Revenue (1896.) Department.

PRESS SERIES.

G.O., No. 509.

DATED 3rd October.

[Despatch Abstract.]

Passing orders on the question of the
exercise of Customs supervision through-
out on transit from deposit in a warehouse
licensed under Section 12 of Act II of 1896.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Rec'd Paper 4/9

Revenue (1896) Department.

CURRENT No. 6272

RECD CONT BRANCH
31 AUG 96
REV. DEPT.

From The Secretary to the Commissioners of Salt Abkari and Separate Revenue

Order

No. 3582

Dated 20th August 1896

Received 31-8-96

Registered 2-9-96

Enclosures 2

Spare copies

SUBJECT

Submitting for the decision of Government the question of whether the Cotton Duties Act (II of 1896) requires Customs supervision to be exercised over the removal of goods from the mills to a warehouse at a distance from it.

Qrs 19

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Sea Customs House
Madras 25th February 1896

No 1110 G

26

From

W. P. Anstie Esquire,
Collector of Sea Customs,
Madras.

To

The Secretary to the Commissioner of
Salt, Abkari, and Separate
Revenue, Chepauk,
Madras.

Sir,

I have the honor to forward here-
with copy of the correspondence with
Messrs Binny and Co. Agents for
the Buckingham and Carnatic
weaving mills, on the subject of
the procedure to be adopted by them
in the matter of the warehousing,
paying of duty and shipping of
Cotton goods.

2. In their letter of the 17th
Messrs Binny and Co ask to be
allowed (1) to be granted a license
to use

to use their godown No 102, Armenian Street as a private warehouse for the storage, until shipment, of goods from the mills. (2) To pay duty only on all goods intended for the Indian and Burma markets and (3) To be allowed to exit all other goods intended for export from the mill premises to their Bonded warehouse, without customs supervision; and in their letter of the 24th they explain their proposals of the 17th and claim to be permitted to do as they like in all the above matters, on the ground that the checking of returns is the only check contemplated by Government by section 8 clause 1 of the Cotton Duties Act.

3. This contention is right so far as the delivery and checking of returns and the assessing of cotton goods to duty is concerned, but

but cannot, I submit, be allowed in the case of goods stored in a bonded warehouse 3 miles away from the mills. When the Cotton Duties Act was framed it was apparently assumed by Mr. Hotblack that all mills had godowns on the premises in which to store their manufactures, and that these godowns could be converted into and licensed as warehouses, if necessary. But the Buckingham and Carnatic Mills have no such godowns? and the Agents propose to license one as a warehouse 3 miles away from them, and to exit their Cotton goods from mills & godowns without Customs supervision.

4. Section 16 of the Cotton Duties Act directs that all the provisions of Chapter XI (warehousing) of the Principal (Sea Customs) Act shall apply to warehoused goods; and section 13 prescribes a form of application to deposit goods in a warehouse

warehouses, and from these it is clear that the supervision contemplated by the Act, in the case of cotton goods deposited in a licensed warehouse outside the mill premises, is not a mere checking of returns furnished by mill owners at stated periods.

6. The suggestion to license a warehouse apart from and 3 miles away from the mills will be troublesome and expensive to the mills, and I therefore suggested to the Agents the adoption of the system of clearing all goods from the mills on deposit, which would enable them to issue the goods at once and store them in a private godown. This would also simplify the collection of duty as after shipments to foreign ports are completed the quantity actually shipped could be deducted from the total production of the mills and the balance assessed to duty.

6.

6. Messrs Binny and Co appear to fall in with these suggestions, but they seem to be under a misapprehension in thinking that the total production of the mills would in the first instance be debited against their deposit, and that credit would afterwards be given for the quantities actually shipped to foreign ports. This however is not the intention of this office.

They may as well pay the full duty assessed under Sec. 9(1) & then claim refund as per para 20(1).

7. As explained in my letter to Messrs Binny and Co a deposit equal to an amount covering duty on a month's total production of the mills would be taken and shipments to foreign ports, after examination at the Custom House, would be deducted from the month's return of total production submitted by them and the balance

duly, if found correct, would be
debited to the deposit and recovered
from the agents by cash payments.
An early reply is requested.

I have the honour to be
Sir.
Your most obedient Servant.
(Sd) W P Anstin
Collector of Sea Customs.
(True Copy)

Commd. illegible
Asst Cant Secretary

Dt 28/7/96

1896
REVENUE BRANCH
Enclosure No 7
Dated 29/7/96

Enclosures Madras 17th January 1896

Sd

The Collector of Sea Customs,
Madras.

Sir,

We have the honour to request that you will be good enough to allow us to Bond our Godown No 62, Armenian street, for the purposes of the "Cotton Duties Act."

We propose, subject to your approval, to pay duty only on all goods manufactured for the Indian and Burma markets as they leave the mill Sales whether they are actually delivered to purchasers or stored.

The Bonded Godown would therefore only apply to goods delivered out of the mill premises for purposes of export.

We

until such time as the steamer sailed.

We would submit that as we have to make a return of all goods shipped that there will be no difficulty in checking such returns and that it will therefore not be necessary for the Bales to be under Custody of a Customs officer whilst being Casked.

The Bonded godown would of Course at all times be open to inspection by the Head Appraiser.

We have the honorable
Sir,
Your most obedient servants
(Sd) Binny and Co
(True Copy)
(Sd) W. Austin
Collector of Sea Customs

Enc: 3 to Enc. 6272/96.

Sea Customs House
Madras 20th February 1896

No 1035. G.

From the Collector of Sea Customs,
Madras

To Messrs Binny and Co,
Madras.

Gentlemen,

I have the honor to acknowledge receipt of your letter of the 17th instant applying for a warehouse license for your godown No 102, Armenian Street for the purpose of the Cotton Duties Act II of 1896, and submitting certain proposals regarding the disposal of Cotton goods issued out of the mills for the Indian and Burma markets on payment of duty), and of those issued for exportation to foreign ports free of duty.

2.

2. Before taking any action on your application, I would make a few remarks for your consideration and for any further expression of your views you may wish to offer.

3. In para 2 of your letter you propose to pay duty only on all goods manufactured for the Indian and Burma markets, as they leave the mill gates. This would mean that you would submit a return of all such goods and pay the duty due thereon daily before the goods passed out of the mill gates. I do not see how this can be done when the mills have no godowns in which to store their manufactures, unless you intend to keep in reserve two days stock, paying duty on the second day on the returns of the first, and clearing the 1st return on the third day and so on. If this is so, there appears to me to be no objection to the proposition.

4. As regards your application for a licensed warehouse in which you propose to store, until shipment, cotton goods intended for exportation to foreign ports, I would invite your attention to sections 3(7) and 14 of the Cotton Duties Act, from which you will observe, that, if a license is granted as you desire, all the provisions of Chapter XI of the (Principal Sea Customs) Act, regarding warehousing, would apply to such goods. That is to say the same procedure which imported goods

are subject

are subject to would have to be
applied to clearance from mill
to warehouse, and from warehouse to Custom
House for examination and shipment,
all these operations being carried out
under Customs supervision. The procedure
will cause you considerable trouble
and expense, and I would therefore
suggest the adoption of the system of
clearing all goods from the mills on
deposit, as it will entail little
trouble and less expense. A deposit
of say Rs 5,000. or such amount
as would cover the duty on a fortnight's
or month's output, would enable
you to issue the goods at once and
store them in your private godowns.
Goods for export to foreign ports
could be examined as usual and
passed for shipment, and after

under what
provision?

the latter is completed, the quantity
actually shipped would be deducted
from the total production of the
mill, and the balance assessed to
duty and recovered against the deposit
by cash payments.

5. With reference to paras 4
and 5 of your letter, I do not think
that the checking of returns and the
occasional visiting of a warehouse
is the check intended by Government
as provided for by Chapter XI of the
Principal Act for bonded goods.

I have the honour to be
Gentlemen
Your most obedient servant
(Sd) W. P. Austin
Collector of Sea Customs
(True copy)
(Sd) W.P. Austin
Collector of Sea Customs.

Madras 22nd February 1876

To

The Collector of Sea Customs,

Madras.

Sir,

We have the honor to acknowledge receipt of your letter No 1035-G. of the 20th instant and we reply to your remarks seriatim

2. When we said we intended to pay duty on all goods "as they leave the mill gates" we meant that we should not require a bonded warehouse for our productions for India and Burma as we would be prepared to pay duty at "at once" of course meaning on assessment as provided by the act.

(ie after inspection is furnished under Sec. 8 + treated as assessed under Sec. 9 -

3. We take it that goods do not require to be put in a warehouse until they are assessed for duty: so that we cannot understand why

why the Sea Customs Act should apply to goods that are being carted from the mill to the warehouse, we would submit that goods for export to foreign countries do not required to be warehoused at all, unless possibly they are to be kept some considerable time previous to shipment, and even if warehoused they would not be assessed for duty).

(ie beyond the month in which they are produced)

No. Sec 14 clearly Comps it to all the goods mentioned in Chap VI of the Sea Customs Act & Rule 1 of the Rules made under that Act. If goods are to be exempted from duty at the request of particular persons application should be made under Sec. 18 -

4. We would further submit that the checking of returns is the only check contemplated by Government when the entire responsibility of making returns is, by section 8 Clause (1) placed on the owner of the mill, the only possible way of proving that the owner has made a false return is by checking his books, and if the owner's return is to be accepted in regard to the goods

prod a c

produced we think you will agree with us that his return might also be accepted in regard to the goods he is going to ship, as they all pass through the Custom House and can very easily be checked.

5. Re ordinary Excise rules can never have been intended to apply to this act, or Custom officers would be provided at the gates of the mill to check the production as they are in Mckeni and other similar works.

6. We are not disinclined to accept your suggestion to pay a deposit that would cover the Excise on a full months production but we could only do this on the basis that only Excise duty goods packed for the Indian and Burma markets should be deducted therefrom, (ie) the production assessable for duty, and not based on the production of the whole mill, and afterwards to be checked with

with the Excise on goods shipped, 10th do we do not consider this a fair interpretation of the act.

7. Please note that the word "production" means delivered out of the mill premises under this act, vide section 6.

We have the
(Sd) Binny and Co
(True Copy)
(Sd) W. Austin
Collector of Sea Customs.
(True Copy)

Examined
Assistant Secretary

REVENUE BOARD OFFICE
MADRAS.

Proceedings of the Board of Revenue

(Separate Revenue.)

Dated 20th August, 1896.

Mis No. 3582

110

× Copy attached

Read letter from the Collector of Sea Customs, Madras dated 25th February 1896 No 1110-G. forwarding copy of correspondence with Messrs Binny and Co, Agents for the Buckingham and Carnatic Mills, on the subject of the procedure to be adopted by them in the matter of the warehousing, paying of duty and shipping of cotton goods.

111

Board's Reference thereon, dated 15th June 1896 requesting the Collector of Sea Customs, Madras to ascertain and report whether Messrs Binny and Co still wish to warehouse the cotton goods intended for foreign export instead of retaining them in the mill until required for shipment.

Read also letter from the Collector of Sea Customs, dated 1st July 1896, No 3449-G reporting that Messrs Binny and Co have no desire to make any alteration

in

in the present arrangement regarding cotton goods intended for foreign export

Board's Reference thereon dated 8th July 1896 requesting the Collector of Sea Customs, Madras to report what the present arrangements referred to in his letter No 3449. G dated 1st July 1896 is.

Read also the following letter from the Collector of Sea Customs, dated 17th July 1896 No 3827. G

"In reply to Board's Reference dated 8th July 1896 on General Register No 6965, I have the honor to state that the "present arrangement" is for Messrs Binny and Co to store the manufactures of the Carnatic and Buckingham mills in their private godowns in Armenian Street, as no separate accommodation is available on the mill premises. They are, I believe, not disposed to treat these godowns as warehouses so long as they are allowed to use them as part of the mills.

2. As the godowns in question are situated nearly 3 miles away from the mills and the goods are transported to them without any Customs supervision it is questionable whether such an arrangement can be permitted in the circumstances mentioned in my letter No 1110 G dated 25th February 1896. This matter has again been brought to notice in para 7 of my administration report No 3577 G dated 6th July 1896 on the working of the Cotton Duties Acts XVII of 1894 and II of 1896. I beg to solicit very early orders."

B.P. 302
S-R 29-7-96
in 9-00 3535 mis
3-9-96

Resolution.

Messrs Binny and Co, the Agents of the Buckingham and Carnatic Mills wish to bond the goods manufactured in the Mills in a warehouse situated three miles away from the Mills, and the Collector considers it necessary to exercise Customs supervision on the removal of goods from the Mills to the warehouse. Messrs Binny and Co, however, contend that the

Cotton

Cotton Duties Act does not require Customs supervision to be exercised over the removal of goods from the mill to a warehouse even though the latter is at a distance from the mill.

2. The Board is in some doubt as to the requirements of the Act in this regard. Under Section 4 of the Cotton Duties Act the provisions of the Sea Customs Act regarding warehousing, including Section 93 thereof which requires the goods to be "forwarded in charge of an officer of Customs to the warehouse", are applicable only to goods in respect of which an application has been made under Section 13. Section 13 states that "the owner of any mill may apply for leave to deposit in a warehouse any goods in respect of which duty has become leviable under Section 6 but has not yet been assessed under Section 9". From this it would appear that an application for warehousing can be made only in respect of goods which have been issued out of the premises of the mill (vide Section 6, Explanation).

1330

The question which the Board begs leave to refer to Government for decision is whether under the circumstances Customs supervision should commence before the arrival of the goods at the warehouse and, if so, at what point after their exit from the mill it should begin.

Section 12 of Act XVII of 1894 declared that the owner of yarn "in respect of which duty has become leviable under Section 5 and which has not been issued out of the mill" might apply for permission to warehouse it. The difference between this provision and that now in force is curious and is not understood.

3. Messrs Binny and Co's godowns situated at a distance of 3 miles from the mills cannot, of course, be considered the part of the mills as appears to be supposed by that form.

(Three copys and extract)

Assistant Secretary

To
The Secretary to Government, Revenue department.
The Collector of Sea Customs, Madras.

29/8/96

15

Con. 627/96.

Re: the question of the exercise of customs supervision when goods are transported for deposit in a warehouse, under Sec. 13 of Act II of 96.

The Hon'ble Mr. Bliss C.S.I.

C. Conf 3rd Sept 1896, No 509.

Draft G.O.

Draft.

Hon'ble Mr. Bliss.
Please see draft submitted herewith
1/9/96

C 2419
Rec 257

Revenue Dept A.

Read C. No. 6272 of 1896.

Note:

Please see the papers read above.

The Cotton goods manufactured in the Buckingham and Carnatic Mills are disposed of

1. partly by Sale in the Indian and Burmese markets; and

2. partly by exports to Foreign Ports.

The former are liable to duty under the Cotton Duties Act II of 1896, but not the latter.

2. Messrs. Binny & Co who are the agents of the mills report that there are no godowns attached to the Mills themselves and that consequently all the goods are stored in their godowns in the Armenian Street about 3 miles away from the Mills. The Board remarks in para 3 of its Proceedings that these godowns cannot be regarded

garded as part of the Mills as contended by the Firm and it is submitted that the Board is right. It follows from this that all goods which issue out of the Mill premises whether disposed of in the Indian or Burmese markets, or exported to Foreign Ports, or stored in the godowns in the Armenian Street must be regarded as "Produced" within the meaning of Section 6 of the Act and must therefore be shewn in the return for the month in which they are produced, which the Mill-owners have to furnish the Collector in the following months under Sec. 8(1), on receipt of which returns, the Collector under Section 9 Assesses the duties payable in respect of the period to which the return relates.

3. As regards the goods which are intended for Sale in the Indian and Burmese markets, there is no difficulty at all as

as Messrs Binny & Co are willing to pay the duties as soon as they are Assessed, whether the goods themselves have been actually sold or not. The question is as regards goods which are intended for export to Foreign Ports. It appears that these goods cannot always be exported as soon as they are "produced" as they have sometimes to wait for Steamers; and as there are no godowns attached to the Mills themselves, the goods have to be transported to the godowns in the Armenian Street. There is nothing objectionable in this procedure.

4. If the goods so Stored be exported before the return in respect of them has been delivered to the Collector under Section 8, the owners of the Mill or their agents have only to proceed under Sections 18 and 19 to have the Said goods deducted in the Assessment and Collection of Duty.

If

If, on the other hand, the goods cannot be so exported, one of the two Courses is open to the Mill-owners.

1. They may deposit the goods in a warehouse under Sections 13 and 14, in which Case, the goods will, under Section 15, be deducted in the Assessment and Collection of Duty;

or

2. they may pay Duty on Assessment under Sec. 9 and when the goods are subsequently exported, claim drawback of the full Amount of duty paid on such goods under Sec. 20.

5. If the Agents are not willing to adopt the latter Course, they must Apply for License to warehouse the goods under Section 13. In this Connection, the Board raises the question whether the goods should be Carried to the warehouse under Customs supervision.

It argues:— "Under Section 14 of the Cotton Duties Act, the

the provisions of the Sea Customs Act regarding warehousing, including Section 93 thereof which requires the goods to be 'forwarded in charge of an Officer of Customs to the warehouse', are applicable only to goods in respect of which an Application has been made under Sec 13. Section 13 states that "the owner of any mill may apply for leave to deposit in a warehouse any goods in respect of which duty has become leviable under Sec 6 but has not yet been Assessed under Section 9." From this it would appear that an Application for warehousing can be made only in respect of goods which have been issued out of the premises of the Mill (vide Sec. 6 of the Enf.Act). The question which the Board begs leave to refer to Government for decision is whether under the circumstances Customs Supervision should Commence before the Arrival of the goods at the warehouse and if so at what

period

period after their exit from the mill it should begin".
It is submitted the Board's interpretation is correct.

In the case of goods liable to customs duties, it is necessary as provided in Section 93 of the Sea Customs Act that they should be forwarded to the warehouse in the charge of an Officer of Customs, because the goods are in the Custody of the Customs Authorities and do not become deliverable to the Owners of the goods until the Customs duties shall have been paid: they are as it were held as security for the payment of the Duties leviable thereon. The case under the Cotton Duties Act is different. The goods are not in the Custody of the Customs Authorities and are not regarded as security for the payment of duty thereon. They can be sold or otherwise disposed of by the owners before the duty is assessed under Section 9 or even the return is furnished under

Goods are "produced" when they leave the mills and become liable to duty but no Customs supervision is necessary over them except from the mills to any place the owner wishes. Even if Mr Robb can show reasons why his goods in Armenian St. instead of being in Armenian St. should be deposited on the wharf, may not Mr Robb in any case apply at any time up to assessment which can only be a few hours to furnish the return. (Sec 15) If a room in the Armenian St premises is licensed as a warehouse under Sec 12 Customs Supervision will be necessary at the time of the removal of the goods from the licensed premises to the new town.

This document is correct HS

under Section 8. If so, there can be no objection to their being stored in the godowns in the Armenian Street. A portion of the building may be treated as a warehouse under Section 12 and if the agents who have their goods stored in the other portions apply for warehousing them under Section 13, the Customs Officers have only to take charge of them there.

6. The Collector of Sea Customs proposed to the agents as an alternative that if they deposited a sum equal to the probable amount of duty on a total month's production of the Mills, shipments to Foreign Ports, after examination at the Custom House, would be deducted from the Monthly return of total production and the balance alone assessed to duty, the duty being recovered against the deposit by Cash payment. The agents assent to this proposal, but it is not clear how it would be more advantageous

Better adhere to the strict course of procedure prescribed by law; I think

HS
24/5/96

advantageous to them than paying the full amount of duty assessed under Section 9 in the first instance, and then claiming drawback on goods exported under Section 20. Apart from this there appears to be no provision of law under which the arrangements suggested by the Collector can be sanctioned.

W.S.

It is advantageous because the firm saves interest on the amount of the drawback, between the date of payment of the duty & receipt of the drawback.

W.S.

But it is respectfully submitted that the firm loses interest on the amount deposited.

1/10/96.

There will seem to be no legal difficulty in giving effect to this arrangement in the case of goods exported under Rule 18 & 19.

W.S.

Q. 509
3/10/96

9 C.R.
19 Sep. 96.

Revenue Department

Read C. No. 6272/96.

Sept. Rev. No. 62

G.O. (Press) dd. 3rd Oct. 1896 No. 509.

Under Section 6 of the Cotton Duties Act (II of 1896,) goods become liable to duty when they are "produced", i.e. issued out of the premises of the mill; but no customs supervision is necessary over their removal from the mill to any place to which the owners or their agents may wish to take them. Messrs Binny & Co are, therefore, at liberty to remove all or any of the goods "produced" in the Carnatic and Buckingham Mills to their godowns in the Armenian Street without any Customs Supervision.

If then a room in the godowns or other place be licensed as a warehouse under Section 12, and if at any time prior to assessment under Section 9 of the Act, the firm apply under Section 13, for permission to warehouse any of the goods deposited in their general

general godowns Customs supervision would be necessary only at the time of the removal of the goods from the general godowns to the licensed warehouse.

The Board of Revenue will instruct the Collector of Madras accordingly.

The Govt. consider that this purpose of the letter of Customs contained in para 5 of his letter No 1110 dated the 25th Feby 1896. has been duly fulfilled.

Inwards

167 of the Bd of Rev (Sep Rev) dis-19-10

C.R. 11/10/96.

Government {1896} of Madras.

REVENUE.

Recd. } 1896. Enclosures

Regd. } Spare copies

G.O., No. 509, 3rd October 1896.

OCTOBER.

Customs Supervision.

Passing orders on the question of the exercise of — when goods are transported for deposit in a warehouse licensed under section 12 of Act II of 1896.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 3582, dated 20th August 1896:—

Read—the following letter from W. P. AUSTIN, Esq., Collector of Sea Customs, Madras, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated 25th February 1896, No. 1110 G.:—

I have the honour to forward, herewith, copy of the correspondence with Messrs. Binny and Co., agents for the Buckingham and Carnatic Weaving Mills, on the subject of the procedure to be adopted by them in the matter of the warehousing, paying of duty and shipping of cotton goods.

2. In their letter of the 17th, Messrs. Binny and Co. ask to be allowed (1) to be granted a license to use their godown No. 102, Armenian Street, as a private warehouse for the storage, until shipment, of goods from the mills; (2) to pay duty only on all goods intended for the Indian and Burma markets; and (3) to be allowed to cart all other goods intended for export from the mill premises to their bonded warehouse, without customs supervision: and in their letter of the 24th, they explain their proposals of the 17th and claim to be permitted to do as they like in all the above matters, on the ground that the checking of returns is the only check contemplated by Government by section 8, clause (1), of the Cotton Duties Act.

3. This contention is right, so far as the delivery and checking of returns and the assessing of cotton goods to duty is concerned, but cannot, I submit, be allowed in the case of goods stored in a bonded warehouse 3 miles away from the mills. When the Cotton Duties Act was framed it was apparently assumed by Mr. Westland that all mills had godowns on the premises in which to store their manufactures, and that these godowns could be converted into and licensed as warehouses, if necessary. But the Buckingham and Carnatic Mills have no such godowns, and the agents propose to license one as a warehouse 3 miles away from them and to cart their cotton goods from mills to godowns without customs supervision.

4. Section 14 of the Cotton Duties Act directs that all the provisions of chapter XI (Warehousing) of the Principal (Sea Customs) Act shall apply to warehoused goods, and section 13 prescribes a form of application to deposit goods in a warehouse; and from these it is clear that the supervision contemplated by the Act, in the case of cotton goods deposited in a licensed warehouse *outside* the mill premises, is not a mere checking of returns furnished by mill owners at stated periods.

5. The suggestion to license a warehouse apart from and 3 miles away from the mills will be troublesome and expensive to the mills, and I therefore suggested to the agents the adoption of the system of clearing all goods from the mills on deposit, which would enable them to issue the goods at once and store them in a private godown. This would also simplify the collection of duty as, after shipments to foreign ports are completed, the quantity actually shipped could be deducted from the total production of the mills and the balance assessed to duty.

6. Messrs. Binny and Co. appear to fall in with these suggestions, but they seem to be under a misapprehension in thinking that the total production of the mills would, in the first instance, be debited against their deposit, and that credit would afterwards be given for the quantities actually shipped to foreign ports. This, however, is not the intention of this office.

7. As explained in my letter to Messrs. Binny and Co., a deposit equal to an amount covering duty on a month's total production of the mills would be taken and shipments to foreign ports, after examination at the Custom House, would be deducted from the monthly return of total production submitted by them and the balance only, if found correct, would be debited to the deposit and recovered from the agents by cash payments.

An early reply is requested.

Enclosures.

From Messrs. BINNY and CO., to the Collector of Sea Customs, Madras, dated Madras, 17th February 1896.

We have the honour to request that you will be good enough to allow us to bond our godown No. 102, Armenian Street, for the purposes of the "Cotton Duties Act."

We propose, subject to your approval, to pay duty only on all goods manufactured for the Indian and Burma markets as they leave the mill gates, whether they are actually delivered to purchaser or stored.

The bonded godown would, therefore, only apply to goods delivered out of the mill premises for purposes of export until such time as the steamer sailed.

We would submit that, as we have to make a return of all goods shipped, that there will be no difficulty in checking such returns, and that it will therefore not be necessary for the bales to be under custody of a Customs officer whilst being carted.

The bonded godown would, of course, at all times, be open to inspection by the Head Appraiser.

From the Collector of Sea Customs, to Messrs. Binny and Co., Madras, dated Madras, 20th February 1896, No. 1035 G.

I have the honour to acknowledge receipt of your letter of the 17th instant applying for a warehouse license for your godown No. 102, Armenian Street, for the purposes of the Cotton Duties Act, II of 1896, and submitting certain proposals regarding the disposal of cotton goods issued out of the mills for the Indian and Burma markets on payment of duty, and of those issued for exportation to foreign ports free of duty.

2. Before taking any action on your application, I would make a few remarks for your consideration and for any further expression of your views you may wish to offer.

3. In paragraph 2 of your letter you propose to pay duty only on all goods manufactured for the Indian and Burma markets, *as they leave the mill gates*. This would mean that you would submit a return of all such goods and pay the duty due thereon *daily* before the goods passed out of the mill gates. I do not see how this can be done when the mills have no godowns in which to store their manufactures, unless you intend to keep in reserve two days' stock, paying duty on the second day on the outturn of the first, and clearing this outturn on the third day and so on. If this is so, there appears to me to be no objection to the proposition.

4. As regards your application for a licensed warehouse in which you propose to store, until shipment, cotton goods intended for exportation to foreign ports, I would invite your attention to sections 3 (7) and 14 of the Cotton Duties Act, from which you will observe that, if a license is granted as you desire, all the provisions of chapter XI of the Principal (Sea Customs) Act regarding warehousing would apply to such goods; that is to say, the same procedure which imported goods are subject to would have to be applied to clearance from mill to warehouse, and from warehouse to custom house for examination and shipment, all these operations being carried out under customs supervision. This procedure will cause you considerable trouble and expense, and I would therefore suggest the adoption of the system of clearing all goods from the mills on deposit, as it will entail little trouble and less expense. A deposit of, say, Rs. 5,000, or such amount as would cover the duty on a fortnight's or month's outturn, would enable you to issue the goods at once and store them in your private godowns. Goods for export to foreign ports could be examined as usual and passed for shipment, and after the latter is completed, the quantity actually shipped would be deducted from the total production of the mill, and the balance assessed to duty and recovered against the deposit by each payment.

5. With reference to paragraphs 4 and 5 of your letter, I do not think that the checking of returns and the occasional visiting of a warehouse is the check intended by Government or provided for by chapter XI of the Principal Act for bonded goods.

From Messrs. BINNY and CO., to the Collector of Sea Customs, Madras, dated Madras, 22nd February 1896.

We have the honour to acknowledge receipt of your letter, No. 1035 G. of the 20th instant, and we reply to your remarks *seriatim*.

2. When we said we intended to pay duty on all goods "as they leave the mill gates," we meant that we should not require a bonded warehouse for our production for India and Burma, as we would be prepared to pay duty on it "at once," of course meaning an assessment, as provided by the Act.

3. We take it that goods do not require to be put in a warehouse until they are assessed for duty, so that we cannot understand why the Sea Customs Act should apply to goods that are being carted from the mill to the warehouse. We would submit that goods for export to foreign countries do not require to be warehoused at all, unless possibly they are to be kept some considerable time previous to shipment, and even if warehoused they would not be assessed for duty.

4. We would further submit that the checking of returns is the only check contemplated by Government, when the entire responsibility of making returns is, by section 8, clause (1), placed on the owner of the mill. The only possible way of proving that the owner has made a false return is by checking his books and if the owner's return is to be accepted in regard to the goods produced, we think you will agree with us that his return might also be accepted in regard to the goods he is going to ship, as they all pass through the custom house and can very easily be checked.

5. The ordinary excise rules can never have been intended to apply to this Act, or custom officers would be provided at the gates of the mill to check the production as they are in Abkári and other similar works.

6. We are not disinclined to accept your suggestion to pay a deposit that would cover the excise on a full month's production, but we could only do this on the basis that only excise on goods packed for the Indian and Burma markets should be deducted therefrom, *i.e.*, the production assessable for duty, and not excise on the production of the whole mill, and afterwards to be credited with the excise on goods shipped, as we do not consider this a fair interpretation of the Act.

7. Please note that the word "production" means delivered out of the mill premises under this Act—*vide* section 6.

Reference on the above, dated 15th June 1896.

Requesting the Collector of Sea Customs, Madras, to ascertain and report whether Messrs. Binny and Co. still wish to warehouse the cotton goods intended for foreign export instead of retaining them in the mill until required for shipment.

Read—letter from the Collector of Sea Customs, dated 1st July 1896, No. 3449 G.

Abstract.—Reporting that Messrs. Binny and Co. have no desire to make any alteration in the present arrangement regarding cotton goods intended for foreign export.

Reference on the above, dated 8th July 1896.

Requesting the Collector of Sea Customs, Madras, to report what the present arrangement referred to in his letter No. 3449 G., dated 1st July 1896, is.

Read—the following letter from the Collector of Sea Customs, to the Secretary to the Commissioner, Salt, Abkári and Separate Revenue, dated 17th July 1896, No. 3827 G.:—

In reply to Board's reference, dated 8th July 1896, on General Register No. 6965, I have the honour to state that the "present arrangement" is for Messrs. Binny and Co. to store the manufactures of the Carnatic and Buckingham Mills in their private godowns in Armenian Street, as no separate accommodation is available on the mill premises. They are, I believe, not disposed to treat these godowns as warehouses so long as they are allowed to use them as part of the mills.

2. As the godowns in question are situated nearly 3 miles away from the mills and the goods are transported to them without any customs supervision, it is questionable whether such an arrangement can be permitted in the circumstances mentioned in my letter No. 1110 G., dated 25th February 1896. This matter has again been brought to notice in paragraph 7 of my Administration Report, No. 3577 G., dated 6th July 1896, on the working of the Cotton Duties Acts XVII of 1894 and II of 1896. I beg to solicit very early orders.

Resolution—Mis. No. 3582, dated 20th August 1896.

Messrs. Binny and Co., the agents of the Buckingham and Carnatic Mills, wish to bond the goods manufactured in the mills in a warehouse situated 3 miles away from the mills, and the Collector considers it necessary to exercise customs supervision on the removal of goods from the mills to the warehouse. Messrs. Binny and Co., however, contend that the Cotton Duties Act does not require customs supervision to be exercised over the removal of goods from the mill to a warehouse, even though the latter is at a distance from the mill.

2. The Board is in some doubt as to the requirements of the Act in this regard. Under section 14 of the Cotton Duties Act, the provisions of the Sea Customs Act regarding warehousing, including section 93 thereof which requires the goods to be "forwarded in charge of an officer of customs to the warehouse," are applicable only to goods in respect of which an application has been made under section 13. Section 13 states that "the owner of any mill may apply for leave to deposit in a warehouse any goods in respect of which duty has become leviable under section 6, but has not yet been assessed under section 9." From this it would appear that an application for warehousing can be made only in respect of goods which have been *issued out of the premises of the mill* (*vide* section 6—Explanation). The question which the Board begs leave to refer to Government for decision is, whether, under the circumstances, customs supervision should commence before the arrival of the goods at the warehouse and, if so, at what point after their exit from the mill it should begin. Section 12 of Act XVII of 1894 declared that the owner of yarn, "in respect of which duty has become leviable under section 5 and which *has not been issued out of the mill*," might apply for permission to warehouse it. The difference between this provision and that now in force is curious and is not understood.

3. Messrs. Binny and Co.'s godowns situated at a distance of 3 miles from the mills cannot of course be considered to be part of the mills as appears to be supposed by that firm.

(True Copy and Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Secretary to Government, Revenue Department.
„ the Collector of Sea Customs, Madras.

Order—No. 509, Revenue, dated 3rd October 1896.

Separate Revenue No. 82.

Under section 6 of the Cotton Duties Act, II of 1896, goods become liable to duty when they are "produced," *i.e.*, issued out of the premises of the mill; but no customs supervision is necessary over their removal from the mill to any place to which the owners or their agents may wish to take them. Messrs. Binny and Co. are therefore at liberty to remove all or any of the goods "produced" in the Carnatic and Buckingham Mills to their godowns in the Armenian Street without any customs supervision.

If, then, a room in the godowns or other place be licensed as a warehouse under section 12, and if at any time prior to assessment under section 9 of the Act, the firm apply, under section 13, for permission to warehouse any of the goods deposited in their general godowns, customs supervision would be necessary only at the time of the removal of the goods from the general godowns to the licensed warehouse. The Government consider that the proposal of the Collector of Sea Customs contained in paragraph 5 of his letter, No. 1110, dated the 25th February 1896, should not be given effect to.

The Board of Revenue will instruct the Collector of Sea Customs, Madras, accordingly.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Separate Revenue).

Dnd. T. K. Narayana Aiyangar.

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