

JOINT SELECT COMMITTEE  
REPORTS OF LEGISLATIVE  
ASSEMBLY - 1927

**The Bamboo Paper Industry (Protection) Bill**

List of Reports of Select or Joint Committees  
presented in the Legislative Assembly in 1927.

Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Steel Industry (Protection) Bill.	7.2.27.	
2.	The Indian Merchant Shipping (Amendment) Bill.	26.3.27.	
3.	The Gold Standard and Reserve Bank of India Bill.	18.8.27.	Report of the Joint Committee.
4.	The Imperial Bank of India Bill.	18.8.27.	-do-
5.	The Indian Lighthouse Bill.	31.8.27.	-do-
6.	The Indian Securities (Amendment) Bill.	31.8.27.	
7.	The Indian Tariff (Amendment) Bill.	31.8.27.	
8.	The Indian Tariff (Cotton Yarn Amendment) Bill.	31.8.27.	
9.	The Bamboo Paper Industry (Protection) Bill.	31.8.27.	
10.	The Indian Forest Bill.	1.9.27.	
10.	The Indian Criminal Law (Amendment) Bill.	14.9.27.	

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

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We, the undersigned, members of the Select Committee to which the Bill to amend the law relating to the fostering and development of the bamboo paper industry in British India was referred, have considered the Bill and have now the honour to submit this our Report.

2. Under clause 3 of the Bill the protective duty is applied with retrospective effect to printing paper containing no mechanical wood pulp with effect from the date when the Bamboo Paper Industry (Protection) Act, 1925, became law. As the law was interpreted up to the 1st July, 1927, such paper was liable to duty at the protective rate, and clause 3 of the Bill validates all payments at this rate already made. It also empowers the Government to collect the difference between duty at the protective rate and duty at the revenue rate on all paper of this kind which may have been imported before the Bill becomes law on payment of duty at the revenue rate only.

3. We recognise that only the most exceptional reasons could justify this unusual proposal to give retrospective effect to a tariff enactment, but we think that in this case the following considerations justify the course proposed to be taken:—

- (1) There is no doubt that it was the intention of the Legislature, when the Bamboo Paper Industry (Protection) Act, 1925, was passed, that printing paper containing no mechanical wood pulp should be subject to the protective duty and not to the revenue duty.
- (2) For a period of eighteen months duty was actually collected at the protective rate in accordance with the intention of the Legislature, and it is clearly desirable to validate these payments.
- (3) If, at the time the correct interpretation of the existing law was made public, Government had not simultaneously announced their intention to propose the amendment of the law with retrospective effect, it was probable that large quantities of paper would have been imported into India on payment only of the revenue rate of duty, and the protection intended to be given to the Bamboo Paper Industry would to that extent have been nullified.
- (4) The announcement made by Government on the 1st July, 1927, that it was proposed to amend the law with retrospective effect made the position clear to all concerned, and all bargains must subsequently have been made upon the assumption that duty at the protective rate would ultimately be payable.

4. Under the law as it stands, printing paper containing not less than 65 per cent. of mechanical wood pulp is not subject to duty at the protective rate, but only at the revenue rate. Up to the

2nd February, 1927, the percentage was calculated on the fibre content of the paper, but on that date Government issued a ruling (No. 1 of 1927) that, in accordance with the wording of the law, the percentage must be calculated on the total weight of the paper. The effect of this ruling was to bring within the scope of the protective duty considerable quantities of newsprint which under the earlier interpretation would have been imported on payment at the revenue rate. It is proposed in the Bill to amend the law so as to make it clear for the future that the percentage must be calculated on the fibre content only, and not on the total weight of the paper.

5. We have considered whether, in this case also, retrospective effect should be given to the amendment of the law so as to enable refunds to be made to importers of the difference between duty at the protective rate and duty at the revenue rate, but in our view the exceptional circumstances which alone can justify fiscal legislation with retrospective effect are absent. Our reasons are as follows:—

- (1) The effect of Ruling No. 1 of 1927 was to bring within the scope of the protective duty paper which previously had been subject to the revenue duty, and the protection intended to be given to the Bamboo Paper Industry was in no way endangered.
- (2) We believe that the provision in the Bill by which the percentage of mechanical wood pulp is to be calculated on the fibre content only is in accordance with the intention of the Legislature at the time the Bamboo Paper Industry (Protection) Act, 1925, was passed; but until the Tariff Board had investigated the question, it could not be said that this was plain beyond all doubt. For this reason it was impossible for Government at the time Ruling No. 1 of 1927 was published to announce that they intended to propose the amendment of the law.
- (3) It must be assumed, we think, that from the 2nd February, 1927, when Ruling No. 1 of 1927 was published, printing paper has been bought and sold on the basis that duty would be payable at the protective rate if not less than 65 per cent. of its total weight consisted of mechanical wood pulp. If refunds of the difference between the two rates of duty are now to be given, there is no guarantee that the benefit will reach the ultimate consumer, and there is no reason why an importer who has been paid a price which includes duty at the protective rate should receive a refund from Government.
- (4) If refunds were given only to those who imported for their own use and not for

sale, it would mean an unjustifiable discrimination between one class of importers and another.

(5) In order to ascertain whether a refund was payable or not, it would be necessary to make sure—

(a) that duty had actually been paid at the protective rate, and

(b) that the paper contained not less than 65 per cent. of mechanical wood pulp calculated on the fibre content.

The second of these points could not be established unless an analysis of the paper was made at the time of importation, and unless the percentage of mechanical wood pulp was determined both on the total weight and on the fibre content. We understand that since Ruling No. 1 of

1927 was published, some of the analyses made for customs purposes have been made on the basis of total weight only, that being all that was required in order to determine the duty payable under the existing law, and in such cases definite proof of the percentage of the fibre content which consisted of mechanical wood pulp would be lacking. The possibility of obtaining a refund would then depend on the accidental circumstances whether or not an analysis had been made in a particular way by the Customs Department.

6. We therefore recommend that the Bill be passed in the form in which it was introduced.

7. The Bill was published in the Gazette of India dated the 27th August, 1927.

G. RAINY.

N. C. KELKAR.

K. C. ROY.

NILAKANTHA DAS.

A. H. GHUZNAVI.

ARTHUR MOORE.

K. C. NEOGY.

*The 31st August, 1927.*

GOVERNMENT OF INDIA,  
LEGISLATIVE DEPARTMENT.

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Report of the Select Committee on the  
Bill to amend the law relating to the foster-  
ing and development of the Bamboo paper  
industry in British India.