No. 119. Read the following Endorsement of the Second Assistant Resident, Hyderabad Residency, dated 10th July 1872, No 1,008 :—

Read the following letter from the Second Assistant Resident, Hyderabad, to the Secretary to the Government of India, Foreign Department, with the G. G., dated Hyderabad Residency, 11th May 1872, No. 18.

I HAVE the honour, under instructions from the Resident, to acknowledge the receipt of your letter, No. 214-R., dated the 1st June 1871, requesting, with reference to letter, No. 463 of the 6th March 1871, from the Madras Government to Mr. Saunders's address, a report of the grounds for considering measures necessary for putting a stop to complaints in connection with the levy of transit duties on goods passing through His Highness' territories from one British district to another.

2. In reply, I am to explain that, on the introduction of the rules* prescribed in January 1865 by His Highness the Nizam's Government for the collection of Customs duty, the local authorities in carrying them out levied duty indiscriminately on all articles affected by the rules entering the Hyderabad territory. Several representations from merchants reached the Resident chiefly through the Collectors of Sholapoor and Ahmednugger under the Bombay Presidency, and of Kurnool, Bellary, and Godavery District under the Madras Presidency, complaining that their goods, while in transit from one British district to another, without breaking bulk, were unnecessarily *detained* in the Nizam's country through which the route passed, and duty levied on them. These representations, as received, were forwarded for the consideration of the Nizam's Minister, who, after inquiry, refunded the amount, if proved to have been illegally imposed on the merchants.

* Approved by the Government of India in letter, No. 313 of 24th December 1864.

3. These complaints had become so frequent that the matter engaged the serious attention of the Nawab Sir Salar Jung, who, in July 1870, addressed the following letter to the Resident :—

"I beg to state that, owing to the receipt of frequent complaints in regard to the levy of transit duty on goods passing through the Nizam's territories from one British district to another, I have called on the Customs Department of this Government for any suggestions it might have to offer with a view to putting a stop to the complaints in question. I beg to enclose, for your information, the reply I received, and to request you will be so good as to favour me with an expression of your opinion on the subject.

"The suggestions appear to me to be such as would tend to great convenience, and also effectually to meet the requirements of the case.

"It has at all times been considered necessary that all correspondence between the authorities of the Nizam's and the British Government should pass through the Minister and the Resident respectively, but in some cases direct correspondence between each other of the authorities, either in rendering the immediate assistance sought or in giving the necessary information, will be of the utmost advantage. Should no objection to this arrangement exist on your part, orders on this subject will be issued."

Purport of Report from 1st Talugdar, Customs Department, No. 128, *dated* 18*th Rubbee-ool-awal* = 18*th June* 1870.

"It should be imperative upon traders who bring goods from the British territories into the Nizam's, and pass to other districts under British jurisdiction without payment of transit duty to

the Nizam's Government, to provide themselves with a written document from the authorities in the British territories from which the goods are brought, specifying the following details, *viz.*, name of the trader, place of his residence, description of the goods, rate at which purchased, and place in the British territories to which they are being carried.

"The Nakadar of the 1st Naka (of the Nizam's Government) on the boundary to whom the above must be produced, will retain the document and grant the trader a Dakela Chittee No. 5.

"This document he will in accordance with the rules in force produce before the last Nakadar in the Nizam's illaqua, who will likewise examine the details of the No. 5 Chittee, retain the same in his possession, and permit the goods to pass.

"The above two documents (the one from the British authorities, and the other No. 5 from the 1st Nakadar of the boundary) will be forwarded to the Sudder Kurrorgherry Cutcherry, where both will be compared and filed, and be handy for reference in case of subsequent disputes arising.

"Goods passing through the Nizam's country from one British district to another, and which may, however, be disposed of in the Nizam's territories, will thus with certainty be detected by the clue which the non-production of the Document No. 5 from the Nakadar may give, such goods will be taxed according to the invoice received from the British authorities and settlement made in communication with them.

"The issue of a Proclamation to the British authorities on the boundary appears necessary to the effect that all traders who may be desirous of carrying their goods from one part of British territory to another through the boundary of the Nizam's Government without payment of transit duty must (as above stated) produce a letter from the British authorities of the place whence the goods are purchased to the Nakadar on the boundary and procure his Dakela Chit No. 5, or else duty on the full value of the goods will be levied.

"In such cases the Taluqdar of the Kurrorgherry or Custom House will correspond direct with the authorities of the British Government and settle the matter between themselves.

"It is hoped that an arrangement of this sort will effectually put a stop to smuggling of the goods as come under Dakela Chit No. 5, and be in conformity with the rules, but it is necessary that the co-operation of the British authorities should also be obtained."

4. Mr. Saunders, seeing nothing objectionable to the proposals made by the Nawab Sir Salar Jung, addressed the Governments of Bombay and Madras in view, should no objections exist on their part, to the necessary orders for their adoption being issued to the Collectors of the districts bordering on the Nizam's dominions.

5. On this the Government of Fort St. George passed the following order :—

* * * * *

"The Government are of opinion that so far as the requirement of covering passes is concerned, the proposal of His Highness the Nizam's Minister is entitled to all consideration and the Board of Revenue will accordingly instruct the Collectors of the districts adjoining the Hyderabad territory to notify, for the information of all concerned, that the production of such passes will be required in the Nizam's territory in the case of all goods intended to be carried through that territory from one British district to another, and that they may be obtained on application to the Taluq Officers at the Kusbahs nearest to the frontier through which the goods may pass before entering Hyderabad limits. The Notification should also explain that this pass will be taken by the Nizam's Customs Officers, who will give in lieu of it a corresponding pass to cover the goods in transit, which pass will have to be given up on quitting Hyderabad territory but will clear the goods from all charges.

No. 462, dated 17th March 1871.

"The Collectors should at once furnish the Taluq Officers with a form of pass to be used specifying the particulars required by the Nizam's Officers, and having a counterfoil for retention in the Taluq ; and printed copies in books should be supplied for use as speedily as possible. The form should be like that of a cheque book, and each pass and counterfoil should bear a serial number.

Proceedings of the Madras Government, Revenue Department,
17th July 1872.

"The Government do not very clearly understand the intention of the Minister's proposal in regard to the duty (Nizam's) leviable on goods which may be surreptitiously disposed of while in transit ; but if it is intended that such duty should be realized for the Hyderabad State by the British authorities from the owners of the goods then the proposal is one which this Government cannot entertain."

6. The Government of Bombay likewise consented to take action to the same, but to no greater extent than the Madras Government, and issued orders accordingly.

7. This system now prevails in the Nizam's territory, and Mr. Saunders is happy to state that it has materially tendered to obviate the inconvenience which the merchants from British territory experienced previous to its introduction.

From the Assistant Under-Secretary to the Government of India, Foreign Department, with the G. G., to the Resident at Hyderabad, dated Simla, 1st June 1872, No. 127-R.

In acknowledging receipt of your Assistant's letter, No. 18, dated 11th May 1872, reporting on the measures introduced by the Nizam's Government, and concurred in by the Governments of Madras and Bombay, for preventing exactions and delays in the passage of goods from one British district to another through the Nizam's dominions, I am directed to request that a report of the working of the system of passes may be furnished for the information of the Government of India after the expiration of one year.

Copy to the Government of Madras in continuation of letter from this office, No. 882, dated 24th June 1872.

No. 120. Order thereon, 17th July 1872, No. 1,068.

Miscellaneous.

Recorded with reference to G. O., 1st July 1872, No. 1,011.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

Exd. J. Tulloch.

Revenue 1872 Sept
No. 2362

From
The 2nd Asst. Resident
Hyderabad

Dated 10th
Rec'd 16th } July 1872

No. 1008

Forwarding copy of correspondence regarding the measures necessary for putting a stop to complaints in connection with the levy of transit duties on goods passing through His Highness' territories from one British District to another.

No. 1068

Recorded in the Secret
F.D. 1 July 72. No. 1811.
7 July 72

No 119 - 120