

JOINT/SELECT COMMITTEE REPORTS OF LEGISLATIVE ASSEMBLY - 1933

The Indian Tariff (Second Amendment) Bill

List of Reports of Select or Joint Committees
presented in the Legislative Assembly in 1933.

Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Hedjaz Pilgrims (<u>Muallims</u>) Bill.	6.2.33.	
2.	The Workmen's Compensation (Amendment) Bill.	14.2.33.	
3.	The Land Acquisition (Amendment) Bill.	14.2.33.	
4.	The Auxiliary Force (Amendment) Bill.	14.2.33.	
5.	The Indian Wireless Telegraphy Bill.	23.2.33.	
6.	The Indian Railways (Amendment) Bill (Sec. 51).	24.3.33.	
7.	The Indian Income-tax (Amendment) Bill.	1.4.33.	
8.	The Indian Income-tax (Second Amendment) Bill.	10.4.33.	
9.	The Indian Medical Council Bill.	1.9.33.	
10.	The Indian Merchant Shipping (Second Amendment) Bill.	4.9.33.	
11.	The Murshidabad Estate Administration Bill.	7.9.33.	
12.	The Reserve Bank of India Bill.	20.11.33.	Report of the Joint Committee
13.	The Imperial Bank of India Bill.	20.11.33.	-do-
14.	The Indian Khaddar (Name Protection) Bill by Mr. Gaya Prasad Singh.	29.11.33.	
15.	The Indian Tariff (Second Amendment) Bill.	1.12.33.	

LEGISLATIVE ASSEMBLY.

We, the undersigned Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill annexed thereto.

2. We recognize that it is equitable that the oil which the Bill aims at making chargeable with import duty as illuminant oil should pay that duty if it is capable of use and is being extensively and increasingly used for purposes previously served by the inferior brands of "kerosene" which are already subject to excise duty. In order to satisfy ourselves on this point we examined certain witnesses representing trade interests affected by the Bill. On the one hand, the representatives of the importers although they assured us that they themselves imported and sold the oil solely as oil for use in engines, nevertheless admitted that they were unable, in spite of their best efforts, to prevent dealers from selling the oil as lamp oil, or consumers from so using it, and that they were equally unable to give definite figures for the proportion so used; on the other hand, the representatives of the interests engaged in the manufacture and distribution of indigenous kerosene made statements regarding the growing encroachment of this oil on the "red kerosene" market which bore out the inferences that the Government had drawn from the statistical returns.

We considered with care two aspects of the Bill on which apprehensions were expressed.

It was suggested that the imposition of the high rate of duty on this light diesel oil because of its capacity for use as an illuminant might operate to raise the price to the consumer of oil genuinely intended and solely used for fuel purposes. Oil is used to a considerable extent in small engines employed in connection with agricultural operations, and we would deprecate anything having the effect of enhancing the cost of fuel oil to people using it for industrial or agricultural purposes. We have been unable to reach any certain conclusion as regards the possible effect on prices of diesel oil generally of subjecting to the higher duty the particular grades of oil that are now in question. The representatives

of Government assure us that they do not anticipate any increase on the ground that other diesel oils which are as suitable for use in diesel engines as the oil affected by this measure and which are available in the Indian market, will serve to satisfy the local demand, and that the present imports of oils affected by this measure are insufficient to exercise an appreciable effect on market prices. We have been further assured that Government will carefully watch the situation with the object of checking whether developments are such as to indicate that genuine users of diesel oil for power purposes are being placed at an appreciable disadvantage by the operation of the Bill, and that if it were established that any substantial prejudice results to those requiring diesel oil for industrial or agricultural purposes, Government will consider it obligatory upon them to take steps to redress this result. It is only on the strength of these assurances that we have found ourselves able to support this measure.

The second point on which apprehensions were expressed was the nature and the adequacy and impartiality of the test by which ultimate liability to the duty as illuminant oil will be decided. We are assured that the standard lamp to be used is an instrument approved by technological experts for the purpose, and that adequate provision can be secured by the rules prescribing the manner of making the contemplated tests to still such apprehensions. We note further that in the event of any dispute the importer will be able to take advantage of the provisions relating to appeal and revision that are embodied in the Sea Customs Act. It was explained that Government have no intention of fixing the standard in such a way as to apply the new duty to oils that are inferior as illuminants to the lowest grades of oil which are at present liable to customs or excise duty at the rates prescribed for kerosene.

We have appended to this Report a note in which some of us have expressed our views on the more general aspects of the taxation of illuminant oils.

3. The Bill was published in the Gazette of India dated the 25th November, 1933.

4. The Bill has not been altered, and we recommend that it be passed as now reported.

B. L. MITTER.
GEORGE SCHUSTER.
*K. P. THAMPAN.
BA MAUNG.
WAJHUDDIN.
M. A. AZIM.
*S. C. MITRA.
S. GRANTHAM.
F. E. JAMES.
R. S. SARMA.
*ZIAUDDIN AHMAD.
*B. V. JADHAV.
*LALCHAND NAVALRAI.

NEW DELHI;

The 30th November, 1933.

*Subject to a Note

NOTES.

We have signed the report subject to the following reservations. We are not given any data to satisfy us that the major portion or an appreciable portion of the diesel oil proposed to be brought under the scope of the Bill, is being used as illuminant, leading to any substantial loss of revenue.

The primary purpose for which this oil is imported is for use as fuel for oil engines employed for industrial and agricultural purposes, and for that it is distinctly superior to the ordinary diesel oil sold in the market. The fact that it can be used also as a low grade illuminant and is being actually used as such by some poor people does not induce us to support this measure. This oil was introduced into the market only recently by some enterprising Indians, and it is too early to assume in the absence of any reliable data to the contrary, that it has adversely affected the excise

duty on the Kerosene which it might have displaced.

We were made to believe that the Honourable the Finance Member was willing to provide a machinery by which those who use this oil for running engines could be given refund of the increased duty. If such a provision is embodied in the Bill itself we might be willing to support this measure.

The low grade kerosene used by the poor villagers ought to be subjected to a lesser duty than for the ordinary kerosene oil. In our opinion differentiation can be determined by the standard test lamps shown to us. We are, therefore, of opinion that the custom duties on crude kerosene oil should be lowered and that diesel oil and crude kerosene oil which may be used for the same purpose should be charged the same custom duties.

K. P. THAMPAN.

B. V. JADHAV.

ZIAUDDIN AHMAD.

S. C. MITRA.

If the duty on diesel oil is increased its price will go up and the genuine users of the diesel oil and the poor people who use the illuminant portion of it will be at a disadvantage. I wish provision should be made for rebate or some such return beyond an assurance that Government will carefully watch the situation.

2. In view of the fact that diesel oil of the Indian Companies Messrs. the Mills Store and

National Petroleum, in comparison with red kerosene oil, even if illuminant by test, is inferior in the sense of being coarser in colour, giving unsteady light, having a diminishing flame and being more smoky, the incidence of import duty on it should be lesser than the excise duty levied on red kerosene. Therefore the duty proposed in clauses 3 and 4 of the Bill be reduced.

LALCHAND NAVALRAI.

The 1st December 1933.

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BILL

Further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, the Indian Finance Act, VIII of 1894, 1931, and the Sea Customs Act, 1878, for the VIII of 1878. purposes hereinafter appearing; It is hereby enacted as follows :—

1. This Act may be called the Indian Tariff (Second Amendment) Act, 1933.
Short title.

2. (1) After Item No. 40A of the Second Amendment of the Schedule to the Indian Second Schedule, Act Tariff Act, 1894, the VIII of 1894. following item shall be inserted, namely :—

" 40B	MINERAL OIL, not included in Item No. 40 or Item No. 40A, which is suitable for use as an illuminant in wick lamps.	Imperial gallon.	Two annas and three pies."
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(2) In sub-item (2) of Item No. 41 of the said Schedule, after the word "thermometer," the words "is not suitable for use as an illuminant in wick lamps," shall be inserted.

3. After Item No. 40A of the Second Schedule to the Indian Finance Amendment of the Act, 1931, the following Second Schedule to the item shall be inserted, Indian Finance Act, 1931. namely :—

" 40B	MINERAL OIL included in Item No. 40B.	Nine pies per Imperial gallon."
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4. After section 195 of the Sea Customs Act, 1878, the following section shall be inserted, VIII of 1878.
Insertion of new section 195A in Act VIII of 1878. namely :—

" 195A. (1) When by any law for the time being in force a duty of customs is imposed on mineral oil which is specified as being suitable or as not being suitable for use as an illuminant in wick lamps, the Chief Customs Authority may make rules for determining in disputed cases whether any mineral oil is or is not suitable for such use.

(2) In particular such rules may—

- specify the design, construction and materials of test lamps to be used for testing the burning properties of mineral oil in wick lamps and provide for the standardisation of such test lamps; and
- prescribe the manner in which and the persons by whom tests are to be carried out and the standards to be accepted for deciding whether any mineral oil is or is not suitable for use as an illuminant in wick lamps."

GOVERNMENT OF INDIA.
LEGISLATIVE ASSEMBLY
DEPARTMENT.

Report of Select Committee on the Bill
further to amend the Indian Tar
Act, 1894, the Indian Finance Act
1931, and the Sea Customs Act
1875, for certain purposes, with
Bill as reported.
