

Revenue Department
12th April 1871.

No. 663.

To,
The Financial Secretary to the
Government of India

Sir,

I am directed to forward
the accompanying papers for sub-
mission to the Gov^t of India,
with the recommendation of the
Gov^t that on the revision of the
Export Tariff, the addition be made
of Indigo leaves, whether green or d^y,
with a duty of 6 Rs per ton, a
corresponding sufficiently nearly to
the duty of Rs. 3 per mangle on
manufactured Indigo.
2 The papers indicate
reasons for this recommendation.

L.D.

GO
4 April 1871

A.A.

V. W. S.

N.

25/

10/15/25/RH

No 126

Report of the

662

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

No. 124. Read the following Proceedings of the Board of Revenue, dated 23rd March 1871, No. 1,258:—

Read the following letters:—

From J. H. GARSTIN, Esq., Officiating Collector of Sea Customs, to the Acting Secretary to the Board of Revenue, dated Madras, 13th March 1871, No. 248.

I HAVE the honour to acknowledge the receipt, on the 1st instant, of the Board's Proceedings of the 28th February 1871, No. 891, communicating Government Order of the 3rd February 1871, No. 227, on the Board's Proceedings of the 18th July 1870, No. 4,931.

2. In obedience to the Board's orders I at once communicated with the Secretary to the Chamber of Commerce on the question, whether the free exportation of the Indigo leaf to Pondicherry or elsewhere is likely to place the British manufacture of Indigo at a disadvantage, requesting him to lay the matter before the Chamber, and communicate their views to me, as soon as possible.

3. As, however, the question is one which involves the immediate loss of revenue to Government, I venture to submit this letter without waiting any longer for the reply from the Chamber of Commerce; because the information herein embodied has been obtained from some of the leading members of that body, and will, I think, suffice to enable the Government to come to a conclusion upon the question which has been referred to the Chamber.

4. When I assumed charge of the Custom-house from Mr. Hunter-Blair, he drew my attention to the fact of a quantity of Indigo having lately been imported from Pondicherry for re-exportation to Europe; and as several other importations had taken place shortly before, and others took place shortly afterwards, I looked into the matter, and applied to Mr. Reade, the Collector of South Arcot, and to Messrs. Parry & Co., for information regarding the manufacture of Indigo in South Arcot, and its manufacture in, and export from, Pondicherry, and have embodied the results of my inquiries and my own conclusions in the following report.

5. Between the 16th December 1870 and 16th February 1871, 862* chests of Indigo, containing 2,157 Indian Maunds, have been exported from Pondicherry on

* A. Vide Statement enclosed. have been exported from Pondicherry on coasting steamers, and landed here, lodged in the Custom-house under a declaration that they were intended to be re-exported, and have all (with the exception of 10 chests, sent to Calcutta, and about 158 chests, containing 438 Indian Maunds,

Spencer A. ...

Dr. ...

6/11/71 OGD 10

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

for which application to re-export has been made, but which have not been yet shipped) been re-exported to Europe free of all Customs-duty.

6. During the year 1869 only 15 chests of Indigo were imported here from Pondicherry, which were all re-exported to Calcutta. None were re-exported to Europe, so that this interportal trade in Indigo may be said to have suddenly sprung into existence.

7. Now it is perfectly clear that this Indigo must either have been manufactured in Pondicherry or imported there by land from the district of South Arcot.

8. If it was manufactured in Pondicherry, the plant from which it was made must either have been grown on French or English soil; and if on the latter, the plant must have been carried into Pondicherry either as what is called "green" or "dry leaf."

9. In either case as no frontier duty is leviable on the plant, whether green or dry, it is perhaps only a matter of congratulation that so brisk a trade should have developed so suddenly among our French neighbours.

10. There are, however, two other hypotheses, viz., (1), that this Indigo was manufactured in the South Arcot District, and carried into Pondicherry after paying the frontier duty; and, (2), that it was so manufactured and carried in without paying that duty.

11. If it paid the frontier duty, the Indian revenue is no sufferer; but if that duty has been evaded, it is a very heavy loser, viz., to the extent of about Rs. 6,471 in two months.

12. I learn from Messrs. Parry & Co., to whom I wrote on the subject, B. Copy of their letter enclosed. that the French and English villages are intermingled along the frontier, and that "every mile are so a vat is to be found, and, in favourable localities, several in one village." From this, I conclude that there is a considerable manufacture of Indigo along the frontier in French villages as well as in English ones.

13. From the Collector of South Arcot, I learn that out of 42,264 acres of land cultivated in Fasli 1279 with Indigo in that district, 32,658 acres were situated in the three taluqs contiguous to the French territory; so that it may be fairly assumed that, if there are Indigo vats in the French villages, and if it is cheaper to carry the Indigo plant across the frontier free, and make the Indigo in Pondicherry, than to manufacture it in South Arcot, and carry it in after paying the frontier duty of 3 Rs. per maund, the former is the mode by which the new trade has been developed. If, however, the latter plan is the cheaper of the two, then, unless an increase in the receipts of transit duty on Indigo in South Arcot has occurred, corresponding to the quantity imported here, there has been a great deal of smuggling; and if there has been smuggling, the only way to prevent it is to strengthen the Preventive Establishment and make it more efficient.

14. From Messrs. Parry & Co.'s letter, it seems that it takes at least 1,000 lbs. of "green leaf," or 2,000 of "dry leaf," to make a maund of Indigo, and that

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

cart-hire is one Anna per mile; so that if these articles are carted across the frontier into Pondicherry, the cost of their transport is at least one and-a-quarter Annas per mile per 1,000 lbs., assuming 800 lbs. to be a cart-load.

I learn from an Indigo manufacturer of Trivellore that he pays 1½ Annas per mile for a cart-load of the Indigo plant, and that the load varies from 1,250 to 1,500 lbs.

Hence for a distance of 30 miles the cart-hire for conveying 1,000 lbs. of green leaf into Pondicherry would be Rs. 2-5-6,

Relative cost of English and French made Indigo in Pondicherry. If cart-load is 800 lbs., or 10 maunds.

After 30 miles carriage { 3 3 0 E.
2 5 6 F.

Difference 0 13 6 per maund.

After 20 miles carriage { 3 2 0 E.
1 9 0 F.

Difference 1 9 0 per maund.

After 10 miles carriage { 3 1 0 E.
0 12 6 F.

Difference 2 4 6 per maund.

Relative cost of English and French made Indigo. Pondicherry, if cart-load be taken at 1,000 lbs. of 12 maunds.

If carried 30 miles ... { 3 2 6 E.
1 14 0 F.

Difference 1 4 6 per maund.

If carried 20 miles ... { 3 1 9 E.
1 4 0 F.

Difference 1 13 9 per maund.

If carried 10 miles ... { 3 0 10 E.
0 10 0 F.

Difference 2 6 10 per maund.

or Rs. 1-14-0, and Rs. 3-2-6, leaving out of consideration the cost of manufacture in each case.

15. These figures lead me to think that the Indigo lately imported here in such large quantities is manufactured in French territory from the Indigo plant grown in South Arcot, and carted free into Pondicherry; for it is impossible to suppose that one-tenth part of the plant required to manufacture 862 maunds of Indigo could be grown within the French limits, and, if I am right in my conclusions, it is then a question for the Board's consideration whether any measures should be recommended to be taken to tax the Indigo plant in transit. My own opinion is, that all manufactures of Indigo should be taxed on export by sea or in transit across the frontier at the present rate of Rs. 3 per Indian Maund, and that the Indigo plant, whether green or dry, should be taxed to the extent of 3 Rs. per candy of 500 lbs., whether on export by sea or in transit across the frontier.

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

16. I have been informed by the Honourable A. F. Brown of Messrs. Parry & Co. that lump or fig Indigo, regarding which some correspondence was carried on last year between this office, the Board, and Government, is used to a small extent for dyeing purposes; that the price of South Arcot fig or lump Indigo is about 20 or 25 Rs. a candy, while that made in Tanjore is worth about 100 Rs., and ordinary Indigo between 625 and 800 Rs. a candy. This lump Indigo is made thus according to Mr. Brown: "The leaf is allowed to steep in a large chatty full of water (which is) then drawn off into a large pot and beaten 'till the fœcula forms; as soon as that is the case, clay is added according to taste and the water drained off. The residuum is made into lumps and called 'fig.' " I send a specimen of it together with one of ordinary Indigo. The difference between the two in weight and colour is very marked, although the quality of the Indigo mixed with clay is just as good as the purer article. I am decidedly of opinion that a differential duty would only hold out an inducement to smuggle the superior article across the frontier as the inferior one, and that the same duty should, therefore, be levied on both.

ENCLOSURE No. 1.

From Messrs. PARRY & Co., to the Acting Collector of Sea Customs, dated Madras, 23th February 1871.

We have the honour to acknowledge the receipt of your letter of the 15th instant, and to furnish the information required by you as well as we can, although it is not easy to give exact figures. The percentage of foreign matter added by the manufacturer depends entirely on the kind of article he wishes to turn out, and differs in almost each case, Indigo being an elastic term applied to anything that can pretend to be blue.

Questions put.

1.—What is the average yield, by weight, per acre of the Indigo plant when in a condition to be used in the manufacture of Indigo?

1.—The yield of leaf depends on the weather. There are three or four cuttings of the plant. If the weather is hot and dry at the time of cutting, the dry leaves used might weigh from a half to three-quarters of a ton. If the weather was cloudy and damp, the green leaf might weigh about four tons.

2.—How many pounds of the plant in this state are required to make a maund of Indigo?

2.—Fully 2,000 lbs. of dry leaf are required to make a maund of Indigo, and 1,000 lbs. of green.

3.—What is the rate per mile for a laden bandy in South Arcot?

3.—The rate per mile for a laden bandy in South Arcot is one Anna.

4.—How far distant from French territory are those Indigo factories in South Arcot which are nearest to the French frontier, and how far off are the most distant ones?

4.—French and English territory are not separated by any distinct and clear line, but the villages are intermixed; every mile or so a vat is to be found, and in favourite localities several in one mile.

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

ENCLOSURE No. 2.

Statement of Indigo imported from Pondicherry by sea and re-exported free of duty.

Date.	Name of the Shipper.	Indigo.	Quantity.	By what Vessel exported.	To what Port.
1870.			IN. MDS. S. T.		
Dec. 9th.	Messrs. Dymes & Co.	71 Chests.	151 2 16	Steamer Simla.	Suez.
" 16th.	Do. ...	10 "	22 27 6	" Mooltan.	Calcutta.
1871.					
Jan. 6th.	Do. ...	45 "	95 20 59	" Mooltan.	Suez.
" 7th.	Do. ...	63 "	132 6 20	" Edinburgh	London.
" 21st.	Do. ...	145 "	341 22 35	" Mongolia.	Suez.
" 24th.	" Shand & Co. ...	350 "	927 12 64	" Edinburgh.	London.
" 26th.	" Dymes, Cartwright & Co.	10 "	20 28 43	" Edinburgh.	Do.
Feb. 16th.	Do. ...	10 "	27 16 66	" Deccan.	Suez.
" 17th.	" Dymes & Co. ...	158 "	438 24 50	" Deccan.	Do.
	Total...	862 Chests.	2,157 1 39		

(Signed) J. H. GARSTIN,
Officiating Collector of Sea Customs.

ENCLOSURES Nos. 3 and 4.—Specimens of Indigo.

From J. H. GARSTIN, Esq., Officiating Collector of Sea Customs, to the Acting Secretary to the Board of Revenue, dated Madras, 14th March 1871, No. 251.

In continuation of my letter of the 13th instant, No. 248, I have the honour to forward, in original, the reply of the Chamber of Commerce to the question referred to them by me under the orders of Government, contained in Government Order of the 3rd February 1871, No. 227, paragraph 4.

2. The view of the Chamber is identical with my own on the subject, as detailed in my former letter, and I can only imagine that their conclusion is arrived at from a knowledge of what I was only able to surmise, namely, that the leaf is largely transported into Pondicherry free, and Indigo manufactured in French territory from it in large quantities.

ENCLOSURE No. 1.

From the Chairman of the Chamber of Commerce, to the Officiating Collector of Sea Customs, Madras, dated 13th March 1871.

Your letter of the 2nd instant, inquiring whether free exportation of the Indigo leaf to Pondicherry or elsewhere is likely to place the British manufacture of Indigo at a disadvantage, has been laid before the Committee of the Chamber of Commerce, who desire me, in reply, to state that they are strongly of opinion that so long as the present export duty is in force, Indigo leaf grown in British territory should pay duty before entering Pondicherry.

THESE papers will be submitted to Government, with reference to Government Order, dated 3rd February 1871, No. 227.

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

2. The report of the Collector of South Arcot has not been received yet. He will be requested to expedite its submission. It will be of great use if he can frame an estimate of the extent of Indigo plant grown in Pondicherry.

3. Mr. Garstin's facts and figures seem to the Board to make it clear that a duty should be charged on the export of Indigo leaf. The amount might be Rs. 6 a ton, or Rs. 3 a bandy-load. If there is time, the article should be entered in the new Tariff, which the Board believe is now before the Legislative Council, and will soon become law.

No. 125.

ORDER THEREON, 13th April 1871, No. 662.

Separate Revenue, No. 4.
Customs.

It is abundantly evident from the foregoing papers that an export trade in Indigo from Pondicherry is growing up, and can compete with the British

Indian trade at a great advantage, as the duty of 3 Rs. per maund is saved if the manufacture takes place in French territory, or if the manufactured article can be smuggled over the frontier. To guard against the latter facility is the duty of the Frontier Preventive Establishment, which, it is to be presumed, is competent to perform it as nothing to the contrary is urged.

2. But it seems far more likely that the French trade is dependant on the Indigo leaf which can be exported free of duty from British territory and manufactured in French limits, and it is only reasonable to relieve the manufacture in British territory from the disadvantage to which it is thus exposed.

3. It is stated that at least 2,000 lbs. of dry leaf, or 1,000 lbs. of green leaf, are required to make a maund of Indigo, on which the Export-duty would be 3 Rs.

4. The Acting Collector of Sea Customs recommends that the leaf, whether dry or green, be charged with an export duty of 3 Rs. per candy of 500 lbs., which would be, in fact, prohibitive, as it would at least double the duty on the manufactured article.

5. The Board of Revenue recommend 6 Rs. a ton (= 2,240 lbs.) or 3 Rs. a bandy-load, which may be assumed at 1,500 lbs., without distinction of green or dry leaf. The latter quantity is too indefinite to be admitted into a Tariff aiming at accuracy. The former rate would about equal that on manufactured Indigo in the case of green leaf, but in the case of dry leaf (technically "dust") would about double the duty on the manufactured article. A lower rate would, however, offer special inducement to export the green leaf for manufacture in foreign territory, and differential duties are undesirable. The Board's proposal will, therefore, be recommended to the Supreme Government for adoption in the revised Tariff of export duties.

6. As regards the manufactured article, the law recognizes no distinction between "Indigo-cake" and "Indigo-sig or lump," but taxes all alike, and the Government see no reason to advocate any change.

*Proceedings of the Madras Government, Revenue Department,
13th April 1871.*

7. These Proceedings will be forwarded for the consideration of the Supreme Government, together with G. O. No. 227, dated 3rd February 1871.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

REVENUE DEPARTMENT.
FORT SAINT GEORGE,
13th April 1871.

No. 663.

No. 126.
To

THE FINANCIAL SECRETARY TO THE GOVERNMENT OF INDIA,

Separate Revenue, No. 5.
Customs.

SIR,—I am directed to forward the accompanying papers for submission to the Government of India, with the recommendation of this Government

that on the revision of the Export Tariff the addition be made of "Indigo leaves, whether green or dry," with a duty of 6 Rs. per ton, as corresponding sufficiently nearly with the duty of Rs. 3 per maund on manufactured Indigo.

2. The papers indicate the reasons for this recommendation.

I have the honour to be,
Sir,

Your most obedient servant,

(Signed) W. HUDLESTON,
Secretary to Government.

Exd. F. R. Bantleman.

Cont. of 1871

REVENUE.

THE BOARD OF REVENUE

Dated April 1871.

Recd.

G. O. 13th April 1871, No. 663.

APRIL

NO. 126. 125.

File No. 3571 from the
Secy. Rev. 1730664/71.

Indigo leaves.—Proceedings Board of Revenue proposing the levy of an Export-duty of 6 Rs. per ton, ordered to be forwarded to the Government of India for consideration.