APPENDIX
Important Provisions of the Treaty of 1878

Art.1. There shall be reciprocal freedom of commerce, navigation and transit between the
Indian dominions of the High Contracting Parties.

Such freedom of commerce, navigation and transit shall not extend to contraband of war, or to
articles of which the exportation or importation is prohibited by this Treaty, or by any law not in-
consistent therewith, now or for the future in force in the Indian dominions of either party.

Art.2. The subjects of each of the High Contracting Parties shall be entitled to enter into and
to travel and reside in the Indian Dominions of the other; to hire and own lands and houses therein;
to open warehouses and wholesale and otherwise to trade with perfect freedom therein.

The subjects of each of the High Contracting Parties availing Themselves of the above per-
mission shall enjoy in the Indian dominions of the other, in respect of commercial and industrial
pursuit, all privileges, immunities, and other advantages which are or may be accorded to the sub-
jects of the other and shall not be liable to any general, special, or local imposts whatever, except
those which are or may be imposed on such subjects; but they shall be in all respects amenable to
the general law and statutes in force in such dominions.

Art.3. The ports, harbours, roadsteads, basins, creeks, and rivers in the Indian dominions of
each of the High Contracting Parties shall be open to the commerce and navigation of the subjects
of the other, on the same conditions as those on which they are open to the subjects of the party in
whose dominions they are.

The coasting and carrying trade between one port and another in the Indian dominions, of
each of the High Contracting Parties shall be open to the commerce and navigation of the subjects
of the other, on the same conditions as those on which they are open to the subjects of the party in
whose dominions they are.

The coasting and carrying trade between one port and another in the Indian dominions, of
each of the High Contracting Parties shall be open to the vessels of the other, without any restric-
tion except such as is or may be imposed upon national vessels.

No vessels of either of the High Contracting Parties shall be subjected by the other to any har-
bour or navigation dues of any description whatsoever, or to any regulations for stationing, load-
ing, unloading, or otherwise, to which national vessels are not equally subject, or shall be denied
any privilege which is accorded to such vessels.

The High Contracting Parties reserve to themselves respectively the right of retaining, increas-
ing, modifying, and abolishing the dues and charges on navigation in their respective Indian do-
minions, and of establishing new dues and charges of a like nature.

Art.8. In order to ensure that the complete freedom of intercourse between their respective
Indian dominions, which it is the desire of the High Contracting Parties to provide, shall produce
beneficial results, without prejudice to the financial interests of either, it is hereby agreed that there
shall be a Customs Union between the said dominions on the following terms:
The laws and regulations relating to the levy of Customs duties on goods exported or im-
ported by sea, and the administration of the Department of Customs, shall be uniform throughout
the said dominions, insofar as the High Contracting Parties, acting in concert, may deem practica-
ble after taking into consideration any special circumstances which may exist in the case of the
dominions of either of them.

The tariff of Customs duties to be levied on goods exported or imported by sea shall, except
as hereinafter provided be uniform throughout the said dominions.

The Tariff annexed to this Treaty shall come into force upon the same date as the Treaty itself.

Art.12. His Most Faithful Majesty engages to grant to Her Britannic Majesty's Government of
Bombay, for the period during which this Treaty may remain in force, the exclusive privilege of
regulating or undertaking the manufacture and sale of salt in Portuguese India under the following
conditions:
(a) The proprietor or tenants of salt-works may, under the direction of the Agents of the said
Goverment, and subject to conditions mutually agreed upon between them, continue to manu-
facture salt on their own account, or manufacture salt on account of the said Agents, or farm out
their salt-works to them.
(b) If the said proprietors or tenants cannot arrive at a voluntary agreement with the said
Agents, the Government of Portuguese India will take such measures as may be necessary to let
the said salt-works in farm to, and under the direction or administration of the said Agents, so that
the said Agents may be able to cause salt to be made there in such manner as they may decide
most suitable: provided that when, on the expiration of the farm the said proprietors obtain pos-
session of the salt-works, they shall be entitled to compensation for damage (if any) resulting
therto from the farm, but shall not be liable to payment of compensation for improvements which
may have been effected therein.
(c) The Agents shall have the right to use the land adjacent to all salt-works for the purpose of transporting or depositing salt or other operations connected with the manufacture, provided that they do not interfere with the cultivation of the same. The proprietors or tenants of the said land, on their part, shall have the right to derive from the salt-works the same advantages, in respect of the cultivation of rice or other crops, as they have enjoyed, hitherto, provided that they do not interfere with the manufacture of salt. The relations in this matter between the said proprietors or tenants and the said Agents shall be determined by special rules made by the Government of Portuguese India.

(d) The Government of Portuguese India will cause the suppression of any salt-works which, in the opinion of the said Agents, may be difficult to superintend or guard, or cannot be worked with profit.

(e) The Government of Portuguese India will secure to the said Agents the acquisitions, at a fair and reasonable price, of all the salt existing, or in course of manufacture, in Portuguese India at the time this Treaty comes into force: provided that if the said Agents do not wish to purchase the whole of the said salt, the owners thereof shall have the right of selling it locally or of exporting it under the same conditions as hitherto.

(f) His Most Faithful Majesty will prohibit the manufacture and sale of salt, the collection of salt, spontaneously produced, and the transit and exportation thereof both by sea and land, by any persons not delegated in this behalf by the said Agents, or who have not obtained from the said Agents a permit in due form, and He will adopt in Portuguese India the procedure and penalties in force in British India for the repression of smuggling and contraband practices in respect of salt, with such modifications as the Portuguese Indian system of legislation and administration or the diversity of circumstances, may necessitate.

(g) In order to ensure the effective exercise of the privilege granted by this Article, His Most Faithful Majesty invests the said Agents with the right:

1. To enter and inspect at any time any salt-work, or any warehouses or premises used for storing salt, or any vessel which has been or is proposed to be laden with salt.

2. To search all persons, animals, carriages, vessels, goods and packages in or upon which they have reason to believe that contraband salt is concealed or likely to be concealed.

3. To arrest any person found in the act of smuggling or prohibited practices, and any accomplice present, provided that such person or accomplice shall be immediately handed over to an officer appointed under paragraph (6) of this clause, or the nearest revenue or police station, or to the administrative authority of the parish.

4. To seize any salt which they may have reason to believe to be contraband, and any animals, carriages or vessels used in transporting it, or in or upon which it may be found, and all goods and packages in or among which it may be contained or concealed; provided that every thing so seized shall be retained in provisional custody pending orders for the disposal thereof by competent Portuguese authority, to whom the seizure and the circumstances thereof shall be reported.

5. To obtain from the competent local Portuguese authority, on written application, orders for the arrest of any person whom such authority may have reason to believe to have been guilty of smuggling or contraband practices, and the search of any house, building, premises, or vessel in which contraband salt is concealed or suspected to be concealed.

6. For the purpose of cooperating with the said Agents in the proceedings contemplated under the preceding paragraphs (1) to (5) inclusive, and of repressing smuggling and contraband practices in respect of salt, His Most Faithful Majesty engages to appoint such number of Officers as he may from time to time deem fit, to reside at or near the several salt-works. The said Officers shall, when called upon by the said Agents, be legally bound to assist them in their proceedings aforesaid, and the said Agents shall, except as otherwise permitted in paragraph (3), hand over to them all persons arrested and property seized, for delivery to the charge of higher Portuguese authority, or for provisional custody, as the case may be.

7. It is to be understood that the said Agents will be subject in every respect to the laws of Portuguese India and will be responsible in accordance with those laws for all abuses that may be committed by them, as also for all acts done on their requisition by the Officers referred to in the last preceding paragraph.

(h) In consideration of the preceding stipulations of this Article, Her Britannic Majesty engages to pay just compensation to the proprietors of salt-works which have been let in farm to the said Agents or suppressed, under the provisions of clauses (b) or (d) of this Article.
The compensation shall be awarded by a Joint Commission, and shall be either in the form of annual payment, or in some other form if the two parties interested prefer it. With respect to the amount, the commission shall take specially into consideration:

(1) The average annual proceeds of the salt-works during a series of years, up to ten if ascertainable.

(2) The average price of salt in the locality, and (excluding duty) in the neighbouring districts of British India, during the preceding ten years.

(3) The damage (if any) caused to the proprietors by the suppression of their salt-works, or by deprivation of the free use of them with respect to other cultivation, or with respect to the exercise of other vested rights of property.

But with regard to salt-works which have been suppressed, the Commission shall make a deduction for the proceeds (if any) which the proprietors may gain from the lands if otherwise employed.

The commission shall add to the sum determined on the above principles fifteen per cent on the amount thereof. The total shall be the compensation awarded by the Commission to the proprietors.

The compensation so awarded shall be paid to the proprietors, who shall be responsible for the satisfaction of all just claims of other persons connected with the salt-works.

Provided always, that if the proprietors are dissatisfied with the award of the Commission, they shall be at liberty to have recourse to the ordinary procedure for expropriation established by the local law of Portugal. The amount of compensation so awarded to them by any local tribunal, whether more or less than that awarded by the Commission, shall alone be paid to them accordingly. But in the event of such amount being in excess of the amount awarded by the Commission, the difference shall be defrayed by the Government of Portuguese India.

(i) Her Britannic Majesty engages also:

(1) To deliver to the Government of Portuguese India, at the price of manufacture in those possessions respectively, the quantity of salt necessary for the domestic use and consumption of the various Portuguese possessions in India.

This quantity shall be calculated annually at the rate of 14lbs. per head of the ascertained population.

It is understood that His Most Faithful Majesty reserves to himself the right of causing the said quantity of salt to be sold to consumers at whatever price he may think proper.

(2) To sell to cultivators at a fair and reasonable price, and free of all duty, such quantity of inferior salt or salt spontaneously produced as they may bona-fide requirements for the cultivation of coconut tree, or for such other cultivation that may need this kind of manure.

(3) To supply the markets of Portuguese India, under conditions similar to those which may be from time to time in force in the neighbouring British Indian districts, with the quantity of salt which the trade may require.

(4) To provide salt necessary for the fish-salting trade, under the most favourable conditions, from time to time accorded to the same industry in British India.

(j) All differences arising with regard to the price of salt under the preceding clauses (e) and (i) shall be determined by a Joint Commission, or in such other manner as may be mutually agreed upon by the Government of Portuguese India and Bombay.

Art.13.His Most Faithful Majesty engages to take such measures as may be necessary to ensure that the system of excise on spirituous liquors, including toddy whether in its fermented or unfermented state, sanctioned by law in the Presidency of Bombay, shall be introduced into, and effectually maintained in Portuguese India. The rates of excise duty levied accordingly in the several Indian possessions of His Faithful Majesty shall not, except insofar as may be mutually agreed upon between the Governments of Portuguese India and Bombay, be less than those levied for the time being in the adjoining British districts.

The Government of Bombay shall render cordial assistance to the Government of Portuguese India for the accomplishment of this end, by affording full information to Portuguese Officers who may be deputed to study the British system, or otherwise, as may be in accordance with the wishes of the said Government.

SOURCE : Reproduced from ‘History of Mormugao Port’ by Amaro Pereira, Mormugao Port Trust, Mormugao-Goa.