# REPORT

OF THE

# Indian Tariff Board

ON THE

# CLASSIFICATION OF PAPER FOR TARIFF PURPOSES

DELHI: MANAGER OF PUBLICATIONS
1936

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Member . . . Mr. H. R. Batheja.

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## on the

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### PRELIMINARY.

Terms of Reference.

Under the Government of India, Department of Commerce, Resolution No. 202-T. (1)/35, dated the 25th May, 1935, the Tariff Board were directed to enquire into the question of the classification of paper for tariff purposes with a view to giving effect to the intentions of the Legislature in granting protection to printing and writing papers under the Bamboo Paper Industry (Protection) Act, 1932. The resolution is reproduced below:—

> " In paragraph 101 of the 1931 Report on the grant of protection to the Paper and Paper Pulp Industries, the Tariff Board recommendation that in the event of their proposals in regard to the measure of protection to be afforded to the industries being accepted, steps should be taken at the earliest opportunity after the passing of the Act to specify, as definitely as might be possible, the classes of paper which are by ordinary trade usage included in the term " Printing and Writing Paper " as used in the Import Tariff Schedule. In announcing their decisions on the report the Government of India in their Resolution in this Department No. 202-T. (28), dated the 3rd February, 1932, expressed their inability to accept the Board's recommendation. In their view the definition of articles to which the protective tariff should apply was one which should indicate as precisely as possible the intention of the Legislature and should be so framed as to include any such articles as can be produced economically in the country or may compete with an indigenous product. For this purpose trade usage provides no guide. At the same time, the Government of India appreciated the fact that the then current statutory definition of the protected classes of paper gave rise to difficulties of interpretation, and declared that if protection were given for a further period to the Paper Industry they proposed to proceed to the revision of the basis of assessment to duty of imported paper in consultation with the different interests concerned in such a way as to obviate disputes regarding the interpretation of the tariff. They also undertook to place the result of such revision before the Legislature.

2. In accordance with their announcement the Government of India consulted the various interests concerned in the matter on a broad scheme of classification, the central idea of which was the specification of non-protected papers and the grouping of all others in a residual protective class. The views received have, however, been so divergent that it has been impossible to arrive at any satisfactory conclusion. The Government of India consider that in the circumstances the question should be investigated by the Tariff Board. They have decided therefore to ask the Board to examine the classification of paper for tariff purposes with a view to recommending such changes as may be considered necessary to give effect to the intentions of the Legislature in granting protection to printing and writing papers under the Bamboo Paper Industry (Protection) Act, 1932.

3. Firms or persons who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary, Tariff Board."

The Board's communiqué.

2. The Board were, however, unable to take up this enquiry immediately as they were then engaged on the report on the Woollen Textile Industry. That report was signed on the 10th June, 1935. But the Board issued the following Press Communiqué on the evening of Saturday the 8th June, 1935, in order to give the public earliest information about the scope of the enquiry and the last date for submitting written representations:—

"The Government of India, Department of Commerce, in their Resolution No. 202-T. (1)/35, dated the 25th May, 1935, have referred to the Tariff Board the question of the classification of paper for tariff purposes with a view to recommending such changes as may be considered necessary to give effect to the intentions of the Legislature in granting protection to printing and writing papers under the Bamboo Paper Industry (Protection) Act, 1932. The terms of the Resolution are as follows:—

'In paragraph 101 of the 1931 Report on the grant of protection to the Paper and Paper Pulp Industries, the Tariff Board recommended that in the event of their proposals in regard to the measure of protection to be afforded to industries being accepted, steps should be taken at the earliest possible opportunity after the passing of the Act to specify, as definitely as might be possible, the classes of paper which are by ordinary trade usage included in the term "Printing and Writing Paper" as used in the Import Tariff Schedule. In announcing their decisions on the report the Government of India in their Resolution in this Department No. 202-T. (28), dated the 3rd February, 1932, expressed their inability to accept the Board's recommendation. In their view the definition of articles to which the protective tariff should apply was one which should indicate as precisely as possible the intention of the Legislature and should be so framed as to include any such articles as can be produced economically in the county or may compete with an indigenous product. For this purpose trade usage provides no guide. At the same time, the Government of India appreciated the fact that the then current statutory definition of the protected classes of paper gave rise to difficulties of interpretation, and declared that if protection were given for a further period to the paper industry they proposed to proceed to the revision of the basis of assessment to duty of imported paper in consultation with the different interests concerned in such a way as to obviate disputes regarding the interpretation of the tariff. They also undertook to place the result of such revision before the Legislature.



2. In accordance with their announcement the Government of India consulted the various interests concerned on the matter on a broad scheme of classification, the central idea of which was the specification of non-protected papers and the grouping of all others in a residual protective class. The views received have, however, been so divergent that it has been impossible to arrive at any satisfactory conclusion. The Government of India consider that in the circumstances the question should be investigated by the Tariff Board. They have decided therefore to ask the Board to examine the classification of paper for tariff purposes with a view to recommending such changes as may be considered necessary to give effect to the intentions of the Legislature in granting protection to printing and writing papers under the Bamboo Paper Industry (Protection) Act, 1932.'

2. Firms and persons interested in the enquiry should submit written representations (with six spare copies) embodying such views as they wish the Board to take into consideration not later than 1st July, 1935, to the Secretary, Tariff Board, Town Hall, Bombay."

At the same time letters were addressed to the Collectors of Customs, the President, Forest Research Institute, Dehra Dun, and the Controller of Printing and Stationery asking for information upon specific points.

Board's questionnaire.

3. Though the scope of the enquiry was clearly defined in the Government of India Resolution reproduced in paragraph 1 above, several communications received by us showed that considerable misunderstanding prevailed about the actual terms of reference. We therefore thought it best to clarify the position by issuing on the 22nd June a questionnaire to manufacturers, dealers and importers of paper and to others interested in the enquiry. A detailed list of the Associations, firms and persons from whom replies were received by us is given in Appendix III.

4. The Board carried out the following programme of visits and oral examination of witnesses at Poona, Bombay, Calcutta and Dehra Dun:—

Board's tour and oral evidence.

*June 17th.*—Inspected Deccan Paper Mills, Poona.

*June 18th.*—Had an informal meeting with the representatives of the Mills.

*June 20th.*—Visited the office of the Collector of Customs, Bombay and witnessed the actual tests carried out for determining the mechanical wood pulp content of paper.

*July 19th.*—Arrived Calcutta.

*July 23rd.*—Examined various classes of imported paper exhibited by Messrs. John Dickinson and Company, Limited, at their office.

*July 24th.*—Visited the Titaghur and Kankinara mills of the Titaghur Paper Mills Company, Limited.

*July 25th.*—Visited the office of the Statesman, Limited.

*July 29th.*—Took oral evidence of the Indian Paper Makers' Association.

*July 30th.*—Took oral evidence of the Calcutta Paper Import Association.

*July 31st.*—Took oral evidence of the Calcutta Paper Traders' Association.

*August 1st.*—Took oral evidence of the Collector of Customs, Calcutta.

*August 5th.*—Arrived Dehra Dun.

*August 6th and 7th.*—Inspected the sizing tests at the experimental paper plant installed at the Forest Research Institute and had informal discussions with the President, Forest Research Institute and his staff.

*August 9th.*—Arrived Bombay.

5. We wish to acknowledge the courtesy and assistance extended to us by all those whose places of business we visited and by Mr. C. C. Trever, C.I.E., President, Forest Research Institute, Dehra Dun, and his assistants. We also take this opportunity of recording our appreciation of the services of Mr. B. Mazumdar, B.Sc., Appraiser, Custom House, Calcutta, who was appointed as a Technical Assistant under the Board. He helped us greatly during the course of the enquiry with his expert knowledge of paper and the Customs administration connected with it.

Acknowledgment.

# CHAPTER I.

## History of Paper Classification and the Tariff Schedule.

The claim for the protection of Paper and Paper Pulp Industry was first investigated by the Tariff Board in 1925. Before it the statutory paper schedule did not differentiate between printing and writing papers and stood as follows:—

1924 Tariff Schedule.

| Serial No. | Name of article. | Duty. |
|---|---|---|
| 99 | Paper and articles made of paper and papier mache, paste board, millboard and cardboard, all sorts, and stationery, including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards including cards in booklet forms, including also waste paper and old newspapers for packing, but excluding trade catalogues and advertising circulars imported by packet, book or parcel post and postage stamps whether used or unused. | 15 per cent. *ad valorem.* |

The Board recommended that in place of the then existing revenue duty of 15 per cent. *ad valorem* on paper and its applications a specific duty of one anna a pound be imposed on all writing and printing paper with some specified exceptions. The determination of these exceptions which happened to be confined to printing paper only was based on considerations which were summed up in the Board's report as follows:—

"It is not enough that the paper (to be excluded) is not made in India or even that it cannot be made in India. The vital points are that it does not compete with Indian paper at present, that, if excluded from the protective tariff and so made relatively cheap, it is not likely to compete and that it should be possible to define it in such a manner that it can be readily identified for Customs purposes."

2. Of the items so excluded from the scope of protection of writing and printing paper, the most important was printing paper containing about 70 per cent. of mechanical wood pulp imported and sold under the trade name of 'newsprint' and mostly used for printing Indian newspapers. Since fair amounts of this paper were also used for purposes other than newspaper printing, such as printing of catalogues, almanacs, cheap novels and magazines,

Exceptions to protected paper.

it was considered preferable to avoid using the term 'news' in describing this paper in the schedule. The sole criterion to determine whether a particular kind of printing paper was to be exempted from the protective duty was the percentage of mechanical pulp present in it irrespective of the purpose for which it might be used. It was understood that the chemical test for determining the mechanical pulp content available at that time was subject to an error of 5 per cent. Allowance for this error was recommended to be made by statute rather than by administrative order and, therefore, the percentage of exemption from the protective duty was fixed at not less than 65 per cent. The Indian mills had originally pressed for the inclusion of this class of paper also in the scheme of protection on the ground that being cheap its exemption would lead to its extensive substitution for the better classes of paper and would " tend to confine the development of the paper trade to certain narrow channels and to prevent its spread over the broad fields it might otherwise occupy ". On however being satisfied that using Indian materials they could not hope to compete with such cheap paper without an 'outrageous' degree of protection the mills eventually withdrew their claim.

Other printing exceptions.

3. Other printing papers excluded from the scope of the protective duty were stereo, poster, chrome, flint and marble. They were either not made in India or were not likely to be made for many years. Besides these specified items of printing paper, all paper which could not be classed as writing and printing papers, such as old newspapers, packing and wrapping paper like sulphite envelope, machine glazed pressings, manilla, kraft, nature brown, tissue and special miscellaneous papers like grease proof paper, gummed paper, embossed leatherette, blue match paper, and boards like cardboard, strawboard were excluded from the scope of the protective duties on similar grounds. It was held that blotting paper did not require protection since the imported qualities were either too expensive or too inferior to compete with it seriously after paying the revenue rate of duty. The Board also discussed the tariff classification of certain disputed writing and printing papers such as supercalendered paper, imitation art paper, partly mechanical paper, cartridge paper, cover paper and coloured paper and came to the conclusion that they could not be exempted from protection; the first three on the ground that though not made in India they might be substituted for Indian papers if taxed at the revenue rate, and the remaining because they could be partly or wholly produced in India. Litho papers could not be excluded as a class because they cannot be distinguished from protected printings.

1925 Tariff Schedule.

4. These recommendations of the Tariff Board were embodied in the Bamboo Paper Industry (Protection) Act, which was passed in September 1925. As a result of this Act the modified schedule stood as follows:—



| Serial No. | Name of article. | Nature of duty. | Duty. |
|---|---|---|---|
| 99 | Paper and article made of paper and papier mache, paste board, millboard and cardboard, all sorts, and stationery, including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspaper for packing, but excluding trade catalogues and advertising circulars imported by packet, book or parcel post and postage stamp whether used or unused and paper and stationery otherwise specified. | Revenue . | 15 per cent. |
| 155 | Printing paper (excluding chrome, marble, flint, poster and stereo), all sorts, containing less than 65 per cent. of mechanical wood pulp. | Protective . | 1 anna per lb. |
| 156 | Writing paper, all sorts, including ruled or printed forms and account and manuscript books and the binding thereof. | Protective . | 1 anna per lb. |

Board's method of protection adopted in 1925.

5. It will be seen that the position regarding classification after the 1925 Act was that—

(1) All writing paper was protected irrespective of the amount of its mechanical wood pulp content.

(2) All printing paper with the exception of specified items like printing paper containing not less than 65 per cent. mechanical wood pulp, chromo, marble, flint, poster and stereo was protected.

(3) All the remaining papers were grouped into a residual class of non-protected papers.

There is no doubt that this simple arrangement did not take into consideration the variety of paper and the complexity of its classification. Its drawback from the point of view of Customs administration was its differentiation of printing paper from protected writing paper on one side and from non-protected wrapping and other miscellaneous papers on the other thus necessitating the definition of such vague and variable terms as writing, printing and wrapping papers. This necessity was however implicit in the peculiar scheme of discriminating protection they recommended and, as we shall point out later at length, it cannot be escaped as long as the scheme in its essentials remains undisturbed. The Board was no doubt driven to this course by the difficulties inherent in an enquiry into a commodity of such diversified use as paper. It frankly gave up all attempts at exact determination of the competition between imported and indigenous papers by interpreting 'competition' in the widest possible sense so as to include both its direct and indirect manifestations. Protection was therefore recommended not only against papers competing directly but against all others whether produced in India or not which on account of their comparative cheapness had a chance of being substituted for Indian papers if admitted at the revenue rate. The measure of protection had therefore to be based on the somewhat unscientific method discarded in recent enquiries of comparing the fair selling prices of mills with the average realised prices of their products without direct reference to the prices of imported articles since it was not clear which of them competed class by class with the corresponding Indian varieties. All this is clear from the procedure described in paragraphs 44, 45, 46, 141, 142, 143 and 147 of the 1925 report and the following extract from paragraph 39 of the same report:—

> ". . . . . the competition between Indian and imported papers becomes entirely a question of the price at which the mills can sell without loss. Each kind of paper produced by the mills is in competition not with one kind of imported paper, but with several, and a direct comparison of prices, kind by kind, is not possible. In these circumstances the ordinary method of determining the measure of protection required by an industry is hardly feasible. The only comparison that can be made is between the average price obtained by the mills over a period for some standard class of paper made by them, *e.g.*, white printing, and the range of prices of those classes of imported paper which compete with it. The price which the mills have actually obtained in the past, when imported prices were at a certain level, is on the whole the best criterion to determine what prices they are likely to obtain in the future if the duty is increased."

Difficulties of classification incidental to the scheme.

6. This method of arriving at the character and amount of protection naturally reacted on the tariff classification devised to give effect to the protective policy. Since the Indian production was mostly confined to writing and printing papers, it was roughly assumed that protection was required against these categories of paper. These, with the notable exception of 'Newsprint' could not be precisely defined class by class since it was further assumed that not one but several of them competed with each Indian paper (paragraphs 148 and 149, 1925 report). A whole group of papers was thus singled out from paper in general and marked out for protection subject to some exceptions and the residue was left unprotected. But when it came to indicating the exceptions to protected writing and printing papers, the Board reversed its principle of specifying these protected items and leaving the rest as a non-protected residue by specifying in this case the non-protected writings and printings and classing the remaining as a protected residue. The reasons for this change in the method of classifications were explained in the following passage of their report:—



> "Here a question of method arises whether the duties should apply generally with specified exceptions, or only to certain kinds of paper specially named in the Tariff Schedule. Our review of the condition prevailing in the Indian paper market leads us to prefer the former alternative. There are two classes of paper which it is desirable to exclude:—
>
> (1) Special papers which are not made in India, do not compete with Indian paper, and can be readily identified for Customs purposes.
>
> (2) Expensive papers of high quality which the Indian mills cannot manufacture profitably.
>
> The former class can be specifically named in the Schedule, and the latter can be dealt with by a comparatively simple expedient. But if the alternative plan is adopted, and the attempt made to specify those kinds of paper on which the duties should be placed, it is impossible to be sure that the enumeration is exhaustive. It was explained that each Indian paper is in competition not with one kind of imported paper but with several, and this obviously creates a difficulty. For these reasons we have found it necessary to make the protective duties generally applicable to printing and writing papers and to specify the exceptions which are not very numerous."

Mixing of two principles of classification.

7. As a matter of fact only printing papers were affected by this sub-division of writing and printing papers. The printing exceptions subsequently proved to be much more numerous than anticipated by the Board. The combination of two contradictory principles of classification referred to above gave rise to serious difficulties of Customs interpretation and administration. They were perhaps inevitable owing to the difficulty the Board experienced in determining what specific classes of imported paper competed with Indian papers. The Customs difficulties were further enhanced by the fact that the Board nowhere defined explicitly printing and writing paper, but followed implicitly the definitions embodied in the classification of Trade Returns. In the absence of precise statutory definitions (we have already explained at the outset that these terms did not figure at all in the 1924 schedule) these were necessarily based on trade usage. On the other hand, the Board rejected the use of the well known trade term 'newsprint' by adopting a scientific principle of economic classification, based on costs and prices and defined this non-competing unprotected printing paper as printing paper having a mechanical wood pulp content of not less than 65 per cent. As the phloroglucinal chemical test which was recommended to be used for determining this content proved after experience to be unsatisfactory, the demarcation was not precise and gave rise to further disputes between the importers and the Custom Houses. To

a great extent these disputes have been obviated by the adoption of the Spence and Krauss chemical test but the complications created by the inextricable mingling of the economic principle of classification based on costs with that based on trade usage still remain. The intrusion of a scientific component in the main body of the classification of 'printing' paper has only alleviated matters partially since the precise definition of the part depends upon the precise meaning of the whole. The species cannot be explained apart from the genus of which it is a part. The result of all these circumstances described above has been that a battle royal has been waged between the importers and the manufacturers for the last nine years as to what are printing papers and what are writing and wrapping papers in which the neutral Customs Department has naturally received the blows of both parties. In the controversy both parties, regardless of logic, have appealed alternately to the popular and scientific principles of classification and definitions of terms just as it has suited their particular purpose. The conflict shows some signs of diminishing not on account of any lack of argument but because of the exhaustion of the combatants. Some relief has been obtained by the growth of a body of case law on the point in the shape of a series of ruling of the Central Board of Revenue and departmental orders of the Collectors of Customs. As local practice varies from port to port in spite of the uniform supervision of the Central Board of Revenue, and changes in the character of production and consumption partly induced by tariffs are frequently taking place, there is still some room for dispute and misunderstandings, and the need of an authoritative decision on them is yet felt.

Subsequent tariff changes.

8. We have dwelt at this considerable length on the 1925 report as we are of opinion that the difficulties of classification are inherent in the scheme of protection sanctioned in 1925 and re-enacted in 1932 without modification in its principle as explained in that report. We believe it will conduce to a clearer understanding of the problem if the disability or defect is traced to its source. Since the passing of the Bamboo Paper Industry (Protection) Act in 1925, no changes affecting the character of paper classification have been made. The changes made in 1927 on the recommendations of the Tariff Board related only to the rectification of the omission to include printing paper containing no mechanical wood pulp under protected printing paper, the method of determining mechanical wood pulp content and the imposition of an *ad valorem* duty as an alternative to the specific duty on certain expensive classes of writings when it was less than the specific protective duty. The other changes, made after a full Tariff Board enquiry in 1931 at the end of the first period of protection, were the raising of the percentage of the mechanical wood pulp qualifying for exemption from the protective duty from 65 per cent. and over to 70 per cent. and over and the imposition of a protective duty of Rs. 45 a ton on imported pulp. The effect of the first change was to place the allowance for the chemical test error on an administrative



rather than a statutory basis. All revenue and protective duties on paper were increased by 25 per cent. in 1932 as a result of the general surcharge levied in that year. The paper tariff was further modified in some details and in the scale of revenue duties in 1932 when this country decided to give preference to certain classes of British paper in accordance with the Ottawa Agreement. In consequence of all these changes, the present schedule stands as follows:—

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | |
|---|---|---|---|---|---|
| | | | | The United Kingdom. | A British Colony. |
| 43 | Wood Pulp . . . | Protective . | Rs. 56-4-0 per ton. | .. | .. |
| 44 | Paper, including Chromo, marble, flint, poster and stereo printing paper; articles made of paper and papier mâché; paste board, millboard and cardboard, all sorts, other than strawboard. | Preferential revenue. | 30 per cent. *ad valorem.* | 20 per cent. *ad valorem.* | .. |
| 44 (1) | Printing paper (excluding chromo, marble, flint, poster and stereo), all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content. | Protective . | One anna and three pies per lb. | .. | .. |
| 44 (2) | Printing paper, all sorts not otherwise specified which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content; and strawboard, all sorts. | Revenue . | 25 per cent. *ad valorem.* | .. | .. |
| 44 (3) | Writing paper— | | | | |
| | (*a*) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof. | Protective . | One anna and three pies per lb. or 18¾ per cent. *ad valorem,* whichever is higher. | .. | .. |
| | (*b*) All other sorts . | Do. . | One anna and three pies per lb. | .. | .. |
| 44 (4) | Trade catalogues and advertising circulars imported by packet, book, or parcel post. | .. | Free . | .. | .. |
| 44 (5) | Paper money . . | .. | Free . . | .. | .. |

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | |
|---|---|---|---|---|---|
| | | | | The United Kingdom. | A British Colony. |
| 44 (6) | Newspapers, old, in bales and bags. | Revenue . | 25 per cent. *ad valorem.* | .. | .. |
| 45 | Stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified. | Preferential revenue. | 30 per cent. *ad valorem.* | 20 per cent. *ad valorem.* | .. |
| 45 (1) | Books, printed, including covers for printed books, maps, charts, and plans, proofs, music, manuscripts, and illustrations specially made for binding in books. | .. | Free . | .. | .. |
| 45 (2) | Prints, engravings and pictures (including photographs and picture post cards) on paper or cardboard. | Revenue . | 50 per cent. *ad valorem.* | .. | .. |

Present enquiry foreshadowed.

9. We have now reached the stage when the present enquiry was foreshadowed. The steps which led to it are briefly summarised in the Resolution of the Government of India quoted in our terms of reference. But it would perhaps explain the objects and intentions of the Government of India better if we quoted somewhat extensively from the speech of the Hon'ble Sir George Rainy, the then Commerce Member, which he made on the 6th of February, 1932, before the Assembly in moving the Bamboo Paper Industry (Protection) Bill. Referring to the Tariff Board's proposal to convene a conference to specify the classes of paper which are by ordinary trade usage included in the term "Printing and Writing Paper" as used in the Import Tariff Schedule, he observed as follows:—

"Now, in practice, the administration of the law has given rise to a great many difficulties, because it is not very easy to draw a line between printing paper and writing paper, and other kinds of paper. Government had hoped that the Tariff Board would find it possible in their report to deal fully with the matter and to suggest a revised entry in the tariff schedule, which might at any rate alleviate these difficulties and perhaps remove some of them. The Tariff Board have not, however, found it possible to do this and Government have not found it altogether easy to decide how the matter



should be dealt with. What the Board suggested was that, after this Bill had become law, Government should hold a conference with the representatives of the trade in order to find a satisfactory definition of the protected kinds of paper based upon trade usage. Now, when it comes to interpreting the provisions of the law, I do not think that a conference is a good way of arriving at an interpretation. A conference may be a perfectly good method of getting assistance as to what the law ought to be; but after having made the law, it is not at all a good method to decide what the meaning of that law is, because clearly in the last resort it is only the courts of justice that can decide what the law means. Government think the best plan to adopt would be this. It is suggested that instead of specifying the kinds of paper to be protected and leaving all other kinds of paper subject to the revenue duty, we should reverse the procedure and say that the protective duty will be applicable to all kinds of paper except those which are specified for exemption. When Government reached that conclusion they had then to decide whether they could embody that proposal in the Bill now before the House: and they came to the conclusion that this was not possible, mainly owing to considerations of time, because if the Customs procedure is reversed in the manner I have described, great care is necessary if we are to avoid inadvertently imposing the higher protective duty on classes of paper which nobody wants to protect. It is reasonable in such circumstances that the trade, on the one hand, should have a full opportunity of representing that a particular class of paper ought not to be subject to the protective duty and conversely that the industry should have an opportunity of representing that any proposed exemption is not justified. It was suggested that perhaps the difficulty might be got over by giving a very large power of exemption to the Governor General in Council; but personally I feel that that was not a satisfactory method of procedure. It may be desirable that some power of exemption should be granted to the executive Government, but as far as possible before the Legislature is asked to adopt a change in the law, it is desirable that they should have placed before them clearly and distinctly the exemptions which can be foreseen to be necessary, and that the authority which authorises these exemptions from the protective duty should be the Legislature itself and not any other authority. Therefore, what we propose to do is this. We propose in the present Bill to leave the definitions alone, and they will remain exactly the same as they are under the existing Act. But we propose that as soon as possible Government should publish the definition which they think might be substituted for the existing definitions, and to this definition there should be attached a schedule of the proposed exemptions from the protective duty. The definition would be widely circulated both to the industry and to the trade and they would be invited to make their criticisms on it. Thereafter there will be discussion between Government on the one side and the representatives of the trade and the industry on the other, and if the plan proves to be a satisfactory one, a bill will be placed before the Assembly in the next session."

10. In pursuance of the undertaking given in the speech, the Government of India in the Commerce Department sent a letter dated 2nd June, 1932, to all the principal manufacturers and traders and to all the Collectors of Customs through the Central Board of Revenue to invite their opinions on a provisional scheme of classification as given below:—

**Government of India's scheme of definition.**

*Subject to Revenue duty.*

"(*a*) Articles made of paper, and papier mâché, pasteboard, millboard and cardboard, all sorts, stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs or calendars, Christmas, Easter and other cards, including cards in booklet form, including also waste paper and old newspapers for packing, but excluding ruled or printed forms, letter paper with printed headings and account and manuscript books and the binding thereof, and excluding also trade catalogues and advertising circulars imported by packet, book or parcel post, and postage stamps whether used or unused and paper money and stationery otherwise specified.

(*b*) The following kinds of paper, namely—

(i) Packing and wrapping paper;

(ii) Chromo, marble, flint, poster and stereo paper;

(iii) Tissue paper;

(iv) Toilet paper;

(v) Blotting paper;

(vi) All other kinds of paper in which the mechanical wood pulp amounts to not less than 70 per cent. of the fibre content.

*Subject to the Protective duty.*

(*a*) Paper, all sorts, not otherwise specified.

(*b*) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof."

11. In commenting on the difficulties of the existing classification which was to be replaced by that in the Government scheme, the following observations were made in the letter:—

**Difficulties of interpreting printing and writing paper.**

"All those connected with the trade will appreciate the difficulties involved in the interpretation of such vague terms as 'Printing Paper' and 'Writing Paper'. It is clearly impossible for the Government of India to be content to regard these as trade terms and to rely upon expressions used by manufacturers in their invoices, because trade nomenclature is susceptible of variation by the trade from time to time, and also because the kind of paper which is ordinarily used for one purpose in one country may be ordinarily used for another purpose in another country. Since it is possible to write on almost all printing papers, to print on almost all writing paper, and to print or write on most other varieties of paper, these classes of paper overlap, and it is not to be expected that in every doubtful case the Customs officers and importers will agree on the question of what is the correct classification. In regard to the existing entries in the Indian tariff, the Central Board of Revenue has hitherto interpreted the term 'printing paper' with reference to the ordinary practice in India, that is to say, as referring to paper which is ordinarily used for printing; but that interpretation calls in individual, and particularly in doubtful cases, for an unduly extensive study of conditions in the market; and the position is further complicated by the fact that actual practice in India may be different in areas served by different ports."



12. In inviting the views of the parties concerned on the proposed scheme, its advantages were explained as follows:—

**Advantages of the Government scheme.**

"It will be necessary to consider whether definitions in these entries are sufficiently precise for ordinary use in the Custom Houses, it being recognised that such a term as 'packing and wrapping paper' is itself open to criticism on the ground of lack of precision, though undoubtedly to a far lesser degree than the terms 'Printing Paper' and 'Writing Paper' which occur in the present tariff. The question whether other items should be added to the list of excepted classes of paper enumerated in (*b*) under the Revenue Duty item also requires consideration, and in that connection mention may be made of the following classes of paper which have, under the existing tariff entries, been the subject of special attention:—

(i) machine glazed pressings;

(ii) cartridge paper;

(iii) unglazed coloured thin paper;

(iv) duplicator paper;

(v) envelope papers of the kind that resemble wrapping paper rather than writing paper;

(vi) cover paper.

In each of these cases, not only will the eligibility of the item for exclusion on its merits from the operation of the protective duty require to be examined but also, if exclusion is recommended, a precise definition will require to be framed.

The Government of India believe that the scheme explained in the foregoing paragraphs has the following advantage. In *the first place, by a careful exploration of the ground before the scheme is embodied in law, the possibility that the protective duty will operate against classes of paper which are not in direct or indirect competition with paper of Indian manufacture can be obviated. In the second place, in regard to any paper the classification of which is doubtful, it should be to the advantage of the trade to know before orders are placed on importations made that the paper will be liable to the higher duty unless specifically excluded.*

*I am directed to request that you will be so good as to favour the Government of India, as soon as possible, with your views (a) on the general scheme outlined above, (b) on the details of the entries provisionally indicated in paragraph 5 of this letter, and (c) regarding the necessity to include any other class or classes of paper in the list of those to be specifically excluded from the protective tariff item. If any such additions are to be made, it will be of assistance if the definitions of the items proposed are precisely drawn."*

Opinions on the scheme.

13. We have quoted rather freely from this letter in order to explain fully the Government of India's scheme and the objects which it was hoped to achieve through it. We have examined carefully the various replies received from the manufacturers, the importers and the Collectors of Customs and have gathered the impression that while on the whole the manufacturers favoured the new principle of classification suggested by the Government of India, the importers in a body and some Collectors of Customs were opposed to the new procedure. The scheme however was regarded as the product of the considered deliberations of Government, and its adoption being considered inevitable, constructive suggestions for its improvement were therefore made by all parties. But the disagreements went really too deep below the surface to be bridged in this manner. Government therefore circulated the opinions of each contending party to the other for a reply and sent these replies again to all Collectors of Customs for their final opinion, but the views received were however so divergent that Government found it impossible to arrive at any satisfactory conclusion.

Difficulties in accepting Government of India's scheme.

14. In a sense this was to be expected. We have already hinted in our analysis of the basic assumptions of the 1925 report that the difficulties of Customs administration arose from a conjunction of two circumstances the necessity of exempting certain classes of paper from protective duties in order to achieve discriminating protection and the impossibility of giving a precise meaning to the residual class of printing and writing papers on the assumption that each Indian paper competed with several imported varieties. If all Indian paper had been protected, the necessity of defining its various classes would not have arisen at all. If protected printing and writing paper could be defined



exhaustively class by class with the same precision as the non-protected exceptions, the problem of Customs Administration would have been greatly simplified. But in the nature of things they could not be precisely defined since it was held that a whole group of imported writing and printing paper with few exceptions competed with the whole group of indigenous papers. An additional obstacle to the success of the attempt to escape the necessity of defining printing and writing papers consisted, and still consists, in the fact that writing paper is clearly differentiated from printing paper in the schedule in so far that all writing paper is protected irrespective of its mechanical wood pulp content while printing paper is not. Thus the necessity of defining what is printing paper and what is writing paper will always remain as long as the present protective scheme sanctioned by the Legislature remains on the statutory schedule. Probably by an oversight, this fact does not seem to have been considered in the Government of India scheme. If it had been, as the law requires, item (b) (vi) in the Government proposed schedule of papers subject to the revenue duty should have read as " All other kinds of printing paper in which the mechanical wood pulp amounts to not less than 70 per cent. of the fibre content " or, as the Collector of Customs, Calcutta, suggested " All other kinds of paper, except writing paper in which the mechanical wood pulp amounts to not less than 70 per cent. of the fibre content ", instead of " All other kinds of paper in which the mechanical wood pulp amounts to not less than 70 per cent. of the fibre content"—without any qualification. But the moment this is done the whole scheme of classification based on the avoidance of the necessity of precise definition of such vague terms as " printing paper " and " writing paper " breaks down, and therefore the advantages expected from the scheme contained in the Government's letter cannot be realised.

Exhaustive enumeration impossible.

15. The Calcutta Paper Import Association have contended that the imported papers being much more numerous than those produced by Indian mills, it would be more reasonable and convenient to the trade and the Customs Department to specify according to present practice the few protected items and classify the rest as a residual non-protected class than to reverse the present procedure and adopt the opposite arrangement contemplated by the Government of India. They fear that the list of exempted papers in order to be exhaustive would be too long to be convenient in a simple tariff schedule, if complete enumeration is attempted. They further urge the need of avoiding any disturbance of the present Customs practice which has settled down as a result of the rulings of the Central Board of Revenue and stress the danger of a new procedure creating more problems than it can solve. These arguments have the sympathy of the Collectors of Customs at Calcutta and Bombay, the principal ports where paper is imported. The first argument is effectively supported by the long list of some of the imported papers mentioned in Appendix I of our report. The list is by no means exhaustive and we have seen

the classification given in an article in the transaction of the Technical Association of the Pulp and Paper Industry (U. S. A.) of June, 1934, an enumeration of over 500 kinds of paper. We have also been informed that a standard American work on paper edited by C. J. West mentions as many as 1,200. Against this possible variety of imports the Indian mills have only mentioned about 32 kinds of paper produced by them. Paper can be put to such a variety of uses and the adjustment of modern productive technique to the changing needs of consumption is so prompt and effective that the list in Appendix I may be expected to increase rather than diminish in the future. A list of exempted papers can therefore be only temporarily exhaustive and the danger of extending automatic protection to papers which nobody wants to protect as feared by Sir George Rainy in his speech in the Assembly quoted elsewhere in this report will always remain, unless the list is constantly revised in the light of changes in consumption and production. But even with this provision, the arrangement sponsored by the Government of India will be open to this objection that it will transfer the onus of proof whether a particular kind of paper should or should not be protected from the shoulder of the producer to that of the consumer.

Difficulties of pure scientific classification explained.

16. Against the disadvantages described above, the Government scheme has in our opinion no sufficient compensating advantages to offer. The scheme is based on a misapprehension, incomplete in detail and inconvenient to the trade, and we cannot therefore see our way to recommend it. We have examined other alternatives to this scheme but they have been found impracticable. We have therefore no option but to fall back on the existing scheme which has at least the merit of being familiar to the trade and the Customs department. We suggest such modifications as are necessary for its improvement. We have already explained that this classification is inherent in its scheme of protection in force since 1925. It is true that we can reverse the procedure regarding the sub-classification of printing and writing paper adopted by the Board in 1925 and specify for protection only the few items of printing and writing papers produced by the Indian Mills, grouping the rest in a non-protected residual printing and writing class. But that method would entirely ignore the question of indirect competition from other imported papers and would gravely restrict the protection enjoyed hitherto by the Indian mills. We are as anxious to avoid this possibility as the opposite contingency of widening the scope of protection sanctioned by the Indian Legislature. Besides the uncertainty that the enumeration of protected printings and writings may not be exhaustive. this method, if carried beyond limits, may prevent the expansion of the Indian paper industry as was feared by the Mills when they opposed the exclusion of "newsprint" from the protective scheme. We cannot devise a theoretically perfect plan of classification which will satisfy the claims of logic and symmetry irrespective of past developments and present position. We are not writing on a clean slate. Nor have we been called upon to do so. If we had been conducting a fresh substantive enquiry into the claim for protection, we might have been able to devise a more acceptable classification. We are further anxious not to disturb the existing trade and Customs practice or do anything which may fan into flame again the dying embers of controversy between the importers and the manufacturers. As a result of our discussions with the importers and manufacturers, they have come to a large measure of agreement on the controversial issues. The Customs authorities see no objection to carrying out these arrangements and we think that until a fresh statutory enquiry is ordered, the best plan would be to accept these agreements with the present classification based on trade usages. In arriving at these decisions, we have taken into consideration, wherever possible, the all important criterion laid down by Government in their Resolution that "the definition of articles to which the protective tariff is to apply should indicate as precisely as possible the intention of the legislature and should be so framed as to include any such articles as can be produced economically in the country or may compete with an indigenous product".



Trade usage an important guide.

17. It will be obvious that in applying this mixed principle trade usage cannot be ignored. What has been already decided by the Legislature on the recommendations of the Tariff Board in the past is based partly on trade usage and partly on the economic criterion of costs and prices of competing imports and the two elements of the legislative decision cannot be easily separated. At least, in defining printing and writing papers, we shall have to be largely guided by usage and, only where practicable, shall we ask the question whether the imported article can be produced economically in the country or compete with an indigenous product. We believe, bound as we are by the past decisions of the Tariff Board and the Legislature, no other method is open to us. We further believe that though trade usage is untrustworthy as a guide for logical and clear cut definitions, its importance for practical purposes cannot be minimised. In fact, for many such purposes there can be no other guide. The paper trade nomenclature is itself determined by the physical attributes of paper, by the use to which it is put and by the peculiarity in the process of manufacture. All these points of distinction are reflected in price difference, so that trade names generally indicate economic divisions and they are not therefore entirely unsuitable for the purpose of classification. Again in estimating the intensity of foreign competition, the actual use to which an imported article is put is an important consideration. So far as protection to the industry is concerned, *use* is indeed the most significant fact inasmuch as it enables us to understand how far the demand for its products is being affected by the use of foreign substitutes. We may illustrate our point thus. It is true paper which is used for one purpose in a country like the United Kingdom or the United States of America may be used for a different purpose in a country like India and practice

in India may vary from port to port according to the different standards of living prevailing in their hinterlands. To that extent trade usage may not be a satisfactory basis of classification. In such cases we shall have to apply the economic criterion of competition with indigenous papers and shall have no hesitation in classing a European printing paper as a writing paper, provided it is used as such in India, and competes successfully with Indian writing paper. Similarly a wrapping paper manufactured and used as such in Europe may have to be classified as printing paper in India. This will be doing some violence to trade usage but it is necessary if the protective scheme is to be preserved.

The proposed schedule.

18. The classification resulting from the application of a combination of the two methods explained above will not be exactly scientific since it will bear all the marks of a compromise between the different principles of actual use, process of manufacture and competition from foreign imports, but we believe that it will best express the intentions of the Legislature. According to the Paper Traders Association, the principal classes of paper are:—

(A) Absorbent-Blotting, Enamelled Blotting, interleaving blotting, flong for stereotyping, Filter paper, Duplicating.

(B) Printings.

(C) Writings.

(D) Wrappings.

(E) Covers.

(F) Metallic and Fancy papers.

(G) Boards and Card Boards.

(H) Tissues.

It is hardly necessary to point out that some of these classes are used for more than one purpose. Sometimes the secondary purpose becomes more important than the primary one, depending upon place and circumstances. This classification largely based on use, however, will not serve our purpose entirely, though it has its importance. What we wish to find is whether the imported papers compete directly or indirectly with the indigenous papers and the scheme of classification will necessarily have to be modified to suit this special purpose. Under the circumstances we propose to retain the present schedule with necessary modifications and append a small explanatory note on the disputed papers so as to give clear directions to the Customs authorities as to the entries in the schedule under which they are to be taxed. We have considered the other alternative of specifying these disputed items in the body of the schedule itself but could not see our way to adopt



it on the ground that it will make the schedule look cumbrous. The schedule in the form we suggest for adoption is given below:—

| Item No. | Name of article. | Nature of duty. |
|---|---|---|
| 44 | Writing papers—<br>(*a*) ruled or printed forms (including letter paper with printed headings) and *envelopes made of writing paper* and account and manuscript books and the binding thereof. | Protective. |
| | (*b*) All other sorts . . . . . . | Protective. |
| 44(1) | Printing paper *excluding stereo and all coated papers but including art paper*, all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content. | Protective. |
| 44(2) | Printing paper, all sorts not otherwise specified, which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content. | Revenue. |
| 44(3) | *Papers*, including *all machine glazed papers, stereo, all coated papers except art paper, all deep blue papers, all unglazed thin news up to substance 35·5 grammes per square metre except white and buff or badami above substance 26·6 grammes per square metre*, all sorts not otherwise specified. | Preferential revenue. |
| 44(4) | Paste board, millboard and cardboard, all sorts other than strawboard. | Preferential revenue. |
| 44(5) | Strawboard, all sorts . . . . . . . | Revenue. |
| 44(6) | Trade catalogues and advertising circulars imported by packet, book or parcel post. | Free. |
| 44(7) | Paper Money . . . . . . . . | Free. |
| 44(8) | Newspapers, old, in bales and bags . . . . | Revenue. |
| 45 | Articles made of paper and papier mâché; stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified. | Preferential revenue. |
| 45(1) | Books, printed, including covers for printed books, maps, charts and plans, proofs, music, manuscripts, and illustrations specially made for binding in books. | Free. |
| 45(2) | Prints, engravings and pictures (including photographs and picture post cards) on paper or cardboard. | Revenue. |

*Note on the proposed Tariff Schedule.*

1. Hard-sized duplicator, hard-sized white and buff or badami mechanical papers suitable for writing are classed as writings.

2. The following papers are treated as printing papers, *viz.*:—All kinds of cover paper whether white or coloured in any furnish; machine glazed pressings, and machine glazed wrappings (suitable for use as cover paper)

substance above 18" × 22"—24 lbs. per 500 sheets or 85·2 grammes per square metre; cartridge paper whether white or coloured, substance below 18" × 22" —24 lbs. per 500 sheets or 85·2 grammes per square metre; soft-sized duplicator paper; soft-sized white and buff or badami mechanical paper above substance 26·6 grammes per square metre or 7¼ lbs. demy.

Proposed modifications explained.

19. We may indicate briefly at this stage the changes we have suggested in the schedule reserving for detailed discussion later the reasons, which have weighed with us in making them and other topics incidental to our enquiry. We have first re-arranged the entire material of the paper section so as to class paper, boards and articles made of paper under separate but more homogenous items. For instance, we have made two separate items for boards paying different rates of duty and transferred "articles made of paper, papier mâché" to item 45 dealing with stationery as being more closely related to that class of paper manufacture than to paper in general. We have renumbered the writing and printing items so as to bring out more clearly the protected papers and the distinction which the Legislature has made between writing and printing papers. We have retained these terms for the reasons explained more fully in this and the succeeding chapter. We have added, as a better logical arrangement, a fresh sub-item of "envelopes made of writing paper" under writing paper *(a)* which has the effect of transferring them from other sorts writing paper *(b)* under which writing paper envelopes are taxed at present. We have specified the exceptions to protected paper more fully and in more general terms since our examination has revealed that these exceptions made on the ground that these papers are not and cannot be made in India are more numerous than those indicated in the existing schedule. They have been included in the residual non-protected item in which the words "including chromo (chrome is a misprint) marble, flint, poster and stereo printing paper" have been replaced by "including all machine glazed papers, stereo, all coated paper except art paper, all deep blue papers, all unglazed thin news up to substance 35·5 grammes per square metre except white and buff or badami above substance 26·6 grammes per square metre, all sorts not otherwise specified". All these changes have been shown *in italics* so that they may be perceived at a glance.

Contents of next Chapter explained.

20. In the next Chapter we shall deal with those papers about which there exists a difference of opinion as to how they should be classified and record our findings thereon. In giving decisions we have taken into consideration the opinions of the Collectors of Customs, the manufacturers and the importers, and, in some cases, they represent the compromise arrived at by the last two as a result of their discussions with us. We have further appended (Appendix No. 1) a list of papers, mentioned in the course of evidence giving our opinion against each as to how it should be classified. The list is not meant to be exhaustive, but should serve as a useful guide for the Customs department.

# CHAPTER II.

## Disputed Papers.

Printing and Writing Papers.

21. We have taken great pains to obtain precise definitions of printing paper and writing paper, but we have not succeeded as every writing paper can be printed on and many printing papers can be used also for writing. It is, however, necessary to differentiate for Customs purposes one class from the other as while all writings are protected, printing paper in the tariff schedule is only protected subject to specified exceptions. The question is of considerable importance as fair quantities of printing paper containing not less than 70 per cent. mechanical wood pulp which have been rendered specially suitable for writing by hard sizing are entering India and competing with Indian writing paper. Many witnesses in their written memoranda suggested various definitions of printing and writing papers and some recommended tests for distinguishing printings from writings but none of them are satisfactory. Failing precise clear cut definitions, descriptions were tried and in the absence of scientific tests, popular tests were recommended with which we have to be content for the present. The manufacturers state that a paper meant purely for printing usually contains a slightly higher percentage of loading (China clay) and is invariably under sized which makes it unfit for writing purposes, gives it quicker drying properties and prevents offsetting (*i.e.*, it prevents the wet ink on the newly printed sheet being transferred in the form of a smudge or smear to the following sheet on the delivery pile of the printing machine). Writing paper, according to them, is always fully sized so that ink does not spread on the surface and is generally of a stronger texture and the quality is such that it can stand rough handling. The Calcutta Paper Import Association are of opinion that experienced paper men and printers find no difficulty in differentiating between printing and writing papers, but that it is difficult to lay down hard and fast rules in order to express the distinction. They further state that in foreign countries (except for lithography) printing papers are usually soft or half sized and writing papers are hard-sized. But it is not unusual to find papers imported into India as printing papers to be sized sufficiently to stand writing in ink. The important difference according to them is that in 'writings' there is an absence of the degree of 'loading' which may be found in 'printings'. The Calcutta Paper Traders' Association add that they can be distinguished from one another by sight and feel and by sizes, but it can only be done by people who have acquired considerable experience. Where such people are available, as in the Customs Department, the problem of differentiation presents no difficulty. These opinions are more or

less representative of a good many of the same kind we have received from people interested in the trade. One such logical definition of printing paper ran as "paper whose characteristics of surface, finish and absorbency permit quick and perfect register during printing", but this is hardly suitable for the purpose of exact differentiation from writing paper. Similarly writing paper can only be defined tautologically as paper suitable for writing. Though printing and writing papers cannot be precisely or usefully defined, they can however be described with sufficient accuracy to enable them to be recognised by the Customs Department. Thus its present practice is to describe writing paper as paper which is hard-sized and is able to stand writing in ink without the ink spreading on the surface, and printing paper as paper which may or may not be hard-sized depending on the purpose for which it is used. The degree to which this purpose can be served will depend not only on the quality of the paper, but on the kind of pen used and the character of the ink employed. The printer uses writing papers of all kinds, some as superior printings, others as printed documents to be subsequently filled in or completed. Both printing and writing papers can be smooth. It has been suggested to us by the manufacturers that printing papers may be distinguished from writings by the degree of sizing present in them; and we have been approached to devise a scientific test, if possible, with the help of the technical experts of the Government of India, in order to enable the Customs Department to distinguish between printings and writings with greater degree of accuracy free from the human bias implicit in the present system. They themselves have suggested the following tests for our examination:—

(1) Messrs. Sindall and Bacon's latest method for indicating relative hardness of paper under examination;

(2) Flotation test for writing papers, and

(3) The "Ferro-Cyanide" test for papers other than writing paper.

We invited the opinions of Dr. Dunnicliff, the special Chemical Adviser of the Central Board of Revenue and Mr. Bhargava, Paper Pulp Officer of the Forest Research Institute and all Collectors of Customs on the practicability of these tests. All of them foresee no difficulty in carrying out any of these tests either separately or together in determining the relative degree of sizing. While their opinions about the relative merits of different methods vary, they however agree that they will have to be standardised and clearly specified in every detail regarding method, the paper, pen, ink and the re-agents used, etc., before they can be introduced with any advantage in the Customs Laboratories. Even if these tests suggested were satisfactory in all respects, it will have still to be determined by a series of experiments whether they can work in a satisfactory manner without prejudicing the existing trade in printing paper in India. We are naturally anxious that newsprint



paper which is now actually used for newspapers should not be brought within the writing paper class by any perfunctory application of any of these sizing tests. The Officer-in-charge of the Paper Pulp Section at Dehra Dun, conducted in our presence some sizing experiments based on the time taken by papers to absorb some liquid chemicals, but they did not appear to give satisfactory results as apparently absorbency of paper depends not only on the degree of sizing but on other factors also such as degree of loading and the kind of pulp. At least the test suggested by him did not work well on the Times of India Illustrated Weekly Paper. Under the circumstances we can only recommend that this question be further examined by the Central Board of Revenue in consultation with the two officers. Meanwhile we reproduce in Appendix IV their letters and the standard method test of the Technical Association of the Paper and Pulp Industry of the United States of America. At present the method commonly used in the Customs Houses is the rough and ready one of scribbling with ink on the paper under examination. If the ink does not spread and takes some time to dry, hard-sizing is suspected and the paper is declared to be one suitable for writing; if the ink spreads and dries quickly, it is supposed to be a printing paper. The result of this test is checked by other methods based on the feel, transparency, brittleness and dimension of the paper. These tests vary from port to port according to the variation of the human factor and the character of the ink and nib used. It has been suggested by the Paper Manufacturers that the Customs ink test should be defined and standardised for ordinary purposes by using Schluttig and Naumann's Normal Ferrogallic writing ink and a pen nib of definite characteristics, including hardness, and width of point, etc., and as regards the borderline cases one of the scientific tests recommended by them should be employed. All these suggestions were received as late as 22nd August, when the enquiry had practically concluded. In consequence we have not had enough time to investigate the merits of the proposals but we recommend that they should be examined further by the Central Board of Revenue with the help of their Chemical Adviser. For the present the rough and ready methods now in use in the Customs Department for distinguishing writing and printing paper should continue.

Hard-sized white and buff Mechanical Writings.

22. The manufacturers have drawn our attention to the increasing imports of mechanical papers specially prepared to take advantage of the exemption granted by the Legislature to "printing papers having a mechanical wood pulp content of not less than 70 per cent." which are used for other purposes than newspaper printing and compete seriously with their printing and writing papers. We have dealt with the question of such printing papers in our separate notes on Newsprint, Unglazed News Coloured and White. Here we propose to confine ourselves to mechanical papers which have been specially sized or prepared in other ways to serve as writings. The mills mention that such papers though imported as printings in larger sheets are

subsequently cut and packed in smaller sizes and are used as writings. These papers are white and buff coloured and compete with the Indian creamlaid writings and their badami paper. Badami is a kind of paper which is either unbleached or half bleached and is used both for printing and writing purposes specially in Government offices. The Indian mills manufacture large quantities as shown by the following figures:—

| | |
|---|---|
| 1931-32 | 4,568 tons. |
| 1932-33 | 4,046 ,, |
| 1933-34 | 4,939 ,, |
| 1934-35 | 4,693 ,, |

The total production of all papers in Indian mills in 1934-35 was 44,326 tons. Thus badami paper represents not less than 10 per cent. of the total paper tonnage produced in India. The Deccan Paper Mills have given us to understand that they would be in a position to produce about 1,500 tons more of this paper with the existing machinery. The qualities at present produced are of two kinds—ordinary and superior. Ordinary badami of the substance of 17″ × 27″—24 lbs. per 500 sheets manufactured by the Titaghur Paper Mills contains about 2 per cent. ash. The superior badami produced by the India Paper Pulp Mill of substance 22″ × 29″—40 lbs. per 500 sheets contains as much as 10·3 per cent. ash, whilst in the case of the Deccan Paper Mills the ash content is 7 to 9 per cent. in either quality. We are informed by the Collector of Customs, Calcutta, that there is practically no importation of this paper in that port. In Bombay for the official year ending 31st March, 1935, the total tonnage imported was 77 tons only. The Collector of Customs, Madras, informs us that such papers are not separately recorded but they are assessed as coloured printing papers and therefore no separate figures of tonnage are available. There are two varieties of buff paper which are at present being imported—one is glazed hard-sized and the other is unglazed. The current c.i.f. prices supplied by the Collector of Customs, Bombay, for the unglazed variety range from £10-12 to £11 per ton, and for the glazed from £12 to £13 per ton. If we take £11 for unglazed and £13 for glazed at the present rate of exchange (1*s.* 6*d.*) the rupee c.i.f. prices would be Rs. 146-10-8 and Rs. 173-5-4 per ton. All buff or badami papers are being classed by the Custom Houses as printing paper though we understand that hard-sized badami is used for writing purposes. Almost all the imported papers of this quality contain not less than 70 per cent. mechanical wood pulp and are therefore liable to the revenue duty. If we add the normal duty *plus* the landing charges of Rs. 6 per ton, the price would amount to Rs. 189-5-4 and Rs. 222-10-8 respectively per ton or 1 anna 4·2 pies and 1 anna 7 pies per lb. respectively. The Controller of Printing and Stationery who buys large quantities of printing paper has given us the price of Indian badami paper as 2 annas 9 pies per lb. for 1934-35 for Government quality. The Indian manufacturers have given us their net realised prices for three different varieties.





In the Calcutta market superior badami is being sold at 3 annas 3 pies per lb. The ordinary badami is sold both in Bombay and Delhi at 1 anna 9 pies and thin cheap badami is priced at 1 anna 5·75 pies per lb. ex-mill. The superior badami is a high class paper and can easily be classed as buff tinted printings. There is no competition with this paper. The mills contend that the realised prices of their inferior qualities are depressed by intense competition from foreign mechanical badami writings. The import prices ex-duty for the two competing qualities are 1 anna 0·5 pies for unglazed and 1 anna 2·85 pies for glazed. If we add the landing charges and the normal protective duty of 1 anna per lb. as accepted by the Legislature, the prices come to a little more than 2 annas per lb. and 2 annas 3 pies per lb. respectively. Badami paper, which is also known to the trade as buff paper, whether glazed or unglazed, is used almost exclusively by Government, Indian States and Railways. We have been informed by the Indian manufacturers that the Madras Government purchases nearly 1,000 tons annually of foreign buff or badami glazed, hard-sized ream packing containing 70 per cent. mechanical wood pulp by open tender to the detriment of the Indian industry and they have been able to get this quality this year at 1 anna 5·38 pies per lb. ream packing including free delivery at the Government Stationery Stores, Madras. Excluding duty and landing charges this price comes to roughly £12 per ton c.i.f. We understand the Burma Government is also a large buyer of this paper suitable for correspondence. The manufacturers contend that when 'newsprint' was exempted from the protective duty, this class of specially made writings was not contemplated as coming within the scope of exemption and therefore they lay great stress on the necessity of classifying this paper as writing paper. They have represented to us that they are losing a substantial tonnage and in some cases in order to retain their business they have been forced to sell at uneconomic rates. The Calcutta Paper Import Association and the Calcutta Paper Traders' Association have objected strongly to this suggestion, pointing out that the protective duty would amount to 100 per cent. and they hold that badami paper is definitely a printing paper and is described as such in the trade catalogue of one of the mills. The mills have explained away this classification by pointing out that some of this paper is used as Government forms with printed headings and is therefore sent to a printing press before being written upon. We have examined a large number of samples of the varieties that are being imported into India. We are satisfied that the glazed hard-sized badami or buff variety appears to be suitable as a writing paper and, being used as such in Government and railway offices, does compete with indigenous badami paper. We therefore recommend that this paper should be divided into two classes, of which soft-sized badami should be classed as printing paper and hard-sized badami as writing paper. We have already dwelt on the difficulty of devising a scientific test for distinguishing printings from writings, but the ink test in use now in all Custom Houses should serve the purpose until the question has been examined by the technical advisers of Government. At present this test is used for distinguishing soft-sized duplicator paper from the hard-sized variety in the Calcutta Custom House and the Collector has experienced no difficulty. We further recommend that, besides buff mechanical writings, white varieties which are proved to be suitable for writing should be treated in the same way and the schedule modified accordingly. We realise the violence done to European trade usage in classifying what they would regard as hard-sized printing paper as writing paper for our tariff purposes, but we have no option, in view of the fact that this paper was not meant to be included by the Legislature in the 'newsprint' specified for protection and is specially produced for use in India, possibly, with a view to evade the paper tariff. It is indisputably used as a writing paper and 'use' is always interpreted for Customs purposes as use in India.

Newsprint.

23. This term 'newsprint' does not occur anywhere in the Tariff Schedule, as the Tariff Board of 1925, thought it advisable to avoid its use for tariff purposes, since they wished to include in printing papers containing not less than 65 per cent. mechanical wood pulp exempted from the protective duty some other papers used for publications like cheap almanacs, novels and magazines besides newsprint proper. The manufacturers then apprehended that this exemption would be availed of by the importers to bring into India a large amount of superior paper other than paper used for newspaper printing. They have represented to us that their original fears have been more than justified, and, in support of their contention, they have cited the increasing imports of white and buff mechanical printings containing not less than 70 per cent. mechanical wood pulp and also the large increase in the imports of "non-protected papers other than newsprint". The figures of imports for the last five years for this class of paper are as follows:—

| Year. | Newsprinting not protected. | Other kinds of paper not protected. | Protected printings. |
|---|---|---|---|
| 1929-30 . . | 23,943 | 7,817 | 8,172 |
| 1930-31 . . | 21,340 | 6,011 | 6,609 |
| 1931-32 . . | 19,854 | 5,934 | 4,937 |
| 1932-33 . . | 22,769 | 6,636 | 4,511 |
| 1933-34 . . | 25,397 | 7,273 | 5,701 |
| 1934-35 . . | 25,307 | 7,774 | 4,880 |

The Indian Paper Makers have therefore urged that the existing entry of "printing paper, all sorts not otherwise specified which contains mechanical wood pulp amounting to not less than 70 per cent. of the fibre content" should be replaced by the trade name of 'Newsprint' which they wish to be defined more or less on the lines of the American Customs definition of "standard Newsprint" as follows:—

*Weight.*—Reams of 500 sheets each $18'' \times 22''$ shall weigh not less than 14 lbs. nor more than 17 lbs.



*Reels.*—To conform to the same substance limitations as sheets, and shall be in reels not less than 16″ wide and 28″ in diameter.

*Furnish.*—Not less than 70 per cent. of the total fibre shall be ground wood (mechanical wood pulp) and the remainder shall be unbleached sulphite. The stock may not be bleached.

*Degree of Sizing.*—The paper should be soft sized. There are standard tests by which the degree of sizing can be determined and it is suggested that a suitable definition should be fixed in consultation with the leading newspapers, as is understood to have been done in America.

*Ash.*—Shall not be more than 5 per cent.

The effect of this proposal and definition would be that only papers between 49·7 grammes per square metre and 60·4 grammes per square metre would be assessed to the revenue rate of duty. It will exclude papers like unglazed news $27'' \times 40''$—37 lbs. or 48·2 grammes per square metre and glazed news $27'' \times 40''$—38 lbs. or 49·5 grammes per square metre. Besides, it will subject to protection a large range of cheap printing papers between 35 and 49 grammes per square metre priced between £10 and £11 per ton c.i.f. With these the mills cannot hope to compete even with the aid of protection. This definition of newsprint has been borrowed from the American Tariff and is hardly suitable for our purpose, as we have been assured by the proprietors of the Times of India and other publishers that the paper used by them in their publications does not satisfy the Paper Makers' definition and therefore would be subject to the heavy protective duty if the Mills' definition is accepted. If the special paper used for the Times of India Illustrated Weekly, which contains unbleached sulphite and an ash content of 13 per cent. valued at about £12-10 per ton, were taxed at the protected rate (including surcharge) its price would be Rs. 341-8 per ton which is very much less than the mills price so that protection would be harmful to the consumer without being helpful to the industry. More or less similar arguments apply to the following papers classified as newsprint:—

(1) Unglazed and glazed news white.

(2) Supercalendered white printing (mechanical).

(3) Glazed coloured (mechanical).

(4) Unglazed coloured thin.

We have ascertained that the c.i.f. import price of these papers varies from £10-5 to £17 per ton. We propose to take the maximum prices for the two qualities mentioned below. The price of white glazed printing is £13 per ton or with exchange at 1*s.* 6*d.* Rs. 173-5-4. Including landing charges of Rs. 6 per ton, it would be about Rs. 180. Adding the protective duty of Rs. 140 per ton it comes to Rs. 320 a ton or 2 annas 3·43 pies per lb.

The Indian mills contend that this imported paper mainly competes with their machine finished white printing. Its net price realised in 1934-35 delivered at Calcutta is 3 annas 3 pies per lb. Even after adding the protective duty, the difference of price is nearly 1 anna per lb. The c.i.f. price of unglazed coloured thin is £17 or Rs. 226-10-8; including landing charges it comes to about Rs. 232 per ton, and if we add the protective duty of Rs. 140 per ton, it will be Rs. 372 per ton or about 2 annas 7·88 pies per pound. The price realised by Indian mills for their machine finished coloured printing is 3 annas 4 pies per lb. There is still a difference of about half an anna inspite of the addition of the protective duty. This argument about price though conclusive about papers directly competing is not quite valid in case of indirect competition, since the Tariff Board in 1925, held that a paper may be said to compete if there was a danger of its being substituted when admitted at the revenue rate. But it nevertheless shows the gap which has to be covered if protection is to be really effective in the case of these papers and its extent raises a *primâ facie* suspicion that they were not meant to be protected. We are not impressed by the evidence from import figures cited by the Paper Makers' Association. It does not seem to be conclusive, since these figures include a large variety of printed papers such as Chromo, Stereo, Marble, Flint, Thin Coloured News and Poster which were specially exempted either by the Legislature or by a ruling of the Central Board of Revenue. The acceptance of the definition of the Paper Manufacturers will widen the scope of protection given to them by the Legislature and therefore cannot be entertained by us. The Legislature expressly avoided the use of the term 'newsprint' so as to exclude from the scope of protective duties some other printing papers besides newsprint. The case of "hard-sized printing" paper which is imported in printing sizes and used as writing paper stands however on a different footing as the entire market for writings has been reserved to the Indian mills by Statute. We have dealt with it more fully under the note on hard-sized white and badami mechanical writings. We have yet to enquire whether the manufacturers have any complaint regarding the working of the chemical test for distinguishing printing paper containing mechanical wood pulp below 70 per cent. from the rest. We understand that the Spence and Krauss method now in force at the Custom Houses has given reasonably satisfactory results to all parties concerned and complaints on this score have diminished at all the ports. Originally the test in force was the Phloroglucinal method by Cross Bevan and Briggs, but this was given up as it did not take into consideration the conditions of temperature and time suitable to India. It has now been standardised in these respects by Dunnicliff and Suri and is now used as a check in the Control Laboratory at Lahore in appeals against decisions based on the Spence and Krauss method of the Custom Houses. Thus the decisions given are, on the whole, uniform and satisfactory. In view of these considerations, we do not think it necessary to recommend the adoption of any other method. Details of the



actual working of the Spence and Krauss method as supplied to us by Collectors of Customs are given in Appendix II.

The margin allowed for the error of the test and the unevenness of manufacture by the Customs Authorities to the importers under the ruling issued by the Central Board of Revenue has been the subject of a complaint from the manufacturers and the Paper Pulp Officer at Dehra Dun, that it is excessive and permits the entry of a large number of papers under revenue duties, which ought, in their opinion, to pay the protective duties. We have enquired into this complaint very carefully and find that while 5 per cent. is allowed for the error of the test, another 5 per cent. is allowed in exceptional cases at the discretion of the Collector of Customs for the unevenness of manufacture, provided he is satisfied that the order for the consignment specified a mechanical wood pulp content of not less than 70 per cent. In cases where both allowances are admitted, paper containing 62 per cent. mechanical wood pulp has to be admitted at the revenue rate. It is contended that this percentage is too low to give effective protection to Indian paper against certain classes of imported papers specially prepared for the Indian market at the instance of the importers. The special Chemical Adviser of the Central Board of Revenue points out that his experience shows that many importers' certificates are untrustworthy and that since the first 5 per cent. allowance for the error of the test always works one way to the advantage of the importer, the second 5 per cent. allowance for the unevenness of the manufacture errs on the side of generosity. The nature of the test at least does not justify it. In our opinion, however, the two allowances represent the intentions of the Legislature as they were sanctioned by the Central Board of Revenue on the express assurance given by the Hon'ble Sir George Rainy in the Legislative Assembly as is clear from the following extract from his speech :—

> "I hope I have satisfied the House that suitable instructions will in fact be issued which will prevent any danger of the duty being imposed on paper which is shown to contain, according to the tests made over 65 per cent. of mechanical wood pulp. What we are anxious to prevent is being constantly called upon to admit paper at the lower rate of duty which contains, according to the tests, substantially less than 65 per cent. Indeed if the 65 per cent. were retained in the Act, I am afraid it might be necessary for Government to say "as this is on the basis of an allowance of 5 per cent. having been made already it has got to be rigidly enforced, and if your sample turns out to be 63 or 62, we are very sorry but we can do nothing for you". Whereas if we get 70 in the Act, we can make a reasonable allowance for errors in manufacture and errors in testing and in all cases as far down as 65 per cent., and in special cases possibly even lower."

We, however, understand that while the first allowance on account of the error in the test is allowed as a matter of course, the second allowance is also made fairly generously in order to avoid disputes with the importers. We recommend that the second allowance should be given only in exceptional cases as suggested by the then Commerce Member in the last lines of the extract from his speech quoted above. We do not feel called upon to enquire into the importers' complaints about the delay in the settlement of disputes regarding the test and other points connected with paper classification and the amounts of rents charged on consignments pending their settlement, as we are sure they will be redressed where reasonable, if addressed to appropriate authority. We cannot however fail to take notice of a fact brought out in the course of our examination of the Calcutta Collector of Customs that old values of paper are taken in conjunction with other tests for classifying printing paper into protected and non-protected varieties. For instance prices of £20 for coloured news and £18 for white are assumed as dividing lines for protective purposes as against the current maximum prices of £17 and £13 per ton respectively. The Central Board of Revenue discourages classification by value and has permitted it only in conjunction with other criteria. We recommend that disproportionate importance should not be given to value as a criterion of classification in Customs practice and, where it is used, the latest prices should be taken, otherwise there is a danger that the ends of protection may be defeated in this indirect manner.

Unglazed white thin news.

24. Unglazed white thin news is a mechanical printing paper largely used for printing leaflets, etc., but is also used as cigarette paper and for wrapping purposes where a thin white tissue paper is required. But for its printing use and its greater range of substance, it might be described as a tissue paper. It has a large proportion of mechanical pulp content and generally pays the revenue duty, but its substance being small the mechanical pulp content in many cases amounts to less than 70 per cent. This renders it liable to the protective duty. The importers have, therefore, urged its exemption up to substance 35 grammes per square metre on the ground that no mill is manufacturing at present any paper below substance 42 grammes per square metre. The mills have agreed to this contention provided the substance in the case of this unglazed white paper is lowered to 7½ lbs. demy or 26·6 grammes per square metre as in the case of thin buff (or badami). The objection to the upper limit is that they apprehend competition of this class of paper with the following classes of paper produced by them:—

(1) Woodfree 6 lbs. foolscap paper (the equivalent in demy size being 11·27 lbs. or about 42 grammes per square metre), and

(2) 12 lbs. demy white printing (about 45 grammes per square metre).

We think that their apprehensions are justified, and we therefore recommend that unglazed thin white paper should be treated



as buff or badami thin paper, discussed below that is to say, should be exempted up to substance 26·6 grammes per square metre and treated as printing paper above that limit. In order to remove any ambiguity, it may be added that this exemption does not apply to writing papers. The Collector of Customs, Calcutta, pointed out that the definition suggested would be a workable description for Customs purposes and it would not include any paper made in India or compete with Indian made paper.

Unglazed coloured thin.

25. Unglazed coloured thin paper, though described as news in trade terminology, is very largely used as wrapping and decorative paper as in buntings, Chinese lanterns, etc. As, however, it is described as news and is capable of being printed on, the Central Board of Revenue have ruled that as—

(a) they are known to be used largely, if not mainly, for printing;

(b) they are referred to on page 120 of the Tariff Board's report of 1925 as being subject to the protective duty without any indication that the reference was merely to tinted or heavier coloured papers than those under consideration;

(c) they are almost invariably invoiced as 'news' or 'printing' paper; and

(d) they are manufactured in Indian mills; such papers are liable to the protective duty as printing paper, but such duty will not apply to—

(i) deep blue paper, and

(ii) coloured papers of less than 7½ lbs. demy.

The importers have argued in the past in favour of classification of the coloured variety as wrapping and decorative paper subject to revenue duty. They have later become reconciled to the Central Board of Revenue's ruling but have urged that as the Indian mills are not producing any paper less than substance 35 grammes per square metre, all these coloured papers below that substance should be exempted from the protective duty. The mills have agreed to this modification of the Central Board of Revenue ruling, but, in a later communication sent after the oral evidence was finished, wished to exclude thin buff coloured papers which they urge compete with their badami papers of a substance of 35 grammes per square metre. They wished to treat it in the same way as thin white, that is to say, agree to an exemption limit up to 7½ lbs. or 26·6 grammes per square metre. We think this contention of the manufacturers is just and therefore recommend that, subject to this exception, the suggestion of the importers may be accepted, that is, all unglazed thin coloured papers up to 10 lbs. demy or 35·5 grammes per square metre substance should be assessed at the preferential revenue rate and all unglazed buff or badami papers of substance up to 26·6 grammes per square metre should be similarly taxed while papers above those substances should be classed as printing papers liable to be assessed according to their mechanical wood pulp content. In order to remove any ambiguity it may be added that this exemption does not apply to writing papers. The Collector of Customs, Calcutta, pointed out that the definition suggested would be a workable description for Customs purposes and it would not include any paper made in India or compete with Indian made paper.

Packing and wrapping papers.

26. Packing and wrapping papers have been exempted from protection from the very beginning on the grounds mentioned in Chapter I. The Government of India wished to specify them as a class apart subject to revenue duty in their items of classification. The paper manufacturers suggested their division into two heads, *viz.* :—

(1) Machine glazed wrapping paper (M. G. Wrapping paper being rough on one side and highly glazed on the other side would not be used as a printing paper and therefore can be exempted under this head).

(2) Brown and other coarse coloured or tinted papers used for wrapping purposes and containing not more than 25 per cent. soda or sulphite pulp not ordinarily intended for writing or printing. (White paper should be definitely excluded from this heading.)

Their suggestion would mean that all white papers and brown and other coarse coloured or tinted papers used for wrapping purposes and containing more than 25 per cent. of soda or sulphite pulps would come under the protective duty, the object of the proposal being to classify packing and wrapping papers more specifically so as to prevent any possibility of cheap printings being imported under this description. The Collector of Customs, Calcutta, is definitely of opinion that there is no evidence whatsoever that this would be possible or likely and one of the subdescriptions in the proposal contains conditions inconvenient in a tariff description. The Collectors of Customs, Madras and Rangoon, inform us that packing and wrapping papers can be easily distinguished from cheap writing papers. We have dealt with the questions of machine glazed pressings and machine glazed wrappings which come under this head elsewhere in our report. Having regard to the conclusions that the Board had arrived in 1931 with regard to this paper, we are not in a position to recommend any change in the other items under the heading 'wrapping and packing paper' as it would result in an extension of the scope of the protection granted to the Indian industry. In our scheme of classification packing and wrapping papers are not specified by name and, therefore, the question of their precise definition does not arise.

Cover papers.

27. Cover papers represent an evolution from wrapping papers, but since a long time have been classed as printing paper by the Customs on the ground that they are used for the covers of school books catalogues,



journals, magazines, which are generally printed on. According to the Calcutta Paper Traders' Association they are treated as a class apart, and are not generally classified as printing or writing paper. Nevertheless, the Tariff Board in 1925 expressly included them in the scheme of protection on the ground that "there is no apparent reason why the Indian mills should not be able to produce satisfastory papers of this kind". They, however, give no indication whether they were to be treated as a separate class or as printing papers for the purpose of assessing the protective duty. This decision of the Customs has had the effect of dividing cover papers into two sub-divisions—cover paper having mechanical wood pulp of not less than 70 per cent. and that with less than 70 per cent. A greater part of the imports are of the first variety and therefore do not pay the protective duty. If they had been treated as a class apart and if the recommendations of the Tariff Board of 1925 had been followed on this basis, all cover papers would have been treated as protected paper irrespective of their mechanical wood pulp content. The Calcutta Paper Import Association have argued in favour of the exclusion of these papers from the printing class on the ground that cover papers are primarily wrapping papers and only secondarily printing papers and in support of their contention have cited the Customs practice which requires that articles should be classified according to their primary and not their secondary use. On the other hand, the manufacturers have been equally anxious to remove them from that category but for a different reason, as they wish to treat them as a special protected class without any exemption from protection. We find that the current price of the better quality of cover paper is £24-14-9 c.i.f. (Calcutta price) or Rs. 330 per ton and with revenue duty of 25 per cent. and landing charges of Rs. 6 per ton it comes to Rs. 418 per ton. This means it is an expensive paper and can hardly be regarded as a wrapping paper. The best wrapping paper is the strong kraft paper which is being sold in the market at about 2 annas a lb., whereas the price of this paper would be more than 3 annas if we include dealers' profit. There is considerable force behind the arguments urged on both sides, but in course of oral evidence both the importers and the manufacturers have agreed to class these papers as printing paper according to the present Customs practice. We therefore recommend that the paper should be taxed as printing paper according to its mechanical wood pulp content.

Machine glazed pressings and wrappings.

28. As their names indicate, machine glazed pressings and wrappings are ordinarily made from the lowest grade materials by a special process of machine glazing which is not available in the biggest Indian paper mills and are used mostly for packing and wrapping. As all packing and wrapping papers were expressly excluded by the Tariff Board in 1925 from the scope of protection, machine glazed pressings and wrappings were also excluded. It was, however, discovered later that some machine glazed pressings and wrappings were suitable as cover paper, and since all cover papers were classified as printing papers,

it was claimed that machine glazed pressings should also be classified under the same category. The present practice is governed by a Central Board of Revenue ruling which has divided machine glazed pressings into two classes—machine glazed pressings of a kind suitable for use as cover paper and which are ordinarily printed upon are liable to protective duty as printing paper; other kinds of machine glazed pressings not suitable, *e.g.*, if they are too thin for the purpose are assessable at the non-protective rate. The importers were quite willing to treat all machine glazed pressings as printing paper paying duty according to the percentage of mechanical wood pulp content, but we did not see our way to accept this suggestion as the bulk of this paper contains not less than 70 per cent. mechanical wood pulp and being mostly non-British pays a duty of 30 per cent. when classed as wrapping paper as against the 25 per cent. revenue duty charged on non-protected printing paper. The importers' proposal, besides being unsuitable on logical grounds, would have had the effect of decreasing revenue without benefiting the Indian industry. For greater precision the Paper Makers' Association have suggested the modification in the present practice that substance 18″ × 22″—24 lbs. per 500 sheets or 85·2 grammes per square metre and under should be classed as wrapping and packing paper and the rest as cover paper. As the importers have agreed to it, we recommend that it be accepted.

Machine glazed wrappings are somewhat similar to machine glazed pressings and they are also assessed by the Custom Houses as printing or wrapping paper according to their capacity for taking print and suitability for use as covers for exercise books. The paper manufacturers are of opinion that this class of paper being rough on one side and highly glazed on the other cannot be used as printing paper and therefore the whole of it should be assessed at the revenue rate of duty. The Calcutta importers and traders hold the same opinion. We have however received some evidence which shows that like machine glazed pressings certain qualities can be and are used as cover paper. We therefore recommend that such qualities of machine glazed wrappings as can be used as covers be treated in the same manner as machine glazed pressings, *i.e.*, machine glazed wrappings suitable for covers above 18″ × 22″—24 lbs. per 500 sheets or 85·2 grammes per square metre be classified as cover paper.

Stereo paper.

29. Stereo is a highly absorbent paper used for a special printing process. It is not made by the Indian mills and is already specifically excluded from protection by the Tariff Board of 1925 and should continue to be treated in the same manner.

Coated paper.

30. Coated papers are papers with a specially prepared surface. They are however not made in India and are not likely to be made for many years. They do not compete with Indian papers. The chief varieties imported are chromo, flint, marble and art. The first three have been excluded in the past by name from the scope of protection on the



ground stated above. Art paper is however treated as an exception and is taxed as a printing paper since its cheap varieties compete with Indian printing paper. We propose to include all coated papers like chromo, marble, flint, etc., with the obvious exception of art into a general class of exempted papers, since they are not made in India and do not compete with Indian paper.

Art paper is not produced in India but it competes indirectly with Indian papers such as imitation art, white super-calendered printing and similar printing papers. As such it is divided into two classes according to its mechanical pulp content and assessed partly as a non-protected and partly as a protected printing paper. Real art paper having little or no mechanical pulp is an expensive paper and it being immaterial whether it paid the revenue or the protective specific rate of duty, was proposed to be excluded by the Tariff Board of 1925. But white art paper with a mechanical pulp body of not less than 70 per cent. being cheap competes more successfully specially when assessed as now at the tariff value of 1 anna 1 pie per lb. It is priced at £27 per ton at Calcutta and Bombay. In Rangoon the price is £28-5 per ton. Taking the lower value of Rs. 360 per ton, it should pay on a strict *ad valorem* basis a revenue duty of Rs. 90. But being white it is actually assessed at the tariff value of Rs. 151-10-8 per ton and thus the duty amounts to Rs. 37-14-8 only. This procedure gives to the importers of this class of paper a distinct advantage of Rs. 52-1-4 per ton. The importer is able to clear this paper at Rs. 397-14-8 and adding ½ pie per lb. to cover clearing and landing charges which amount to Rs. 5-13-4 or roughly Rs. 6 per ton as given by the Calcutta Paper Import Association the price comes to Rs. 403-14-8 per ton or about 2 annas 10·6 pies per lb. as against a price of 3 annas 3 pies to 3 annas 4 pies per lb. or Rs. 455 to Rs. 466-10-8 per ton for the white supercalendered printing and imitation art manufactured in India. The difference amounts to about 4·9 pies per lb. or about Rs. 57 per ton. We are not able to solve this anomaly by classing art paper along with other coated papers as an exempted printing paper irrespective of its mechanical pulp content for the reasons explained above as we should have liked to do for greater simplicity. If it is, however, assessed at the invoice value, its price (including the duty and the landing charges) would be raised to Rs. 456 per ton or approximately a little more than 3 annas 3 pies per lb. which corresponds more or less closely to the net price realised by the mills and the anomaly may thus be removed. We are not directly concerned with the question of tariff values but we cannot help referring to this aspect of the question since both the Calcutta Paper Import Association and the Paper Traders' Association have recognised the justice of the claims of the manufacturers. We make no recommendation beyond this that the asssessment of this paper on its real value might be considered in order to avoid hardship to the manufacturers. In view of the competition referred to above, it should continue to be assessed as a printing paper. As similar considerations do not apply to the other coated printing papers such as chromo, flint, marble, etc., we recommend that they should be exempted as a class in order to avoid needless specific enumeration. We therefore propose that the words "chromo, flint and marble" in the schedule should be replaced by all coated papers except art.

Cartridge paper coloured and white.

31. Cartridge paper is a special class of paper suitable for drawings, but some of its inferior qualities are also suitable for printing and are used as such according to the evidence supplied to us by the Indian Paper Makers' Association. The Tariff Board of 1925 recommended its inclusion in the list of protected papers on the ground that its cheaper qualities could be manufactured by the Indian mills and the price of the better quality was such that a specific duty would not amount to more than the revenue duty. The manufacturers in the past have claimed its inclusion as a writing or a printing paper. On the other hand, the importers have urged its exclusion as a special paper serving a special purpose, *viz.*, drawing. As a result of the dispute between the importers and the manufacturers the Central Board of Revenue has ruled that some kinds of cartridge paper are suitable for printing though not for writing. Off-set cartridge is no doubt used in off-set printing. On the basis of the Central Board's ruling it is the Calcutta Custom House practice to assess cartridge paper below 18″×23″—28 lbs. per 500 sheets or 95 grammes per square metre as printing paper and paper above that substance as drawing cartridge liable to the revenue duty. The paper manufacturers would like that this practice be continued but have agreed to the suggestion that cartridge paper below 85·2 grammes per square metre (demy 24 lbs.) should be classed as printing paper as no pucca catridge paper according to them is made below that substance. At first the importers suggested a limit of 18″×23″—23 lbs. per 500 sheets or 78·7 grammes per square metre but later agreed to accept the manufacturers' figure of 85·2 grammes per square metre. We therefore recommend that this agreement should be accepted, *i.e.*, white or coloured cartridge paper of a substance below 18″×22″—24 lbs. per 500 sheets or 85·2 grammes per square metre be classified as printing papers.

Machine glazed paper.

32. Machine glazed papers are generally papers which go through a special process of manufacture which is not practised in most of the Indian mills, at least not in the bigger mills in Bengal. They are generally used as wrappings, but some of them are also printed on as in the case of poster paper. Since these papers are not produced in India and do not generally compete with the Indian writing and printing papers, we recommend that they should be excluded as a class from the scope of protection with the exception of machine glazed pressings and wrappings to which we refer elsewhere in our Report. Poster paper though a printing paper is a machine glazed paper suitable for printing and is therefore already specifically excluded from the scope of protection on the recommendation of the Tariff Board in 1925.



We, however, do not propose to mention it separately in the Tariff Schedule as it is included under the head of machine glazed paper.

Duplicator paper.

33. Duplictor papers, according to trade usage, are neither printing nor writing papers, unless duplicating is defined as printing. They are a special class of paper and some varieties absorb ink quickly in the duplicating process. They are imported in two qualities—hard-sized and soft-sized—the former suitable for taking writings at the end of a document such as a signature, etc., and the other suitable for printing. The importers urged in the past the exclusion of this paper from the protected class as they maintain that it is neither a printing nor a writing paper, but a special variety which should be grouped together with miscellaneous papers in the unprotected class. The Central Board of Revenue has however ruled that soft-sized duplicator paper should be assessed at the non-protected rate of duty and the hard-sized variety should be classed as writing paper and assessed accordingly. We have been able to bring about an agreement, that in future the Custom Houses in India should classify this paper into two classes, *viz.*, soft-sized to be treated as a printing paper and hard-sized as a writing paper and we recommend accordingly. The Collector of Customs, Calcutta, is of opinion that duplicator paper can be distinguished by its physical qualities and that the description "soft-sized duplicator paper" would be suitable as a tariff description.

Blotting paper.

34. Blotting paper was originally exempted from the protective scheme by the Tariff Board of 1925 for the reason that no protection was required against English blottings as being too expensive, and against Continental blotting because it was too inferior to compete with Indian blotting. The revenue duty on English blottings would protect the Indian blotting paper more effectively than a specific duty. In either case no protection was needed and therefore none was proposed. The Tariff Board in 1931 did not recommend any change in this respect. We are therefore in a sense debarred from considering this question, as it may be interpreted as an extension of the scope of protection sanctioned by the Legislature. We have however examined the case of blotting paper again on the representation of the Indian mills that the question is primarily one of classification and, therefore, within our terms of reference. The manufacturers do not desire protection against enamelled blottings on the ground that they are at present not manufacturing that quality. With regard to the interleaving blottings, which are generally used for diaries and peon books, they do not require protection below the substance of 50 grammes per square metre. In any case the facts regarding the character of foreign competition in 1925 remain more or less the same and therefore even if blotting papers were considered as coming within the scheme of protection sanctioned by the Legislature, there would be no case

for its protection. In the Trade Returns, blotting paper was classed up to end of March, 1935, as "Other kinds of paper not protected". Separate figures of imports are available only for the first three months of 1935-36 and these show that only 1,215 cwts. in these three months or about 20 tons per month were imported. Last four years figures show that the Indian mills produce about 18 tons per month. The price of English blotting papers including duty and landing charges is about 7 annas per lb. whereas the wholesale price of the Indian made blotting papers is about 4 annas a pound. As regards Continental blotting papers, the prices range from £17 to £20 per ton c.i.f. which works out to about 1 anna 7·42 pies to 1 anna 10·85 pies per lb. respectively. If the protective duty is added the cost would be about 2 annas 10·42 pies to 3 annas 1·85 pies per lb. according to quality. But Continental blottings are definitely inferior to Indian blottings and the difference of quality between the two competing classes is probably equal, if not greater than the price difference. We are therefore of opinion that in any case no protection is required and the Indian mills are able to hold their own against foreign competition.

Boards.

35. Boards are at present divided into two classes—straw boards and other boards, the former paying the present duty of 25 per cent. and the latter paying duty at the preferential rate. Boards are generally used for packing purposes in various trades and industries and are made of various materials ranging in furnish from mechanical wood pulp to superior chemical pulp. The Indian mills are manufacturing only pulp boards from pure chemical pulp and desire that the pure pulp boards, whether white or coloured, should be subjected to the protective duty. At present they are making two kinds of boards, *viz.* (1) white and tinted pulp boards and (2) buff post card and super-calendered cream glazed and the quantity manufactured by them during the last four years is as follows:—

| Year. | White and tinted pulp board. | Buff postcard and super-calendered cream glazed. |
|---|---|---|
| | Tons. | Tons. |
| 1931-32 | 661 | 139 |
| 1932-33 | 325 | 232 |
| 1933-34 | 317 | 75 |
| 1934-35 | 390 | 35 |

From this table it is clear that while the manufacture of white and tinted pulp boards has increased since 1932-33, the production of buff postcard and supercalendered cream glazed has gone down since 1932-33. The realised price at Calcutta for white and tinted pulp boards is 2 annas 10 pies and for buff postcard and supercalendered cream glazed 2 annas 5½ pies per lb. Imported pulp boards of all sorts are now classified under the head 'Boards' in item No. 44 of the Tariff Schedule. The manufacturers contend that post card boards can be written on and therefore should be



classed as writing paper. Their boards are made out of the same chemical pulp from which ordinary wood free paper is made. On the ground of this similarity of material and the process of manufacture the mills claim protection for pulp boards also. This will however amount to an extension of the scope of protection, since neither the Tariff Board in 1925 and in 1931 nor the Legislature recommended protection for boards of any kind. This argument, the Indian mills attempted to meet by defining boards as thick paper and paper as a thin board. We think this definition is untenable and are of opinion that the present exemption should continue.

Esparto paper.

36. Esparto papers are papers made from esparto grass and are generally suitable for writing and superior printing work. In order to encourage superior printing in India, the Calcutta Paper Import Association suggested the grouping of all papers containing 50 per cent. and above esparto grass pulp into one class and their exemption from the protective duty on the ground that they are not made in India and are too expensive to compete with Indian papers. The manufacturers have however rightly pointed out that their sabai and bamboo papers possess the same appearance and general characteristics as esparto papers and that the latter papers will compete seriously with their most popular lines if admitted at the revenue rate. The Calcutta Paper Traders' Association in reply to our questionnaire have given the current c.i.f. price of the paper to be Rs. 586 per ton. If we add the landing charges at the rate of Rs. 6 per ton and the present duty at 25 per cent., the price would come to Rs. 738 per ton. If we add the protective duty at 1 anna per lb. or Rs. 140 per ton, *plus* landing charges, it would come to Rs. 732 per ton. We have not taken into consideration the surcharge of 3 pies per lb. as it was put on for revenue requirements and may be withdrawn at any time. It is clear that it is not to the interest of the Calcutta Paper Import Association to press its claim since the revenue duty would amount to more than the protective duty. The Calcutta Paper Import Association have subsequently informed the Board that they did not desire to press their claim and therefore no further action on our part is deemed necessary.

Envelopes.

37. There is no such thing as envelope paper known to the trade. Envelopes are made indiscriminately of all kinds of paper, writing and wrapping, depending upon the purpose for which the envelope is required. Though an envelope is an application of paper in so far that paper is carried a stage further in the manufacturing process by being transformed into envelopes, it is not taxed as stationery under item 45 of the Tariff Schedule. The present Customs practice is to tax envelopes made of writing paper under "Writing paper, all other sorts" in item 44 (3) (*b*) on the ground that envelopes are writing materials and the envelopes made of wrapping paper are assessed under item 44 at the preferential revenue rate. Though logically envelopes would have been better classified under stationery in item 45, we think their present classification as protected

writing paper is not open to exception since it follows from a scheme of protecting all writing paper that its applications should also be protected. From the Trade Returns we find that ready made envelopes are shown separately up to 1934-35 but now they are grouped along with the writing papers. The quantities of protected envelopes with their values for the last five years are shewn below:—

*Protected envelopes.*

| | Cwts. | Rs. |
|---|---|---|
| 1930-31 | 4,758 | 3,13,175 |
| 1931-32 | 5,565 | 3,48,421 |
| 1932-33 | 4,738 | 2,88,044 |
| 1933-34 | 4,278 | 2,66,898 |
| 1934-35 | 5,065 | 2,82,007 |

In 1934-35 the average value was Rs. 1,113·6 per ton. The protective specific duty on writing paper including surcharge is Rs. 175 per ton. If the protected envelopes were to pay at the *ad valorem* rate of $18\frac{3}{4}$ per cent. under tariff item 44 (3) (*a*) the duty would be Rs. 208·8 per ton. It is clear therefore that ready made envelopes are more costly than ordinary writing paper and that the incidence of the specific duty is actually less than the alternative *ad valorem* duty. We therefore recommend that envelopes made of writing paper should be assessed under item 44 (3) (*a*) instead of 44 (3) (*b*) as is the case at present. This change of classification under the same head is in our opinion more logical in as much as envelopes, in the stage of manufacture which they have reached, resemble ruled or printed forms more than simple writing papers.

38. Books at present under the Customs tariff are imported free of duty. The paper manufacturers have drawn our attention

Printed sheets unbound.

to the fact that printed sheets unbound are being imported into India free of duty under item 45 (1) of the Tariff Schedule and are subsequently cut and bound up into books. They contend that this is done to evade the paper duties and is unfair both to the trade and the printing industry. They wish these sheets to be taxed as printing paper. They drew the attention of the Central Board of Revenue who have however ruled that the assessment is in order. As printed sheets are more books than simple paper in the stage of production they have reached, we think they are correctly classified. Presumably the object of the practice is to take advantage of the cheaper binding rates in India. We have no information whether there have been large imports under this head. The situation should however be watched and if it is found that the privilege of revenue free imports is being abused as in the case of fents to evade the paper protective duties, suitable action should be taken.

FAZAL I. RAHIMTOOLA,
*President.*

H. R. BATHEJA,
*Member.*

*Bombay, dated the 10th September, 1935.*

# APPENDIX I.

*List of papers mentioned in the evidence.*

| Serial No. | Quality. | Class of paper. | Liable to protective or non-protective duty. |
|---|---|---|---|
| 1 | Real Art Paper | Printing | Protective. |
| 2 | Art paper imitation containing less than 70 per cent. mechanical wood pulp. | Printing | Protective. |
| 3 | Art paper mechanical | Printing | Protective. |
| 4 | Account book paper | Writing | Protective. |
| 5 | Antique wove and laid suitable for writing | Writing | Protective. |
| 6 | Antique wove and laid suitable for printing | Printing | Protective. |
| 7 | Azure laid | Writing | Protective. |
| 8 | Air mail paper | Writing | Protective. |
| 9 | Paste boards | Boards | Non-protective. |
| 10 | Mill boards | Boards | Non-protective. |
| 11 | Card boards | Boards | Non-protective. |
| 12 | Pulp boards | Boards | Non-protective. |
| 13 | Leatherette Board | Boards | Non-protective. |
| 14 | Straw board | Boards | Non-protective. |
| 15 | Boards, all other sorts | Boards | Non-protective. |
| 16 | Blotting paper | .. | See para. 34 of the report. |
| 17 | Blotting paper enamelled | .. | Non-protective. |
| 18 | Bag paper | .. | Non-protective. |
| 19 | Badami | .. | See paras. 22 and 25 of the report. |
| 20 | Bank | Writing | Protective. |
| 21 | Bond | Writing | Protective. |
| 22 | Book cover | Printing | Protective. |
| 23 | Brown (nature) | .. | Non-protective. |
| 24 | Brown (black) | .. | Non-protective. |
| 25 | Buff, glazed and unglazed | .. | See paras. 22 and 25 of the report. |
| 26 | Cap paper which is ordinarily very thin paper | .. | Non-protective. |
| 27 | Government stamp cap | Writing | Protective. |
| 28 | Chromo | Printing | Non-protective. |
| 29 | Cover paper | .. | See para. 27 of the report. |
| 30 | Copying paper | .. | Non-protective. |
| 31 | Crepe paper | .. | Non-protective. |
| 32 | Cigarette paper | .. | Non-protective. |
| 33 | Cigarette paper in small packets and cut to sizes ready for use. | .. | Non-protective. |
| 34 | Cellophene | .. | Non-protective. |
| 35 | Carbon paper | .. | Non-protective. |
| 36 | Cloth lined paper | .. | Non-protective. |
| 37 | Casing paper | .. | Non-protective. |
| 38 | Cheque paper | Writing | Protective. |
| 39 | China Paper | .. | Non-protective. |
| 40 | Cartridge paper (white or coloured) | .. | See para. 31 of the report. |
| 41 | Cream laid | Writing | Protective. |



D

| Serial No. | Quality. | Class of paper. | Liable to protective or non-protective duty. |
|---|---|---|---|
| 42 | Calf leatherette | .. | Non-protective. |
| 43 | Duplicator, soft or hard | .. | See para. 33 of the report. |
| 44 | Design kraft | .. | Non-protective. |
| 45 | Envelope made of wrapping paper | .. | Non-protective. |
| 46 | Envelope made of writing paper | Writing | Protective. |
| 47 | Enamelled paper | .. | Non-protective. |
| 48 | Emery paper | .. | Non-protective if coated with emery. |
| 49 | Ferro prussiate paper | .. | Non-protective. |
| 50 | Filter paper | .. | Non-protective. |
| 51 | Flint paper | Printing | Non-protective. |
| 52 | Felt paper | .. | Non-protective. |
| 53 | Graph paper | .. | Non-protective if printed on. |
| 54 | Glassine paper | .. | Non-protective. |
| 55 | Gold and silver paper | .. | Non-protective. |
| 56 | Greaseproof paper | .. | Non-protective. |
| 57 | Glazed M. G. wrapping | .. | See paras. 28 and 32 of the report. |
| 58 | Gummed paper | .. | Non-protective. |
| 59 | Glass paper | .. | Non-protective if complete manufactured article. |
| 60 | Insulating paper | .. | Non-protective if in reels. |
| 61 | Ivory printing | Printing | Protective. |
| 62 | Kraft | .. | Non-protective. |
| 63 | Kraft imitation | .. | Non-protective. |
| 64 | Kraft, other sorts | .. | Non-protective. |
| 65 | Kite paper | .. | Non-protective. |
| 66 | Litho paper (except coated) | Printing | Protective. |
| 67 | Lace paper | .. | Non-protective if punched. |
| 68 | Ledger paper | Writing | Protective. |
| 69 | Leatherette paper | .. | Non-protective. |
| 70 | Metallic paper | .. | Non-protective. |
| 71 | Match paper, glazed and unglazed | .. | See our remarks on unglazed coloured thin paper and M. G. Wrappings, paras. 25, 28 and 32. |
| 72 | Matrix or stereo paper cut to size | .. | Non-protective. |
| 73 | Matrix or stereo paper other sorts | .. | Non-protective. |
| 74 | Marble paper | .. | Non-protective. |
| 75 | Machine glazed pressings | .. | See para. 28 of the report. |
| 76 | Manilla, glazed and unglazed | .. | Non-protective. |
| 77 | Manifold | Writing | Protective. |
| 78 | Napkin paper | .. | Non-protective if manufactured. |
| 79 | Newsprint | Printing | Protective. |
| 80 | Oil paper | .. | Non-protective. |



| Serial No. | Quantity. | Class of paper. | Liable to protective or non-protective duty. |
|---|---|---|---|
| 81 | Pasting paper | .. | Non-protective. |
| 82 | Machine Glazed Poster paper | .. | Non-protective. |
| 83 | Parchment writing | Writing | Protective. |
| 84 | Parchment wrapping | .. | Non-protective. |
| 85 | Stencil paper | .. | Non-protective if waxed. |
| 86 | Stereo paper | .. | Non-protective. |
| 87 | Supercalendered printing | Printing | Protective. |
| 88 | Sulphite envelope | .. | Non-protective. |
| 89 | Suede paper | .. | Non-protective. |
| 90 | Sand paper | .. | Non-protective if coated. |
| 91 | Transparent cellulose paper, if cellophane. | .. | Non-protective. |
| 92 | Tin foil paper | .. | Non-protective. |
| 93 | Target Poster | .. | Non-protective. |
| 94 | Typewriting paper | Writing | Protective. |
| 95 | Toilet paper | .. | Non-protective if in rolls or cut to small sizes. |
| 96 | Tracing paper | .. | Non-protective if prepared. |
| 97 | Telegraph machine paper in reels | .. | Non-protective. |
| 98 | Unglazed thin coloured except buff and deep blue colour. | .. | See paras. 25 and 19 of our report. |
| 99 | Unglazed thin white and buff | .. | See paras. 24 and 25 of our report. |
| 100 | Wall paper | .. | Non-protective. |
| 101 | Waxed paper | .. | Non-protective. |
| 102 | Waterproof paper | .. | Non-protective if prepared. |

*N.B.*—A printing paper, it is understood, will be subjected to a revenue rate of duty if it contains not less than 70 per cent. mechanical wood pulp in its fibre content.

## APPENDIX II.

### *The Weight Factor Method for Fibre Analysis.*

### (Spence and Krauss.)

Tear a few small pieces about the size of ½" diameter from different parts of the paper or pulp sample (widely separated if the sample is large). Suspend in a 1 per cent. solution of caustic soda and bring to the boil in a beaker. Drain off the solution; wash in the beaker with distilled water twice, draining off the water each time. Wash in a 1 per cent. solution of hydrochloric acid, then twice more with distilled water.

Roll the scraps of paper into a ball and work between the fingers to loosen the fibres. Put the ball into a test tube (or glass stoppered cylinder or any other convenient vessel), place 10/20 glass beads or lead shot and shake with distilled water until the fibres are well separated. Dilute the suspension to a consistence such that not more than four complete diameter lengths of fibres will appear on any one field. Denser fields are difficult to evaluate and tend to lessen the accuracy of the results. Shake the tube, insert a glass tube (6 mm. internal diameter and about 20 cm. long) to a depth of about 2 inches below the surface of the solution and carefully place one or two drops on a slide, dry with filter paper. (The excess of water is either driven off on a water oven or to save time the water is drawn off by placing the folded edge of a piece of filter paper on one side of the spread out drop and carefully withdrawing the filter paper). When the water has been drawn away, tease out any bundles or 'knots'. The stain is kept ready for use by previously mixing the two solutions Herzberg's A and B diluting with water or zinc chloride in such a way as to give a lemon yellow colour with mechanical wood pulp and blue to greenish blue with sulphite pulp. Two drops of this stain are placed on the dried fibres obtained above, and the whole then covered with a cover slip. A cross line micrometer divided into 10/10 mm. square is inserted into the diaphragm of the eyepiece and the side of each square is taken as a unit. Measure the *lengths only* of the fibres in the field starting at one extreme corner of the slide, counting all the mechanical wood pulp in that line by the help of a moving stage until the other extremity is reached. A return trip is now made along the same line counting all the blue fibres. The slide is now shifted in the perpendicular direction by moving the mechanical stage and the fibres counted in the same way. Thus the whole of the slide is covered strip by strip, counting rigidly every fibre.

The total length of each type of fibre multiplied by its weight factor gives the number of the fibres present and a ratio is obtained on the total of these numbers as usual.

Equal areas covered by different kinds of fibre do not represent equal weights; neither do equal lengths. Hence to determine correctly the percentage weight of each kind of fibre present the relative weights of equal areas or lengths of the different fibres must be known.

Experiments carried out in the Lahore Laboratory on synthetic mixtures of mechanical wood pulp and chemical pulp gave as the ratio in equal length weight C. P./weight M. W. P.=0·566.

The factor 0·55 recommended on many more experiments than we have been able to do, has been taken as standard.



## APPENDIX III.

### *List of Associations, Firms and Persons from whom replies to the Board's Questionnaire have been received.*

1. American Baptist Mission Press, Rangoon.
2. Printing Materials Store, Bombay.
3. Ghosh Brothers and Company, Rangoon.
4. Calcutta Paper Agency, Calcutta.
5. The Commercial Stationery Mart, Calcutta.
6. The Publishers' Association of Bengal, Calcutta.
7. Messrs. Longmans, Green and Company, Limited, Calcutta.
8. Messrs. Bholanath Dutt and Sons, Calcutta.
9. Messrs. A. Bonner and Company, Calcutta.
10. Bengal Association of the Master Printers and Allied Industries, Calcutta.
11. Messrs. J. N. Singh and Company, Limited, Delhi.
12. Messrs. Kamala Book Depôt, Limited, Calcutta.
13. Calcutta Paper Traders' Association, Calcutta.
14. The Calcutta Paper Import Association, Calcutta.
15. Indian Paper Makers' Association, Calcutta.
16. The Times of India, Bombay.

# APPENDIX IV.

## *Correspondence regarding sizing tests.*

(1) LETTER No. SCA-PAPER, 1935, No. 2, DATED THE 31ST AUGUST, 1935, FROM THE SPECIAL CHEMICAL ADVISER, CENTRAL BOARD OF REVENUE, CAMP SIMLA, TO THE TARIFF BOARD.

I have the honour to say that the Central Board of Revenue has requested me to answer to your letter No. 556, dated the 22nd of August, 1935, direct and I enclose accordingly seven copies of my views on the proposed tests for distinguishing between printing and writing papers by tests designed to determine the degree of sizing on the papers under examination.

As the Members of the Board will observe, I foresee no difficulty in carrying out these or any other approved tests but it is quite essential that they should be clearly specified in every detail and that standard samples of paper should be available so that their action on samples under test may be compared with the accepted standards.

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Enclosure.

*Proposed tests to distinguish between Printing and Writing Papers, Reference Tariff Board letter No. 556, dated the 22nd August, 1935, addressed to the Secretary, Central Board of Revenue.*

Three tests are proposed:

(*a*) Sindall and Bacon's test for relative hardness of sizing;

(*b*) The ferrocyanide test for time of penetration.

(*c*) Sindall and Bacon's 'flotation' test for relative hardness of sizing.

There is no difficulty in carrying out these tests at all the Board's laboratories and experienced chemists are available to do the work who are capable of tackling any standard method.

The methods would have to be carefully standardised by some Central paper makers' association and a set of standard papers of repeatable specification provided so that tests could be checked up periodically.

*Method (a).*—The Association would be expected to specify the standard "drawing pen of the bar type", the angle at which it should be laid or pressed on the paper and, if pressed, the method of exerting and amount of pressure.

The exact method of making up Schlutting and Naumann's Normal ferrogallic writing ink should be prescribed and the quality of the reagents clearly specified. The blue dye should be exactly specified.

Presumably no 'spreading' is allowed but before long we shall undoubtedly be told that a 'little' spreading is permissible. What is a 'little'? The amount of spreading permitted and its method of measurement by a micro gauge should be clearly set forth.

It might be necessary to define humidity conditions for this test.

From time to time we are up against the type of arguments that we are "general analytical chemists" and that therefore our opinion cannot be really valuable (unless favourable to the importer or appellant) in opposition to that of a paper 'expert'. Our experience in M. W. P. cases has been that, in sufficient cases to be significant, unreliable certificates are submitted in support of paper cases and we must be protected. It takes time to judge between true and false certificates.



(*b*) *The "ferro-cyanide test.*—There is no difficulty about the operation of this test but the instructions should be more specific. Does the solution contain 5 parts per hundred weight by weight of $K_4Fe(CN)6$, $6H_2O$, the usual solid reagent, or 5 parts of $K_4Fe(CN)6$ anhydrous? This is how the instruction reads but probably the former is intended.

Ferric chloride solution of "5-10 per cent. strength" is very indefinite. Does it contain sufficient hydrochloric acid to prevent excessive hydrolysis? Old ferric chloride would behave differently from the freshly prepared reagent. Presumably in this case $FeCl_3$(5-10 per cent.) means 5-10 per cent. of ferric chloride calculated as anhydrous salt.

(*c*) *Method of sizing.*—The degree of fineness of the castor sugar should be stated in terms of wire gauze mesh.

A set of suitable dyes for given approximate ranges of coloured paper should be clearly specified and not left to the option of the operator.

*Summary.*

There is absolutely no difficulty about our carrying out the tests at the Board's laboratories but it is essential that—

(i) the methods, reagents, etc., should be clearly specified,

(ii) repeatable samples of suitable ranges of standard papers should be available for control and comparative testing,

(iii) It is desirable that both (*a*) and (*b*) should be accepted by the Trade. This, however, is a matter for the administrative officers to decide and I only propose it to save the testing laboratories from an inordinate number of complaints.

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(2) LETTER No. 3818/37, DATED THE 30TH AUGUST, 1935, FROM THE PRESIDENT, FOREST RESEARCH INSTITUTE AND COLLEGE, DEHRA DUN, TO THE TARIFF BOARD.

With reference to your letter No. 556, dated the 22nd August, 1935, I have the honour to enclose herewith a note by the Officer-in-charge, Paper Pulp Section, of this Institute.

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Enclosure.

*Copy of a Note dated the 28th August, 1935, by the Officer-in-charge, Paper Pulp Section, Forest Research Institute.*

Reference letter from the Tariff Board below regarding the adoption of one or more methods, at the Customs Laboratories, for determining the relative degree of sizing of papers.

While the "Ink flotation" test and the "Ferro-cyanide" test do indicate the relative degree of sizing, I would give preference over them to the "Dry Indicator" test, on which Sindall and Bacon's method is based, for the following reasons:—

(1) The "Ink flotation" and the "Ferro-cyanide" methods are not capable of being so well standardised as the "Dry Indicator" method, and

(2) Personal equation plays a far greater part in the ink flotation and Ferro-cyanide tests than in the Dry indicator test.

I believe Sindall and Bacon's method will give satisfactory results, if the technique of the method is standardised. From enclosure "A" of the Tariff Board's letter, giving account of the method, it appears that the technique of the method has not been standardised in full details. I would, therefore, recommend that the technique of the method, as standardised by the Technical Association of the Pulp and Paper Industry, United States, after several years of investigation and research work, may be adopted at the Customs laboratories. A copy of the standard method for adoption by the Customs Department is attached herewith. We have adopted this method for recently carrying out, at the request of the Tariff Board, the sizing tests on papers.

The method will express the degree of sizing of papers in numbers (seconds or minutes). This alone, however, will not be sufficient for the purpose of the present enquiry, which is to demarcate writing and printing papers in a certain class of papers, *viz.*, mechanical pulp papers containing 70 per cent. or more of mechanical pulp. In order to differentiate writing from printing papers in this class, it is necessary to fix a maximum number, as determined by the method recommended, for the degree of sizing of printing papers. Any paper, the degree of sizing of which is expressed by a number of higher than this, would then be classed as "writing paper".

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Appendix.

## Standard Method of the Technical Association of the Pulp and Paper Industry, U. S. A.

### I.—*Scope.*

This method is tentatively limited to paper having not more than a medium degree of water resistance such as imported by rosin, glue, starch, and wax sizing and not more than ·01 inch in thickness.

### II.—*Apparatus.*

The following special apparatus is required:—

(1) A support for the test specimen to permit even wetting of the lower surface of the specimen and protection of the upper surface with a cover glass. A hollow cylinder of metal or glass, such as an oil cup glass, about 1½ inches in diameter and 2 inches long, and having even and smooth edges, is suitable.

(2) A shaker by means of which the indicator is distributed through a 70-mesh wire screen (see Section VII).

### III.—*Reagents.*

A. *Indicator.*—Water-transudation indicator composed of pure cane sugar, such as "domino" lump sugar; soluble starch, C. P.; and methyl violet dye, Du Pont N. E. Methyl Violet, National Aniline and Chemical Co., 2 B. P. Methyl Violet, or equivalent. Each ingredient shall be ground separately until it all passes through a 100-mesh screen, and shall be completely dried in a desiccator over calcium chloride before making the mixture. When dry, the following proportions are weighed and mixed:—

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|---|---|
| Sugar . . . . . . . . . . | 45 grams. |
| Soluble Starch . . . . . . . . | 5 grams. |
| Dye . . . . . . . . . . | 1 gram. |

The ingredients shall be mixed by screening repeatedly through a 60-mesh wire until the mixture is uniform. The mixture must be kept dry, therefore exposure to the moisture of the atmosphere is to be avoided as far as possible (see Section VII).

*N.B.*—If a dye, other than that mentioned above, is taken, the proportions of the ingredients may be changed to suit conditions.

B. *Water.*—Water of fair purity, such as the usual drinking water, is suitable.

### IV.—*Specimen.*

The test specimens shall be cut from different portions of the test sample in such a way as to be thoroughly representative of it. They shall be free from folds, wrinkles or other blemishes not commonly inherent in the paper. A convenient size is 3×3 inches.



### V.—*Procedure.*

The tests shall be made on paper conditioned in specified atmospheric conditions.

(At the Customs laboratories 35°C and 70 per cent. relative humidity may be adopted for conditioning papers.)

A thin uniform sprinkling of the indicator is dusted from the shaker on to the surface of the test specimen by gently tapping the bottom of the inverted shaker and moving it slowly over the surface of the specimen so that the paper remains just visible between the particles of the indicator.

About three quarts of water are put in a vessel of such proportions that it is filled to a depth of about 2 inches. The temperature of the water shall be maintained at 35 degree C. ± 0·5 degrees. If a cylinder is used as a support, it is placed in the water with one and resting on the bottom of the vessel and the water level is adjusted until the other end is barely covered with water. The test specimen is placed over the end of the submerged cylinder and covered with a watch glass, or other suitable concave cover glass. When putting the specimen on the water, care must be taken not to wet the upper surface nor to entrap air bubbles underneath. The test specimen shall be examined after the test and if evidence of uneven wetting is found the result shall be discarded.

The test specimen shall be watched continuously for a change in the color of the indicator. With the aid of two stop watches or a double-reading stop watch, the elapsed time in seconds is measured from the contact of the paper with the water until (1) one-quarter of the indicator and (2) three-quarters of the indicator changes in color. The average of the two readings is the water resistance (or degree of sizing) for the specimen. An equal number of tests shall be made on both sides of the paper, and not less than 10 different specimens shall be tested.

### VI.—*Report.*

The report shall give the minimum, maximum and average water resistance (or degree of sizing) of the paper, calculated from the test data for all of the specimens tested.

### VII.—*Additional Information.*

The reproducibility of the average test results by experienced operators is within 10 per cent.

The novel feature of the method is the use of a suitable hygroscopic material in the indicator, such as sugar, to trap transuded water. The starch is added to the indicator to render it more stable. Because of the necessity of keeping the indicator dry, storage in a desiccator over calcium chloride, except while in actual use, is recommended. Mixing the components of the indicator by screening is essential to avoid discoloration, which occurs if they are ground together.

A convenient indicator shaker is prepared from a small glass screw-top bottle by cutting away most of the metal of the flat portion of the top, fitting a 70-mesh wire inside the top, and screwing the top back in place.

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(3) Letter No. 923/35, dated the 27th August, 1935, from the Collector of Customs, Bombay, to the Tariff Board.

*Sizing tests—Adoption of, for distinguishing between printing and writing papers—Your letter No. 556, dated the 22nd August, 1935.*

I have the honour to refer to your letter cited above.

2. I enclose herewith a copy of a Note by my Chemical Examiner, which deals with the points raised.

3. The Special Chemical Adviser to the Central Board of Revenue, Lahore, has not been consulted.

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Enclosure.

*Copy of Note dated the 24th August, 1935, from Mr. S. S. Aiyar, Chemical Examiner for Customs, Bombay.*

1. The inkmarks test is simple and can be adopted as a routine test. We can also make the standard ink recommended by Schlutting and Naumann. The Paper Makers' Association do not say anything regarding the borderline cases which always give us trouble. I would recommend distribution of samples of limit papers after testing a number of samples, if the test is adopted by the Government. We may recommend its adoption.

2. Sindal and Bacon's test for relative hardness of Papers.

This test will have to be applied as a confirmatory test in case the ink mark test is not conclusive. The authors have not however laid down the minimum time limit for penetration in the case of writing papers. This will have to be fixed by the Tariff Board or the Central Board of Revenue after we have comparatively tested a number of paper samples.

3. The ferro-cyanide test (for sizing) applied to papers other than writing paper.

This again involves a time factor. The Indian Paper Makers' Association specify a penetration time of 15 seconds. We do not know what the paper importers have to say on the matter. The recommendation is only tentative and we will have to fix the time factor after we have tested a number of samples of imported papers.

In my opinion we will have to adopt all three methods to enable us to definitely distinguish printing from writing papers.

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(4) Letter R. No. 1073/35, dated the 29th August 1935, from the Collector of Customs, Madras, to the Tariff Board.

*Test—Distinction between printing and writing paper.*

I have the honour to refer to your letter No. 556, dated the 22nd August, 1935.

2. The tests mentioned in the letter depend upon comparison of the time taken for standard liquid preparations to soak through pieces of the samples of paper floating on them, the time required being a measure of the degree of sizing. The Assistant Chemical Examiner of this Custom House is of the opinion that these are very rough empirical tests and require careful standardisation by testing a large number of authentic samples under varying conditions at different laboratories, before they can be adopted in practice. Of the three tests mentioned in your letter, the "Ferro-cyanide" test is said to be preferable, because the liquid can be prepared to exact strength, there being no insoluble or partly soluble ingredients.

3. I have had no time to consult the Special Chemical Adviser to the Central Board of Revenue, but I am sending him copy of the correspondence for favour of expressing his opinion direct to you.

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(5) Letter No. 1662/35, dated the 29th August, 1935 from the Collector of Customs, Karachi, to the Tariff Board.

I have the honour to refer to your letter No. 556, dated the 22nd August, 1935.

2. From a few Preliminary experiments carried out in this Custom House Laboratory, it appears that the methods suggested are quite suitable. The details regarding time limit will have to be worked out later on on actual samples of writing and printing papers and on border line cases.



(6) Letter No. 515, dated the 30th August, 1935, from the Collector of Customs, Calcutta, to the Tariff Board.

I have the honour to refer to your letter No. 556, dated the 22nd August, 1935.

I enclose a report from my Chemical Examiner from which it appears that the tests can be carried out in the Custom House Laboratory.

As regards the last sentence of the note, high class printing and writing papers are comparatively expensive, so that if the tariff is framed so that protected papers pay the protective duty or the revenue duty whichever is higher these papers will be assessable in any case at the revenue rate and it will not be necessary to test.

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Enclosure.

*Copy of report dated the 28th August, 1935, by the Chemical Examiner, Custom House, Calcutta.*

The Association recommend—

(1) Writing test and Floatation test with Ferro-gallic ink made according to a fixed formula, for finding out the suitability of paper for writing purpose.

(2) Ferro-cyanide test for paper other than writing paper. They recommend a penetration of time limit for 15 seconds.

They also mention Sindall and Bacon water penetration test for indicating the relative hardness of sizing of paper.

These are standard tests and are easy to carry out.

They have been found valuable to distinguish Printing and Writing papers in most cases.

The Penetration time limit of 15 seconds as recommended by the Association would, I think be suitable for recognising cheap Printing Papers (softsized). But experiments on extended range of samples would be necessary to find out the time limit, etc., to suit our purpose.

Hardsized and costly printing papers ("Capital" printing paper), Imitation Art Printing Papers, etc., do not show any penetration of Potassium Ferro-cyanide solution within the time limit of 15 seconds. But imitation art papers are not suitable for writing purposes and can easily be differentiated. High class Printing and Writing Papers are in my opinion difficult to distinguish by the above tests. They contain little Mechanical wood pulp.

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(7) Letter C. No. 555/35, dated the 31st August, 1935, from the Collector of Customs, Rangoon, to the Tariff Board.

*Printing and Writing paper—Test of.*

I have the honour to refer to your letter No. 556, dated the 22nd August, 1935.

2. My Assistant Chemical Examiner has no experience of the tests referred to in your letter. Consequently I am unable to offer any useful comments on their respective merits, from the point of view of convenience. But it is not anticipated that in practice any difficulty will be experienced in applying any of the three that may be finally decided for adoption.

3. I may add that under our present system any duplicating paper on which the ink spreads in writing and which is absorbent is not regarded as writing paper. I consider that this simple method which has worked well in practice can with advantage to extended to all papers in regard to which it may be claimed that they are not writing paper. The experience of this port is not such as to point to the necessity of prescribing chemical tests for distinguishing between writing paper and printing paper.

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