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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. / B.P. No.	528	Press / Mis.
Dated	1-5-1874	196

Not to be folded or roughly handled

No. 19. Read the following Proceedings of the Board of Revenue, dated 1st April 1874, No. 769:—

Read the following letter from J. H. GARSTIN, Esq., Collector of South Arcot, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Kuringippadi, 23rd March 1874, No. 142:—

I have the honour to forward, herewith, a copy of a letter from the Acting Head-Assistant Collector in charge of the Sayer Department, pointing out how injuriously the recent orders of Government, communicated in the Board's Proceedings of the 20th January last, No. 589, are affecting the Sayer Revenue.

2. I fear there is no doubt that, situated as the frontier villages are, the order will enable large quantities of dutiable goods to escape payment of duty by being carried through free in the small quantities which the order now renders permissible.

3. First class Indigo is a very light substance, and the export duty on it is 3 Rupees a maund or about 1¾ Annas per pound, so that, under the order, about 4½ pounds of the best Indigo can be passed through free at a time. It therefore needs no demonstration to prove that very large quantities could be carried over the frontier in a short time by gangs of coolies employed for the purpose.

4. Mr. Sullivan's recommendation was made with a view to relieving travellers from the annoyance they unquestionably suffer from having every article, of however trifling value, taxed, even though such things are in use at the time either as articles not of commerce, duty free, or in no quantity however, if a proper discretion was exercised by the Sayer officials in the matter, and they could only be made to understand that articles in personal use ought not to be treated as being articles of commerce, the order of exemption now complained of by Mr. Kough might be very much modified.

5. The Import Tariff comprises fifty-four groups of articles and is very comprehensive, while the Export Tariff comprises only eight such groups, not one of which, excepting "*Cotton goods*," need ever cause any difficulty to a Sayer official as to whether an article coming within its scope is "in use" or "intended for sale," while none of the articles classed under any of the groups should, in my opinion, be exempt from duty because exported in small quantities, unless the quantity be so small that the value of the article itself does not (except in the case of cloths) exceed 2 Annas.* It is only necessary to recapitulate the articles liable to export duty to see how this rule would work. (1) "Cotton goods"; (2) Grain; (3) Hides and Skins; (4) Indigo; (5) Lac; (6) Oil; (7) Seeds and (8) Spices. The inconvenience that travellers passing into French Territory would thus suffer would be limited to the examination of their goods and the levy of duty on all articles *prima facie* intended for sale.

* *Note.*—This exception need not apply to Indigo.

6. With regard to travellers coming from French Territory I think the same rule might be made applicable, and be extended to all personal attire and to articles actually in use, and of a value of less than 2 Annas. This would give all the relief desired without causing the loss to the Sayer Revenue which the late order certainly will cause if not modified.

7. Cases sometimes occur of persons attempting to pass two or three head cloths through by putting them on one over the other, or of men trying to pass women's jewelry through on their persons. This should not be allowed, and duty should, I consider, be levied on all goods which, although articles of attire, are not *ordinarily worn unnecessarily or inappropriately* with a view to evade duty, but the fact that a woman has on a bran-new cloth should not be used as an excuse for making her pay duty for it, if it is the only one she has on. This method of evading the duty must be submitted to as perfectly legitimate. Pillows, Bedding and Clothes, all naturally in personal use should, I consider, be passed free.

8. I would, therefore, recommend the cancelment of the order recently passed, and the substitution in its stead of the following rules:—

(1) Duty is to be levied *only on dutiable goods* passing the frontier when the value of the goods exceeds 2 Annas and when they are *prima facie* intended for sale and not for personal use.

Note.—The above rule does not apply to Indigo which will be liable to duty in all quantities.

(2) Clothes and articles of personal attire are not to be taxed if in use at the time of passing the frontier, provided that new Clothes, Jewelry or other articles of attire, worn inappropriately or in unreasonable quantities on the person at the moment of passing the Sayer gate shall not be exempted from payment of duty.

(3) Pillows and Bedding in reasonable quantities, even though new, when in normal use, shall not be liable to be taxed when imported.

Enclosure No. 1.

From C. Eliott, Esq., Acting Head Assistant Collector, to J. H. GARSTIN, Esq., Collector of South Arcot, Cutch Choges, 5th March 1874, No. 57.

With reference to the Board's order contained in their Proceedings, No. 47, of 15th January last, I have the honour to point out that the concession is far too liberal, and that our revenue is likely to suffer considerably thereby.

2. In support of this opinion I may name two commodities, Indigo and Cloths. The duty on the former is regulated by weight; a cake of first sort of Indigo weighs about 1 lb., and the duty upon it would be only 7½ Pies—*Vide* No. 4, Schedule B, Act XIII. of 1871. Therefore three cakes taken at a time would pass free, the aggregate duty not amounting to 2 Annas. Now cheating is the natural bent of our territory, smuggling is an easy sequence. A quantity of Indigo is deposited in a French village contiguous to an English one, and a series of importations of three cakes at a time, three and a-half times represents a valuable total.

3. Cloths as at present rated, two Annas the lowest duty leviable, would represent a cloth of Rs. 20 in value. In a large proportion of Cloths, Chintz and other descriptions, are far below this in value, and therefore a reason why such importation should be exempted from duty as a matter of commerce, although they will undoubtedly cease to be brought as a result of continuing the present rule.

4. In a demi-official letter to Mr. Sullivan I expressed an opinion that an exemption from duty of this order would be sufficient to prevent the petty annoyance which he makes the basis of his application to the Board. I adhere more fully than ever to that opinion still, and had no idea until I received the printed copy of the Board's Proceedings, that such a sweeping and total exemption was even contemplated, and I trust that my representations now, based upon the opinion of the officer of the Superintendent of Police, an officer of long and valu-

able experience, in the working of our customs and which are indeed due mainly to his suggestions, may meet with your approval, and that the Board may be requested to withdraw their order or at least modify it considerably.

(True Copy.)

(Signed) J. H. GARSTIN,
Collector.

From paragraph 3 it is clear that Mr. Garstin has misunderstood the rule to which he refers. Mr. Sullivan remarking that duty under 8 Annas was not levied at the Madras Customs House recommended that duty should not be levied at the Frontier Customs Houses when under 2 Annas, and the Board accepted the recommendation. Mr. Garstin evidently thinks that duty is not levied so long as it is under 8 Annas.

2. The Board are disposed to think that the exception as to Indigo, Clothes, Bedding, etc., proposed in paragraph 8 should be expressly stated but the rule proposed by Mr. Garstin which makes the exemption apply only to goods *valued* at 2 Annas or less would give little or no relief. The Board resolve to direct that "duty is 3 Pies or more" be substituted for "value of the goods exceeds 2 Annas." In other respects the rule is approved.

3. These Proceedings will be submitted for the information of Government with reference to G. O., 24th January 1874, No. 108.

No. 20. ORDER THEREON, 1st May 1874, No. 528.

Separate Revenue, No. 4.

Customs.

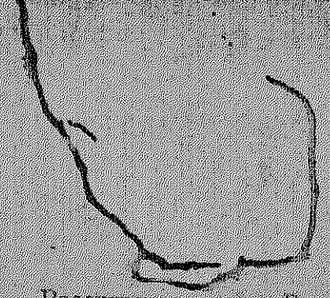
APPROVED.

(True Extract.)

(Signed) C. G. MASTER,
Acting Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.



No. 760.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 1st April 1874.

Read the following letter from J. H. GARSTIN, Esq., Collector of South Arcot, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Kuringipadi, 23rd March 1874, No. 142:—

I HAVE the honour to forward, herewith, a copy of a letter from the Acting Head-Assistant Collector in charge of the Sayer Department, pointing out how injuriously the recent orders of Government, communicated in the Board's Proceedings of the 29th January last, No. 589, are affecting the Sayer Revenue.

2. I fear there is no doubt that, situated as the frontier villages are, the order will enable large quantities of dutiable goods to escape payment of duty by being carried through free in the small quantities which the order now renders permissible.

3. First class Indigo is a very light substance, and the export duty on it is 3 Rupees a maund or about $1\frac{3}{4}$ Annas per pound, so that, under the order, about $4\frac{1}{2}$ pounds of the best Indigo can be passed through free at a time. It therefore needs no demonstration to prove that very large quantities could be carried over the frontier in a short time by gangs of coolies employed for the purpose.

4. Mr. Sullivan's recommendation was made with a view to relieving travellers from the annoyance they unquestionably suffer from having every article, of however trifling value, taxed, even though such things are in use at the time either as articles of attire or of daily domestic use. In my opinion, however, if a proper discretion was exercised by the Sayer officials in the matter, and they could only be made to understand that articles in personal use ought not to be treated as being articles of commerce, the order of exemption now complained of by Mr. Kough might be very much modified.

5. The Import Tariff comprises fifty-four groups of articles and is very comprehensive, while the Export Tariff comprises only eight such groups, not one of which, excepting "Cotton goods," need ever cause any difficulty to a Sayer official as to whether an article coming within its scope is "in use" or "intended for sale," while none of the articles classed under any of the groups should, in my opinion, be exempt from duty because exported in small quantities, unless the quantity be so small that the value of the article itself does not (except in the case of cloths) exceed 2 Annas.* It is only necessary to recapitulate the articles liable to export duty to see how this rule would work. (1) "Cotton goods"; (2) Grain (3) Hides and Skins; (4) Indigo; (5) Lac; (6) Oil; (7) Seeds and (8) Spices. The inconvenience that travellers passing into French Territory would thus suffer would be limited to the examination of their goods and the levy of duty on all articles *prima facie* intended for sale.

* *Note.*—This exception need not apply to Indigo.

6. With regard to travellers coming from French Territory I think the same rule might be made applicable, and be extended to all personal attire and to articles actually in use, and of a value of less than 2 Annas. This would give all the relief desired without causing the loss to the Sayer Revenue which the late order certainly will cause if not modified.

7. Cases sometimes occur of persons attempting to pass two or three head cloths through by putting them on one over the other, or of men trying to pass women's jewelry through on their persons. This should not be allowed, and duty should, I consider, be levied on all goods which, although articles of attire, are yet evidently worn unnecessarily or inappropriately with a view to evade duty, but the fact that a woman has on a brand-new cloth should not be used as an excuse for making her pay duty for it, if it is the only one she has on. This method of evading the duty must be submitted to as perfectly legitimate. Pillows, Bedding and Clothes, all actually in personal use should, I consider, be passed free.

8. I would, therefore, recommend the cancelment of the order recently passed, and the substitution in its stead of the following rules:—

(1.) Duty is to be levied only on dutiable goods passing the frontier when the value of the goods exceeds 2 Annas and when they are *prima facie* intended for sale and not for personal use.

Note.—The above rule does not apply to Indigo which will be liable to duty in all quantities.

(2.) Clothes and articles of personal attire are not to be taxed if in use at the time of passing the frontier, provided that new Clothes, Jewelry or other articles of attire, worn inappropriately or in unreasonable quantities on the person at the moment of passing the Sayer gate shall not be exempted from payment of duty.

(3.) Pillows and Bedding in reasonable quantities, even though new, when in actual use, shall not be liable to be taxed when imported.

ENCLOSURE No. 2.

From R. ROCHE, Esq., Acting Head Assistant Collector, to J. H. GARSTIN, Esq., Collector of South Arcot, dated Gingee, 5th March 1874, No. 474.

With reference to the Board's order contained in their Proceedings, No. 47 of 16th January last, I have the honour to point out that the concession is far too liberal, and that the revenue is likely to suffer considerably thereby.

2. In support of this opinion I may name two commodities, Indigo and Cloths. The duty on the former is 8 Annas per seer, a cake of best sort of Indigo weighs about 1 lb., and the duty upon it would be only 2½ Rs.—Vide No. 4, Schedule B, Act XIII of 1871. Therefore cargo and baggage of a Cart would contain, the aggregate duty not amounting to 2 Annas. Now consider the multitudes who hereby smuggling is an easy sequence. A quantity of Indigo is therefore to be valued at Rs. 2 per seer, and a series of depredations of this nature would very soon make a valuable total.

3. Next as regards Cloths, two Annas duty leviable, would represent a cloth of Rs. 2 in value. Take large proportion of Cloths, Chintz and other descriptions, are far below this value, and these to be passed by their supervision, should be exempted from duty as a class of commodity with which will undoubtedly become as a result of contraband trade.

4. In a demi-official letter to Mr. Sullivan I expressed an opinion that an exemption from duty when under 4 Pies would be sufficient to prevent the petty annoyance which he makes the basis of his application to the Board. I adhere more firmly than ever to that opinion still, and had no idea until I received the printed copy of the Board's Proceedings, that such a sweeping and fatal concession was even contemplated, and I trust that my representations now, which bear the support of the opinion of the Superintendent of Police, an officer of long and valuable experience, in the working of our customs and which are indeed due mainly to his suggestions, may meet with your approval, and that the Board may be requested to withdraw their order, or at least modify it considerably.

(True Copy.)

(Signed) J. H. GARSTIN,
Collector.

From paragraph 3 it is clear that Mr. Garstin has misunderstood the rule to which he refers. Mr. Sullivan remarking that duty under 8 Annas was not levied at the Madras Customs House recommended that duty should not be levied at the Frontier Customs Houses when under 2 Annas; and the Board accepted the recommendation. Mr. Garstin evidently thinks that duty is not levied so long as it is under 8 Annas.

2. The Board are disposed to think that the exception as to Indigo, Clothes, Bedding, etc., proposed in paragraph 8 should be expressly stated but the rule proposed by Mr. Garstin which makes the exemption apply only to goods *valued* at 2 Annas or less would give little or no relief. The Board resolve to direct that "duty is 3 Pies or more" be substituted for "value of the goods exceeds 2 Annas." In other respects the rule is approved.

3. These Proceedings will be submitted for the information of Government with reference to G. O., 24th January 1874, No. 103.

(True Copies and Extract.)

Secretary.

To the Collector of South Arcot.

Copy to the Acting Secretary to Government, Revenue Department.

Ed. G. A. Turton.

24 January /74 No 205/6.

No 1820

Rev 1874. Dept

Board of Revenue,

MADRAS.

PROCEEDINGS, 1st APRIL 1874, No. 769.

Dep 23 Apl 74

Encl.

Received [illegible]

APRIL.

No. 769.

Customs duty.—An alteration directed in rule proposed to be issued by Collector of South Arcot regarding minimum duty leviable on goods crossing Land Customs frontier in district.

No 525

[illegible]