

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

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*Proceedings of the Madras Government, Revenue Department,
23rd April 1864.*

No. 333. Read again letters from T. CLARKE, Esq., Member of the Board of Revenue, dated 7th and 21st and recorded in Proceedings 24th December 1863, No. 2,366.

Read also the following papers :—

From W. HUDLESTON, Esq., Secretary to the Board of Revenue, to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Madras, 13th February 1864, No. 960.

SIR,

1. With reference to Government Order dated 30th July 1863, No. 1,417; paragraph 5, and 1st February 1864, No. 172, Revenue Department, I am directed by the Board to submit their opinion on the point referred to them, viz., as to the necessity of excepting Salt, Wines, and Spirits from the privilege of free admission into British India from the Travancore and Cochin Circars' territory.

2. The Board have been favored by Mr. Clarke with a perusal of his recent report to Government on the proposal to admit the Circars to the privileges of British Indian Territory as regards Interport trade, and they find that the terms which the Circars desire to see established, as regards the above three articles are as follows :—

That as regards Foreign trade, the Circars agree to impose Export and Import duties not lower than those charged by our Government ; to raise the selling price of Salt to Rupees 1-8-0 per Maund, and not to lower it without our consent.

And that as regards Interport trade with British ports in the three articles specified in the reference to the Board, Salt and Spirits are in both Circars a Government monopoly, and Wines will be admitted from British Indian Ports free of duty.

3. Under these conditions Salt carried from the Circars' territory into British India would, without the imposition of any British frontier duty, be burdened with the same weight of tax as is Salt carried from one of our own Districts to another, were it not for the fact that the Circars sell Salt at their Inland Depôts at the same price as on the Coast, the result of which policy is that Salt from the Circars' territory will still under-sell our own Salt ; and although the profit per Maund is less to the Circars than to ourselves, it is to be presumed that they are far more than compensated by the increase in the extent of their sales which is produced by the maintenance of these Inland Depôts.

4. The Board are not prepared to recommend the establishment of guard houses on the frontier to prevent this free importation of Salt into our territory ; but neither do they think that the right to import such Salt free of duty should be recognized so long as the Circars maintain Inland Depôts on the present footing.

5. Country Spirits cannot be carried from one District to another in this Presidency by land except under special permit. There can be no objection to place the produce of the Circars on the same footing ; which in fact is to disallow its importation, except by our own Abkarry Renters.

6. As regards Salt and Spirits borne coastwise, the Board observe that such goods cannot be imported free at one British Indian Port from another, and that therefore there is no need to allow greater privileges to such goods when imported by sea from the Ports of the Circars.

7. The duty to be levied on Wine being the same at the Circars' Ports as at our own, it appears altogether unnecessary to object to its free entry into British territory whether by land or sea.

8. The question as regards Opium was not referred to the Board ; but they direct me to point out that there is no free Interport trade in this article, and that our Import duty on it is Rupees 21 per Seer of 80 Tolas. Indian grown Opium cannot be exported from our ports except under a pass which testifies to its having paid the Government monopoly duty. Its free admission from the Circars' territory cannot be conceded.

9. The Board therefore are of opinion that Opium, Salt, and Country Spirits must be excepted from the privilege of free entry into British territory.

No. 384. MINUTE BY THE HONORABLE T. PYCROFT.

1. In the above letter Mr. T. Clarke submits the results of his negotiations with the Native States of Travancore and Cochin, undertaken in conformity with the Orders of Government 30th July 1863, for the purpose of placing the trade of those States upon an improved footing.

2. The objects which the British Government have in view are—

I.—Freedom of trade between the two Circars and British India, their produce passing, between their several territories by land or by sea free of duty, with the exception of some few articles which are either the subject of Monopolies, or yield the Native States so large a revenue that they cannot at present be allowed free entry to, or exit from the Circars without danger to their revenue.

II.—The levy at the Circar ports of British rates of duty on all foreign produce with similar temporary exceptions.

III.—The levy of British rates of duty on exports from the Native ports to ports out of British India with similar exceptions.

IV.—The adoption of the British Tariff valuations.

V.—The removal of the Circar Custom Houses on the back-water and on the land frontier.

VI.—Enhancement of the selling price of Salt in the two Circars to the Monopoly rate obtaining in the Madras Districts, viz., Rupees 1-8-0 per Indian Maund.

3. It will be convenient to consider in order—

(1.) The proposals of the British Government which are acceded to by *both* Native States.

(2.) Those which are agreed to by the Cochin State, wholly or in part.

(3.) Those which are not so agreed to by that State.

(4.) The equivalent required by the Cochin State in return for its concessions.

(5, 6 and 7.) The concessions similarly made or refused by the State of Travancore, and the equivalent demanded.

4. First, both Circars consent to the 4th and 6th proposals, or to adopt the British Tariff

valuations^(a) and to raise the selling price of their Salt to the Madras Monopoly rate. They also agree not to impose on their foreign trade, import duties *lower* than those imposed by us, so as to attract trade from our ports.

5. The Cochin State agrees—

A. As respects the first proposal, to admit all goods exported from *British Indian Ports* free except 1 Tobacco; 2 Opium; 3 Salt; 4 Spirits. The three last are Monopolies in Cochin. Their omission is not of importance. Opium and Salt are not allowed to be carried free from one British Indian port to another. See Section XVIII, Act VI, 1863, and the lately repealed Act VI, 1848.

(a) Note.—Travancore adopts for the valuation of its *Import* of Cotton goods, the valuation of our *Export* Tariff as better adapted to those goods, but the point is not of consequence.

Exports from Cochin Ports to those of British India.

(b) It now pays 10 Rupees, but the Cochin State proposes to raise it to 15 Rupees in deference to the wishes and interests of the Travancore State.—Report, paragraph 58.

(c) This is the rate of duty leviable on Cochin Pepper at British Cochin by Act III, 1861.

Cochin foreign trade.
Imports into Cochin ports.

(d) At present the duty is only 20 Rupees—here again it is proposed to raise it to Rupees 50 in deference to the Travancore Sircar.

Exports from Cochin to foreign ports.

Indian grown Tobacco will on import into the Cochin ports be charged with a duty of Rupees 15^(b) a Candy of 600 lbs.

B. Exports from Cochin Ports to those of British India will go free with the exception of Pepper and Coffee. The former will pay the present^(c) duty of Rupees 15^(d) per Candy,

the latter a duty of not more than 5 per cent. *ad valorem*.
C. The Cochin State will levy the British rates of duty on all foreign produce imported into its ports direct except foreign Tobacco, *i. e.*, that grown out of British India, on which it is proposed to levy a duty of 50 Rupees^(d) a Candy. It will also levy British rates on all its exports to foreign ports except Pepper and Coffee, which will pay as above noted.

Removal of Cochin Chowkies.

D. In Cochin there are eight back-water Chowkies, and two Land Excise Chowkies to prevent Tobacco smuggling. The Cochin Government will withdraw the Chowkies in the vicinity of British Cochin, viz., at Mucttencherry and Vypeen, the Customs at which during the last three years have averaged 23,505 Rupees. They will also forego the levy of duty on all goods passing from Travancore into British Cochin or from British Cochin into Travancore.

But the remaining six back-water Chowkies will (*all*, apparently,) be maintained for the purpose of levying duty on Cochin goods carried into Travancore for consumption there and on Travancore goods brought for consumption into Cochin. These duties on the average of the last three years produced only Rupees 6,808. The two Excise Stations on the eastern frontier will also be kept up for the repression of Tobacco smuggling. This is necessary if the levy of duty on the import of Coimbatore Tobacco is to continue.

Effect of these measures on the revenue of the Cochin State.

(a) In 1862-63 they amounted to Rupees 1,12,091.

The only effect will be the increase arising from raising the price of Salt, and this will not be considerable.

Return expected by the Cochin Government.

E. The above concessions will seriously affect the Cochin revenue. Their Custom receipts on an average of three years amounted to Rupees 90,123^(a), of which little will remain but the duties just mentioned or Rupees 6,808. The Cochin State expects in return on the part of the British Government, that their goods be allowed free admission into British Indian territory by land and sea, that their country be treated as an integral part of the British nation in respect to all goods exported from any part of British India, and that the duty* on Salt exported from Bombay for the use of Cochin be assimilated to that collected on Salt exported to British Indian ports.

They also request that a duty of 50 Rupees a Candy be levied on all *sea borne* Tobacco imported into British Cochin and all other British ports lying between Calicut and Cochin.

And equivalent for loss of revenue.

G. Lastly, they trust that the British Government will grant them one-half the Customs dues collected at British Cochin, together with *all* the duty collected on Tobacco; and if these sums with the dues collected by the State at its three ports, Mulliappooram, Cranganoor and Namcal, and at its back-water Chowkies fall short of the average Cochin Customs for the last three years or Rupees 90,123 the deficiency be made up by an equivalent deduction from the Cochin subsidy.

6. The Customs receipts at the port of British Cochin amounted on an average of three years to Rupees 88,011, a moiety of which is Rupees 44,055½. How much of this was levied on Tobacco does not appear. For a part of that triennial period the import of Tobacco was

Paragraph 94.

(a) 8 Annas a Seer or Rupees 140 a Candy unmanufactured.
1 Rupee a Seer or Rupees 280 " manufactured.

(b) 20 per cent. *ad valorem*.

very small in consequence of the high rate^(a) of duty imposed by Act X, 1860. Supposing the future imports to be as high as in 1862-63, under the more favorable rate^(b) of duty imposed by Act XI, 1862, (and there seems no reason why they should not) the revenue will be Rupees 9,531. The duties at the back-water Chowkies may be expected to average Rupees 6,808. The collections at the three Circar sea ports will probably be inconsiderable. Their trade will nearly all of it flow to British Cochin.

* F. NOTE.—This is not properly speaking a duty. The Bombay Government charge 3 Pice per Maund for general expenses, weighing, watching, &c., on Salt exported to Malabar and Canara. On Salt similarly supplied to the States of Travancore and Cochin the charge is 1 Anna per Maund. There seems no reason for this difference.

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7. Taking the above figures the case will stand thus :—

	Rs.	Rs.
1. Half average collections	88,011 ÷ 2 =	44,055
2. Tobacco duty (but of this some part is included in No. 1)...	...	9,531
Customs at back-water Chowkies	...	6,808
		<u>60,394</u>

This sum deducted from Cochin past average Custom collections Rupees 90,123, would leave a deficit to be made good by remission of Peishcush of Rupees 30,000 in round numbers, or would reduce it from Rupees 2,00,000 to Rupees 1,70,000. In other words the British Government would have to make good Rupees 90,123 less the amount, some Rupees 7,000, collected by the Cochin Government at its back-water Chowkies.

8. On the other hand although the average Custom collections for three years at British Cochin have been Rupees 88,055, the revenue for 1862-63 was much more or Rupees 1,14,747. But, as Mr. Clarke says, it is utterly impossible to conjecture or calculate what effect the proposed concessions will have on the Custom receipts of British Cochin.

Paragraph 90.

9. Mr. Clarke recommends that looking to the liberal spirit already evinced by the Cochin State in its abolition of the Tobacco and Pepper Monopolies and the large sacrifice of revenue that would otherwise attend the present concessions, the request of the Cochin Government be acceded to. He is of opinion that looking especially to the large increase to be expected in our Salt revenue, by the equalization of prices and consequent suppression of the smuggling of Cochin Salt, the whole arrangement, including the abolition of Land Custom Houses on the Madura and Tinnevely frontier, might be carried out and yet leave a balance of revenue in our favor.

Paragraphs 104, 105.

10. In these views I concur. In dealing with the proposition of surrendering to the Cochin State half or more of the Customs receipts of British Cochin, we should consider that those receipts do not of right belong to us. Although collected at our port they are in fact levied on articles consumed or produced in the Cochin and Travancore States, and if the Cochin Circar at our instance withdraw the Chowkies at which those goods would have paid it revenue, it may fairly look to us for some equivalent. Their readiness to lay on one article (Salt) of prime necessity and consumption for their people a tax on 100 per cent. for the benefit of our revenue enhances the obligation.

11. It seems to me, however, that we should press for the removal of the remaining Cochin Chowkies on the back-waters. Their retention is a blot on the otherwise liberal action of the Cochin Government. The revenue derived from the Chowkies will be trifling. As remarked by Mr. Clarke it will be very difficult to distinguish the goods which will and will not be liable to payment of duty at them. I should advocate their abolition even although compensation for the revenue realized at them were to form part of our guarantee, this however would practically involve the payment by us of nearly all the Rupees 90,123.

12. Again the license Tax payable by the retail vendors of Tobacco in the Cochin territories will, probably admit of being raised, and the enhanced revenue thus realized should also be similarly passed to our credit in the arrangement. Otherwise we shall have to bear the whole loss accruing from the diminution of the Cochin Customs revenue at least as far as Rupees 90,123 per annum.

Paragraph 58.

13. I see no reason why the duty on foreign Tobacco and on that grown in British India should be raised in deference to the

wishes and interests of Travancore, nor do I think that a duty of 50 Rupees a Candy can be levied on all sea borne Tobacco imported into British Cochin and all other British ports lying between Calicut and Cochin. This, as shown by Mr. Clarke, would have the effect of excluding all Indian grown Tobacco from those ports, would lead to great smuggling and injure the Cochin Sea Custom revenue. The present rates of Rupees 20 per Candy on foreign Tobacco and Rupees 10 per Candy on that of Indian growth are sufficient.

Paragraph 50.

Paragraph 55.

14. With the above modifications I would accede to the proposed arrangements with the Cochin Circar. The withdrawal of the Muttancherry and Vypeen Chowkies, raising of the prices of Cochin Salt and adoption by Cochin of the British Tariff of valuations might take place at once. The interportal trade between the Cochin State and British India might be made free by a declaration of the Governor General in Council published under Section XII of the Consolidated Customs Act VI, 1863. An Act of the Imperial Legislation would be necessary to legalize the levy of an exceptional duty upon Tobacco and upon Coffee exported from British Cochin. The sanction of the Supreme Government, or of the Government of Bombay must be applied for in view to the duty on Salt exported from Bombay for the use of the Cochin State being assimilated to that collected on Salt exported to British Indian ports.

Travancore.

15. I now proceed to Travancore.

A. The Travancore State will grant free admission into its territories of British Indian produce by land or sea with the exception of

Import into Travancore of British Indian produce.

1. Cotton, raw and manufactured.
2. Metals do. do.
3. Tobacco and Snuff.
4. Opium.
5. Spirits.
6. Salt.

The two first of these are all that we need consider. It is proposed for the present to levy on them an *ad valorem* duty of 10 per cent. upon our Tariff valuation. The duty realized on the first in 1862-63 was Rupees 75,370, of which Rupees 56,335 was on Piece Goods. The duty on Metals was Rupees 21,377.

Imports of foreign produce.

B. On all foreign (*i. e.* not British Indian) produce coming either from British Indian or foreign ports, the Travancore Government will levy British Indian rates of duty, except on

1. Cotton, raw or manufactured.
2. Metals do. do.

On these it will levy 10 per cent. with a drawback of 4 per cent. on Piece Goods which may already have paid duty at a British Indian port.

Duty on Exports.

C. The Travancore Government cannot forego their export duties on their produce whether exported to British Indian or to foreign ports. For the present it proposes to levy an Export duty of 6 per cent. on our Tariff valuation on all of its products leaving the country by sea or back-water, or by the land frontier, except on Pepper, dried Betul nut and timber. The duty on these will be 10 per cent. *ad valorem* except on Teak and Black-wood which are regarded as Royalties.

Return expected by Travancore State.

D. The Travancore Government expect the same return on behalf of the British Government as is expected by the Cochin State, in regard to the free admission of its produce into British Indian territory, free export of British

Indian produce to it, assimilation of duty on Salt exported from Bombay for Travancore, and duty on sea borne Tobacco *vide supra* paragraph 5, F.

E. The Travancore State declines to become a party to a general convention for collecting at British Cochin duty on all excepted articles, and division of Custom receipts, in the expectation that on the removal of the present fiscal restrictions its trade now driven into British Cochin will revert to the natural channel of its own ports.

F. It also declines to withdraw its back-water or frontier Custom Houses. Indeed, it does not appear how these can be removed so long as the Tobacco Monopoly is maintained in Travancore.

16. It will thus be seen that all that the Travancore Government relinquishes is the import duties on British Indian produce passing into its territories and that with two large exceptions, viz., Cotton and Metals, as also the import duty on such foreign produce as is allowed free entry under the British Tariff. On the other hand they obtain free admission of their produce into British India and free exports of British Indian produce to them, which may be considered as equivalent to a boon of Rupees 60,000 per annum on their commerce. They will benefit by the free passage down the back-water, that is as far as the Cochin Chowkies are concerned, of their produce to British Cochin and free passage up it for goods from British Cochin to Travancore, besides other incidental advantages from our arrangements with the Cochin Government. Lastly, they may be expected to realize more than three lacs of Rupees a year by the increase in the price of their Salt.

17. It seems clear then that the balance of advantages under the proposals made by the Travancore Government would be largely in their favor, and that we might reasonably expect more than they have thought fit to offer. I would not, however, remit the *whole* question to the new Resident, so much time has already been lost that it is desirable to do something, to make a beginning however small. I would therefore close with the Travancore proposals as far as they go, except as regards the 50 Rupees duty on sea borne Tobacco, and would take immediate action in that behalf. I would, however, instruct the Resident to press upon the Travancore Government how far their progress in the course of liberality and freedom of trade falls short of what was expected of them, and of what they might very well accomplish. It should be pointed out to them that their policy of refraining from complete reciprocity with the British Indian system and the levy of high duties on their exports is a suicidal policy that must recoil upon themselves. The new Resident should be directed to lose no opportunity of laying these considerations before the Rajah and the Dewan, and of bringing them round gradually to a sounder system.

18. The Dewan's proposal for the sale of inferior Salt at a price below that of the British Monopoly cannot be entertained.

19. The question of the entry of Tinnevely Salt into the Circar Talook of Shencottah has no connection with the subject now before us, and must be treated separately, as must that of the exchange of the Anjengo and Tangancherry farms. I cannot but wish that they were given up to Travancore on reasonable terms. Their retention in our hands must be an annoyance to the Circar and is no benefit to us. The revenue management is indeed rented to the Circar, but we retain the Judicial, Magisterial and Police arrangements, to which we cannot do justice at such a distance from our own Districts.

February 17th 1864.

(Signed) T. PYCROFT.

No. 385. MINUTE BY THE HONORABLE THE PRESIDENT.

We have secured a good deal by the present negotiation, and I should be disposed to accept the conditions offered by both Cochin and Travancore, only however as an instalment. In a very little time the Travancore Government will find that by exacting high Export Duties on their

own produce, and maintaining an expensive Inland Customs Establishment for the purpose of forcing trade to their own Ports, they are injuring themselves not us. We get rid of our frontier establishment altogether, which is a great saving; we get rid of smuggling, which is another great advantage; and we only yield what the two States have a right to ask, viz., that good imported into Cochin for their use should pay duty to them and not to us.

(Signed) W. T. DENISON.

No. 386. MINUTE BY THE HONORABLE E. MALTBY.

1. These papers relate to the important subject of establishing free trade both by sea and land between our Districts and the Native States of Travancore and Cochin, a measure which will promote commerce and bring reciprocal advantage.

2. It is satisfactory to find that the proposals which Mr. T. Clarke was empowered to make for this purpose have been so readily met by the Cochin Sirkar. It has shown an enlightened and liberal appreciation of the subject, and it is to be hoped that as difficulties are shown to be removable the Travancore Sirkar will exhibit a readiness to follow in the same course.

3. As our principal proposals have been agreed to by the Cochin Sirkar, and it appears practicable to adjust satisfactorily some minor details and to arrange such equivalents as are necessary to give the Cochin Sirkar confidence in the new course on which it is entering, I am of opinion that the advantages of being treated in matters of trade as a portion of British India should be at once granted to that State.

4. The concessions made by Cochin embrace the following important points:—

I.—The free admission of British Indian goods, with the exceptions of Tobacco, Opium, Country Spirits and Salts.

II.—All foreign produce except Tobacco imported into the State to pay duty at the British Indian rates.

III.—Exports from Cochin to Foreign States to pay duty also at the British Indian rates except Pepper and Coffee. These exceptions cannot under the circumstances be prejudicial to our interests.

IV.—Salt in Cochin is to be subjected to the same taxation as under our monopoly.

V.—Our Tariff valuations are to be adopted.

5. As the papers under review describe at length the present state of Cochin commerce and the influence which the port of British Cochin has upon it, I shall not recapitulate these details, but observe briefly that the Cochin Sirkar could not in prudence agree to the above concessions except on conditions which guaranteed it from any large and embarrassing loss of revenue. The conditions asked for are, the whole of the Tobacco Duty collected at British Cochin, a moiety of the other Custom receipts, and a guarantee that if the receipts at its own ports and back-water Chowkies together with the moiety of the Customs at British Cochin fall short of Rupees 90,123, or the average Customs revenue of the Cochin Sirkar during the past three years, this Government will make good the difference by a reduction in the annual subsidy.

6. As far as can be judged the maximum liability under the above guarantee would not exceed Rupees 80,000 per annum, and it may be anticipated that the impulse given to commerce and productive industry by the measure under consideration will soon prevent the necessity for any demand being made on us under this condition. But in any case the advantages which we shall receive will make us gainers even in a mere money point of view. Without the necessity for any expensive Establishments to guard our long line of land frontier, the illicit import of Salt from Cochin will cease, thus adding about 1½ lac annually to our Salt revenue, while the cessation of smuggling in Wines, Spirits and other articles across our frontier will further increase our revenues. These will be our palpable gains, but there will be the equally important though less definable advantages, which will arise from the enhanced prosperity of the country under freedom

of trade, the removal of heavy duties, the absence of Chowkies with their harassing delays to traders, and the legitimate industry which will be encouraged when the present system of smuggling with its demoralising effects is stopped.

7. According to the latest return the revenues of the Cochin Sirkar amounted to Rupees 12,11,045* and the expenditure to Rupees 10,50,369, thus leaving only a balance of Rupees 1,60,676 for educational extension, new Public Works of magnitude and any extraordinary

* In 1861-62.

charges of a novel nature. As therefore it is shown that by the arrangements to which the Cochin Sirkar assents a present revenue of Rupees 80,000 will be given up, it is evident that some equivalent is necessary, and the mode in which this equivalent is asked seems to me unexceptionable. Considering the position of British Cochin, an isolated port the trade of which is entirely drawn from the Cochin and Travancore States, our retention of its Customs revenues when they could be used to promote a measure of sound general policy and of great benefit to that part of India would be a questionable act.

8. Some improved arrangement can probably be made regarding Tobacco, so as to lead the Cochin Sirkar to abstain from maintaining on its sole account the two proposed Chowkies on the Coimbatore frontier. I hope also that on re-consideration the Cochin Sirkar will see the wisdom of abandoning its intention of keeping up Chowkies on the back-water for the levy of Customs Duty on the trade which passes between its territory and Travancore.

9. In the expectation that the Resident who is about to proceed to Travancore will find that Sirkar disposed to enter into more satisfactory arrangements than those reported by Mr. Clarke, I abstain from extending my present remarks to that State.

(Signed) E. MALTBY.

No. 387 ORDER THEREON, 23rd April 1864, No. 706.

1. The subject of abolishing all fiscal restrictions on the trade between the British territories and the Native States of Travancore and Cochin, has been under the consideration of Government for some years.

2. In 1862 the question was fully discussed, and the Government sought the sanction of the Supreme Government to certain specific propositions detailed in the Order of the 13th August 1862, Revenue Department, No. 1,708.

3. On receipt of the Orders of the Supreme Government on this application, the Government deputed Mr. T. Clarke to confer with Commissioners appointed by the Native Governments, and to report on the subject to Government.

4. The papers above recorded are the Reports, submitted accordingly by Mr. Clarke, and the observations of the Board of Revenue thereon.

5. The concessions sought from the Native States were the following:—

I. The free admission of British Indian produce into the Native States, by land and sea, with the temporary 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 levy of the British rates of duty on the produce of the Native States when exported therefrom to foreign ports.

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.

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

I. The admission of Travancore and Cochin produce into British India free of all duty, excepting only Opium, Salt, Wines and Spirits.

II. The Travancore and Cochin duties, so far as the British Government consider them equitable, to be levied on the articles temporarily excepted 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.

7. The Government will for the sake of convenience discuss the arrangements with each State separately.

I. As regards Cochin.

8. To the first condition, viz., the free admission of British Indian goods, the Cochin State agrees, excepting only Tobacco, Opium, Salt and Country Spirits.

On Tobacco the Cochin Government proposes to levy a duty of Rupees 15 per Candy of 600 lbs.

On Opium the duty proposed is 10 per cent. *ad valorem*.

Salt and Country Spirits are Monopolies.

9. The Government in a subsequent part of these Orders will give their reasons for considering that Tobacco should also be excluded from the list of excepted articles, which will then comprise only three.

10. To the second condition, viz., the levy of British Indian rates of duty on all foreign produce imported direct into the State, the Cochin Government also agree excepting only foreign Tobacco, on which they propose to levy a duty of Rupees 50 per Candy of 600 lbs.

11. The Cochin Government also assent to the third condition, viz., the levy of British Indian rates of duty on exports to foreign ports, and except only Pepper and Coffee. On Pepper they propose to continue the existing duty (under Act III of 1861) of Rupees 15 per Candy, and on Coffee to levy their present duty of 5 per cent. *ad valorem*. As the British Indian rate of duty on Pepper is $\frac{3}{4}$ per cent. *ad valorem*, while Coffee is on the free list, there can be no objection so far as British interests are concerned to this arrangement.

12. The Cochin Government agree to the fourth condition, viz., to raise their Salt Tax to the same amount as that of British India or from 12 Annas to $1\frac{1}{2}$ Rupees per Indian Maund.

13. The fifth condition, viz., the adoption of the British Indian Tariff of valuations, is also agreed to.

14. Hence it appears that the Cochin Government agree to all the propositions of this Government, and that the list of excepted articles is small and unobjectionable.

15. The equivalents which the Cochin State seeks have now to be considered, and in doing so, the sacrifices it will make must first be regarded.

16. The Cochin State has only three ports, viz., Narakal, Maliapooram and Cranganore. The port of British Cochin is in fact the natural outlet and inlet of its trade, and its own ports preserve their commerce with but partial success by the expedient of levying lighter duties than prevail at British Cochin. Of course when the duties are assimilated, as they will be under the arrangements now contemplated, the trade thus diverted will find its way to British Cochin, and the Customs Revenues of the Cochin Government will suffer proportionately.

17. The Cochin State derives a considerable revenue from Customs duties levied on goods passing from or into its territories by back-water into or from British Cochin. It now engages to abandon these duties, and also to give up the duties it now levies on goods passing from Travancore into British Cochin and *vice versa*. The receipts at the Chowkies at Muttancherry and Vypeen in the vicinity of British Cochin have during the last three years averaged Rupees 23,500 per annum, which sum will of course be sacrificed.

18. The gross Customs Revenue of the Cochin State has, during the last three years, averaged Rupees 90,000 per annum, but in 1862-63 it amounted to Rupees 1,12,000, viz., Rupees 24,500, on exports and Rupees 87,685 on imports. Mr. Clarke's Report does not furnish details of the average revenue abovementioned, but those of the revenue of 1862-63 are given in his Report, and suffice to afford a fair estimate of the results of the proposed changes to the Cochin State.

19. The Export Revenue of that year (1862-63) amounted to Rupees 21,500, viz., Rupees 17,932, on goods exported by sea, and Rupees 6,574 on those passing by back-water into Travancore. The bulk of the first item will be lost, as the trade will pass to British Cochin as soon as the inducement of lighter duties at their own ports is withdrawn.

20. The Import Revenue was Rupees 87,685, viz., Rupees 17,667 on imports by sea and Rupees 69,918 on imports by back-water from Travancore. The greater portion of the latter item appears to have been realized on Travancore produce passing to British Cochin, and this will be lost by the removal of the Chowkies around that port. The first item will also be greatly reduced when the duties at all the ports are equalized.

21. It is of course impossible to calculate the loss entailed by the new arrangements on the Cochin State with accuracy, but the Government consider that 80,000 Rupees is a moderate estimate of it, taking the revenue of 1862-63 as the basis. On the average of three years Rupees 65,000 would be the corresponding estimate.

22. On the other hand Cochin will gain slightly by raising its Salt Tax to the British standard. The Salt sales last year amounted to Rupees 2,00,956, and the charges to Rupees 1,12,853, the net Revenue being Rupees 88,098. Calculating at the rate of 18 lbs. per head, Mr. Clarke estimates the sale at 87,293 Indian Maunds, yielding a gross revenue of Rupees 1,30,939 at 1½ Rupees per Indian Maund. The charges he estimates at Rupees 39,553, so that the net revenue would amount to Rupees 91,386 or Rupees 3,288 in excess of the net revenue of last year. This estimate is somewhat too low, but it is clear that the gain to Cochin by adopting the British Monopoly rate will not go far to counterbalance the loss of Customs Revenue.

23. The equivalent which the Cochin Government seek are the whole* of the Tobacco duty levied at British Cochin, a moiety† of the other Customs Revenue, and a guarantee that any deficit below the average‡ Customs Revenue of the last three years will be made good by the British Government.

* Rupees 9,531 in 1862-63
† Rupees 1,05,200 ÷ 2 = Rupees 52,600
‡ in 1862-63.
‡ Rupees 90,123.

24. The first concession needs little remark; the consumption of Tobacco in British Cochin must necessarily be very small, and the grant of the net revenue to the Cochin State is in fact giving very little more than that State would realize, if it did not withdraw its Chowkies round British Cochin. The duty on Tobacco passing into Travancore must obviously be excepted from this arrangement.

25. The grant of a moiety of the other Customs Revenue of British Cochin would amount on an average of the last three years to Rupees 44,000, and on the receipts of 1862-63 to Rupees 52,600.

26. The liability entailed by the guarantee is less easily calculated, but the Government consider that Rupees 30,000 may be taken as the maximum, making allowance for the Tobacco, Coffee and Pepper duties which Cochin will still receive, and for the back-water and other trade which Cochin will retain, and for saving in Preventive Establishments.

27. The concessions sought from the British Government are thus:—The free admission of Cochin produce, (Salt, Opium and Spirits excepted,) into British India, by land and sea, a direct payment, in round numbers, of Rupees 50,000 per annum and a contingent liability of Rupees 30,000 more.

28. It remains now to consider what the British Government will gain in return for these concessions.

29. The Salt sales of Cochin have averaged Indian Maunds 2,17,700 during the three years ending 1861 and amounted in 1862-63 to Indian Maunds 2,49,000; while the consumption of the population at 18 lbs. per head annually would be only Indian Maunds 87,300. Owing to the much higher price charged in the British territories, a very large quantity of Salt finds its way from Cochin into them, and thus the great excess of sales over the probable consumption of the State is accounted for. If, however, prices are equalized, this will cease to be the case. The excess in 1862-63, as already stated, was no less than 1,62,000 Indian Maunds, which would have brought in a net revenue of about 1,80,000 Rupees, if drawn from the Government Stores.

taking the average of the three years already mentioned the net gain would have been about 1,41,000. It cannot be supposed, however, that the whole excess would be thus drawn, but a gain of a lac of Rupees may fairly be reckoned on.

30. Wines and Spirits are also largely passed into the British territories through the Cochin State, and on this a considerable gain may be expected, though the Cochin Government will share in it.

31. It would be very expensive and practically almost impossible to exclude Salt, Spirits and other articles from being smuggled across the frontier; the preventive force required would be very large, and the smuggler would either bribe or evade it.

32. The gain on these articles may fairly be set off against the concessions sought, but there are other considerations which should not be overlooked, viz., the impulse given to trade by the removal of heavy duties and of the vexatious and harassing delays, examinations, &c., at the back-water Chowkies, the repression of the systematic smuggling now carried on with all its demoralizing effects, &c.

33. The Cochin State could not reasonably be expected to incur the risks entailed by the proposed arrangements without a guarantee, especially as the present rates of duty may hereafter be reduced.

34. Under the circumstances above detailed the Governor in Council resolves to recommend to the Supreme Government that the offer of the Cochin Circular be accepted.

35. There are, however, some points still to be noticed.

36. It appears from the Board's Proceedings that the Cochin Government sell Salt at their Inland depôts at the Monopoly rate. This system if continued would render the engagement to sell Salt at the British rate of no practical value, as Cochin Salt would still undersell and displace British Salt. It must, therefore, be understood that at such Inland depôts the cost, &c., of conveyance, &c., must be added to the Monopoly rate of 1½ Rupees per Indian Maund so that British and Cochin Salt may be treated equally. The Cochin Government will, no doubt, see the fairness of this stipulation, as it is to the suppression of smuggling of Salt that the Government must mainly look for an equivalent to the payments and guarantee to the Cochin State.

37. The present duty on British Indian Tobacco imported into the Cochin State is 10 Rupees, and that on foreign Tobacco 20 Rupees per Candy of 600 lbs. In deference to the wishes and interests of the Travancore State, the Cochin Government propose to raise the duty on the former to 15 Rupees and on the latter to 50 Rupees per Candy. As however the Travancore Government refuses to admit Cochin produce free of duty into its territories there is no necessity for the Cochin State to alter duties fixed after due consideration and sufficient for its own interests. Mr. Clarke states that the Tobacco Monopoly of Cochin of late years yielded a revenue under an extremely expensive machinery of 40,000 Rupees, and that the change to a light import duty and moderate license tax produced a net revenue of Rupees 27,000 in the first year of the experiment. The revenue of Rupees 40,000 was evidently gross and not net. The late Resident Mr. F. N. Maltby in his letter dated 19th February 1862, stated that the sales in 1860-61 amounted to Rupees 33,160, while the outlay for buying the Tobacco was Rupees 23,654, leaving a profit of only 12,000 Rupees, from which the cost of Establishments had also to be deducted. But the accounts which accompanied that letter show that an item of Rupees 17,102 "Boat and Cooly hire to convey Tobacco" was omitted from the above calculation, so that in that year the State really lost by the Monopoly. The Tobacco revenue in 1862-63 was made up of the following items, viz. :—

	Rs.
Duty at Cochin Land Frontier Chowkies on Coimbatore Tobacco ...	8,403
Do. by sea on Foreign do. ...	13,638
Licenses ...	5,820
	<u>27,861</u>

38. The revenue from British Indian Tobacco is very trifling, and might be made good by raising the charge for licenses which is now fixed at the moderate sum of 10 Rupees. This arrangement would also admit of the two Inland Frontier Chowkies being abandoned, and any loss on foreign Tobacco would be, in part at least, compensated by saving in the Preventive Establishment kept up at them. It is not likely, however, that foreign Tobacco will be materially affected by the free admission of British Indian, as notwithstanding a differential duty of 10 Rupees per Candy and the expenses of freight, the Import duty realized on the former was Rupees 13,638 against Rupees 8,400 on the latter. Indian Tobacco may therefore be safely excluded from the list of excepted articles, and probably the British Indian rate of duty, viz., 20 per cent. *ad valorem*, might be levied on foreign Tobacco. Mr. Clarke states that the market value of Jaffna Tobacco ranges from 60 to 105 Rupees per Candy for the first sort, and from 40 to 70 for the second sort. The duty at 20 per cent. *ad valorem* would consequently range from 8 to 21 Rupees, and if the imports are chiefly of the superior descriptions (and this the Government cannot ascertain from the papers before them) the loss consequent on adopting the British rate of duty would be very trifling, and would be fully compensated by increased consumption, prevention of smuggling and reduction of Establishments.

39. The Cochin State proposes to keep up its Chowkies on the back-water between it and Travancore, and to levy duty on its own produce when exported to Travancore, and on Travancore produce when imported into its own territory for consumption. The revenue at stake has averaged only 7,000 Rupees, and the Government would much regret that for so paltry a sum the trade between the two States should be subjected to the restrictions and discouragements entailed by the levy of frontier duties. As the Travancore Government will not abandon their duties on Cochin produce the reluctance of the Cochin State to withdraw its Chowkies is but natural, but this course is so prejudicial to its own interests that the Government do not doubt that it will yield the point and give up the last remnant of an impolitic system. Mr. Clarke states that of the paltry sum of Rupees 7,000 realized nearly 4,000 Rupees were realized on Cochin produce, so that that Government are really taxing their own subjects in order to retaliate on a neighbouring State. Mr. Clarke does not state whether the revenue of Rupees 7,000 is gross or net, nor does he mention the cost of collection, which no doubt is heavy. The Government hope that on further consideration the Cochin State will abandon its intentions in this respect and fully carry out the enlightened policy it has now commenced.

40. The arrangements now proposed are as follows:—

I. All goods the produce or manufacture of British India, and all goods exported from any port or place in British India, which are exempt from or have paid duty on import into British India, will be admitted into the territories of His Highness the Rajah of Cochin, by sea, land and back-water, free of all Customs duty, Salt, Opium and Country Spirits excepted.

II. All goods the produce or manufacture of the Cochin State, and all goods exported from any port or place in the territories of His Highness the Rajah of Cochin, which are exempt from or have paid duty on import into those territories, will be admitted into British India, by sea land, and back-water free of all Customs duty, Salt, Opium and Country Spirits excepted.

III. The rates of Customs duties and Tariff valuations in force from time to time in British India will be adopted in the Cochin State.

IV. Foreign goods imported direct into any port belonging to His Highness the Rajah of Cochin will be charged with the same duties as they would be liable to, if similarly imported into a port of British India, Tobacco excepted.

V. Goods the produce or manufacture of the Cochin State on export to any foreign port or place will be charged with the same duties as they would be liable to, if similarly exported from a port of British India, Pepper and Coffee excepted.

VI. No drawback will be allowed on goods re-exported from any port or place in the Cochin State to any port or place in British India or *vice versa*.

VII. The Monopoly price of Salt in the Cochin State will be the same as in British India, an addition on account of carriage, &c., being made to that price when the Salt is sold by the Cochin State at any Inland Depôt.

VIII. The whole of the net duty realized on foreign Tobacco imported into British Cochin (Tobacco imported for Travancore excepted) and on Cochin Coffee exported from British Cochin will be paid over to the Cochin State.

IX. A moiety of the net Customs Revenue realized on Imports and Exports at British Cochin, Tobacco, Pepper, Coffee, Salt and Opium excepted, will be paid over to the Cochin State.

X. The British Government will engage to make good to the Cochin State any deficit between the sum of 90,000 Rupees and the aggregate of the net duty on Tobacco, Cochin Coffee and Pepper, of the moiety of the net Customs duties at British Cochin and of the Customs duties realized at the Cochin ports and Customs Houses.

XI. The special duties will be the following:—

Foreign Tobacco on Import into British Cochin or any Cochin port, 20 Rupees per Candy of 600 lbs.

Coffee, the produce of His Highness the Rajah's territories, on export similarly 5 per cent. *ad valorem*.

Pepper (as in Act III of 1861).

41. A special Act will be necessary in the case of foreign Tobacco and Coffee, unless as suggested in paragraph 35 of this Order the Cochin State agrees to give up the special duty on the former.

II. As regards Travancore.

42. The first condition, viz., free entry of British Indian produce, is agreed to, except as regards

- I. Cotton (raw and manufactured).
- II. Metals (crude and manufactured).
- III. Tobacco and Snuff.
- IV. Opium.
- V. Spirits.
- VI. Salt.

43. The four last articles are Monopolies. The revenue realized on the first two in 1862-63 is given in the margin. The Travancore Government propose to levy 10 per cent. on Cotton and Metals for the present, adopting the British Indian Import Tariff valuations in the case of Metals, and the Export Tariff valuations for Native wrought fabrics.

	RS.
Cotton (raw and manufactured)	75,370
Metals (crude and manufactured)	21,377
	96,747

44. The Travancore Government agrees to the second condition, viz., to levy the British Indian rates of duty on foreign produce imported into Travancore, excepting the articles above-mentioned. By foreign produce it means other than British Indian produce whether imported direct or coming through a British Indian port. The proposed duties on the excepted articles are 10 per cent., a drawback of 4 per cent. being allowed on Piece Goods which have already paid duty at a British Indian port.

45. To the third condition, viz., the levy of British Indian duties on its own produce when exported, the Travancore Government pleads its inability to agree, for financial reasons. It proposes to levy 6 per cent. on all its produce when exported by land, sea or back-water, excepting Pepper, dried Betel Nut and Timber which are to be subject to 10 per cent., and Teak and Black-wood which are royalties.

46. The Travancore Government agrees to the fourth and fifth conditions, viz., the adoption of the British Indian Monopoly price for Salt and the British Indian Tariffs of valuations, but in the case of Native Piece Goods imported it considers the British Indian *Export* Tariff more suitable.

47. The Travancore State in return expects the free admission of all its products into British India, by land and sea, and the imposition of a duty of Rupees 50 per Candy on all sea borne Tobacco imported into British Cochin and all other British ports south of Calicut.

48. The Travancore State declines to take part in any convention for levying the special duties on the excepted articles at British Cochin, and sharing the Customs Revenue of that port with the British Government and the Cochin State, in the expectation that the admission of its produce whencesoever exported into British India free of duty will draw its trade to its own ports.

49. The Government will now consider how far the concessions made by Travancore are equivalent to those it seeks in return, and whether they are as liberal as can reasonably be expected in the circumstances of that State.

50. Mr. Clarke's report does not enable Government to ascertain how much of the duties realized by Travancore are realized on British Indian produce.

51. The duties realized on the articles excepted from the operation of the first condition, viz, free admission of British Indian produce into Travancore, amounted to Rupees 96,747 in 1862-63, according to the Trade Statements published in the Travancore Almanac. The total Import revenue in the same year was Rupees 1,33,720. So that supposing the whole Imports to be of British Indian produce, which of course they cannot be, the revenue sacrificed would be Rupees 42,000. A considerable portion of the Metals and of the Piece Goods must, the Government presume, be of foreign origin, and part of the Imports are Cochin produce. The whole of the above sum will not therefore be sacrificed by the concessions under the first condition.

52. Again, the entire value of the Import trade in 1862-63 appears to have been Rupees 15,90,000, while that of the excepted articles (Cotton, Metals, &c.) was 11 lacs, so that only one-third of the Import trade is affected by the concessions which the Travancore Government is willing to make, and this calculation also supposes the whole of this third to have been British Indian produce.

53. On the other hand the British Government at Madras ports and Chowkies alone realized (on an average of the five years ending 1860-61) Rupees 40,000 annually on imports from, and Rupees 25,000 on exports to, Native States, the great bulk of these transactions being with Travancore. In 1862-63 the receipts from these

	Imports.		Exports.	
	Rs.		Rs.	
Sea Customs	8,026		2,309	
Land do.	63,188		11,588	
	71,214		13,897	
	85,201			

sources combined, on Travancore trade alone were Rupees 85,000. By abandoning these duties, the Travancore producer and consumer will be relieved of direct taxation to the extent of fully Rupees 60,000 annually on the average of five years ending 1860-61 and of Rupees 85,000 on the revenue of 1862-63, the corresponding concession to the British Indian producer being on an extreme calculation only Rupees 42,000.

54. But this is not the only gain to Travancore. A large portion of its trade instead of passing from its own ports and so becoming liable to its own export duty is undoubtedly smuggled into British Cochin in order to gain the advantage of free entry into British ports. The late Resident and the Dewan have on more than one occasion dwelt forcibly on the injury thus caused to Travancore, and the Dewan now states that "Travancore need not avail itself of the offer of the British Government to levy Travancore duty at British Cochin" and share the proceeds because hereafter "Travancore trade will largely resort to its own ports."

55. Further, Travancore will gain largely and directly by the freedom of all that part of its trade which passes the Cochin back-water into and from British Cochin, and if the Cochin State agrees to the further concession of removing all its back-water Chowkies, the gain will be still greater. Mr. Clarke states that the duty levied by the Cochin State in 1862-63 on goods imported by back-water from Travancore was Rupees 69,918, and the late Resident in his last letter on the subject thus expresses himself: "It must not be supposed that no important injury is really inflicted; that it is a mere transfer of trade from one port to another; and that what the Rajah loses at Alleppey he collects on the back-water. The case is far otherwise. The trade of Travancore is saddled with extra cost of conveying and guarding the goods down the back-water, great facilities are afforded for defrauding the Rajah's revenues, and more than this, the goods have to pass one of the Custom Houses of the Rajah of Cochin, at which the duties rose last year by twenty thousand Rupees."

56. It seems clear from the foregoing, that the balance of advantage will be very largely in favor of Travancore.

57. But the circumstances of Travancore must also be taken into consideration, and its interests duly regarded.

58. Under the improved administration introduced of late years the revenues of the Travancore State have considerably risen. In 1861-62 the receipts were 43 lacs and the disbursements 41 lacs, but the latter include Rupees 2,70,000 expended on Public Works and Rupees 90,000 paid in liquidation of a loan.

59. The Tobacco revenue under a different method of administration cannot fail at least to maintain its present standard, for Mr. Clarke states that "calculations made on the very smallest minimum standard of consumption" show "that not more than 3 lacs out of the 12½ lacs of the population of Travancore could have been supplied with Tobacco sold by the Government."

60. The enhancement of the Salt tax, which is a part of the present scheme, will, Mr. Clarke calculates, add 3 lacs to the revenue, and the late Resident stated that the Survey then contemplated would probably yield even more than 3 lacs.

61. The Dewan's last Administration Report exhibits a picture of high prosperity and confidently predicts an increased revenue in the year now current.

62. In short the finances of the State are in a satisfactory condition and its future prospects are very encouraging.

63. The papers before Government do not show the cost of the Customs and Preventive Establishments kept up by Travancore, but these cannot be light, for such Establishments to be effective must be large and well remunerated. Some saving and that probably of considerable amount might be expected in these charges from a better fiscal system.

64. Of the present state of the Tobacco Monopoly the Government have no very recent information, but both Mr. Clarke's calculations and the experience of the Cochin State already noticed in paragraph 34 of this Order show what may be expected from a better system of administration. And the great impetus which freedom from Customs restrictions must give to trade and production should not be overlooked.

65. With such prospective resources, and its immediate gain on Salt, the Travancore State may, the Government think, be fairly asked to concede more than it has offered. The duties on the import of Cotton and Cotton goods, the produce or manufacture of British India, might the Government think be safely reduced at once, leaving Metals as they are for the present, a pledge being afforded that at the earliest possible date all British Indian products and manufactures shall have free entry by land and sea, complete reciprocity being thus attained in the course of a few years. The amount of reduction which should be claimed on Cotton and Cotton goods must depend on the amount of duty now realized on such of the Imports of these as are of

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British Indian origin, and the Resident will be requested to obtain and furnish this information. The proposed arrangements need not be delayed on this account if His Highness the Rajah will assure the Government that complete reciprocity shall be granted as soon as the finances of his State permit.

66. In respect to the second condition the Travancore State, as already mentioned, agrees to adopt British Indian rates of duty on all foreign goods imported, excepting Cotton goods and metals, but it includes in this category foreign goods imported through a British Indian port as well as those imported direct. The present rates of duty are 6 per cent. on goods imported by back-water and 10 per cent. on those imported by land and sea. The result of the change is thus to raise the duties on goods passing through British Cochin from 6 to 10 per cent., Piece Goods excepted, a drawback of 4 per cent. being allowed on them. The obvious tendency of this arrangement is to drive trade from British Cochin and other British ports to Alleppey. The Statements which accompany Mr. Clarke's letter do not enable the Government to judge what the effect of this change will be on the trade of British Cochin, and the Resident will be requested to ascertain how much of the duty realized on Imports in 1862-63 was levied on foreign goods passing through British Cochin. The duties on Cotton goods and metals should be separately shown, and those on articles which are on the British Indian Free List should be excluded, as they will be entitled to free entry under the arrangement. So long as the Travancore State does not levy lower rates of duty than those in force in British India, and so divert trade from its natural channels, the Government cannot complain, and the abstract right of the Travancore State to levy the same duties on imports by the back-water as on imports by sea cannot be questioned. But if the information called for shows that by raising the duty from 6 to 10 per cent., the trade of British Cochin will materially suffer, this will be just ground for the demand of more complete reciprocity in regard to British Indian produce. The Government would not be justified in giving up the large revenue it derives for the small return made when that return is still further diminished by injury to the trade of its own ports. The very serious obstruction to interport trade consequent on the retention of the back-water Chowkies and the distinction between British Indian and Foreign goods, must, also, not be overlooked; these drawbacks detract materially from the concession of free entry to British Indian produce.

67. The Government regret the necessity which the Travancore State considers itself under of continuing to levy heavy Export duties on every article of its own produce, whithersoever exported; such taxation cannot but be injurious to itself, tending to restrict production, entailing heavy expense for establishments and encouraging smuggling. The fact stated by the Dewan that without export duties, a considerable extent of landed property exempt from direct taxation would escape taxation altogether, would be of weight as an argument in favor of those duties if there were any means of discriminating the produce of such land when exported, but, as matters stand, the produce of the whole country is taxed in order that some of it may not evade taxation. This, however, is a matter for the consideration of His Highness, and the Government can only express their hope that no opportunity will be lost of placing the trade of Travancore in a more satisfactory position. It is only, in the interests of Travancore that this is urged, for so long as Travancore does not levy lower duties than those of British India, the interests of the latter are not affected.

68. The Government entirely concur with Mr. Clarke as to the sale of the very inferior Salt mentioned by the Dewan, at lower rates than those of British India. In fact the Dewan himself appears to be aware that the arrangement would be open to serious objection and is willing to abandon the proposal.

69. The fifth condition needs no remark; the prevalence of one Tariff of values throughout India will be a great convenience to the trader, but financially the effects of the change will be trifling. Mr. Clarke states that in 1861 the Travancore Tariff was raised, and with a few exceptions assimilated to that of British India, the effect being to raise the duties 50 per cent.

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The English Candy was also substituted for the Dutch one, the result being a further increase of 9 per cent.

70. The concession sought by the Travancore Government in the form of a protective duty of Rupees 50 per Candy on Tobacco of all kinds imported into British Cochin and any port south of Calicut is unnecessary, seeing that Travancore has declined to agree to the proposal to levy its special duties at British Cochin and will maintain its back-water Chowkies. The effect of the proposed convention would have been to have converted British Cochin into a port common to all three States, the special duties necessary on certain articles to protect the interests of Travancore and Cochin would have been levied there, once for all, and the Customs revenue would have been equitably shared. This would have admitted of the complete withdrawal of the back-water Chowkies. As the latter are to be retained, the Travancore Government can there levy their special duty on Tobacco, as they do on other commodities. Mr. Clarke shows that the levy of 50 Rupees per Candy would effectually exclude British Indian Tobacco, and such a duty is also opposed to the interests of the Cochin State.

71. The further concessions mentioned by the Dewan, viz., the exchange of Anjengo and Tangacherry for territory on the Tinnevely side of Travancore, and compensation for British Indian Salt consumed in the Shencottai Talook, are in no way connected with the present subject, and will be referred to the Board of Revenue for early report after communication with the Resident and the Collector of Tinnevely.

72. As already stated the Government do not consider that the concessions offered by the Travancore State are equivalent to those sought, or even such as with perfect safety might have been offered, but the Government resolve nevertheless to recommend their acceptance, feeling assured that His Highness the Rajah will see the advantages which must accrue to Travancore from the measure and will as soon as possible carry it out fully. It will be the duty of the Resident from time to time to advise His Highness' Government as to the measures necessary to this end. Trade cannot be taxed with impunity whenever funds are required for reforms in other branches of administration, and excessive Customs duties only shut the country out from markets which would be open to its enterprise under a more liberal policy. But it is not merely the weight of the tax that works injury, an expensive Establishment has to be maintained to collect it, and the trader is subjected to delays, annoyances and exactions. The number of Customs and Excise Stations kept up in Travancore, is enough to show how the commercial enterprise of the people must be checked, and how expensive this system of administration must be.

6 Back-water Chowkies.
16 Sea Customs do.
13 Frontier Land do.
137 Excise Stations.

73. The Government are aware that His Highness' Government has done very much of late years to improve the condition of its subjects, and is sincerely anxious to continue its reforms as funds can be provided. The additional revenue from raising the Salt Tax will afford seasonable aid, and Mr. Clarke's statement that not a quarter of the population consumes Tobacco supplies by the State, shows that that branch of revenue may be placed on a sounder footing with less risk than has been supposed. It will be for the Resident carefully to study the details of the Monopoly system, its expenses, &c., and then to advise His Highness' Government of the reforms which he considers practicable.

74. The Resident will be requested to procure a statement showing the quantity and value of the Imports from the Cochin State into Travancore by back-water and the duty realised thereon, in any recent year.

75. The arrangements which will now be submitted to the Supreme Government, as regards Travancore, are the following:—

I. The free admission into Travancore of all goods the produce or manufacture of British India, excepting

Cotton and Cotton Goods.	Salt.
Metals.	Opium.
Tobacco.	Spirits.

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II. The free admission of all goods the produce or manufacture of Travancore into British India. Salt, Opium and Spirits excepted.

III. The adoption of the British Indian rates of duty on all foreign goods imported into Travancore, excepting the articles abovementioned.

IV. The levy of duties not less than those obtaining in British India on exports.

V. The adoption of the British Indian Tariff of valuations, the Export Tariff being taken, in regard to Cotton fabrics of native manufacture.

VI. The adoption of the British Indian Monopoly price of Salt.

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

Ordered that the following letter be despatched.

No. 388. From J. D. SIM, Esq., Secretary to the Government of Fort Saint George, to the Officiating Under Secretary to the Government of India, Home Department, dated 23rd April 1864, No. 707.

SIR,

1. With reference to the Resolution of the Supreme Government, dated 12th June 1863, I am directed to forward the papers marginally noted, on the subject of abolishing fiscal restrictions upon the trade between British territory and the Native States of Travancore and Cochin.

From T. Clarke, Esq., Member of the Board of Revenue,
dated 7th and 21st December 1863.
From Board of Revenue 13th February 1864, No. 960
Proceedings of Govt. 23rd April " " 706.

2. The details of the proposed arrangements are fully stated in the enclosed G. O. to which I am directed to solicit a reference.

3. The Cochin State agrees to all the conditions proposed by this Government in their Proceedings dated 13th August 1864, No. 1,708. It thus becomes, so far as Customs Duties are concerned, a part of the British Empire—interportal trade will be entirely free—the same duties on dutiable articles and the same Tariff valuations will prevail in both territories, and the only articles to be specially treated will be foreign Tobacco, which will be subject to a duty of 20 Rupees per Candy of 600 lbs. on Import. Pepper, which will continue subject to the Export Duty leviable under Act III of 1861, viz., 15 Rupees per Candy of 600 lbs., and Coffee on which an Export Duty of 5 per cent. *ad valorem* will be levied. It is not unlikely that Tobacco may be removed from the special list, but an Act, similar to Act III of 1861, but reserving the whole net duty to the Cochin State, will be necessary in the case of Coffee. Salt, Opium and Country Spirits are of course excepted from these arrangements.

4. The Cochin State has three petty ports, Narakul, Malleapoorum and Cranganore, at which alone it will hereafter receive Customs Dues. It proposes also to retain its back-water Chowkies on the Travancore frontier, for the levy of duty on goods passing from its own territories into Travancore and *vice versa*, and two land Chowkies on the Madras frontier to levy its special duty on Tobacco. The Government, however, have every hope that the Cochin State will abandon this intention and free trade from every restriction except at its sea ports.

5. The equivalents which the Cochin State seeks in return for its liberal concessions are a moiety of the net Customs collections at British Cochin, the whole of the Tobacco and Coffee

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Customs Revenue, and a guarantee that if the receipts from these sources and the collections at its own ports do not amount to Rupees 90,000 per annum, the average Customs revenue of the three years ending 1861, the deficit will be made good by the British Government.

6. These terms though at first sight high are really not more than the concessions made are worth.

7. A reference to the Map will show that British Cochin has no other trade but what it derives from its position at the entrance of an extensive back-water communication with the Travancore and Cochin States. Its population is small, and can produce or consume but little.

8. On the land ward side there are no Customs Houses; goods consequently pass into and out of British Cochin free of all British duty, and further, when the produce of the Native States finds its way into British Cochin it is thereafter treated as British Indian produce, and when re-exported obtains free entry into every British Indian port, whereas if exported direct from a port of the Native States it is treated as foreign and subjected to duty on import into a British Indian Port. The trade of the Native States is thus drawn to British Cochin, while their own ports are neglected, and smuggling is of course very prevalent. When, therefore, the Cochin Government seek a moiety of the Customs receipts at British Cochin in return for giving up their duties, they are in fact only seeking to share in revenue realized on their own trade, in its passage to their territories. It must also be borne in mind that the Native States could, if so disposed, materially affect the trade of British Cochin, by organizing an effective preventive force round it and levying heavy duties on goods passing to and fro. The port of Narakul already mentioned is quite close to British Cochin, and has the great advantage of a mud bank at some distance off it, which acts as a natural break-water and admits of the landing and shipment of goods when British Cochin is unapproachable. It is separated from the back-water by a narrow strip of sand, across which rails might be laid, and with this and other conveniences for trade Narakul would be a formidable rival of British Cochin. The Government apprehend that the Cochin Government could not well be restrained from improving Narakul, and from surrounding British Cochin with a cordon of Customs guards and levying heavy duties on all goods passing into and from it, thus driving trade from it to their own ports. As the British Government treat Cochin as a foreign State, they could not reasonably demur to receiving somewhat similar treatment from it.

9. The revenue of British Cochin is in fact realized on the trade of Travancore and Cochin, and is to a certain extent at their mercy. The proposition of the Cochin Government will not only increase the revenue but place it on a more secure footing. Direct taxation to the extent of Rupees 23,500 will be remitted, and the vexatious and harrassing delays inseparable from the retention of the back-water Chowkies will be removed to the manifest benefit of trade.

10. The guarantee required by the Cochin Government involves a maximum liability, as far as can now be judged, of about Rupees 30,000 per annum. Against this, as well as the grant of a moiety of the British Cochin Customs revenue, must be set the probable gain from Salt, Wines and other commodities which pass from the Cochin into the British territories adjoining. The Cochin State borders the Malabar District for a considerable distance, and as Salt is sold at the inland depôts of Cochin at only 12 Annas per Indian Maund a large portion is conveyed over the frontier, displacing the monopoly Salt of Malabar. The willingness of the Cochin Government to raise their Salt duty to the British Indian standard will greatly check this trade, and a gain of a lac of Rupees per annum may fairly be expected from this source. No preventive force is maintained on the British frontier, nor could an efficient one be kept up except at a great expense. The arrangement of equalizing the duty in both territories renders such a measure unnecessary, an incidental advantage which should not be overlooked. Wines and Spirits have similarly been conveyed across the frontier, and some increased revenue may be expected from this source.

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11. Thus the gain in Salt alone will cover both the direct payment out of the Customs revenue of British Cochin and the further payments involved in the guarantee.

12. The Tobacco revenue is very small, and the great bulk of the article imported into British Cochin is really consumed in the Native States. The grant of the net revenue derived on all but the imports into Travancore may reasonably be allowed.

13. By the arrangements now proposed the Cochin State in fact gives up almost the whole of its Customs revenue which will in future be levied at British Cochin, and in return the Cochin Government seek no more than the revenue derived on an average of the three years ending in 1861, although the revenue of 1862-63 was considerably higher. The Cochin State could not assent to the arrangement on more favorable terms, it has in fact all the advantages of free inter-portal trade already at its command, for there are neither Customs stations nor preventive guards on the land frontier, and access to British Cochin is equally open. It could not surrender the revenue it derives from Customs without being protected from present loss, and the risk of further loss if the present rates of duty should hereafter be reduced.

14. The Government consider the demands of the Cochin State moderate, and as the British Government will gain more on Salt revenue alone than they are asked to concede, and the arrangement will be advantageous to trade, they strongly recommend that the offer of the Cochin Government be accepted.

15. In regard to the Travancore State, the Government regret that a much more limited arrangement is all that can yet be effected.

16. The Travancore Government express their inability to give up their duties on foreign imports and on their own exports. All that can be done at present therefore is to free the coasting trade as far as practicable. The Travancore Government are willing to admit all British Indian produce free of duty excepting Cotton, Metals, Tobacco, Opium, Salt and Spirits. The four last need not be noticed, as they are articles of monopoly, but in regard to the first two the Government consider that the circumstances of the Travancore Government admit of at least a reduction of duty on Cotton and Cotton goods, and at no distant period, of the free admission of all except the monopoly articles. So far as the Government can judge, the revenue given up by the Travancore Government will be only about Rupees 40,000, while the British Government will give up about twice as much in the form of duties levied on Travancore produce imported into British India, and export duties on British Indian produce exported to Travancore. This calculation only includes duties realized in the Madras Presidency and not those which may be realized in Bombay and Calcutta. The balance of advantages is greatly in favor of Travancore, but the circumstances of that State are peculiar, and the Government would not defer the present arrangements until more complete reciprocity can be obtained. The Resident will be instructed to press the necessity of this on His Highness the Rajah, and the Government do not doubt the readiness of His Highness to carry out a measure which cannot fail to benefit his own subjects greatly. The adoption of the British India Tariffs and the raising of the price of Salt to the British standard are conceded, and the Government recommend that no further delay be allowed to take place in extending the benefits of free interportal trade to Travancore as regards its produce when imported into ports of British India (Salt, Opium and Spirits excepted), the Travancore State on its part admitting British Indian produce free with the temporary exception of Cotton and Metals and the monopoly articles already mentioned.

17. In consequence of this arrangement the Customs Establishment on the land frontier of Travancore in the Madura and Tinnevely Districts may be withdrawn. Their present cost is Rupees 2,108 per annum, but if they are retained it will be necessary to strengthen them, and the annual cost will be raised to Rupees 4,740.

21
James W. Clarke
7th Decr 1863

Memo

In the above letter Mr. W. Clarke submits the results of his negotiations with the Native States of Travancore and Cochin and states in conformity with the orders of Govt 30th July 1863 for the purpose of placing the trade of those States upon an improved footing.

2. The objects which the British Govt have in view are

1. Freedom of trade between the two States and British India their produce passing between their respective territories by land.

by sea free of duty,
with the exception of
a few articles which
are either the subject of
monopolies, or yield to
the Native States so large
revenue, that they cannot
at present be allow-
ed free entry to, or exit
from the Sincars without
damage to their revenue.

II The levy at the Sincars
Ports of British rates
of duty, on all foreign
produce - with similar
temporary exceptions.

III The levy of British
rates of duty on exports
from the Native ports
to ports out of British
India with similar ex-

ceptions
IV The adoption of the B. Tariff valuation -
V The removal of
the Sincar Custom Houses
to the Backwater

and on the land side
VI Enhancement of the
selling price of Salt to
the two Sincars to the
monopoly rate obtain-
ing in the Madras Dis-
tricts viz Rs 1-8 per
Indian Maund. -

3. It will be con-
venient to consider in
order - 1. The proposals
of the British Govt
which are accepted to
by both Native States -
2 Those which are agree-
d to by the Cochin State,
wholly or in part -
3. Those which are
not so agreed to by
that State. -

4. The equivalents
required by the Cochin
State in return for
concessions. -

band of the concessions
similarly made or refused
by the State of Havan-
ore, and the equivalent
demanded. —

4. First both Sincars
consent to the 1st and
6th proposals, or to adopt
the British Tariff na-
a
tionalities, and to raise
the selling price of their
salt to the Madras Mo-
nopoly rate. They also
agree not to impose on
their foreign trade, im-
port duties lower than
those imposed by us.
so as to attract trade
from our ports. —

5. — The Cochin State
agrees —

As respects the first
proposal, to admit
all

^a
Note. — Travancore adopts
for the valuation of its im-
port of Cotton goods, the valua-
tions of our Export Tariff
as better adapted to those
of its. — but the point is not
of consequence. —

Cochin
Port to port Trade
Imports into Cochin
Ports. —

~~* No 13. This is what Mr
Clarke says. A Report from 3rd —
but this is not free importation
trade. — Is foreign produce
No. 3 reported from a British In-
dian port to Cochin port to be
subject to duty? This is clearly
so in the case of re-exports
from British Indian ports to Ha-
vanore. I imagine it is also so
meant for Cochin. I observe that
our first proposal applied only
to British Indian produce. —~~

^a It now pays 10 Rs. — but the Cochin
State proposes to raise it to 15 Rs. in
deference to the wishes and interests
of the Travancore State. — Report: 1858.

Exports from Cochin Port
to those of British India

goods exported from
all British India
free except
1 Tobacco. 2 Opium. 3 Salt. 4 Spirits. The
three last are manu-
factured in Cochin. Their
export is not of im-
portance. Opium and
Salt are not allowed
to be carried free from
one British Indian
Port to another. See
Act XVIII. Sec VI. 1811
and the lately repealed
Act VI. 1811, 8. —

Indian grown
sugar will on import
into the Cochin port be
charged with a duty of
Rs. 15, a Candy of 600 lbs.
B. Exports, ~~from Cochin~~
from Cochin Port
to those of B. India
go free with the

ception of Pepper and
Siam. The former will
pay the present duty
of Rs. 15 per Canoy - the
latter a duty of not more
than 50 paise valorem. -

The Cochin State will
pay the British rates
of duty on all foreign
imported into its ports direct
produce except foreign
tobacco - i.e. that grown
out of British India -
in which it is proposed
to levy a duty of 50 Rs.
a Canoy. It will also
levy British rates on
all its exports to for-
eign ports except
Pepper - and Coffee -
which will pay as
now noted. -

In Cochin there are
set backwater Chow-
ries and also land

b. This is the rate of duty
on Cochin pepper
imported at British Cochin
by set III - Rs. -

Cochin Foreign Trade
Imports into Cochin
Ports -
+ including that shipped
at British India Ports?
Siam -

c. To prevent the duty to
only 20 Rs. - here again it
is proposed to raise it to
Rs. 50 in deference to the
Havancore Line.

Exports from Cochin
to Foreign Ports. -

Removal of Cochin
Chowries. -

British Chambers
prevent Tobacco
smuggling. The Co-
chin Govt. will with-
draw the Chowries
in the vicinity of
British Cochin viz
at Mactencherry and
Vypren - the Customs
at which during the
last three years have
averaged 23,505 Rs.
They will also forego
the levy of duty on all
goods passing from
Havancore into British
Cochin or from British
Cochin to Havancore.

But the removal
of six backwater
Chowries will (as
apparently) be re-
quired for the

of levying duty on
Cochin goods carried
into Havanore for
consumption there
land on Havanore
goods brought for
consumption into
Cochin. These duties
on the average of the
last 3 years produced
only Rs 6808. The
two police stations
on the eastern fron-
tier will also be kept
up for the repression
of Tobacco smuggling.

This seems necessary if the levy of duty on
the import of ^{contribution} is to continue

The above proposi-
tions will seriously
affect the Cochin re-
venue. Their (proposed?)
Effect of these
measures on the re-
venue of the Cochin
State --
Custom receipts on
average of three
years

In 1862/3 they amounted
to Rs 112,091

Petition requested by
Cochin Govt.

British

years amounted to
Rs 90,123^a of which
little will remain
but the duties pre-
mentioned of Rs 681
The only offset will
be the increase arising
from raising the price
of salt and this will
not be considerable.
The Cochin State,
acts in relation on the
part of the British
Govt. that their goods
be allowed free ad-
mission into British
Indian Territory by
land and sea - that
their country be treated
as an integral part
of the British Nation
in respect to all
reported from any part
of British India, and
that the duty on

Reported from Bombay
for the use of Cactus
and assimilated to that
collected on salt
reported to British Indian
Ports.

They also request
that a duty of 50 Rs.
a Candy be levied on all
Sea borne Tobacco im-
ported into British Co-
lomb and all other Bri-
tish ports lying between
Calicut and Cochin. —

Q. Lastly they trust that the British Govt. will grant them one-half the Customs dues collected at British Cochin, together with all the duty collected at Tellico; and if these joined with the dues collected by the State at three ports - Mul. - Cochin - Cannanore

The first of the
 July. The day
 changes as I find
 I have more effect
 I am a few months
 for general reference
 nothing - as taking
 The expression which
 used as the "first"
 1846

and equivalent for
loss of revenue.

~~it will at its expense. I
I conclude not
to honor if they exceed it?~~

P. 94

a 8 anners a leen or R.
140 a. Cundy.

to 20 per Cent ad valorem

and Kamool - and
at its backwater Chow.
Call short of the av-
age Cochin Customs for
the last 3 years or
Rs 90,123 the deficiency
be made up by an
equivalent deduction
from the Cochin Subsidy.
5. The Customs re-
ceipts at the Port of British
Cochin, averaged over an
average of three years to
Rs 88,011 a majority of
which is Rs 44,055 1/2 -
How much of this was re-
ceived on Tobacco does
not appear - For a part
of that biennial pe-
riod the import ^{of Tobacco} was very
small in consequence of
the high rate ^a of duty
imposed by Act X-1852.
Supposing the future im-
ports to be as high as in
1862/3 - under the more
favorable rate ^b of duty

proposed by Act XL - 1862.
 And there seems no reason
 why they should not
 the revenue will be Rs
 531. The duties at the British
 water Choukies may be
 expected to average Rupees
 6808. The collections at the
 three Sincas sea ports will
 probably be inconsiderable.
 Their trade will nearly
 all of it flow to British
 Cochin.

4. - Taking the above
 figures the case will
 stand thus: -

	R	R
1 Half average coll	88,011	÷ 2 = 44,055
2 Tobacco duty (but of this some part of it is included in No. 1)		9,531
Customs at British Choukies	6,808	
		<u>60,394</u>

This sum deducted from
 Cochin past average
 Customs Coll: Rs 90,123,
 would leave a deficit to

but the true amount
 of the deficit
 is not known

f 90

be made good by the
 mission of Fisheries.
 of Rs 30,000 in round
 numbers - or would be
 due to it from Rs 20,000
 to Rs 170,000. In other
 words the British Govt
 would have to make good
 Rs 90,123 less the amount
 some Rs 7000 - collected
 by the Cochin Govt at
 its backwater throwing
 On the other hand
 hand, although the
 average Custom Collection
 for three years at British
 Cochin have been Ru-
 pias 88,000. the revenue
 for 1862/3 was much
 more or Rs 114,747 - But
 as Mr. Clarke says it is
 utterly impossible to co-
 picture or calculate the
 effect the proposed
 sessions will have
 the Custom receipts

By

British Cochin.

Mr. Clarke recom-
mends that looking to
the liberal spirit al-
ready evinced by the
Cochin State in its abo-
lition of the Tobacco
and Pepper monopolies and
the large sacrifice of
revenue that would other-
wise attend the present
concessions, the request of
the Cochin Govt be acceded
to. He is of opinion that
looking especially to the
large increase to be ex-
pected in our salt re-
venue - by the equalization
of prices and conse-
quent suppression of
the smuggling of Cochin
salt - the whole arrange-
ment including the abo-
lition of land Custom
houses on the Madras
lineally frontier might

p 104-5-

35
be carried out and yet
a balance of revenue
in our favor.
10. In these views I
concur. In dealing with
the proposition of sur-
rendering to the Cochin
State half or more of
the customs receipts of
British Cochin, we should
consider that those re-
ceipts do not of right
belong to us. Although
collected at our port
they are in fact levied
on articles consumed
in the Cochin and Tra-
vancore States - and
if the Cochin Govt as at
our instance without
the Choukies at which
those goods would have
paid its revenue, it
may fairly look to
some equivalent. It
is desired to lay on
the article (salt) of price
necessity and convenience.

for their people a sum
of 100 per cent for the
benefit of our revenue
enhancing the obligation.

It seems to me however that we should press for the removal of the remaining Peking Chow-kees on the backwaters. This retention is a blot on the otherwise liberal action of the Peking Govt.

The revenue derived from
the Houkies will be tri-
pling - As remarked by
Mr. Clarke, it will be very
difficult to distinguish
the goods, which ^{will be} not
be liable to payment of
duty at them - I should
advocate their abolition
even although com-
pensation for the re-
venue realised at them
were to form part of
our guarantee - this
never would be
practical.

practically involve
the payment by us of
nearly all the Rs.
40,123.-

12 Again it seems to me that in calculating the compensation to be made to the fisher states we may fairly take credit for their gain from the increase in the selling price of their salmon.

13. Again the license
tax payable by the re-
tail vendors of Loba-
in the Cochise Territory
will as remarked by
Mr. Sim in his memo
probably admit of be-
ing raised - and the
enhanced revenue thus

+ Or perhaps as sug-
-gested by the Income realised should also
Secretary be similarly passed to
in the Income tax might
be taken by the Com. credit in the arrange-
ment of this -ment - Otherwise we
-port duty on Tobacco shall have to be
from Com. the year
It is only some R 8,500

the whole loss accruing from the diminution of the Cochin Customs revenue at least as far as Rupees 90,123 per annum -

and the two portions of excise duties be in an equal manner making a clear sweep of all the Cochin Chowkies.

4. I see no reason why the duty on foreign Tobacco and on that grown in British India should be raised in deference to the wishes and interests of Pavan core - nor do I think that a duty of 50 Rs. a catty can be levied on all sea-born Tobacco imported into British, Cochin and all other British ports lying between Calicut & Cochin. This as shown by Mr. Clarke would have the effect of excluding all Indian grown Tobacco from those ports - would lead to great smuggling and increase the Cochin sea revenue present rate of Rs 20 per catty on foreign Tobacco & Rs 10 on that

p 58-

p 50.

The inter-port trade between the Cochin State and British India might be made free by a declaration of the Government sent in Council for British India. F.X.II of R Consolidated Text Customs Act VI. 1863.

39
of Indian growth are sufficient.

4. With the above modifications I would accede to the proposed arrangements with the Cochin Sircar. The withdrawal of the Muttancherry and Vypren Chowkies, raising of the prices of Cochin salt and abolition by Cochin of the old tariff of valuations might do so at once. An act of the Imperial Legislature would be necessary to establish inter-portal freedom of trade in Indian produce between British India and the Cochin Territory, and to legalize the levy of an equal duty upon Tobacco and coffee exported from British Cochin. The sanction of the Supreme Government, or of the Government of Bombay must be applied for in relation to the duty on salt exported

from Bombay for the use
of the Cochin State being
similar to that collected
on salt exported to British
Indian Ports.

5. I now proceed to Trava-
ncore.

- A. The Travancore State
will grant free admission
into its Territories of British
Indian produce by land or
sea with the exception of—
1. Cotton, raw and manufac-
tured.
2. Metals — do — do —
3. Tobacco & Snuff — do — Opium.
4. Spirits — do — Salt.

The two first of them & all
that we need consider. It
is proposed for the present to levy
on them an ad valorem duty of
upon our Tariff valuation.

The duty realized on the
act in 1862/3 was Rs 75,370.

Travancore.

Import into Travancore of
British Indian Produce.

Imports of foreign produce.

Duty on exports.

41
of which Rs 56,335 was
piece goods. The duty on
metals was Rs 21,377.

B. On all foreign & most
British Indian produce
coming either from British
Indian or Foreign Ports, the
Travancore Government will
levy British Indian rates
of duty — except on—
1. Cotton raw or manufactured
2. Metals — do — do —

On those it will levy 10%
with a drawback of 11% on
piece goods which may already
have paid duty at a British
Indian Port.

C. The Travancore Govern-
ment cannot forego their ex-
port duties on their produce
whether exported to British
Indian or to Foreign Ports.
For the present it proposes

42.
levy an export duty of
1% on our tariff valuation
of all of its products leaving
the country, by sea or back-
water (or by the land fron-
tier?) except on Pepper -
dried Betel nut and Timber.
The duty on these will be
30% ad valorem except on
Teak and Blackwood which
are regarded as royalties.

The Travancore Govern-
ment expect the same
return on behalf of the Bri-
tish Government as is
expected by the Cochin
State, in regard to the
free admission of its products
to British Indian Terri-
tory - free export of British
Indian products to its af-
fection of duty on salt
exported

Return expected by Tra-
vancore State.

exported from Bombay
for Travancore, and duty
on sea-borne Tobacco vide
supra - para 5 F.

The Travancore State de-
clines to become a party to a
general convention for collect-
ing at British Cochin duty on
all excepted articles, and dis-
sion of custom receipts - in
the expectation that on the removal
of the present fiscal restric-
tion its trade now driven
into British Cochin will
revert to the natural chan-
nel of its own ports.

Removal of Customs
House

It also declines to with-
draw its backwater or fron-
tier - custom houses. In-
deed it does not appear
how these can be removed
so long as the Tobacco is
imported

44
monopoly is maintained
in Travancore.

116. It will then be
seen that all that the Govt.
of Travancore Government-relin-
quishes is the import duty on
British Indian Produce
passing into its territories
and that with two large
exceptions viz Cotton & Indigo
is also the import duty on
such foreign produce as is
allowed free entry under
the British tariff. On
the other hand they ob-
tain free admission of
their produce into British
India and free
admission of British Indian
produce to them - which
may be considered as
equivalent

45
equivalent to a boon of
Rs. 60000 per annum
on their commerce. They
will benefit by the free
passage down the back
water - that is as far as
the Cochin & Chowday
are concerned - of their
produce to British Cochin
and free passage up it for
goods from British Cochin
to Travancore, besides
other incidental advan-
tages from our arrange-
ments with the Cochin
Government. Lastly they
may be expected to realize
more than 5 lacs of rupees
a year by the increase in
the price of their salt.

17. It seems clear
then that the balance
of advantages under the
proposals made by
Travancore Government
would be largely in their

favor - and that we might
reasonably expect more
than they have thought
able to offer. I would not
however remit the whole
question to the new resident.
So much time has already
been lost, that it is desirable
to do something, to make
a beginning, however
small. I would therefore
be close with the Treas.
proposals as far
as they go, except in regard
to the 50 Rupees duty on sea-
borne Tobacco and, would
take immediately action
in that behalf. I would
however, instruct Mr. Taylor
to press upon the Durans
how far, their
progress in the course of
liberality and freedom of
trade falls short of what
was expected of them, and of
what they might very
well accomplish. It should

be pointed out to them
that their policy of
refraining from
~~granting~~ complete
reciprocity with the
British Indian system
and the levy of high
duties on their exports
is a suicidal policy
that must result in
ruin. The new
resident ^{should be directed} to have an op-
portunity of laying
these considerations
before the Rajah and
the Dewan, and of bring-
ing them round gradu-
ally to a sounder system.
18 The Dewan's
proposal for the sale
of inferior salt at a
price below that of the
British Monopoly can-
not be entertained.
19 The question
the entry of Tinned
salt into the Service
of Shencottah has not
yet been decided.

connection with the sub-
ject now before us and
must be treated separately,
as must that of
the exchange of the anjings
and Tanjancherry farms.
I cannot but wish that
they were given up to
Travancore on reason-
able terms. Their reten-
tion in our hands must
be an annoyance to the
Sircar and is no benefit
to us. The revenue man-
agement is indeed rented
to the Sircar, but we retain
the judicial, magisterial
and Police arrangements
to which we cannot
do justice at such a
distance from our own
Districts.

J. H. Cross

Feb. 17. 1864.

Copy in letter to Com. Secy
of June 1864 - 2 - 2 - 2 - 2 - 2

Rev = 1864. O. J. C. H.
Secy of Govt for India.
No. 1047.

Minute by the Hon: the
President - - -

(Filed 17th 3rd July 1864.
Received. 7

W. C. 12. 706 23. 47

We understand the
subject of the proposed
trade between British India
and the States of Travancore
and Cochin.

No 384.

in a great measure, we get rid of
smuggling which is another
great advantage and we only
yield what the two States have
acquired with namely that goods
imported into Cochin for their
use should pay duties to them
and not to us. W. C.

Cochin and Travancore
to begin with the
British India
and the States of
Travancore and
Cochin.

we have secured a good deal
by the present negotiation, and
should be disposed to accept the
conditions offered by both Cochin
and Travancore, only however as an
interim arrangement, - in a very little
time the Travancore Govt will
find that by exacting high customs
duties on their own produce
and maintaining an expensive
customs establishment,
even for the purpose of
forcing trade to their own ports
they are injuring themselves
- we get rid of our frontier
establishment altogether - which
is a great advantage? &

I agree W. C. with H. E.
and would enter whole &
1 The enclosed letters
could get from Travancore
comprise the result of
now - as an interim
Mr. Clarke's deputation
of what we hope to obtain
to Travancore and Cochin
by & by - a small way is
on the subject of the
better than no trade, nor
freedom of the Inter-
especially when our long
partial trade between
been so long waiting for
these States and British
India.

2 To begin with the
Cochin State -

3 The following are
the conditions named
by Government as ne-
cessary for carrying out
the

the proposed reforms.

4. A The free ad-
-mission 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 pro-
-duce so large a revenue
that they cannot at
present be admitted
without financial
danger to the Native
States.

5 The Cochin State
agrees to this, the only
excepted articles being
Tobacco, Opium, Salt
and Spirits. On Tobacco
the Cochin Government
proposes

Nil.

+ on Foreign Goods

No 2

27
propose to levy a duty
of 15 Rupees per bandy
of 600 lbs. the British
rate being 20 per cent
ad: val: On Opium
the duty proposed is
10 per cent ad: val:
Salt and Country Spirits
are Monopolies
b. B The second condi-
-tion was the levy of
British rates of
duty on all foreign
produce imported into
the Native States with
similar temporary
exceptions.

7. To this Cochin
agrees, excepting
only Foreign Tobacco
on which a duty
is

is proposed of Rs. 50
per Candy of 600 lbs.

8.C The third condition
was the levy of British
rates of duty on
Exports from the Native
States - with similar
exceptions.

9. Cochin agrees to
this excepting Pepper
and Coffee. On the
former it proposes to
continue its present
duty of 15 Rs per
Candy. and in the
latter to collect a duty
not exceeding 5 per cent
ad valorem.

10 D The fourth
condition was that
the Salt Tax should be
raised

raised to the British
Standard. To this
Cochin agrees.

11. E The fifth
condition was the
adoption of the
British Tariff
articles.

12 To this also
Cochin assents.

13 It will be seen
from the above that
the Cochin State agrees
to all the conditions
proposed by Government
and that its
list of excepted articles
comprises only Tobacco,
Opium, Salt and (Country)
Spirits: even as regards
Tobacco it appears that
it

it is only in deference
to the French Government that it
proposes to raise the
duty from 20 to 50 Rs
per bandy on Foreign
and from 10 to 15 Rs per
bandy on Indian
growth.

14. The Customs receipts
of Cochin have averaged
Rs 90,000 per annum
but last year 1862/3 they

amounted to Rs 1,12,000 viz

Imports by Sea . . . 17,667.

Exports by Do . . . 17,932.

Imports from
France by back

water . . . 69,918.

Exports to Do . . . 6,574.

112,091.

The

15. The Sea Customs
duties are entirely
realised at Port of
which preserve their
trade, and by levying
lower duties there
would be payable if the
goods passed through
British Cochin. Of
course when the duties
are assimilated all the
trade thus drawn to
there will be diverted
to British Cochin and
the Cochin revenue
will proportionately
suffer. The Bulk of
the Transit duties
levied on the Back
waters appears to be

on

an goods passing into
 British Cochin and as
 the Chankris at Muttan-
 -cherry and Vypren are
 to be abolished and all
 duties on Tranamere
 and Cochin goods ex-
 passing into or out
 of British Cochin
 are to be abandoned,
 the State will lose
 revenue in this res-
 -pect also. On the
 other hand Cochin
 will slightly gain by
 the increase in the
 Salt Tax, and doubtless
 considerably, though the
 extent cannot be
 estimated

estimated by the stimu-
 lus to production and
 trade which the removal of
 the existing impediments
 must create.

In return for
 what the Cochin Govern-
 -ment sacrifice they seek
 a moiety of the ^{total} Customs
 receipts at B. Cochin which
 have averaged £4,88,000
 during the last 3 years but
 in 1862/3 amounted to £5
 115,000. the whole of the To-
 -bacco duties and an as-
 -surance that if their Customs
 revenue including this con-
 -tribution falls short of the
 average of the last 3 years

viz Rs. 90,123 the difference
may be made good by a
reduction of the subsidy...
which is Rs. 200,000 per ann.
num.

17. To these terms the
Government may I think fair-
ly accede. The trade of Portu-
guese Cochin is in fact a
poaching affair - altogether
Cochin and Travancore might
annihilate it, by surrounding
it by a cordon of preventive
guards and levying such duties
as would send the trade
to Marakul, Alleppey &c. The
concession of a moiety of the
receipts to the Cochin state in-
volves on the Revenue of 1862/3
a loss of Rs. 57,000 against which

as Mr. Clarke points out must
be set a gain of from $1\frac{1}{2}$ to 2
lacs of Rupees on salt - now
largely smuggled into our ter-
ritories from Cochin and a fur-
ther gain on wines and spirits.
The guarantee which the Cochin
State seeks to guard ^{it} against
future loss will I believe be
nominal - for the obstructions to
trade under the present system
are so great that a great im-
petus to commerce & production
must follow their removal.
It is clear that without such
an assurance the Govt. could
not honestly press the proposed
arrangement in its entirety on
the Cochin State but would
have to be content with its
gradual introduction. Another

consideration also must not
be overlooked. viz. the probability
that our 10 per cent duties may
be reduced at an early date.

18 But the object of
freeing trade from heavy du-
ties & vexatious obstructions is
the general improvement of the
resources of a country and the
guarantee sought in the present
case may, fairly, be limited. -
until this, the necessary result
of such policy, develops itself.

19 I would ab-
-solutely suggest two further
changes.
I That the proposed duties
on Tobacco be reduced. The pre-
sent duties are 20 Rs. per Candy
on Foreign and 10 Rs. per Candy
on British. Indian Tobacco.
The proposal to raise these
rates to 50 and 15 Rs. per
Candy

Candy respectively is stated
to be "indeference to the wishes
and interests of the Travancore
State." But the Travancore
continues to levy duties on Cochin
produce there seems to be no call
for any such deference or any
measures antagonistic to Cochin
interests a high rate of duty
naturally leads to smuggling
and as the Travancore authorities
will at any rate maintain
their preventive cordon there is
no need for specially taxing
Tobacco any more than there good
or any other of the excepted articles.

II I would urge the abo-
-lition of the Cochin Chow-
-kies on the backwater
between it and Travancore.
There is a good deal of
feeling

feeling on this question -
between the two States - but
the revenue of the State is only
7 or 8 thousands. Rupees and
I should hope the Resident's
influence, backed by the wishes
of Government would suffice
to overcome the repugnance of
the Cochin Council - at the

20 If all these changes
be carried out Cochin will
have but two Customs Houses
on our land, Frontier which
must be kept up so long
as the Tobacco revenue is neces-
sary. In every other
respect Cochin will be an
integral part of Brit-
ish India so far
as commerce is concerned.

same time since we could
might be provided for
let Cochin produce in
on the same terms as
British Indian produce.
The Import Revenue at
the Travancore Back-
water Choubies in 1862/3
was Rs 32,811 - but very
much of this is made
up of course of British
Indian produce coming
within the scope of the
first condition - and so
much of foreign produce.
The portion contributed
by Cochin must be small.

21 The list of ex-
cepted articles as
already stated com-
prises -

Tobacco	} on	
Opium		Import
Salt		
Country Spirits		
Pepper	} on	
Coffee		Import

The report of Pepper
from British India
is already provided
for by Act III of 1861 -

22 It will be neces-
sary by a special enact-
ment to provide for
some at least of the
other articles -

23 It will be neces-
sary to impose a duty of
10 Rupees per candy of
600 lbs on Tobacco, the
produce of British In-
dia and of 20 Rs per
candy

Candy of 600 lbs on
 Lobacco the produce of
 any foreign place - when
 imported into British
 Cochin - the entire net
 proceeds being paya-
 ble to the Cochin Govt
 of the British rate on
 foreign Lobacco is 20%
 ad valorem and Mr
 Clarke says that the
 Lobacco of the 1st sort
 ranged in market value
 from 60 to 105 Rs per
 candy and the second
 sort from 40 to 40 Rs -
 The British duty would
 therefore be from 12 to
 24 Rs on 1st and 8 to 16
 Rs on 2d sort tobacco -
 against 20 Rs all round
 as proposed by the Co-
 chin Govt. The papers
 before Govt do not
 shew what proportion

of each description
 of Lobacco is imported
 into Cochin and how
 much is realised on
 licenses. Mr Clarke
 says that the Lobacco mo-
 nopoly of late years
 yielded a revenue un-
 der an extremely ex-
 pensive machinery
 This is gross Revenue -
 Mr Malby in his letter
 dated 19th Feby 1862 says
 of 40,000 Rupees - and
 the sales in 1860/61 amount-
 ed to 36,160 Rs while
 the outlay for buying
 the Lobacco was Ru-
 ples 28,654 - leaving
 only a profit of 12,000 Rs -
 from which the cost of the
 first year of the
 establishments had to be
 also to be deducted - But
 looking through the ac-
 counts attached to his
 letter I find an item
 of Rs 17,102 "Boat & Cooly
 hire to convey Lobacco"
 which he omitted to re-
 ceive - so the profits
 really nil!
 that the change to a
 light import duty and
 moderate license tax
 produced a net reve-
 nue of Rupees 27,000 in
 the first year of the
 experiment - It may be
 by a slight in-
 crease to the license
 duty, Cochin may be
 able to admit our Lo-
 bacco free and charge
 our duties on foreign
 tobacco - thus obviating
 the necessity of a special
 law.

law-

x R.P.

ca 24. As to opium, our
Import duty is very heavy
at Rs 24 per seer of 80
Pahls, and must be
should suppose be much
in excess of 10 per cent
ad valorem. It is how-
ever said ^{to be} a mono-
poly and probably all
that will be necessary will
be to remit our duty on
all importations by
the Circar.

25. Salt may be ar-
ranged perhaps, with-
out any law, we can
form a fair estimate
of the consumption of
British Cochim and all
beyond that may be cre-
dited to Cochim after
deducting all expenses.

26. Country spirits
may perhaps be ar-
ranged in similar
fashion.

I have since ascer-
tained from Mr. Clarke
that the tobacco Revenue
was that made up
in 1862/63 -
Coimbatore Tobacco - 8400.
Foreign - 13600.
Licenses - 5820.
Rs 27,800.

If the License fee
were doubled - i.e.
made Rs 20 - Coim-
batore tobacco might
be freed - This might
lead to some reduction
of Foreign Tobacco
but as the trade is
free, I imagine the
Jaffia tobacco is
preferred by the
people.

See account
of the
revenue

fashion.

27. Coffee must be treat-
ed as Pepper, by Act III
of 1861 and subjected to
a 5 per cent duty ad va-
lorum, unless the Foreign
Circar agrees to free
it and add something
to its coffee assessment,
in assimilation to our
system.

28. These points can
be further considered
while the reference is
made to the Govt of Su-
dia on the general
question.

II. As regards Bra-
zavore.

The first condi-
tion vizt free entry of
British Indian produce
is agreed except as re-
gards

1. Cotton (raw & manufac-
tured)
2. Metals (crude & manu-
factured)
3. Tobacco & Snuff.

4. Opium-

5. Spirits-

6. Salt-

The four last articles are monopolies and may be left out of consideration at present-

The revenue realized on metals amounted in 1862/3 to Rs. 21,377 as shown in the margin-

The sums realized on the four last articles are so small that they evidently might be placed on the free list without the slightest inconvenience-

On Cotton and Piece goods the receipts were Rs. 45,370 the greater portion (Rupees 56,335) being realized on piece goods-

From the Trade Tables appended to the last Travancore Almanac, the total value of the Imports by Sea and Land in 1862/63 was Rupees 15,90,000 and the value of

Copper	Rs. 7872.
Sh. an	5182.
Iron	6179.
Brass	1232.
Lead & Lin	480.
Steel	311.
Line	121.

Seed Cotton	Rs. 7435.
Clean do.	2410.
Thread	9170.
Piece goods	56335.

of the excepted articles was 11,00,000 so that only 1/3rd of the Import Trade is affected by the concession which the Travancore Govt is willing to make, and this calculation supposes the whole trade to be inter-portal or across the land frontier-

The total duty levied on Imports was Rs. 1,38,720 and as the excepted articles produced Rs. 96,750, the revenue sacrificed will be Rupees 42,000. But this calculation also supposes all the import duty to be levied on British Indian produce - which of course cannot be the case-

On the excepted articles Travancore proposes to levy a duty of 10%.

In their order on the subject the Govt specially contemplated the reservation of a few exceptional articles

articles, which were either the subject of monopolies or produced so large a revenue that they could not be immediately brought on the free list. The question ^{now} arises, whether in the present state of the finances ^{of Travancore} it is really necessary that Cotton and Metals should be excepted from the list.

The revenues of the Travancore State have considerably risen of late years. In 1861/2 the receipts, including balances on hand, at its commencement were Rupees 6,35,000 while the expenditure was only Rs. 4,10,000 - and leaving balances out of the question,

the

There are but
one or two items in
the list which are
nominally

the receipts were 43 lacs and the disbursements 41 lacs - but the latter include Rs. 2,70,000 expended on Public Works and Rs. 90,000 paid in liquidation of a loan. The Tobacco revenue under a different method of administration cannot fail at least to maintain its present standard for Mr. Clarke states that "calculations made on the very smallest minimum standard of consumption" show "that not more than 3 lacs out of the 12 1/2 lacs

of

of the population of Travancore could have been supplied with Tobacco sold by the Government. The enhancement of the Salt tax which is a part of the present scheme will, Mr. Clarke calculates, add 3 lacs to the Revenue, and the late Resident, stated, that the Survey then contemplated would, probably yield even more than 3 lacs.

The Dewan's last administration report exhibits a picture of high prosperity and confidence. It predicts an increased revenue in the year
now

now current.]

On the other hand the advantages to Travancore of the proposed arrangement are very great.

The duty ^{at our ports} levied on the produce of the native States - the bulk of which produce comes from Travancore - amounted on an average of the 5 years ending with 1860/1 to Rs 4,000 per annum and to this extent the produce of Travancore will be relieved of a direct impost.

On exports to the States the duties in the same period amounted to

Rs.

Rs. 25,000. so that on...
Imports and exports the
Travancore producer and
consumer will be rel-
ieved of taxation to...
the extent of 60,000 Rs...
annually.

Again a large por-
tion of the trade instead of
passing from its own ports
and so becoming liable to...
export duty is undoubtedly
smuggled into British Cochin
in order to get the advantage of
free entry into British ports.
The late Resident of the Dewan
has on more than one occasion
dwelt forcibly on the injury
thus caused to Travancore & the
Dewan

Dewan now states
that "Travancore
need not avail itself
of the offer of the
British Government
to levy Travancore
duty at British Cochin
and share the proceeds
hereafter. "Travancore
trade will largely
resort to its own ports."
Clearly this indirect
advantage is not to
be overlooked.

Finally
Travancore. Looking Travancore will gain
largely and directly
by the freedom of all
that part of its trade
which passes the
Cochin back water into
and

and from British in
 Cochin and if the
 Cochin State agrees
 to the further concession
 of removing all its
 backwater chaukies,
 the gain will be still
 greater. Mr Clarke
 states that the duty
 levied in 1862/3 on
 goods imported by
 backwater from the
 Travancore was Rs
 69,918. and the late
 Resident in his last
 letter on the subject
 thus expresses him-
 self. ~~It has been 21~~
~~of letter dated 25th to~~
~~January 1862 as minute)~~

It

"It must not be sup-
 posed that no impor-
 tant injury is really
 inflicted; that it is
 a mere transfer of
 trade from one
 port to another;
 and that what the
 British lose at Aleppo
 he collects on the
 backwater. The
 case is far otherwise.
 The trade of Travancore
 is saddled with
 extra cost of con-
 veying and guarding
 the goods down the

Piece

Price goods, and Metals
shall be yearly reduced;
until all British
Indian produce enters
Tranacore free of
duty, as Tranacore
produce will enter
British Indian Ports.
It should be the Resident's
duty to see that the
Ministers financial ar-
rangements are shaped
to attain this end. I
should be inclined to
indeed to stipulate for
some reduction next
year, if as expected, the
finances continue to im-
prove.

The game which
I ~~was~~

Sept. 21. 1888. Large amount
of rain.

*Mr. J. W. P. [unclear] [unclear]
[unclear] [unclear] [unclear]
[unclear] [unclear] [unclear]*

42

Transcendental is playing
is to get all we have
to give in return for a
part of what it ought
to give and all future
demands will be met
by a claim for reduction
of Pesh Cash. If we
admit their produce
free, they ought to
similarly to admit ours
and it is clear that
even when they do so
the balance will be
in their favor, taking
the British concessions
into account.

Transvaal agrees to
the second condition
viz. the admission of
foreign

backwater, great
facilities are afford-
ed for defrauding
the Rajas revenues,
and more than this,
the goods have to pass
one of the customs
houses of the Raja
of Cochin, at which
the duties rose last
year by twenty
thousand Ru-
pees.

J

I think it may
fairly be urged that
the financial prosperity
of the Travancore State
and the valuable ad-
vantages accruing
to it fully warrant
us in expecting a
greater degree of reci-
procation than that
proposed. I think we
might fairly seek the
free entry of British
Indian Raw Cotton
and Thread, on which
only Rs 19,000 were
realised in 1862/63.
and an assurance that
the duties on the
remaining articles.

Piece

Price goods, and Metals
shall be yearly reduced
until all British
Indian produce enters
Tranacore free of
duty, as Tranacore
produce will enter
British Indian Ports.
It should be the Resident's
duty to see that the
Ministers financial ar-
rangements are shaped
to attain this end. I
should be inclined to
indeed to stipulate for
some reduction next
year, if as expected, the
finances continue to im-
prove.

The game which
Tranacore

at the last year's meeting
the Government

the last year's meeting
the Government

Tranacore is playing
is to get all we have
to give in return for a
part of what it ought
to give and all future
demands will be met
by a claim for reduction
of Peshcush. If we
admit their produce
free, they ought to
similarly to admit ours
and it is clear that
even when they do so
the balance will be
in their favor, taking
the Bachiin concessions
into account.

Tranacore agrees to
the second condition
viz. the admission of
the

foreign produce at the
British rates of duty
with the same exceptions
as in the case of British
Indian produce. On
Metals and Cotton
(raw and manufactures)
the duties proposed
are 10 per cent, but a
remission of 4 per
cent^{is} to be allowed on
Piece goods which have
paid duty at a British
port. This places on
the free list imports
to the value by the
lost return of about
Rs. 150,000, but a
large portion of these
came under the
operation of the
first

43
first condition. By
our Tariff Cotton Wool
is free - Twist is
subject to a $3\frac{1}{2}$ per cent
- Piece goods to
5 per cent, Crude
Iron to one per cent
ad-valorem - and all
unenumerated articles to
10 percent. The French
- core duties appear to
be 6 and 10 per cent
according as the goods are
imported by back water
or sea. So that con-
- currently with the
freedom from duty
accorded to articles im-
- ported to the value of
about 1,50,000 Rs. the duty
on all other articles im-
- ported by the backwater
(Cotton Piece goods from a
British

British pork is
excepted / is
raised from 6 to
10 percent, the
inducement to
import by Bri-
-tish Cochins
being thus with-
-drawn

I don't see
that Government
can well press
further changes
at present -

In regard to
the 3^d condition
viz

44
viz. the adoption
of British im-
rates of duty
on the produce
of Travancore
when exported by
Land, the Travancore
Government
regrets its inability
to adopt the course
proposed - but agrees
not to levy lower
duties - which will
prevent trade
being diverted
from

from British
Cochin. The
export duty
realised in 1862/3
was Rs 3,80,000.
The value of the
goods being near-
ly 52 1/2 lacs.
There is no-
thing to show
how much
of this
trade is
over

over sea and how much
with British India.
But however, this may
be, I do not see how
Govt can do more at
present than tender
their advice and urge
the folly of the Travancore
Govt thus laying their own
produce in its competition
with the produce of
British India. So long
as our produce is admitted
free, we cannot well re-
fuse them the right
of taxing their own produce.
However suicidal the
policy may be. All that
can be done, I conceive,
is for the President
firmly to press policy
as circumstances permit.
as

as already pointed out
the finances of the state
are ~~not~~ ⁱⁿ ~~a~~ ^{po.}
~~relief~~ ^{badly of the} ~~the~~ ^{relief} of trade
year by year from the
taxes now imposed on it.
The retention of these
duties necessitates the
maintenance of the
Backwater and Frontier
Ghosees with all their
admitted evils and ex-
penses - but the mere
offer of admitting Travancore
to free trade with
British India does
not warrant a demand
for more than reciprocal
free entry for our produce
into Travancore. Any
further reform except
in the way of gradual
relief as the finances
of Travancore permit
can only be pressed with
an offer of a reduction
of Revenue or a
guarantee.

Sept. 1-8

guarantee. The Travan-
cure Govt. will no doubt
urge the frequent calls
made on them - to pro-
secute public works - to
improve their Judicial
Establishments - to abolish
their Tobacco Monopoly
yes yes.

To the fourth condition
viz, the raising of the
salt tax to the same
level as that of Madras,
Travancore agrees.
The late Resident
calculated that this
would add Rs. 1,50,000
to the revenue. The
British selling price
being then Rs. 1-2.

Mr. Clarke estimates
the increase at 3 lacs,
the present price being
1 1/2 Rs. per Indian man.
This large addition to
the Revenue with the

- other

other resources already
referred to, place the Tra-
vancore Govt. in a position
to proceed with reforms.

Travancore agrees
also to adopt the British
Tariff valuations, except
in the case of Indian
Price goods, for which
it proposes to adopt
the Export Tariff as
better suited for Indian
fabrics. The change
will not materially
affect the revenue,
though the adoption
of one Tariff for all
India must be a con-
venience to trade. The
Travancore State as al-
ready remarked has
lately revised its Tariff
of valuations and thereby
increased the Revenue
by about 50,000 Rupees.

No

1. Salt -
2. British produce into
Travancore.

No change in our
laws is necessary in regard
to Travancore, as it maintains
its own Customs houses on the
coast & frontier.

Mr. Clarke with his
second letter submits cer-
tain additional propositions
from the Dewan of Tra-
vancore. They are —

1. The sale of "a very in-
ferior kind of salt" at a
low price in the Central
port of Travancore. Mr.
Clarke points out the in-
conveniences which must
result from continuing
the supply of this article,
and as under the new
system Travancore will be

able

able to obtain salt from
our pans free of export or
excise duty, the offer of the
Dewan to give up the manu-
facture may well be accepted.

II The exchange of Anjeru
and Langacherry for terri-
tory on the Tinnevely side
of Travancore. This clearly
has no connection with the
subject under consideration.

III The imposition of a duty
of 50 Rs per Candy on all
Tobacco that may be imported
at British Cochin or any
port South of Calicut. As
the Travancore has resolved
in maintaining its line
of Backwater Chowkies
there is no necessity for
this

This measure - it will be
just as easy to levy there
the difference between 30 Rs
and the full Travancore
duty as the difference between
the latter and 50 Rs. the
present rate of Cochin
duty. The levy of 50 Rs
per Candy would Mr. Clarke
states effectually exclude
all British Indian
Tobacco and would stimu-
late smuggling into Cochin.
IV. Compensation for
losses consequent on Tin-
nevely salt being con-
sumed in the Travancore
Talook of Shencottai.
This is also unconnected
with

with the present subject
and should be referred
to the Board of Revenue
for consideration and report.

Orders requested.

[Signature]

29. 1.

Copy in a letter to Engr
of 10 June/64 No 2 Dep. Secy

Rev. 1864. Off.
No. of Govt. for 10/10/64

Minute by the Hon.
the President

Dated 3 Apr. 1864.
Received - 7

[Signature]

5. 6. 10 706. 23rd Apr.

Re. considering means
for establishing free
trade by sea & land between
British territories and the
Native States of Travancore
and Cochin.

No 385

20 Jan/64. (C. L. 160/10/64)

These papers relate to the important subject
of establishing free trade by sea & land
between our Port
Districts and the Native States of Travancore
with a view to promoting commerce &
L Cochin - a measure which must bring
reciprocal advantage.

2 - It is satisfactory to find that the
proposals which Mr. Clarke was empowered
to make for this purpose have been so
readily met by the Cochin Sirhar, which
it has shown ~~it is~~ ^{therefore} an unqualified & liberal
subject & it is to be hoped

appreciations of the ~~importance~~ ^{importance} of the ~~subject~~ ^{subject} ~~the~~ ^{the}
which are shown to be removable the
Travancore Sirhar will exhibit a willingness
to follow in the same course.

3 - As our principal proposals have been
agreed to by the Cochin Sirhar, and
it appears practicable to adjust satis-
factorily some minor details & to arrange
such equivalents as are necessary to give
the Cochin Sirhar confidence, I am of
opinion that the advantages of being treated
in matters of trade as a portion of British
India should be at once ^{granted} ~~accorded~~ to that
state.

4 The concessions made by Cochin embrace
the following important points

I The free admission of British Indian

goods, with the exceptions of Tobacco, Spanish
Country spirits & Salt.

II - All foreign produce ^{except Tobacco} imported into the
State to pay duty at the British Indian
rates.

III - Exports from Cochin to foreign States
to pay duty also at the British Indian
rates except Pepper & coffee - These exceptions
cannot under the circumstances be pre-
judicial to our interests.

IV - Salt in Cochin is to be subjected to the
same taxation as under our monopoly.

V - Our Survey valuations are to be adopted.

5 - As the papers under review describe at
length the present state of Cochin commerce
and the influence which the Port of British
Cochin has upon it, I shall not repeat
these details, but observe briefly that
the Cochin Tarbar could not in prudence
agree to ~~the~~ the above conceptions except on
conditions which guaranteed it from any
large & embarrassing loss of revenue. - The conditions
asked for are, the whole of the ^{Tobacco} duty
collected at British Cochin - a moiety of the
other Custom Receipts, and a guarantee that
if the receipts at its own Ports & Backwater ^{Thamiraparani}

Customs at 53
together with the moiety of the British Cochin
Customs
fall short of Rs 90123, the average ^{annual} revenue
of the Cochin Tarbar during the past
3 years, this Govt will make good the
difference by a reduction in the annual
Subsidy. - the maximum liability under
6 - As far as can be judged, the above gua-
rantee would not exceed Rs 30,000 per annum.
and it may be anticipated that the impulse
given to commerce & productive industry by
the measure under consideration will soon pre-
vent the receipts for any demand being
made on us under this condition - But
in any case the ~~the~~ advantages which we
shall receive will make us gainers even in
a mere money point of view. - Without any
extensive establishments to guard our long
line of land frontier, ^{the} ~~the~~ import of salt from
Cochin will cease, thus adding about 1/4 lac
annually to our salt revenue, while ~~the~~ ^{the cessation of smuggling in} ~~the~~
smuggling of wines, spirits & other articles
across our frontier will further increase our
revenues - There will be our palpable gain
but there will be the equally important things
less definable advantages which will arise
from the enhanced ^{prosperity} ~~prosperity~~ of the country
under freedom of trade, the removal of heavy
duties the absence of Chowkees with their ~~burden~~

delays to traders, & the legitimate ^{which} ^{the present} ^{with its demoralizing effects} ^{system of smuggling} ^{stopped}

7. - According to the latest statement the revenues of the Cochin Sarkar amounted to Rs 12,11,045 and the expenditure to Rs 10,50,369, thus leaving only a balance of Rs 160,676 for ^{education} ^{and any extraordinary charges of a small nature} ^{extension of public works} ^{by the} ^{arrangements to which the Cochin Sarkar} ^{apports a present revenue of Rs 80,000} ^{will be given up, it is evident that} ^{some equivalent is necessary, and the} ^{mode in which this equivalent is which} ^{seems to me unexceptionable -} ^{considering the position of British Cochin, an} ^{isolated Port the trade of which is entirely} ^{drawn from the Cochin & Travancore} ^{States, our intention of its Customs} ^{when they could be used to promote} ^{a measure of sound general policy &} ^{of great benefit to that part of India} ^{would be a questionable act.}

8. - Some improved arrangements can probably be made regarding Tobacco so as to lead the Cochin Sarkar to give up ^{on its side account} ^{from maintaining} the two proposed duties

on the Coimbatore frontier - I hope also that on reconsideration the Cochin Sarkar will see the wisdom of abandoning its ^{intention} ^{of keeping} up Showbills on the Backwater for the levy of Customs duty on the trade which passes between its territory & Travancore -

In the expectation that the Resident who is about to proceed to Travancore will find that Sarkar disposed to enter into more satisfactory arrangements than those reported by Mr. Clarke. I abstain from extending my present remarks to that State. -

Wm

No 706. Revenue Department
 Proceedings of the Madras Government
 under date the 23^d April 1864

Read again letter
 from J. Clarke Esq. Secy. to the Govt.
 -her of the Bd of Rev. of 1863
 & 21st and recorded in Bo. of Govt 24th Decr 1863/102366.

Read also the following papers:-

- From the Secy to the Board of Revenue. (Here enter 13th Feb/1864/102366)
- Minute by the Honorable Mr. Eyre. (Here enter. —)
- Minute by the President. (Here enter. —)
- Minute by the Hon. Mr. Malley. (Here enter. —)

1. The subject of abolishing all fiscal restrictions on the trade between the British Territories and the Native States of Travancore and Cochin, has been under the consideration of Govt for some years.

2. In 1862 the question was fully discussed, and the Govt sought the sanction of

Cable in letter to Govt of 10 Jan 1864 No 2-24/102366

Rev. 1864. Date of Govt for 10485.

Minute by the Hon. Mr. Malley

Minute 3, 19th April 1864

No 706. 23rd April

Mr. Clarke Esq. Secy. to the Govt.
 Mr. Eyre Esq. Secy. to the Govt.
 Mr. Malley Esq. Secy. to the Govt.
 Mr. ... Esq. Secy. to the Govt.

No 386.

19-4-64

that of the illustrious
Government.

V. The adoption of
the British Tariff
valuations.

6. The concessions to be
made in return by the
British Government
were the following

I. The admission of
Travancore and Cochin pro-
duce into British India
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~~
~~be no necessity~~
~~of excepting the three~~
~~last articles. But on~~
~~this point the Board~~

of

~~of Revenue will be request-~~
~~ed to report.~~

II. The Travancore & Cochin
duties, so far as the British
Government consider them
equitable, to be levied on the
~~excepted~~ ^{imported} ~~articles~~ ^{articles} at British
Cochin, and the Customs re-
ceipts 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.

7. The Government
will for the sake of con-
venience discuss the arrange-
ments with each State
separately.

I. As regards Cochin.

To

of the Supreme Govt
to certain specific pro-
positions detailed in
the order of the 18th Aug^t
1862, 11th Dec^r 1908.

3. On receipt of
the orders of the Supreme
Govt on this application,
the Govt deputed Mr. J.
Clarke to confer with
Commissioners appointed
by the Native Government,
and report on the subject
to Government.

4. The papers above
recorded are ~~the~~ reports sub-
mitted accordingly by
Mr. Clarke, and the ob-
servations of the Board
of Revenue thereon.

5. The concessions
sought from the
Native States were the
following:

1. The free admission
of British Indian produce
into

into the Native States,
by land and sea, with
the ^{temporary} exception of certain
articles which are either
the subject of monopoly
-ties or produce so large
a revenue that they can-
not at present be ad-
mitted without financial
danger to the Native
States, such for instance,
as Tobacco.

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

III. The ~~reduction~~ ^{levy} of the
British rates of duty
~~same as on the subject~~
on
the produce of the Native
States when exported
therefrom to foreign ports.

i.e. that Native produce
which is exported to
BD Ports per - 10
Foreign Ports at British
rates of duty
The per centage being
to be more than 10 per cent

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

8. To the first condition, vizt the free admission of British Indian goods into the Cochin State, excepting only Tobacco, Opium, Salt and Country spirits.

On Tobacco the Cochin Government proposes to levy a duty of Rs 15 per Candy of 100 lbs.

On Opium the duty proposed is 10 per cent ad val.

Salt and Country Spirits are monopolies.

9. The Government in a subsequent part of these orders will give the reasons for considering that

Tobacco should also be excluded from the list of excepted articles, which will then comprise only three.

10. To the second condition, vizt the levy of British Indian rates of duty on all Foreign produce imported direct into the State, the Cochin Government also agrees excepting only Foreign Tobacco, on which they propose to levy a duty of Rs 50 per Candy of 100 lbs.

11. The Cochin Government also assent to the third condition

8 condition, viz. the levy
 1. of British Indian
 2. rates of duty on
 3. exports to Foreign
 4. ports, and except
 5. only Pepper and
 6. Coffee - On Pepper
 7. they propose to con-
 8. sider the ^{existing} present
 9. (under Act III of 1861)
 10. of duty of Rs. 15 per
 11. Candy, and on Coffee
 12. to levy their
 13. present duty of 5
 14. per cent ad: val:
 15. as the British
 16. Indian rate of
 17. of duty on Pepper is
 18.

or that the existing
 condition of the
 British Indian
 is

3 per cent ad: val:
 while Coffee is on the
 free list there can
 be ^{no} objection so far
 as British interests
 are concerned to this
 arrangement.
 12. The Poohin Court
 agree to the fourth
 condition, viz. to raise
 their Salt Tax to the
 same amount as that
 of British India or
 from 12 annas to 1 1/2 ^{Rs.} per Sa-
 dian Maund.
 13. The fifth con-
 dition, viz. the adop-
 tion of the British In-
 dian Tariff of valu-
 ations, is also agreed
 to.
 14. Hence it appears
 that the Poohin Court
 agree to all the propo-
 sitions of this Court.

Govt and that the list
of accepted articles
is small and unobjection-
able.

15. The equivalents
which the Cochin state
seeks have now to be
considered, and in do-
ing so, the sacrifices
it will make must be
first be regarded.

16. The Cochin state
has only 3 ports, viz
Narakal, Malapoor-
am and Branganore.

The port of British
Cochin is in fact the
natural outlet ^{and inlet} of its
trade, and its own
ports preserve their
commerce with but
partial success by the
expedient of levying
lighter duties than pre-
vail at British Cochin.

of course when their
duties are assimila-
ted & as they will be
under the arrangements
now contemplated, the
trade thus diverted will
find its way to British
Cochin, and the Customs
Revenues of the Cochin
Govt will suffer propor-
tionately.

17. The Cochin ^{State} derives
a considerable reve-
nue from Customs du-
ties levied on goods
^{passing into its territory}
passing by backwaters
^{or fresh}
into British Cochin.
~~These duties it now en-~~
~~gages to abandon, and~~
~~also to give up the du-~~
~~ties it now levies on~~
goods passing from
Branganore into British
Cochin, and vice versa.

The

The receipts at the thou-
-sands at Muttacherry
and Typeru in the vicin-
-ity of British Cochin
have during the last
3 years averaged Ru-
-pees 23,500 per annum,
which sum will, of course
be sacrificed.

18. The gross Customs
Revenue of the Cochin
State has during the
last three years averaged
Rs 90,000 per annum,
but in 1862/3 it amount-
ed to Rs 112,000 viz Rs
24,500 on Exports and
Rs 87,685 on Imports. Mr
Clarke's report does
not furnish details
of the average revenue
above mentioned, but
those of the Revenue
of 1862/63 are given
in.

58
in his Report, and
suffice to afford a
fair estimate of the
results of the proposed
changes to the Cochin
State.

19. The Report (Re-
(1862/3)
-venue of that year
amounted to Rs 24,500,
viz Rs 17,932 on
goods reported by
sea, and Rs 6,574 on
those passing by
backwater into Ira-
-vancore. The bulk
of the first item will
be lost, as the trade
will pass to British
Cochin as soon as
the inducement of
lighter duties at their
own ports is with-
-drawn.

20. The Import
Revenue

Revenue was Rupees 87,685 viz. Rs 17,667 on Imports by sea and Rs 69,918 on Imports by Backwaters from Travancore. The greater portion of the latter item appears to have been realised on Travancore produce passing to British Cochin, and this will be lost by the removal of the Chowkies around that port. The first item will also be greatly reduced when the duties at all the Ports are equalised. It is of course impossible to calculate the

Sea Imports say 15,000
 do Imports — 15,000
 Backwater do — 50,000
 —————
 80,000

598
 the loss entailed by the new arrangements on the Cochin state with accuracy, but the Govt. considers that 80,000 Rs is a moderate estimate of it, taking the revenue of 1862/3 as the basis. On the average of three years Rs 65,000 would be the corresponding estimate. On the other hand Cochin will gain slightly by raising its Salt Tax to the British Standard. The Salt sales last year amounted to Rupees 200,956 and the charges to Rs 112,558, the net

net revenue being Rs
 88,098. Calculating at
 the rate of 18 lbs per
 head, Mr. Clarke esti-
 mates the sales at
 87,293 Indian Maunds,
 yielding a gross re-
 venue of Rs 1,80,939, at
 1 1/2 Rupees per Indian
 Maund. The charges
 he estimates at Rs 39,553,
 so that the net reve-
 nue would amount
 to Rs 91,386 or Rupees
 3,288 in excess of
 the net revenue
 of last year. This
 estimate is
 somewhat

too low, but it is clear
 that the gain to Cochin
 by adopting the Bri-
 tish monopoly rate
 will not go far to
 counter-balance the loss
 of Customs Revenue.

^{*} Rs 9,531 in 1862/63.
^o Rs 105,200.2 = Rs 52,600 in 1862/63.
^{*} Rs 90,123.

23. The equivalent
 which the Cochin Govt.
 seek are the whole of
 the tobacco duty levied
 at British Cochin, a
 moiety of the other cus-
 toms Revenue, and a
 guarantee that any
 deficit below the ave-
 rage Customs Revenue
 of the last 3 years will
 be made good by the
 British Government.

24. The first con-
 cession needs little
 remark; the consumption
 of

of Tobacco in British
Cochin must necessa-
-rily be very small,
and the grant of the
net Revenue to the Co-
-chin State is in fact
giving very little more
than that State would
realise, if it did not
withdraw its *chowkies*
round British Cochin.

The duty on *opium* passing into *Madagascar* must show
25. The grant of a *surely be excepted from this*
moiety of the other Customs
Revenue of British Co-
-chin would amount
on an average of the
last 3 years to $\text{Rs } 44,000$,
and on the receipts
of 1862/3 to $\text{Rs } 62,000$.

The liability entailed
by the guarantee is
easily calculated,
but the Govt considers
that

61
that $\text{Rs } 2,00,000$ may be
taken as the maxi-
-mum, making al-
-lowance for the Co-
-bacco, Coffee and
Pepper duties which
Cochin will still re-
-ceive, ~~for gain by~~
~~the enhanced price~~
~~of salt~~ and for the
Backwater and other
trade which Cochin
will retain, and for
saving in preventive
establishments.

27. The concessions
sought from the Bri-
-tish Government are
that:
~~the~~ The free ad-
-mission of Cochin
produce, (Salt, Spi-
-rits and *Spirits* in-
-cluded) into British
India-

India; by land and sea; a direct payment, in round numbers of Rs 50,000 per annum and a contingent liability of Rs 10,000 more ^{(para) 28}. It remains now to consider what the British Govt will gain in return for these concessions.

29. The salt sales of Behar have averaged Rs 21,77,000 during the 3 years ending 1861 and amounted in 1862 to Indian Rupees 24,90,000; while the consumption of the population at 18 lbs. per head annually would be only Rs 8,300. Owing to the much higher price charged in the British territories

62 territories; a very large quantity of salt finds its way from Behar into them, and thus the great excess of sales over the probable consumption of the state is accounted for. If, however, prices are equalised, this will cease to be the case. The excess in 1862/3 as already stated, was no less than 1,62,000 Indian Rupees, which would have brought in a net revenue of about 18,000 Rs, if drawn from the Govt stores. Taking the average of the 3 years already mentioned the net gain would have been about 14,400. It cannot

trade by the re-
-moval of heavy
duties and of the
-cessations and ex-
-harassing delays &
-examinations & &
at the Backwater
thowkies, the re-
-pression of the ex-
-systematic smuggling
-glung now carried
on with all its
demoralising ef-
-fects, & &

33. The Cochin State
could not reason-
-ably be expected to incur
the

the risks entailed by the
proposed arrangements
without a guarantee, especially
as the present rates of duty
may hereafter be reduced.

34. Under the circumstances
above detailed the Governor in
Council resolves to recommend
to the Supreme Government
that the offer of the Cochin
Circular be accepted.

35. There are, however, some
points still to be noticed.

36. It appears from the
Proceedings that the Cochin
Government sell salt at their
Inland depôts at the mono-
poly rate. This system if
continued would render the
engagement to sell salt
at the British rate of no
practical value, as Cochin
salt would still undersell
and displace British salt.
It must, therefore, be under-
stood that at such Inland
depôts the cost & of
conveyance

not be supposed, however, that the whole excess would be so thus drawn, but a gain of a lac of Rupees may fairly be reckoned on -

30. Wines and Spirits are also largely passed into the British territories in through the Cochin State, and on this a considerable gain may be expected, though the Cochin Government will share in it -

31. It would be very expensive and practically almost impossible

impossible to exclude Salt, Spirits and other articles from being smuggled across the frontier, the preventive force required would be very large, and the smuggler would either bribe or evade it -

32. The gain on these articles may fairly be set off against the concessions sought, but there are other considerations which should not be overlooked. ^{viz} The impulse given to trade

conveyance ^{the} must be
added to the monopoly rate
of $1\frac{1}{2}$ Rs per I. etc. so that
British and Cochin salt
may be treated equally.
The Cochin Government
will, no doubt, see the fair-
ness of this stipulation,
as it is to the suppression
of smuggling of salt, ^{and}
that the Government, must
mainly look ^{for an} equivalent
to the payments ^{and} guaranteed
to the Cochin State.

37. The present duty
on British Indian ^{and}
Tobacco imported into
the Cochin State, is
10 Rupees and that on
Foreign Tobacco 20 Rs
per Candy of 600 ^{lbs.} ~~Rupees~~.

In deference to the
wishes and interests of
the Travancore State,
the Cochin Government
propose

65
propose to raise the duty
on the former to 15 Rupees
and on the latter to 50 Rupees
per Candy. As however
the Travancore Government
refuses to admit Cochin
produce free of duty into
its territories there is no
necessity for the Cochin State
to alter duties fixed after
due consideration and
sufficient for its own
interests. Mr. Clarke
states that the Tobacco
Monopoly ^{of Cochin} of late years
yielded a revenue under
an extremely expensive
machinery of 4,000 Rupees,
and that the change to
a light import duty
(and)

and moderate license
tax produced a net
revenue of Rs. 27,000 in the
first year of the experiment.

The Revenue of Rs. 40000 was
evidently gross and not net.

The late Resident Mr. F. A. V.
Maltby in his letter of 9th

Feb 7 1862 stated that the sales in 1860/61 amounted

to Rs. 36,160 while the outlay
for buying the Tobacco was
Rs. 23,654, leaving a ^{profit} ~~surplus~~

of only 12,000 Rs. from which
the cost of Establishments
had also to be deducted.

But the accounts which are
accompanied that letter
show that an item of

Rs 17.02 Boat and
Cooly hire to convey

Tobacco was omitted from the above calculation,

20

So that in that year the
state really lost by the
monopoly - The Tobacco
Revenue in 1862/63. was
made up of the fol -

Down items viz.
 Duty at Cochin Land frontier Chontia on, Rs
 Coimbatore Tobacco - 8400
 Do. hygeia on
 Foreign - do - 13638
 Licenses - 5820
 Rs 27,861

38. The revenue from British Indian Tobacco is very trifling and might be made good by raising the charge for Licenses which is now fixed at the moderate sum of 10 Rs. - This arrangement would also admit of the two Islands

Island Frontier flows -
kind being abandon-
ed and any loss
on Foreign Tobacco
would be, in part
at least, compensa-
ted by saving in the
preventive establish-
ment kept up at
them - It is not likely,
however, that Foreign
Tobacco will be ma-
terially affected by
the free admission
of British Indian,
as notwithstanding
a differential duty of 10
Rs. per Candy and the
expences of freight,
the Import duty cla-
ssed on the former
was

67 10
was Rs. 13,638 against
Rupees 8,400 on the
latter - Indian Tobacco
may therefore be
safely excluded from
the list of accepted
articles, and proba-
bly the British Indi-
an rate of duty viz.
20 per cent ad: val:
might be levied
on Foreign Tobacco -
Mr. Clarke states that
the market value of
Jaffna Tobacco ranges
from 60 to 105 Rupees
per Candy for the
first sort, and from
40 to 70 for the second
sort - The duty at 20
p.c: ad: val: would
consequently range from
8 to 21 Rs. and, if the
imports

imports are chiefly
of the superior des-
criptions (and this
the Govt cannot as-
ertain from the pa-
pers before them) the
loss consequent on
adopting the British
rate of duty would
be very trifling and
would be fully com-
pensated by increased
consumption, prevention
of smuggling and
reduction of establish-
ments.

39. The Peking State
proposes to keep up
its showkies on the
backwater between
it and Savanore -

The Revenue at stake
has averaged only 7,000
and to levy duty on its own
produce when exported to
Savanore & on Savanore
produce when transported into
its own territory for con-
sumption.

7,000 Rd and the Govt
would much regret
that for so paltry
a sum the trade be-
tween the two States
should be subjected
to the restrictions and
discouragements in-
stated by the levy of
frontier duties. As the
Savanore Govt will
not abandon their duties
on Peking produce the
reluctance of the Peking
Govt to withdraw its
showkies is but na-
tural, but this
course is so prejudi-
cial to its own in-
terests that the
Government do not
doubt that the State
will

will yield the point
and give up the last
emanant of an im-
politic system - Mr.
Clarke states that
of the paltry sum of
Rs. 7,000 realised near-
ly 4,000 Rs. were real-
ised on Cochin pro-
duce, so that that
Govt. are really tax-
ing their own subjects
in order to retaliate
on a neighbouring
state - Mr. Clarke does
not state whether the
Revenue of Rs. 7,000, is
gross or net, nor does
he mention the cost of
collection, which no doubt
is heavy - The Govt. hope
that on further consideration the
Cochin

Mr. Clarke's statement
and Mr. Clarke's
statement is not
correct. The
Revenue of Rs. 7,000
is gross and the
net is only Rs. 4,000.
The Govt. are really
taxing their own
subjects in order to
retaliate on a
neighbouring state.

Cochin State will abandon
its intentions in this
respect and fully car-
ry out the enlightened
policy it has now com-
menced. ~~There would
be less objection to a
heavier duty charged
on the tonnage of boats
without reference to
the nature of their cargo
but in the present state
of the finances of the
Cochin State this seems
unnecessary.~~

40. The arrangements
now proposed are as
follows: -

I All goods the pro-
duce or Manufacture
of British India, and
all goods imported
from any port or
place

place in British India,
which are exempt from
or have paid duty on
imports into British
India will be admit-
ted into the territories
of H. H. the Rajah of
Cochin, by sea, land and backwater
free of all Customs
duty - Salt, Opium and
Country Spirits excepted.

II. All goods the pro-
duce or manufacture
of the Cochin State and
all goods imported from
any port or place in
the territories of H. H.
the Rajah of Cochin
which are exempt from
or have paid duty on
import into those
territories

territories will be
admitted into British
India by sea or land,
free of all Customs
duty - Salt - Opium and
Country Spirits ex-
cepted. -

III. The rates of cus-
toms duties and Na-
riff valuations in
force from time to
time in British In-
dia will be adopted
in the Cochin State.

IV. Foreign goods im-
ported direct into
any port belonging
to H. H. the Rajah
of Cochin will be
charged with the same
duties as they would
be liable to, if si-
milarly imported
into

into a port of British India. Tobacco excepted.

V. Goods the produce or manufacture of the Cochin State on Import to any Foreign Port or place will be charged with the same duties as they would be liable to, if similarly exported from a port of British India. Pepper and Coffee excepted.

VI. No Drawback will be allowed on goods re-exported from any port or place in the Cochin State to any port or place in British India or vice versa.

The

71 20
VII. The monopoly price of salt in the Cochin State will be the same as in British India, an addition on account of carriage, sea being made to that price when the salt is sold by the Cochin State at any Island Depot.

VIII. The whole of the net duty realised on Foreign Tobacco imported into British Cochin (Tobacco imported for Transacons excepted) will be paid over to the Cochin State.

IX. A moiety of the net Customs revenue realised on Imports and exports at British Cochin, Tobacco, Pepper, Coffee, Salt and

and on Cochin Coffee
exported from British
Cochin.

Pepper, specially provided for, Act III - 1851 - but not to be excepted

and Opium excepted, ^{the balance on export}
will be paid over to the ^{from the Cochin State}
Cochin State.

X. The British Govt. ^{See how far it will}
will engage to make ^{the State's part that}
good to the Cochin State ^{the Govt. Cochin}
any deficit between the
sum of 90,000 Rs. and ^{the aggregate of the whole net duty}
~~the aggregate of the~~ ^{on Foreign Tobacco, Cochin Coffee}
~~city of the Customs~~ ^{& of Pepper, of}
duties at British Cochin
and the Customs duties
realised at the Cochin
ports and Customs
Houses.

XI. The special duties
will be the following:-
Foreign Tobacco on Im-
port into British Cochin
or any Cochin port, 20 Rs.
per Catty of 60 lbs.
Coffee, the produce of
A.H. the Rajah's ter-
ritories

territories, on Import
similarly 5 per cent
ad. val. -
Pepper (as in Act III
of 1801).
4. A Special Act will
be necessary in the
case of Foreign Tobac-
co and Coffee, unless
as suggested in paragraph
of this order the Co-
chin State agrees to
give ^{the} Special duty
on the former. -
Ad

II. As regards
Tranvancore -

42. The first condition
viz free entry of
British Indian pro-
duce is agreed to,
except as regards
I Cotton / raw and
manufactured /
II Metals / crude and
manufactured /
III Tobacco and Snuff.
IV Opium.
V Spirits.
VI Salt.

43. The four last articles
are monopolies - The
revenue realised on
the first two in 1862/3
is given in the Margin.
The Travancore Govt
propose to levy 10% on
Cotton

Cotton (raw & manu-
factured) - 75,370
Metals (crude and
manufactured) - 21,377
96,747

Revenue
1862/3
11/64

Cotton and Metals
for the present, adopt-
ing the British
Indian Import-
Tariff valuations
in the case of Metals,
and the export (h),
Tariff valuations
for native wrought
fabrics. ⁴⁴ The Trans-
core Government
agrees to the second
condition, viz, to levy
the British Indian
rates of duty on
foreign produce
imported into (h)

Transcore, excepting the articles above
mentioned
~~Cotton~~
By

74
~~Cotton / raw and
Manufactured /
and Metals / crude
and Manufactured /
By foreign produce
it means other than
British Indian
produce whether
imported direct or
coming through
a British Indian
Port. The proposed
duties on the (h)
excepted articles are
10 per cent a draw-
back of 4 per cent
being allowed on
piece goods which
have already paid
duty~~

duty at a British
Indian port.

45. To the third
condition, viz, the
levy of British
Indian duties on
its own produce
when exported, the
Tranquebar Govern-
ment pleads its
inability to agree,
for
~~the~~ financial rea-
sons. It proposes
to levy 6 per cent
on all its produce
when exported by
land, sea or back-
water. excepting in
Pepper,

Pepper, Dried Betel
nut and Timber which
are to be subject to 10
per cent and Teak
and Black wood
which are royalties.
46. The Tranquebar
Government agrees
to the fourth and
fifth conditions, viz,
~~the adoption of~~
~~the adopting~~ the British
Indian monopoly
price for Salt and
the British Indian
Tariffs of valuations
but in the case of
native Price goods
Imported it considers
the British Indian
Export

Export Tariff more
suitable. The
Tromaneau States,
in return expects
the free admission
of all its products
into British
India, ^{by land and sea}
the imposition
of a duty of
Rs. 50 per Candy
on all sea borne
Tobacco imported
into British
Cochin and all
other British
Ports

76 (1)
Ports south of
Calicut -
48. The Tromaneau
state desires
to take part in
any conven-
-tion for levy-
ing the special
duties on the
excepted articles
at British
Cochin and
sharing the
customs revenue
of

of that port is
with the British
Government and
the Cochin ^{State} ~~the~~ in
the expectation
that the ad-
mission of its
produce when-
soever exported
into British
India free of
duty will draw
its trade to its
own

own ports-

49. The Govt will
now consider how far
the concessions made
by Travancore are
equivalent to those
it seeks in return and
whether they are as li-
beral as can reasona-
bly be expected in
the circumstances of
that State-

50. Mr. Clarke's re-
port does not enable
Govt to ascertain how
much of the duties re-
alised on British
Indian produce-

51. The duties re-
alised on the articles
excepted from the ope-
ration of the first
condition - viz. free
inter-ported

Free admission of British
Indian produce into Travancore
on the same free admission
as is granted to India in the

interportal trade
 amounted to Rs 96,747
 in 1862/63 according to
 the Trade statements
 published in the Tra-
 vancore Almanac.
 The total Surport Re-
 -venue in the same
 year was Rs 1,38,720.
 So that supposing the
 whole Surports to be
 of British Indian pro-
 -duce, which of course
 they cannot be, the
 revenue sacrificed
 would be Rupees 42,000.
 A considerable por-
 -tion of the Metals &
 of the Piece goods must,
 the Govt presume, be
 of foreign origin, and
 part of the Surports
 are Cochin produce.
 The

inter portal trade
 amounted to Rs 96,747
 in 1862/63 according to
 the Trade statements
 published in the Tra-
 vancore Almanac.

1,38,720
 96,747
 42,000

The whole of the above
 sum will not there-
 -fore be sacrificed
 by the concessions un-
 -der the first condi-
 -tion.
 52. Again the entire
 value of the Surport
 trade in 1862/63 appears
 to have been Rs 15,90,000
 while that of the re-
 -ceived articles (Cotton
 Metals &c) was 11 lacs
 so that only $\frac{1}{3}$ of the
 Surport trade is af-
 -fected by the conces-
 -sions which the Tra-
 -vancore Govt is willing
 to make and this cal-
 -culation also sup-
 -poses the whole of this
 third to have been
 British Indian pro-
 -duce. On the other
 hand

80 (8)
dwell forcibly on
the injury thus caused
to Travancore - and
the Dewan now states
that "Travancore need
not avail itself of the
offer of the British Govt
to levy Travancore im-
duty at British Cochin"
and share the pro-
ceeds because hereafter
"Travancore trade will
largely resort to its own
ports."

55. Further, Travancore will gain largely and directly by the freedom of all that part of its trade which passes the Cochin backwater into and from British Cochin, and if the Cochin State agrees to the further

further concession of removing all its backwater throwies, the gain will be still greater - Mr. Clarke states that the duty levied by ~~linear~~ ^{state} Cochin in 1802/3 on goods imported by backwater from Travancore was Rs 69918 and the late President in his last letter on the subject thus expressed himself - "It must not be supposed that no important injury is really inflicted; that it is a mere transfer of trade from one port to another; that what the Rajah loses at Alleppe he collects on the backwater."
The

The case is far other-
wise. The trade of
Travancore is saddled
with extra cost of
conveying and guard-
ing the goods down
the backwater, great
facilities are afford-
ed for defrauding
the Rajah's revenues,
and more than this,
the goods have to pass
one of the custom houses
of the Raja of Cochin,
at which the duties
rose last year by ^{or}
twenty thousand Ru-
pees."

56. It seems clear
from the foregoing,
that the balance of
advantage will be very
largely in favor of
Travancore.

Travancore =

57. But the circum-
stances of Travancore
must also be
taken into consider-
ation, and its interest

X duly regarded. ^{(Para) 58} ~~It~~ ^{the} improved admini-
stration introduced
of late years the re-
venues of the Travancore
State have con-
siderably risen. In
1861/2 the receipts in-
cluding balances
~~and at its command~~
~~ment were Rs. 6,30,000~~
~~while the expenditure~~
~~was only 4,100,000 and~~
~~having balances out~~
~~of the question, the~~
receipts were 43 lacs
and the disbursements

41 laes - but the latter
include Rs 270,000 ex-
pended on Public
Works and Rs 90,000
paid in liquidation
of a loan. The So-
bacco revenue under
a different method
of administration can-
not fail at least
to maintain its pre-
sent standard, for
Mr. Clarke states that
"calculations made
on the very smallest
minimum standard
of consumption" show
that not more than
3 laes out of the 12 1/2
laes of the population
of Travancore could
have been supplied
with Tobacco sold by
the

82 (Page) 60-
the Government. The
enhancement of the salt
tax which is a part
of the present scheme,
will, Mr. Clarke cal-
culates, add 3 laes to
the Revenue, and the
late Resident stated
that the survey then
contemplated would
probably yield even
more than 3 laes.

61. The Dewan's last
administration report
exhibits a picture of
high prosperity and
confidently predicts
an increased revenue
in the year now cur-
rent.

62. In short the
finances of the State
are in a satisfactory
condition and its fu-
ture prospects are
very

very encouraging.

63. The papers before Govt do not show the cost of the Customs and Preventive Establishments kept up by Bravancore, but these cannot be light, for such establishments to be effective must be large and well remunerated. Some saving and that probably of considerable amount might be expected ^{in these charges} from a better fiscal system.

64. Of the present state of the Tobacco monopoly the Govt have no very recent information but both Mr. Clarke's calculations and

and the experience of the Fochin State already noticed in para 34 of this report show what may be expected from a better system of administration.

65. And the great impetus which freedom from Customs restrictions must give to trade and production should not be overlooked. ~~but~~ ^{with much to} the prospective ~~to~~ ^{to} sources and the immediate gain on Salt, the Bravancore State may, the Govt think, be fairly asked to concede more than it has offered. ^{the import of} The duties on cotton and cotton goods, the produce

produce or manu-
-facture ^{of British India} might the
-Government think
-be safely reduced ~~to~~ at once,
-expensat leaving
-Metals and foreign
-goods as they are for
-the present, and a
-pledge ^{being} affords that
-at the earliest pos-
-sible date all Bri-
-tish Indian products
-and manufactures
-shall have free entry
-by land and sea in
-complete reciprocity
-being thus attained
-in the course of a
-few years. The amount
-of reduction which should
-be claimed on Cotton &
-Cotton goods must de-
-pend on the amount
-of

+ While in course
will have to be
imposed

of duty now realized
on such of the Imports
of these as are of Bri-
-tish Indian origin,
and the Resident will
be requested to obtain
and furnish this inform-
-ation. The proposed
-arrangements need not
-be delayed on this ac-
-count if His Highness
-the Rajah will assure
-the Govt that complete
-reciprocity shall be grant-
-ed as soon as the fi-
-nances of his State per-
-mit. In respect to the
-second condition the
-Savaneore State, as
-already mentioned, is
-agreed to adopt Bri-
-tish Indian rates of
-duty on all foreign
-goods imported, except
-ing Cotton goods and
-Metals.

Metals, but it includes
 in this category foreign
 goods imported through
 a British Indian Port
 as well as those im-
 ported direct. The pre-
 sent rates of duty are
 6 per cent on goods
 imported by backwater
 and 10 per cent on those
 imported by land and
 sea. The result of the
 change is thus to raise
 the duties on goods
 passing through Bri-
 tish India from 6 to
 10 per cent. Since goods
 receipted, a drawback
 of 4 per cent being al-
 lowed on them. The
 obvious tendency of
 this arrangement is to
 drive trade from
 British India and
 other British ports to
 allepy.

The present rates of duty are 6 per cent on goods imported by backwater and 10 per cent on those imported by land and sea. The result of the change is thus to raise the duties on goods passing through British India from 6 to 10 per cent. Since goods receipted, a drawback of 4 per cent being allowed on them. The obvious tendency of this arrangement is to drive trade from British India and other British ports to allepy.

+ 10 per cent on
 British India
 origin

85 (13)
 allepy. The state-
 ments which accom-
 pany Mr. Clark's letter
 do not enable the Govt.
 to judge what the
 effect of this change
 will be on the trade of
 British India, and
 the Resident will be re-
 quested to ascertain
 how much of the duty
 realised on Imports
 in 1862/3 was levied on
 foreign goods passing
 through British India.
 The duties on Cotton goods
 and Metals should be
 separately shown, and
 those on articles which
 are on the British In-
 dian Free list should
 be excluded, as they will
 be entitled to free en-
 try under the arrange-
 ment. So long as the
 Travancore

Travancore State does not levy lower rates of duty than those in force in British India and so divert trade from its natural channels the Govt cannot complain, and the abstract right of the Travancore State to levy the same duties on Imports by the Backwater as on Imports by sea cannot be questioned. But if the information called for shows that by raising the duty from 6 to 10% the trade of British India will materially suffer, this will be just ground for the demand of ^{more} complete reciprocity in regard to British Indian produce. The Govt must not be justified in giving up the large revenue it derives for the small return made when that return is still further diminished.

86 (1)
diminished by injury to the trade of its own ports. The very serious obstruction to interportal trade consequent on the retention of the Backwater Choukies and the distinction between British Indian and Foreign goods, must also, not be overlooked; these drawbacks detract materially from the conception of free entry to British Indian produce.

67. The Government regret the necessity which the Travancore State considers itself under of continuing to levy heavy Export duties on every article

article of its own produce, whether soever exported;
Such taxation cannot but
be injurious to itself,
tending to restrict pro-
duction, entailing heavy
expense for establish-
ments and encouraging
smuggling. The fact
stated by the Dewan that
without export duties,
a considerable extent
of landed property ex-
empt from direct tax-
ation would escape tax-
ation altogether, would
be of weight as an
argument in favor of
those duties if there
were

87 (15)
were any means
of discriminating
the produce of
such land when
exported, but, as
matters stand,
the produce of the
whole country is
taxed in order that
~~some~~ ~~some~~ of it may
not evade taxation.
This, however, is a
matter for the
consideration of
His Highness, and
the

the Government
can only express
their hope that
no opportunity
will be lost of
placing the trade
of Travancore in
a more satis-
factory position.

It is only, in
the interests of

Travancore.

88 (2)
Travancore, that this
is urged, for so long
as Travancore ~~does~~
not levy lower duties
than those of British
India, the interests
of the latter are not
affected.
68. The Government
entirely concurs with
Mr. Clarke as to the
sale of the ~~very~~ in-
ferior salt mention-
ed by the Dewan, at
lower rates than
those of British
India. In fact the
Dewan himself ap-
pears to be aware that
the arrangement
would be open to se-
rious objections and
is

is willing to abandon
the proposal.

69. The fifth condition
needs no remark, the
prevalence of an ex-
Tariff of values, ex-
throughout India
will be a great conve-
nience to the Treasury
but financially the
effects of the change
will be trifling. Mr
Clarke states that in
1861 the Transvaal
Tariff was raised,
and with a few ex-
ceptions assimilated
to that of British
India, the effect
being to raise the

89
duties 50 per cent. - The
English Brandy was
also substituted,
for the Dutch one, the
result being a further
increase of 9 per cent.

70. The concession
sought by the Trans-
vaal Government in
the form of a protec-
tive duty of Rs 50
per cask on Tobacco
of all kinds imported
into British Bechuanaland
and any part South-
of Bechuanaland is unnecessary,
seeing that Trans-
vaal has declined to
agree to the proposal
to levy its special ex-
duties at British
Bechuanaland

Goachim and will
maintain its back-
water chaukies. The
effect of the proposed
conventions would
have been to have
converted British
Goachim into a port
common to all three
States, the special
duties necessary on
certain articles to
protect the interests
of Travancore
and Goachim would
have been levied there,
once for all, and the
Customs revenue
would have been
equitably shared.

This

90
This would have ad-
mitted of the complete
reithchannel of the Back-
water Chaukies. As the
latter are to be retained, the
Travancore Government
can there levy their
special duty on Tobacco,
as they do on other
commodities. All

Clarke shows that the
levy of 50 Rs. per catty
would effectually exclude
British Indian Tobacco,
and such a duty is also
opposed to the interests of
the Goachim State.

71. The further con-
cessions mentioned by
the Dewan viz the ex-
change of Chinggo and
Tangacherry for territory
on the Tinnevely side
of

of Travancore, and com:
pensation for British
Indian Salt consumed
in the Shencottai &
Talook are in no way
connected with the
present subject, and
will be referred to the
Board of Revenue for
early report after com:
munication with the
Resident and the Collector
of Trimmellip.

72 As already stated
the Government do not
consider that the conces:
sions offered by the Travancore
State are equivalent
to those sought on even
such, as with perfect
safety, might have
been offered, but
the Government
resolve

91
resolve
nevertheless to recommend
their acceptance, feeling
assured that His Highness
the Rajah
will see the advantages
which must accrue to
Travancore from the mea:
sure and will, as soon
as possible carry it out
fully. ~~to the legitimate conclu:~~
~~sions~~ It will be the
duty of the Resident, &
from time to time, to
advise His Highness
Government as to the
measures necessary to this
end. Trade cannot be
taced with impunity
whenever funds are
required.

of Travancore, and com:
pensation for British
Indian Salt consumed
in the Shencottai &
Talook are in no way
connected with the
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the Government do not
consider that the conces:
sions offered by the Travancore
State are equivalent
to those sought on even
such, as with perfect
safety, might have
been offered, but
the Government
resolve

91
resolve
nevertheless to recommend
their acceptance, feeling
assured that His Highness
the Rajah
will see the advantages
which must accrue to
Travancore from the mea:
sure and will, as soon
as possible carry it out
fully.
~~to the legitimate conclu:~~
~~sions~~ It will be the
duty of the Resident, &
from time to time, to
advise His Highness
Government as to the
measures necessary to this
end. Trade cannot be
taxed with impunity
whenever funds are
required.

required for reforms
in other branches of
administration, and ex-
cessive Customs duties
only shut the country
out from markets which
would be open to its
enterprise under a more
liberal policy. But
it is not merely the
weight of the tax that
works injury; an ex-
pensive establishment
has to be maintained to
collect it; and the
trader is subjected to
delays, annoyances,
and exactions. The
number of Customs

and excise stations
kept up in Travancore,
~~and~~

6. Backwater showks - ~~Backwater showks~~
16. Sea Customs ~~do.~~ ~~Sea Customs~~
12. Frontier Land ~~do.~~ ~~Frontier Land~~
137 Excise Stations - ~~Excise Stations~~

is enough to show how
the commercial enterprise
of the people must
be checked and how
expensive this system
of administration must
be.

73. The Government
are aware that His
Highness' Government
has done very much of
late years to improve
the condition of its
subjects, and is sincerely

anxious

anxious to continue its
reforms as funds can
be provided. The addi-
tional Revenue from
raising the salt tax
will afford seasonable
aid, and Mr. Clarke's
statement that not
 $\frac{1}{4}$ of the population
consume Tobacco sup-
plied by the State,
shows that that branch
of revenue may be
placed on a sounder
footing with less
risk than has been
supposed. It will
be for the President
carefully to study
the

93
the details of the mono-
poly system, its ex-
pences &c., and then to

⑦74. The President will advise His Highness
he requested to for Government of the re-
-cuse a statement forms which he con-
showing the quantity and value of the ~~or~~ considers practicable. ⑦
Imports from the ~~now~~ ^{now} 75. The arrangements
Cochin State into ~~which~~ ^{now} will be submitted
Travancore by back to the Supreme Government,
-water and the duty realised thereon, as regards Travancore are
in any recent year the following.

- I. The free admission into
Travancore ~~of~~ of all
goods the produce or man-
ufacture of British
India, excepting -
Cotton & Cotton goods.
Metals.
Tobacco.
Salt.
Opium.
Spirits.

The

II. The free admission of
all goods the produce
or manufacture of
Travancore into Brit-
ish India. Salt, opium and spirits ex-
cepted -

III. The adoption of
the British Indian
rates of duty on all
foreign goods imported
into Travancore - excepting
the articles above men-
tioned.

IV. The levy of
duties not less than
those obtaining in
British India on
exports.

V. The adoption of
the British Indian
Tariff of valuations,
the

(The export Tariff has
been
~~adopted exclusively~~)

regard to Cotton fabrics
of native manufacture.

VI. The adoption of the
British Indian mono-
poly price of salt.

14 Copies to the P. & P. Mr. Clarke's report
1 - to the Resident of Travancore & Cochin
5 - Political Deptn
1 - Coll. of Calabar
1 - J. Clarke Esq. r
7 - Govt of India - Calcutta 5/24
1 - Mr. Simla

a general.

11

by in a letter to England of
June 22 of 1864 Cape Town
Canton

7-94

-1-10

9/5/11

17-8-18

23/2/21

Revenue 1864 Deptt.
Pro. of Govt. for April

No. 706.
23-4-1864

Pro. of the Madras Govt.
D/23rd April 1864.

From the Secretary to the Govt. of
India 6/10/49 of 1864

Papers on the sub:
[List of abolishing fiscal
restrictions upon the trade
between British territory
and the Native States
of Travancore and
Cochin, disposed of.

No 383 @ 387.

Deposited in
the Hon. Secy to the
Govt. of India

Revenue Department

No. 707

officiating Under
The Secretary to the
Govt. of India,
Home Deptt.

Sir,

With reference
to the Resolution of
the Supreme Govt. dated
12th June 1863, I am
directed to forward
the papers marginally
noted in the subject
of abolishing fiscal
restrictions upon the
trade between British
territory and the Na-
tive States of Tra-
vancore and Cochin.

From L. Clarke Esq.
Member of the Bd.
of Rev. of 7th and
21st December 1863.
From Bd. of Rev. 13th Feb.
1864, No. 900.
Pro. of Govt. 23rd April 1864,
No. 706.

2. The details of the
proposed arrangements
are fully stated in the
enclosed L.O. to which I
am directed to solicit
a reference.
The Cochin State
agrees to all the
conditions proposed
by

by this Court in their
Proceedings dated
13th Aug^t 1841, No 1708.
It thus becomes, so
far as Customs duties
are concerned, a part of
the British Empire -
inter-portal trade will
be entirely free - the
same duties on dustier-
able articles and the
same Tariff valuations
will prevail in both
territories, and there
only articles to be
specially treated will
be Foreign Tobaccos, which
will be subject to a
duty of 20 Rs per Candy
of 600 lbs on Import -
Pepper, which will
continue subject to
the Export duty leviable
under

96
under Act III of 1861,
viz 15 Rs per Candy
of 600 lbs, and Coffee
on which an Export
duty of 5 per cent ad
valorem will be
levied. It is not un-
likely that Tobacco
may be removed from
the special list, but
an Act, similar to Act
III of 1861, but reducing
the whole net duty to
the Pochin State, will
be necessary in the
case of Coffee, Salt,
Salt, Opium and Country
Spirits are of course
excepted from these
arrangements -
4. The Pochin State
has three petty ports,
Narakul, Mallespos-
sum and Cranganore,
at

at which alone it
will hereafter receive
Customs dues. It is pro-
posed also to retain its
backwater Chowkies
on the Travancore frontier,
for the levy of duty on
goods passing from
its own territories into
Travancore and vice
versa, and two Land
Chowkies on the Marine
frontier to levy its spe-
cial duty on Tobacco.

The Govt. however, have
every hope that the
Pohia State will aban-
don this intention and
free trade from every
restriction except at
its sea ports.

5. The equivalents
which the Pohia State
seeks in return for its
liberal concessions
are a moiety of the net
Customs collections at
British

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British Pohia, the
whole of the Tobacco
& Coffee Customs revenue and
a guarantee that if the
receipts from these
sources and the collection
at its own ports do not
amount to Rs 90,000
per annum the average
Customs revenue of the
3 years ending 1867 the
deficit will be made
good by the British Govt.

6. These terms though
at first sight high are
really not more than the
concessions made are
worth.

7. A reference to the
map will show that Bri-
tish Pohia has no other
trade but what it de-
rives from its position
at the entrance of an
extensive backwater
communication with the
Travancore and Pohia
States. Its population is

is small, and can pro-
duce or consume but
little.

No Customs houses have been maintained on its inland sides and so far as British duties are concerned, the produce of the Native States has free entry into it and foreign imports - after paying duty where leviable on import into it by sea - pass free of further charge into those States - and independently of the advantages which it derives from its position, the trade of these Native States is drawn to it to escape the duties to which it would be subjected if exported direct from their own ports - there being no duties on the land frontier the

On the landward side, there are no Customs Houses, goods can consequently pass into & out of B. Coch in free of all British duty, and further when the produce of the Native States finds its way into B.C. it is there after treated as British Indian produce & when re-exported obtains free entry into every B. I. port, whereas if exported direct from ^{a port} one of the Native States it is treated as foreign & subjected to duty on import into a B. I. Port - The trade of the Native States is thus

Drawn to B. Cochran,
while their own hats
are neglected, and
smuggling is of course
very prevalent.

the produce of the Na-
tive States passes into
British India free
of British duties and
can then be exported to
any British Indian port
free of all Import or
Export duties - as British
Indian produce - This
to these combined ad-
vantages that British
India owes its trade
and when ^{therefore} the British
States seek a moiety of
^{at B. Calcutta}
^{The} Customs receipts in
return for giving up
their duties, they are in
fact only seeking to
share in revenue real-
ized on their own trade,
in its passage to their
territories - It must also
be borne in mind that
the Native States could,
if so disposed, materi-
ally affect the trade of
British India, by orga-
nizing an effective
preventive

preventive force ~~can~~
count it. The port
of Narakul, already
mentioned is quite
close to British Cochin
and has the great
advantage of a ^{land} ~~land~~
^{at some distance off it,}
bank which acts as
a natural break-
water and admits
of the landing and
shipment of goods
when British Cochin
is unapproachable.
It is separated from
the backwater by a
narrow strip of sand,
across which rails
might be laid, ~~and~~
and with this and
other conveniences
for trade Narakul
would

and being ^{very} busy
duties on goods
passing by ~~from~~

99
would be a for-
midable rival
of British Co-
chin. - The Go-
vernment ap-
prehend that
the Cochin Go-
vernment could
not well be
restrained from
improving
Narakul, and
from surround-
ing British
Cochin

Cochin with
a cordon of
customs guards
and levying
heavy duties
on all goods
passing into
and from
it, thus dri-
ving trade
from it to their
own ports. etc.

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As the British
Government treat
Cochin as a foreign
state, they could not
reasonably demand to re-
ceiving somewhat simi-
lar treatment from it.
The revenue of
British Cochin is in-
fact realised on the trade
of Travancore and Cochin,
and is to a certain extent
at their mercy. The propo-
sition of the Cochin Govern-
ment will not only in-
crease the revenue but
place it on a more secure
footing. Direct taxation
to the extent of Rs. 23,500
will be remitted, and the
exactions and harassing
delays

delays inseparable from
the retention of the back-
water chowkies will be re-
moved to the manifest be-
nefit of trade.

10. The guarantee re-
quired by the Cochin Go-
vernment involves a maximum
liability, as far as can now
be judged, of about Rs. 30,000
per annum. Against this, as
well as the grant of a moiety
of the British Cochin cus-
toms revenue, must be set
the probable gain from salt,
wines and other commodities
which pass from the Cochin
into the British territories
adjoining. The Cochin
State borders the Malabar
district for a considerable
distance,

distance, and as salt
is sold at the inland
depôts of Cochin at
only 12 annas per she-
dian maddid or large
portion conveyed over
the frontier, displacing
the monopoly salt of
Malabar. The will-
ings of the Cochin Go-
vernment to raise their
salt duty to the British
Indian standard will
greatly check this trade,
and a gain of a lac of
rupees per annum may
fairly be expected from
this source. No preventive
force is maintained
on the British frontier,

not could an efficient one be kept up except at great expence. The arrangement of equalising the duty in both territories renders such a measure unnecessary, an incidental advantage which should not be overlooked. Wines & spirits have similarly been conveyed across the frontier, and some increased revenue may be expected from this source.

11. Thus the gain in salt alone will ~~fully~~ cover both the direct payment out of the Customs Revenue of British Cochin and the further payments involved in the guarantee.

12. The Tobacco revenue is very small

small, and the great bulk of the article imported into British Cochin is really consumed in the native States. The grant of the net revenue derived in all but the imports into Travancore may reasonably be allowed.

13. By the arrangements now proposed the Cochin State, in fact, gives up almost the whole of its Customs Revenue which will in future be levied at British Cochin, and in return the Cochin ^{Govt} State is no more than the revenue derived on an average of the 3 years ending in

in 1861 although the
revenue of 1862/3 was
considerably higher
The Cochin ~~Government~~ ^{State}
could not assent to
the arrangement on
more favorable terms,
it has in fact all the
advantages of free
inter-portal trade
already at its command,
for there are neither
Customs Stations nor
protective guards on
the land frontier,
and access to Bri-
tish Cochin is equally
open. It ^{could} not sur-
render the revenue it
derives from Customs
without being protected
from

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from present loss, and
the risk of further
loss if the present
rates of duty should
hereafter be reduced.

14. The Government
consider the demands
of the Cochin State
moderate, and as the
British Government
will gain more on back
revenue alone than they
are asked to concede,
and the arrangement will
be advantageous to trade,
~~they~~ ^{they} ~~strongly~~ ^{strongly}
recommend that the offer
of the Cochin Govern-
ment be accepted.

Lu

15. In regard to the
Havana State, the
Government regret that
a much more limited
arrangement is all
that can yet be ef-
fected.

16. The Havana Govt.
express ~~its~~ ^{their} inability to
give up ~~its~~ ^{their} duties on
foreign imports and
on ~~its~~ ^{their} own exports.
All that can be
done at present there-
fore is to free the
coasting trade as
far as practicable.
The Havana Go-
vernment are wil-
ling

willing to admit all
British Indian pro-
duce free of duty
excepting Cotton,
Metals, Tobacco,
Opium, Salt and
Spirits. The four
last need not be
noted, as they
are ^{articles} of monopo-
ly, but in re-
gard to the first
two the Govern-
ment

Consider

~~Government~~ consider
that the circumstances
of the Travancore Go-
vernment admit of
at least a reduction
of duty on Cotton
and Cotton goods, and
at no distant period,
of the free admission
of all except the mono-
poly articles. So far
as the Government
can judge, the revenue
given up by the Tra-
vancore Government
will be only about

Rs. 40,000, while the
British Government
will give up about
twice as much in the
form of duties levied
on Travancore produce
imported into British
India, and export duties on
British Indian produce
exported to Travancore.
This calculation only
includes duties realised
in the Madras Presi-
dency and not those
which may be realised
in Bombay and Calcutta. The
balance

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balance of advantage
is greatly in favor of
Travancore, but the cir-
cumstances of that State
are peculiar, and the
Govt would not defer
the present arrange-
ments until ^{complete} more
reciprocity can be ob-
tained. The Resident
will be instructed to ex-
press the necessity of
this on His Highness
the Rajah, and the
Govt do not doubt the
readiness of His High-
ness to carry out a
measure which can-
not fail to benefit
his own subjects
greatly. The adoption
of the British Indian
Tariffs and the raising
of the price of salt to
the British standard
are

are conceded, and the Govt recommend that no further delay be allowed to take place in extending the benefits of free inter-portal trade to Travancore as regards its produce when imported into ports of British India (Salt, Opium and Spi-rits excepted) the Travancore State on its part admitting British Indian produce free with the temporary ex-ception of cotton and metals and the Mono-poly articles already mentioned.

17. In consequence of this arrangement the Customs Establishment on the land frontiers of Travancore in the Madurai and Siveelvely districts may be withdrawn. Their

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Their present cost is Rs 2,108 per annum, but if they are retained it will be necessary to ex-strengthen them, and the annual cost will be raised to Rs 4,740-
18. The details of the proposed arrange-ments are fully stated in the enclosed L.O. to which I am directed to submit a reference.

For Mr. George
23^d Apr. /61.

Copy in letter to Camp 87
10th June 1864 - Superior
Cabin

12-3-29

10-1-10

15-11-11

23-6-16

17-8-18

Revenue Dept.
Pro: of Govt for April
No. 707.

To The Off^r Under Secy
to the Gov^r of India
Home Dept.
Dy 23rd April 1864.

From Secy dated June 1864
No 1049-

Forwarding papers
on the subject of abolishing
fiscal restrictions upon
the trade between British
territory and the native
states of Cochin and
Cachin.

No 388.