them of the cordial good will of the British Government towards their countries in all the British territories. The Resident will at the same time assure the Rajahs that their interests will be carefully and kindly watched by him with immediate attention.

The Resident will, with the permission of the Rajahs proceed at once to collect the necessary information for a public report to be laid before Government for the purpose of confirming with Mr. Clarke's decision the question which has been given in a case in dispute and impartial so-

Letters be addressed and advice thro' Rajahs.

The Clarke sails in June the Resident when he sails he at Cochin he should first send the Ships into the Coast of Malabar and to the Northward of Cochin then to the Southward for Anjengo.

The Ships sailing Letters to Bombay Resident Cochin Captains Letters to Bombay Resident & Bombay Captains Letters to Resident Cochin Captains Letters to Anjengo Captains J. Clarke Copies

Forwarded to Home Govt with Despatch No 2 Pol Dept 11 Feby 1863 No 9. para 8.

12-7-5 ✓

15-6-93 ✓

7-3-5 ✓

4-6-95 ✓

22/1/07 ✓

25/2/07 ✓

17.7.07 ✓

9/8/14 ✓

17-8-18 ✓

No 533 & 534.

Revenue 1863 Dec 15
Pro: of Govt for July

No 1417.

Pro: of the Madras Govt
Dd 30th July 1863

Endorsement from the Under Secy to the Govt of India dd 5 Oct to 63
Govt No 2172 in Pro. 21st — 1903

From Clerk Esq to Govt 3 Oct 290 — 24th
No 2366

Customs Duties levied
in the Ports of certain Foreign
States of Cutch as well as of
Bombay Residency, Kattiawar
on the same footing as
British Indian Ports.