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(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	139	Press
		Mis.
Dated	21-1	1871

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
21st January 1871.*

No. 237. Read the following Proceedings of the Board of Revenue, dated 30th September 1870, No. 5,922:—

Read the following letters:—

From the Collector of Sea Customs, to the Acting Secretary to the Board of Revenue, dated Madras, 9th August 1870, No. 737.

BOARD'S Miscellaneous Order, No. 368, dated 6th August 1870.

2. I have the honour to report that I see no reason why the Resolution* of the Government of India, giving order to charge Export-duty on certain goods exported to foreign ports in India, should not be carried out in its entirety, and consider that no exemptions should be made.

From the same officer, dated 7th September 1870, No. 824.
BOARD'S official memorandum, No. 910, of the 23rd ultimo.

				2. The Foreign Ports in Southern India are marginally given.	
Port of				3. The legitimate trade of these	
Pondicherry	...	...	...	Ports will not be affected by charging	
Karikal	...	...	...	certain foreign goods	
Mahe	...	...	...		
Yanam	...	...	...		
		District of			
		South Arcot.			
		Tanjore.			
		Malabar.			
		Godavery.			

when exported thereto, but will rather serve as a check on the practice which formerly prevailed of obtaining drawback on large quantities of Piece Goods and Twist, sent ostensibly for consumption at Pondicherry, but in reality to be smuggled into British Territory, thereby making the Madras market an *entrepôt* from which to supply Pondicherry with goods for her inland contraband trade into British Territories near Pondicherry.

4. The facilities for importing goods direct to Pondicherry are now great, and if there is a better market for such classes of goods at that Port, traders can import them by steamers *via* the Suez Canal direct to Pondicherry, instead of by the circuitous route of Madras, which involves various expenses and risks.

THESE letters will be submitted to Government, with reference to Government Order, dated 1st August 1870, No. 1,140.

2. The question is, whether the exemption from Export duty when exported by sea of articles which have been imported by sea, shall be extended to Foreign Ports in India.

3. The subject is discussed in the Proceedings of the Board, recorded with Government Order, dated 11th January 1870, No. 73.

4. If Export duty is charged on European goods re-exported to Pondicherry, they will not be able to compete with goods brought there by the direct trade; the Madras market will cease to be the source from which the demands of Pondicherry, partly for consumption, but principally for smuggling, are chiefly supplied; there will be a great reduction in the serious item of Refunds and Drawbacks, and the Custom-house will be relieved from one of its most troublesome duties. The

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21st January 1871.*

effect of the cessation of the interportal trade will not be seriously felt in Madras, and Pondicherry will soon learn to supply its legitimate wants by direct importation.

5. The same reasoning applies, though not so strongly, to the ports of Karikal, Mahé, and Yanam.

6. Particulars with regard to the amount of the trade with Pondicherry and the amount of drawback paid thereon were given in the Proceedings recorded with Government Order, dated 30th June 1870, No. 1,009B.

No. 283.

ORDER THEREON, 21st January 1871, No. 139.

Separate Revenue, No. 24.

Customs.

THE Order of the Government of India, dated 15th July 1870, exempted from Export-duty on re-export by sea all articles imported by sea into British

India, except when the re-export is to *foreign parts in India*; and this Government was requested "to report whether, with reference to Act XI. of 1869 (*which provides for the collection of Land Customs on foreign frontiers at Sea Customs rates*), "they would wish the exemption to be extended in favour of foreign articles "re-exported to any of the foreign European Settlements or Native States, to "which, under that Act, and a strict interpretation of the law, such articles could "not be exported without payment of Land Customs."

2. It is observed that Section 3 of the Act in question provides for the levy of Land Customs "at the rates prescribed in the Schedules to Act XVII. of 1867, or any other law for the time being in force relating to the duties of Customs on goods imported and exported by sea;" and if practically a Notification of exemption from Sea Customs by the Governor-General, under Act XVIII. of 1870, absolutely cancels and removes from the Statute book the pre-existing rates of Sea Customs to which it refers, it would appear that the corresponding Land Customs must vanish at the same time.

3. As the law now stands, the position of the French Settlement trade with Madras is very anomalous; for European goods exported hence to that market by sea are entitled to a drawback of seven-eighths of the Import-duty, but liable to payment of an Export-duty at the same time.

4. It seems very undesirable to perpetuate so complicated a system, and it does not appear that its abolition could encourage smuggling, for it would only re-place the goods in the position they occupied before the omission from the Tariff of the distinction of "country goods."

5. Moreover, the Government cannot concur in opinion with the Collector and Board that it is desirable to hinder the maintenance of the existing *entrepôt* at our ports for goods required by foreign Indian Settlements, thereby losing the interportal trade with all its advantages to our mercantile, marine, and navigation interests, the reserved one-eighth of the Import-duty where drawback is claimable, and the clue to the direction of the neighbouring trade which we now possess. If smuggling from the foreign Settlements over their land frontier is now to be apprehended, it does not appear how it would be rendered less attractive by the

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21st January 1871.*

substitution of direct importation at the foreign port for indirect importation, via the British Indian ports, and, in any case, the more proper check against smuggling is an effective preventive service on the frontier, rather than any interference with what must, to a considerable extent, be perfectly legitimate trade.

6. Under the foregoing considerations, the Government resolve to recommend to the Government of India that the exception of interportal trade with foreign Indian Settlements from the operation of the Resolution of the Government of India, exempting foreign goods re-exported by sea from Export-duty be cancelled, and the order made of general application.

(True Extract.)

(Signed)

W. HUDLESTON,
Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

Proceedings of the Madras Government
Under date the 18th 1840

Read again G. O. dated
1st Aug. 1840, No 1140.

Read also the following
No. of the Board of Revenue

H. E. 30th Sept 1840, No 5922

Subj. letters from Coll^r of
Sea Customs, Madras, expressing
opinion that exemption from
report duty, when reported by
Sea, of articles which have
been imported by sea, should
not be extended to Foreign Ports
in India

I am in favor of the
exemption - restricting
it to re-exports by sea.

The H^{rs} ^{argument} ~~objection~~ seems
to be that if such goods
are taxed with report
duty they will cease to
be imported - and com.
especially our French neigh.
bors will cease to let

Madras & Hong

In reply to their
Order dated 15th July 1840,
No 2063A, the Govt of
India will be informed
that the Govt would be
averse to the exemption
from report duty of
foreign

G.O. of 118713	
REVENUE.	
THE BOARD OF REVENUE.	
1 st Jan 1841	2 nd Jan 1841
G. O. 21 st January 1841, No 100.	
JANUARY.	
Nos. 287-288.	

Foreign goods re-exported by sea - From
the Board of Revenue on the subject of exempting
the order exempting them from the payment
of report duty with orders thereon.

foreign articles, reexported
to the Foreign ports of
this Presidency.

I have



thence get them to
smuggle them into
our territories. But
this is pushing at a
conclusion - the result
will only be that the
Government will import
them direct into Por.
territories & smuggle
them on before into
our territories. - We
shall lose the trade
with its adjacent
to our mercantile
marine & maritime
interests - we shall
lose the ^{the} revenue
Duty on importation
of much of the best
articles as
subject to

shall lose the chance to
our neighbours for
which we now have.

The check to smuggling
shall be improved
maintaining an efficient frontier
police.

The question of
drawbacks & refunds
is not mixed up with
this - nor is that of
bonding.

I am disposed to agree
with his view, but
must leave the
question disposed
in Council.
R. P.

I incline to maintain
the exonerated of the
Foreign imported goods
from Export Duty. It
is the interest of this
Gov. to make the
ports of the Presidency
an entrepot for
foreign merchandises.
If goods are reexported
for the purpose of
saving 7/8 of the
Export duty and
clandestine importation
the proper check on that
is to guard our land
frontiers.

he may discuss the
question in Council.
N

To

The Secretary to the Govt of India.
 Finl. Dept.

Sir,

In reply to the
 order of the Govt of India
 dated 15 July 1890, No 2063A,
 I am directed to state that
 for the reasons stated in
 para 4 of the marginally
 noted Board's Proceedings,
 the Govt would be averse
 to the exemption from report
 duty of foreign articles
 reexported to the foreign
 ports of this Presidency.

2.

The value, as

given

dated 30th Sept 1890,
 No 5922.

Report of
 Foreign Articles
 re-exported from
 ports of this Presidency

Comd C

Comd C

given marginally of goods

re-exported from Madras to

Pondicherry alone, during

the last four years, shews

that the latter port has

absorbed more goods than

can have been consumed

in French territory, and

the excess was probably

smuggled across the frontier.

3. The Govt. therefore
approve of the issue with-
out alteration, of the Noti-
fication the purport of
which is stated in para 4
of the Order now under
reply.

Ok.

1865-66 — 7,00,000
1866-67 — 6,28,000
1867-68 — 5,22,000
1868-69 — 2,75,000
21,25,000

Report of Board

#139

Proceedings of the Madras Government.
Under date the 21st Decr - 1876

Read the following
Proc: of the Board of Revenue.

Submitting letters from
Collyer of Sea Customs Madras express-
ing opinion that exemption from
export duty when exported by sea
of articles which have been imported
by sea should not be extended to
foreign ports in India.

H.E. 30th Sept 1876 No 5,922

Circ

2A
J.H.

The order of the
Govt of India dated 15th July
1870 exempted from export duty
on re-export by sea all articles
imported by sea into British
India, except when the re-
export is to foreign ports in
India - and this Govt was
requested to report whether

with reference to Act XI
of 1869 (which provides for
"the collection of Land Customs
"on Foreign frontiers at Sea
"Customs rates) they would
wish the exemption to be
"extended in favor of foreign
"articles re-exported to any of
"the foreign European Settlements
"or Native States, to which
law that act and a strict
interpretation of the law such
articles could not be exported
"without payment of export
"duty."

C. It is proposed that
section 3 of the act in question
provides for the levy of Land
Customs "at the rates prescribed
in the Schedules to Act No.
XVII of 1867 or any other law
for the time being in force
relating to the duties of

Customs on goods imported
and exported by sea" and if
practically a notification of
exemption from Sea Customs
by the Governor General under
Act 18 of 1870 absolutely
cancels and removes from the
Statute book the pre-existing
rates of Sea Customs to which
it refers, it would appear that
the corresponding Land Customs
must vanish at the same
time.

3. As the law now stands
the position of the ^{French Settlement} Pondicherry
trade with Madras seems to
be ~~very~~ ^{is} anomalous for European
goods exported hence to the
market by sea ~~would~~ ^{are} seem entitled to a
drawback of seven eighths
of the Import duty, but

the above is a summary of the
present position of the trade
between Pondicherry and
Madras. It is proposed to
amend the law so that goods
exported from Pondicherry to
Madras by sea should be
entitled to a drawback of
seven eighths of the import
duty.

liable to ^{perform} export duty
at the same time.

4. It ^{seems very} ~~appears~~ ~~undesirable~~ to perpetuate so
complicated a system, ~~and~~
does it ^{not} appear that its
abolition could encourage
smuggling, for it would only
replace the goods in the position
they occupied before the omission
the Tariff of the distinction
Country goods?

5. Moreover the Govt.
cannot concur in opinion
with the Coll^r and Board
that it is desirable to hinder
the maintenance of the existing
entrepot at our ports for
goods required by foreign
Indian settlements, ~~and thereby~~
to lose the interportable trade,
with

with its advantages to our
mercantile marine and navigation
interests, the reserved one eighth
of the import duty where
drawback is claimed, and the
due to the direction of the
neighbouring trade which we
now possess.

If smuggling from the
foreign settlements over their
land frontier is now to be
apprehended, it does not
how it would be rendered
less attractive by the substitution
of direct importation at the
foreign ports for indirect
importation via the British
Indian ports, and in any
case the more proper check
against smuggling is an
effective preventive service

the frontier, rather than
any interference with what
must to a considerable ex-
tent be perfectly legitimate
trade.

5. Under the foregoing
considerations the Gov^t of India
resolve to recommend to the
Gov^t of India that the
restriction of interportal trade

of foreign Indian Bellmets

and operation of the

resolution of the Gov^t of India

removing foreign goods re-

exported by sea from export

duty be cancelled and the

order made of general ap-

plication. -

L. A.

14 Feb 1872 Dec 123

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