No. 4947.

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

CIRCULAR.

SIMLA, THE 6th NOVEMBER 1871.

THE Governor General in Council requests that the Local Governments will be good enough to furnish to the Financial Department, not later than January next, a return, in the annexed form, shewing for each district the amount of the existing annual demand of land revenue, the estimated amount to which it will be probably raised on the next revision of assessment, in all cases in which the term of the existing assessments or settlements will expire within the next six years, and the increment of demand which may be expected to accrue in each of the years from 1872-73 to 1877-78 from revised settlements which are now in progress or which are likely to be introduced within that period.

It will be convenient if the districts be arranged in three divisions, with a separate total for each division, *viz.*

1*st.*—Districts in which existing assessments will continue in force throughout the six years:

2*nd.*—Districts in which a revision of assessment is in progress, or is likely to be introduced during the six years:

3*rd.*—Other districts in which existing settlements will expire within the six years.

for *Secy. to the Govt. of India.*

1956.

Proceedings of the Madras Government, Revenue Departme.
17th November 1871.

No. 164. Read the following endorsement from the Under-Secretary to the Government of India, Revenue and Commerce, (Commerce and Trade,) dated Simla, 31st October 1871, No. 36:—

Read the following despatch from the Secretary of State for India, to the Government of India, dated India Office, London, 10th August 1871, No. 100.

I TRANSMIT herewith, for the information of your Excellency's Government, a copy of some despatches,* with enclosures, addressed to Earl Granville by Her Majesty's Minister at the Hague, relative to the tariff in the Dutch possessions in India.

*From Minister at the Hague, dated 14th February 1871, with enclosures.
Do. do. do. 23rd March do.
Do. do. do. 14th April do.
Do. do. do. 10th July do.

From E. A. J. HARRIS, Esq., to the Right Honourable EARL GRANVILLE, K.G., &c., &c., &c.
Commercial, dated Hague, 14th February 1871, No. 4.

A FEW days ago I had a conversation with the Minister of the Colonies respecting the alterations in the tariff of the Netherlands India which will be discussed in the Chambers this year with a view to the new tariff coming into force on 1st January 1872.

M. Van Bosse told me the chief points of his proposed measure were the abolition of differential duties, the levying of import duties on cotton goods by weight as in British India instead of *ad volorem*, and the imposition of a moderate export duty on sugar and coffee. I expressed my satisfaction at the proposed abolition of differential duties, but commented on the export duty as a vicious one in principle. M. Van Bosse said it was necessitated by the financial status of the colony.

I have the honour to enclose copy of a letter addressed by the Minister of the Colonies to the Chambers of Commerce embodying his views and soliciting their advice on this subject.

I shall feel obliged for any remarks the Board of Trade may think proper to make on the subject as regards British interests.

TRANSLATION.

Dated Hague, 28th January 1871.

THE following communication is addressed by the Minister of the Colonies to the (Dutch) Chambers of Commerce :—

In undertaking the revision of the tariff of Netherlands India, it appears to me desirable at once to lay before you the principles on which I hope to bring about the above-mentioned revision.

In the first place, I think it expedient to retain the existing import tariff calculated, without exception, according to the lowest duty now levied. An increase of the duty on spirituous liquors on the basis of a double duty on gin, now amounting to florins 20 per tun ("vat"), together with a corresponding consumption excise on native spirits, will be the only exception to that principle.

The differential duty will thus come to an end. I consider that the time has arrived when we must take this step which we have so long prepared for.

While former enactments already tended to diminish the differences in the scale of import duties according to the place of export, the tariff settled in 1865, which was distinguished by its periodical lowering of differential duties, as a measure of transition, led of itself to the complete and entire removal of the protection thus far afforded. The expediency and necessity of such removal there can now, therefore, be no longer any doubt of.

Now that the reasons for which the admission on an equal footing into Netherlands India, of all manufactured productions was considered inexpedient have ceased to operate, both in consequence

of different Government measures by which Netherlands industry and manufactures have profited, and by the successful efforts which the manufacturers in the Netherlands have themselves given occasion to be remarked, it would not be at all defensible to maintain a differential scale at the cost of the consumers in Netherlands India, at a time when such an impost has long since been abolished in the Colonies of other countries, for instance, in the British possessions, of which abolition many branches of manufacture in this country derive profit and advantage. A revision of the tariff in this sense I, therefore, consider, under present circumstances, necessary.

Further, I propose a duty (not differential) on a basis of 3 per cent. to be added to the tariff, to the amount, for example, of 50 cents. per picul of sugar, and flo. 1 per picul for coffee, on the entire export (reserving certain articles to be exempted, rice for example).

It is besides intended to promote, as much as possible, unity of toll and duty, and by removing transport and bonding charges to make no claims except for the use of the bonding warehouses.

Without violation of the preceding principles, perhaps, further alterations and improvements can be introduced into the tariff. Concerning the desirableness of such revisions I should like to receive your advice.

The question may besides be raised whether in Netherlands India, it may not be profitable to take weight or measure as the basis of estimating the amount of duty according to the example of British India, instead of an *ad valorem* duty. I should especially like to know if a difficulty can arise against levying the duty on ordinary cotton manufactures and yarn by weight, according to the example of the tariff of British India.

The difficulties associated with both ways of levying the duty are sufficiently known. If the *ad valorem* duty may in general be looked upon as the fairest basis, I scarcely need point out that every regulation by law for the declaration of this value and for the means of ascertaining the correctness of the declaration presents great difficulties, and not least to commerce itself. The principal objection to duty according to weight lies in the circumstance that the least valuable sorts of the same articles of commerce are the most heavily taxed, and this, particularly when coarser and finer descriptions are packed up together, offers difficulties. The tariffs again must, under this system, be subjected to very many divisions which, with regard to the declaration and the examination by the officers, cause a great deal of trouble.

The nature of the trade with India is, however, such, especially in what concerns manufactured goods, that such mixed packages are exceptional. For this reason, perhaps, a scale calculated according to weight, especially for this important article of commerce, would deserve the preference.

As the present tariff will remain in force only till the 1st of January next, and an immediate revision is therefore necessary, I would request you to be good enough to forward me a prompt reply.

(Signed) VAN BOSSE,
Minister of the Colonies.

From E. A. J. HARRIS, Esq., to the Right Honourable EARL GRANVILLE, K.G., &c., &c., &c.,
Commercial, dated Hague, 23rd March 1871, No. 13.

In reference to my despatch No. 4, Commercial, of the 14th ultimo enclosing a translation of a Circular letter addressed by the Minister of the Colonies to the Chambers of Commerce, embodying his views, and requesting their advice on the subject of the proposed alterations in the tariff of Netherlands India, I have now the honour to transmit to your Lordship a translation of the reply from the Chamber of Commerce of Rotterdam.

Chamber of Commerce of Rottordam, March 1871.

I trust on an early occasion to be able to communicate in like manner to your Lordship the reply of the Chamber of Commerce at Amsterdam.

TRANSLATION.

Dated Rotterdam, March 1871.

The Chamber received your Excellency's letter of 28th January last, let. A., No. 37, respecting the bases on which your Excellency proposes a revision of the Indian tariff.

We entered on an examination of these bases with the greatest interest, and more especially of the intention of your Excellency, on 1st January 1872, to put an end to differential duties in Netherlands India.

We willingly admit that it must come to this: in our former communications to your Excellency's predecessors in office we always started on the principle, as far as the import duties were concerned, that, in justice to the Java consumer, in the interest of the revenue, and in the interest best understood of our own industry and of our own trade, the measure in the long run is equally required.

But we have constantly on former occasions remarked that in all revisions of duties, especially when the Colonies were in question, it is necessary to go to work with precaution. It is now established as an incontrovertible truth, that commerce and industry in that direction, more than anywhere else, were developed under protection, and although this, by a series of measures, amongst others the revision of the Indian tariff in 1865, has been much diminished, it has been even now far from disappeared.

We willingly admit that this ought to introduce no alteration in the object in view, a system of complete and perfect equality for the commerce and industry of all nations in the Colonies, and that the attainment of that object must not be too long deferred; but on the other hand, the too rapid removal of the last relics of the protective system would easily lead to discouragement of commerce and industry, which, above all things, must be avoided.

When, after years of preparation, it was resolved in 1865, to reduce at once in 1866 the import duties for goods certified, which on an average amounted to 12 per cent., to 10, and in 1869 to 6 per cent., a reservation was made to decide in the course of 1871, with regard to protection after 1st January 1872, apparently with the intention of deciding according to the effects produced.

It appears to us that this effect or result in respect to our exports to Java is not so thoroughly decisive as to justify the immediate and entire removal of the privileges now enjoyed by Netherlands merchandize. Official statistics exhibiting the state of things since 1869 have not yet come out and commercial returns or reports on the subject embrace as yet only so short a period, that they give but meagre information; moreover, the condition of Java is at present owing to various circumstances, so unfavourable and exceptional, that the experience of late years would not prove much. With regard to the chief of our exports to Java, manufactured cotton, it must be borne in mind that the price of the raw material by reason of the American war has varied so much during late years, that it has certainly influenced the export more than all the alterations of tariff, and renders a comparison of the different years unusually difficult and uncertain.

We are, therefore, of opinion that all experience fails to prove that the gradual reduction of the Indian tariff since 1865 has so promoted our industry that the immediate abolition of the still subsisting protection can, without any injury, be carried out.

Those who are interested in this question in Twente are also of the same opinion; the Twente Association for the promotion of Industry and Commerce, in an address to your Excellency's predecessor of the 16th of last October, considered that a period of five years is necessary to bring gradually about the equality, and even this appeared to the Chamber at Almelo in its address to your Excellency, dated 27th January last, too venturous a step.

We for our part consider that it would be more prudent to do away with the at present existing 6 per cent. protection in three periods, *viz.*, 2 per cent. in 1872, 2 per cent. in 1874, and the last 2 per cent. in 1876. Whenever there is a doubt, it appears to us preferable to take the safest way and so sustain no loss.

an important alteration as the Minister indicates. The differential import and export duties in India would be abolished, and so Netherlands commerce would be at once deprived of two protective duties. The Chamber considers that the time for removing all protection has not yet arrived. In what relates to the condition of the cotton industry, it calls to mind that railways and industrial instruction have been brought to perfection, but that communications are not yet perfect, and that the fruits of that instruction have not yet ripened. Our cotton market is just in its beginning, and cannot yet be looked upon as firmly established. The looms and spindles must always be got from England, and there are still not enough spinning machines in the Netherlands to supply the demand for yarn. It is not at present to be expected that new capital will easily be obtained for a sufficient development of our industry, in consequence of the unfavourable results which industrial undertakings have lately led to.

Still less can commerce do without the protection of export duties. The water communications of our two greatest commercial towns are not completed, railway communication with foreign countries is not yet perfect. Other commercial towns, for instance, London, Antwerp, and others, have many advantages over us. We must besides think of the opening of the Suez Canal, which has put the harbours of the Mediterranean in an advantageous position, so that, aided by railways over and through the Alps, they might be dangerous competitors with our own harbours. The fear might thus be entertained that should differential duties in India be abolished, foreigners would be the only parties to derive advantage from it.

The Chamber would indicate the consignment system (konsignateestelsel) as a third unfavourable circumstance. The large importations and sales of Government produce obstruct those of private individuals.

Finally, the Chamber protests strongly against the proposal of the Minister to tax sugar exported to the Netherlands. The Netherlands sugar market and industry would be much endangered thereby. Such an impost, pressing upon the producers, would be also very unjust, now that a new regulation of the sugar plantations in India has just been introduced by which they were led to believe that they were to make head against the difficulties with which they had to contend.

The Chamber approves of duty according to weight in a country where the officials have but little acquaintance with industrial products, and where the penalty of seizure is not in force. The Chamber desires, for the preceding reasons, that the existing tariff, at least provisionally, should in essential points be maintained.

From E. A. J. HARRIS, Esq., to the Right Honourable EARL GRANVILLE, K. G., &c., &c., &c., dated Hague, 10th July 1871, Commercial, No. 35.

THE Minister for the Colonies has given notice that the revision of the Indian Tariff by the Chambers which was to take place this year with a view to its modification on 1st January 1872, is adjourned until next year, the present duties remaining in force till 1st January 1873, the cause assigned being the want of time to discuss the measure this year. I believe the principal reason may be found in the little support which the Minister for the Colonies has received from the Chambers of Commerce in his plan for the immediate abolition of differential duties, as well as in some minor details, the Chamber of Rotterdam being the only one which gave its adhesion to it, as described in the enclosure of my despatch No. 13, of this series, dated the 23rd of March last. The powerful influence of Amsterdam, as described in my despatch marked Commercial, No. 16 of the 14th of April, has been exercised in opposition to the Minister's plan, and other Chambers of Commerce, whose answers I will endeavour to obtain, are described as also unfavourable to it.

But although they deprecate the immediate abolition of differential duties, they assent to their gradual disappearance from the Indian Tariff.

Recent events in France and the consequent alteration in her tariff of imports have led to the advocates for protection rearing their heads here and there, but I believe the great majority of the country to be decidedly in favour of free trade.

Proceedings of the Madras Government, Revenue Department,
17th November 1871.

A new Governor-General will proceed to the post in October, the period of service (five years) of Mr. Myers having expired. The person designated for it, as I am informed, is Mr. James Loudon, an able man, holding liberal opinions both as to politics and the laws of commerce.

No. 337-R.

COPY forwarded to the Department of Agriculture, Revenue, and Commerce for information.

(By Order,)
(Signed) B. E. BACON, Colonel,
For Under-Secy. to the Govt. of India.

SIMLA,
28*th September* 1871.

COPY forwarded to the Government of Madras for communication to the Madras Chamber of Commerce.

(By Order.)
(Signed) J. GEOGHEGAN,
Under-Secy. to the Govt. of India.

No. 165. ORDER THEREON, 17th November 1871, No. 1,956.

Separate Revenue. No. 8.
Customs.

COMMUNICATED to the Chamber of Commerce, Madras.

(True Extract.)
(Signed) W. HUDLESTON,
Secretary to Government.

To the Chairman of the Chamber of Commerce.
,, the Board of Revenue.

Exd. E. C. Shunker.

Revenue 1871. Dispt.

No. 3579.

From

The Under Secty. to the

Govt. of India —

Dated 31st Octr.

Received 9th Nov. 1871.

No. 86. —

Forwarding correspondence between the Secretary of State and the Minister at the Hague relative to the tariff in the Dutch possessions in India.

Ans 195 17 November 1871

W. Merivale

No. 164–165

Proceedings of the Madras Government, Revenue Department,
17th November 1871.

No. 166. Read the following letter from the Acting Accountant-General, Madras, to the Secretary to Government, Revenue Department, Fort St. George, dated 27th October 1871, No. 331 :—

With reference to G. O. No. 1,815, dated 18th instant, sanctioning the grant to Mr. Hughesdon, Acting Sub-Collector of Nellore, of acting allowance at 30 per cent., I have the honour to point out that this is a case similar to that of Mr. Bliss, which this Office requested in letter No. 88, dated 5th June 1871, might be reported for the confirmation of the Government of India. I have the honour therefore to request that the G. O. of 18th instant above referred to may be forwarded to the Government of India for confirmation, the view which His Excellency in Council takes of the term "reversion" appearing to me to be not that contemplated by the rules.

No. 167. Order thereon, 17th November 1871, No. 1,957.

Miscellaneous.

Ordered that the case be referred for confirmation as requested.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Acting Accountant-General,

Exd F. R. Bantleman.

Copy forwarded to the Government of Madras for communication to the Madras Chamber of Commerce.—

By order,

Under Secy to the Govt of

Commerce & Trade)
dated the 4th October 1871

Department of Agriculture,
Revenue and Commerce.—

No. 36.

No. 1958
Communicated to the
Chamber of Commerce
Madras.
R. S. Ellis
Chief Secretary
17 Nov. 8. 71

1 to the Chairman of the Chamber of Commerce dec 18 Oct 71
14 " the Board of Revs