

*Friday,  
26th January, 1906*

ABSTRACT OF THE PROCEEDINGS  
OF THE  
Council of the Governor General of India,  
LAW AND REGULATIONS

Vol. XLIV

Jan.-Dec., 1906



# ABSTRACT OF PROCEEDINGS

OF

# THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA

ASSEMBLED FOR THE PURPOSE OF MAKING

## LAWS AND REGULATIONS,

## FROM 1905 TO MARCH 1906.

### VOLUME XLIV



Published by Authority of the Governor General.

Gazette & Debates Section  
Parliament Library Building  
Room No. FB-025  
Block 'G'



CALCUTTA :

OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA.

1906.

*Extract from the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

The Council met at Government House, Calcutta, on Friday, the 26th  
January, 1906.

PRESENT :

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy  
and Governor General of India, *presiding*.  
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.  
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M.,  
G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Sir A. T. Arundel, K.C.S.I.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. J. F. Hewett, C.S.I., C.I.E.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Rai Sri Ram Bahadur, C.I.E.  
The Hon'ble Mr. L. A. S. Porter.  
The Hon'ble Mr. H. A. Sim, C.I.E.  
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.  
The Hon'ble Mr. A. A. Aparcar, C.S.I.  
The Hon'ble Mr. S. Ismay, C.S.I.  
The Hon'ble Mr. W. T. Hall, C.S.I.  
The Hon'ble Mr. A. C. Logan.  
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved for leave to introduce a Bill further to amend the Indian Tariff Act, 1894. He said :—“ My Lord, the object of this Bill is to enhance the rate of duty on imported spirits from Rs. 6 per gallon of London proof, which is the present duty, to Rs. 7 per proof gallon. It is also proposed to raise the duties on liqueurs and perfumed spirits to a rate corresponding with the new rate imposed on ordinary spirits.

“The duty on imported spirits was raised to its present figure in March 1890, or nearly sixteen years ago. During this period the imports by sea have risen

from 891,000 proof gallons to 1,238,000 proof gallons, or by nearly 39 per cent., and it is believed that the increase would have been greater, but for the larger production of 'European' spirit in this country. There seems therefore reason to believe that the trade is now able to bear a higher rate of duty.

"But the principal reason for the proposal is this. It is the established policy of Government to raise the rate of duty and the total incidence of taxation on country spirit manufactured in India to the highest figure which is compatible with the prevention of illicit manufacture. In view of the fact that imported spirit and country spirit are liable to compete with one another to some extent, it would clearly be inequitable that the incidence of taxation on country spirit should be heavier than that upon the imported article. On the contrary, the taxation of the latter should be higher than that of the former, for the reason that anything like similar taxation presses more heavily on the consumers of country spirit, who are as a class much poorer than those who drink imported spirit. In other words, the taxation on imported spirit is the high-water mark beyond which the taxation of country spirit cannot go, to any material extent or for any considerable time.

"Now during the past sixteen years, we have, in pursuance of our declared policy, raised the rate of duty and of total taxation on country spirit from time to time throughout the country; and the result now is that in a certain number of districts, taking duty and licenses fees together, the aggregate taxation on country spirit exceeds that on imported spirits, while there is a still larger number in which the former approximates to the latter. We calculate that in the case of imported spirits the incidence of vend fees averages about Re. 1 per gallon, which added to the tariff duty brings up the total taxation on this article to Rs. 7 per proof gallon. If we turn to the case of country spirit, we find that in Madras there are four districts where the aggregate taxation exceeds Rs. 7, and in one district it amounts to Rs. 7-14-4 per gallon. In Bengal the highest rate is reached in the Jessore and Khulna districts, where it is Rs. 12-9-5 and Rs. 11-15-0 per gallon respectively, and there are five other districts with a maximum exceeding Rs. 7. In Eastern Bengal and Assam the rate of Rs. 7 is passed in four districts, the highest being Backergunj with a rate of Rs. 9-15-3 per proof gallon. In the Punjab the maximum rate is Rs. 7-14-8 in the Lyallpur district, and in five others the Rs. 7 standard is exceeded. In the North-West Frontier Province Rs. 8-0-8 is reached in Kohat, and Rs. 7 is reached or exceeded in three other districts.

"It appears to us therefore that the rate of duty on imported spirits is in a considerable part of the country unduly low as compared with that on country

[26TH JANUARY, 1906.] [Mr. Baker.]

spirit, and that the time has come when it should be raised. It is manifest that, until this is done, it would not be possible to raise further the taxation on country spirit, if circumstances should in other respects render it desirable to do so.

“We have consulted the Local Governments on this question, and with one minor exception they are unanimous in agreeing with our conclusions. We propose to raise the duty from Rs. 6 to Rs. 7, or by 16·6 per cent. I may mention that the corresponding duty in England is 11s. 4d. per proof gallon, which is equivalent to Rs. 8-8-0. Even with a Rs. 7 duty, the average incidence of taxation on imported spirit will still fall below the maximum incidence on country spirit in a few districts, but this can be arranged for by a local re-adjustment of the vend or license fees. This is within the province of the Local Governments.

“As regards liqueurs and perfumed spirits, we propose to fix the duties at Rs. 10 and Rs. 11 per bulk gallon. These liquors are usually imported at strengths of 40 % and 60 % over proof respectively, and the rates proposed correspond in round figures to a Rs. 7 duty per proof gallon. It is not proposed to tax them according to strength.

“There is one more point to be mentioned. Ordinarily, when we modify the tariff, the practice is to apply the new rates of duty, whether higher or lower than the old ones, from the date on which the Bill is passed into law. On the present occasion, however, the alteration in the rates is being made not for purposes of revenue, but as an incident of our Excise administration. We therefore propose that the new rates of duty shall come into force one month after the Bill becomes law. The grant of this interval will occasion less dislocation of trade interests than if the enhanced rates were to come into force immediately.”

The motion was put and agreed to.

The Hon'ble MR. BAKER introduced the Bill.

The Hon'ble MR. BAKER :—“ I now apply to Your Excellency to suspend the Rules for the Conduct of Business, in order to enable me to move that the Bill be taken into consideration at once, and passed today, if the Council considers that it should be passed.

“That is the course which was adopted when the duty on spirits was last raised in 1890 and on other similar occasions as well. The reasons for it are well understood, and it would scarcely have been necessary for

me to offer any remarks in explanation, but for the fact that, as I stated just now, we propose to allow an interval of one month from the date of passing of this Bill, before the enhanced rate of duty comes into force. It might seem at first glance as if the grant of that interval deprives the Bill of its urgency, and renders it unnecessary to pass it at once. But further consideration will, I think, show that that is not really the case. The interval of one month which we propose to allow is sufficient to admit all shipments now at sea on their way to India and also those which are on the eve of being shipped. If, however, we proceed according to the usual legislative methods, we shall virtually extend the period of one month by at least a fortnight or three weeks, and possibly more. Such an extension would enable importers to order out fresh consignments by cable, which would arrive in time for clearance before the new rates came into operation; and the importer would thus be enabled to make an undue profit at the cost of the public and the public revenues. I think therefore that we should conform to precedent and deal with the Bill as a matter of urgency."

His Excellency THE PRESIDENT declared the Rules suspended.

The Hon'ble MR. BAKER moved that the Bill be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. BAKER moved that the Bill be passed. He said:—"I am not aware whether any Hon'ble Member desires any further explanation with regard to the Bill, but if so I shall be very happy to give it to him. I may, however, explain briefly that the only changes which the Bill will effect in the law are in the rates of duty on the three articles I have referred to, namely, ordinary spirits, liqueurs and perfumed spirits. These alterations will take effect one month from today."

The motion was put and agreed to.

The Council adjourned to Friday, the 16th February, 1906.

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA;

*The 26th January, 1906.* }