

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	1771	<u>Press</u> <u>Mis.</u>
Dated	17-7-	1866.

Not to be folded or roughly handled

1771

*Proceedings of the Madras Government, Revenue Department,
17th July 1865.*

Read again letter from His Excellency the Governor of the French Settlements in India, dated 23rd May, and recorded in Proceedings of Government, 8th June 1865, No. 1,233.

Read also the following papers:—

No. 326. Proceedings of the Board of Revenue, dated 17th October 1865, No. 6,575.

Read the following letter from the Collector of South Arcot, and Special Agent for Foreign Settlements, to the Acting Secretary to the Board of Revenue, dated Cuddalore, 28th July 1865, No. 186:—

1. I am in receipt of the Proceedings of the Board, dated 12th ultimo, communicating the Orders of Government of the 8th idem, forwarding, for report, a letter from His Excellency the Governor of Pondicherry, accompanied by a Memorial from the Pondicherry Chamber of Commerce, claiming a more favorable application of the so-called "International Convention" of 1819, whereby articles intended for the consumption of the French Settlements in India are permitted to be imported into those Settlements free of duty.

2. It is not clear what the nature of the report required of me by Government is, and in the absence of definite instructions on this point, it has occurred to me to notice, *seriatim*, the chief features of the Memorial of the Pondicherry Chamber of Commerce.

3. I need scarcely premise that any thing in the shape of an "International Convention," or "Compact," or "Mutually Binding Deed," so frequently referred

to by the French Government and the Chamber of Commerce, have no existence in fact. After the restitution of the French Settlements in 1816, several

attempts were made, with various success, to secure the free import by land into their territory of rice and other alimentary grains until the 22nd March 1819, when the British Commissioner forwarded a letter from the Pondicherry Government complaining of the embarrassments caused by the conduct of the frontier customs officers, and proposing, for the acceptance of the Madras Government, seven distinct propositions, the first of which provided that "All articles destined for the consumption of the inhabitants of Pondicherry, Karikal, Yanam, and Maillé, be declared free of duty," and the Madras Government in reply observed, that this proposition, with three others mentioned by the French Government, were already in force. To test the validity of the claim now put forth, it is necessary that the meaning of the term, "articles of consumption," should be clearly defined, and to understand that meaning as intended by Government it is, I think, sufficient to refer to their Orders passed previous to 1819, and in which this concession is spoken of as being "already in force." The accompanying precis of correspondence will shew what these Orders were, but for my present purpose I will simply allude to two of them. In the earliest, that dated 24th February 1817, it is provided that only "Grain, live-stock and other provisions are to pass free into Pondicherry by land." In the Order of the 17th December 1817, it is stated that all live-stock and articles of provision, (grain of all sorts included,) in quanti-

ties actually and bona-fide required for the consumption of the French Settlements, are permitted to pass the frontier exempt from duty, while, as regards all articles other than grain and provisions, such as native cloths, drugs, curry-stuff, &c., to an extent actually required for the consumption of the inhabitants, are declared liable to a reduced duty of three per cent. From these extracts it is quite evident, that the exemption was not intended to extend indiscriminately to all articles entering into Pondicherry, much less to oil-seeds, coffee, rum, oils, and sugar, which are notoriously articles of external trade, and which, in the Government Orders just quoted, have been expressly declared liable to duty when passing into the French Settlements.

4. It is not correct, as represented by the Chamber, that it was only in 1845 that the French Administration consented to collect duty on rice and alimentary grains when exported by sea from Pondicherry, as Extract from Minutes of Consultation of the 24th February 1817, distinctly lays it down, that "grain exported by sea (from the Settlements) will continue subject to the duty of three per cent.," thus showing that the impost had been in vogue even before 1817.

5. In paragraph 4, the Chamber suggests that the French Government should renew their efforts, in view to obtaining exemption from duty of what is consumed in the Settlements, of all articles newly taxed in and since 1853, by transferring the collection of export duty to the French port of shipment. On this subject, I need but refer the Board to all the correspondence that has passed between the respective Governments through the Collector and Special Agent, and which resulted in the rejection of the proposals submitted by the then Governor of Pondicherry.—Vide Board's Proceedings 11th October 1859, No. 4,094.

6. It seems to me, however, that firewood and charcoal are necessary articles of consumption, and as such it is my opinion that they might be allowed to pass into Pondicherry, and other French Settlements, free of duty, in quantities proportioned to the actual wants of the inhabitants. The Board's Proceedings of the 24th December 1859, No. 5,432, will shew that this matter had already been under consideration.

7. In the eighth and ninth paragraphs of their Memorial, the Chamber complain, that since 1853 or 1859, a practice has been introduced of levying duty on articles exported by sea from any British Indian port, when the port of destination is French, but that when the vessel is bound for another British port, the duty is not collected at all, except on such quantities as may be re-exported to a foreign port, and they say that this proceeding is an infringement of the "stipulations" of 1819, exempting articles of consumption from customs duty. In reply it will only be necessary to remind them, that throughout all the correspondence which passed in 1819 and in previous years, the exemption was limited exclusively to articles imported by land into their Settlements, and could not, by any process of argument, be construed to include importations by sea. The attempts made by the French Government in 1815, and again so late as 1860, to extend this exemption to grain, &c., received by sea, are in proof that such a privilege had never been conceded to them since the restitution of the French Settlements in 1816.

8 At the close of their Memorial, the Chamber contend, that by levying duty on alimentary grains exported by sea from any British port in India to a French port, the English Government infringed the principle of exemption admitted by the "Compact" of 1819, and as well the assimilation adopted as a consequence of the exemption between the French and British ports for some of the principal commodities entering into the consumption of the Settlements, and they claim, that, agreeably to the immunity guaranteed between the two Governments, alimentary grains and other articles of consumption should be permitted to pass by sea into French ports exempt from duty. This question has been so often discussed and settled, that I have only to call attention to the correspondence* which has passed on the subject, merely adding that, since the despatch of my explanatory letter of the 21st January 1863, No. 28, I have had no reason to modify the opinion I then expressed to the effect that the present productiveness and comparative prosperity of the French Settlements rendered any extension of the original indulgence, of immunity from duty of articles of consumption imported for the benefit of the inhabitants, wholly unnecessary.

*From Collector and Special Agent, to the Chief Secretary, 1st March 1845.
From Chief Secretary, to Collector and Special Agent, 21st June 1845.
From Board of Revenue, to Collector and Special Agent, 14th June 1861, No. 3,050.
From Collector and Special Agent to Board of Revenue, 24th June 1861, No. 103.
From Board of Revenue, 6th July 1861, No. 3,559.
From Collector and Special Agent, 16th July 1861, No. 131.
From Board of Revenue, 1st August 1861, No. 4,135.
From Collector and Special Agent, 21st January 1863, No. 28.
From Board of Revenue, 31st March 1863, No. 1,948.
From Government, 18th May 1863, No. 856.

ENCLOSURE No. 1.

ABSTRACT.—Precis of correspondence which has passed between the British Commissioner at Pondicherry, the Special Agent, and the Madras Government, relative to exemption from duty of grain and other articles of consumption imported into the French Settlements in India since their restitution in 1816 up to 1845.

1. Resolved that the foregoing letter be submitted to Government, with reference to the Order quoted by Mr. Reade.
2. In this Order the Government were pleased to forward to the Board of Revenue, for full report, an address from His Excellency the Governor of the French Settlements in India, requesting that goods for the consumption of the people of Pondicherry might be permitted to be exported thither from British territory, free of duty, "in view of obtaining a favorable and sound application of the Inter-national Convention of 1819," and further requesting that the same privileges might be accorded to similar articles exported by sea to Pondicherry from British ports in India. His Excellency forwarded with this address a letter which he had received from the Chamber of Commerce at Pondicherry, entering at greater length into the subjects discussed in His Excellency's letter.
3. In order to prevent any further misunderstanding of the terms on which special privileges have been granted by the British Government to the inhabitants of Pondicherry in regard to the import by land of certain articles of daily con-

sumption, it will be as well that the Board should briefly review all that has taken place on the subject. As the Government are aware the territory of Pondicherry was restored to the French Government after the peace of 1815. It then became necessary to determine on what terms the exports to and from that territory should be treated. The territory was transferred in 1816, and early in the following year, the Supreme Government addressed the Government of Madras on the subject of the privileges to be allowed to the Danish inhabitants of Tranquebar, and to the French inhabitants of Pondicherry, &c.

* From Secretary to Government, Fort William, to Secretary to Government, Madras, dated 7th February 1817, No. 70.

That Government pointed out* that any indulgences, in respect to remissions of the prescribed rates of duty, should be

received distinctly as an act of grace, and that it was essential such remissions should be confined to articles not the objects of foreign trade, and further that the indulgence should be granted, not by a Legislative enactment, but by an Order of Government, so that no difficulty might be experienced in modifying or rescinding the rule should circumstances render such a course necessary. As regarded Pondicherry, the Government of India were of opinion that the indulgence should be immediately restricted to "articles of daily consumption."

4. The Madras Government had, in the meantime, issued instructions to their Officers very much in accordance with the views of the Supreme Government, and had directed that these instructions should be put in force from the 1st of March 1817. Under these orders all articles exported from any of the French Settlements into the territories subject to the Madras Presidency were liable to double duty; all articles of external trade, or materials fit to be wrought into such articles, exported from British territory to any of the French Settlements were liable to double duty; all articles fit only for the internal consumption of the French Settlements were

† i. e. Transit duty	5 per cent.
Export duty	3 per cent.
Total ...	8 per cent.

liable to a single rate of duty of eight per cent;† and grain, live-stock, and all other provisions were liable to no duty; but grain exported by sea was liable to a three per cent. export duty. Subsequently orders were issued that the three per cent. export duty should be levied on all rice exported to French Settlements, and drawback granted on such quantity as was consumed there. On a representation, however, being made by the French Government on this subject, and on their consenting to furnish, every three months, a statement of all articles received from British territory and afterwards exported, the indulgence was again granted as a temporary measure, to be continued only so long as the export of rice from Pondicherry was inconsiderable.

5. Such was the state of matters towards the close of 1817, at which time it would appear that certain propositions were made to the French Government in regard to the discontinuance of the manufacture of salt in their territory,‡ on their acceptance of which the Madras Govern-

‡ Chief Secretary to British Commissioner, 17th December 1817.

ment agreed to the following concessions in respect to customs and duties on articles passing the frontier to and from foreign Settlements:—

1st.—All live-stock, and articles of provisions (grain of all sorts included) in quantities *actually and bona fide* required for consumption at Pondicherry, and other French Settlements, shall be allowed to pass the frontier free of duty.

2nd.—All articles other than grain and provisions, such as native cloths, drugs, curry-stuffs, &c., to an extent actually required for consumption in the French Settlements, shall be subject to a duty of eight per cent.

3rd.—All articles imported at any British port, and which have paid full duty as required by regulation, to be allowed to pass free of all further duty in the French Settlements.

The foregoing concessions, however, to be confined to the actual wants of the French inhabitants, while all articles of export and import trade will still be liable to duty.

6. The Board do not doubt that it is upon this correspondence that the Pondicherry Chamber of Commerce and His Excellency the Governor ground their allusions to "An International Convention" and other similar expressions, but as this correspondence is not on the Board's records, they are unable to do more than observe, that whatever communications may have passed between the two Governments in the early part of 1818, it is very improbable that anything like an International convention of mutual compact could have been entered into, or the fact would surely have been referred to in the Convention of 13th May 1818, which is altogether silent on the subject, and relates to salt alone. But, be this as it may, the concessions above referred to were, if possible, still more clear than the instructions given in the earlier part of the same year, and when the subject was again brought forward by the French Government in 1819, the British Government saw no reason to alter the existing state of things. It is evident that whether the remission of customs duty was conceded as an indulgence, or granted in connection with the salt arrangements, all that can be claimed under it is that articles of food shall be exported by land to the French Settlements free of duty, provided they are for the consumption of the inhabitants, and that other articles of local consumption shall not be charged more than eight per cent. duty.

7. No further correspondence seems to have passed on the subject of the frontier customs duties until after the abolition of the transit duties, and the enactment of Act VI. of 1844. At this period a reference was made by the Collector of South Arcot to know whether the export duties, as declared by the new enactment, were to be levied on grain exported to Pondicherry. In reply the Government declared, under date 5th August 1844, No. 789, that the privilege hitherto-conceded was to be continued at all French Settlements, on the French Government giving a guarantee for the payment of the usual export duty on all grain exported from their Settlements, and directed their own District Officers to ascertain the consumption of grain at each of the Settlements, in order to ensure the due payment of any export duty properly due to the British Government. It appears from a letter from the Governor of the French Establishments, a copy of which was submitted to Government on this occasion, that the free importation of grain for the consumption of the inhabitants, conceded in 1817, had been taken advantage of, up to 1844 in

Pondicherry only, and that there the export of grain had been prohibited in order to prevent any frauds on the British Customs revenue, up to 1838, when it had been permitted in consequence of the inconvenience suffered by the merchants of the place. With this letter the Governor of these Settlements also forwarded the draft of a Convention providing for the free importation of grain into all the French Settlements, and for the levy of British rates of export duty on all grain exported from them. This Convention was, however, never formally executed, though, as shown above, the privileges to be secured by it, were conceded by the British Government.

8. Further correspondence took place between this time and 1848, regarding the introduction of grain to French Settlements by sea on the same terms as by land, but the Madras Government declined to accede to the application made on the subject, as they anticipated great difficulty in carrying the proposed measure into general effect without interfering with the coast trade (letter to Special Agent, 21st June 1845). Some correspondence also took place on the subject of the rates of duty to be levied on grain at the French ports of export, in regard to the flag under which the export was made, and the propriety of levying export duty on behalf of the British Government on grain grown in French territory was raised, a proposal being made that to compensate for any seeming injustice in so doing, the Order requiring export duty to be levied on all grains exported from French ports at the same rates as on grain exported from British ports on foreign bottoms, should be cancelled. These questions were, however, set at rest by the passing of Act VI. of 1848, which abolished the differential rates of export duty.

9. At the request of the French Government, in 1846, certain petty articles* were exempted from export duty at the frontier of Pondicherry, and on the application of that Government for an extension of the privilege to the other French Settlements, the Board were called upon† to report generally on the trade between the Company's Districts and the French Settlements, and to specify such articles of local consumption and petty traffic as should be relieved from duty on the frontier.

10. On the Board's report a large number of articles were placed upon the free list,‡ chiefly, apparently, because the amount of duty levied on them was very inconsiderable, and special schedules of duties were settled for each French Settlement, with the special provision that they should be revised periodically, as it was quite possible that many articles which had been put on the free list as being then of little account, might largely increase in importance in future years.

11. The result of this arrangement was that the trade in several of the articles which had been exempted from customs duty, was found to be diverted to the French ports, and in less than three years the matter was again brought under consideration. Eventually, at the recommendation of the Government of India, the

Submitted to Government, in continuation of the Board's Proceedings, under date the 17th October 1865, No. 6,575.

No. 327A. From His Excellency the Governor of the French Territories in India, to His Excellency the Right Honorable the Governor of Madras, dated Pondicherry, 15th December 1866, No. 39.

I had the honor to submit to your Excellency, under date 23rd May last, a proposition from the Chamber of Commerce at Pondicherry, which had a tendency to apply favorably the terms of the International Treaty of 1819, respecting the free importation from British Territory of articles of consumption in our Settlement. As the Chamber of Commerce has just renewed its application to my Government, I beg to be permitted to call your attention again to the subject, and to request you will be pleased to pass as early a decision as possible on the subject, favorable to the interests of those under my rule.

Deign, Sir, to be assured of the sentiments of profound respect with which I have the honor to be, &c.

No. 327B C. ORDER THEREON, 17th July 1866, No. 1,771.

<p>Separate Revenue, No. 16A.</p> <p>Customs.</p>

1. These papers relate to a Memorial presented to His Excellency the Governor of Pondicherry by the Pondicherry Chamber of Commerce.

2. In forwarding it to this Government for consideration, His Excellency remarked that he did so with a view to obtain a "favorable and sound application of the International Convention of 1819, according to which articles produced on British Territory and introduced into the French Settlements for the consumption of the people ought to enter therein free of all duties."

3. In their Memorial the Chamber of Commerce also speak of the "special compact concluded between the Administration of Pondicherry and that of the Presidency of Fort Saint George in 1819," and observe that according to its terms all articles of consumption ought to be admitted into Pondicherry both by sea and land free of duty.

4. The Governor in Council observes, that it is an error to suppose that any Convention or Treaty on this subject exists between the two Governments. On one occasion the Government of Pondicherry proposed that a Convention should be entered into, but the Madras Government declined the proposal.

5. His Excellency the Governor of Pondicherry on being requested by the Collector of South Arcot to state to what he referred as an "International Convention," indicates a correspondence which took place in 1819, and in which the French authorities sought further concessions, but which terminated in the Proceedings of the 30th August 1819, in which the Madras Government declined to make any concession, which had not been granted previously.

6. The only approximation to a convention between the two Governments is contained in Minutes of Consultation, dated 30th September 1817, communicated to the British Commissioner, in a letter dated the 17th December 1817. In these Proceedings the Madras Government promised to make certain concessions, with respect

to customs and duties on articles passing over the frontier, in case the French Government agreed to discontinue the manufacture of salt, and as the French Government did so agree in a Treaty dated the 13th May 1818, they have a right to expect that these concessions be maintained. They were as follows:—

(1.) All live stock and articles of provisions, grain of all sorts included, in quantities actually and *boni fide* required for consumption at Pondicherry and other French Settlements, to be allowed to pass the frontier free of duty.

(2.) All articles other than grain and provisions, such as native cloths, drugs, curry-stuffs, &c., to an extent actually required for consumption in the French Settlements, to be subject to a duty of 8 per cent.

(3.) All articles imported at any British port, and which have paid full duty as required by Regulation, to be allowed to pass free of all further duty into the French Settlements.

7. The Governor in Council observes that these stipulations refer to *frontier* duties alone, and therefore the levy of duty on grain exported by sea to Pondicherry is not an infringement of the promised concession. He further observes, that there is not a single article mentioned by the Chamber as wrongly taxed, such for instance as firewood and charcoal, that would not be taxed far more heavily than it now is, were the terms of the concession strictly adhered to. The only articles which can be said to be exempted from customs duty by agreement between the Governments, are provisions required for consumption in the French Settlements.

8. The Government has, it is true, at various times exempted many articles besides provisions, but it has done so on the ground that the trade in them was petty, and that they were intended for local consumption. In some cases it has been found that the exemption operated so as to draw away an important export trade from British ports, and in such cases the duty has been re-imposed. These concessions, however, were not demandable under any "Convention," but were made solely at the discretion of the British Government, and it is evident that for the protection of the British revenues, the system of levying frontier duties can never be discontinued so long as the export and import duties levied at French ports are lighter than those levied at British ports.

9. The Governor in Council has every desire to meet the wishes of the inhabitants of Pondicherry, where it is shewn that the frontier duties press hardly upon them, and where the interests of the British Government will allow a change to be made; but the request that grain imported by sea into Pondicherry for consumption may leave British ports free of duty, has been twice rejected of late years, and the flourishing condition of Pondicherry seems to call for no relaxation in this respect.

10. The Governor in Council is also unable to accede to the proposal of His Excellency the Governor of Pondicherry, that goods should be allowed to pass the frontier free of duty on the condition that the French authorities engage to collect the duties in every case where such goods are exported by sea, as this arrangement as now existing has a tendency to unsettle trade.

11. The only point on which the Governor in Council is of opinion that the inhabitants of Pondicherry have fair ground for requesting that the Customs rules may be relaxed, is in the case of the duty on charcoal and firewood. The Governor

land and sea tariffs were entirely assimilated, the exemption from duty of small quantities of certain petty articles of consumption, such as betel and grain, when imported by land into the French Settlements being nevertheless continued as usual. In September 1858, it was

Extract from Minutes of Consultation 15th July 1858, No. 971.

accordingly notified that the Export and Import sea tariff of the Madras Presidency would be, in future, applicable to the trade on the land frontier, but that, for the present, duty would be collected only on certain articles which were detailed for each frontier. During the correspondence which took place on this occasion, the French Government was invited to free from frontier duty eleven articles, which, under former arrangements, had been on the free list, by engaging to levy, on behalf of the British Government, the British rates of export duty whenever any of these articles were exported from French Settlements, as was done in the case of grain, but they did not consent to the proposal. Since this correspondence no change has, it would seem, been made in the system under which duties are levied on the trade with the French Settlements, except that, in 1859, at the request of the French Government, drawback was allowed on articles imported by British Mail Steamers, and afterwards forwarded to Pondicherry: a privilege which was extended in 1862 to all goods however imported. In 1860, however, the French Government again requested that the same privilege might be conceded to grain exported to the French Settlements by sea, as was in force in regard to grain exported thither by land, but the Madras Government, on due consideration, and on Mr. Reade's representation that even the original concession was no longer necessary, as the local supply of grain was fully equal to the local consumption, declined to accede to this request.

Government Order, 18th May 1863, No. 856.

12. It will be perceived, from the foregoing paragraphs, that the representation of the Pondicherry Chamber of Commerce is based throughout upon an entire misapprehension of the facts of the case. Under the so-called Convention, or compact, firewood and charcoal, to which they especially refer, would be required to pay a much higher rate of duty than is levied on these articles at present, for they would be liable to an eight per cent. *ad valorem* duty. The Collector seems to be of opinion that these articles should be passed free, but he must be aware that the cotton thread manufactories of Pondicherry consume them very largely, and the original concession on articles of local consumption was certainly not intended for such cases. The Board, therefore, are opposed to any alteration of the existing practice as regards these articles, and with reference to the existing concessions, they are of opinion that information should be called for regarding the quantity of grain which is passed free over the frontier, and regarding the articles on which draw-back is now granted at the Madras Sea Custom House.

13. With reference to the remarks made by His Excellency the Governor of the French Settlements in paragraph 2 of his letter, the Board observe that the arrangements connected with the collection of the export duty on grain have not been so satisfactory as to induce them to recommend the extension of the system to any other articles. The Board need only refer Government to paragraph 13 of Mr. Reade's letter, dated 21st January 1863, No. 28, recorded in the Board's Pro-

ceedings, dated 31st March 1863, No. 1,948, to shew the nature of these arrangements.

No. 327. Proceedings of the Board of Revenue, dated 3rd November 1865, No. 7,048.

Read the following letter from the Acting Collector of South Arcot and Special Agent for Foreign Settlements, to the Acting Secretary to the Board of Revenue, dated Cuddalore, 23rd October 1865, No. 260:—

1. With reference to paragraph 6 of the Board's Proceedings, No. 6,575, dated 17th instant, I think it proper to forward transcript (with translation) of

the reply* of the Governor of Pondicherry to a letter addressed to His

Excellency by Mr. Reade, applying for a copy of the so-called International Convention of 1819.

2. The Board will see that their surmise, that the Pondicherry Chamber of Commerce and the French Governor ground their allusions to "an International Convention" to the correspondence which passed between the two Governments shortly after the restitution of the French Settlement in 1816, is correct.

(Translation.)

From His Excellency the Governor of the French Establishments in India, to the Collector of South Arcot, dated Pondicherry, 22nd June 1865, No. 55.

1. I have the honor to reply to your letter of the 19th instant, enquiring the duties on articles of consumption coming from the English Territory to that of the French Establishments.

2. The appellation *International Convention* seems to have appeared to you too ostentatious wherewith to designate the *Accord or Arrangement* which took place in 1819, between the local authorities of both nations. I have given this title in good faith, being aware that your own Government have understood the Accord of 1819 as a *Convention or Treaty*, although I know that subsequently, in a Consultation in the Council of the Madras Government, under date the 29th April 1851, (pages 15 to 24 in the Circular of the Board of Revenue of 1851,) on this subject, a marginal note questions the expressions *Convention* and *Treaty*. I am ready, Monsieur le Collector, to recognise the said arrangement of 1819 by any title which may seem proper to you, and which your own Government have understood as an agreed thing (*Chose Convenue*).

3. This being so far explained, I shall now pass on to the bottom of the affair. The British Regulation of the 24th February 1817, which resulted from the deliberations of both Governments on the resumption of Territory by the French, grants exemption from duty on grain and other provisions entering the French Territory for the purpose of consumption. On the 29th March 1819, the French Administration addressed the Government for certain explanations and amplifications; on the 6th May, occurred the advice of the Board of Revenue; on the 8th July, the advice of the Collector; on the 26th July, the proposition of the Board of Revenue; and finally, on the 30th August, the decision of the British Government. If you desire I will send you copies of these documents which constitute, what I have called, "The Convention."

4. I now claim the definite application of the principle admitted from 1817, after deliberation and accord between the two Governments, as indispensable for the consumption of the French Establishments, a principle which has been followed up to this day, but which at times is rendered uncertain by successive modifications. *La Chose Convenue* between the administrations of the two nations, is what I have termed International Convention.

(True Translation.)

(Signed) G. BANBURY,

Acting Collector and Special Agent

in Council remarks that these articles are necessary to the comfort even of the poorest, and that they are not articles of export trade. The Special Agent recommends that the tax should be repealed, and although, as the Board remark, these articles are used in large quantities for manufacturing purposes, the Governor in Council is willing to waive this consideration, and allow firewood and charcoal to pass the frontier free.

12. The frontier duties on these articles will accordingly cease to be levied from the 1st August 1866.

(Signed) W. HUDLESTON,
Acting Secretary to Government.

ment agreed to the following concessions in respect to customs and duties on articles passing the frontier to and from foreign Settlements:—

1st.—All live-stock, and articles of provisions (grain of all sorts included) in quantities *actually and bona fide* required for consumption at Pondicherry, and other French Settlements, shall be allowed to pass the frontier free of duty.

2nd.—All articles other than grain and provisions, such as native cloths, drugs, curry-stuffs, &c., to an extent actually required for consumption in the French Settlements, shall be subject to a duty of eight per cent.

3rd.—All articles imported at any British port, and which have paid full duty as required by regulation, to be allowed to pass free of all further duty in the French Settlements.

The foregoing concessions, however, to be confined to the actual wants of the French inhabitants, while all articles of export and import trade will still be liable to duty.

6. The Board do not doubt that it is upon this correspondence that the Pondicherry Chamber of Commerce and His Excellency the Governor ground their allusions to "An International Convention" and other similar expressions, but as this correspondence is not on the Board's records, they are unable to do more than observe, that whatever communications may have passed between the two Governments in the early part of 1818, it is very improbable that anything like an International convention of mutual compact could have been entered into, or the fact would surely have been referred to in the Convention of 13th May 1818, which is altogether silent on the subject, and relates to salt alone. But, be this as it may, the concessions above referred to were, if possible, still more clear than the instructions given in the earlier part of the same year, and when the subject was again brought forward by the French Government in 1819, the British Government saw no reason to alter the existing state of things. It is evident that whether the remission of customs duty was conceded as an indulgence, or granted in connection with the salt arrangements, all that can be claimed under it is that articles of food shall be exported by land to the French Settlements free of duty, provided they are for the consumption of the inhabitants, and that other articles of local consumption shall not be charged more than eight per cent. duty.

7. No further correspondence seems to have passed on the subject of the frontier customs duties until after the abolition of the transit duties, and the enactment of Act VI. of 1844. At this period a reference was made by the Collector of South Arcot to know whether the export duties, as declared by the new enactment, were to be levied on grain exported to Pondicherry. In reply the Government declared, under date 5th August 1844, No. 789, that the privilege hitherto conceded was to be continued at all French Settlements, on the French Government giving a guarantee for the payment of the usual export duty on all grain exported from their Settlements, and directed their own District Officers to ascertain the consumption of grain at each of the Settlements, in order to ensure the due payment of any export duty properly due to the British Government. It appears from a letter from the Governor of the French Establishments, a copy of which was submitted to Government on this occasion, that the free importation of grain for the consumption of the inhabitants, conceded in 1817, had been taken advantage of, up to 1844 in

Pondicherry only, and that there the export of grain had been prohibited in order to prevent any frauds on the British Customs revenue, up to 1838, when it had been permitted in consequence of the inconvenience suffered by the merchants of the place. With this letter the Governor of these Settlements also forwarded the draft of a Convention providing for the free importation of grain into all the French Settlements, and for the levy of British rates of export duty on all grain exported from them. This Convention was, however, never formally executed, though, as shown above, the privileges to be secured by it, were conceded by the British Government.

8. Further correspondence took place between this time and 1848, regarding the introduction of grain to French Settlements by sea on the same terms as by land, but the Madras Government declined to accede to the application made on the subject, as they anticipated great difficulty in carrying the proposed measure into general effect without interfering with the coast trade (letter to Special Agent, 21st June 1845). Some correspondence also took place on the subject of the rates of duty to be levied on grain at the French ports of export, in regard to the flag under which the export was made, and the propriety of levying export duty on behalf of the British Government on grain grown in French territory was raised, a proposal being made that to compensate for any seeming injustice in so doing, the Order requiring export duty to be levied on all grains exported from French ports at the same rates as on grain exported from British ports on foreign bottoms, should be cancelled. These questions were, however, set at rest by the passing of Act VI. of 1848, which abolished the differential rates of export duty.

9. At the request of the French Government in 1846, certain petty articles* were exempted from export duty at the frontier of Pondicherry, and on the application of that Government for an extension of the privilege to the other French Settlements, the Board were called upon† to report generally on the trade between the Company's Districts and the French Settlements, and to specify such articles of local consumption and petty traffic as should be relieved from duty on the frontier.

10. On the Board's report a large number of articles were placed upon the free list,‡ chiefly, apparently, because the amount of duty levied on them was very inconsiderable, and special schedules of duties were settled for each French Settlement, with the special provision that they should be revised periodically, as it was quite possible that many articles which had been put on the free list as being then of little account, might largely increase in importance in future years.

11. The result of this arrangement was that the trade in several of the articles which had been exempted from customs duty, was found to be diverted to the French ports, and in less than three years the matter was again brought under consideration. Eventually, at the recommendation of the Government of India, the

PROCEEDINGS OF THE BOARD OF REVENUE, dated 17th October 1865.

Read the following letter from C. W. READE, Esq., Collector of South Arcot, and Special Agent for Foreign Settlements, to R. A. DALYELL, Esq., Acting Secretary to the Board of Revenue, dated Cuddalore, 28th July 1865, No. 186:—

1. I am in receipt of the Proceedings of the Board, dated 12th ultimo, communicating the Orders of Government of the 8th idem, forwarding, for report, a letter from His Excellency the Governor of Pondicherry, accompanied by a Memorial from the Pondicherry Chamber of Commerce, claiming a more favorable application of the so-called "International Convention" of 1819, whereby articles intended for the consumption of the French Settlements in India are permitted to be imported into those Settlements free of duty.

2. It is not clear what the nature of the report required of me by Government is, and in the absence of definite instructions on this point, it has occurred to me to notice, *serialim*, the chief features of the Memorial of the Pondicherry Chamber of Commerce.

3. I need scarcely premise that any thing in the shape of an "International Convention," or "Compact," or "mutually binding deed," so frequently referred to by the French Government and the Chamber of Commerce, have no existence

* Vide note to paragraph 1 of Extract from Minutes of Consultation, 29th April 1861, No. 413, received with Board's Proceedings, 29th May 1861.

in fact. After the restitution of the French Settlements in 1816, several attempts were made, with various success, to secure the free import by land into their territory of rice and other alimentary grains until the 22nd March 1819, when the British Commissioner forwarded a letter from the Pondicherry Government complaining of the embarrassments caused by the conduct of the frontier customs officers, and proposing, for the acceptance of the Madras Government, seven distinct propositions, the first of which provided that "All articles destined for the consumption of the inhabitants of Pondicherry, Karikal, Yanam, and Mahé, be declared free of duty," and the Madras Government in reply observed, that this proposition, with three others mentioned by the French Government, were already in force. To test the validity of the claim now put forth, it is necessary that the meaning of the term, "articles of consumption," should be clearly defined, and to understand that meaning as intended by Government it is, I think, sufficient to refer to their Orders passed previous to 1819, and in which this concession is spoken of as being "already in force." The accompanying precis of correspondence will show what these Orders were, but for my present purpose I will simply allude to two of them. In the earliest, that dated 24th February 1817, it is provided that only "Grain, live-stock and other provisions are to pass free into Pondicherry by land." In the Order of the 17th December 1817, it is stated that all live-stock and articles of provision, (grain of all sorts included,) in quantities *actually and bona-fide* required for the consumption of the French Settlements, are permitted to pass the frontier exempt from duty, while, as regards all articles other than grain and provisions, such as native cloths, drugs, curry stuff, &c., to an extent actually required for the consumption of the inhabitants, are declared liable to a reduced duty of three per cent. From these extracts it is quite evident, that the exemption was not intended to extend indiscriminately to all articles entering into Pondicherry, much less to oil-seeds, coffee, rum, oils, and sugar, which are notoriously articles of external trade, and which, in the Government Orders just quoted, have been expressly declared liable to duty when passing into the French Settlements.

4. It is not correct, as represented by the Chamber, that it was only in 1845 that the French Administration consented to collect duty on rice and alimentary grains when exported by sea from Pondicherry, as Extract from Minutes of Consultation of the 24th February 1817 distinctly lays it down, that "grain exported by sea (from the Settlements) will continue subject to the duty of three per cent.," thus showing that the impost had been in vogue even before 1817.

5. In paragraph 4, the Chamber suggests that the French Government should renew their efforts, in view to obtaining exemption from duty of what is consumed in the Settlements, of all

English territory for French to pass free of duty because has already paid the 3% duty in passing English into France. The French however, in 1817, had the French ports open to collect the duties while laws of June 1817.

In Laws 22: 127

In Laws 30 Aug 1817

Board's Proceedings 20th July 1859, No. 13.

articles newly taxed in and since 1858, by transferring the collection of export duty to the French port of shipment. On this subject, I need but refer the Board to all the correspondence that has passed between the respective Governments through the Collector and Special Agent, and which resulted in the rejection of the proposals submitted by the then Governor of Pondicherry. —Vide Board's Proceedings 11th October 1859, No. 4,094.

6. It seems to me, however, that firewood and charcoal are necessary articles of consumption, and as such it is my opinion that they might be allowed to pass into Pondicherry, and other French Settlements, free of duty, in quantities proportioned to the actual wants of the inhabitants. The Board's Proceedings of the 24th December 1859, No. 5,432, will show that this matter had already been under consideration.

7. In the eighth and ninth paragraphs of their Memorial, the Chamber complain, that since 1858 or 1859, a practice has been introduced of levying duty on articles exported by sea from any British Indian port, when the port of destination is French, but that when the vessel is bound for another British port, the duty is not collected at all, except on such quantities as may be re-exported to a Foreign port, and they say that this proceeding is an infringement of the "stipulations" of 1819, exempting articles of consumption from customs duty. In reply it will only be necessary to remind them, that throughout all the correspondence which passed in 1819 and in previous years, the exemption was limited exclusively to articles imported by land into their Settlements, and could not, by any process of argument, be construed to include importations by sea. The attempts made by the French Government in 1845, and again so late as 1860, to extend this exemption to grain, &c., received by sea, are in proof that such a privilege had never been conceded to them since the restitution of the French Settlements in 1816.

8. At the close of their Memorial, the Chamber contend, that by levying duty on alimentary grains exported by sea from any British port in India to a French port, the English Government infringed the principle of exemption admitted by the "Compact" of 1819, and as well the assimilation adopted as a consequence of the exemption between the French and British ports for some of the principal commodities entering into the consumption of the Settlements, and they claim, that, agreeably to the immunity guaranteed between the two Governments, alimentary grains and other articles of consumption should be permitted to pass by sea into French

ports exempt from duty. This question has been so often discussed and settled, that I have only to call attention to the correspondence* which has passed on the subject, merely adding that, since the despatch of my explanatory letter of the 21st January 1863, No. 28, I have had no reason to modify the opinion I then expressed to the effect that the present productiveness and comparative prosperity of the French Settlements rendered any extension of the original indulgence, of immunity from duty of articles of consumption imported for the benefit of the inhabitants, wholly unnecessary.

ENCLOSURE No. 1.

ABSTRACT.—Precis of correspondence which has passed between the British Commissioner at Pondicherry, the Special Agent, and the Madras Government, relative to exemption from duty their restitution in 1816 up to 1845.

- * From Collector and Special Agent to the Chief Secretary, 13th March 1845.
- From Chief Secretary to Collector and Special Agent, 21st June 1845.
- From Board of Revenue to Collector and Special Agent, 11th June 1861, No. 3,050.
- From Collector and Special Agent to Board of Revenue, 24th June 1861, No. 103.
- From Board of Revenue, 6th July 1861, No. 3,559.
- From Collector and Special Agent, 16th July 1861, No. 131.
- From Board of Revenue, 1st August 1861, No. 4,135.
- From Collector and Special Agent, 21st January 1863, No. 28.
- From Board of Revenue, 31st March 1863, No. 1,948.
- From Government, 18th May 1863, No. 856.

1. Resolved that the foregoing letter be submitted to Government, with reference to the Order quoted by Mr. Reade.

2. In this Order the Government were pleased to forward to the Board of Revenue, for full report, an address from His Excellency the Governor of the French Settlements in India, requesting that goods for the consumption of the people of Pondicherry might be permitted to be exported thither from British territory, free of duty, "in view of obtaining a favorable and sound application of the International Convention of 1819," and further requesting that the same privileges might be accorded to similar articles exported by sea to Pondicherry from British ports in India. His Excellency forwarded with this address a letter which he had received from the Chamber of Commerce at Pondicherry, entering at greater length into the subjects discussed in His Excellency's letter.

3. In order to prevent any further misunderstanding of the terms on which special privileges have been granted by the British Government to the inhabitants of Pondicherry in regard to the import by land of certain articles of daily consumption, it will be as well that the Board should briefly review all that has taken place on the subject. As the Government are aware the territory of Pondicherry was restored to the French Government after the peace of 1815. It then became necessary to determine on what terms the exports to and from that territory should be treated. The territory was transferred in 1816, and early in the following year, the Supreme Government addressed the Government of Madras on the subject of the privileges to be allowed to the Danish inhabitants of Tranquebar, and to the French inhabitants of Pondicherry, &c.

* From Secretary to Government, Fort William, to Secretary to Government, Madras, dated 7th February 1817, No. 70.

That Government pointed out* that any indulgences, in respect to remissions of the prescribed rates of duty, should be received distinctly as an act of grace, and that it was essential such remissions should be confined to articles not the objects of Foreign trade, and further that the indulgence should be granted, not by a Legislative enactment, but by an Order of Government, so that no difficulty might be experienced in modifying or rescinding the rule should circumstances render such a course necessary. As regarded Pondicherry, the Government of India were of opinion that the indulgence should be immediately restricted to "articles of daily consumption."

4. The Madras Government had, in the meantime, issued instructions to their officers very much in accordance with the views of the Supreme Government, and had directed that these instructions should be put in force from the 1st of March 1817. Under these Orders all articles exported from any of the French Settlements into the territories subject to the Madras Presidency were liable to double duty; all articles of external trade, or materials fit to be wrought into such articles, exported from British territory to any of the French Settlements were liable to double duty; all articles fit only for the internal consumption of the French Settlements were liable to a single rate of duty of eight per cent; and grain, live-stock, and all other provisions were liable to no duty, but grain exported by sea was liable to a three per cent. export duty. Subsequently orders were issued that the three per cent. export duty should be levied on all rice exported to French Settlements, and drawback granted on such quantity as was consumed there. On a representation, however, being made by the French Government on this subject, and on their consenting to furnish, every three months, a statement, of all articles received from British territory and afterwards exported, the indulgence was again granted as a temporary measure, to be continued only so long as the export of rice from Pondicherry was inconsiderable. *To be limited to Pondicherry.*

* i. e. Transit duty 5 per cent.
Export duty 3 per cent.
Total 8 per cent.

5. Such was the state of matters towards the close of 1817, at which time it would appear that certain propositions were made to the French Government in regard to the discontinuance of

The only order to be made is that from 15 April 1817, rice should be exempt from duty when it is exported to French settlements for consumption in whole or in part, and that the duty should be levied on the remainder of the rice exported to French settlements.

Read the following letter from G. BANBURY, Esq., Acting Collector of South Arcot and Special Agent for Foreign Settlements, to R. A. DALYELL, Esq., Acting Secretary to the Board of Revenue, dated Cuddalore, 23rd October 1865, No. 260:—

With reference to paragraph 6 of the Board's Proceedings, No. 6,575, dated 17th instant, I think it proper to forward transcript (with translation) of the reply of the Governor of Pondicherry to a letter addressed to His Excellency by Mr. Reade, applying for a copy of the so-called International Convention of 1819.

Dated 22nd June 1865, No. 55.

2. The Board will see that their surmise, that the Pondicherry Chamber of Commerce and the French Governor ground their allusions to "an International Convention" to the correspondence which passed between the two Governments shortly after the restitution of the French Settlement in 1816, is correct.

ENCLOSURE No. 1.

Translation.

From His Excellency BONTEMPS, Governor of the French Establishments in India, to the Collector of South Arcot, dated Pondicherry, 22nd June 1865, No. 55.

1. I have the honor to reply to your letter of the 19th instant, anent the duties on articles of consumption coming from the English Territory to that of the French Establishments.

2. The appellation *International Convention* seems to have appeared to you too ostentatious wherewith to designate the *Accord* or *Arrangement* which took place in 1819, between the local authorities of both nations. I have given this title in good faith, being aware that your own Government have understood the Accord of 1819 as a *Convention* or *Treaty*, although I know that subsequently, in a Consultation in the Council of the Madras Government, under date the 29th April 1851, (pages 15 to 24 in the Circular of the Board of Revenue of 1851), on this subject, a marginal note questions the expressions *Convention* and *Treaty*. I am ready, Monsieur le Collecteur, to recognise the said arrangement of 1819 by any title which may seem proper to you, and which your own Government have understood as an agreed thing (*Chose Convenue*).

3. This being so far explained, I shall now pass on to the bottom of the affair. The British Regulation of the 24th February 1817, which resulted from the deliberations of both Governments on the resumption of Territory by the French, grants exemption from duty on grain and other provisions entering the French Territory for the purpose of consumption. On the 20th March 1819, the French Administration addressed the Government for certain explanations and ameliorations; on the 6th May, occurred the advice of the Board of Revenue; on the 8th July, the advice of the Collector; on the 26th July, the proposition of the Board of Revenue; and finally, on the 30th August, the decision of the British Government. If you desire I will send you copies of these documents which constitute, what I have called, "The Convention."

4. I now claim the definite application of the principle admitted from 1817, after deliberation and accord between the two Governments, as indispensable for the consumption of the French Establishments, a principle which has been followed up to this day, but which at times is rendered uncertain by successive modifications. *La Chose Convenue* between the administrations of the two nations, is what I have termed International Convention.

(True Translation.)

(Signed) G. BANBURY,

Acting Collector and Special Agent.

Submitted to Government, in continuation of the Board's Proceedings, under date 17th October 1865, No. 6,575.

(True Copies and Extract.)

Acting Secretary.

To W. Hudleston, Esq., Acting Secretary to Government, R. D., with enclosure.

Copy to C. W. Reade, Esq., Collector of South Arcot.

Exd. J. Wright.

* Chief Secretary to British Commission, 17th December 1817.

the manufacture of salt in their territory, on their acceptance of which the Madras Government agreed to the following concessions in respect to customs and duties on articles passing the Frontier to and from Foreign Settlements:—

1st.—All live-stock, and articles of provisions (grain of all sorts included) in quantities actually and bona-fide required for consumption at Pondicherry, and other French Settlements, shall be allowed to pass the frontier free of duty.

2nd.—All articles other than grain and provisions, such as native cloths, drugs, curry stuffs, &c., to an extent actually required for consumption in the French Settlements, shall be subject to a duty of eight per cent.

3rd.—All articles imported at any British port, and which have paid full duty as required by regulation, to be allowed to pass free of all further duty in the French Settlements.

The foregoing concessions however to be confined to the actual wants of the French inhabitants, while all articles of export and import trade will still be liable to duty.

6. The Board do not doubt that it is upon this correspondence that the Pondicherry Chamber of Commerce and His Excellency the Governor ground their allusions to "an international convention" and other similar expressions, but as this correspondence is not on the Board's records, they are unable to do more than observe, that whatever communications may have passed between the two Governments in the early part of 1819, it is very improbable that anything like an international convention or mutual compact could have been entered into, or the fact would surely have been referred to in the Convention of 13th May 1818, which is altogether silent on the subject, and relates to salt alone. But, be this as it may, the concessions above referred to were, if possible, still more clear than the instructions given in the earlier part of the same year, and when the subject was again brought forward by the French Government in 1819, the British Government saw no reason to alter the existing state of things. It is evident that whether the remission of customs duty was conceded as an indulgence, or granted in connection with the salt arrangements, all that can be claimed under it is that articles of food shall be exported by land to the French Settlements free of duty, provided they are for the consumption of the inhabitants, and that other articles of local consumption shall not be charged more than eight per cent. duty.

7. No further correspondence seems to have passed on the subject of the frontier customs duties until after the abolition of the transit duties, and the enactment of Act VI. of 1844. At this period a reference was made by the Collector of South Arcot to know whether the export duties, as declared by the new enactment, were to be levied on grain exported to Pondicherry. In reply the Government declared, under date 5th August 1844, No. 789, that the privilege hitherto conceded was to be continued at all French Settlements, on the French Government giving a guarantee for the payment of the usual export duty on all grain exported from their Settlements, and directed their own District Officers to ascertain the consumption of grain at each of the Settlements, in order to ensure the due payment of any export duty properly due to the British Government. It appears from a letter from the Governor of the French Establishments, a copy of which was submitted to Government on this occasion, that the free importation of grain for the consumption of the inhabitants, conceded in 1817, had been taken advantage of, up to 1844 in Pondicherry only, and that there the export of grain had been prohibited in order to prevent any frauds on the British Customs revenue, up to 1833, when it had been permitted in consequence of the inconvenience suffered by the merchants of the place. With this letter the Governor of these Settlements also forwarded the draft of a Convention providing for the free importation of grain into all the French Settlements, and for the levy of British rates of export duty on all grain exported from them. This Convention was, however, never formally executed, though, as shown above, the privileges to be secured by it, were conceded by the British Government.

From so-called "conventions" from a memo. recorded in the 18 Feb 1845 it appears that there was then no such office for such "conventions" what name could be found. Hence the marginal note to 1845 is not found to by present Governor of Pondicherry. Dec 1845

6012979/65

Reputation, to England
By the letter of 5-2-1866 page 22.9
action

1865. Department.
No. of Govt. for duty.

No. 3/58
PROCEEDINGS OF THE BOARD OF REVENUE,

Data 3rd November 1865.
 40726-0
 22372
 2105 (11)

No. 7,048.

Submitting letter from the Acting Collector of South Arcot forwarding copy of the reply of the Governor of Pondicherry to an application made to him for a copy of the so-called International Convention of 1819.

2022

with her mother 22866-9466
12/11

Pro: 24 February 1817 No 66.
 - 3 March - 12-20
 - 15 April - 16.
 - 21 - 24-25
 - 9 June - 7-8
 - 2 September - 3-4
 - 23 December - 78 Foreign
 - 10 April 1849 - 1-2
 - 30 August - 40 @ 42
 - 5 August 1854 - 32 @ 34
 - 28 February 1850 - 30-31
 - 20 April 1851 - 57-58
 - 16 July 1858 - 23-24
 - 18 May 1853 - 206-207
 - 8 June 1865 - 13/132

Revis 1865. Department
 Pro of Govt for duty

No. 2929 -
 PROCEEDINGS OF THE BOARD OF REVENUE,

Dated 17th October 1865.

Sup 20
 22/10/65
 C. J. O. P. L.

No. 1771 - 17 July
 No. 6,575.

Submitting with remarks report from the
 Acting Collector of South Arcot on letter from
 the Governor of the French Settlements in India
 regarding the levy of export duty on goods
 exported to Pondicherry from the British territory,
 and objecting to any alteration in the
 present practice as to the duty on such
 goods.

No 326

C. J. O. P. L. 22/10/65

Exd. J. Wright

Gouvernement
 des Etablissements Français
 dans l'Inde

Cabinet du Gouverneur.

98.39

Pondicherry, le 15 Décembre 1865.

Monsieur le Gouverneur,

J'ai eu l'honneur de soumettre à Votre Excellence
 sous la date du 23 Mai dernier, un mémoire de la
 Chambre de Commerce de Pondicherry tendant à obtenir
 une favorable application de la Convention Internationale
 de 1819, relativement à l'introduction avec franchise des
 articles provenant du territoire anglais et à venir à la
 consommation des habitants de nos Etablissements. Comme
 la Chambre de Commerce vient de faire aujourd'hui
 une nouvelle démarche auprès de l'Administration, je
 me permettrai de vous rafraîchir cette affaire, Monsieur
 le Gouverneur, en vous priant de vouloir bien y donner
 la plus tôt possible une solution favorable aux intérêts de nos
 administrations.

Veuillez agréer, Monsieur le Gouverneur,
 l'assurance de la haute considération avec laquelle
 j'ai l'honneur d'être,

De Votre Excellence,

Le très-obéissant serviteur
 Le Commissaire Général de la Marine
 Gouvernement des Etablissements Français dans l'Inde

A Son Excellence le très-honorable Gouverneur de la Présidence des Indes
 St. George,

(and therefore by land) live stock,
grain and provisions actually
needed for the consumption of
the inhabitants, duty free. Every

thing else, what is intended for "including even every stuff

the consumption of the inhabitants
or not is to be taxed, with the single
exception of articles imported and
taxed at a British port and
afterwards passed over the frontier
into the Foreign Settlement.

Articles ~~now~~ which there
was no export trade, & which
were needed for consumption
were charged 8 pp. all
other articles 16 pp.

Grain exported from an
English port to a French port
~~seems always to have been taxed~~
~~at the former~~. We have however
since exempted many articles
besides provisions on the ground
that the trade in them was petty
and that they were intended for
local consumption. Perhaps this
had led the Chamber into the error
of applying the concession about
provisions to all articles of con-
sumption.

Grain exported from an English
port to a French port seems al-
ways to have been taxed at the
former

of Commerce is entirely mistaken
when it talks of such articles as
Firewood, Charcoal Oil-seeds, &c. and
says they ought to be exempt
under the "Convention".

It is also mistaken when
it says that the tax on grain
imported by sea is an infringe-
ment of the "Convention", for the
order ~~only~~ so called ^{only} applies only to
frontier duties.

The French demand as a
right - what can only be regarded
as a favour.

They make 3 requests,

1st they ask that grain

imported by sea for consump-
tion may have British ports
free. This proposition has been

rejected once on the ground that the
concession would derange the coast-
ing trade, and once on the ground that

the local production was sufficient
to meet the local consumption. Mr.

Reade is of opinion that the
French do not act loyally in the
matter

I agree with Mr. Reade I do not see that
the French have any right to question our
right to impose export duties, or to claim
exemption from their operation. They
cannot then claim duty free from our
neighbouring districts if they like - W.D.

Letter to Directors 7 of 1846
I think that it should still
be rejected. The concess.
- Lion might lead to
Cott. Br. 18th May 1863

found it is not really necessary
- say for if the French later
think do not know how
grain enough for their
own consumption, the
deficit may easily be
supplied by land importations from the
neighbouring districts.

matter of levying duty for us
on grain exported by sea. They
have nothing to show whether any
cargos of grain that may be export-
ed was grown in our territory
or their own, and the amount they
collect is very trifling.

That does not mean that they
are bound to levy for us
duty on all grain exported
whenever produced.
Yes, or they might export all the grain
of South Arcot - WD

2ndly they urge that
palm oil, seeds, &c. should be free
"as they always used to be." From
the papers it would seem that if
they ever were so (and some were so
for a short time) it was in conse-
quence of orders passed with re-
gard to the vexatious character
of the import and of the trifling
amount of revenue produced; and
revoked when Govt. found that
Pondicherry, being a free port, was
drawing away from our own terri-
tory free.

3rdly they ask that
firewood, and charcoal may
be imported duty free. This
request

III. articles for consumption
+ even should I think
except for it pays no
duty on 27 ports from
our ports - so should sugar
cotton (if not so now) and
all articles on our 27 ports
free list -
WD

of Pondicherry
The Governor seems to acquiesce,
though somewhat faintly, that he has misapplied the
term "Consumption" ~~with reference to the~~
~~of the port~~; I think there
can be no ground for alarm that
the inhabitants of French territory
are insufficiently supplied from
the produce of their own settlements.
If there was even a remote possibility
of such a result from our collection
of a former duty - I would readily
abandon it. But it is not so
bony one who has lived near
Pondicherry & Karikal that
the area of cultivation ~~has~~
widely spread & that grain is
grown in French limits in great
abundance of considerable export
value. The yield of their French
character of commerce in their
speculation, must then, I think
be become much more than they
were prior to 1817 than they
now receive. The system of
revenue from the French authorities
in amount of duty due to them
on grain imported by sea
after paying our former is a
vast imposition unless it has
been changed since I was
collector of Calcutta dealing
with the Karikal people -
and I would not do anything
in the way of undulating com-
merce by not that system
has been suspended - the right
perhaps, in refusing to meet
the port against point out that
it has not been stated anywhere
that what is now imported in
large quantities is insufficient for
local consumption & that
the primary object of this rule
passed in favor
of the "subject"
then from
as this is

request does not seem to be
so objectionable as the other;
but it is not warranted
by the order of the 30th
Sept 1817 - It may be
shown. Firewood &c.
& charcoal on our list
- char. of Calcutta
Ld. - WD

For Order.
The Govt seem to
me to have pro-
tection for depre-
cating the Exter-
ior of Ex is truly
concessions - The
grain concessions in
is an WD that
should be to be
any. Then that they
be similar, for
origin is difficult
to prove or detect.
was broken
a preface not felt. I. O. S.
the boundary -

think it is likely enough,
 however, that firewood
 charcoal are scarce articles
 in the French settlements
 and although, as the Viceroy
 has remarked, a good
 deal of them may be consumed
 at the steam cotton twist manu-
 factory, it would be a painful
 consequence to free those two items
 from the operation of the tariff
 rule - of course, only a small portion
 of what actually passes the frontier line
 is taxed, and of the tax levied at
 our frontier when things do pass, it
 has always seemed doubtful to me whether
 the French Govt & Co. did not absorb
 the lion's share - If in fact we could
 only get from the French authorities a fair
 equivalent in some form or other, it would
 be able to pay to the land to do away with
 the frontier line duties altogether

W.D.

The French people do not seem to have any good
 cause of complaint and I should be unwilling
 to make them any concession which they are
 so prone to abuse -

It might be a pity to let a return of
 the articles on which duty is now collected
 on the French frontier in view to the exemption
 of such - besides firewood and charcoal -
 as an article of external trade, which is
 the true criterion.

If the French Govt would consent to
 do as the French Govt has lately done
 and in place of keeping the tariff free
 call March 1866
 Re 6/10/66

Read Sept 17/71
 Proceedings of the Madras Government
 under date the 17 July 1866 -

Read again letter from
 H.E. the Govt of the French Settlements
 included of 23 May & recorded in
 No. of Govt 8th June 1865, No 1283 -

Read also the following

Pro: of the Board of Revenue - (Here enter 17th Dec 1865 No 1664/87)
 do do do (Here enter 3rd Nov 1865 No 7048)
 from the Govt of the French Settlements in India - (Here enter 15th Dec 1865 No 1289)

These papers relate to
 a memorial presented to
 H.E. the Governor of Pondicherry
 by the Pondicherry
 Chamber of Commerce -

In forwarding it
 to this Government for
 consideration H.E. remarked
 that he did so with a view
 to obtain a "favourable and
 sound application of the
 international Convention
 of 1819, according to which
 articles produced on British
 territory and introduced into
 the French Settlements for the
 consumption of the people
 ought

ought to enter therein free
of all duties."

In their Memorial the
Chamber of Commerce also
^{states} ~~speaks~~ of the "special Compact"
concluded between the Admini-
stration of Pondicherry and
that of the Presidency of
Fort St. George in 1819, and
~~states~~ ^{says} that according to its terms
all articles of consumption
ought to be admitted into
Pondicherry both by sea and
land free of duty.

The Governor in Council
observes that ~~both the Governor~~
of Pondicherry and the Cham-
ber of Commerce ^{it is an} are in error
in supposing that any con-
vention or treaty on this
subject exists between the
two Govts. On one occasion
the Govt. of Pondicherry pro-
posed that a convention
should be entered into but the
Madras Govt. ^{the proposal} declined, and
they

they appear to have determined
from the first that all conces-
sions should be granted by
orders in Council with the
express purpose that the
Pondicherry authorities might
never have the right to question
the interpretation put upon
them.

H. E. the Governor of Pondi-
cherry ^{on being requested to state} has been asked ^{as} what
he referred to ~~as~~ ⁱⁿ an "international conven-
tion", and ^{in reply} he refers
to a correspondence which
~~really did take~~ ^{took} place in
1819 and in which the
French ^{authorities sought} ~~asked~~ for further
concessions, but which
was terminated in
the ^{proceedings} ~~order~~ of the 30th August
1819 in which ^{the Madras} Government
declined to make any
concession, which
had not been granted
previous

Primo 2.000.000.

York

port and which have
paid full duty as
required by regula-
tion, & be allowed
to pass free of all
further duty into the
French settlements.

The Governor in
Council observes that
these stipulations
refer to frontier du-
ties alone, and there-
fore the ^{levy of duty on} ~~transport~~ on grain
reported ^{by the} ~~from a~~ port
to Pondicherry is
not an infringement
of the Convention.

He further observes
that there is not a
single article

(mentioned)

The Governor in Council
has every desire to meet the
wishes of the inhabitants of
Pondicherry where it is shown
that the frontier duties press
hardly upon them, and where the
interests of the British Govt
will allow a change to be made.
~~He must observe, however,~~
~~that the Memorial of the Regid~~
~~was before him, & contains~~
~~which~~ ~~unsubstantiated~~ ~~grounds~~ of the
facts of the case, is not
calculated to affect the object
which the memorialists have
in view.
but the request that grain
imported by sea into Pondi-
cherry for consumption may
leave British ports free of
duty has been twice rejected
of late years, and the
flourishing condition of
Pondicherry

Pondicherry seems to call
for no relaxation in the
respect. ~~in the~~ ~~in the~~ ~~in the~~
The Governor in
Council is also unable
to accede to the proposal
of His Excellency the Governor
of Pondicherry that goods
should be allowed to pass
the frontier free on condition
that the French
authorities engaged to collect
the duties in every case
where such goods are exported
by sea, ~~as the~~
~~shown that~~ ~~as the~~
~~as now existing~~ ~~as now existing~~
arrangement ~~is~~ ~~is~~ ~~is~~
by a ~~loss of revenue~~ ~~and~~
~~an~~ ~~unsettlement of~~ ~~trade.~~

The only point on which
the Governor in Council
is of opinion that the inhabitants
of Pondicherry have fair
ground

ground of requesting ^{that the} ~~the~~
customs rules may be
relaxed is in the case of the
duty ~~tax~~ on charcoal & firewood.

The Governor in Council
remarks that these articles
are necessary to the comfort
even of the poorest, and that
they are not articles of export
trade. The Special Agent re-
commends that the taxes
should be repealed and
although, as the Board remark,
these articles are used in
large quantities for manu-
facturing purposes, the
Governor in Council is
willing to waive this con-
sideration and allow firewood
and charcoal to pass
the frontier free.

The ^{frontier} duties on these
articles

articles will accordingly
cease to be levied from the
^{August}
1st July 1866

..... JH


14. Fld Board of Aes Dec 20 July

Reported to England
13th Sept. 1866 Sept. 1866 Sept. 1866

11-12-1866

13. 8. 66

10-4-16

16. 8. 26 II ✓

Revenue 1866 Sept
Pr of Govt for July

No 1771

Pr of the Madras
Government
27th July 1866.

Survey of the ^{free} adm.

of charcoal and
firewood into Pondicherry
from the 1st Aug 1866.

No 326-327 & 327A-327B