

JOINT SELECT COMMITTEE
REPORTS OF LEGISLATIVE
ASSEMBLY - 1923

The Indian Cotton Cess Bill

LEGISLATIVE DEPARTMENT.

We, the undersigned, Members of the Joint Committee to which the Bill to provide for the creation of a fund for the improvement and development of the growing, marketing and manufacture of cotton in India 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. The Hon'ble Mr. Sarma was elected Chairman of the Committee, of which two Members were unavoidably prevented from attending.

The only important modifications which we have made in the Bill are those which we have made in clause 3 and which are explained in our detailed comments on that clause.

Clause 2.—The addition of a definition of Customs-collector is consequential on an amendment in a later clause.

Clause 3.—We discussed at length the question whether the cess should be levied on cotton exported by sea as well as on cotton consumed in mills in British India, and it was decided by a majority that the provision made in the Bill as introduced, imposing the cess in both cases, should be maintained.

As regards the amount of the cess, we consider, with one dissentient, that a rate of two annas on each 400 pounds of cotton should be sufficient to provide funds for the activities of the Indian Central Cotton Committee except during the first three years when capital expenditure on a somewhat large scale will be necessary; and we have amended the clause accordingly in such a manner as to make it clear that the higher rate is only an exceptional provision.

Clause 4.—We consider that the direct representation of cotton growers on the Central Cotton Committee was insufficiently provided for by the Bill as introduced. We have therefore omitted one representative of a Local Agricultural Department and provided for ten representatives of cotton growers from the five major cotton-growing provinces.

Clause 8.—We have provided in this clause that, in the case of cotton exported by sea, the cess shall be recoverable as if it were a customs-duty recoverable in accordance with the provisions of the Sea Customs Act, 1878, as we think it will be convenient to provide a ready-made machinery for its collection and thus to obviate any delay which might occur owing to the necessity for the framing of special rules.

Clause 9.—The omission of the mention of section 8 in sub-clause (2) is consequential on the alteration which we have made in clause 8.

3. The few other alterations which we have made in the Bill are either of a drafting nature or of insufficient importance to require special comment.

4. The Bill was published in the Gazette of India dated the 27th January, 1923.

5. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

B. N. SARMA.

PURSHOTAMDAS THAKURDAS.*

MR. MUZAMMILULLAH KHAN.

T. V. SESHAGIRI AYYAR.*

RABA UJAGAR SINGH BEDI.

JAMNADAS DWARKADAS.

JOGENDRA NATH MUKHERJEE.

J. HULLAH.

LALUBHAI SAMALDAS.

E. V. SASSOON.

DELHI :

The 12th February, 1923. }

Notes of Dissent.

The Bill proposes to give statutory recognition to the Central Cotton Committee and I agree with that part of it in the Joint Committee Report.

The Bill imposes a cess on —

- (i) cotton consumed in mills in India, and
- (ii) cotton exported out of India.

The Joint Committee have modified the original proposals in the Bill, but I am sorry I do not see my way to agree with my colleagues even in this modification.

2. The necessity of a cess on cotton is primarily for the purpose of finding necessary funds for the work of the Central Cotton Committee. The expenditure of the Central Cotton Committee's Office is estimated at Rs. 80,000 annually at present. The Central Cotton Committee however wish to start agricultural and technological research in cotton and ask for about Rs. 8,00,000 a year for this purpose. I do not see the necessity of providing such a large sum at present or for the next 2—3 years. The Cotton Transport Bill just passed by the Assembly is a permissive Bill and I would like a reasonable time to elapse after that Bill is passed into law to see how Provincial Governments take up the work, that can be done by that Bill, of protecting long stapled growth from mixture with short stapled varieties. I attach great value to the working of the Cotton Transport Act and hesitate to sanction any available burden even in the form of a cess (leviable either by cotton mills or cotton growers) for the purpose of further improving the growth of cotton, till this experience is available.

3. Agricultural research in cotton is a Provincial subject and I am not disposed to support any extra-provincial help for this purpose, simply because the last two years have been deficit years in Provincial Budgets.

4. Regarding technological research the funds necessary for it are :—

Rs.	
2,00,000	Capital.
79,000	Recurring.

Personally I fail to see the necessity of starting this immediately. In any case I am opposed to an institute for this purpose being started in such an expensive place as Bombay. I think it may as well be put up at Pusa.

But even allowing for this full expenditure, funds would appear to be required as under :—

Rs.	
2,00,000	Capital.
79,000	Recurring for the Technological Research Institute.
79,000	Recurring for the Central Cotton Committee.
Total 2,00,000	Capital.
1,58,000	Recurring.
3,58,000	

If the Legislature decide that this money should be raised by a new cess, I would suggest that about Rs. 2,00,000 to Rs. 3,00,000 may be made available annually. The Government may have to lend Rs. 1,00,000 at the most for the first year but thereafter the said amount would be recovered from the balance of about Rs. 40,000 available after the annual recurring expenditure is met (Rs. 2,50,000 less Rs. 1,50,000). I would recommend a sum of Rs. 2,50,000 to Rs. 3,00,000 being made available by a cess of two annas a bale on cotton consumed in mills in India.

5. The Joint Committee have modified the original section of the Bill by suggesting that a cess of 2 annas a bale on all cotton consumed in mills and exported, should be levied, an additional two annas being recovered for the first three years in order to meet the capital expenditure referred to above. I am convinced that a cess like this on cotton consumed in mills and on cotton exported will come out of the price available to the cultivator for his produce. In rough proportions, the Joint Committee were informed that the distribution of the cotton crop in India was as under :—

Total Indian cotton crop bales 48 lakhs.

Bales 16 lakhs,	i.e.,	} Exported.
Bales 24 lakhs,	i.e.,	} Consumed in the Indian cotton mills.
Bales 8 lakhs,	i.e.,	} Consumed in what is known as "non-factory consumption".

As long as a substantial portion of the crop has to be exported for its consumption, the price of the total crop is controlled by the price at which such export is taken off the market. As soon as a duty or a cess is levied on the exported quantity, it is generally admitted that, unless the country has a monopoly of that raw material, the cess levied on such export comes out of the price available to the cultivator. India being a bad second to America regarding the total quantity of cotton grown, it is well known that, as a rule, the price of Indian cotton is controlled by fluctuations in the price of American cotton. It is idle therefore to urge that any part of this cess will be paid by the consumer abroad or at home. In fact, the Chairman of the Cotton Contracts Board, Bombay, says, as the definite opinion of his Board, that "the cess must fall on the cultivator unless it is confined to mill consumption". I would also refer to paragraph 5 of the letter of the Indian Merchants' Chamber in which they suggest that a cess at the rate of two annas per bale on all cotton consumed in Indian mills would recover the amount referred by the Indian Central Cotton Committee.

6. A most interesting point was urged by one Honourable Member of the Joint Committee in course of discussion on the Bill. The member urged that levying any duty like this on cotton consumed in mills only would practically amount to an excise duty on local mills. He further urged that this was undesirable from the point of view of competition by local mills with foreign mills importing and using Indian cotton. This argument, I would respectfully point out, is easily met. I presume, and I have not the least doubt about it, that a cess, levied on cotton consumed in mills and cotton exported, comes out of the price available to the cultivator. A cess of two annas per bale would thus be a cess on the total cotton grown in India, and taking this quantity at 45 lakhs of bales mentioned at the Joint Select Committee meeting, this would mean a loss of six lakhs of rupees a year to the cotton grower. If the cess is put on cotton consumed in local mills, i.e., 24 lakhs bales, at the rate of two annas a bale, it would fetch Rs. 3,00,000. This three lakhs of rupees may be granted to be an additional burden on Indian mills and may be considered to be an addition to the existing cotton (10th) excise duty. But it is not to be overlooked that the cotton excise duty as existing at present is an obnoxious duty, mainly because it is a duty put on at the instance and instigation of Lancashire to handicap the Indian mill industry. It is also not to be overlooked that this cess differs from the excise duty in that its proceeds are to be utilised directly for the benefit of that industry. Whilst I do not wish to commit myself in the least to a statement that there is room for any further taxation to the Indian cotton industry, I have not the least hesitation in saying that where it is a question of taxing either the agriculturist of India or the mill industry of India I prefer in this case to tax the mill industry. Rupees three lakhs to the industry may be quite a fair sum, but as against it, rupees six lakhs to the cotton cultivator is an immeasurably bigger sum and is a tax which is not in the least justifiable. I therefore suggest that in section 3 the necessary changes be made providing for a cess of two annas a bale on cotton consumed in Indian mills.

7. It is frequently urged that the cess proposed is an almost negligible figure and works out to only a microscopic percentage of the price available to the cultivator, and of the fluctuations in the Indian cotton market. If this argument is considered to be sound and worth serious consideration when the Legislature considers the main principles underlying the new taxation, I would respectfully submit that the question of the extent to which local mills will be penalised by a duty of annas two per bale on cotton consumed by them should also be looked at from the same point of view. If percentages are worked out in connection with the price of yarn and cloth and the fluctuations in the prices of these during a year, it would be clear that this cess would work out to proportionately much smaller additional handicap to the Indian mills. Any such attempt at belittling the incidence of a new cess is strongly to be deprecated. All such new impositions should be looked at from the point of view of the legislator, viz., of the underlying principle.

8. I should not be misunderstood as being against the utility of the proposed Central Cotton Committee. I am convinced that it is a useful institution, which has not been started a day too early. I think the said Committee must be provided with funds, but I am convinced that the provision of the funds must be just sufficient to enable it to carry on and further that until the general finances of the country allow the Central Government to help the work with more funds, new taxation if imposed, should be as slight as possible, and, on as capable shoulders as the Legislature can possibly find.

9. In conclusion I have only to draw attention to one point mentioned in the letter of the Indian Merchants Chamber on this subject. Paragraph 9 of the letter reads as under :

"My Committee would also point out that it is very necessary that as few as possible non-Indian officers should be employed in connection with this research work. In the case of each such non-Indian employment the full reason for such employment should be recorded. They further feel that none of such non-Indian staff should be engaged on an agreement of more than three years."

In view of the interest of the Legislature in Indianising the services in order that the incidence of expenditure on the staff be as low as possible I need only bring this to the notice of the Legislature.

DELHI;

PURSHOTAMDAS THAKURDAS.

The 12th February, 1923.

I was rightly told that the Joint Committee have no power to examine the principle of the Bill. This makes my regret all the keener for having failed to raise my voice against the motion to refer the Bill to a Select Committee. As a Member of the Fiscal Commission, I was a party to the recommendation that no export duty should be levied upon raw products; although the cotton cess may not legally come under that denomination, I am afraid we are taking a step in that direction. The object of the Bill is to encourage scientific cultivation of cotton, and to help agriculturists in the selection of seed, the strengthening of the soil, etc. But money for this purpose ought to be found by the Government and should not be made to depend on a special cess. It may not be long before Government may consider it desirable in the case of rice, wheat and other crops that a special cess should be levied for improving their quality and the soil on which they grow. I view the proposal with great apprehension. Still as I have been in default in not reaching the danger of the move at the proper time, I have no right to dilate upon it any further.

This does not prevent me from a king that the law should be so circumscribed as to rob it of its objectionable features. In my opinion no justification has been shown for levying a cess on cotton which is to be exported. It has been said that the restriction of the cess to cotton consumed in the mills would be in the nature of an excise duty. There is some truth in this criticism. But we have to choose the lesser of the two evils. The producer is sure to be hit. The smallness of the tax when its imposition is considered with reference to a maund of Kapa cotton may not strike the imagination. But when we remember that the country produces about 44 lakhs of bales and if each bale is subjected to a cess of 4 annas, the burden upon the grower would by no means be insignificant. It was said that it is the purchaser that would have to pay the cess; but experience teaches us that the purchaser always transfers the burden to the producer. The purchaser has experience, ability and business habits. The producer is illiterate, inexperienced and his scruples are easily overcome by reference to the provisions of the Act. I feel no doubt it is the grower that will have to shoulder the burden. If it is not the grower, I feel not the slightest hesitation in saying that it would not be the mill-owner that would suffer, but that in the last resort the burden would pass on to the consumer. Now the question is whether this injury can in any way be minimised. I think it can be, to some extent. If the produce is not subject to a cess on exports the mill-owner would be compelled to pay the same price for the article which he purchases for home consumption which the article attracts from the exporter. Thereby in the first instance at least, the producer will be benefited. If, on the other hand, imported cotton also is subjected to a cess, I am sure the producer will not get the full price for his commodity.

I am glad that the Act protects the small industrialists which utilise Indian cotton for cottage industries. That undoubtedly is in favour of the Bill. But it is only a sixth of the produce that is consumed in this manner. The major portion of it, *viz.*, one half, is used in the mills. Any cess collected from mill-owners will in no way affect their trade or be felt by them. Therefore, I am of opinion, that the levy of the cess should be confined to cotton consumed in the mills and should not be extended to exported cotton.

I am glad that my suggestion that the ordinary rate of the cess should be 2 annas per bale has been accepted. I am sorry that for the first three years it has to be at the rate of 4 annas. I reluctantly agreed to this enhancement, because it was pointed out that there would be necessity for large capital outlay in the first few years for research work.

Upon one matter, which I did not sufficiently discuss in the Joint Committee, I must say a word: I am sorry that owing to shortness of time, I did not put my ideas fully before the Committee on this subject. It seems to me that the proposed Central Committee would be too unwieldy and would cost a sum of money out of proportion to the work which it is expected to do. My idea is that the Committee should not consist of more than 12 people to be selected by the Government of India in consultation with Local Governments, and that these 12 Members should have power to co-opt members in the various Presidency centres when they go on tour. There should be local committees whose expenses should be borne by Local Governments and the Central Committee should have its expenses defrayed from the cotton cess. When the Central Committee visits a mofussil station, the Members of the local committee should co-opt with them and help them to arrive at a decision in regard to provincial needs and requirements. Unless we restrict the number in the way I suggest, a large portion of the cess would be spent upon travelling expenses and the subsistence allowances of the Members of the Central Committee. Subject to these remarks I sign the Committee's report.

T. V. SESHAGIRI AYYAR.

DELHI; }
The 12th February, 1923. }

[Words printed in italics indicate the amendments suggested by the Committee.]

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BILL

TO

- *Provide for the creation of a fund for the improvement and development of the growing, marketing and manufacture of cotton in India.*

WHEREAS it is expedient to provide for the creation of a fund to be expended by a Committee specially constituted in this behalf for the improvement and development of the growing, marketing and manufacture of cotton in India; It is hereby enacted as follows:—

1. (1) This Act may be called the Indian Short title and extent. Cotton Cess Act, 192 .

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

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

- (a) "Collector" means, in reference to cotton consumed in a mill in British India, the Collector of the district in which the mill is situated;
- (b) "the Committee" means the Indian Central Cotton Committee constituted under this Act;
- (c) "cotton" means raw cotton, whether baled or loose, which has been ginned;
- (d) "Customs-collector" and "customs-port" mean respectively a Customs-collector and a customs-port as defined in section 3 of the Sea Customs Act, 1878; VIII of 1878.
- (e) "mill" means any place which is a factory as defined in section 2 of the Indian Factories Act, 1911, and in which XII of 1911. cotton is converted into yarn or thread either for sale as such or for conversion into cotton goods as defined in section 3 of the Cotton Duties Act, 1896; and II of 1896.
- (f) "prescribed" means prescribed by rules made under this Act.

3. There shall be levied and collected on all cotton produced in India and either exported from any customs-port to any port outside British India or consumed in any mill in British India a cess at the rate of *two annas* per standard bale of four hundred pounds avoirdupois, or, in the case of unbaled cotton, of *six pies* per hundred pounds avoirdupois:

Provided that the cess shall be levied and collected at double the above rates until the expiry of three years from the commencement of this Act.

4. As soon as may be after the commencement of this Act, the Governor General in Council shall cause to be constituted a Committee consisting of the following members, namely :—

- (a) the Agricultural Adviser to the Government of India ;
- (i) six persons representing, respectively, the Agricultural Departments of the Local Governments of Madras, Bombay, the United Provinces, the Punjab, the Central Provinces and Burma and nominated respectively by those Local Governments ;
- (ii) the Director General of Commercial Intelligence ;
- (iv) nine persons nominated, respectively, by the East India Cotton Association, the Bombay Millowners' Association, the Bombay Chamber of Commerce, the Indian Merchants Chamber, Bombay, the Karachi Chamber of Commerce, the Ahmedabad Millowners' Association, the Tuticorin Chamber of Commerce, the Upper India Chamber of Commerce, and the Empire Cotton Growing Corporation ;
- (c) four persons representing the cotton manufacturing or cotton ginning industry, of whom two shall be nominated by the Local Government of the Central Provinces and one by each of the Local Governments of Madras and the Punjab ;
- (vi) one person nominated by the Local Government of Bengal ;
- (vii) one person having knowledge of co-operative banking nominated by the Governor General in Council ;
- (viii) ten persons representing the cotton growing industry in Madras, Bombay, the United Provinces, the Punjab, and the Central Provinces and Berar, of whom two shall be nominated by each of the Local Governments of those Provinces ;
- (ix) three persons nominated, respectively, by the Government of His Exalted Highness the Nizam of the Hyderabad State, by the Durbar of the Baroda State and by the Durbar of the Gwalior State ;
- (x) one person nominated jointly by the Durbars of the Indian States in Rajputana and Central India ; and
- (xi) such additional persons as the Governor General in Council may, by notification in the Gazette of India, appoint :

Provided that, if within the period prescribed in this behalf, any authority or other person fails to make any nomination which it or he is entitled to make under this section, the Governor General in Council may himself appoint a member or members, as the case may be, to fill the vacancy or vacancies.

5. (1) The Committee so constituted shall be a body corporate by the name of the Indian Central Cotton Committee, having perpetual succession and a common seal with power to acquire and hold property both moveable and immoveable and to contract, and shall by the said name sue and be sued.

(2) The Agricultural Adviser to the Government of India shall be *ex-officio* President of the Committee.

(3) The Secretary of the Committee shall be a person, not being a member of the Committee, appointed by the Governor General in Council.

6. (1) The owner of every mill shall furnish to the Collector, on or before the seventh day of each month, a return stating the total amount of cotton consumed or brought under process in the mill during the preceding month, together with such further information in regard thereto as may be prescribed:

Provided that no return shall be required in regard to cotton consumed or brought under process before the commencement of this Act.

(2) Every such return shall be made in such form and shall be verified in such manner as may be prescribed.

7. (1) On receiving any return made under section 6, the Collector shall assess the cotton cess payable in respect of the period to which the return relates, and if the amount has not already been paid shall cause a notice to be served upon the owner of the mill requiring him to make payment of the amount assessed within ten days of the service of the notice.

(2) If the owner of any mill fails to furnish in due time the return referred to in section 6 or furnishes a return which the Collector has reason to believe is incorrect or defective, the Collector shall assess the amount payable by him in such manner, if any, as may be prescribed, and the provisions of sub-section (1) shall thereupon apply as if such assessment had been made on the basis of a return furnished by the owner:

Provided that, in the case of a return which he has reason to believe is incorrect or defective, the Collector shall not assess the cess at an amount higher than that at which it is assessable on the basis of the return without giving to the owner a reasonable opportunity of proving the correctness and completeness of the return.

(3) A notice under sub-section (1) may be served on the owner of a mill either by post or by delivering it or tendering it to the owner or his agent at the mill.

8. In respect of cotton exported by sea, the Collection of cess on cess shall be assessed and levied by the Customs-collector at the customs-port of export and, subject to the provisions of this Act and of any rules made thereunder, shall, for all or any of the purposes of the Sea Customs Act, 1878, be deemed to be a duty of customs. VIII of 1878.

9. (1) An assessment made in accordance with the provisions of section 7 or section 8 shall not be questioned in any Court.

(2) Any sum recoverable under section 7 may be recovered as an arrear of land revenue.

10. (1) The Collector or any officer empowered by general or special order of the Local Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill.

Power to inspect mills and take copies of records and accounts.

(2) The Collector or any such officer may at any time, with or without notice to the owner, examine the working records, sale records and accounts of any mill and take copies of or extracts from all or any of the said records or accounts for the purpose of testing the accuracy of any return or of informing himself as to the particulars regarding which information is required for the purposes of this Act or any rules made thereunder.

(3) Where any officer other than the Collector proposes to examine under sub-section (2) any record or account containing the description or formula of any trade process, the owner of the mill may give to the said officer, for transmission to the Collector, a written notice of objection and the officer shall thereupon seal up the record or account pending the orders of the Collector.

11. (1) All such copies and extracts and all information acquired to be confidential. Information acquired by a Collector or any other officer from an inspection of any mill or warehouse or from any return submitted under this Act shall be treated as confidential.

(2) If the Collector or any such officer discloses to any person other than a superior officer any such information as aforesaid without the previous sanction of the Local Government, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine :

Provided that nothing in this section shall apply to the disclosure of any such information for the purposes of a prosecution in respect of the making of a false return under this Act.

12. (1) On the last day of each month, or as soon thereafter as may be convenient, the proceeds of the cess recovered during that month shall, after deduction of the expenses, if any, of collection and recovery, be paid to the Committee.

Application of proceeds of cess.

(2) Subject to such conditions as may be prescribed, the said proceeds and any other monies received by the Committee shall be applied to meeting the expenses of the Committee and the cost of such measures as it may, with the previous approval of the Governor General in Council, decide to undertake for promoting agricultural and technological research in the interests of the cotton industry in India.

13. No act done or proceeding taken under this Act shall be questioned on the ground merely of the existence of any vacancy in or any defect in the constitution of the Committee or the Standing Finance Sub-Committee, if any.

Validation.

14. The Governor General in Council may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, the Committee shall be dissolved, and on the making of such declaration all funds and other property vested in the Committee shall vest in His Majesty and this Act shall be deemed to have been repealed.

15. (1) The Governor General in Council may make rules for the purpose of carrying into effect all or any of the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

- (a) for prescribing the time within which nominations shall be made under section 4 whether in the first instance or on the occurrence of vacancies;
- (b) for prescribing the term of office of the members of the Committee;
- (c) for prescribing the circumstances in which and the authority by which any member may be removed;
- (d) for the holding of a minimum number of meetings of the Committee during any year;
- (e) for the maintenance by the Committee of a record of all business transacted and the submission of copies of such records to the Governor General in Council;
- (f) for the definition of the powers of the Committee and of the Secretary to enter into contracts which shall be binding on the Committee, and the manner in which such contracts shall be executed;
- (g) for the regulation of the travelling allowances of members of the Committee and of their remuneration, if any;
- (h) for the definition of the powers of the Committee and the Secretary in respect of the appointment, promotion and dismissal of officers and servants of the Committee, and in respect of the creation and abolition of appointments of such officers or servants;
- (i) for the regulation of the grant of pay and leave to officers and servants of the Committee, and the payment of leave allowances to such officers and servants, and the remuneration to be paid to any person appointed to act for any officer or servant to whom leave is granted;
- (j) for the regulation of the payment of pensions, gratuities, compassionate allowances and travelling allowances to officers and servants of the Committee;
- (k) for prescribing the establishment and maintenance of a provident fund for the officers and servants of the Committee, and for the deduction of subscriptions to such provident fund from the pay and allowances of such officers and servants, other than Government

servants whose services have been lent or transferred to the Committee ;

- (l) for prescribing the preparation of budget estimates of the annual receipts and expenditure of the Committee and of supplementary estimates of expenditure not included in the budget estimates, and the manner in which such estimates shall be sanctioned and published ;
- (m) for defining the powers of the Committee, the Standing Finance Sub-Committee, if any, the President and the Secretary, respectively, in regard to the expenditure of the funds of the Committee, whether provision has or has not been made in the budget estimates or by reappropriation for such expenditure, and in regard to the reappropriation of estimated savings in the budget estimates of expenditure ;
- (n) for prescribing the maintenance of accounts of the receipts and expenditure of the Committee and providing for the audit of such accounts ;
- (o) for prescribing the manner in which payments are to be made by or on behalf of the Committee, and the officers by whom orders for making deposits or investments or for withdrawals or disposal of the funds of the Committee shall be signed ;
- (p) for determining the custody in which the current account of the Committee shall be kept, and the bank or banks at which surplus monies at the credit of the Committee may be deposited at interest, and the conditions on which such monies may be otherwise invested ;
- (q) for prescribing the preparation of a statement showing the sums allotted to Provincial Departments of Agriculture or institutions not under the direct control of the Committee for expenditure on research, the actual expenditure incurred, the outstanding liabilities, if any, and the disposal of unexpended balances at the end of the year ;
- (r) the assessment, levy, and payment of the cotton cess in respect of cotton exported by sea ; and
- (s) any other matter which is to be or may be prescribed.

16. The Committee may, with the previous sanction of the Governor General in Council, make rules, consistent with this Act and with any rules made under section 15, to provide for all or any of the following matters, namely :—

- (a) for the appointment of a Standing Finance Sub-Committee and the delegation thereto of any powers exercisable under this Act by the Committee ;
- (b) for prescribing the method of appointment, removal and replacement and the term of office of members of the Standing Finance Sub-Committee, and for the filling of vacancies therein ;

- (c) for the appointment of the dates, times and places for meetings of the Committee and the Standing Finance Subcommittee, and for regulating the procedure to be observed at such meetings ;
- (d) for determining the circumstances in which security may be demanded from officers and servants of the Committee, and the amount and nature of such security in each case ;
- (e) for determining the times at which, and the circumstances in which, payments may be made out of the provident fund and the conditions on which such payments shall relieve the fund from further liability ;
- (f) for determining the contribution, if any, payable from the funds of the Committee to the provident fund ;
- (g) for regulating generally all matters incidental to the provident fund and the investment thereof ;
- (h) for defining the powers and duties of the Secretary of the Committee.

17. All rules made under section 15 or section 16 shall be published in the Gazette of India and, on such publication, shall have effect as if enacted in this Act.

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

Report of the Joint Committee on the
Bill to provide for the creation of a
fund for the improvement and develop-
ment of the growing, marketing and
manufacture of cotton in India, with
the Bill as amended.