M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1105 Press ~~Mis.~~

255-256

Dated 28 — 5 — 18 Col.

Not to be folded or roughly handled

No. 255. Read the following:—

Extract from the Proceedings of the Government of India in the Financial Department, under date the 9th April 1861, No. 4,845.

Read an Office Memorandum from the Home Department (Separate Revenue), No. 638, dated 2nd instant, transferring for the issue of the needful orders the documents noted therein regarding the exemption of machinery and plate-iron from Customs duty.

OBSERVATIONS.—In 1845 the Governor General in Council "deeming it right that every "encouragement should be given to the importation of machinery into India both for the improve- "ment of the communications and for the development of the resources of the country," resolved that "machinery and plate-iron prepared for the hulls of steamers," should be exempt from Customs duties on importation into India.

2. This order continued in force until 1855, when some doubts having been raised as to its exact meaning, a fresh notification was issued declaring "all machinery of every kind," and likewise plate-iron prepared for the hulls of steamers to be exempt from duty.

3. In the following year the local Governments were called upon to report on the effect of the orders exempting machinery from duty, and replies were received to the following effect:—

BENGAL.—The Collector of Customs, the majority of the Board of Revenue, and the Honorable the Lieutenant Governor of Bengal, were of opinion that "no perceptible advantage "had accrued from the remission of duty on machinery, and that more machinery had not come "to the country in consequence of the exemption."

One of the members of the Board of Revenue dissented from this conclusion. He thought that the remission had materially tended to encourage importations, and remarked that "the manufacturers of this country are not yet sufficiently skilful to turn out machinery of a "complicated nature, and it is only by seeing and studying imported machinery of the best "models and manufacture, that they can gradually get over this disadvantage."

MADRAS.—The Government of Madras, the Board of Revenue, and the several authorities consulted by the latter (with the exception of the Collector of Customs), were for extending the exemption as widely as possible, and for interpreting the term machinery in its most comprehensive sense. The imposition of duty, they remarked, would be a hindrance on importation, the desire for which existed among the natives, and they urged that native workmen "must see and attentively consider European machines before they can construct such "for themselves."

The Collector of Sea Customs held that the whole of the machinery which had been imported would have been imported whether duty had been levied on it or not, and that consequently the remission of the duty was a measure involving a needless loss of revenue.

BOMBAY.—The Government and the Customs Authorities of Bombay and Scinde, were of opinion that little advantage had been derived from the exemption of machinery from Import duty, that such exemption had neither encouraged importations nor discouraged local productions, and that the exemption from duty should in future be restricted to machinery imported for purposes of agriculture, navigation, mining and manufacture, machinery for railway purposes being liable to duty.

4. These replies were forwarded to the Home Authorities in February 1857 with the following remark by the Government of India, "anticipating early changes in the whole system "of Customs we have refrained for the present from passing any orders on the subject, though on "a consideration of these papers we are entirely of opinion that there is no necessity whatever for "continuing the exemption in question."

5. Subsequently in August of the same year the East Indian Railway Company having raised a question as to the free admission of "weighing machines," a revised notification was issued, declaring in supercession of all previous orders, that the exemption of machinery from the payment of Customs duty should extend only to "machinery used exclusively* for "purposes of agriculture, navigation, mining and manufacture, "and for railway purposes."

* It was decided that "weighing "machines" not being used exclusively for railway purposes, were not exempt from the payment of duty.

6. The exemption was continued also to plate-iron prepared for the hulls of steamers.

7. This order remained in force until the enactment in March 1859 of Act VII of that year, in which the original order of 1845 was reverted to "machinery for the improvement of "the communications and for the development of the resources of the country," being included in the list of free imports given in Schedule A of that Act.

8. In a Despatch from the Secretary of State written in January 1859 and received immediately after the passing of Act VII, the reports from the local Governments, which had been transmitted by the Government of India in February 1857 were noticed. Lord Stanley expressed his entire concurrence in the views of those authorities who were in favor of continuing the exemption from Customs duties to machinery, and he desired that the orders which had been issued by the Government of India, in August 1857, should receive a liberal construction. "The unrestricted importation (His Lordship remarked) of the articles which "fall within the scope of these orders far from preventing their manufacture by the native of "India, will, I am convinced, afford encouragement to it, for it is a sound remark of the "Madras Government that native workmen must 'see and attentively consider European machines "in operation before they can construct such for themselves; when they have learnt to do "so, the difference between the price of European and native labor will render the market of "this country the cheaper one and the demand will naturally transfer itself hither.'"

9. In the following year Act X of 1860 was passed, and it included in the list of free Imports "machinery of all kinds."

10. In July 1860, the Government of India in a Despatch to the Secretary of State remarked that "this exemption of 'machinery of all kinds' has opened too wide a door and gives admis- "sion free of duty to articles which there is no good reason for exempting," adding, "we are "disposed to think that the rule which was in force previously to the passing of Act VII of "1859 was as good as any which can be found. By that rule all machinery used exclusively for "purposes of agriculture, navigation, mining and manufacture, and for railway purposes was "admitted free of duty."

11. In reply to this the Secretary of State wrote, "I approve of your limiting in any new "Customs Act which may be passed, the exemption now granted to machinery of all kinds to "machinery imported only for the purposes specified by you."

12. It has been already stated that besides machinery, plate-iron prepared for the hulls of steamers was exempted from duty by the several orders of 1845, 1855 and 1857. This article was not included in the free list either of the Act of 1859 or that of 1860, and the Customhouse in Calcutta therefore held that it was no longer exempted from duty. On a reference from Messrs. May, Pickford & Co., however, the Government of India declared by an executive order in July 1860, that "plate-iron prepared for the hulls of steamers or of "flats to be towed by steamers," should be admitted free of duty.

13. The correspondence with the Secretary of State above adverted to contains a discussion on the question of exempting from duty not only machinery, but also such stores, tools and fittings as are indispensably required and exclusively used to make such machinery available. The Government of India was not in favor of the proposal, and the Secretary of State has left the matter in the hands of the Governor General in Council.

14. The proceedings adverted to in the foregoing paragraphs having been referred to the Customs Committee, Mr. Spooner, the President of that Committee, submits a letter containing his own views of what should be done. He recommends that so long as the present Law remains

in force every Customhouse should be provided with a list of articles of machinery to be admitted free of duty, and that when any article not specified in the lists is imported and a claim to pass it free of duty is made, the Customs authorities of Bengal, Madras and Bombay, should in communication with each other decide whether the article shall be considered as machinery or not, their decision being submitted to the Government of India for confirmation. Mr. Spooner accordingly submits a list of articles which he considers to come under the head of machinery, and suggests that it be revised by the Board of Revenue at Calcutta before it is transmitted to the local Governments. He also submits a list of articles for which "exemption "from duty under the plea of the same being machinery has at various times been applied for," but on which he considers "duly is fairly leviable," and he suggests that this list be likewise revised by the Board of Revenue.

15. Mr. Spooner also suggests that whenever the Customs Tariff may be revised the exemption from duty be restricted to "machinery used exclusively for purposes of agriculture, "navigation, mining and manufacture, and for railway purposes." This suggestion is in conformity with the view expressed by the Government of India in the Despatch of July last to the Secretary of State, referred to in the 10th paragraph of these observations.

Resolution.

16. His Excellency the Governor General in Council approves generally of Mr. Spooner's suggestions, and accordingly resolves that a copy of his letter and of the two lists enclosed therein be forwarded to the local Governments, for their remarks and suggestions in communication with the Customs authorities subordinate to them.

17. With regard to plate-iron His Excellency in Council prefers the existing definition ("plate-iron prepared for the hulls of steamers and of flats to be towed by steamers") to the definition which Mr. Spooner proposes to substitute (viz., "plate-iron for hulls used in building "a vessel in England and then taken to pieces for the convenience of packing").

See his Free List, article 38.

18. On the receipt of replies from the local Governments such modifications as may appear necessary will be made in the two lists, and the one specifying the articles to be admited free of duty under the head of machinery will be published in the Official Gazette for general information, and a copy of the other list, viz., that of articles not entitled to exemption from duty under that definition will be furnished to the several Customs authorities for their guidance.

19. Should any question be afterwards raised in regard to any article not specified in either of the above mentioned lists, the Chief Customs Revenue authorities at the three Presidencies shall determine in communication with each other, whether such article shall be admitted into the Free List or entered in the other List of dutiable articles.

20. His Excellency in Council further resolves that without waiting for any general alteration of the Customs Tariff, measures may be taken for the insertion in the proposed consolidated Customs Bill of a provision limiting the right of free admission to machinery used exclusively for purposes of agriculture, navigation, mining and manufacture, and for railway purposes, and also to plate-iron prepared for the hulls of steamers or of flats to be towed by steamers; and declaring all other machinery subject to the general *ad valorem* duty of 10 per cent. If this provision be added to the Law, the lists, referred to in the foregoing paragraphs, will be further revised so as to accord with the Law.

ORDER.—Ordered that a copy of the above Resolution and of the papers noted in the margin* be forwarded to the Governments of Bengal, Madras and Bombay, and to the Commissioners of Pegu and the Tenasserim Provinces for information and guidance, with a request that replies may be submitted at an early date.

* Mr. Spooner's letter, dated 10th January 1861, and its enclosures.

Ordered also that a copy of the Resolution and of the papers specified in the margin be forwarded to the Honorable Mr. Erskine, and that his attention be called to paragraph 20 of the Resolution, with a request that he

Office Memorandum from the Home Department, No. 638, dated 2nd April 1861, and the documents noted in the margin thereof, including the letter from Mr. Spooner and its enclosures.

Office Memorandum from Home Department, No. 749, dated 18th April 1861, and its enclosures.

will be so good as to introduce the provision indicated therein in the proposed Consolidated Customs Bill.

(A true Extract.)

(Signed) C. H. LUSHINGTON,
Secretary to the Government of India.

From RICHARD SPOONER, Esq., Bombay Civil Service, to the Secretary to the Government of India, dated Calcutta, 10th January 1861.

SIR,

No. 2,151, dated 3rd November 1860.
No. 2,208, „ 7th „ „

1. I have the honor to acknowledge the receipt of your two letters (with accompaniments) bearing dates as per margin, on the subject of machinery.

2. The existing Law on the subject runs as follows :—

Schedule A of Act X of 1860.—"Machinery of all kinds free; and the Collector of "Customs, subject to the general orders of the Government of India, in the Revenue Department "shall decide what articles come within the definition of machinery, and such decision shall be "final in law."

3. The point for consideration appears to be, what articles should be considered as machinery, and as such be allowed to pass free of duty.

4. The voluminous correspondence which has taken place on the subject, shows that various parties have applied to pass free of duty, tools, stores, materials, &c., under the plea of their being intended to be used in making machinery, and I observe that the Railway authorities in Scinde have applied for a refund of duty to the extent of Rupees 2,91,595-14-10, or say nearly three (3) lacs of Rupees.

5. Until it is clearly defined what articles come within the definition of "machinery" parties will continue to endeavour to get the several articles imported by them, passed free of duty.

6. It appears to me that until the law as it now stands, in respect to the item of "machinery" is amended, all that is required is that a list of all articles, which will be admitted free on importation as being machinery, should be prepared and forwarded to the several Customs Departments, for their information and guidance, and should any article, not entered in the list, be hereafter imported, and a claim made to pass the same free of duty, the Customs authorities at Bengal, Madras and Bombay, should in communication with each other decide, whether in their opinion the said item should be considered as machinery or otherwise, and their decision might then be submitted to the Government of India for approval and confirmation.

7. Armed with a list of this kind the Customs authorities at the several Presidencies would have no difficulty in disposing of applications to pass any article free of duty, under the plea of its being machinery. If it is entered in the list it will be passed free and if it is not so entered and the Customs authorities do not consider it to be "machinery" the application will be rejected, while on the other hand, if the Customs authorities have any doubt on the subject, or consider it to be machinery, a reference can be made, and from the information placed before them, the Government of India, can then decide whether the article under reference is to be considered machinery or not. Again, the adoption of the course above advocated, would ensure anuniformity of practice, and which, if a statement made by Mr. George Wythes is correct, does not now exist, for that contractor states, that duty has been levied in the Bombay Presidency on many articles imported by him while exactly similar articles have been imported by him at Calcutta free of duty.

Vide letter from Sir C. Wood to the Government of Bombay. Railway No. 30, dated 2nd June 1860.
Letter from Mr. Wythes to the Home Authorities, dated 14th May 1860.

8. I accordingly herewith respectfully beg to submit a list of articles, which I consider come under the head of machinery and as such are under the existing law entitled to free entry, and would suggest that the Board of Revenue be requested to make such alterations and amendments therein as they may consider expedient and then forward the same to the Government of India for approval and confirmation. The revised list or such list as may be finally sanctioned might then be sent to the several local Governments for information and guidance.

Act No. X of 1860.

9. In framing the list I have been guided by the following rules :—

First.—That an article, although it is styled a machine, is not *ipso facto* "machinery," for instance, say a "bathing machine" or a "knife cleaning machine."

Second.—That an article although it may hereafter be intended to be used in making machinery, is not *ipso facto* machinery.

Third.—That materials, tools, and stores are not machinery.

Fourth.—That articles *bonâ fide* parts or portions of machinery, and not likely to be otherwise used, are machinery. For instance, supposing a new shaft was imported from England, for a steamer at Bombay in lieu of one which was broken, or in order that a new one might be in readiness when required, such shaft should be considered as machinery.

10. I consider that it would be unadvisable as a general rule, to admit to free entry any article which does not form part of a specified machine fitted or put together before shipment, and then pulled to pieces for the convenience of packing. This rule however should be relaxed in favor of spare articles sent to replace portions of machinery, previously imported, and which may have been broken or worn out.

11. In respect to plate-iron for hulls, I think that exemption from duty should be confined to plate-iron used in building a vessel in England, and then taken to pieces for the convenience of packing. If plate-iron generally was exempted from duty, it would, it is to be feared, lead to great abuses and would greatly embarrass the Customhouse authorities.

12. I take this opportunity of submitting a list of items for which exemption from duty under the plea of the same being machinery, has at various times been applied for, but on which I consider *duty* is fairly leviable, and I would suggest that this list should also be forwarded to the Revenue Board to be similarly disposed of as above suggested.

13. In conclusion, I would mention that whenever any new scale of duties is decided upon the opportunity might be taken of amending the existing law in respect to "machinery," and the exemption from duty might then be declared to be confined only to "machinery" used exclusively for purposes of "agriculture," "navigation," "mining," and "manufacture" and for "railway purposes." Such in fact were the views of the Government of India as declared in their letter, No. 1,294, dated the 13th August 1857, and there does not appear to be any good reason why the exemption from duty should be further extended.

FREE.

List of Articles coming within the definition of the term machinery, and as such entitled to free entry under Act X of 1860 :—

1. Tyre Blocking Machines.
2. Drilling Machines.
   For Wood.
   For Iron and other metals.
3. Nut Shaping Machines.
   For Wood.
   For Iron and other metals.
4. Punching Machines.
5. Rabbitting Machines.
6. Grooving Machines.

7. Shaping Machines.
8. Bending Machines.
9. Fermenting Machines.
10. Mortice Machines.
11. Slotting Machines.
12. Steam Engines.
    - Marine.
    - Land.
    - Portable.
    - Stationery.
    - Locomotive.
    - Locomotive with Tenders complete.
13. Machinery for pressing
    - Cotton.
    - Wool.
    - Hemp.
    - Hides.
    - Straw.
    - Munjeet.
    - Rags.
    - Lichen, &c.
    - Jute.
14. Machinery employed in the manufacture of
    - Paper.
    - Twist.
    - Yarn.
    - Cloth.
    - Fabrics of all kinds.
    - Candles.
    - Ropes.
15. Steam Boilers.
16. Boring Machines.
17. Cranes.
    - Lifting.
    - Water.
    - Crab with block and tackle.
18. Winches or Crabs not being rope winches.
    - Ordinary.
    - Crab.
19. Kettle Engines.
20. Sawing Machines.
    - Vertical.
    - Circular.
21. Steam Hammers.
22. Turn Tables.
23. Cotton Gins.
24. Oil pressing Machines.
25. Die Machinery.
26. Machinery for making paper.
27. Machinery for generating Gas.
28. Winnowing Machines.
29. Machines for crushing oil seeds, &c.
30. Turning Lathes.
31. Fire Engines.

32. Machines for converting salt water into fresh.
33. Brick-making Machine.
34. Morticing Machines.
35. Weighing Bridges.
36. Shearing Machines.
37. Sewing Machines.
38. Plate-iron for hulls used in building a vessel in England and then taken to pieces for the convenience of packing.
39. Parts or portions of Machinery complete in themselves, and *bond fide* intended to be applied to Machinery, and not of a nature which would admit of their being used otherwise than as Machinery.
40. Lifting Jacks.
41. Screw Jacks.
42. Steam Pumps.
43. Arrow-root Mill.
44. Pressure Gauges.
45. Socket Pipe Machine for making Drain Pipes.
46. Flour Mill.
47. Patent Hydraulic Jacks.
48. Do. do. Shearing Machines.
49. Hydraulic Shears.
50. Hydraulic Wheat Presses.

DUTIABLE.

List of items on which duty is to be charged they not being considered as coming under the head of Machinery :—

1. Watering Pots.
2. Sodawater Machines.
3. Washing Machines.
4. Knife grinding Machines.
5. Ice Cream Machines.
6. American portable weighing Machines.
7. Galvanic and Electric Machines used by Medical men.
8. Printing Presses.
9. Patent paper cutting Machines used by Printers and Book Binders.
10. Compound Pullies.
11. Children's Perambulators.
12. Children's Carriages.
13. Wheel Barrows.
14. Hobby Horses.
15. Garden Chairs.
16. Bath Chairs.
17. Water Carts.
18. Saws.
19. Grinding Stones.
20. Weighing Machines.
21. Wheels.
22. Pedestals.
23. Forges.
24. Axles.
25. Bellows.
26. Anvils, Vices.
27. Tools.

28. Blocks.
29. Parts of Crabs.
30. Pumps.
31. Stores and Instruments for working Electric Telegraph wires.
32. Engine Stores.
33. Marine Stores.
34. Arms.
35. Nails and Screws.
36. Iron Plates.
37. Sheet Lead.
38. Cabin Furniture.
39. Victualling Stores.
40. Deal Planks.
41. Timber.
42. Paint.
43. Varnish.

(True Copies.)

(Signed) C. HUGH LUSHINGTON,
Secy. to the Govt. of India.

No. 256. ORDER THEREON, 28th May 1861, No. 1,105.

1. Ordered to be communicated to the Board of Revenue for early report.

2. The Board might with advantage consult the Chief Engineer, Major Orr and Colonel Maitland, as well as the Collector of Sea Customs on the subject, but an early reply is particularly requested.

(Signed) J. D. SIM,
Secretary to Government.

with a request that he will be so good as to introduce the provision indicated therein in the proposed consolidated Customs Bills.-

(A true Extract)

Secy to the Govt of India

Recd 18th Sept.
Pro: of Govt for allay.
No 1149-

Extract
from the Proceedings
of the Govt of
India
dated 9th April
Recd 15th May 1867.
No 4845.

Secret

From the Dy Chief Engineer
& 10th June 1867 No 137 transmg
in pro: 13th June 1867 No 1192

Forwarding Copy of the
Secretary Letter and of the
Letter enclosed therein
on the subject to importing an
Armstrong piece of ordnance, for
the Remarks and Instructions
of the Local Govt in Com-
-munication with the Customs
Authorities subordinate to
them—

No 1105. 28th May.
With an Order

From Bd of Revenue 24th June
1867 No 1581.

No 255 & 256-

16th May No 23

No 1105.
Ordered to be com
-municated to the 13th of Rs for
early report.
The 15th might with
advantage consult the Chief En
gineer, Major Orr and Colonel
-land as well as the Collr of Cus
Customs on the subject, but
an early reply is particularly
requested.

Lt Col
28th May 1867

11th Engrs - Board of Revenue Dispd 28
10 " Chief Engineer "
2 " Mistr Master "
1 " Supt of Mo Gun Carriage Manufactory "
1 " Collector of Sea Customs "