Export licences have also been granted to intending exporters and co-operative societies for onions and dried chillies.

Of the four coastal towns, only Pondicherry and Karaikal are open to foreign trade while Mahe is open only to coastal trade. No exports are however carried out through the ports of Karaikal and Mahe.

IX. Customs and Central Excise

The system of levying customs duty to regulate the movement of goods across the borders was in force in Pondicherry from very early times. A Marathi document dated 10 January 1740 from the Raja of Thanjavur refers to the exemption from payment of customs duty being granted to Gopala Mudaliar. Two other similar documents exempt the entourage of Governor Dumas from the payment of customs duty.

The out-going Governor Law de Lauriston reports in detail the customs agreements entered into with the Nawab in his note dated 9 January 1777 to Governor Bellecombe. Though the agreement was entered into with the Nawab of Carnatic, the British were the driving force for the enforcement of these customs regulations which were decidedly to the disadvantage of the French. Each customs post was manned by a clerk, one peon and two or three sepoys. Disputes over the payment of duties at these customs posts were frequent. Sometimes the customs staff were assaulted by the travellers. Law de Lauriston recommends the abolition of customs by payment of certain presents to the Nawab.[45] With the replacement of the Mughal and Mahratta powers by the British by the end of the XVIII century, land customs passed into British hands.

After the final restoration of Pondicherry to the French in 1816, the question of imposing certain restrictions on the movement of goods across the boundary came up for consideration. The Madras Government issued orders that with effect from 1 March 1817, all articles exported from any of the French establishments to the Madras Presidency were liable to double duty, as were also all articles of external trade or materials fit to be made into such articles, exported from British territory to any of the French establishments. All articles fit only for the internal consumption of the French establishments were liable to a single rate of duty of eight per cent. Food grains, livestock and all other provisions were liable to no duty, but food grain exported by sea was liable to a three per cent export duty. Subsequently, orders were issued that this three per cent export duty should be levied on all rice exported to French establishments and drawback granted on such quantity as was consumed there. On a representation, however, being made by the French Government on this subject and on their consenting to furnish, every three months, a statement of all articles received from British territory and afterwards exported, the indulgence of a free export of rice by land was again granted as a temporary measure, to be continued only as long as export of rice from Pondicherry was inconsiderable. This indulgence was however confined to the territories around Pondicherry by the Government order of 9 June and 14 August 1817. Towards the close of that year and on the French Government having accepted certain propositions made to them by the English Government with regard to the discontinuance of the manufacture of salt in the French establishments the Madras Government agreed to the following concessions in respect of customs duties on articles passing the frontier to and from the French establishments :

(1) All livestock and articles of provisions (food grains of all sorts included) in quantities actually and *bona fide* required for consumption in Pondicherry and other French settlements to be allowed to pass the frontier free of duty.

(2) All articles other than food grain and provisions such as local cloths, drugs, curry stuffs etc., to an extent actually required for consumption in the French settlements to be subject to a duty of eight per cent.

(3) All articles imported at any British port, which have paid full duty as required by regulation, to be allowed to pass free of all further duty into the French establishments.

The foregoing concessions, however, were to be confined to the actual requirements of French establishments while all articles of export and import trade were still liable to duty.

On the passing of the Land Customs Act (VI) of 1844, and the abolition of the transit duties, the Madras Government, on a reference from the Collector of South Arcot, decided that the privilege hitherto conceded was to be continued to all French establishments on the French Government giving a guarantee for the payment of the usual export duty on all food grains exported from here.[46]

Imports into and exports from British territory were to be carried on only through certain prescribed routes. Along these, on the frontier, were land customs posts called *sayer* stations or *chaukis* at which the duties were collected. The rates of duty were the same as on the corresponding imports or exports by sea. Besides, there were certain outgates, at each of which was posted a peon whose duties were to prevent smuggling and to see that traffic passed only along the authorised routes. There were eight *sayer* stations and the same number of outgates. Going around from north to south, the former were situated at :

Kottaikkuppam	Kandappachavadi
Karuvadikkuppam	Kandamangalam
Mortandi chavadi	Thookanambakkam
Valudavur	Madalapathu

There was also a *chauki* at the frontier railway station at Kandamangalam and a searching station at Periya Canganamkuppam at the northern end of the bridge over the Ponnaiyar at which passengers and goods coming from Pondicherry through Madalapathu were re-examined.[47] Special rules governed the import of articles by rail and by port. Rice and paddy were usually liable for export duty when sent out of British territory, but concessions in the case of articles required for local consumption were granted. Rice and paddy could be brought to the French establishments duty free as long as the French Governor gave a guarantee for the payment of the ordinary export duty on all food grains exported from Pondicherry by sea to foreign ports. It was customary to allow arrack and toddy to be moved from one French village to another French village through the English territory covered simply by a pass issued by a Village Officer of French India. However, from 1 July 1875 it was notified that liquor, arrack and toddy passing through any part of English territory would be confiscated unless covered by an English permit. This is said to have led to a remonstrance on the part of the French Government. On 3 October 1876, the old procedure was revived and French passes were again recognised.[48]

The passing of the Indian Tariff Act in 1894 was the next important development that affected the commercial relations which the inhabitants of French India had with those of British India. The Chamber of Commerce of Pondicherry echoed the grievances of the local merchants and proposed a common sea-customs with the consent of the British. This matter was represented to the French Government on 23 April 1896. On 1 September 1896 the Minister for Colonies replied that the creation of sea-customs could be sanctioned only by Parliament and that it might object to it. Instead of the proposed measure, he suggested the collection of *octroi* at the port.

The matter was then reviewed by the Chamber of Commerce which in its session of 26 October 1896 passed a resolution requesting the local Government and the Government of Madras to study the problem and to hold negotiations. There was a stalemate for several years. In 1901 the Government of British India consented, on certain conditions, that parcel packages for Pondicherry forwarded by steamer from the French colonies via Cuddalore might pass through the British Territory without being inspected or paying customs duties. In 1904 a small duty was levied on all wines and spirits entering Pondicherry, but it did not affect the quantities imported. The customs and tariff at Karaikal, Yanam and Mahe were similar to those in force at Pondicherry.

During the World War I period, Pondicherry experienced a shortage of food grains which prompted the French India Administration to take up the matter again. Discussions were held secretly between the Governor of Madras and the **Chef du Service des Contributions**, Pondicherry. Proposals were put forward by both sides. However, finally the French had to agree to the establishment of sea customs as proposed by the British Government. An agreement is known to have been reached in 1918 between the French and British Governments regarding the abolition of customs around Yanam.

As per the Customs Conventions dated 10 October 1922 concluded between the British and the French, the British India Government agreed to remove all customs barriers installed around Pondicherry and Karaikal and to stop collecting customs duty on goods entering British India from Pondicherry and Karaikal.[49] On the other hand, the French India agreed to establish customs posts in the ports of Pondicherry and Karaikal and to collect the same duties as those collected in the ports of British India. Imports from France however enjoyed the same benefit as those enjoyed by imports from England to British India. The total collection made from the customs posts were to be shared equally every year by the British and French India Governments.

Following World War II, a Customs Union was established in 1941 under which, in return for the payment of an annual subsidy of Rs. 6,20,000 by the Government of British India to the French India authorities, French India authorities handed over the customs jurisdiction over the area to the Government of British India and for purposes of import–export and customs regulations, French India became virtually a part of India. This agreement could however be terminated on a year's notice. In March 1948 the Government of India gave one year's notice to terminate the Customs Union, as according to it, conditions had changed since the agreement was made. Thus the Customs Union Agreement was terminated with effect from 1 April 1949, and necessary customs and import and export regulations applicable to all other foreign territories came to be applied to the French territories.

There was further tightening of land customs thereafter due to large scale smuggling of gold, diamond, watches and playing cards which affected the Indian market to a great extent. New Delhi appealed to Paris to advise the French Indian Government to put a stop to smuggling. The French India Administration responded by slightly increasing the import duty which helped only to increase their own revenue without affecting imports. The Government of India took steps to tighten the customs cordon. Customs rules however came to be relaxed subsequently with a view to avoiding undue suffering to *bona fide* residents. Smuggling was rampant both ways; essential commodities were imported on the sly from the adjacent districts for exporting abroad and large amount of gold, diamonds and manufactured articles from abroad and a good portion of them were smuggled into Indian territory by-passing the customs.

With *de facto* merger a Collectorate of Customs and Central Excise started functioning with headquarters at Pondicherry from 1 November 1954. It functioned as a combined unit for purposes of administration of Customs and Central Excise and the Collector functioned both as the Collector of Central Excise and as the chief customs officer. He was assisted on the

Central Excise Wing by a Superintendent of Central Excise and on the Customs side by two Appraisers. Each of the four regions constituted a Central Excise Range and each range was in charge of an Inspector assisted by a sepoy. Pondicherry and Karaikal were declared as warehousing ports open to foreign trade, while Mahe carried on coastal trade with customs port as defined under section 12 of the Sea Customs Act, 1878.

Soon after merger, the Intelligence Branch maintained a watch on the trade transactions and stock disposition of goods imported till 1 November 1954. It was generally engaged in the collection of information on the movement of such goods with the object of preventing their clandestine removal out of the territory.

A Customs Advisory Committee as approved by the Central Board of Revenue was constituted at Pondicherry for all the ports under the jurisdiction of the Collectorate.

With effect from 1 July 1963, the Collectorate reverted to the Centre with the passing of the Government of Union Territories Act, 1963. With the decline of import and export trade, the Collectorate was converted into a Divisional Office and attached to the Collector of Customs and Central Excise, Madras since 1968. However, with effect from 1 April 1971, the Pondicherry Customs and Central Excise, Divisional Office was placed under the control of the Collector of Central Excise, Madurai. The Chamber of Commerce took up the issue with the Government of India. As a result, the *status quo ante* was restored.

Subsequently, the Union Finance Ministry attached the Pondicherry Port (Customs) to Nagappattinam Division, thus bringing it under the control of the Madurai Collectorate. The Chamber of Commerce in a memorandum represented that there was an Assistant Collector of Central Excise at Pondicherry who could look after the customs. The memorandum pleaded to attach the Pondicherry Customs work to the Assistant Collector, Central Excise. Consequent on the formation of the Cuddalore Customs Division, the Pondicherry Port is attached to the Cuddalore Division instead of the Nagappattinam Division with effect from 1 April 1975 under the Madurai Collectorate.