

## THE COTTON DUTIES ACT, 1894.

## CONTENTS.

## PRELIMINARY.

## SECTIONS.

1. Title, extent and commencement.
2. Definitions.
3. Performance of duties of Customs-officers by subordinate officers.

## PART I.

## EXCISE.

*Application of Sea Customs Act.*

4. Modifications to be made in Sea Customs Act as applied to this Part.

*Duties.*

5. Imposition of duties on cotton yarns produced in British Indian mills.
6. Power to Governor General in Council to fix tariff values of such yarns.
7. Delivery of monthly returns of yarn produced by millowners.
8. Assessment of duty and notice requiring payment.
9. Application of certain sections of Sea Customs Act to assessment and recovery of duties under this Act.
10. Recovery of unpaid duty.

*Warehousing.*

11. Licensing of warehouses for storage of yarn, and fees for same.
12. Permission to deposit yarn in warehouses.
13. Application to yarn so deposited of provisions of Chapter XI of Sea Customs Act.
14. Exemption from assessment of yarn so deposited.

*Inspection.*

15. Power to Collector to inspect mills, and take copies of records and accounts.
16. Information acquired to be deemed official secrets within meaning of Act XV of 1889.

*Export*

*Export and Drawback.*

## SECTIONS.

17. Grant of certificate when dutiable yarn is to be exported to foreign port.
18. When certificate granted, yarns to be exempt from duty.
19. Repayment of duties paid in case of yarns exported to foreign ports.
20. Repayment of duties in case of certain cotton fabrics exported to foreign ports.
21. When such refunds may be granted.
22. Power to prohibit repayment of duty in case of exportation to certain ports.
23. No repayment of duty to be granted in certain cases.
24. Application of sections 51 and 52 of Sea Customs Act to claims under this Act.

*Offences and Penalties.*

25. Punishments for offences.
26. Magistrates having jurisdiction.
27. Application of section 168 of Sea Customs Act to cases of confiscation under this Act.
28. Application of certain provisions of same Act to proceedings under this Act.
29. Power to Local Government to reverse or modify orders under this Act.

*Miscellaneous.*

30. Power to take samples.
31. Records and accounts to be kept by millowners.
32. Provisions of section 198 of Sea Customs Act to apply to proceedings under this Act.
33. Power to make rules.
34. Certain provisions of Sea Customs Act to be incorporated in this Part.
35. Application of section 10 of Tariff Act to duties under this Act.

## PART II.

## INLAND CUSTOMS DUTIES.

36. Levy of duties on cotton yarns and manufactures passing into British India from foreign territory.
37. Application of provisions of Sea Customs Act as to drawback to goods taxed under this Part.

## THE SCHEDULE.

## TARIFF VALUES OF YARNS.

## ACT No. XVII OF 1894.

PASSED BY THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

*(Received the assent of the Governor General on the 27th  
December, 1894.)*

An Act to provide for the Imposition and  
Levy of certain Duties on Cotton Goods.

WHEREAS it is expedient to impose certain  
duties on cotton goods; It is hereby enacted as  
follows:—

### PRELIMINARY.

1. (1) This Act may be called the Cotton Duties  
Act, 1894.

Title, extent  
and com-  
mencement.

(2) It extends to the whole of British India;  
and

(3) It shall come into force at once.

2. In this Act, unless there be something repug-  
nant in the subject or context,—

Definitions.

(1) "the Principal Act" means the Sea Customs  
VIII. of 1878. Act, 1878:

(2) "Chief Customs Authority" means, in the  
Presidency of Fort St. George, and the territories  
respectively under the administration of the Lieute-  
nant-Governors of Bengal and the North-Western  
Provinces and the Chief Commissioner of Oudh, the  
Board of Revenue; in the Presidency of Bombay  
outside Sind, the Commissioner of Customs; in Sind,  
the Commissioner; in the Punjab and Burma, the  
Financial Commissioner; and elsewhere the Local  
Government or such officer as the Local Government  
may, by notification in the official Gazette, appoint in  
this behalf by name or in virtue of his office:

(3) "Collector"



(Preliminary.—Section 3. Part I.—Excise.—Section 4.)

(3) "Collector" means—

(a) at Calcutta, Bombay, Madras, Rangoon and Karachi, the Collector of Customs, and

(b) in any other place, the Collector or Deputy Commissioner of the District or such other officer as the Local Government may appoint in this behalf, and includes

(c) every officer for the time being duly authorised by the Local Government to perform all or any of the duties of a Collector under this Act:

(4) "mill" means any building or place where cotton fibre is spun or otherwise converted into yarn, or where yarn is woven or otherwise manufactured, by machinery moved otherwise than by manual labour:

(5) "warehouse" means a place licensed for the storage of goods under this Act, and includes every public or private warehouse duly appointed or licensed under section 15 or 16 of the Principal Act, or under section 2 of the Inland Bonded Warehouses Act, 1887;

(6) "yarn" means yarn wholly or partly composed of cotton fibres; and

(7) "customs port," "foreign port," "vessel" and "master" have respectively the meanings defined for them in the Principal Act.

Performance of duties of Customs-officers by subordinate officers.

3. The officers subordinate to a Collector shall, unless the Local Government shall otherwise so direct, for the purposes of this Act perform the duties imposed and exercise the powers conferred upon officers of Customs under the Principal Act.

## PART I.

### EXCISE.

#### *Application of Sea Customs Act.*

Modifications to be made in

4. In the application of the Principal Act or any particular

## (Part I.—Excise.—Section 5.)

particular section or sections thereof to this Part the following modifications shall be made therein, namely:—

Sea Customs Act as applied to this Part.

- (a) "the owner of the goods" shall include the managing agent or other principal officer of a mill;
- (b) for "the bill-of-entry" or "shipping-bill" shall be substituted "the return required by this Act";
- (c) every reference to a warehouse, or warehousing, shall be construed as referring to a "warehouse" as hereinbefore defined.

*Duties.*

5. There shall be levied and collected at every mill in British India, upon all cotton yarns produced in such mill, a duty at the rate for the time being prescribed in the Indian Tariff Act, 1894, for the levy of duty in respect of cotton yarns imported by sea:

Imposition of duties on cotton yarns produced in British Indian mills.

Provided that no duty shall be levied upon yarns of any count commercially known as number 20 or less:

Provided also that the Governor General in Council may, by notification in the Gazette of India, exempt from duty any yarns of any count or number not exceeding 24.

*Explanation.*—Yarn is said to be "produced" within the meaning of this Act—

- (a) in the case of yarn which is reeled and bundled in the mill in which it is spun—when it is so bundled;
- (b) in the case of yarn which is woven or otherwise manufactured in the mill in which it is spun—when it is passed out of the spinning section of the mill;
- (c) in any other case—when it is issued out of the premises of the mill.

6. (1) The

## (Part I.—Excise.—Sections 6-8.)

Power to  
Governor  
General in  
Council to  
fix tariff  
values of  
such yarns.

6. (1) The Governor General in Council may from time to time, by notification in the Gazette of India, fix, for the purpose of levying the said duties, tariff values of all such yarns as aforesaid or of any particular count or counts thereof, and alter any tariff values for the time being in force.

(2) In the absence of any notification under subsection (1), the tariff values shall be those specified in the schedule to this Act.

(3) Such tariff value shall, for the purposes of this Act, be deemed to be the "real value" of the yarns to which it applies, but save as aforesaid all yarns shall be assessed under this Act at their real value as defined in section 30 of the Principal Act.

Delivery of  
monthly  
returns of  
yarn pro-  
duced by  
mill-owners.

7. (1) The owner of every mill shall prepare and deliver, or cause to be prepared and delivered, to the Collector, on or before the fifteenth day of each month, a return of all cotton yarn produced at his mill during the preceding month, whether liable to duty or not; and shall subscribe a declaration of the truth of such statement at the foot of such return.

(2) Unless otherwise prescribed by any rules under this Act, every such return shall state for each count or number of yarn the quantity produced during the preceding month under each of the three heads mentioned in the Explanation to section 5, and in the case of dutiable yarn the real value of such yarn.

(3) Every such return shall also contain such further information and be in such form and be subject to such conditions as to verification and otherwise as may be prescribed by any rules under this Act.

(4) The first of such returns shall be made on or before the fifteenth day of February, 1895, and shall include all yarn produced since the commencement of this Act.

Assessment  
of duty and  
notice re-  
quiring pay-  
ment.

8. (1) The Collector shall thereupon assess the duties, if any, payable in respect of the month to which the return relates, and unless the amount thereof



*(Part I.—Excise.—Sections 9-11.)*

thereof is immediately tendered shall cause a notice, in such form as may be prescribed by any rules under this Act, to be served on the owner requiring him to make payment of the amount assessed within ten days of the date of service of the said notice.

(2) A notice under sub-section (1) may be served on the owner of a mill by delivering or tendering to him or his agent at his ordinary place of business a copy of the notice, or, if this cannot be conveniently done, by fixing a copy of the notice on one of the outer doors of the mill.

9. Sections 30 to 34, 37, and 39 to 41, all inclusive, of the Principal Act, shall apply to the assessment and recovery of the duties imposed by this Act :

Application of certain sections of of Sea Customs Act to assessment and recovery of duties under this Act.

Provided that the rate of duty and the tariff valuation applicable to any yarn which has not been warehoused as hereinafter provided shall be those in force at the time when the yarn was produced, and not when the return was delivered as provided by the said section 37.

10. (1) If any duty payable under this Act is not paid within the time fixed by any such notice as aforesaid for the payment thereof, the Collector may, in lieu thereof, recover any sum not exceeding double the amount of duty so unpaid, which he shall, in his discretion, think it reasonable to require.

Recovery of unpaid duty.

(2) All sums recoverable under sub-section (1) shall be recovered in the manner provided in Act II of 1886, section 30, sub-sections (1), (2) and (3), with respect to the sums therein referred to.

*Warehousing.*

11. (1) The Chief Customs Authority may from time to time license any room or place as a warehouse for the storage of cotton goods, and for the purposes of this Act every such place shall be deemed to be a warehouse

Licensing of warehouses for storage of yarn, and fees for same.

## (Part I.—Excise.—Sections 12-15.)

warehouse and to have been duly licensed under the Principal Act.

(2) There shall be payable in respect of every such warehouse such and the like licensing fees and other payments as may for the time being be payable in respect of a private warehouse licensed under the Principal Act:

Provided that the Chief Customs Authority may remit the whole or any part of such fees or other payments in respect of any particular warehouse.

Permission to deposit yarn in warehouses.

12. (1) The owner of any mill may apply for leave to deposit in a warehouse any yarn in respect of which duty has become leviable under section 5 and which has not been issued out of the mill.

(2) Such application shall be in writing signed by the applicant, and shall be in such form as may be prescribed by the Chief Customs Authority.

Application to yarn so deposited of provisions of Chapter XI of Sea Customs Act.

13. All the provisions of Chapter XI of the Principal Act, so far as the same are applicable to imported goods of a similar description, shall apply to all yarn in respect of which an application has been made under section 12.

Exemption from assessment of yarn so deposited.

14. When any yarn has been deposited in a warehouse, the quantity and particulars thereof shall be specified as so deposited in the return made under section 7 for the month in which the yarn was produced, and the said yarn shall be omitted in the assessment and collection of duty.

*Inspection.*

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

15. (1) The Collector, or any officer duly appointed by the Local Government in that behalf, shall have free access at all reasonable times during working hours to any mill.

(2) 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



*(Part I.—Excise.—Sections 16-18.)*

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 any particulars regarding which information is required for the purposes of this Act or any rules thereunder.

16. (1) All such copies and extracts, and all other information acquired by any such officer on the inspection of any mill or warehouse, shall be regarded as strictly confidential, and shall be deemed to be official secrets.

Information acquired to be deemed official secrets within meaning of Act XV of 1889.

(2) If any such officer shall disclose to any person other than a superior officer any such official secret as aforesaid without the previous consent in writing of the Chief Customs Authority, he shall be guilty of a breach of official trust, and shall, upon conviction thereof, be punishable in the manner provided by section 4 of the Indian Official Secrets Act, 1889.

XV of 1889.

(3) The restriction imposed by section 5 of the last-mentioned Act shall not apply to a prosecution for a breach of an official trust under this Act.

*Export and Drawback.*

17. If any dutiable yarn is exported by sea to any foreign port before the return in respect of it has been delivered to the Collector under section 7, the owner of the mill in which it was produced may apply to the Collector at the port of shipment, who, on being satisfied that such yarn has actually been shipped for export, shall grant him a certificate stating the quantity and particulars of such yarn, and that it has actually been so shipped.

Grant of certificate when dutiable yarn is to be exported to foreign port.

18. When any certificate has been granted under section 17, the quantity and particulars of the yarn stated therein shall be specified as so shipped in the return made under section 7 for any month not later than that in which the yarn was shipped, and the said

When certificate granted, yarns to be exempt from duty.

goods

## (Part I.—Excise.—Sections 19-21.)

goods shall be deducted in the assessment and collection of duty.

Repayment\* of duties paid in case of yarns exported to foreign ports.

19. When any yarn upon which duty has been paid under this Act is exported by sea from any customs port to any foreign port, such duty shall, except as otherwise herein provided, be repaid as drawback :

Provided that in every such case the yarn has not been woven into cloth or otherwise altered in character since the payment of duty, and that it is shown to the satisfaction of the Collector at the port of shipment that the duty on the said yarn has been duly paid, and that the export is made within two years from the date of payment of the duty, or within such further time as the Chief Customs Authority on sufficient cause shown may in any case determine.

*Explanation.*—Yarn bleached or dyed or converted into sewing thread is not to be deemed to have been altered in character for the purposes of this proviso.

Repayment of duties in case of certain cotton fabrics exported to foreign ports.

20. (1) When any cotton fabrics manufactured in a mill in British India and composed in whole or in part of dutiable counts of yarn are exported by sea from any customs port to any foreign port, the exporter may apply to the Customs Collector at the port of shipment for the repayment as drawback of any duty which may have been paid under this Act in respect of such yarn.

(2) In every application made under sub-section (1) the applicant must state—

- (a) the quantities and counts of yarns in respect of which drawback is claimed, the mill at which they were produced, and, as nearly as possible, the dates on which they were produced ;
- (b) the mill at which, and, as nearly as possible, the dates on which, the fabric was manufactured.

When such refunds may be granted.

21. The drawback shall be allowed by the Collector if it is shown to his satisfaction—

- (1) that the said fabric has been manufactured within

## (Part I—Excise.—Sections 22-25.)

within twelve months of the date on which it is shipped for export ;

- (2) that the yarns in respect of which drawback is applied for have paid duty within the said twelve months.

22. The Governor General in Council may, from time to time, by notification in the Gazette of India, prohibit the payment of drawback on the exportation of yarn or cotton fabrics to any specified foreign port.

Power to prohibit repayment of duty in case of exportation to certain ports.

23. Notwithstanding anything herein contained, no drawback shall be allowed in respect of any yarn or cotton fabrics on which duty has been paid—

No repayment of duty to be granted in certain cases.

(a) when the goods are of less value than the amount of drawback claimed, or

(b) when the claim is for drawback amounting to less than five rupees in respect of any single shipment.

24. Sections 51 and 52 of the Principal Act shall apply to every claim for drawback under this Act.

Application of sections 51 and 52 of Sea Customs Act to claims under this Act. Punishments for offences.

*Offences and Penalties.*

25. The offences mentioned in the first column of the following schedule shall be punishable to the extent mentioned in the second column thereof with reference to such offences respectively : —

- |  |  |
|--|--|
| 1. Contravening any rule made under this Act   | Penalty not exceeding five hundred rupees.   |
| 2. Concealing or attempting to conceal, or knowingly permitting or procuring to be concealed, any yarn liable to duty under this Act with intent to evade payment of the duty or any part thereof. | Such yarn shall be liable to confiscation, and every person convicted of the offence shall be liable to a penalty not exceeding three times the value of the yarn. |
| 3. Omitting to make any return required by section 7 or refusing to sign or complete the same.   | Penalty not exceeding one thousand rupees.   |
|  | 4. Making  |



## (Part I.—Excise.—Section 25.)

4. Making and delivering any such return containing any statement not true to the best of the information and belief of the person making the same. The penalty provided in the Indian Penal Code, section 199, for making a false statement in a declaration. XLV of 18
5. Altering or falsifying any record or book of account kept in the mill with the intention of defrauding the revenue. The penalty provided in the Indian Penal Code, section 465, for the commission of forgery:
6. Omitting to keep such proper records and books of account as may be prescribed by any rule under this Act. Penalty not exceeding five hundred rupees and a further penalty of twenty rupees for every day after the date of the conviction during which the offence is continued.
7. Omitting to make and deliver any return which by any rule under this Act ought to have been made and delivered. Penalty not exceeding one thousand rupees.
8. Intentionally obstructing any Collector or other officer in the exercise of any powers given under this Act. Imprisonment for a term not exceeding six months, or fine not exceeding one thousand rupees, or both.
9. If any yarn in respect of which a certificate has been obtained under section 17, or any goods on the entry of which for export drawback has been paid, are not duly exported or are unshipped or relanded at any customs port, not having been duly relanded or discharged under the provisions of the Principal Act. Such goods, together with any vessel used in the unshipping or relanding them, shall be liable to confiscation, and the master of the vessel from which such goods are so unshipped or relanded, and any person by whom or by whose orders or means such goods are so unshipped or relanded, or who aids or is concerned in such unshipping or relanding, shall be liable

*(Part I.—Excise.—Section 25.)*

- liable to a penalty not exceeding three times the value of such goods, or not exceeding one thousand rupees.
10. If any goods are entered for drawback which are of less value than the drawback claimed. Such goods shall be liable to confiscation.
11. If any yarn is found concealed in any place, box or closed receptacle in any mill and is not duly accounted for to the satisfaction of the Collector. Such yarn shall be liable to confiscation.
12. If any yarn is found in any mill in excess of the quantity entered in the return or not corresponding with the statement therein contained. Such yarn shall be liable to confiscation or to be charged with such increased duty as the Chief Customs Authority may direct.
13. If when any cotton goods are passed by tale or by package any omission or misdescription thereof tending to injure the revenue be discovered. The person guilty of such omission or misdescription shall be liable to a penalty not exceeding ten times the amount of duty which might have been lost to Government by such omission or misdescription, unless it be proved to the satisfaction of the Collector or other officer that the variance was accidental.
14. If any Collector or other officer subordinate to a Collector does any act or is guilty of any omission in contravention of this Act or of any rule or order made thereunder; or, with intent to cause

injury

## (Part I.—Excise.—Sections 26-30.)

injury or annoyance to any person, vexatiously and unnecessarily makes use of any power conferred upon him under this Act.

15. The offences described in the Principal Act, section 167, Schedule, Nos. 41—53, both inclusive, in reference to warehousing of dutiable goods. The penalties prescribed in the same Schedule in respect of such offences respectively.

Magistrates having jurisdiction.

26. All offences against this Act may be tried summarily by a District or Presidency Magistrate or a Magistrate of the First Class.

Application of section 168 of Sea Customs Act to cases of confiscation under this Act.

27. Section 168 of the Principal Act shall apply to all cases of confiscation of goods under this Act.

Application of certain provisions of same Act to proceedings under this Act.

28. All the provisions of Chapter XVII of the Principal Act, except sections 169, 170, 177, 182, 184, 185, 187, 190, 191 and 193, shall apply to all proceedings under this Act.

Power to Local Government to reverse or modify orders under this Act.

29. The Local Government may, on the application of any person aggrieved by any decision or order passed under this Act, reverse or modify such decision or order.

*Miscellaneous.*

Power to take samples.

30. (1) The Collector or any officer appointed under section 15 may at any time take samples of any yarn or fabric for examination or for ascertaining the count or value thereof, or for any other necessary purpose.

(2) Every such sample shall, if practicable, be restored to the owner, or, at his option, sold by the Collector,



## (Part I.—Excise.—Sections 31-33.)

Collector, and the proceeds accounted for to the owner.

31. The owner of every mill shall keep such records and books of account as may be prescribed by any rules under this Act.

Records and accounts to be kept by mill-owners

32. The provisions of section 198 of the Principal Act shall apply to all proceedings for anything purporting to have been done in pursuance of this Act.

Provisions of section 198 of Sea Customs Act to apply to proceedings under this Act.

33. (1) The Governor General in Council may from time to time make rules under this Act—

Power to make rules

- (a) prescribing the form of any return required by or under this Act and the particulars to be contained therein respectively, and the manner in which the same is to be verified, and all such other conditions in respect thereof as may be necessary ;
- (b) prescribing the form of the notice to be issued by the Collector under section 8 ;
- (c) regulating the inspection of mills, and the powers and duties of Collectors and other officers in respect thereof ;
- (d) regulating the provision of warehouses under this Act, and the deposit and discharge of yarn therein and therefrom, and the powers and duties of the Collector in respect thereof ;
- (e) prescribing the records and books of account to be kept by owners of mills under this Act ;
- (f) prescribing arrangements under which the requirements of section 21 shall be deemed to have been sufficiently complied with ; and
- (g) generally for carrying into effect the provisions of this Act.

(2) The application of any such rule may be confined to any place or places specified therein.

34. The

(Part I.—Excise—Sections 34-35. Part II.—Inland Customs Duties.—Sections 36-37.)

Certain provisions of Sea Customs Act to be incorporated in this Part. Application of section 10 of Tariff Act to duties under this Act.

34. The provisions of sections 201, 204, 205 and 206 of the Principal Act shall be deemed to be incorporated in this Part.

35. The provisions of section 10 of the Indian Tariff Act, 1894, shall apply to duties on cotton goods imposed under this Act. VIII of 1894.

## PART II.

### INLAND CUSTOMS DUTIES.

Levy of duties on cotton yarns and manufactures passing into British India from foreign territory.

36. (1) Duties of customs shall be levied at the rates for the time being prescribed in the Indian Tariff Act, 1894, upon cotton yarn, and upon cotton manufactures of all kinds, passing into British India out of any territory declared, under the power hereinafter in this section conferred, to be foreign territory. VIII of 1894.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that any territory situated within or bordering on, but not forming part of, British India shall be deemed, for the purposes of this section, to be foreign territory.

(3) The Governor General in Council may, from time to time, by notification in the Gazette of India, prohibit or restrict the bringing of cotton yarns or cotton manufactures into British India from any such foreign territory, or may prescribe the routes by which alone they may be brought.

(4) The provisions of section 19A of the Principal Act shall apply to all goods brought or attempted to be brought into British India in contravention of any such notification.

Application of provisions of Sea Customs Act as to drawback to goods taxed under this Part.

37. The provisions of the Principal Act as to drawback on export shall apply to all goods upon which duty has been paid under this Part.

### THE SCHEDULE.

## THE SCHEDULE.

(See section 6.)

## TARIFF VALUES OF YARNS (PER POUND).

Description of Yarns.	Tariff Values.		
	Rs.	A.	P.
Medio, No. 40 . . . . .	0	9	6
„ „ 50 . . . . .	0	11	0
„ „ 60 . . . . .	0	12	6
and so on, one anna and a half being added to the valuation for every count of ten or part of a count of ten above No. 60.			
Mule and water—			
above No. 20 to No. 24 . . . . .	0	5	6
„ „ 24 to „ 32 . . . . .	0	7	0
„ „ 32 to „ 42 . . . . .	0	8	0
„ „ 42 to „ 52 . . . . .	0	9	6
„ „ 52 to „ 60 . . . . .	0	11	6
„ „ 60 to „ 70 . . . . .	0	13	6
„ „ 70 to „ 80 . . . . .	0	15	0
and so on, one anna being added to the valuation for every count of ten or part of a count of ten above No. 80.			
Mule, doubled—			
above No. 20 to No. 24 . . . . .	0	6	6
„ „ 24 to „ 32 . . . . .	0	8	0
„ „ 32 to „ 42 . . . . .	0	9	0
„ „ 42 to „ 52 . . . . .	0	10	6
„ „ 52 to „ 60 . . . . .	0	12	6
„ „ 60 to „ 70 . . . . .	0	14	6
„ „ 70 to „ 80 . . . . .	1	0	0
and so on, one anna being added to the valuation for every count of ten or part of a count of ten above No. 80.			
White or bleached, doubled, all numbers . . . . .	0	12	0