

1469/25-5-97

Revenue (1897) Department.

PRESS SERIES.

G.O., No. 88-89

DATED 12th Feb^y 1897

[Despatch Abstract.]

Informing the Govt. of India that it
is not possible to effect any reduction in
the Customs establishments recently established
in this Presidency.

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
Vide Ch. 5113/97							

Revenue (1896) Department.



CURRENT No.

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

Order

Mis No. 5230

Dated 14th December 1896

Received 25 December 1896

Registered

Enclosures

Spare copies

SUBJECT

Reporting to Government that reduction of customs establishments is not possible in consequence of the change in law regarding cotton duties

Recd 1.1.97

BACK PAPERS.

G.O.	No.	Department.	Date.
	2715	Rev	10. 7. 96
	2121	Rev	13. 11. 96.
<i>of 2121 (Rev)</i>			

FURTHER PAPERS.

G.O.	No.	Department.	Date.

No 4406 G

Sea Custom House
Madras, 20th August 96

From

W. P. Austin Esqrs
Collector of Sea Customs, Madras

To

The Secretary to the Commr of Salt,
Abkari & Separate Revenue, Madras

Sir,

I have the honour to acknowledge receipt of Board's Proceedings No 273 (S.R.) dated 15th July 1896, enquiring with reference to the remarks of the Secretary of State for India in para 2 of his Despatch therein embodied, whether any, and if so, what reduction is possible in the establishment sanctioned on account of changes made in the law relating to cotton duties.

*vide B's Progs. Min. No 353 (S.R.) dated 28th January 1895.
Commr's G.O. 283/1-95*

2. With reference thereto, I beg to state that a very limited and inexpensive establishment was taken on at this Port on the introduction of the amended Tariff Act

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Act XVI of 1894 (which imposed import duty on cotton goods), while no additional hands were entertained for the extra work devolving in connection with Act XVII of 1894 (which imposed Excise duty on cotton goods) the only additional expenditure incurred being Rs 30, which has been granted as a local allowance to the Head Appraiser for inspection of Cotton Mills in the Presidency Town.

3. The experience gained from the working of the Acts during the past year has proved that the establishment entertained is inadequate to fully and completely cope with all the duties required of it. I have already alluded to this fact in para 16 of my Administration Report. *vide this office letter No 2784 & dated 27 May 1896.* If closer scrutiny and a more extended examination of packages - both very desirable - are to be insisted upon, it will be necessary to strengthen the existing establishment in the Appraisers Department which

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is already undermanned and to revive the appointment of Market Reporter, which post was abolished on the arrival of the Head Appraiser.

4. As regards the observations of the Secretary of State that by the passing of Acts II and III of 1896, the rate of cotton duties, both import and Excise has been reduced and that the collection of these duties has been ^{much} simplified by the remission of all duties on yarns, and the substitution to a simple ad valorem duty of all cotton piece-goods, irrespective of counts, I beg to state that the remission of the duty on yarn and the reduction in the rate of the cotton duties so far from reducing work has, on the contrary, increased it, as will be seen from the following:-

Yarns. The ad valorem rates of the different counts of yarn have still to be checked for statistical purposes, examination made and hanks of foreign yarn reeled.

Cotton Piece-goods. To check ad valorem rates

No 6153 G

Sea Customs House
Madras 21 November 1896

L. J. P.

Enclosures: 6.

From W. D. Austin Esq. C.S.

Collector of Sea Customs,
Madras.

To

The Secretary to the Commissioner of
Salt, Akbari and Separa
Revenue, Madras.

Sir,

With reference to Board's Proceedings No.
4212 M.S., dated 9th October 1896, I have the
honor to report as follows:—

2. The questions for Consideration are:—

(i) Whether the assessment and Collection of
duty on yarns at the old Tariff rates entailed
much work upon the establishment or not; and
whether the abolition of this duty has not afforded
any appreciable relief.

(ii) Whether the Changes in the law in regard
to yarns and Cotton piece-goods have enabled
the

the Government to reduce the increased Customs establishment sanctioned by the Secretary of State

3. Before proceeding to discuss the two questions it is well to consider what increase to the then existing establishment was sanctioned on the imposition of Cotton duties.

4. The following additional establishment was sanctioned by Government.

* Let XVII of 1894.

Vide G.O. No 104 (Rev) d/22.2.1895 para 2 (ii)

* G.O. No 104 Rev d/22.2.1895 in B.P. No 26 d/26.2.95

Appraisers Department

1 Deputy appraiser	Rs. 466 ² / ₃ (average salary) & G.O. No 283
1 Clerk	60
1 " "	50
1 " "	40
	<u>616 ²/₃</u>

G.O. No 283 d/22.1.1895, in B.P. No 353 d/28.1.1895

Account + Bill Department

1 Assistant accountant	85
1 Clerk	40
1 " "	35
1 " "	30

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Cash Department

1 Assistant Cashkeeper - 70
Office Servants

1 Peon on	8
2 Peons on Rs 7	14
	<u>22</u>
Total Rs	898 ² / ₃ or x

5. The assistant Cashkeeper's appointment was abolished on the date from which the account of this office were ordered to be sent to the Accountant General direct, viz from 18th March 1895.

6. On the head appraiser joining his appointment in this office, on 9th September 1895, the services of the Market Reporter (on Rs 50 + Rs 15 Carriage allowance) were dispensed with agreeably to the orders of Government. This practically gave an addition of 2 Clerks to the appraisers Department instead of 3 as proposed.

7. I shall now deal with the questions raised in para 2 Supra. Point (1) I propose to divide into two parts and take up each part separately.

(a) The assessment of duty on yarns at the old Tariff rates, entailed very little work upon the Establishment. Tariff rates are easily learnt and remembered and the mere checking of them is trifling. Although yarns are now made free, the market values have to be declared by importers in their Bills of entry and checked in the appraisers

the Appraisers Department for statistical purposes.
Ad valorem rates are more difficult to learn and
check, since it is necessary for the appraisers to know
the approximate value of each Count of yarn,
grey or colored, before he is in a position to check
the declarations of importers. It may possibly be
urged that the appraiser had to do the same work
when duty was levied at Tariff rates. True, but then,
the appraiser had the tariff rates as a guide
and it was not therefore difficult to tell whether
the ad valorem ones were approximately correct
or not.

(4) The making of yarn free has increased
and not diminished work. All yarns —
imported from foreign countries pass through
the Custom House only after Bills of
Entry are filed. These Bills of Entry —
have to undergo the same scrutiny as
those relating to dutiable goods —
with this difference, viz that —
they do not involve any Calculation

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Calculation of duty. The making of yarn
free has considerably increased the work
of examination of packages, as it is now
necessary to see that the so called yarn-bales
contain bonafide free goods. The open-
ing of packages and the forwarding
of bundles of foreign yarn &c reeled
also take up a good portion of the time
of the clerks, and their work in this
direction has not in any way decreased,
but on the contrary has increased, as a
larger number of Bills of Entry are now
filed than formerly. For 85 Bills of
Entry filed on an average, during the
13 months from January 1895 to January
1896 giving an average of 3 per diem
98 Bills of Entry have been filed, on
an average, for 9 months from —
January

February & October 1896, thus —
 giving an average of 4 per diem. As
 the accuracy of the declared value
 of the goods imported has been secured
 for statistical purposes, the market
 has been consulted & the quality of the
 goods examined & tested, and there
 is no decrease of work in this direction
 either.

8. Having shown that the abo-
 lition of the duty on yarn has in
 no way decreased the work of the
 department, I now proceed to deal
 with question (ii) viz, whether the
 changes in the Law relating to cotton
 duties have in any way enabled
 this department to effect a reduction
 in the increased Customs establish-
 ment.

-Work Taken on in Connection therewith.

9. (a). The reduction in the rate of
 duty from 5 to $3\frac{1}{2}\%$ in the case of
 cotton piece goods has materially
 increased the work of the appraisers
 & examiners in the following manner.
 Formerly when all cotton piece
 goods paid a 5% duty, there was
 no necessity to make minute ex-
 aminations of goods to see if they
 are made of mixed material;

* See Govt.
 of India Circular
 No. 1896
 XIX. of 1896

but now that the latter are taxable
 at the higher rate, the declaration
 made by importers have been tested
 by actual examination of each con-
 signment, to determine whether the
 goods

goods are exclusively of cotton, or mixed with silk or wool or are wholly or partially embroidered with these materials. This applies chiefly to the numerous importations of shopkeepers and others to whom goods are consigned for sale under new designations and in which the material is constantly being changed to suit the tastes & demands of the public.

(b) The reduction in the rate of duty on cotton piece goods from $5\frac{1}{2}\%$ has not lessened the work of calculation in the accounts & Bill Departments, since it is easier to divide a sum

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by 20 to obtain the amount of duty on it at 5% , then to finish — multiply it by 7 and then divide it by 200 to obtain the amount at $3\frac{1}{2}\%$. The number of Bills of entry filed in respect of Twist & yarn since the imposition of duty up to its abolition for a period of 13 months from January 1895 to January 1896 was 1,097 or 85 for a month or 3 for a working day. The saving of labour in checking the duty on yarn in 3 Bills of entry is more than taken up in calculating duty at $3\frac{1}{2}\%$ on piece goods, especially when

when it is remembered that calculation of duty has been made under the different subheads into which pie goods have been classified (Vide B. P. to 241 dated 6th June 1895). To enable the Board to form an idea of the force of the above remarks, I enclose 3 bills of entry for favour of inspection & return.

10. From a revenue point of view the import duty now collected on pie goods alone has not suffered as compared with those collected on pie goods, twist yarn, and in support of this statement, I submit the following figures:—

	Duty at 5% on pie goods, twist yarn				Duty at 3½% on pie goods			Converted at 5%		
	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.
September 1895	46,851	15	9	June 1896	47,006	7	9	67,152	1	11
October 1895	85,356	1	8	July "	37,498	3	7	53,568	14	3
November "	64,713	2	5	August "	33,483	6	7	47,833	7	1
December "	55,289	5	9	September "	39,130	"	"	55,900	"	"
January 1896	56,555	13	5	October "	43,938	9	4	62,769	6	6
	308,766	7	-					287,223	13	9
Average	61,753	4	7					57,444	12	4

For the reasons set forth in paras 4 and 5 of this office letter No 4255 G, dated 6th September 1895, the state of the cotton market in this port was not settled till August 1895, and five months' figures from September 1895 have been taken and compared with the five months' figures from June 1896, as the state of the market prior to June 1896 was disturbed owing to the anticipated abolition of duty about the beginning of the year. This comparison shows that the decrease in revenue is only about 7%, which is not much, considering the abolition of duty on yarn and twist.

11. Turning now to Excise, the number of returns given in this office letter to the Board, No 4406 G, dated 19th August 1896, included those sent by this office monthly to the mills and also to the Board, but details of these were omitted, which I regret. The number however was rather under than overstated as shown below:—

Under the acts XVI and XVII of 1857
Yarns

Yarns. Part A received from 5 mills — = 5 }
 Part B sent to 3 mills spinning dutiable yarn = 3 } $\frac{4820}{27-11-95}$
 Returns to Board of free and dutiable yarns } = 2 - 2.0 $\frac{1956}{16-5-95}$
 separate }

And the new acts II and III of 1896 10

a) Yarns
 From G received from 5 mills — = 5
 Return sent to Board — = 1

b) Cotton Goods.

From A received from 2 mills — = 2

" D — 2 — = 2

Two of these leads this Port Cashmere
 " E — 2 — (bimonthly) = 4

" F sent to 2 mills (bimonthly) = 4

" B. sent to 2 mills — = 2

Returns to Board — = 3

Vide Board Proceedings No 120 (S.R) dated 20th March 1896

Returns 23

12. It will thus be seen that where formerly (ie) under the old acts, 10 Returns for yarn were received and sent out, now 6 Returns for yarn and 17 for cotton piece goods are received and issued by this office.

The checking too of the Returns

received

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Received from Mills is very laborious and onerous, as some of them are very large and the smallest error throws out the accounts, resulting in a loss of revenue to Government. As the rules allow the exportation to foreign ports of goods produced during the month, before the Return for that month is submitted by the mill owners to this office, such exportations have to be carefully scrutinized and checked to see that the right quantity alone is deducted from

Column 5 of Form A.

13. When 4 case duty was levied on yarns there were no applications for export of duty paid yarn to foreign ports and consequently no drawback was granted. But since piece goods were made subject to duty and during the 7 months ending 31st October 1896 no less than 21 applications for drawback of 4 case duty amounting to Rs 1674-12-4 were filed and the amount refunded.

The

The verification of the declarations of the Exporters under Section 52 of act VIII of 1878 and the identification of the goods as the production of a particular month and of their having paid duty are of a very onerous and responsible nature, which can only be satisfactorily performed by an officer who has taken a careful note of the productions of the mill.

14. The amount of Excise duty collected on Cotton piece goods since the passing of act II of 1896 up to the end of October 1896 is Rs 36603-3-9, while that collected on twist and yarn under act XVIII of 1894 from January 1895 to January 1896 was only Rs 11654-13-1

thus shewing an increase of Rs 19,948-5-10 or about 120%.

Vide statement in the margin. This revenue is entirely dependent on the frequency of inspection

Month	Amt of Excise duty collected on twist and yarn 1895			Amt of Excise duty collected on piece goods 1896		
January	-	-	-	-	-	-
February	-	-	-	-	-	-
March	2,055	9	8	1012	6	1
April	2,734	2	-	530	-	-
May	845	4	6	10,887	12	7
June	1123	6	2	6377	7	3
July	1,572	1	4	7391	7	7
August	1,232	9	2	4602	9	1
September	1,556	-	9	3009	6	4
October	1,099	15	9	3804	8	9
November	864	7	7			
December	313	12	5			
January 1896	2,245	2	6			
	76,654	13	11	36,603	3	9

and includes Rs 1012-6-1 collected in March 1896 being duty on yarn and twist

and the check and scrutiny exercised by the inspecting officer, who has to see that the production of the bill is not understated.

15. For the reasons above set forth, I submit that it will be admitted that an elaborate check by a highly paid officer is necessary considering the amount of revenue that is at stake.

16. From the facts and figures above set forth it is clear that the abolition of duty on yarn and twist and the reduction in the rate of duty import and Excise, on piece-goods have in no way decreased work and that the revenue is in no way lessened.

17. I must here mention other duties which contribute largely to increase the work of the appraisers' Department and the establishment generally and which although unconnected with cotton yarn or cotton-piece goods are still duties which

which have to be carried out and are likely to continue even if the duty on cotton piece goods are removed. They are -

- (i) The examination of medicine Bills of Entry.
- (ii) The checking and passing of applications for refund of duty on arms and draw back applications.
- (iii) The classification and appraisement of machinery.
- (iv) The preparation of bills for godown rent on iron stored on premises rented from the Harbour Trust Board.
- (v) The increased work consequent on the large number of bills for fees and penalties.

18. How the above duties have increased work will now be explained.

- (i) Medicines imported for Local Fund Hospitals and Dispensaries used formerly to be passed free as Government stores by the agent for Government Consignments, but these are now imported by Messrs Bimray and Co who clear them on payment of

of duty after filing Bills of Entry of which several are filed for one consignment at the rate of one Bill of Entry for each Dispensary they supply. It is no exaggeration to say that it takes from 5 to 6 days to complete the appraisement and calculation of the consignment by one vessel. Three of such Bills of Entry are herewith forwarded for the Board's information to form an idea as to the labour involved and the time it will take an experienced calculator to calculate the duty thereon.

- (ii) Refund applications for fire arms are daily increasing in numbers since there are more licensed dealers in arms in the city now than formerly and occupy almost the whole time of one clerk

1895		1896	
January to December 12 months		January to October 10 months	
No. of applications	Amount refunded	No. of applications	Amount refunded
247	Rs - as - ps 34201 - 10 - 10	267	Rs - as - ps 29658 - 7 - 8

in the appraiser's Department, while the checking of the amount of duty to be refunded and the preparation of

Form

From 13, occupy the work of nearly two clerks in the account Department. The number

of applications with claim for drawback is also on the increase. Vide

1895			1896		
January to December 12 months			January to October 10 months		
No. of applications	Amount refunded		No. of applications	Amount refunded	
89	Rs - as - ps		82	Rs - as - ps	
	6553 - 10 - 1			4890 - 6 - 1	

figures in the margin.

(iii) The distinguishing between dutiable and free machinery in accordance with the principle laid down by the Government of India requires careful examination which necessarily takes time (as before distinguishing one must see the articles) and the importations of machinery have been so heavy of late that the appraisers' Department is severely taxed.

(iv) Prior to March 1895 godown rent on iron was charged and collected by the Harbour Trust.

Vide Govt of India customs circular No. I of 1895.
(20. 257. 1)

No. of bills - amount
Rs - as - ps
563 - 282. 5 - 4
726 - 5996 - 13 - 2
* For 12 months January to December 1895
10 months January to October 1896

Trust Board, but rent is now being collected by this office under the customs schedule, and the number of Bills & Supplemental bills for the balance left uncleared each day is very large with no corresponding establishment to cope with the increased work, for none was asked for nor provided.

(v) The bills on account of fees and penalties have also increased of late as shown in the margin.

19. The Board will see that the figures and facts above set forth conclusively prove that the abolition of duty on yarn has had the effect of increasing rather than reducing the work of the appraisers' Department, that the reduction of the duty of cotton goods has also increased the work in the Bill and necessarily that of the Statement Departments dealing with the papers passed through both the aforesaid departments, and that under Excise the increase in the number of Returns from 10 to 23 has more than doubled the work in

the appraisers' and the account Departments in that particular branch, while the duty of identifying Excise duty-paid goods for drawback is both onerous + responsible, and requires well-paid supervision. The increase in the number of applications for refund of duty on arms and applications with claim for drawback, and the calculation of godown rent on iron &c leave no room for reduction of establishment, which, as already remarked by me, is very limited and inexpensive and I therefore regret my inability to propose any reduction.

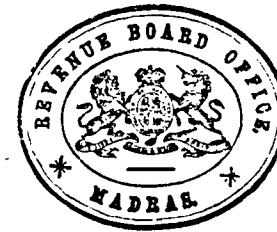
20. In conclusion I beg to be permitted to remark that the work in the Custom House cannot be so regulated as to arrange for a certain amount of it being performed each day. The rush sometimes is so sudden and unexpected that in the interests of Government and the trade it is necessary to maintain a maximum staff that will

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will be able to meet all exigencies, but I regret I have not got such a staff, and it would cripple the trade and lead to complaints of delay if any reduction were carried out in the establishment which, as I have pointed out, is already undermanned.

I have &c
[Signed] W.P. Austin
Collector of Sea Customs
(True Copy)

Kudewamikanun
23/12
For Assistant Secretary

22/12/96



1P

Proceedings of the Board of Revenue

(Separate Revenue),

Dated 14th December, 1896.

Mis. No. 5230

Read the following papers:-

- Board's Proceedings Routine No 2345, dated 1st August 1896
- Board's Proceedings Routine No 2346, dated do do
- Board's Proceedings Routine No 2351, dated 4th August '96
- Board's Proceedings Routine No 2378, dated 5th August '96
- Board's Proceedings Mis No 3421, dated 11th August '96
- Board's Proceedings Routine No 2548, dated 19th August '96
- Board's Proceedings Mis No 3645, dated 12th August '96
- Board's Proceedings Mis No 3551, dated 18th August '96
- Board's Proceedings Routine No 2660, dated 28th August '96
- Board's Proceedings Routine No 2662, dated 28th August '96
- Board's Proceedings Mis No 3678, dated 2nd September '96

Recording reports from the Collectors of the
Maritime Districts and the Collector of Sea
Customs, Madras, stating that no reduction
is possible in the Customs establishment
on account of the changes made in the
Law

relating to cotton duties.

Read also Board's Proceedings No. 4212 dated 9th October 1896 requesting the Collector of Sea Customs, Madras, to report on certain points with reference to his letter stating that no reduction can be made in the establishments sanctioned in connection with the law relating to cotton duties.

Read also letter from the Collector of Tinnevely No. 460, dated 19th September 1896, reporting that there is no possibility of any reduction being made in the Customs establishment on account of the changes made in the law regarding cotton duties owing to increase of work in the other items of the department.

Read also letter from the Collector of Sea Customs, Madras, ^{No. 6153, dated 21st November 1896} forwarding the report called for as to whether any reduction is possible in the establishment of the Madras Sea Customs in consequence of the changes in the law relating to yarns and cotton

Cotton & fish goods.

Resolution

In para 2 of the letter of the Government of India communicated for report in G. O. No. 2715, Revenue, dated 10th July 1896, that Government enquired, with reference to a Despatch from the Secretary of State, whether the changes effected in the law by Acts II and III of 1896 will permit of any reduction in the Customs establishments which have been recently sanctioned. The changes in Customs law effected by the recent Act are (1) the abolition of import duty on cotton twist and yarn and (2) the reduction of the

the ad valorem duty on cotton piece goods from 5 to $3\frac{1}{2}$ per cent. The latter of these changes is referred to in the Secretary of State's Despatch as "the Subjection to a simple ad valorem duty of all cotton piece-goods, & irrespective of counts". The Board however begs leave to point out that there has been no change in the mode of valuation and assessment of cotton piece-goods to duty but only in the rate of duty, a change which does not materially affect the amount of work to be done by Customs officials.

2. From para 19 of Board's Pro. page 13
ceedings No 259, dated 13th June 1895
it

it will be seen that the only districts in which any increase in the Customs establishment was proposed on the imposition of Cotton duties were Madras, Tanjore, Trincerville and Malabar. The proposals sanctioned for these districts, with the exception of Madras, had no special reference to the duty on cotton goods, but were based on the importance of the trade of the ports for which the increased establishment was proposed and to the facilities for the evasion of general customs duties & which existed. In these respects there has been practically no change and a reduction of establishments would

would, therefore, be inexpedient at present. In Madras the additional establishments enumerated below were sanctioned in G.O. No 104, Revenue, dated 22nd February 1895 in addition to an extra Appraiser, in view of the amendment of the Tariff Act by Act XVI of 1894.

Appraiser's Department

1. Clerk

Pay -
Rs 60

1. Do

50

1. Do

40

1. Market reporter -

50 + Rs 15 allowance

Account Department

1. Assistant Accountant

Rs 85

1. Clerk

40

1. Do

35

1. Do

30

Officer

Office Servants

1. Peon Rs 8
2. Peons on Rs 7 each .. 14

40

On the other hand the services of a Market Reporter on Rs 50 with an allowance of Rs 15 per mensem were dispensed with on the Head Appraiser joining his appointment. The Collector explained in his letter No 4406 G, dated 20th August 1896, in answer to the question whether any reduction in establishments was possible, that even with the above increase the establishment was not sufficient to cope with the work and that the remission of duty on yarn and the alteration in the rates on cotton price-goods

Copy attached

piece-goods have rather increased than reduced the amount of work to be done. His report was not sufficiently exhaustive to enable the Board to form an opinion on the point at issue and further information was called for which is contained in the letter last read above.

3. The Board is not yet satisfied that the Collector has made good his assertion that the work has increased.

It appears, however, that the amount of duty on yarns was less than half the amount on piece goods as shown in the subjoined statement and in view of the fact that the difficulty of examining and assessing piece goods

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goods is much greater than that of dealing with cotton twist, the relief afforded by the abolition of the duty on the latter can only have been trifling, probably not more than one-fifth of the whole amount to be done:-

	1894-95	1895-96
	Rs.	Rs.
Twist and Yarn		
Chief Port	153,022	292,388
Other Ports	8,230	17,947
Total	161,252	310,335
Piece-goods		
Chief Port	366,295	656,862
Other ports	30,883	70,593
Total	397,178	727,455

On the other hand there has been an increase in all the other branches of work and, taking this fact into consideration

to forward a copy of the marginally noted Proceedings of the Madras Board of Revenue ^{in which it reports} ~~that it is not possible to effect any reduction in the Establishment. I am to say that the Government in Council concur in this opinion and accordingly to request that the present establishment which if anything, is inadequate may be left untouched.~~

I am to add that it is doubtful whether, in the interests of the revenue, the ~~8th~~ at certain out-ports should not be increased. The matter is under enquiry.

BS
11/2/97
~~MR. J. S. will be taking up the matter in hand, but~~

BS D 5230 km
14.12.96

Government {1897} of Madras. REVENUE.

Recd.

Regd.

1897.

Enclosures

Spare copies

G.O., No. 88, 12th February 1897.

FEBRUARY.

Customs Establishments.

Ordering that a letter be despatched to the Government of India stating that it is not possible to effect any reduction in the — recently entertained and requesting the Board of Revenue to report its conclusions on the subject, of the sufficiency of the establishments at some of the out-ports, which is now under its consideration.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 5230, dated 14th December 1896:—

Read—the following papers:—

Board's Proceedings, Routine No. 2345, dated 1st August 1896.

"	"	"	2346,	1st	"	"
"	"	"	2351,	4th	"	"
"	"	"	2378,	5th	"	"
"	Mis.	"	3421,	11th	"	"
"	Routine	"	2548,	19th	"	"
"	Mis.	"	3645,	12th	"	"
"	"	"	3551,	18th	"	"
"	Routine	"	2660,	28th	"	"
"	"	"	2662,	28th	"	"
"	Mis.	"	3678,	2nd Sept.	"	"

ABSTRACT.—Recording reports from the Collectors of the Maritime districts and the Collector of Sea Customs, Madras, stating that no reduction is possible in the Customs establishment on account of the changes made in the law relating to cotton duties.

Read—also letter from the Collector of Tinnevely, dated 19th September 1896, No. 460.

ABSTRACT.—Reporting that there is no possibility of any reduction being made in the Customs establishment on account of the changes made in the law regarding cotton duties owing to increase of work in the other items of the department.

Read—also Board's Proceedings, Mis. No. 4212, dated 9th October 1896.

ABSTRACT.—Requesting the Collector of Sea Customs, Madras, to report on certain points with reference to his letter stating that no reduction can be made in the establishments sanctioned in connection with the law relating to cotton duties.

Read—also the following letter from W. P. AUSTIN, Esq., C.S., Collector of Sea Customs, Madras, to the Secretary to the Commissioner of Salt, Abkari and Separate Revenue, dated 21st November 1896, No. 6153-G:—

With reference to Board's Proceedings, Mis. No. 4212, dated 9th October 1896, I have the honour to report as follows.

2. The questions for consideration are—

(i) Whether the assessment and collection of duty on yarns at the *old tariff rates* entailed much work upon the establishment or not; and whether the abolition of this duty has not afforded any appreciable relief.

(ii) Whether the changes in the law in regard to yarns and cotton piece-goods have enabled the Government to reduce the increased customs establishment sanctioned by the Secretary of State.

3. Before proceeding to discuss the two questions, it is well to consider what increase to the then existing establishment was sanctioned on the imposition* of cotton duties.

* Act XVI of 1894.

† G.O., No. 104, Revenue, dated 22nd February 1895, in Board's Proceedings, No. 96, dated 26th February 1895.

4. The following additional establishment was sanctioned † by Government:—

Appraiser's Department.						RS.
1 Deputy Appraiser	...	...	...	...	...	466½ (Average salary).
1 Clerk	...	...	...	...	...	60
1 Do.	...	...	...	...	...	50
1 Do.	...	...	...	...	...	40
						RS. 616½
Account and Bill Department.						
1 Assistant Accountant	...	...	...	...	...	85
1 Clerk	...	...	...	...	...	40
1 Do.	...	...	...	...	...	35
1 Do.	...	...	...	...	...	30
						190
Cash Department.						
1 Assistant Cashkeeper	...	...	...	...	...	70
						70
Office servants.						
1 Peon	...	...	...	...	...	8
2 Peons on Rs. 7 each	...	...	...	...	...	14
						22
Total ...						898½

5. The Assistant Cashkeeper's appointment was abolished on the date from which the accounts of this office were ordered to be sent to the Accountant-General direct, viz., from 18th March 1895.

6. On the Head Appraiser joining his appointment in this office on 9th September 1895, the services of the market reporter (on Rs. 50 + Rs. 15, carriage allowance) were dispensed § with agreeably to the orders of Government. This practically gave an addition of two clerks to the appraiser's department instead of three as proposed.

7. I shall now deal with the questions raised in paragraph 2 *supra*. Point (i) I propose to divide into two parts and take up each part separately—

(a) The assessment of duty on yarns at the *old tariff rates* entailed very little work upon the establishment. Tariff rates are easily learnt and remembered and the mere checking of them is trifling. Although yarns are now made free, the market values have to be declared by importers in their bills of entry and checked in the appraiser's department for *statistical* purposes. *Ad valorem* rates are more difficult to learn and check, since it is necessary for the appraisers to know the approximate value of each count of yarn, grey or coloured, before he is in a position to check the declarations of importers. It may possibly be urged that the appraiser had to do the same work when duty was levied at tariff rates. True, but then, the Appraiser had the tariff rates as a guide and it was not therefore difficult to tell whether the *ad valorem* ones were approximately correct or not.

(b) The making of yarn *free* has increased and not diminished work. All yarns imported from foreign countries pass through the Custom House only after bills of entry are filed. These bills of entry have to undergo the same scrutiny as those relating to dutiable goods with this difference, viz., that they do not involve any calculation of duty. The making of yarn free has considerably increased the work of examination of packages, as it is now necessary to see that the so-called yarn bales

§ G.O., Mis. No. 283, dated 22nd January 1895, in Board's Proceedings, Mis. No. 353, dated 28th January 1895.

contain *bond fide* free goods. The opening of packages and the forwarding of bundles of foreign yarn to be reeled also take up a good portion of the time of the clerks, and their work in this direction has not in any way decreased, but on the contrary has increased, as a larger number of bills of entry are now filed than formerly. For 85 bills of entry filed on an average, during the thirteen months from January 1895 to January 1896, giving an average of 3 per diem, 98 bills of entry have been filed, on an average for nine months from February to October 1896, thus giving an average of 4 per diem. As the accuracy of the declared value of the yarns imported has to be secured for statistical purposes, the market has to be consulted and the quality of the yarns examined and tested, and there is no decrease of work in this direction either.

8. Having shown that the abolition of the duty on yarn has in no way decreased the work of the department, I now proceed to deal with question (ii), viz., whether the changes in the law relating to cotton duties have in any way enabled this department to effect a reduction in the increased customs establishment taken on in connection therewith.

9. (a) The reduction in the rate of duty from 5 to $3\frac{1}{2}$ per cent. in the case of cotton piece-goods has materially increased the work of the appraisers and examiners in the following manner. Formerly, when all cotton piece-goods paid a 5 per cent. duty, there was no necessity to make minute examinations of goods to see if they are made of mixed material, but now that the latter are taxable * at the higher rate, the declaration made by importers have to be tested by actual examination of each consignment, to determine whether the goods are exclusively of cotton, or mixed with silk or wool or are wholly or partially embroidered with these materials. This applies chiefly to the numerous importations of shopkeepers and others to whom goods are consigned for sale under new designations and in which the material is constantly being changed to suit the tastes and demands of the public.

(b) The reduction in the rate of duty on cotton piece-goods from 5 to $3\frac{1}{2}$ per cent. has not lessened the work of calculation in the accounts and bill departments, since it is easier to divide a sum by 20 to obtain the amount of duty on it at 5 per cent. than to first multiply it by 7 and then divide it by 200 to obtain the amount at $3\frac{1}{2}$ per cent. The number of bills of entry filed in respect of twist and yarn since the imposition of duty up to its abolition for a period of thirteen months from January 1895 to January 1896 was 1,097 or 85 for a month or 3 for a working day. The saving of labour in checking the duty on yarn in three bills of entry is more than taken up in calculating duty at $3\frac{1}{2}$ per cent. on piece-goods, especially when it is remembered that calculation of duty has to be made under the different sub-heads into which piece-goods have been classified * *Vide* also Board's Proceedings, No. 193, dated 7th May 1895. (vide † Board's Proceedings, No. 241, dated 6th June 1895). To enable the Board to form an idea of the force of the above remarks, I enclose three bills of entry for favour of inspection and return.

10. From a revenue point of view, the import duty now collected on piece-goods alone has not suffered as compared with those collected on piece-goods, twist and yarn, and in support of this statement I subjoin the following figures:—

			Duty at 5 per cent. on piece-goods, twist and yarn.				Duty at $3\frac{1}{2}$ per cent. on piece-goods.	Converted at 5 per cent.		
			RS. A. P.				RS. A. P.			
September 1895	..	..	46,851 15 9	June 1896	..	..	47,008 7 9	RS. A. P.	67,152 1 11	
October ..	..	..	85,356 1 8	July ..	..	..	37,498 3 7		53,568 14 3	
November ..	..	..	64,713 2 5	August ..	..	..	33,483 6 7		47,833 7 1	
December ..	..	..	55,289 5 9	September ..	..	..	39,130 0 0		55,900 0 0	
January 1896	..	..	56,555 13 5	October ..	..	..	43,938 9 4		62,769 6 6	
Average ..			3,08,766 7 0						2,87,223 13 9	
			61,753 4 7						57,444 12 4	

For the reasons set forth in paragraphs 4 and 5 of this office letter, No. 4255-G., dated 6th September 1895, the state of the cotton market in this port was not settled till August 1895, and five months' figures from September 1895 have been taken and compared with the five months' figures from June 1896, as the state of the market prior to June 1896 was disturbed owing to the anticipated abolition of duty about the beginning of the year. This comparison shows that the decrease in revenue is only about 7 per cent., which is not much, considering the abolition of duty on yarn and twist.

11. Turning now to excise, the number of returns given in this office letter to the Board, No. 4406-G., dated 19th August 1896, included those sent by this office monthly to the mills and also to the Board, but details of them were omitted, which I regret. The number, however, was rather *under* than *over* stated as shown below:—

Under the old Acts XVI and XVII of 1894—

Yarns—					
Part A received from five mills	...	...	...	...	5
Part B sent to three mills spinning dutiable yarn	...	...	...	...	3
Returns to Board of free and dutiable yarns separate	...	...	...	...	2
					10

Under the new Acts II and III of 1896—

(a) Yarns—					
Form G received from five mills	...	...	...	...	5
Return sent to Board	...	...	...	...	1
(b) Cotton Goods—					
Form A received from two mills	...	...	...	...	2
" D " " " " " " " " " " " "	...	...	...	...	2
* " E " " (bi-monthly) " " " " " " " "	...	...	...	...	4
* " F sent to two mills " " " " " " " " " "	...	...	...	...	4
" B " " " " " " " " " " " "	...	...	...	...	2
Returns to Board	...	...	...	...	3

Vide Board's Proceedings, No. 120 (Separate Revenue), dated 20th March 1896.
Returns ... 23

12. It will thus be seen that where formerly (*i.e.*), under the old Acts, 10 returns for yarn were received and sent out, now 6 returns for yarns and 17 for cotton piece-goods are received and issued by this office. The checking too of the returns received from mills is very laborious and onerous as some of them are very large and the smallest error throws out the accounts, resulting in a loss of revenue to Government. As the rules allow the exportation to foreign ports of goods produced during the month, before the return for that month is submitted by the mill-owners to this office, such exportations have to be carefully scrutinized and checked to see that the right quantity alone is deducted from column 5 of form A.

13. When excise duty was levied on yarns, there were no applications for export of duty-paid yarn to foreign ports and consequently no drawback was granted. But since piece-goods were made subject to duty and during the seven months ending 31st October 1896 no less than 21 applications for drawback of excise duty amounting to Rs. 1,674-12-4 were filed and the amount refunded. The verification of the

* Two steamers leave this port each month.

declarations of the exporters under section 52 of Act VIII of 1878 and the identification of the goods as the production of a particular month and of their having paid duty are of a very onerous and responsible nature, which can only be satisfactorily performed by an officer who has taken a careful note of the productions of the mill.

Months.	Amount of excise duty collected on twist and yarn, 1895.	Amount of excise duty collected on piece-goods, 1896.
	RS. A. P.	RS. A. P.
January ..		
February ..		1,012 6 1
March ..	2,055 9 8	530 0 0
April ..	2,734 2 0	
May ..	845 4 6	10,887 12 9
June ..	1,123 6 2	6,377 7 3
July ..	1,572 1 4	7,391 7 7
August ..	1,232 9 2	4,602 9 1
September ..	1,556 0 9	3,009 6 4
October ..	1,099 15 9	3,804 8 9
November ..	864 7 7	
December ..	313 12 5	
January 1896 ..	2,245 2 6	
Total ..	16,654 13 11	36,603 3 9

* Includes Rs. 1,012-6-1 collected in March 1896 being duty on yarn and twist.

15. For the reasons above set forth, I submit that it will be admitted that an elaborate check by a highly-paid officer is necessary, considering the amount of revenue that is at stake.

16. From the facts and figures above set forth, it is clear that the abolition of duty on yarn and twist and the reduction in the rate of duty, import and excise, on piece-goods have in no way decreased work and that the revenue is in no way lessened.

17. I must here mention other duties which contribute largely to increase the work of the appraiser's department and the establishment generally, and which, although unconnected with cotton yarn or cotton piece-goods, are still duties which have to be carried out and are likely to continue even if the duty on cotton piece-goods are removed. They are:—

- (i) the examination of medicine bills of entry;
- (ii) the checking and passing of applications for refund of duty on arms and drawback applications;
- (iii) the classification and appraisement of machinery;
- (iv) the preparation of bills for godown rent on iron stored on premises rented from the Harbour Trust Board;
- (v) the increased work consequent on the larger number of bills for fees and penalties.

18. How the above duties have increased work will now be explained.

(i) Medicines imported for Local Fund hospitals and dispensaries used formerly to be passed free as Government stores by the Agent for Government Consignments, but these are now imported by Messrs. Binny & Co., who clear them on payment of duty after filing bills of entry of which several are filed for one consignment at the rate of one bill of entry for each dispensary they supply. It is no exaggeration to say that it takes from 5 to 6 days to complete the appraisement and calculation of the consignment by one vessel. Three of such bills of entry are herewith forwarded for the Board's information † to form an idea

† Return requested.

will take an experienced calculator to calculate the duty thereon.

14. The amount of excise duty collected on cotton piece-goods since the passing of Act II of 1896 up to the end of October 1896 is Rs. 36,603-3-9, while that collected on twist and yarn under Act XVII of 1894 from January 1895 to January 1896 was only Rs. 16,654-13-11, thus showing an increase of Rupees 19,948-5-10 or about 120 per cent.—*vide* statement in the margin. This revenue is entirely dependent on the frequency of inspection and the check and scrutiny exercised by the inspecting officer, who has to see that the production of the mill is not understated.

	Number of applications.	Amount refunded.
		RS. A. P.
* For 12 months. January to December 1895 ..	247	34,201 10 10
For 10 months. January to October 1896 ..	267	29,658 7 8

	Number of applications.	Amount refunded.
		RS. A. P.
† For 12 months. January to December 1895 ..	89	6,553 10 1
For 10 months. January to October 1896 ..	82	4,890 6 1

applications with claim for drawback is also on the increase (*vide* figures in the margin). †

(iii) The distinguishing between dutiable and free machinery in accordance with the principle laid down by the Gov-

† *Vide* Government of India Customs Circular No. I of 1895. ernment ‡ of India requires careful examination which necessarily takes time (as before distinguishing one must see the articles) and the importations of machinery have been so heavy of late that the appraiser's department is severely taxed.

(iv) Prior to March 1895, godown rent on iron was charged and collected by the Harbour Trust Board, but rent is now being collected by this office under the customs schedule, and the number of bills and supplemental bills for the balance left uncleared each day is very large with no corresponding establishment to cope with the increased work, for none was asked for nor provided.

	Number of bills.	Amount.
		RS. A. P.
§ For 12 months. January to December 1895 ..	563	2,828 8 4
For 10 months. January to October 1896 ..	726	5,996 13 2

(v) The bills on account of fees and penalties have also increased of late as shown in the margin. §

19. The Board will see that the figures and facts above set forth conclusively prove that the abolition of duty on yarn has had the effect of increasing rather than reducing the work of the appraiser's department, that the reduction of the duty of cotton goods has also increased the work in the bill and necessarily that of the statement departments dealing with the papers passed through both the aforesaid departments, and that under excise the increase in the number of returns from 10 to 23 has more than doubled the work in the appraiser's and the account departments in that particular branch, while the duty of identifying excise duty-paid goods for drawback is both onerous and responsible, and requires well-paid supervision. The increase in the number of applications for refund of duty on arms and applications with claim for drawback, and the calculation of godown rent on iron, &c., leave no room for reduction of establishment, which, as already remarked by me, is very limited and inexpensive, and I therefore regret my inability to propose any reduction.

20. In conclusion, I beg to be permitted to remark that the work in the Custom House cannot be so regulated as to arrange for a certain amount of it being performed each day. The rush sometimes is so sudden and unexpected that in the interests of Government and the trade it is necessary to maintain a maximum staff that will be able to meet all exigencies, but I regret I have not got such a staff, and it would cripple the trade and lead to complaints of delay if any reduction were carried out in the establishment which, as I have pointed out, is already undermanned.

Resolution—Mis. No. 5230, dated 14th December 1896.

In paragraph 2 of the letter of the Government of India communicated for report in G.O., Mis. No. 2715, Revenue, dated 10th July 1896, that Government enquired, with reference to a despatch from the Secretary of State, whether the changes effected in the law by Acts II and III of 1896 will permit of any reduction in the Customs establishments which have been recently sanctioned. The changes in Customs law effected by the recent Acts, are (1) the abolition of import duty on

cotton twist and yarn, and (2) the reduction of the *ad valorem* duty on cotton piece-goods from 5 to 3½ per cent. The latter of these changes is referred to in the Secretary of State's despatch as "the subjection to a simple *ad valorem* duty of all cotton piece-goods, irrespective of counts." The Board, however, begs leave to point out that there has been no change in the mode of valuation and assessment of cotton piece-goods to duty but only in the rate of duty, a change which does not materially affect the amount of work to be done by Customs officials.

2. From paragraph 19 of Board's Proceedings, No. 259, dated 13th June 1895, it will be seen that the only districts in which any increase in the Customs establishments was proposed on the imposition of cotton duties were Madras, Tanjore, Tinnevely and Malabar. The proposals sanctioned for these districts, with the exception of Madras, had no special reference to the duty on cotton goods, but were based on the importance of the trade of the ports for which the increased establishment was proposed and to the facilities for the evasion of general customs duties which existed. In these respects there has been practically no change and a reduction of establishments would, therefore, be inexpedient at present. In Madras the additional establishments enumerated below were sanctioned in G.O., No. 104, Revenue, dated 22nd February 1895, in addition to an extra appraiser, in view of the amendment of the Tariff Act by Act XVI of 1894 :—

Appraiser's Department.

	Pay.
	Rs.
One Clerk	60
Do.	50
Do.	40
One Market Reporter	50 + 15 allowance.

Account Department.

	Pay.
	Rs.
One Assistant Accountant	85
One Clerk	40
Do.	35
Do.	30

Office Servants.

One Peon	8
Two Peons on Rs. 7 each	14

On the other hand the services of a Market Reporter on Rs. 50 with an allowance of Rs. 15 per mensem were dispensed with on the Head Appraiser joining his appointment. The Collector explained in his letter No. 4406-G, dated 20th August 1896, in answer to the question whether any reduction in establishments was possible, that even with the above increase the establishment was not sufficient to cope with the work and that the remission of duty on yarn and the alteration in the rates on cotton piece-goods have rather increased than reduced the amount of work to be done. His report was not sufficiently exhaustive to enable the Board to form an opinion on the point at issue and further information was called for which is contained in the letter last read above.

3. The Board is not yet satisfied that the Collector has made good his assertion that the work has increased. It appears however that the amount of duty on yarns was less than half the amount on piece-goods as shown in the subjoined statement and in view of the fact that the difficulty of examining and assessing piece-goods is much greater than that of dealing with cotton twist, the relief afforded by the abolition of the duty on the latter can only have been trifling, probably not more than one-fifth of the whole amount to be done :—

	1894-95	1895-96.
	Rs.	Rs.
Twist and Yarn—		
Chief Port	1,53,022	2,92,388
Other Ports	8,230	17,947
Total	1,61,252	3,10,335

	1894-95.	1895-96.
	Rs.	Rs.
Piece-goods—		
Chief Port	3,66,295	6,56,862
Other Ports	30,883	70,593
Total	3,97,178	7,27,455

On the other hand there has been an increase in all the other branches of work and, taking this fact into consideration, as well as the Collector's earnest assurance that the present establishment is, if anything, inadequate, the Board is not prepared to recommend any reduction.

4. The only additional charge which had special reference to the imposition of excise duty on cotton yarns was the allowance of Rs. 30 per mensem granted to the Head Appraiser which, as presumed by the Government of India, is not capable of reduction.

(True Copies and Extract.)

(Signed) L. W. SWAMIKANNU,
for Assistant Secretary.

To the Secretary to Government, Revenue Department,
with six enclosures to Collector's letter No. 6153-G.,
dated 21st November 1896, to be returned.

ORDER—No. 88, Revenue, dated 12th February 1897.

Separate Revenue No. 9.

Ordered that the following letter be
despatched to the Government of India.

2. It is understood that the Board
has now under consideration the sufficiency of the establishments at some of the
out-ports to control smuggling. Its conclusions should be reported.

(True Extract.)

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

To the Board of Revenue (Separate Revenue),
with enclosures returned.

Exd. A. F. Eccleston.

50 Copies.

1897.

DEPARTMENT OF FINANCE AND COMMERCE.

From

The Government of Fort St. George.

Recd.

Regd.

} 1897.

Enclosures

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Letter, No. 89, 12th February 1897.

FEBRUARY.

STATING that it is not possible to effect any reduction in the Customs establishments recently entertained and that the question of increasing the establishments at some of the out-ports is under enquiry.

REVENUE DEPARTMENT.

From

THE HONOURABLE MR. G. STOKES, I.C.S.,
Ag. Secretary to the Government of Madras,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF FINANCE AND COMMERCE,

Dated Fort St. George, 12th February 1897.

SIR,

With reference to Deputy Secretary Mr. R. M. Dane's letter No. 2789-Ex., dated the 26th June 1896, enquiring whether the changes effected in the law by Acts II and III of 1896 will permit of any reduction in the Customs establishments which have been recently entertained, I am directed to forward a copy of the marginally-noted Proceedings of the Board of Revenue in which it reports that it is not possible to effect any reduction in the establishment. I am to say that His Excellency the Governor in Council concurs in this opinion and accordingly to request that the present establishment which, if anything, is inadequate may be left untouched. I am to add that it is doubtful whether, in the interests of the revenue, the establishments at certain out-ports should not be increased. The matter is under enquiry.

Separate Revenue No. 9A.

Board's Proceedings, Mis. No. 5230, dated 14th December 1896.

I have the honour to be,

Sir,

Your most obedient servant,

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

Ed. A. F. Eccleston.

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