Proceedings of the Madras Government, Revenue Department, 25th May 1871.

No. 326. Read the following Proceedings of the Board of Revenue, dated 4th May 1871, No. 1,870 :—

Read the following letter from the Officiating Collector of Sea Customs, to the Acting Secretary to the Board of Revenue, dated Madras, 5th April 1871, No. 322.

In reply to the Board's Proceedings of the 3rd February 1871, No. 535, calling on the Collector of Customs to report on the Customs Bill (No. II. of 1871), after communicating with the Chamber of Commerce, I have the honour to forward a copy of the reply of the Chamber to a letter addressed to them, asking for an expression of their views on the Bill, and to submit the following report :—

2. The first noticeable point in the Bill is the difference between the wording of its second Section and that of Section 2 of the present Act XVII. of 1870. In the latter all articles other than those specified in the Schedules attached to the Act are declared to be duty free, but in Section 2 of the Bill this declaration is omitted, and in my opinion rightly so. This Section, however, might, I think, be improved by the insertion of the words "upon all articles coming within any "of the specifications in the Schedules A. and B., unless specially exempted." It would then read as follows :—

"There shall be levied and collected in every such port upon all articles "coming within any of the specifications contained in the Schedules A. and B. "hereto annexed, unless specially exempted therein from such payment, the "duties set forth in those Schedules respectively."

3. This would, I think, admit of Section 3 being left out of the Bill altogether, with regard to which Section the Chamber remark that it has been taken from the English Act, and appears objectionable on the ground of the obvious difficulty there would be in assessing duty on the ingredients of many articles.

4. In this opinion I concur, and think that it is much better to leave it to the discretion of the Custom-house authorities how to classify articles of mixed composition than to lay down a hard and fast rule like Section 3, the effect of which, as the Section is worded, would simply be to cause every article, into the composition of which any highly dutiable article entered in a very small quantity, to pass almost free of duty.

5. In short, I think, that all articles that are intended to be exempted from duty should be specified as free in the Schedules, and all others be dutiable.

6. The remarks of the Chamber on the Tariff valuations of cotton goods, twist and yarns, in the Schedules attached to the new Bill, appear worthy of consideration, as are also those on the advisability of a slight reduction in the valuations of iron, copper, and yellow metal, and on the high rate of duty on light wines ; but with regard to their observations on the mode of valuing tin plates, I may observe that those articles are of two kinds, large and small plates, the former being four times as large as the latter ; and if the duty is to be levied on the number of sheets, instead of by weight, there may be a falling off in receipts of duty by reason of large plates only being imported. I think the specification of tin plates in the Tariff of 1867 is the best, and on the whole the fairest ; but prefer valuation by weight as at present to the suggestion of the Chamber.

7. With respect to the Export Tariff the Chamber again strongly urge the abolition of the duties on grain and indigo, and I quite agree with them in thinking that, if the revenue can be spared, they should be done away with; but with regard to the latter article, if the duty on it is to be maintained, it will become necessary to introduce the following specifications into Schedule B. :—

Indigo—all kinds of, Rs. 3 per Indian Maund.

The indigo plant or leaf, whether green or dry, Rs. 3 per 1,000 lbs.

My reasons for making this recommendation are detailed in my letter to the Board of the 13th ultimo, No. 248,* but may briefly be stated to be that the absence of a duty on the indigo plant has resulted in the transit of it in large quantities into Pondicherry, where it is manufactured into indigo, which thus escapes our Export duty.

* Recorded in Government Order, 13th April 1871, No. 662.

8. The Chamber's suggestions in the last paragraph of their letter might be adopted without any great loss of revenue being likely to result.

9. There is one article in the proposed Import Tariff (Schedule A.) to which I take objection as being too indefinite in its terms, even if the new Bill becomes law. I allude to Article No. 48, "stationery other than paper." I consider it should be divided into two distinct heads: 1st, "Paper" to be introduced into its proper place in the Schedule, with a detailed list of all papers which are to be duty free; and, 2nd, "Stationery of all kinds." In this way many anomalies at present existing in respect of this Article 45 in the present Tariff would be avoided.

Enclosure No. 1.

From the Honourable P. MACFADYEN, Chairman, Chamber of Commerce, to the Officiating Collector of Sea Customs, dated Madras, 30th March 1871.

With reference to your letter of the 17th instant, I have the honour to submit, on behalf of the Chamber of Commerce, the following observations on the "Bill to amend the laws relating to Customs duties."

2. It is observed in the Statement of Objects and Reasons that the primary object of the Bill is to consolidate the eight Acts in which the law relating to Customs duties is now contained—a consolidation which seems to the Chamber very desirable. In reference to the amendments made in the substance of the law, also noticed in the Statement of Objects and Reasons of the new Bill, the Chamber have only to remark that Section 3, which has been taken from the *English* Act, and is introduced "to provide for the case of goods of which a part or ingredient is liable to duty," appears objectionable on the ground of the obvious difficulty there would be in assessing duty on the ingredients of many articles.

3. The Tariff valuations in the Schedules of the Bill have been carefully considered by the Chamber, and I am desired to call your particular attention to the fact that, as regards cotton goods when the present values were fixed, Manchester prices were 25 per cent. higher than they are now. With increasing supplies of cotton from America, there will, in all probability, be a further depreciation, or at any rate not a rise, in the value of all cotton manufactures, the trade in which in India cannot but be injuriously affected by high import valuations. Under these circumstances some revision of the Tariff would seem to be expedient, and the Chamber would accordingly recommend a reduction of 2 Annas per lb. in the valuations of all descriptions of mule and water twist, coloured yarns (of which the lower qualities only are now largely imported)

and grey piece goods. The existing Tariff valuation of goods is actually 1 Anna above the present market price.

4. The Chamber took occasion in 1867 to point out to the Collector of Sea Customs the advisability of reducing the duty on metals, the importation of which it is desirable to encourage; and on the recommendation of the Tariff Committee that sat in Calcutta, the Government lowered the Tariff values for copper, brass, and yellow metals. It is believed that the present values might very properly be again reduced a little all round, and especially those on iron and copper. Yellow metals might, the Chamber consider, be lowered Rs. 5 per cwt. with advantage. With regard to tin plates, I would call your attention to the fact that the valuation should be Rs. 12-8-0 per box of 225 sheets, and not per cwt. as printed in the Schedule. The Chamber would also ask, for some remission of the very onerous duty imposed on cheap light wines, such as "Breakfast Claret," upon some of which it amounts to nearly fifty per cent. on the selling price. The impolicy of weighting an article of general consumption with such a duty is obvious.

5. The Chamber regret to find on an examination of the Export Tariff, together with the recent budget statement of the Finance Minister, that the Supreme Government still adhere to the policy of depending on export duties as a source of State revenue. On two or three previous occasions the Madras Chamber have ventured to express their doubts as to the wisdom of this policy, and in January of last year called the attention of the local Government to the extreme hardships, not to say danger, of maintaining such high Export duties on grains and indigo. The Board of Revenue not only endorsed the views of the Chamber, but strongly recommended that the duty on these two articles should be abolished. The local Government, moreover, concurred so far with the Chamber as to deprecate the imposition of Export duties, except under very exceptional circumstances. In their Order, dated 19th February 1870, No. 244, the Government acknowledge that they would see the reduction and eventual abrogation of the duty on rice with satisfaction, though they could not offer the interests of Madras as a preponderant argument in deciding the question; while as regards indigo, the Government did not hesitate to recommend the Government of India to abolish the duty, provided the sacrifice of revenue could be made. The Madras Government, in fact, appear to have regarded the export duties on rice and indigo as being justified only by the pressing financial requirements of the Supreme Government at the time. This would seem, moreover, to have been the opinion of the Government of India, for in his Financial Statement of 1870, while disputing the causes of depression in the Burmah rice-trade, Sir Richard Temple said:—

"Though fully sensible of the objections which can be urged against these duties, yet looking to the circumstances of the case and to the financial exigencies of the time we have decided not to propose any change in the duties at present."

6. With the budget statement of 1871 before them, exhibiting a surplus of nearly one million sterling, and exceptionally large cash balances, the Chamber would submit that the "financial exigencies" which were so pressing in the beginning of 1870 no longer exist in the same degree; and they would therefore strongly urge on the Government the necessity of considering whether some relief might not now be afforded to the Indian Export trade generally, and especially to the two articles, rice and indigo.

7. The only other articles in the Export Tariff which call for any remarks from the Chamber are seeds. It is suggested that the value of Castor seed should be reduced from Rs. 4-8-0 per cwt. to Rs. 3-12-0, and that of Gingelly seed, in which there is a large trade, from Rs. 6 to Rs. 5 per cwt. The Chamber would further suggest that Niger seed should be put in the Tariff at Rs. 3-8-0 per cwt.

SUBMITTED for the information of Government.

2. The Bill to consolidate and amend the law relating to Customs Duties became law as Act XIII. of 1871 on the 31st March, but this report may be useful in case of further legislation on the same subject.

Proceedings of the Madras Government, Revenue Department,
25th May 1871.

No. 327. ORDER THEREON, 25th May 1871, No. 918.

Separate Revenue, No. 19.
Customs.

THE new "Customs' Duties" Bill, now Act II. of 1871, having been published in a Supplement to the *Fort Saint George Gazette*, dated 31st January last, the Board of Revenue requested the Collector of Sea Customs to report thereon, after communicating with the Madras Chamber of Commerce.

2. The letter of the Chamber is dated one day before, and the letter of the Collector six days after the Bill passed into law.* The Board, however, in transmitting these papers, remark that they will be useful in case of further legislation upon the same subject.

* 31st March last.

3. Ordered that they be recorded with that view accordingly.

(True Extract.)

(Signed) D. F. CARMICHAEL,
Acting Secretary to Government.

To the Board of Revenue.

25th May/71.

Pro. Bd. Revn. No 1870

d/ 24 May/71

The New "Customs' Duties" Bill, now Act II of 1871, having been published in a Supplt to the Fort St. Geo. Gazette d/ 31st Jany last, the Bd of Revn requested the Collr of Sea Customs to report thereon, after communicating with the Madras Chamber of Commerce.

2. The letter of the Chamber is dated one day before, and the letter of the Collector, six days after the Bill passed into Law. The Bd however in transmitting these papers, remark that they will be useful in case of further legislation upon the same subject.

Ordered that they be recorded with that view, accordingly.

Dy. 17/5/71.

* 31st March last.

To Forts Bd of Revl Dept 26

No. 326-327.

Customs Duties Bill No II of 1871

Govt. of Madras.

REVENUE.

To

THE BOARD OF REVENUE.

Dated May 25th,

Recd. Encl.

G. O., 25th May 1871, *No.* 918.

MAY.

Nos. 326-327.

Customs' Duty Bill No. II. of 1871.—Proceedings Board of Revenue, forwarding letters from the Collector of Sea Customs and the Chamber of Commerce on this subject, ordered to be recorded.