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Pub DEPARTMENT.

G.O., DATED 9th Oct 1894

No. 154

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[Despatch Abstract.]

Recording Proceedings
Revenue dept passing
orders on certain questions
relating to the liability
of certain goods to tariff
duty under Act VIII
of 1844

Public Dept.
Govt. of {1894} Madras.
REVENUE.

order of 9th October 1894 No. 75
Recorded.

for C.B.
9/10/94

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G.O., 23rd July 1894, No. 534.

CHIEF SECRETARY
GOVERNMENT OF MADRAS
OCT. 1894
JULY.

Tariff Duty.

Passing orders on Board's Proceedings on certain questions regarding liability of certain goods to — under Act VIII of 1844.

BACK PAPER, No.

OF 189

FORWARD PAPER, No.

3509

3886 of 95

READ AGAIN ORDER OF GOVERNMENT, DATED
189 , No. , MISCELLANEOUS.

ENCLOSURES.

CURRENT No.

STATEMENT WITH DITTO.

ORDER OF GOVERNMENT

A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL (not paged).

N.B.—

- A — Copy in full.
- B — Not to be copied.
- P — Copy abstract only.
- Q — Copy heading only.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue (Separate Revenue), dated 12th May 1894, Mts. No. 2054 :—

Read—the following letter from the Acting Collector of South Arcot, to the Secretary to the Commissioner of Salt, Abkari and Separate Revenue, dated 24th April 1894, Ref. on Regr. No. 1390-Eng. :—

I have the honour to bring to the notice of the Board the following difficulties in working the new Tariff Act VIII of 1894 on the Land Customs frontier of this district.

2. Aerated waters are exported from Madras to Pondicherry in bottles which, when empty, are returned to Madras to be refilled. The empty bottles are liable to duty on their importation into British territory under the last clause of No. 30 of schedule IV of the Tariff Act and are so liable on every similar reimportation. Messrs. Edwards, Arathoon and Ramanujam Chetty of Pondicherry have complained to me through the British Consular Agent on this subject.

3. Under paragraph 2 of the Board's Standing Order No. 73, each case in which exemption of duty is sought in respect of general merchandise of foreign production on which import duty has been once paid, and which having been subsequently exported without drawback or refund is reimported, should be submitted for the orders of Government, but this cannot be done unless the articles can be satisfactorily identified. Aerated waters are subject to duty as "other sort of chemical products and preparations." The bottles will, I believe, not have been taxed if they were originally imported filled (G.O., dated 19th November 1880, No. 1556). If so, the bottles in use in British India at the time the new Act came into force would not have paid import duty and it would seem proper that they should pay duty on first importation into British territory unfilled from Pondicherry. It seems, however, not proper that they should be taxed on each successive importation. But, owing to the practical difficulty of identifying them, it is not feasible to give relief as contemplated by the Board's Standing Order No. 73, and even if this could be done, the claim in respect of each consignment would apparently have to be submitted to the Board and Government for orders.

4. I would observe that, in the Tariff Act of 1875, bottles used to bottle aerated waters were declared to be free, but this proviso has been omitted in the present Act. I presume the omission was intentional.

5. The same inconvenience would be experienced in respect of bottles used to bottle beer, wine, or spirit.

6. The same inconvenience is experienced in the case of gunny-bags purchased in British India in which ground-nuts are brought from British territory into Pondicherry and sometimes returned empty to be refilled outside French limits and taken again into Pondicherry. In their case not only is the difficulty of identification still greater than in the case of soda-water and other aerated-water bottles, their valuation is liable to gradual diminution as they speedily wear out. They were declared free in the draft bill, but this proviso has since been struck out. They were not liable to import duty under the Tariff Act of 1875.

7. A similar question has arisen in respect of casks in which ground-nut oil is sent into Pondicherry. In Act XVII of 1870, manufactures of timber and woods, including also pipes, staves and casks, were subjected to import duty. But in 1871

they were exempted. In the present Act, wood and timber except railway sleepers and fire-wood are liable to duty. It is doubtful whether casks and other manufactures of wood are intended to be included under this head. But as casks are composed not only of wood but also of iron nails and hoops, they would be taxed as articles made of iron on the principle embodied in section 21 of the Sea Customs Act.

8. The application of the principle just mentioned leads to some anomalies. Cloths which are mainly composed of cotton but which have silk or lace borders would be liable to duty.

9. Grain and pulse are not liable to import duty. But their flour would presumably be taxable under article 3 of schedule IV. One of the Sayer Superintendents has raised the question whether broken pulse is to be classed under "provisions other sorts" and subjected to duty. In the export tariff, rice-flour is classed under rice and rendered liable to duty. Following the same principle, it would be equitable to treat broken pulse as pulse and to exempt the flour of grain and pulse from duty under article 3, schedule IV.

10. Carriages and component parts thereof, except railway carriages and trucks, are subject to duty under article 19 of schedule IV. These appeared also in the Tariff Act of 1875, but were exempted by a special notification in 1878. The former practice appears to have been to tax new carriages only and this has been followed since the introduction of the new Act. But I am doubtful whether, as the article stands at present, all carriages new and old, whether carrying passengers or goods, should not be taxed. It would, however, be very inconvenient to tax them and a system of customs licenses would have to be introduced. The favour of the Board's orders on these points is solicited.

Resolution—dated 12th May 1894, Mis. No. 2054.

The questions raised in the above letter and the Board's view on each question are as follow:—

(a) Regarding empty bottles returned from French to British territory to be refilled, Government Orders, Revenue Department, dated 11th September 1879, No. 1853, and 17th March 1880, No. 331, on which Board's Standing Order No. 73 is based, must be followed. The difficulty of identification cannot be avoided.

(b) In the case of gunny-bags also, if they cannot be identified as the same on which duty was paid before, duty must be levied on them unless they come under the exemption granted by the Government of India in its letter, dated 20th April 1894, No. 1994 (Statistics).

(c) The Collector considers that duty should be levied on casks under item 11, iron, in accordance with section 21 of Act VIII of 1878 as being composed not only of wood but also of iron nails and hoops, and not under item No. 61, wood and timber. According to the principle laid down in paragraph 2 of the Government of India's letter communicated in Government Order (Revenue Department), dated 31st March 1879, No. 768, the latter head is considered to be correct.

(d) The Collector considers that cotton cloths which have silk or lace borders would be liable to duty under section 21 of the Sea Customs Act. Cotton goods being free under the new Tariff Act, duty is leviable only on the value of the silk or lace, as the case may be, on the principle stated in paragraph 1 of the Government of India's letter referred to in case (c) above.

(e) Flour of all grains is dutiable under item 3 in schedule IV. It is considered that broken pulse is dutiable as "provisions other sorts."

(f) Carriages and component parts thereof are dutiable under item No. 19. The Collector states that under the Tariff Act of 1875, under which also carriages were dutiable, the practice appears to have been to tax new carriages only until 1878 when all carriages were exempted and that this practice is now being followed. He doubts, however, whether this is correct, and thinks that, if it is decided that all carriages new or old should pay duty, a system of customs licenses will have to be introduced. New carriages should be taxed on import, but the Board considers that

a reasonable interpretation must be put on the term "import," and that discretion must be used so that carriages plying between French and English territory in the ordinary course of traffic and communication may not be made to pay duty.

(True Copy and Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Collector of South Arcot.

Copy to the Secretary to Government, Revenue Department.

READ—also the following Proceedings of the Board of Revenue (Separate Revenue), dated 16th May 1894, Mis. No. 2091:—

Read—the following letter from A. E. CASTLESTUART STUART, Esq., Acting Collector of South Arcot, to the Secretary to the Commissioner of Salt Abkari and Separate Revenue, dated 8th May 1894, Ref. on No. 272-S.P.A.:—

In continuation of my letter of the 5th instant, Reference on Register No. 272-S.P.A., I have the honour to submit herewith, for the orders of the Board, true translation of letter No. 112 of the same date from His Excellency the Governor of the French Settlements in India.

2. His Excellency understands the exemptions to apply to the classes of goods referred to, sent to and from both Calcutta and Rangoon. But the Government of India has definitely decided that it does not apply to the latter port. The question whether it refers to all British Indian ports besides Calcutta requires determination, e.g., Bombay, Madras, Cocanada. As Rangoon has been excluded, I presume Colombo and all ports outside the limits of British India proper are excluded.

3. As I have already stated, the French Government claims that a detention of goods of not more than six months at Pondicherry should not be considered to be a break "in transit." Some shorter limit should, I think, be fixed, and I would recommend that one month be fixed provided the ownership of the goods does not change during the transit and period of detention. Although at the conference with the Director of the Interior, I mentioned that the ownership of the goods to be allowed to be passed free as being "in transit" merely, should not have changed whilst the goods were in transit including such period of detention at Pondicherry as might be settled, no reference is made to the point in the present letter. It is I consider an important point, for if the ownership is allowed to be changed during detention the goods can scarcely be said to be in "transit," but to have been imported into Pondicherry for sale here and when exported thence into British territory it would be, properly speaking, a case of fresh exportation and not a continuance of the transit. Two further questions arise, viz., (a) whether a merchant who imports goods from, say, Calcutta to Pondicherry can break bulk at Pondicherry, dispose of a portion of the commodity and claim the benefit of the concession in respect of the remainder subsequently passed out of Pondicherry, and (b) whether goods imported into Pondicherry "in transit" can be passed out in instalments. These points were raised at the conference for determination.

4. As regards the proofs as to origin required, the proposals of the French authorities are:—(1) As regards goods coming from Calcutta to Pondicherry to be forwarded thence into British territory, that the Chief of the Revenue Department at Pondicherry should satisfy himself by reference to the manifests or bills of lading as to the origin of the goods, and issue certificates in the enclosed form authorizing the goods to be imported into British territory free of duty. The form was handed to me at the conference. (2) As regards goods coming from English villages adjoining French territory either by cart or railway into French territory to be exported to Calcutta, that the monegars of the villages from which the goods come should grant certificates of the place of despatch stating their nature and quantity, which will be examined and countersigned by the Sayer Superintendents or the Customs clerk, Pondicherry,

and that the Chief of the Revenue Department should, with reference to these certificates, grant a certificate in the enclosed form authorizing the importation of the goods at Calcutta free of duty.

It is further proposed that the certificates granted by the Chief of the Revenue Department should be allowed to be in force for one month.

The proposed proofs of the origin of the goods seem to be sufficient, but the arrangement is open to the objection that it would leave the whole matter entirely in the hands of the French authorities. I would propose, therefore, that the Consular Agent at Pondicherry should countersign the certificates issued by the Chief of the Revenue Department after satisfying himself as to their correctness.

If the period of detention at Pondicherry be restricted to one month, the certificate will necessarily be in force for only a portion of this period.

5. The letter from the French Government contains the following minor proposals:—

(1) That gunny-bags, sacks, barrels or other receptacles in which goods are daily taken into Pondicherry for local consumption, these bags, barrels, &c., being sent back to British territory empty to be refilled and again taken full into Pondicherry should be either marked so that they may be taxed 5 per cent. only once a year, or that they should be licensed by some system of annual license. The difficulty in respect of these would be in regard to identification. Marks would be easily imitated; and if traders were licensed to have so many bags, &c., per annum it would be difficult to discover if the terms of the license were fulfilled. Gunny-bags or casks, &c., which come originally from British territory into Pondicherry would be liable to import duty when they are retaken into British territory for the first time, and would not be taxed on similar subsequent reimportations provided their identification could be satisfactorily established. This is the great difficulty in respect of articles of this kind. Possibly a system of licensing traders authorizing them to have a certain number of bags, casks, &c., on payment of an annual license fee of 5 per cent. *ad valorem* might be tried.

(2) That vegetables, fresh fish and fresh fruits, also spices, tamarind, chillies, coriander, should be altogether exempted as these necessities are not produced in sufficient quantities in French territory and are imported from British territory into Pondicherry whence they are again taken into British territory.

I pointed out at the conference that fresh vegetables and fresh fruit are not taxable nor are articles of less value than 3 pies. Fresh fish is apparently taxable as stated in my telegram to the Board, dated 6th instant; but I think this concession might be made. Fresh fish might, I think, also be exempted. Most vegetables, fruit (fresh), tamarind, chillies, &c., are grown in British territory and taken to the Pondicherry market where they are bought both for local consumption and by British subjects outside French limits who go to Pondicherry to market. The taxing of these articles leaves a great deal of power in the hands of the taxing officers and it causes needless vexation to be taxed on articles of consumption whose total value may not exceed 6 pies.

(3) That in case of goods for which no rate of tariff valuation has been fixed, the real value of goods should be accepted on production of a certificate, invoice or bill signed by the Revenue Department of the French Government.

This suggestion may, I think, be accepted.

7. Another point was raised at the conference by the Director. It was that the request of the Chamber of Commerce, Pondicherry, that a special free-pass might be granted for gunny-bags imported from British territory by Pondicherry merchants to be sent into British territory, before the orders of Government of India had been received regarding the exemption, should be favorably considered. The Director promised to furnish further particulars, *e.g.*, the number of bags to be covered by the proposed special free-pass, whence and by whom imported with dates of importation; but as information on these points has not been supplied and no reference is made to the subject in his Excellency's letter under consideration, it will, I think, be time enough to consider this request should it be officially advanced later on.

8. The favour of very early and definite orders is requested so that I may reply to His Excellency.

ENCLOSURE.

From the French Government, Pondicherry, to the Collector of South Arcot, Cuddalore, dated Pondicherry, 5th May 1894, No. 112.

The exemption from import duty, recently granted by His Excellency the Viceroy of India on English produces which form the object of a commerce passing in transit in our settlements, necessitates the adoption on the part of our respective Governments of certain measures of detail which it is expedient to determine and decide upon at once.

In this view, I have the honour to renew the proposals which were laid before you verbally by the Director of the Interior, and to request that you will be good enough to let me know if your Government gives them its adhesion.

As you are aware Mons-le-Collector the articles which form the object of transit in our territory are of two sorts—

1. The goods which coming as they do by sea for Calcutta and Rangoon pass through our settlements in order to be introduced into English territory and go either by road or by railway.

2. Those which come from the English territory adjoining ours, either by cart or by railway, and enter our settlements in order to be exported to Rangoon and Calcutta.

I. As regards the goods of the first category, their origin and their coming from may be proved, I think, by the production at the Port office, Pondicherry, of the manifest or the bill of lading. When the goods thus imported, and the origin of which will be proved as stated above, will be sent on to a point of the English territory, exemption from 5 per cent. duty may be granted to them on the production of a certificate granted by the Chief of the Revenue Department (French) and according to the form (model) which was handed over to you by the Director of the Interior. This certificate will be valid only for one month.

Nevertheless it is understood that the goods introduced as above mentioned may remain for six months in French territory without, for this reason, losing the right, at their entry into English territory, to exemption of duty.

II. For articles of the second category, their origin may be proved by a certificate of the monigar of the place of despatch, stating the nature and the quantity of goods sent in transit into French territory. This certificate will be countersigned by the Sayer authorities of the out-going station that the introduction took place by railway or by cart.

When the whole or a portion of the articles in question are re-exported into English territory, to Calcutta and Rangoon, in the interval of six months, as stipulated above, the exemption provided for may be applied to them on production of the certificate above mentioned of the Chief of the Department of Contributions, which will be granted only on presenting the certificate of the monigar with the countersignature of the Sayer Agent.

III. Besides the articles specified above there are a certain number of goods which form the object of purely local commerce of our settlements and which there is reason to subject to a special arrangement.

For gunny bags (sacks), barrels or other receptacles in which are contained articles of consumption taken daily into French territory and which return empty into English territory, I think it would be sufficient, to have a right to exemption, to prove that they come from English territory either by putting any mark whatever on them or by a license issued annually to their owners, so that the 5 per cent. duty may be levied only once a year.

Vegetables, fish and fresh fruits not specially mentioned in the Anglo-Indian Tariff and generally all articles, the value of which is trifling, at 3 pies, being according to your statement to the Director of the Interior, exempt from 5 per cent. duty, it is unnecessary to insist upon this point. But I feel bound to draw your attention to other provisions of the first importance, such as tamarind, chillies, coriander or other spices or condiments, which the inhabitants of different points of our territory, as those of the British villages, bordering on ours, come and take a supply of from the head-quarter stations of our settlements. These articles being almost exclusively brought from the principal English markets, since the production of the colony does not show a quantity even sufficient for local consumption, I think they may without inconvenience be exempted from import duty.

IV. In view to prevent excessive valuation, by the English Sayer authorities, of goods introduced into English territory and the prices of which have not been determined by the Anglo-Indian Tariff, it will be sufficient to establish the real value of the goods and furnish leases for the levying of duty to produce a document (invoice or bill) signed by the Revenue Department (French).

These are the proposals I now submit to the appreciation of your Government, subject to their being modified or completed according as experience will have shown the necessity for the same.

It is unnecessary for me to add that very clear instructions will be given by me to the Revenue and Port Departments, so that no fraud may take place and that the interests of the English Government may not suffer.

Resolution—dated 16th May 1894, Mis. No. 2091.

Submitted to Government in continuation of Board's Proceedings, dated 9th May 1894, No. 1990, Mis.

2. The several questions raised in the letter read above with the Board's view on each question are given below:—

(a) The Collector states that the question whether the exemption sanctioned in the Government of India letter communicated in G.O., dated 26th April 1894, No. 1661, refers to all British Indian ports, requires determination.

This point has been referred to Government for orders in the first paragraph of Board's Proceedings, dated 9th May 1894, No. 1990, Mis. The Collector's presumption that the exemption does not apply to Colombo and all ports outside the limits of British India is correct.

(b) The French Government is reported to desire that detention of goods extending to not more than six months at Pondicherry should not be considered to be a break in transit. The Collector recommends that the period be fixed at one month.

The Board concurs in the Collector's opinion and recommends the proposal for the sanction of Government.

(c) The Collector recommends that the ownership of the goods must not have changed during transit and the period of detention.

The orders of Government on this point have been solicited in paragraph 2 of Board's Proceedings, dated 9th May 1894, No. 1990, Mis.

(d) The Collector raises the question whether a merchant can claim the benefit of the concession referred to if he breaks bulk at Pondicherry either with the view of passing out the consignment in instalments or of disposing of a portion at Pondicherry and passing out the remainder only.

The Board considers that no objection can be taken to breaking bulk, if the identity of the goods is ensured.

(e) The Board approves of the certificates referred to in paragraph 4 of the letter for the identification of goods in transit from Calcutta *via* Pondicherry to British territory and *vice versa*. The French authorities will, however, before granting their certificates, have to satisfy themselves as to the correctness and authenticity of the certificates produced which purport to have been issued by British officers. The Board does not approve of the Collector's proposal that the certificates issued by the Chief of the Revenue Department at Pondicherry should be countersigned by the British Consular Agent.

(f) The Collector proposes that the certificates granted by the Chief of the Revenue Department at Pondicherry should be in force for one month. This will be unnecessary if the period of detention at Pondicherry is restricted to one month.

(g) Gunny bags, sacks, barrels and other receptacles in which goods are taken into Pondicherry are sent back empty into British territory to be re-filled and again taken into Pondicherry. The Collector suggests a system of licenses to traders authorizing them to have a certain number of bags, casks, &c., on payment of an annual license fee of 5 per cent. *ad valorem*.

This, however, is not authorized by law.

(h) The Collector suggests that fresh fish might be exempted. The Board has decided in Board's Proceedings, dated 20th May 1879, No. 1347, that fresh fish is dutiable as "Provisions, other sorts." The law does not provide for their exemption.

(i) The Collector states, "Most vegetables, fruit (fresh), tamarind, chillies, &c., are grown in British territory and taken to the Pondicherry market, where they are brought both for local consumption and by British subjects outside French limits who go to Pondicherry to market. The taxing of these articles leaves a great deal of power in the hands of the taxing officers and it causes needless vexation to be taxed on articles of consumption whose total value may not exceed 6 pies."

The Board concurs with the Collector in considering that such fresh provisions might well be exempted, but at present the law does not allow the concession. It may, however, be laid down that no duty of less amount than one anna shall be collected, and that in consequence articles of less value than Rs. 1-4-0 shall pass free.

(j) It is proposed that in the case of goods for which no rate of tariff valuation has been fixed, a certificate, invoice or bill signed by the Revenue Department of the French Government, should be accepted in proof of their value.

This suggestion is approved.

(True Copy and Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Secretary to Government, Revenue Department,
with copy of Board's Proceedings, dated 20th May 1879, No. 1347.
,, Collector of South Arcot.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), dated 30th May 1894, No. 2355, Mis.:—

Read—again Proceedings of the Board of Revenue (Separate Revenue), dated 9th May 1894, No. 1153, Routine.

ABSTRACT.—Informing Messrs. Best and Co., Madras, that their appeal against a certain wooden frame-work being charged with duty is rejected for not being stamped.

Read—also petition from Messrs. Best and Co., dated 16th May 1894, returning the appeal duly stamped.

Resolution—dated 30th May 1894, No. 2355, Mis.

As the exemption from tariff duty in favour of machinery falls under the head of "Metals and manufactures of metals" (article 10, schedule IV, Tariff Act), the Board is of opinion that a consignment of timber, such as that referred to in the correspondence, even though specially cut and prepared for fittings and essentially for use in conjunction with metal machinery, which may form part of another consignment, cannot be exempted from the payment of duty.

2. As, however, the matter is not entirely free from doubt, the matter will be referred to Government so that a ruling from the Government of India may be obtained if it be thought necessary.

(True Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Secretary to Government, Revenue Department,
with enclosure in original, to be returned.
,, the Petitioners.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), dated 12th June 1894, No. 2583, Mis.:—

Read—the following letter from the Collector of South Arcot, dated 8th June 1894, Ref. Regr. No. 3750-Acct.:—

I have the honour to request instructions as to whether cocoanut and palmyra leaves and vallal grass which are used for thatching huts are liable to import duty as falling under the description of "Building materials, other kinds"—article 15, schedule IV of the Tariff Act VIII of 1894. Under the Tariff Act of 1875, only three kinds

of building and engineering materials were liable to duty, viz., asphalt, cements and earthenware-piping, and these were subsequently exempted in 1878. The words "and other kinds" have been introduced in the new Act.

Resolution—dated 12th June 1894, No. 2583, Mis.

In the letter read above, the Collector of South Arcot requests instructions as to whether cocoanut and palmyra leaves and thatching grass which are used for thatching huts are liable to import duty as falling under item No. 15, schedule IV of the Tariff Act of 1894, "Building materials, other kinds."

2. Under the Tariff Act of 1875, only asphalt, cement and earthenware-piping were made dutiable (and these were subsequently in 1878 exempted). Strictly speaking, the leaves and thatching grass appear liable to payment of duty, but the Board is of opinion that the levy of duty on them is undesirable, and begs leave to suggest that a general order on the subject be requested from the Government of India with reference to paragraph XVII of its instructions communicated with Government Order, No. 1650, Revenue, dated 26th April 1894.

(True Copy and Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Secretary to Government, Revenue Department.
" Collector of South Arcot.

READ—the following letter from J. E. O'CONOR, Esq., Assistant Secretary to the Government of India, Finance and Commerce Department (Statistics and Commerce—Customs), to the Secretary to the Government of Bengal, Financial Department, dated the Simla, 18th June 1894, No. 3046-S.R. :—

I am directed to acknowledge the receipt of your letter No. 65-T.F., dated the 23rd May 1894, forwarding an objection from Messrs. Harton and Co. to the levy of customs duty under No. 32 of schedule IV of the Indian Tariff Act, 1894, on a consignment of Manila hemp imported by them into Calcutta. The contention is that this article is not hemp and should not therefore be charged with duty.

2. I am to say that the word "hemp" in the Tariff includes all fibres which are commonly known and designated in trade as hemp. In India and in England and other countries the article under discussion is commonly known to the trade as hemp, and in the Tariff, schedule IV, it is included under that designation in No. 32 and in No. 24, the terms "European" and "Manila" being used in No. 24 in order to provide for the valuation of each description.

The article is therefore chargeable with duty under No. 32 when imported in the raw condition and under No. 24 when imported in the manufactured condition.

3. The further contention of the firm that Manila hemp should be exempted because when manufactured into cordage it is used as belting for driving machinery in jute mills can obviously not be accepted, for though it may be used for that purpose it is also used, and to even a larger extent, for other purposes.

4. I am to request that in such cases as the present the representation from the appealing party and the Collector's report thereon may in future accompany the reference to the Government of India, instead of being summarised in a letter from the Board of Revenue.

Copy forwarded to the Governments of Madras and Bombay and the Chief Commissioner of Burma for information and guidance.

(By order.)

(Signed) J. E. O'CONOR,
Asst. Secy. to the Govt. of India.

READ—the following letter from J. E. O'CONOR, Esq., Assistant Secretary to the Government of India, Finance and Commerce Department (Statistics and Commerce—Customs), to the Chief Commissioner of Burma, dated Simla, the 21st June 1894, No. 3107-S. R. :—

I am directed to acknowledge the receipt of your letter No. 553—1-C.-2, dated the 25th May 1894, forwarding an objection from Messrs. C. R. Cowie and Co., of Rangoon, to the levy of customs duty on imported cotton handkerchiefs and cotton towels, under No. 13 of schedule IV of the Indian Tariff Act, 1894.

2. The firm base their claim for the exemption of these articles on (1) the mention by the Honorable Mr. Westland in Council of "cotton goods and cotton fabrics" as having been exempted, and (2) the decision of the Government of India on a representation from the Upper India Chamber of Commerce rejecting the proposal made by that body that such articles as cotton dhutis should be taxed as apparel.

3. As regards the first contention, I am to say that the Government can in matters of taxation have regard only to the precise prescription of law, and that speeches in the Legislative Council cannot be stretched in their meaning so as to override the actual words of the Act. The articles in question are certainly not known in the trade, even by the admission of the firm, as piece-goods, and therefore they are not specifically excluded from the Tariff. This being so, the only question is whether they properly fall under any designation specified in the schedule, and the Government of India have no doubt that they have been correctly classed under No. 13 of schedule IV.

4. As regards the second contention, I am to say that the case has been misunderstood. Dhutis, chadars, &c., are not made up articles of cotton clothing, as stated by the firm, but are and have always been known in the trade as piece-goods.

* Finance and Commerce Department Notification No. 1430, dated the 6th April 1891. They have also been classed among piece-goods in the rules * promulgated under the Indian Merchandise Marks Act, 1889. Having been always known as piece-goods, and so classed in rules having the force of law, for the purpose of imposing on their importers a legal obligation, that of stamping the length on them, it is obvious that they cannot be classed as apparel for the purpose of taxing them under another law.

Copy forwarded to the Governments of Madras, Bombay and Bengal, for information and guidance.

(By order.)

(Signed) J. E. O'CONOR,
Asst. Secy. to the Govt. of India.

READ—the following letter from J. E. O'CONOR, Esq., Assistant Secretary to the Government of India, Finance and Commerce Department (Statistics and Commerce—Customs), to the Secretary to Government, Revenue Department, dated Simla, the 25th June 1894, No. 3172-S.R. :—

The Government of India have received a representation from Calcutta in which a claim is made for the exemption from import duty of certain felt and wire gauze on the ground that they are essential for the working of machinery in paper-mills, and should therefore be treated as "component parts of machinery."

2. A similar claim has also been made from Calcutta for the exemption of asbestos boiler covering, steel-wire ropes, and electric arc lamps, on the same ground that these articles are indispensable for the working of the machinery of a colliery.

3. It may be admitted that these articles are essential and indispensable for the working of machinery, but that fact standing by itself does not warrant the contention that they should be treated as component parts of machinery. It is obvious that felt, wire gauze, wire rope, asbestos coverings, and electric lamps may be and are used for purposes entirely unconnected with machinery, and cannot be considered by themselves to be "component parts" thereof. There are also many other articles, such as

lubricating oil, packing, bolts and nuts, screws and rivets, which are also essential and indispensable in the working of machinery, but they are in no respect component parts of it.

4. This distinction between articles which are component parts of machinery and therefore exempt under the Tariff, and articles which though required and essential for the working of machinery are not component parts thereof, and consequently are not exempt as such under the Tariff, should be carefully borne in mind.

5. The second class of articles is illustrated in the articles mentioned in paragraph 3. Some of them (for instance, wire gauze and felt), if on importation they were attached in their right form and place to machinery imported complete and not in parts, would be treated as component parts of the machinery; but if imported separately they would be dutiable under the head in the Tariff schedules under which they might fall for classification. Others would not be exempt under any circumstances (unless specifically exempted in the Tariff, like leather belting). This class may be illustrated by the mention of iron plates for furnaces or boilers, electric lamps, wire rope, cotton, hemp, or other belting.

6. The first class of articles may be illustrated by the mention of piston-rods, shafts, fly-wheels, spindles and shuttles for mill machinery. These articles cannot be used for any other purpose than machinery, and are properly classed as component parts thereof.

7. On the principle here stated the claims now under consideration and any similar claims that may be submitted are inadmissible. The articles in question, though imported for use with machinery and though their use may be essential for the working of that machinery, are not component parts of machinery since they can be and are used for other purposes.

Order.—Ordered that copy be forwarded to the Government of Bengal with reference to the letter thence No. 72-T.F., dated the 30th May 1894.

Ordered also that copy be forwarded to the Governments of Madras and Bombay and to the Chief Commissioner of Burma.

(Signed) J. E. O'CONOR,
Asst. Secy. to the Govt. of India.

ORDER—dated 23rd July 1894, No. 534, Revenue.

Separate Revenue No. 59.

The Government proceeds to pass orders on the various questions discussed in the Proceedings read above.

1. *Board's Proceedings, dated 12th May 1894, No. 2064.*—Paragraphs 1 (a) and 1 (b) of these Proceedings are concurred in.

(c) The Government considers that empty casks are not liable to duty under article 61, schedule IV, Act VIII of 1894, as *wood* nor as *iron* under article 11. As regards the Collector's reference to section 21 of the *Sea Customs Act, 1878*, the Government is of opinion that in the absence of a specific provision, mere analogy will not justify the application of that section to *Land Customs*. It is also observed that the exemption conceded in paragraph XV of the summary of orders forwarded with Government of India letter, dated 12th April last (G.O., dated 26th April 1894, No. 1650) extends to soda-water bottles and gunnies in which dutiable articles are imported, but not to such "trade packing" when empty.

(d) The Board's opinion regarding laced cotton fabrics requires modification, in accordance with the decision in the Government of India Resolution read above, dated 21st June 1894, No. 3107-S.R., whereby only such descriptions of cotton goods as are known to the trade as *piece-goods* are held to be exempted.

(e) and (f).—These rulings are approved, but as regards carriages, Customs officers will have to be careful to see that really new carriages, such as those imported, e.g., from Colombo, are not allowed to pass into British territory free of duty.

2. *Board's Proceedings, dated 16th May 1894, Mis. No. 2091*—(a), (c) and (d).—These questions have been already decided in G.O., dated 21st May 1894, No. 1988,

as modified by G.O., dated 5th June 1894, No. 2189. Under these orders only goods passing from British territory through Pondicherry or Karikal to Calcutta or Rangoon and *vice versa* are exempt from duty, provided that their ownership is not changed or bulk broken during transit.

(b) In fixing the period of detention in French India to be allowed in the case of goods exempted as above, it is necessary to bear in mind that the object of such detention is not to enable a dealer to find a purchaser in British territory and then to transmit the goods to him when found, but merely to allow sufficient time for goods *en route* through French territory to be forwarded to their ultimate consignee in British territory. A week's time is sufficient for this purpose and this period will be allowed in the case of goods passing from Calcutta or Rangoon through Pondicherry or Karikal. As regards goods proceeding in the opposite direction, viz., to Calcutta or Rangoon, a longer period may be needed, as steamers bound for those ports may not be immediately available, but this is a matter for the consideration of the Customs authorities at those places.

(e) The certificates of Revenue authorities of French India may be accepted for the identification of goods in transit, but the Government agrees with the Collector that such certificates should be countersigned by the British Consular Agent at Pondicherry.

(f) The currency of the certificates granted under the last paragraph will be limited to one week in the case of goods imported at stations in this Presidency.

(g) and (h) The Government concurs in the Board's views on these points.

(i) The Collector states that fresh vegetables and fresh fruit are not taxable, nor are articles of less value than 3 pies. The Government is not aware of the authority for any exemption from Land Customs duties, but as no duty less than one pie can be levied, it follows that articles of less value than 1 anna 8 pies are necessarily exempted. The Government is inclined to support the Board's further proposal to exempt articles of less value than Rs. 1-4-0 or those bearing duty less than 1 anna; but since the repeal of section 6 of the Indian Tariff Act XVI of 1875 and its re-enactment as section 23 of the Sea Customs Act, 1878, there is no provision of the law under which such exemption can be granted in the case of Land Customs duties. This inconvenience will be pointed out to the Government of India.

(j) Documents of the kind referred to in this sub-paragraph may be evidence, but they are not conclusive evidence of value. Sections 9 and 14 of the Land Customs Act VI of 1844 impose on the Chauki officer, under a severe penalty, the obligation of levying the full duty to which any goods are liable, and the Chauki officer cannot be relieved of this responsibility by any certificate of the French authorities, although he may rightly take such certificates into consideration.

3. *Board's Proceedings, dated 30th May 1894, Mis. No. 2355.*—The question of the liability of the wooden frames to duty should be decided by the Board with reference to the principles laid down in the Government of India Resolution read above, dated 25th June 1894, No. 3172-S.R.

4. The Government considers it unnecessary to refer, for the orders of the Government of India, the question raised in Board's Proceedings, dated 12th June 1894, Mis. No. 2583. The case is quite clear. The articles (cocoanut leaves, grass, &c.) are "building materials, other kinds" and are liable to duty under article 15, schedule IV.

(True Extract.)

W. L. L. L.

Ag. Secretary to Government.

To the Commissioner of Salt, Abkari and Separate Revenue.

To the Public Sept.

E. d. C. M. Briason.

45 Copies.