

**JOINT/SELECT COMMITTEE  
REPORTS OF LEGISLATIVE  
ASSEMBLY - 1934**

**The Matches (Excise Duty) Bill**

List of Reports of Select or Joint Committees  
presented to the Legislative Assembly in 1934.

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Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Indian Tariff(Amendment) Bill.	5. 2.34.	
2.	The Indian States(Protection) Bill.	14. 2.34.	
3.	The Negotiable Instruments(Amendment)Bill.	26. 2.34.	
4.	The Factories Bill.	27. 2.34.	
5.	The Indian Tariff(Textile Protection) Amendment Bill.	2. 4.34.	
6.	The Sugar (Excise Duty) Bill.	10. 4.34.	
7.	The Matches (Excise Duty) Bill.	14. 4.34.	
8.	The Indian Dock Labourers Bill.	16. 7.34.	
9.	The Mechanical Lighters(Excise Duty) Bill.	23. 7.34.	
10.	The Indian Carriage by Air Bill.	25. 7.34.	
11.	The Indian Aircraft Bill.	25. 7.34.	
12.	The Hedjaz Pilgrims(Muallims) Bill( <u>Second Report of the Select Committee</u> )	2. 8.34.	
13.	The Indian Army (Amendment) Bill.	7. 8.34.	
14.	The Indian Iron and Steel Duties Bill.	13. 8.34.	
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17.	The Indian Navy (Discipline) Bill.	25. 8.34.	

## LEGISLATIVE ASSEMBLY.

We, the undersigned, members of the Select Committee, to which the Bill to provide for the imposition and collection of an excise duty on matches was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. Sir Alan Parsons, Secretary to the Government of India in the Finance Department, and Mr. A. H. Lloyd, Member, Central Board of Revenue, attended the meetings of the Select Committee and assisted us with information. We have also had the advantage of hearing the evidence of representatives of the main interests engaged in the match industry in India.

3. The most important question that confronted us was whether the duty as fixed by the Bill would so react on the retail selling price of matches as to bring about a very serious diminution of sales. In order to avoid this it has seemed to us essential that the duty should be so regulated as to make it possible to have a reasonable sized box of matches retailed singly in the bazars at a price of one pice. After very careful consideration we have come to the conclusion that if this result is to be achieved, and a sufficient margin of profit left for retailers and manufacturers, the rate of excise duty, initially at least, should not be fixed higher than one rupee per gross of boxes containing on an average 40 matches. We hold that the duty should be at corresponding rates for matches in boxes of sixty and for matches in boxes of eighty, and that a classification of matches according to these standards is the most suitable and convenient from an administrative standpoint. For matches packed otherwise we have left the duty to be fixed by the Governor General in Council. This class of matches will disappear as soon as the provisions of the Bill are brought into full operation, when, we understand, a rule will be made limiting the number of matches which may be contained in a box to eighty. We are convinced that these proposals are fair to the industry, and are calculated to ensure the good will of the trade in working the Act. At the same time we consider that the situation should be carefully watched, and that the possibility of a subsequent enhancement or readjustment of the rates of duty should be continually borne in mind.

4. We have also given careful consideration to the position of the cottage industry for making matches. In this connection our attention was drawn to the recommendation contained in paragraph 136 of the Report of the Indian Tariff Board regarding the grant of protection to the Match industry to the effect that "though there was no ground for extending assistance to match manufacture as a cottage industry, it would be unfair by means of an excise duty to impose on cottage factories a special burden which would not be borne by better equipped concerns having greater financial resources". We feel that this contention has considerable force if the use of banderols is now to be imposed. We have, therefore, provided for the grant of a rebate of the duty payable under the Act at rates corresponding, when the difference in the sizes of boxes is taken into account, to the concession considered

suitable by the Tariff Board, and we have followed the Tariff Board in taking the output of the factory as a suitable criterion for distinguishing the class of manufactories to which this concession may be extended. The danger of abuse of the concession by splitting up larger concerns into smaller units could be effectively met by the use of the power which the authorities will possess to grant or withhold licences to manufacture.

5. The main changes made in the Bill are explained in the following comments on the clauses affected.

*Clause 2.*—It has been represented as a possibility that matches might be manufactured capable of being ignited more than once and that the provisions of the Bill might by this expedient be partly evaded. The definitions of splints and veneers are rendered necessary by our alteration of clause 9 to provide for the control of the manufacture and the import of splints and veneers, a measure which seems essential for the successful administration of the provisions relating to matches.

*Clause 4.*—The changes here made give effect to our conclusions regarding the rate of duty.

*Clause 8.*—We have recast this clause to provide that the notification requiring banderols upon matches offered for sale may be issued subsequently to that prohibiting issue of unbanded matches from manufactories. In the normal course it would be impossible in practice to enforce the presence of banderols on matches offered for sale until some time after the manufacture of banded matches had been effectively organised. A power of exemption is also provided, for matches intended for export will not require to bear banderols and there may be special kinds of fancy boxes on which it would be inconvenient or impossible to affix the standard banderols.

*Clause 9.*—It will be necessary for the purpose of effectively enforcing the provisions of the Bill relating to matches to control also the supply of splints and veneers employed exclusively in the manufacture of matches and match-boxes. The amendments here made supplemented by the consequential changes in clauses 13, 15 and 18 enable this to be done.

*Clause 12.*—The re-draft is consequential on the changes made in clause 8. We have also added a penalty of imprisonment for the offence of issuing unbanded matches.

*Clause 13.*—The re-draft is consequential on the changes made in clause 9.

*Clause 18.*—Most of the changes are consequential. The change in clause (h) of sub-clause (2) enables provision to be made for inspection as well as searches, while that in clause (d) gives the required power to limit the number of matches contained in a box or booklet to eighty.

*New Clause 19.*—This clause is inserted for the purpose explained in paragraph 4 above.

*Old Clause 19 (now Clause 20).*—In consequence of the change made in the rate of duty proposed by the Bill a change has been made here to

bring the customs duty which constitutes the protection afforded to the Indian industry into accord with the duty now proposed.

6. We must point out in connection with this Bill that there is a very real danger that the revenue expected to accrue from the duty proposed might be adversely affected if as a result of the Bill the use of mechanical lighters developed so as to become a serious rival to matches. Such lighters are at present wholly imported from abroad; but the possibility of the organisation of local manufacture is not to be ignored. To safeguard the excise duty on matches it seems to be necessary that they

should be subjected to a suitable excise duty, and that imported lighters should be subjected to a corresponding enhancement of the customs duty. We are advised that provisions to this effect would be outside the scope of the present Bill. We think that a Bill embodying the requisite provisions should be introduced into the Legislature at once.

7. The Bill was published in the Gazette of India, dated the 17th March, 1934.

8. We think that the Bill has not been so altered as to require republication and we recommend that it be passed as now amended.

B. L. MITTER.  
 GEORGE SCHUSTER.  
 F. NOYCE.  
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 S. R. PANDIT.  
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 D. N. MUKERJEE.  
 \*SATYENDRA NATH SEN.  
 \*COWASJI JEHangIR (J.B.).  
 A. H. GHUZNAVI.  
 \*S. K. MAHAPATRA.  
 R. S. SARMA.

NEW DELHI;

The 14th April, 1934. }

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\* Subject to a minute of dissent.

### MINUTE OF DISSENT.

We desire to draw attention to the Statement of Objects and Reasons. All the States having match factories within their territory have not yet consented to enter into an agreement with Government to pay into a common pool the proceeds of the excise duty which they collect from their States. Such States that do enter into an agreement are to receive back from the common pool an amount calculated on a population basis. We do not believe this to be a very equitable arrangement, as we consider that, due to the difference in the standards of living in British India and in Indian States, the consumption of matches in British India must be greater than the ratio of the population.

States in India which have no match factories within their territory are also going to be allowed to enter into agreements with Government whereby they are to get their proportionate share of the excise duty from the very start, in return for an undertaking that they will levy excise duty when a match factory or factories are constructed in their States. The result will be that every Indian State, big or small, will have the privilege of sharing in this excise duty. Excise on matches,

to be collected in all units of the Federation, was considered to be one of the most valuable sources of revenue for the future Federal Government. If all States are to be given the privilege of sharing this revenue immediately, it will be most difficult in the future to get them to give it up for the benefit of the Federal Government. They will get accustomed to count upon this source of revenue for their own use and we are afraid that this precedent will be a cause of considerable embarrassment to the future Federal Government. We object to the principle of allowing Indian States to share in this source of revenue. We would prefer to see it confined to British India and stop the import of matches from all Indian States into British India. We realise that there will be considerable difficulty in doing so effectively in some parts of India, but we believe that Government could make all States co-operate with the Customs Department to stop smuggling. Indian States have to come to Government for assistance on many occasions and in many directions. We are of opinion that Government are in a position to stipulate with Indian States that the revenues of British India should be safeguarded against malpractices of all kinds.

COWASJI JEHangIR (JR.).

S. C. MITRA.

B. V. JADHAV.

B. SITARAMARAJU.

S. K. MAHAPATRA.

SATYENDRA NATH SEN.

[AS AMENDED BY THE SELECT COMMITTEE.]

(Words printed in italics indicate the amendments suggested by the Committee.)

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## BILL

TO

*Provide for the imposition and collection of an excise duty on matches.*

WHEREAS it is expedient to impose an excise duty on matches, to provide for the collection thereof, and to alter the duty of customs leviable on matches under the Indian Tariff Act, 1894; It is hereby enacted as follows:— VIII of 1894.

1. (1) This Act may be called the Matches Short title and extent. (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. In this Act, unless there is anything repugnant in the subject or context,—  
Definition.

- (a) "manufactory" means any premises wherein matches are manufactured;\*
- (b) "match" includes a firework in the form of a match; and, where a matchstick contains more heads than one capable of being ignited by striking, each such head shall be deemed to be a match;
- (c) "owner" includes any person expressly or impliedly authorized by an owner of a manufactory to be his agent in respect of the manufactory;
- (d) "splints" means undipped splints such as are ordinarily used for making matches; and
- (e) "veneers" means veneers such as are ordinarily used for making match-boxes.

3. A duty of excise at the rates specified in section 4 shall be levied on all matches manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April, 1934, and shall be payable by the owner of the manufactory.

4. The duty payable under section 3 shall be levied at the following rates, namely:—  
Rates of duty.

- (a) on matches in boxes or booklets containing on an average not more than eighty—
  - (i) if the average number is forty or less, at the rate of one rupee per gross of boxes or booklets,
  - (ii) if the average number is more than forty but not more than sixty, at the rate of one rupee and eight annas per gross of boxes or booklets, and
  - (iii) if the average number is more than sixty, at the rate of two rupees per gross of boxes or booklets, and
- (b) on all other matches, at such rate as the Governor General in Council may prescribe.

5. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

6. No person shall issue any matches out of a manufactory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

7. The Governor General in Council may, by notification in the Gazette of India, prohibit absolutely, or with such exceptions as he thinks fit, the bringing of matches into British India from the territory of any specified Prince or Chief in India.

8. (1) The Governor General in Council may, by notification in the Gazette of India, direct that after a date to be specified in his notification no matches manufactured after the date of the issue of the notification shall be issued from a manufactory in British India except in packets, boxes or booklets bearing a banderol or stamp of such nature and affixed in such manner as may be prescribed by rules made under this Act.

(2) The Governor General in Council may, by a like notification, direct that, after a date to be specified in the notification, no matches shall be sold or offered or kept for sale in British India except in packets, boxes or booklets bearing such a banderol or stamp so affixed.

(3) The Governor General in Council may exempt from the operation of any notification made under sub-section (1) matches intended for export from India.

(4) The Governor General in Council may exempt from the operation of any notification made under sub-section (2) matches of a particular kind or packed in a particular manner.

9. From such date as may be fixed by the Governor General in Council by notification in the Gazette of India in this behalf—

(a) no person shall manufacture matches or splints or veneers in British India except under and in accordance with a license to manufacture issued under this Act ;

(b) no person shall import splints or veneers into British India except under and in accordance with a licence to import ; and

- (c) *no person shall supply splints or veneers to any person who does not possess a licence to manufacture matches issued under this Act nor otherwise than in such manner as may be prescribed by rules made under this Act.*

10. Whoever contravenes the provisions of section 6 shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

11. (1) Whoever, in contravention of any notification made under section 7, imports, or attempts to import, matches into British India shall be punishable with imprisonment which may extend to six months, or with fine which may extend to four times the amount of the duty which would be payable on the matches if they were liable to duty in British India or to one thousand rupees, whichever is greater, or with both imprisonment and fine.

(2) Whoever abets an offence punishable under sub-section (1) shall, whether such offence is or is not committed in consequence of such abetment, and notwithstanding anything contained in section 116 of the Indian Penal Code, *XLV of 1860.* punishable with the punishment provided for the offence.

12. (1) Whoever, in contravention of any direction made under sub-section (1) of section 8, issues any matches from any manufactory, \* \* \* shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees or to one rupee for every \* packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater, or with both imprisonment and fine.

(2) Whoever, in contravention of any direction made under sub-section (2) of section 8, sells or offers or keeps for sale any matches shall be punishable with fine which may extend to one thousand rupees or to one rupee for every packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater.

13. Whoever, \* \* \* \* \* in contravention of the provisions of section 9 manufactures matches or splints or veneers or imports splints or veneers into British India or supplies splints or veneers to any person shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

14. Whoever evades, or attempts to evade, the payment of any duty payable by him under this Act, or fails to supply any information which he is required under this Act or the rules to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.



15. Any Court trying an offence under this Act may order that any matches, splints or veneers, together with the boxes, packing or wrappings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

VIII of 1878.

16. The law for the time being in force relating to Sea Customs and to goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878, shall apply in respect of matches, splints or veneers, the importation of which is prohibited by or under this Act, and the officers of Customs and the officers empowered under the Sea Customs Act, 1878, to perform the duties imposed by that Act on a Customs-Collector and other officers of Customs shall have the same powers in respect of such matches, splints or veneers as they have for the time being in respect of goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878:

VIII of 1878.

VIII of 1878.

Provided that the penalty for the offence specified in section 167, No. 8, of the Sea Customs Act, 1878, shall, where the offence is committed in relation to matches, splints or veneers the importation of which is prohibited by or under\*\* this Act, be a penalty of confiscation only, and such penalty of confiscation shall not be inflicted under section 167, No. 8, of the Sea Customs Act, 1878, in any case where the person concerned in the offence is sent for trial under section 11 or section 13 of this Act.

VIII of 1878.

VIII of 1878.

17. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on matches imposed by section 3.

VIII of 1878.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) prescribe the rate of \* duty referred to in clause (b) of section 4 ;
- (b) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;
- (c) provide for the distinguishing of matches, splints or veneers which have been manufactured under licence, of splints or veneers which have been imported under licence and of matches on which duty has been paid, or which are exempt from duty under this Act ;

- (d) regulate the issue of matches out of any manufactory and limit the number of matches which may be contained in a box or booklet ;
- (e) impose on the owners of manufactories and on persons engaged in the sale of matches the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified ;
- (f) provide for the issuing of licences, the form and the conditions of licences, and the fees to be charged therefor ;
- (g) regulate the sale of splints and veneers ;
- (h) provide for the detention of matches for the purpose of exacting the duty, the confiscation, otherwise than under section 15, of matches, splints and veneers in respect of which breaches of the Act or rules have been committed, and the disposal of matches, splints and veneers so detained or confiscated ;
- (i) authorize and regulate the inspection or search of any place or conveyance used for the manufacture, storage or carriage of matches, splints or veneers ;
- (j) authorize and regulate the composition of offences against, or liabilities incurred under, the Act and rules including composite payments in lieu of duty ; and
- (k) prescribe the nature of and the manner of affixing banderols or stamps.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with imprisonment for any term not exceeding six months, or with fine not exceeding one thousand rupees, or with both imprisonment and fine.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

19. The Governor General in Council may, by notification in the Gazette of India, make rules to provide for the grant of a rebate of the duty payable under section 3 on matches manufactured in any manufactory whose daily output does not exceed one hundred gross of boxes to the following extent, namely :—

- (i) where the average number of matches in a box or booklet is forty or less, a rebate of ten pies per gross of boxes or booklets ;
- (ii) where the average number of matches in a box or booklet is more than forty but not more than sixty, a rebate of one anna and three pies per gross of boxes or booklets ; and
- (iii) where the average number of matches in a box or booklet is more than sixty, a rebate of one anna and eight pies per gross of boxes or booklets.

20. (1) In the Second Schedule to the Indian Amendment of the Tariff Act, 1894, for Second Schedule, Act sub-head (a) of Item VIII of 1894. No. 159 and the entries in the third and fourth columns relating

VIII of 1894.

thereto the following sub-head and entries shall be substituted, namely:—

<i>(a) MATCHES—</i>		
<i>(1) In boxes or booklets containing on an average not more than 40 matches.</i>	<i>Per gross of boxes or booklets.</i>	<i>The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus ten annas.</i>
<i>(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.</i>	<i>Do.</i>	<i>The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus fifteen annas.</i>
<i>(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.</i>	<i>Do.</i>	<i>The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus one rupee and four annas.</i>
<i>(4) All other matches.</i>	<i>For every 48 matches or fraction thereof.</i>	<i>The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus one pie.</i>

(2) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section of that Act shall not be levied or collected on any article chargeable with duty under sub-head (a), Item No. 159 of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section.

VIII of  
1894.

Burma Act  
I of 1932.

21. The Burma (Excise) Duty on Matches Act, 1932, is hereby repealed with effect from the 31st day of March, 1934, but all the provisions of that Act and of the rules made thereunder shall, notwithstanding such repeal, continue to apply to any matches liable on the 31st day of March, 1934, to duty under section 3 of that Act, and to any proceedings commenced in relation to any such matches.

GOVERNMENT OF INDIA.  
LEGISLATIVE ASSEMBLY  
DEPARTMENT.

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Report of the Select Committee on the  
Bill to provide for the imposition and  
collection of an excise duty on matches,  
with the Bill as amended.