

Report of the Indian Tariff Board
regarding changes in the Tariff
entries relating to printing paper
including the written and oral
evidence recorded during the
enquiry.

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CENTRAL PUBLICATION BRANCH

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APPENDIX I.

Copy of letter from De Norske Papirfabrikanter Forening, Christiana, dated November 6th, 1926.

To

THE CALCUTTA PAPER TRADERS' ASSOCIATION,
No. 1A, Swallow Lane, Calcutta.

DEAR SIR,

In reply to your favour of 10th July, we beg to point out that by Newsprint is understood paper made from ground wood pulp and sulphite in the proportion of from 20 to 30 per cent. sulphite, and the remainder ground wood. Most of the Newsprint is delivered in the substance of 50 grains to 55 grains machine finished, and in white colour, but both thinner and thicker substances are used.

Some newspapers require calender-glazed paper, and it is also customary for some newspapers to order paper in light colours, mostly pink and green.

Most of the Newsprint is delivered on reels, but it is also wanted in sheets, and particularly in weights thinner than 50 grams. Certain markets are fairly large consumers of the latter grade of Newsprint.

Yours faithfully,

(Sd.)

Secretary.

APPENDIX I.

Copy of letter from the Paper Makers' Association of Great Britain and Ireland, 1912, dated 29th March, 1927.

To

THE CALCUTTA PAPER TRADERS' ASSOCIATION,
1A, Swallow Lane, Calcutta.

DEAR SIR,

I have your letter of the 10th March, and have made enquiries from which I gather that in the view of this Association *the test for newsprint paper should be 60 per cent. mechanical and 40 other of fibre only, not taking into account loading and other materials.*

I am further informed that the phloroglucine test is quite a good one, but that the microscope is the most reliable of all.

Yours faithfully,

(Sd.) A. W. FOSTER,

Secretary.

APPENDIX I.

Copy of letter from Import Committee of the American Paper Industry, dated 24th August, 1926.

To

Mr. RAGHUNATH DUTT,
SECRETARY, CALCUTTA PAPER TRADERS' ASSOCIATION,
CALCUTTA

DEAR SIR,

Your honoured letter of July 9 addressed to the American Paper and Pulp Association inquiring as to the meaning of the term "newsprint" was referred to this committee and reply has been somewhat delayed owing to the absence from office of our Manager.

"Newsprint" is a term applied in this country to a class of cheap printing paper, consisting of 70 to 80 per cent. ground wood and the remainder sulphite pulp, soft sized and machine finished. It is used primarily for printing newspapers and secondarily for cheap magazines, books, catalogues, and tablets and for posters, hand bills, etc.

That grade of paper which is customarily used by newspapers in the United States in printing their ordinary editions, is known as "Standard Newsprint" paper and is distinguished for tariff purposes from other grades of newsprint paper.

The Secretary of the Treasury defines it as follows:—

"The term 'standard newsprint paper' as used in paragraph 1672 of the tariff act of 1922 shall conform to the following specifications:—

Weight.—500 sheets, each 24×36 inches, shall weigh not less than 30 lbs. nor more than 35 lbs.

Rolls.—The paper shall be in rolls not less than 16 inches wide and 28 inches in diameter. Sheets 20×30 inches.

Stock.—Not less than 70 per cent. of the total fibre shall be ground wood; the remainder shall be unbleached sulphite.

Finish.—The average of 5 tests in machine direction and 5 tests in cross direction on both sides moving the paper after each test, made with the Ingersoll Glarimeter, shall be not more than 50 per cent. Gloss.

Ash.—Shall be not more than 2 per cent.

Degree of sizing.—Time of transudation of water shall be not more than 10 seconds by the Ground Glass method or 5 seconds by the alternate methods.

.

Other grades of newsprint differ from standard grade in weight, dimensions, surface finish, loading or filler and degree of sizing.

I trust that the information we have given you is what you desire, but will be pleased to answer any further questions in reference to this subject.

The Times of India, Bombay.

Letter, dated 6th June 1927.

In reference to Resolution No. 202-T. (16), dated 19th May 1927, issued by the Department of Commerce of the Government of India, we beg to state

that in our opinion the present wording does not give clear indication of Government's meaning. Item No. 99, paragraph 3 reads:—

	Per	Tariff valuation.	Duty.
		Rs. A. P.	
Printing paper, white coloured—			
All sorts containing less than 65 per cent. of mechanical wood pulp, but excluding chrome, marble, flint, poster and stereo	lb.	Specific	1 anna.
Newsprinting paper, containing not less than 65 per cent. of mechanical wood pulp, glazed or unglazed, white or grey.	"	0 2 3	15 per cent.
Other sorts, including chrome, marble, flint, poster and stereo	<i>Ad valorem</i>	15 per cent.

This seems to indicate that two classes of printing paper only are to be considered, i.e., those containing less than 65 per cent. of mechanical wood pulp and those containing more than 65 per cent.

In our opinion the wording should be:—

	Per	Tariff valuation.	Duty.
		Rs. A. P.	
Printing paper, white or coloured—			
All sorts containing less than 65 per cent. of mechanical wood pulp, but excluding chrome, marble, flint, poster and stereo	lb.	Specific	1 anna.
Paper containing not less than 65 per cent. of mechanical wood pulp	"	0 2 3	15 per cent.
Other sorts, including chrome, marble, flint, poster and stereo	<i>Ad valorem</i>	15 per cent.

It is also our opinion that the mechanical pulp content should be based on the total pulp content of the paper and not on total weight, as imported papers under this heading costing up to £24 per ton are used for purposes which do not compete with the Indian made product, the lowest price of which is 8 annas 6 pies per lb.

It might also be mentioned that grave dissatisfaction exists as to the method of ascertaining the mechanical wood content by chemical analysers, but this matter will be taken up with the Commerce and Industry Department of the Government of India.

Bombay Paper and Stationery Merchants' Association.

Representation, dated 11th June 1927.

On behalf of the Paper Merchants' Association of Bombay, I have the honour to address you in connection with the recent decision of the Government of India, in regard to protective duties on newsprint the subject matter of which has been referred to the Tariff Board for report.

The result of the revised Ruling No. 1 of 1927 has been to bring within the scope of the protective duties specific one anna per lb. the large amount of newsprint and other papers which it was the intention of the Tariff Board and the Government of India to exclude. So far as the matter of newsprint is concerned, it would be needless for my Association to refer to the evidence on the subject, but I would, nevertheless, draw attention of the Board to its own report regarding the grant of protection to the paper and pulp industries, paragraphs 18 and 19, wherein the paper mills in India have definitely abandoned the claim for protective duties on newsprint. I would also draw the attention of the Board to the speech of the Hon'ble Commerce Member, Sir Charles Innes, in the Legislative Assembly reported in Vol. VI, No. 14, 10th September 1925, and further to the speech of Sir Willoughby Carey, in the Legislative Assembly made on behalf of the paper mills in India reported in the same volume, *assuring the paper trade and the newspaper that it was not the intention of the Government of India to impose any protective duties on newsprint.*

I would point out that since the report of the Tariff Board was issued in 1925, prices for newsprint have further declined. The present price for newsprint in sheets 50 grammes per sq. metre is £15-10 per ton c.i.f. based on payment by credit of 75 days and the price for "glazed mechanical" is £16-10 per ton c.i.f. based on similar terms. The prices of the same in reels would be cheaper by another 25s. per ton. This grade of the paper is as already recognized by the Board in its report can never be supplied by the Indian mills and does not compete with any Indian paper supplied by the Indian mills and any increase therefore in the protection duties would not help the Indian mills but will unnecessarily throw burden on the consumer. At the present tariff valuation, the customs duties work out about 22½ per cent., and the landed cost of the paper including duty will work out 1 anna 10 pies per lb. for unglazed, and 1 anna 11 pies for glazed mechanical. If the interpretation is put in the law as is sought to be done by the issue of the revised Ruling No. 1 of February 1927, the incidence of taxation on the consumer will be 66 per cent. on the paper which the Indian mills do not hope to supply and against which they do not seek any protection. Since the intention of everybody concerned in this matter is clear it would be useless for my Association to further labour this point.

It will be remembered that the Tariff Board was inclined to exempt several other grades of papers from the protective duties which did not enter into competition with the Indian manufacturer, and the c.i.f. prices of which were between £18 and £22 per ton, such as unglazed news, white and coloured, and glazed news, white and coloured. The representatives of the Indian mills also agreed that the exemption should extend to all papers containing more than a certain percentage of mechanical wood pulp. As a result of these negotiations the Tariff Board laid down the principles for exemption of certain papers as shown in paragraphs 149 and 150 of the report.

The Board accordingly ruled that "all papers containing not less than 65 per cent. of the mechanical wood pulp should remain subject to the present rates of duty," but it was not made clear whether this percentage of mechanical wood pulp should be calculated on the fibre contents of the paper or on the total weight of the paper. Up to February 1927 the interpretation on the law was put in the same spirit in which the recommendations were made by the Tariff Board, namely that all grades of papers which like news containing more than 65 per cent. mechanical pulp should be exempted.

from the protective specific duty of one anna per lb., still early this year a first interpretation was put on the Act at the instigation of the Indian mills with the result that huge consignments of unglazed news, white and coloured, as also glazed news, white and coloured, have been charged at the specific duty of one anna per lb., which, Sir, you will admit, was not the intention of the Tariff Board. We cannot understand, what could have prompted this move by the Indian mills, for owing to the fall in prices on the Continent, whatever reasons they had at one time for protection against grades like news containing more than 65 per cent. mechanical wood pulp have fallen to the ground. Below is a list of the grades of papers containing more than 65 per cent. mechanical wood pulp and the comparative prices of the same.

	1925			1927		
	₹.	s.	d.	₹.	s.	d.
Unglazed news 50 Gr.	17	0	0	15	10	0 c.i.f.
Glazed news 50 Gr.	19	0	0	16	10	0 c.i.f.
Unglazed coloured badami news 50 Gr.	22	0	0	18	0	0 c.i.f.
Glazed coloured news 50 Gr.	21	10	0	20	0	0 c.i.f.

This new interpretation of the Act has resulted in heavy losses to the importers, whose calculations have fallen to the ground and you are no doubt aware that this matter was raised by Colonel Crawford in the Legislative Assembly on the 10th March 1927. My Association would feel grateful if an early amendment of the Act is undertaken as promised by the Hon'ble Commerce Member, Sir Charles Innes, in the Legislative Assembly as reported in Vol. IX, No. 33 of 10th March 1927.

The percentage of mechanical wood pulp should be calculated on the fibre contents of the paper as hitherto and not on the total weight of the paper which include several other auxiliary materials besides the wood pulp. The amendment of the law would accordingly enable the importers to continue to import newsprint as before without any difficulty.

Further, my Association would strongly bring to your notice the unsatisfactory nature of the chemical analysis of the paper as recommended by the Tariff Board in paragraph 150. It was recognized by the Board that it was most difficult to ascertain by tests the percentage of mechanical wood pulp contained in a paper, but nevertheless the suggestion was made in the hope that the difficulties would be overcome.

The experience of the last 22 months has given the disappointing results and my Association can say it from knowledge, that the mechanical wood pulp contained in a certain paper has been differently reported by the Chemical Analyser at different ports. One of the Member of my Association contracted for 100 tons of glazed coloured news containing more than 65 per cent. of mechanical wood pulp and shipments were made at different periods at the ports of Karachi, Bombay and Madras. With each shipment a certificate from the Mill was attached, attested by the *British Chamber of Commerce* mentioning the percentage of mechanical wood pulp. The Chemical Analyser at Karachi has invariably reported this paper to contain less than 65 per cent. mechanical wood pulp and specific duty of one anna per lb. has been charged, while the Madras Chemical Analyser has always reported the same paper to contain more than 65 per cent. of mechanical wood pulp, and that so in spite of the Revised Ruling No. 1 of 1927. The Bombay Chemical Analyser has made varying reports on the same paper. One of the shipment has been reported to contain less than 65 per cent. mechanical wood pulp whilst another one of the same paper has been reported to contain more than 65 per cent. mechanical wood pulp between February 1927 and to date.

The Board can well realise the unsatisfactory effect of these reports on the market conditions and the unnecessary disturbance caused to merchants. Further the procedure adopted in completing the bills-of-entry for papers requiring determination of mechanical wood pulp is followed differently at

the ports of Karachi, Bombay and Madras. Hitherto bill-of-entry at the ports of Karachi and Madras for such papers have been completed on payment of provisional duty of one anna per lb., pending the report of the Chemical Analyser, which takes 10 days at least each case, with the result that the importer knows within a few days the decision of the Chemical Analyser on his sample. This procedure of collecting provisional duty is a great hardship on the importers as lot of money gets locked up in the cash security with the Government which it takes several months to get a refund of. In Bombay the bill-of-entry for similar papers, requiring determination of mechanical wood pulp, are completed on payment of their Tariff Scheduled duty whereby importers are saved the locking up of huge sums of money, and in case of unfavourable report by the Chemical Analyser, the Customs Authorities demand payment of the short duty. But in these cases the report of the Chemical Analyser takes 6 to 8 weeks with the result that the importers never know what to do. A number of Members of my Association have received notices from the Customs Authorities about short levy as much as 6 weeks after the clearing of consignments during which time the goods have been practically disposed of with cost based at the rate of duty actually collected at the time of clearing. My Association is of opinion that both these procedures adopted are most objectionable as a great amount of uncertainty is thrown in the business.

Considering the nature of difficulties involved, my Association is of opinion that the chemical tests by the Chemical Analyser should henceforth be done away with as suggested by the Board in paragraph 150 of the report, and for the reasons that it is not a satisfactory one. We would refer you to the Chemical Analyser of Bombay on this matter. A certificate of the supplier on each consignment should be accepted as final unless the Customs Authorities have strong reasons to believe otherwise.

In view of the above, my Association would suggest the following change in the Tariff Schedule for favourable consideration by the Board.

Printing paper, white or coloured.

All sorts containing less than 65 per cent. mechanical wood pulp of the fibre contents but excluding Chrome, Marble, Flint, Poster and Stereo:— Specific one anna per lb.

Paper containing not less than 65 per cent. of mechanical wood pulp of the fibre contents. Tariff Valuation 15 per cent. Rs. 0-2-3.

In conclusion my Association hopes that this representation will be considered in the light of the Report of the Tariff Board already made on the subject and recommend fresh legislation to the Government of India in accordance with the conclusions already agreed upon.

Messrs. J. B. Advani & Co., Ltd., Karachi.

Representation, dated the 10th June 1927.

In response to the Government of India communiqué regarding import duty on all kinds of paper containing more than 65 per cent. mechanical wood pulp, we beg to submit our views on the subject matter.

We are importers of all kinds of paper. We have our offices at Karachi, Bombay, Madras and Lahore. We also import different kinds of paper containing more than 65 per cent. mechanical wood pulp, such as unglazed and glazed white news-printings, unglazed badami printings, glazed coloured printings and cheap cover papers.

As suggested in your report on the protection of Bamboo Pulp and Paper Industries, we have been getting certificates from the Mills and Export Houses, as the case may be, regarding the percentage of mechanical wood pulp; in some cases all such certificates were endorsed by the Chambers of Commerce of the

country of origin and even then the paper had been submitted by the Customs Department to the Chemical Analyser for his report. In all cases without exception, the paper had been found to contain more than 65 per cent. as had been certified. In February 1927, Government of India on the advice of Legal experts issued fresh orders that only such paper as contained more than 65 per cent. mechanical wood pulp of the *gross weight* of paper and not of the fibre contents, will be exempted from the protective duties of one anna per lb. The result has been that there has been no uniformity of assessment of duty on such kinds of paper. Some consignments have paid duty at 15 per cent. of the Scheduled rate and others have paid one anna per lb. or three times the duty paid by the former. This has paralysed the trade considerably. Paper merchants have suffered heavily. Karachi merchants have lost their custom in Sind and the Punjab, as the consumers found it cheaper to get paper from Bombay in spite of heavy freight rate.

In order that all such kinds of paper may pay uniform rate of duty at all ports, we respectfully suggest that the percentage of mechanical wood pulp should be 65 per cent. of the fibre, as was done prior to the issue of recent Government orders. It will save lot of worry and expense to the Customs Authorities if all unglazed and glazed news-printings, white or coloured, are assessed at 15 per cent. of the Scheduled rate of Re. 0-2-3 per lb. without subjecting the paper to chemical analysis. The Appraisers in charge may only send for chemical analysis such paper as in their opinion appears to be woodfree. They would also be able to know if the paper has been correctly invoiced, for, news-printings white or coloured, range in price from £16 to £22 per ton c.i.f. Indian ports.

We have suggested that chemical analysis of paper containing a good percentage of mechanical wood pulp be done away with, because Paper Experts are of opinion that "the determination of the amount of mechanical wood pulp present in paper is a matter of some difficulty. With considerable care and experience and examination of the sufficient number of slides, a very fair approximate estimation may be obtained in the usual way by microscopic valuation." They further add that "it is very difficult to make an accurate computation of the proportion by weight and to prepare slides representing average samples of the paper."

It will be seen that a Chemical Analyser will have to prepare a good number of slides from each sample of paper before he can get an approximate result. It means lot of time is required for the chemical examination of each consignment and even then the result will be approximate. With such results there will be possibilities of some of importers suffering. Besides it will mean uncertain conditions of trade, one dealer may have to pay duty at the rate of 4 pies and the other at one anna per lb.

Before closing we may be permitted to add that owing to the chemical test, importers of paper have to store the paper in their warehouses pending the report to the chemical analyser. It means loss of interest not to include warehousing charges.

In case the Tariff Board recommends retention of chemical test, we beg to suggest that some sliding scale of duties may be imposed as under:—

All paper containing more than 65 per cent. mechanical wood pulp 15 per cent. off the Scheduled rate.

All paper containing more than 60 per cent. and less than 65 per cent. mechanical wood pulp 17½ per cent. off the Scheduled rate.

All paper containing more than 55 per cent. and less than 60 per cent. mechanical wood pulp 20 per cent. off the Scheduled rate.

All paper containing more than 50 per cent. and less than 55 per cent. mechanical wood pulp 25 per cent. off the Scheduled rate.

All paper containing less than 50 per cent. may be charged for at one anna per lb.

If a sliding scale like the above is adopted, there will not be such wide-differences in duty and the importers will not suffer so much.

In conclusion, we beg to enclose copy from a Text Book on Paper Making, showing how difficult it is to analyse the paper quantitatively.

Wood (Mechanical).—Mechanical wood pulp may be recognised by a peculiar configuration of the torn ends of the fibres, and from the fact that the fibres are rarely separated, but are generally more or less agglomerated (see Plate V). Pulp from coniferae of course shows the pitted vessels already referred to. They are usually more distinct than in "chemical" wood pulp. Occasionally fragments are to be met with connected together with portions of the medullary rays.

The microscopical examination of a paper is a matter of very great difficulty, and one requiring much practice. The student is recommended to study closely for himself the microscopical features of pulps obtained from authentic specimens.

A fair measurement of the relative proportion of the various fibres present in a paper can be obtained from a careful microscopical examination.

The degree of accuracy obtainable depends first upon the kind of mixture under examination, and secondly, upon the experience of the observer.

In examination the paper under the microscope, it should be observed whether the fibres appear as fragments, or whether they consist of whole cells in which the natural ends are preserved.

For the chemical identification of the fibres in writing and printing papers, the most useful reactions are those with aniline sulphate solution. The fibres (celluloses) of the rag and wood groups give no reaction, but straw and esparto celluloses and mechanical wood pulp can be identified by its means. The authors have found that when a paper containing straw or esparto is treated for some time with a boiling 1 per cent. solution of aniline sulphate, a red colour is produced. Esparto gives the reaction with greater intensity than straw. In this way, the presence of a very small quantity of these pulps can be detected with certainty.

Mechanical wood pulp, when treated with a solution of aniline sulphate, develops, even in the cold, a deep yellow colour. If a paper containing mechanical wood pulp so treated be examined under the microscope, the fragments of wood will be found to be deeply stained, whereas the other fibres remain colourless, or nearly so. It must be borne in mind that cellulose obtained from lignified fibres, if the boiling and bleaching processes have not been carried sufficiently far, will give with aniline sulphate a more or less intense yellow coloration.

Quantitative estimation of mechanical wood pulp.

The determination of the amount of mechanical wood pulp present in a paper is sometimes a matter of some importance, also of some difficulty. With considerable care and experience and examination of a sufficient number of slides, a very fair approximate estimation may be obtained in the usual way by microscopic valuation. Owing to the small and variable size of the particles of mechanical wood, however, it is very difficult to make an accurate computation of the proportions by weight, and to prepare slides representing average samples of the paper.

A colorimetric estimation based on the phloroglucinol reaction in certain cases may afford excellent results. For this purpose a series of standard sheets made by hand from mixtures of known proportions of mechanical and sulphite pulps is necessary. Each mixture should be prepared in sheets of various thicknesses and the sample to be analysed must be compared only with standard sheets of approximately the same substance. Small portions of standard sheets and the samples under examination are steeped together in a solution of phloroglucinol in hydrochloric acid (see reagent below), and the intensity of the colour produced is compared. It is important that the phloroglucinol reagent be employed in excess; when it is merely dropped or spotted on the papers to be tested, it serves only as a qualitative test and the intensity of the colour bears little relation to the proportion of the mechanical wood present. The method of colorimetric comparison, though fairly satisfactory for the

estimation of small proportions of mechanical wood pulp, diminishes in accuracy as the proportions increase, and in the case of papers containing over 50 per cent. of mechanical, the colours are so deep that small differences in intensity are very difficult to estimate. In important cases, some less subjective method of analysis is required, and for this purpose the authors have devised the chemical titration process described below. Though somewhat too tedious for every day purposes, this method has been approved by several independent observers as the most accurate means yet proposed for the quantitative estimation of mechanical pulp in papers free from other lignified fibres.

Messrs. H. E. Haveliwala and Brothers, Bombay

Representation, dated 1st July 1927.

Enclosed please find a copy of a letter addressed to the Collector of Customs, which speaks for itself.

You are requested to put our case before the Board and give it the full consideration it deserves and remove the complications involved.

Copy of letter No. 5/746, dated 29th June 1927, from H. E. Haveliwala and Brothers, Bombay, to the Collector of Customs, Bombay.

Re: 20 bales marked HEH No. 1/20, Coloured Rough Printing paper, ex S.S. "Cracovia".

This is to draw your attention to our letter No. 5/739 of 14th instant.

From the following facts, you will please see that the present market price of this class of paper does not include duty of an anna a lb.

(1) You can very well see that the goods have been invoiced at £31 per ton FBH, i.e., 1s. 11½d. or say Rs. 1-4-11 per ream of 7 lbs., invoice weight.

(2) Duty at an anna a lb. will be Re. 0-7-1½ per ream, Customs weight.

(3) Manifest, wharfage, examination, cart coolie hire, cart loading and unloading, tramfares, opening and packing of bales, agency commission and sundries amount to Rs. 49-14-0 for 960 reams which comes to Re. 24-10 per ream.

(4) From the above three items, you will please see that our cost price per ream comes to Re. 1-12-10½ paid hard cash.

(5) The present market price of this paper for this quantity is no better than Re. 1-8-0 per ream, less 3¼ per cent. (2 per cent. discount, 1¼ per cent. interest for 2 months time allowed to buyers), that is, the net market price comes to Re. 1-7-7½ per ream.

(6) If we were to sell paying you duty at an anna a lb. we loose As. 5-3 per ream, that too without consideration of interest for delayed payments by customers and unforeseen losses.

(7) Thus, you will please understand that when we indented for these goods it was never contemplated by us or by any other paper merchants of Bombay that we will have to pay at the enhanced rate as is now proposed to be taken by you.

It is general practice with big merchants to make forward sales as soon as invoices are in their hands and they, never having thought of being required to pay duty at a higher rate than 15 per cent. on As. 2-3 per lb. tariff value, made contracts at the current market price. Now they were to pay duty at a higher rate, they will have to suffer a severe loss.

Our invoice is certified by Messrs. J. Jacobi and Company, Limited, Hamburg, who have consigned the goods to us that the paper invoiced contains more than 65 per cent. mechanical wood pulp. Thus it is clear that

the paper was to be passed by the Customs under a lower rate of duty for the market price would not permit duty at a higher rate.

Under the circumstances, Dear Sir, we request you to be kind enough to refund us the excess amount of duty paid by us at an early date.

The Titaghur Paper Mills Company, Limited, The Bengal Paper Mills Company, Limited, and India Paper Pulp Company, Limited.

Representation, dated 9th June 1927.

In response to the public announcement on May the 20th, 1927, to the effect that Government have ordered a re-enquiry into the position of news-print in the Tariff schedule, we have the honour to submit our statement of evidence in this connection as follows.

We do not think that there has ever been any doubt in the minds of any of the members of the original Tariff Board or of the Paper Mills which applied for protection with regard to the manner in which the percentage of mechanical wood pulp in news-print was to be calculated for the purpose of assessing duty. In order to lay our opinion before you we do not think we can do better than to quote a letter which was addressed by the Indian Paper Mills to the Secretary to the Government of India, Finance Department (Central Revenue), Delhi, on the 28th December 1926, which was as follows:—

“ We have the honour to draw your attention to the attached copies of the telegram sent by us to the Central Board of Revenue on 28th August 1926, and to the letter in reply from the Secretary, Central Board of Revenue, C. No. 841-Cus., dated 31st August 1926.

In this letter the Central Board of Revenue adheres to the position taken up in Customs Ruling No. 9 of 1926 of the Central Board of Revenue whereby the percentage of mechanical wood pulp in paper is to be calculated on the total net fibre content of the paper and not on the total content of the paper as a whole, that is the fibre *plus* the other constituents such as China clay and size which go to make up finished paper.

In order to make our position clear we would briefly recapitulate the events which led up to the recommendation of the Tariff Board and to the grant of a measure of protection being given to the paper manufacturing industry in India.

The claim to protection and the written and oral evidence in support of it submitted by the different paper mills in India has been printed and published by the Government of India and we shall take the opportunity of referring to the printed evidence at a later stage in this letter.

Originally our application for protection included all kinds of paper without any discrimination or exemption, but at the instance of the Tariff Board it was decided to exempt news-printing paper from the protective tariff as it was agreed that mechanical wood pulp was not being manufactured in India and that it was therefore almost impossible to compete with foreign manufacturers who make cheap news-printings from mechanical wood pulp. We suggested a system of licenses to allow newspapers to import their supplies of news-printing at the old rate of duty but eventually agreed to the exemption of paper containing more than a certain percentage of wood pulp (Report of Tariff Board on paper and pulp industries, pages 11 and 12, paragraphs 17 to 19). In this connection we also draw your attention to the letter, dated 30th August 1924, addressed to the Tariff Board (Evidence Vol. I, page 502).

In all the discussions regarding the exemption of true or standard news-print from the new duty the whole idea was to give special facilities for the importation of the cheap qualities of paper required entirely for the

printing of newspapers and it was never suggested at any time that provision was to be made to import cheaper forms of paper to be used for general printing purposes under the same exemption clause in the Tariff. We would refer you here to Paper and Pulp Industries Evidence, Vol. I, page 419, paragraph 8 *et seq* and also to the evidence of the Controller of Stationery, Mr. Ascoli, on Evidence Vol. II, pages 504 and 508.

Eventually the Tariff Board made their recommendation exempting 'printing paper, glazed and unglazed, containing not less than 65 per cent. of mechanical wood pulp' from the operation of the new tariff of 1 anna per lb. The note on the proposed section of the Tariff Schedule submitted by the Tariff Board reads, with reference to this exemption, as follows:—

'The existing duties of news-print are retained where the paper contains not less than 65 per cent. of mechanical wood pulp. It has been considered preferable to avoid using the terms 'news' in the schedule. The sole criterion to determine whether a particular kind of printing paper ought to pay the lower rate of duty is the percentage of mechanical wood pulp it contains and the purpose for which it may be used is irrelevant.'

With regard to the last sentence in the paragraph of this note, we have to repeat that all along the whole subject of exemption of this quality of paper was investigated purely with regard to the use of it by newspapers and Indian Mills were prepared to agree to the exemption 'until such time as we can see what effect such differentiating may have on the paper trade generally' (see Tariff Board Report, Chapter II, paragraphs 18 and 19).

Some months ago we raised the question of the method of ascertaining the percentage of mechanical wood pulp in paper which claim exemption from the new tariff with the Customs Department as a result of which the Central Board of Revenue issued the ruling to which we refer at the beginning of this letter. We have no information as to how the Central Board of Revenue ascertained the trade practice to which the Secretary, Central Board of Revenue, refers in his letter No. C. 841-Cus., 26, dated 31st August 1926, copy of which is attached. Our experience is that the trade practice is by no means clear and it depends considerably on whether the opinion as to the trade practice is given by the chemist who is dealing with paper from an analytical point of view, by a paper manufacturer who is making up his furnish for a specific type of paper, or by a buyer who specifies a certain quality of paper containing definite proportions of certain fibres. We ourselves have made enquiries in England and find that whereas several of the large paper mills and also Messrs. Sindall and Bacon, the well known paper trade chemists, state that the percentage is calculated on the 'fibre to fibre' basis, two very well known large users of and dealers in paper in England, the Drayton Paper Works and the Vale Paper Works advise us that the generally accepted method is that a 65 per cent. mechanical pulp paper would mean 65 per cent. of the whole furnish. We give below for your information the reply received from the Vale Paper Company.

'If a mill offers us a paper with a declaration that it contained 65 per cent. of mechanical pulp, we should consider that the percentage was 65 per cent. of the whole furnish of the paper. In other words it may contain 65 per cent. of mechanical 30 per cent. of cellulose, and 5 per cent. of loading. We do not make this statement as an authoritative ruling, but it would certainly be our understanding.'

Commenting on the ruling of the Central Board of Revenue, one of the English Paper Trade Journals recently remarked that it was a curious thing that definite rulings on such important paper trade questions had never yet been laid down and that it would be of great assistance to the trade if clear definitions of customs and practices in the paper trade were produced. The Journal observed 'We at any rate have not succeeded so far in finding an official definition of the quantitative fibre content of

paper The Chemists' definition of fibrous content would be very different from a Mill Manager's specification and would be concerned with the constitution of 100 per cent. product including all factors.' We submit, therefore, that as the generally accepted method is by no means clear the whole question can be reasonably settled only in the light of the intention of the Tariff Board when making the recommendation. From paragraph 9 we would draw your attention to the recent call for tenders by the Government of India, Central Stationery and Stamp Office, in which a quality of paper containing 25 per cent. of mechanical wood pulp is asked for. In arriving at the percentage, the department distinctly states 'this percentage to be calculated on the total furnish and not on the fibre only.' In passing, we do not know if the Controller of Printing, Stationery, was consulted as to his opinion when the recent ruling was made.

With a view to demonstrate to you the considerable differences that occur between the two methods of calculation, we give below the following examples:—

Calculation based on the entire contents of the paper including China clay and size.

	Per cent.
Mechanical wood pulp	57
Sulphite	28
Loading	15
	100

The paper, containing the above contents should under our contention pay customs duty at the rate of 1 anna per lb. When, however, the calculation is based on the nett fibre contents only, as accepted now by the Customs authorities, the following alterations in percentage occur.

Eliminating the loading contents of the paper, there remains a nett fibre content of 85 per cent., which represents the 100 per cent. of material accepted by the Customs authorities on which percentages of raw material are secured.

The following differences on percentages therefore take place:—

A	B
57 per cent. mechanical wood pulp changes to .	67 per cent.
28 per cent. Sulphate wood pulp changes to .	33 "
	100 "

From the above you will note that the vital difference that takes place simply on account of the different methods of calculation. The quality of the paper is the same, but example A should pay a customs duty of 1 anna per lb. whereas what actually at present takes place as shown in example B is that the paper comes into the country on the lower basis of customs duty, viz., 15 per cent. *ad valorem*. In other words, example A pays duty at the rate of Rs. 140 per ton whereas example B pays duty of approximately Rs. 52 per ton, a difference of Rs. 87-8-0 per ton in favour of the importer.

The above indicates the serious injury that is at present being done to the Paper Industry of India and one we are sure was never anticipated when the Legislative Assembly confirmed the Tariff Board's recommendation for protection. We need hardly draw your attention to the considerable loss in revenue to the country that is taking place owing to the present method of calculation being adopted.

The evidence to which we have already drawn your attention will show that originally we considered that the percentage should be fixed at 70

per cent. but the Tariff Board decided to fix it at 65 per cent. in order to allow for possible errors in analysis although we pointed out at the time that there would be considerable danger in fixing the percentage at such a low figure. The reply of the President was to this effect:—

‘Once you make the tariff, people may set their ingenuity to work. If they do that it must be dealt with as occasion arises. All you can attempt at the outset is to safeguard against things that are likely to happen.’

We also refer you to Evidence Vol. II, pages 14, 71 and 72.

We submit that when the Tariff Board fixed the percentage of mechanical wood pulp at 65 per cent. they definitely intended the percentage to apply to the paper as a whole, that is including the whole furnish, fibre, clay, etc. In proof of this we draw your attention to the discussion as recorded on page 508, Evidence Vol. II reading as follows:—

‘*Mr. Ginwala.*—How much do you allow for loading?’

Mr. Ascoli.—The maximum we allow is 15 per cent. of a printing paper, but in the case of writing it is still less, viz., 7½ per cent.; typewriting paper 5 per cent.; duplicating paper 2 per cent.; blotting paper nil (as a matter of fact we do allow some) and Manilla paper 8 per cent.

Mr. Ginwala.—You do not mean to say that the ash contents represent only the loading of the paper?’

Mr. Ascoli.—I am not a chemist but I believe the whole of the residue is mineral.

Mr. Ginwala.—Are other things entirely burnt out?’

Mr. Ascoli.—In any case they form a very small remnant. The chief thing in loading is China clay and too much loading we attempt to stop.

President.—I have no doubt that in these percentages allowances are made for so much of the fibre as will appear in the ash. *That will always be taken into account when the percentages are fixed.*

Mr. Ascoli.—Yes. In the case of blotting paper, for instance, in which no loading is allowed when you burn it, you are bound to get some ash content.

We have now to bring to your notice that already paper which we considered should not be exempt from the operation of the new protective tariff is being imported into this country and is competing against our ordinary lines of white printing. This paper is not being used for printing newspapers but in substitution of our ordinary qualities of white printing and instead of the usual imported qualities of sulphite papers. Import figures for the year ending 3rd September 1926, show that the imports of news-printing were 5,000 tons in excess of the quantity imported for the year previous while the imports of sulphite printings, that is chemical wood printings, show a decrease. It is evident from this that the demand is gradually being transferred from the sulphite and other chemical fibre printings to printing containing just sufficient mechanical wood furnish to avoid the new tariff under the recent Customs ruling. We are forced to the conclusion that unless the ruling is altered the demand will continue to increase and will thus vitiate the whole purpose and intention of the Protection Act. We would therefore ask that the whole subject referred to in this letter, may be reviewed, and we would suggest that an early opportunity be given to the representatives of the Paper Manufacturing Industry of India to discuss the matter personally with those responsible for the issue of the Customs Ruling No. 9 of 1926, with a view to securing a modification of the same on the lines suggested in this communication.”

It is difficult to understand why any complaint should have been made against Customs Ruling No. 1 of 1927 of the Government of India, which laid down that the percentage of mechanical pulp must be applied to the total weight of the paper and not merely to its fibre contents or part of the paper only. We think we have made it clear in our above letter. **ab**

you will yourself be able to see from a perusal of the evidence recorded by the original Tariff Board, that it was the intention of Government to allow news-printing paper of a particular quality to come in free of any protective duty solely in the interests of the newspapers themselves and not in the interests of any class of consumers. We have analysed in our laboratories samples of the quality of paper as has been used both by the *Englishman* and the *Statesman* for their recent issues, and the results of these analyses is as follows:—

(1) " <i>Englishman</i> " sample.		Per cent.
Mechanical wood pulp		81.6
Chemical		14.4
Ash (2.6 fibre ash)		6.6
(2) " <i>Statesman</i> " sample.		
Mechanical wood pulp		67
Chemical		33
Ash (fibre)		2.5

It will be seen in both of these cases that the quality of paper at present being used by these two important newspapers enables them to import their requirements under the Customs ruling above referred to without incurring for themselves any additional duty. In the case of the *Englishman* it will be observed that the percentage of mechanical is very high and allows of a considerable margin of error to them. It is probable that the question now raised by the importers would never have entered their minds had the authorities in the beginning made suitable enquiries as to what the real intentions of the Tariff Board were and sought the opinion of local manufacturers as to what the real trade practice was with regard to the calculation of the percentage of mechanical fibre in paper when a definite percentage is specified in a sale contract.

When it is considered that it is possible for a news-printing to contain as much as about 20 per cent. of China clay it will at once be recognized that such a large proportion of the weight of the paper cannot be ignored when analysing it for its quality. As a matter of fact China clay in some respects plays a part almost as important as that of sulphite or chemical pulp as regards the quality of a news-printing as it materially assists in giving the paper a good appearance. If it were laid down that the mechanical wood contents of a news-printing were to be calculated only on the fibre to fibre basis, it would obviously pay the dealer or importer to ask the mill to put a large percentage of loading into the furnish as this would enable him to keep the percentage of mechanical wood down considerably as regards the whole weight of the paper and yet allow him to be within the limits laid down for the exemption of news-printing from the protective duty. A reference to the chemical examination department of the Customs would no doubt elicit confirmation of the fact that it is possible for news-printing to contain so much loading as we have suggested above.

We cannot stress too strongly the facts brought to the notice of Government in the last paragraph of our letter above referred to with regard to the increased importations of news-printing for the year ending 3rd September 1926, as compared with previous years. This excess amounted to no less than five thousand tons and we are of opinion that most of this would never have come in had the paper to be calculated on the basis as now laid down by Customs Ruling No. 1 of 1927 referred to above. This paper has no doubt displaced an equal quantity of paper which would otherwise have fallen to the local mills to manufacture and this was one of the things which the Tariff Board were particularly anxious to guard against in their report.

We should like here to quote the evidence of the Calcutta Paper Traders Association on which much importance was placed by the Tariff Board as can be seen by a reference to paragraph 25 of the report.

The particular evidence which we wish to refer to is as follows:—

“ There is another danger before us to which we cannot refrain from referring; we mean the danger of the market being flooded with part mechanical papers or briefly P. M. (part mechanical) papers. At present too great importation of these papers is checked by the fact that the dealers fear to handle this line freely owing to deterioration if kept in stock for some time. But when on account of extra duty, coupled with fall in exchange (meaning in total about 50 per cent. enhancement), the purchasable limit of the consumers for good quality papers is exceeded and when dealers find that their stock of part mechanical papers has chance, owing to increased demand, to be quickly disposed of, the importation of part mechanical papers in increasing volume is sure to follow, with injurious effects to the community as has been acknowledged by all. The Continental makers have a knack of manufacturing these part mechanical papers so as to make them appear like a higher grade paper, which may mislead even those who are supposed to know something about paper, not to speak of ordinary consumers. The result of this invasion of part mechanical papers (if it so happens) in the text books, blank books, forms and office stationery affords grounds for very serious consideration.

The thrifty parent who by dint of stinting and starving saves a bit of money to give his children a modicum of education, will be hard hit to find extra money for too frequent renewals of text books, etc., the provision for which at present is no insignificant burden on his slender resources. The publisher will find his stock deteriorates even before the full quantity is sold. We think we need not pursue the matter any further.”

This evidence is valuable because it comes from the other side, i.e., from the wholesale dealers, who were, in their own interests mainly opposed to protection for the paper industry.

The small extra quantity of chemical wood pulp along with the China clay (loading) which they were able to put into the paper under the original Customs ruling enabled the manufacturer to turn out a paper which was good in appearance although not satisfactory in lasting qualities. It therefore was on account of its price and appearance a very saleable article and proved a strong competitor against country-made papers. For your examination so that you can fully appreciate the information we pass on to you in this respect we are enclosing samples of papers which under the original ruling could come in free of the protective duty and compete with our qualities of paper. Also we enclose samples of our own paper to compare them with. You will observe that the “get up” or the appearance of the imported paper is quite good in some cases, but real quality as regards strength and durability is absent. In any other industry the article would be referred to as a fake.

To support what we have said we should like to quote again from the evidence of the Calcutta Paper Traders Association on page 185 of Vol. II on which Mr. Halder on behalf of the Association states as follows:—“ I have got a paper ready in hand mixed with mechanical pulp and another which is pure (hands in two samples). There is every chance of customers being misled.”

Throughout the evidence all the newspapers which appeared before the Tariff Board gave information to the effect that manufacturers of their supplies had reported that the paper they were using contained at least 70 per cent. of mechanical wood, and they all agreed without exception to the percentage of mechanical contents in a paper being fixed at this proportion as the dividing line between news-printing and ordinary printing papers.

To show you that we are not expecting Indian newspapers to use a cheaper quality of paper than is employed in other parts of the world for newspaper work, we should like to quote the percentages of mechanical wood pulp (based on the whole weight of the paper) contained in the qualities of paper used by some of the leading Home journals as follows:—

1. "The Daily Mail" . . . 72 per cent.
2. "Manchester Guardian" . . . 74 "
3. "The Observer" . . . 76 "
4. "The Sunday Pictorial" . . . 67 per cent. (and 11 per cent. ash).
5. "The Times" . . . 73 "

Some newspapers will no doubt suggest that they require a superior quality of paper because they reproduce a large number of illustrations, and it is purposely because we anticipate this that we have been careful to include the profusely illustrated "Sunday Pictorial" in the above list. This you will observe contains 67 per cent. of mechanical wood pulp and therefore it should be possible for them to use a similar quality, especially as their illustrations are comparatively fewer.

We think you will agree from your perusal of the whole of the evidence of the Tariff Board sittings that it was in the minds of the Tariff Board to protect newspapers only in the exclusion of news-print from the protective tariff schedule, and therefore we submit that if papers containing such a high percentage of mechanical wood are good enough for such important newspapers as above referred to, they should be good enough for Indian journals which cannot be said yet to have reached the same standard of production. Therefore the Customs Ruling No. 1 of 1927 should be allowed to remain as it is.

If the Board would like to see them we can produce copies of the actual newspapers above referred to on which we have carried out our analyses, and the Board can further, if they chose, have analyses of the same paper carried out by any other paper mill chemist for their own satisfaction and confirmation of our figures. Our figures may however be accepted as reliable.

We consider that the Board should now attempt to fix a quality as "standard news-print" similar to the way they have done it in America, and to allow only that quality, which would be practically useless for commercial purposes other than newspapers, to come in free of the protective duty.

There is one other point about the percentage of mechanical which we should like to mention. We think it was the intention of the Tariff Board that the reasonable amount of mechanical wood that a news-printing should contain was to be fixed at 70 per cent., but owing to their belief that it would be difficult for any chemist analysing a sample of news-printing to state definitely that a paper contained a certain percentage of mechanical wood, they allowed a margin of 5 per cent. for error and so fixed the percentage at 65 per cent. We are afraid, however, that the Customs authorities at various ports must be allowing a certain amount of margin for error still. We suggest that the margin of error having already been allowed for, any further margin required in special circumstances should be clearly defined and not left to the discretion of the Customs officials. Our point is that 70 per cent. should be stated in the schedule and a margin of 5 per cent. allowed as a margin of error by the chemical examiners of the Customs Department.

In conclusion we would like to state that we have accepted your published notice of the 20th May as limiting the present enquiry to a question of how the existing percentage of mechanical wood for a standard news-printing should be calculated. If on the other hand the enquiry has a much wider term of reference than the above, then we ask that we should be advised of this, so that we can have an opportunity of placing before you our further views or we shall be pleased to appear before you to answer orally any questions you might have to put to us.

Letter No. 525, dated the 20th June 1927, from the Tariff Board, to the Titaghur Paper Mills Company, Limited, Calcutta.

I am directed to confirm my telegram of to-day's date asking you to send a representative to give oral evidence before the Tariff Board in connection with the enquiry into the question of the duty on imported newsprint at 2 P.M. on Monday, the 4th July 1927, at Shillong, and to say that the Board's examination will be based upon your representation dated the 9th June 1927, and upon the replies you submit to the question detailed below.

Please give—

I. The principal classes of Indian-made paper which are likely to compete, either with or without the protective duty, with imported paper containing mechanical pulp to the extent of not less than 65 per cent. of the fibre content.

II. Analysis of each class of paper under—

- (1) chemical pulp,
- (2) mechanical pulp,
- (3) loading and sizing.

III. The wholesale price of each class of paper delivered in Calcutta. Give separately—

- (1) price f.o.r. works,
- (2) transport and other charges,
- (3) commission.

IV. Total sales of each class of paper in—

- (1) September 1924—August 1925.
- (2) September 1925—August 1926.
- (3) Each month during September 1926—May 1927.

V.—Total output during corresponding periods of—

- (1) Printing paper.
- (2) Writing paper.

2. I am to add that it is highly important that your replies to these questions with five spare copies should reach the Board here in Shillong on or before the 1st July 1927.

The Titaghur Paper Mills Company, Limited, Calcutta.

(1) *Letter, dated 28th June 1927.*

We are in receipt of your letter No. 525 of the 20th instant, and as desired are arranging for our representative to appear before the Tariff Board on Monday the 4th proximo at 2 P.M. In the meantime we have pleasure in supplying the following additional information called for in your above letter.

1. Replies to this question must be qualified by the actual percentage (fibre basis) of mechanical wood a paper contains. For instance a paper containing only 65 per cent. would compete seriously with our papers whereas a paper containing say 85 per cent. would affect us very little owing to the wide difference in quality. We therefore give you the list of those qualities

of ours with which a paper containing 65 per cent. of mechanical wood (calculated on fibre content basis) would compete.

- I. (a) White M. F. Printings.
 (b) White Super Calendered Printings.
 (c) Coloured and Tinted Printings.
 (d) Antique Wove.
 (e) Badami.
 (f) Superior Badami.
 (g) Unbleached (made mostly for Government).
- II. (1) 100 per cent. Chemical Pulp (fibre analyses only).
 (2) None of our papers referred to in (I) contain Mechanical Woodpulp.
 (3) Loading averages between 10 per cent. and 15 per cent.
- III. (1) (a) White M.F. Printing As. 3-7½
 (b) White S. C. Printing „ 3-7½
 (c) Coloured and Tinted Printings „ 3-8½
 (d) Antique Wove „ 3-7½
 (e) Badami „ 2-11
 (f) Superior Badami „ 3-7½
 (g) Unbleached „ 3-6
- } f.o.r.
Mills.
- (2) Freight Sealdah from Titaghur Rs. 1-12-2½ per ton.
 Freight Sealdah from Kankinara „ 2- 5-2½ per ton.
 Motor Lorry transport from
 Sealdah to Calcutta Godown „ 8-0-0 per ton.
- (3) The above prices are nett—after allowing for the discounts which vary in different markets.
- IV. Total sales of each class of paper referred to in (I) for periods September 1924 to August 1925, and September 1925 to August 1926 were:—

	1924-25*	1925-26.
White M.F. Printing	} 4,884	7,900
Antique Wove		
White S. C. Printing		
Coloured and Tinted Printing	243	393
Badami	1,408	1,388
Superior Badami	481	804

* There was short production at the Mills during this period owing to scarcity of orders. For 5 weeks six machines only were running out of eight and for twelve weeks only seven.

Monthly sales for the period September 1926 to May 1927 were as follows:—

	September.	October.	November.	December.	January.	February.	March.	April.	May.
White M. F. Printing White S. C. Printing Antique wove.	960	700	647	819	62	642	775	542	742
Coloured and Tinted Printings.	40	23	19	47	16	18	40	27	37
Badami	130	84	96	83	145	57	148	51	171
Superior Badami	40	33	26	72	93	72	75	94	117

V. Total output of writing and printing papers during corresponding periods was:

September 1924 to August 1925.

	Tons.
Printings	11,044
Writings	2,434

September 1925 to August 1926.

Printings	11,797
Writings	8,777

September 1926 to May 1927 (each month separately).

	Printings. Tons.	Writings. Tons.
September	989	388
October	948	350
November	1,075	296
December	1,056	356
January	1,108	267
February	855	293
March	864	522
April	882	496
May	1,282	45

We have referred your letter to the Bengal Paper Mill Co., Ltd. and to the India Paper Pulp Co., Ltd. as they were signatories also to our letter of the 9th instant, and believe that they are furnishing their figures to you as called for. We further believe that they will each be sending a representative to Shillong to appear before the Tariff Board on the 4th July 1927.

Bengal Paper Mills Company Limited, Calcutta.

(2) Letter, dated 28th June 1927.

We have been favoured by the Titagur Mills, Company, Limited, with a copy of your letter dated 20th instant No. 525, which is in reply to the joint letter submitted by the Paper Mills to you on the 9th instant. We are taking the opportunity of replying to the questions detailed in your letter, which we trust will meet with your approval.

1. The principal classes of Indian-made paper which compete, are as follows:—

White Printing, Superior Badami, Common Badami, Coloured Printing, White Cartridge, Unbleached.

2. The papers manufactured by us are all from Chemical Pulp and do not contain any Mechanical Wood. The approximate amount of loading and sizing varies from 10 to 15 per cent. according to the class of paper produced. We are enclosing samples representing the papers manufactured by this Company.

3. The wholesale selling prices for the papers mentioned are given below :—

	F.O.R. Works. Per ton.	Transport charges to Calcutta	Commis- sions 3%, 3% and 3%.	Nett per ton.	Nett per lb.
	Rs.	Rs. A.	Rs. A.	Rs. A.	A. P.
White Printing	571	6 10	63 8	501 14	3 7
Superior Badami	571	6 10	62 8	501 14	3 7
Common "	4 3	6 10	50 0	198 6	2 10
Coloured "	630	6 10	69 4	554 2	3 11½
White Cartridge	571	6 10	62 8	501 14	3 7
Unbleached	496	6 10	<i>Nil.</i>	489 6	3 6

4. The total sale of each class of paper for the period called for is given herewith :—

Total Sales.	September 1924— August 1925.	September 1925— August 1926.	September 1926— May 1927, nine months.
	Tons.	Tons.	Tons.
Badami	703½	103½	784
White Cartridge	278½	249½	196
" Printing	2,456½	3,368½	2,762
Superior Badami	266½	263½	140
Coloured Printing	53	62	19
Unbleached	763	1,085½	834
TOTAL	4,521	5,932½	4,715

5. We give below the total output of Printing Paper and Writing paper called for :—

	September 1924— August 1925.	September 1925— August 1926.	September 1926— May 1927.
	Tons.	Tons.	Tons.
Printings	4,548	6,033	4,694
Writing	469	914	706

As requested, we send herewith 5 Spare copies of our letter.
We note that you are prepared to receive our oral evidence on the 4th July at 2 p.m., and will have much pleasure in being present.

India Paper Pulp Company, Limited, Calcutta.

(3) Letter, dated the 28th June 1927.

With reference to your letter No. 525 of the 20th instant to the Titaghur Paper Mills Company, Limited, we are sending our representative to give evidence before the Board on Monday, the 4th July, and shall be grateful if arrangements can be made to hear his evidence either together with that of the representative of the Titaghur Paper Mills or otherwise as may be found convenient.

Meanwhile we enclose our answers to the questions detailed in your above-mentioned letter, together with five spare copies. We are also sending under separate cover the samples of paper referred to in our answer to question No. (2).

INDIA PAPER PULP COMPANY, LIMITED.

Answers to questions detailed in the Tariff Board's letter No. 525 of 20th June 1927 addressed to the Titaghur Paper Mills Co., Ltd.

1. Imported papers containing 65 per cent. of mechanical pulp and upwards compete chiefly with the White Printing, Unbleached Printing, Superior Badami, Common Badami and Coloured Printing manufactured by the Indian Mills.

2. We are sending you six sample sheets of each of the above qualities, the analysis of each class being as follows:—

	White Printing.	Unbleached.	Superior Badami.	Common Badami.
1. Chemical Pulp	90.1	93.8	93.1	87.2
2. Mechanical Pulp	<i>Nil.</i>	<i>Nil.</i>	<i>Nil.</i>	<i>Nil.</i>
3. Loading and Sizing	9.1	6.7	6.9	12.8
TOTAL	100 per cent.	100 per cent.	100 per cent.	100 per cent.

N.B.—We regret we are unable to submit a sample and analysis for coloured Printing. This is a special line which we only make against definite orders, and at the moment we have no stock from which to draw samples.

3. The wholesale prices of the above classes of paper in Calcutta are as follows:—

	White Printing.	Unbleached.*	Superior Badami.	Common Badami.	Coloured Printing.
1. Price f.o.r. Works	496	489.5	496	400	524
2. Transport and other charges.	19	6.5	19	19	19
3. Commission	45	...	45	36	48
4. Total—Market rate	560	496.0	560	455	596

* Calcutta sales of this quality are almost entirely confined to Government, and there is therefore no commission. Transport and other charges are also lower, as the paper is delivered direct from the Mill to the Government Stationery Office, and does not therefore bear a proportionate share of the cost of the Godown and staff which we have to maintain in Calcutta for sales to merchants.

4. Our sales of the above classes during the period from September 1924 to May 1927 inclusive were as follows.

	White Printing.	Un- bleached.	Superior Badami.	Common Badami.	Coloured Printing.
September 1924 to August 1925 inclu- sive.	954.04	219.86	41.95	30.34	2.10
September 1925 to August 1926 inclu- sive.	1036.89	239.07	11.10	28.47	4.07
September 1926	227.78	32.84	0.54	3.75	5.45
October "	83.46	...	3.19	3.35	...
November "	44.65	27.41	2.35	3.44	2.05
December "	81.48	2.70	4.63	1.67	...
January 1927	92.56	20.51	1.28	37.28	0.03
February "	77.82	1.71	3.80	14.00	1.90
March "	208.82	5.20	27.03	6.89	0.40
April "	112.87	...	0.31	3.97	0.03
May "	133.76	6.47	0.27	3.45	0.05
Total from September 1926 to May 1927 inclusive.	1063.18	96.84	43.40	77.80	9.91
Total from September 1924 to May 1927 inclusive.	3054.11	555.77	96.45	136.61	16.03

5. Our total output of Writing and Printing Papers during the period from September 1924 to May 1927 inclusive was as follows.

	WRITINGS.		PRINTINGS.	
	Tons	Percentage of Total.	Tons	Percentage of Total.
September 1924 to August 1925 inclusive.	959.79	38.9 per cent.	1,347.73	61.1 per cent.
September 1925 to August 1926 inclusive.	678.80	30.2 per cent.	1,566.37	69.8 per cent.
September 1926	68.90	...	144.15	...
October "	85.61	...	131.78	...
November "	84.50	...	189.99	...
December "	81.23	...	167.37	...
January 1927	90.56	...	154.78	...
February "	144.86	...	81.92	...
March "	101.77	...	116.82	...
April "	42.05	...	179.15	...
May "	64.32	...	144.84	...
September 1926 to May 1927 inclusive.	753.60	37.4 per cent.	1,260.80	62.6 per cent.
Total from September 1924 to May 1927.	2,292.19	35.4 per cent.	4,174.90	64.6 per cent.

INDIAN PAPER MANUFACTURERS.

**Evidence of Messrs. E. S. TARLTON and E. A. BELLAMY of the
Titaghur Paper Mills, Mr. A. L. McLATCHIE of the Bengal
Paper Mills and Mr. L. CAMERON of the India Paper
Pulp Company recorded at Shillong on Monday,
the 4th July 1927.**

Introductory.

President.—Mr. Cameron, you are appearing on behalf of the India Paper Pulp Company, Limited.

Mr. Cameron.—Yes.

President.—Mr. McLatchie, you are appearing on behalf of the Bengal Paper Mills Company, Limited.

Mr. McLatchie.—Yes.

President.—Mr. Bellamy, you are appearing on behalf of the Titaghur Paper Mills Company, Limited.

Mr. Bellamy.—Yes.

President.—You have submitted a general application. Your first application is dated 9th June. This is I think on behalf of the three companies?

Mr. Bellamy.—Yes.

The Companies' Application.

President.—We will start by asking a few questions on your application. There the first point that you make is that the Tariff Board in the original report intended that the percentage of mechanical pulp should be based on the total content of the paper, and you refer us to the report of the Tariff Board pages 11 and 12, paragraphs 17 and 19. And then you draw our attention to your letter dated 30th August, 1924, addressed to the Tariff Board which is on page 502 of Evidence, Volume I. In this part of your application, you make two points, first of all that the intention of the Tariff Board was that the percentage of mechanical pulp should be based on the total weight and secondly that it was not the intention to exclude from the protective duty any paper except newsprint. Taking the latter point first, if you refer to the letter dated the 30th August, 1924, on page 502 of the Evidence, Volume I, it will be seen that at the end of paragraph 7 you say "and paper for newspapers and other purposes containing over this percentage would be assessed at the lower tariff."

Mr. Bellamy.—Yes.

President.—That is somewhat different from your contention in the application, is it not?

Mr. Bellamy.—In the beginning when we asked for protection we suggested that the newsprinting should be allowed to come in free without any protective duty for newspapers only, but then the Tariff Board pointed out to us the difficulty of importing the paper under a system of licenses because small papers would wish to make their purchases from dealers. So we had to allow a broader meaning to the expression "Newsprint" in order to allow dealers to import newsprinting—not under a license but for small newspapers.

President.—But actually you did agree that in addition to newsprint, paper for other purposes containing more than 65 per cent. mechanical pulp should be imported free of protective duty. That is the actual position.

Mr. Bellamy.—Yes.

President.—As regards the intention of the Tariff Board that is made quite clear in the Appendix to the report, page 119, where there is a note on the proposed section of the Tariff Schedule,—“The sole criterion to determine whether a particular kind of printing paper ought to pay the lower rate of duty is the percentage of mechanical wood pulp it contains and the purpose for which it may be used is irrelevant,” so that there can be no possible doubt as to the intention of the Tariff Board to include other papers besides newsprint.

Mr. Bellamy.—That was so eventually because they said it was very difficult to fix up a scheme whereby only newspapers could import their requirements of newsprint.

President.—As regards the intention of the Tariff Board there seems to be no doubt.

Mr. Bellamy.—Quite so.

President.—As regards the question of percentage of mechanical pulp, that is whether the percentage of mechanical pulp should be based on the fibre content or on the total weight, in a letter of yours dated 21st October 1924 (page 294 of Vol. I of Evidence) you say “This limit of 80 per cent. chemical pulp as fixed by the United States tariff is what we ourselves have always had in mind in making a distinction between newsprint and ordinary printings,” so that if you adopt a basis of 80 per cent. chemical pulp it will mean that if translated into a percentage of mechanical pulp it would be on the fibre content.

Mr. Bellamy.—The American standard newsprint contains no loading at all. It would not suit us to adopt the chemical pulp basis for calculation in respect of those papers which we compete against, because they are Continental and Home papers and contain loading, and therefore we have to take the mechanical pulp, instead of sulphite, into account.

Dr. Matthai.—Is that statement quite correct that as far as American standard newsprint is concerned it contains no loading at all?

Mr. Bellamy.—As far as my knowledge goes that is correct.

Dr. Matthai.—There is a small percentage of loading.

Mr. Bellamy.—There might be 2 or 3 per cent. ash but that is the result of the burnt fibre.

Dr. Matthai.—If you look at page 295 of the Evidence, the extract to which the President was referring, where the New York Customs Department discusses the exact implication of this rule they say—

“With your letter you enclose a communication from the Appraiser in which he states that the paper under consideration is light yellow in colour, contains less than 30 per cent. sulphite and more than 70 per cent. mechanical wood pulp”

70—30 covers the whole fibre content. If you are going to base your case upon the American practice with regard to newsprint it looks to me that the necessary implication of it is that the percentage should be based on the fibre content.

Mr. Bellamy.—In the case of American newsprint there is no loading at all.

Dr. Matthai.—There is something over and above the fibre content?

Mr. Bellamy.—No, not in the American newsprint.

President.—Is it possible to make any paper without loading?

Mr. Bellamy.—Yes, it is quite a regular thing in some countries.

President.—Is it your contention that all kinds of paper which include loading are excluded from free entry into the United States of America?

Mr. Bellamy.—Excluded from coming into the United States of America free of duty.

President.—Have you anything in support of that statement?

Mr. Bellamy.—I think I could produce samples of Canadian standard newsprint which is very much the same as the United States newsprint (shown). You will see that the ash is only 87 per cent. That paper I believe is manufactured by the Newfoundland Paper and Pulp Company.

Dr. Matthai.—We had a letter which was sent on to us by the Calcutta Paper Traders' Association. It is a copy of the communication they had from what they call the Import Committee of the American Paper Industry. I don't know what standing that Committee has. This extract from the American Customs Ruling with regard to newsprint is quoted in that letter. It gives a certain test with regard to weight, a certain test with regard to the size of the rolls and then with regard to the stock they say "Not less than 70 per cent. of the total fibre shall be ground wood." It seems to indicate that unless you produce some evidence to the contrary, the percentage must be taken as being calculated with reference to the fibre content.

Mr. Bellamy.—They mention the fibre content because they have nothing else to consider; they are not concerned with loading at all.

Dr. Matthai.—Supposing I put the case in this form; I should like you to tell me how you would meet it. One of the points we have to consider is, what is the ordinary practice with regard to the determination of the percentage of mechanical pulp. We have had a certain amount of evidence furnished by the importers and the dealers which seems to indicate that it is based on the fibre content. This particular letter that we have from the American importers seems also to indicate on the surface at any rate, that it is based on the fibre content. Now, it is quite likely that there may be some evidence which you can produce to the contrary which would demolish that *prima facie* case. Tell me precisely, if I said on the basis of the evidence we have that the percentage ought to be on the fibre content, what is the evidence that you can produce against it?

Mr. Bellamy.—I think we can produce no evidence unless we refer to America, and particularly to that Committee which expressed that view and ask how they would deal with a paper which contains loading.

Dr. Matthai.—Could you not send us in the course of the next few days any kind of definite evidence as regards the American practice.

Mr. Bellamy.—I am afraid not. All the evidence we had with us has been supplied to you, but as the result of our experience of American newsprint we took it at the time of the original evidence that the total paper in American standard newsprint consisted of fibre only.

President.—In this letter of 21st October, 1924, you make a very definite statement and say "We might add that this limit of 30 per cent. chemical pulp as fixed by the United States Tariff is what we ourselves have always had in mind in making a distinction between newsprint and ordinary printings." An ordinary man would conclude from that that you would be prepared to accept a test on the basis of chemical pulp, but you make no mention of the fact in your letter that the American paper contains no loading of any kind. It has not been brought to the notice of the Tariff Board, so far as I have been able to ascertain. The natural conclusion would be that if we were now to propose a test of 30 per cent. sulphite it would suit you and that it would be in accordance with your original application. Would I be correct in thinking so?

Mr. Bellamy.—We never suggested that the 30 per cent. sulphite basis should be adopted here, but instead proposed to the Tariff Board that the basis should be on the mechanical pulp content because the article which competes with Indian Mills is the newsprint manufactured in the Continent which is different from that manufactured in America. The latter contains almost invariably no China clay whereas the paper manufactured on the Continent usually contains a very large percentage of loading which in our opinion in a cheap paper like newsprint may result in an improved appearance of the paper and is, therefore, we consider, in line with the sulphite pulp.

President.—Why did you not bring it to the notice of the Tariff Board that the American paper contained no loading?

Mr. Bellamy.—I don't think we found it necessary to enlarge upon our reasons for suggesting the mechanical basis. We had it in our minds at the time, and we made a straightforward proposal, that paper containing 70 per cent. mechanical pulp should be exempted from the protective duty, having in mind that the total weight of a paper would be taken into consideration in fixing the 70 per cent.

President.—But you did not bring it to the notice of the Board. I mean to say you made no mention of the fact that the American definition was intended to apply to the total weight because there was no loading.

Mr. Bellamy.—We did not see any necessity for explaining so much, and the question was never put to us.

President.—Your reference to the letter of 30th August, 1924, if that reference is read in connection with your letter of the 21st October, 1924, hardly goes to establish your point that the Tariff Board deliberately proposed that the percentage should be on the total weight. The inference is very doubtful. The point has only just been brought to our notice.

Mr. Bellamy.—I could show you that we always had in our minds that the loading content would be taken into consideration and it was also, I believe, the intention of Mr. Ascoli whose evidence was considered very much by the Tariff Board, that China clay should be taken into consideration, and I think if you could refer to Mr. Ascoli or his department, I am sure this would be confirmed.

Dr. Matthai.—Before we go on to Mr. Ascoli's evidence there is just one point about this matter that I would like you to consider. In your representation here you draw our attention to the fact that there is a great deal of divergence in the practice with regard to the determination of this percentage. The trader has one system, the analyst has another and the manufacturer has a third. You seem to agree here that at any rate as far as the manufacturer is concerned the usual practice is to base the percentage on the fibre content.

Mr. Bellamy.—Yes, but only as a manufacturer. Not in selling.

Dr. Matthai.—If you look at paragraph 150 of our report on Paper you will find that the primary test which the Tariff Board laid down for the benefit of the Customs Office was that they should proceed on the basis of the manufacturer's declaration. That is the primary evidence that they are to consider. They say "It would probably be desirable that importers of newsprint should obtain from the manufacturers and submit to the Customs authorities certificates showing the percentage of mechanical pulp."

Mr. Bellamy.—But in that case I take it the manufacturers would have to be educated up beforehand to the method of calculation required by the Customs in Calcutta.

Dr. Matthai.—I am afraid we are talking at cross purposes. The point that I am trying to raise is this. If it was the intention of the Tariff Board in 1925 when they wrote their report, that the primary evidence with regard to the determination of newsprint was the declaration by the manufacturer—and you agree the manufacturer's declaration is invariably based on the fibre content—I deduce from that the intention of the Tariff Board was that fibre content shall be taken as the basis.

Mr. Bellamy.—The form of analysis would differ between manufacturers as we ourselves have explained in producing evidence from the Drayton Paper Works and the Vale Paper Works. Without knowing the full requirements of the case many manufacturers would give the analysis from their own point of view, i.e., as manufacturers.

Dr. Matthai.—You say they are mainly dealers and users?

Mr. Bellamy.—The Vale Paper Company are agents for a very large group of German Mills. We give the two points of view; one is the dealer and the other is the paper manufacturer.

Dr. Matthai.—The point is this. I have no direct knowledge of the trade practice and I have to make up my mind from the evidence that you have given us. It seems to me that there is some ground, at any rate as far as the manufacturers are concerned, for thinking that the usual practice is to base the declaration on fibre content. If that is so, it looks to me that if the Tariff Board decided to make the manufacturer's declaration the primary evidence for the Customs office, the intention of the Tariff Board must have been to base the percentage on the fibre content.

Mr. Bellamy.—May I explain to you why the manufacturer, who calculates on that basis, does so. It is because of this that there is a certain amount of wastage of fibre in the process of manufacture. If a manufacturer is going to make newsprint paper with, say, 10 per cent. loading, he will start off with 100 per cent. fibre, say, 50 per cent. sulphite and 50 per cent. mechanical. He will prepare his pulp from that furnish and when he has prepared it he will add 13 per cent. of loading making altogether 113 per cent. But when the paper comes off the machine it is only 100 per cent. and will contain 10 per cent. loading. That is why the manufacturer calculates in that way; it is because of the loss of material he has to sustain in process. When it comes to the dealer, he, the dealer, says "I want to know the percentage of mechanical pulp" and he analyses the paper as he knows it, that is on the total weight. That is why there is a difference of opinion. As a rule when a dealer buys paper he does not go by the percentage of mechanical pulp at all. If you take a dealer in Calcutta, he had no idea of the mechanical pulp contained in the paper until he was educated up to it by the Tariff Board. If he bought a paper he would go entirely by its appearance and compare it to the sample on which he ordered. He is not concerned with what it is made of so long as the quality satisfies the purpose and that is why a dealer must look at things at a different angle from the manufacturer.

Dr. Matthai.—If I leave out the two interested parties, the manufacturer on the one side and the dealer on the other side, take an independent man like an analyst—take for instance Messrs. Sindall and Bacon who say that the analysis is based on the fibre content?

Mr. Bellamy.—Sindall and Bacon are papermakers' analysts; they are not bazar analysts. You must take an independent chemist and ask him to analyse.

Dr. Matthai.—Such as whom?

Mr. Bellamy.—Anybody who knows nothing about paper, who has had nothing to do with the paper trade.

Dr. Matthai.—That would not do for my purpose. You must give me the authority of a chemist who, while he is not sufficiently interested in the paper trade, has sufficient knowledge of paper and can tell us how the thing is done?

Mr. Bellamy.—Mr. Briggs might but he is not now in Calcutta, but probably he has heard so much of the controversy that he would not undertake the task.

President.—If you took any substance whatever to an analyst and asked him to analyse it he would give you an analysis on the basis of the total weight?

Mr. Bellamy.—Yes.

President.—But that would not necessarily be the trade practice as regards paper?

Mr. Bellamy.—Why not to paper as well as to anything else? You want to analyse the paper for its qualities and one of the qualities is its China clay content.

President.—Referring to this letter of the 21st October, 1924, was it your intention that the Tariff Board should follow the United States practice?

Mr. Bellamy.—Not so far as the 30 per cent. sulphite content was concerned.

President.—70 per cent. mechanical?

Mr. Bellamy.—Yes. This 30 per cent. sulphite we maintain is calculated on the total weight of the paper. You may call it fibre in this case, nevertheless it is the total weight and when we suggested 70 per cent. we wanted that the thing should be similarly calculated on the total weight of the paper.

President.—Your contention is that in America the percentage is on the total weight?

Mr. Bellamy.—Yes.

President.—You say that paper has no loading in it?

Mr. Bellamy.—That is correct.

Dr. Matthai.—On the assumption that the total content and fibre content are practically the same in America?

Mr. Bellamy.—That is so and our opinion is supported by our experience of American papers.

President.—I do not quite understand what was in your mind at that time. Did you intend, whether it was fixed on the chemical content or the mechanical content, that in effect the test should be the same as in America?

Mr. Bellamy.—No. This was merely taken as a basis for discussion. We never intended that the American system should be introduced here because, as I said earlier, we considered that it was unsuitable as the American paper contains no loading whereas the Continental paper contains loading. Might I say that what we had in our mind at the time of giving our evidence on the former occasion was that the clay content should be taken into consideration. About 18 months ago I was in Rangoon. I spoke to the chemical examiner there to find out whether things were being done according to the proposal we made to the Tariff Board and I found that they were only calculating on the fibre basis. We made similar enquiries in Calcutta also. Although the chemical examiner supported our opinion at first, he later, after reading trade books (for manufacturers) rather changed his ideas. The result of our enquiries was that the Customs without any reference either to the Government or to the Paper Mills introduced the ruling No. 9 of 1926, only six months after protection began to work. You will appreciate that we ourselves raised this point in the beginning.

Dr. Matthai.—Would you seriously question if we decided in this enquiry to proceed on the basis, apart from the question of the basis of percentage or what was in the mind of the Tariff Board or in your mind when you suggested a particular percentage, that the real issue before us in this enquiry is to determine whether if we reverted to the original ruling based on fibre content, that would result in any real substantial increase in the amount of competition that your paper has got to face from imported paper?

Mr. Bellamy.—Might I say that the original ruling of the Customs was never a ruling of the Tariff Board or of the Government.

Dr. Matthai.—It is very difficult to tell. What the Central Board of Revenue did was to issue a ruling which to the best of their knowledge represented the intention of the Legislature.

Mr. Bellamy.—It was against the interest of protection and Government reversed it afterwards.

Dr. Matthai.—The Government reversed it for this very special reason that the lawyers put an exceedingly legalistic interpretation on the Act which had nothing to do with the merits of the case.

Mr. Bellamy.—Don't you think if Sir George Rainy intended that the calculation should be based on the fibre content, he would have definitely stated so considering that such an important thing as China clay is involved?

President.—It is a matter which we have to consider now.

Mr. Bellamy.—As he did not do that I think it is reasonable for us to assume that he intended that the analysis should be calculated on the total weight of the paper.

Dr. Matthai.—If he had such a clear feeling in regard to that he would not have referred the matter to the Tariff Board, he could have solved the question himself.

Mr. Bellamy.—We have shown in our written statement that Sir George Rainy was aware of the fact that the paper contained a certain percentage of China clay or loading. That appears in his questions to Mr. Ascoli.

Dr. Matthai.—I am not sure of that and I looked up also the original evidence. You are referring to the discussion between Sir George Rainy and Mr. Ascoli, are you not?

Mr. Bellamy.—Yes.

Dr. Matthai.—What Sir George Rainy said was "I have no doubt that in these percentages allowances are made for so much of the fibre as will appear in the ash. That will always be taken into account when the percentages are fixed." This is the thing on which you are relying. My answer is that you can take a thing into account either by excluding or including it. It does not in the least conclude the point.

Mr. Bellamy.—What he meant by saying that allowance would be made for so much of the fibre as will appear in the ash is this. As I pointed out, in the case of American newsprint there is a natural ash residue of 2 to 3 per cent. He meant that if the ash analysis showed 13 per cent. he would discount 3 per cent. and the real ash content, that is the China clay content would be considered as 10 per cent. That is what he meant to say when he said that the ash content would be taken into account.

Dr. Matthai.—Supposing somebody tells me that a particular paper contains 65 per cent. mechanical pulp and 25 per cent. chemical pulp and 10 per cent. loading, I can take into account the actual percentage of the loading either by excluding it out of my calculation or by including it in my calculation. Taking into account does not mean definitely that you are doing one or the other.

Mr. Bellamy.—You say it contains 25 per cent. sulphite, 65 per cent. mechanical and 10 per cent. loading, but when you analyse it you will find that the 10 per cent. is increased to 12½ per cent. because the 2½ is the natural ash as a result of burnt fibre. That must be discounted. That is I am sure what Sir George Rainy meant here.

President.—When you say Sir George Rainy, you mean the Tariff Board.

Mr. Bellamy.—Yes, I am sorry.

Dr. Matthai.—When I was looking at that part of the evidence I came across another statement in a discussion between Sir George Rainy and the experts who came from Dehra Dun. I do not know whether you remember that part of it where there was a statement made by Mr. Raitt which seems to indicate that the intention was the other way. If you look at page 448 of Volume II of Evidence, you will see that what they were discussing was the percentage of paper that was yielded by a ton of grass and a ton of bamboo. Mr. Raitt pointed out that in calculating paper yield, China clay was all excluded from the calculations.

Mr. Bellamy.—This is the point I was trying to explain to you earlier, *i.e.*, why the manufacturer does exclude the China clay. What the Tariff Board could not understand at first was why we used 113 lbs. of stuff to make 100 lbs. of paper and we explained to them that there was a certain amount of loss in turning the stuff into paper. That is what he meant by the "calculations" here. It is put in at a later stage and helps to make up the loss in fibre weight. If we are going to make paper containing 45 per cent.

sulphite and 45 per cent. mechanical pulp we start off with 50 per cent. of each and there is a 13 per cent. loading on top of that.

Dr. Matthai.—This of course by no means concludes the point. I am trying to get at some kind of indication which will help me to make up my mind. When I saw that bit of evidence I said to myself that the implication of this is that when an expert talks of percentages in relation to the make up of the paper, his idea is that that percentage excludes China clay and other materials that go to make up the loading. If my understanding is at all right then it means that when you speak of 65 per cent. mechanical pulp it ordinarily means 65 per cent. on the fibre content excluding loading.

Mr. Bellamy.—As a paper manufacturer, if a customer comes to me and says he wants to buy some paper and asks me to state the furnish of the paper at the time of delivery this is how we will execute the order. When we make that paper we shall take 100 per cent. fibre and 13 per cent. loading. The kind of fibre we are going to put will, say, be half and half, 50 per cent. sulphite and 50 per cent. mechanical, and then afterwards we shall add the loading of 13 per cent. so that the total comes to 113 per cent. The extra 13 per cent. will be lost in the process of manufacture. When the paper is made and finished it is then that I have got to consider my customer's request for an analysis and so I send a sample to the laboratory and ask the analyst to ascertain the contents in order to enable me to make a statement to my customer. Then the analysis will be 45 per cent. mechanical, 45 per cent. and 10 per cent. loading. A different analysis from the one we built our paper up on.

Dr. Matthai.—Your point comes to this that when you are thinking of the process of manufacture you have to consider your percentage in relation to the fibre content but the moment you reach the output stage, and the actual production is put on the market, your contention is that the percentage has to be considered in relation to the total weight. Is that your point?

Mr. Bellamy.—Yes. In manufacturing you have always got to consider the loss that you will sustain when the paper is going through the mill and allow for it, but when a customer asks for an analysis of the paper it has to be given on the total weight.

President.—Would you mind giving an answer to Dr. Matthai's original question namely whether if it appeared to you that the original ruling No. 9 of 1926 resulted in no substantial amount of paper entering the country which competed with the Indian made paper, you would have any objection to the re-introduction of that ruling?

Mr. Bellamy.—We are of opinion that paper did begin to come in taking advantage of that ruling.

President.—That is not exactly an answer to my question. Taking it as proved that no considerable quantities of paper which competed with Indian paper came in under that ruling, would you object?

Mr. Bellamy.—We are of opinion that paper did begin to come in taking dealers became aware that they could import paper which would compete with us they would certainly do so. It is a question of not waiting until the day comes along but anticipating it. We must bear that in mind.

Imported paper competing with Indian made paper.

President.—Your next contention is that the Trade Returns show that while imports of unprotected paper increased the imports of protected paper went down, and you conclude from that that a large amount of paper has come into the country and displaced the paper which would otherwise be sold by you.

Mr. Bellamy.—That is so.

President.—When a protective duty is introduced and that duty is effective you would naturally expect that the imported and other kinds of paper which would compete with the protected paper should decrease?

Mr. Bellamy.—If conditions remained the same, yes. In our case the conditions do not remain the same. The foreign price has come down considerably and we find foreign products still coming in large quantities.

President.—My point is this: if the protective duty is to be effective then the paper which is classed as protected, that is paper other than news, would come in less quantities, so that there is no definite conclusion to be drawn from the fact that the imports of protected paper have decreased.

Mr. Bellamy.—I think the import of mechanical newsprinting . . .

President.—I am not speaking of mechanical newsprinting because it is unprotected.

Mr. Bellamy.—That is where the 65 per cent. calculation comes in i.e., what is newsprint?

President.—It is a natural conclusion, is it not, that if the duty is effective then the import of the kind of paper which is classed as protected in the trade returns will naturally shrink, so that the fact that it has shrunk is no ground for supposing that any considerable amount of paper which you should have sold has been displaced by the imported paper.

Mr. Bellamy.—In our evidence before the Tariff Board, we spoke of the prejudice against the Indian paper and it is quite possible that some importers, although we have won a good many, rather than buy Indian paper which they perhaps consider to be inferior to the imported paper of the same quality have gone in for newsprinting, particularly for those qualities which we say are competing with us, that is those qualities containing 65 per cent. calculated on the fibre content but containing a certain amount of China clay and thus making their appearance as a selling article more satisfactory.

President.—That may or may not be so. My point is that there is no definite conclusion possible from the Trade Returns as regards protected paper because you would naturally expect the import to go down if the duty is effective. That is a very obvious proposition, is it not?

Mr. Bellamy.—We have not found the duty to be so effective if we are to be guided by our order books.

President.—You are basing your argument on the Trade Returns; I am pointing out to you that so far as this arrangement is concerned, one of the facts on which you rely is not conclusive.

Mr. Bellamy.—What we are trying to discover is where that reduction in the imports of white printings has gone to; it has not come to us.

President.—That is a point we shall have to go into a little later.

Mr. Bellamy.—What I say is, as it has not come to us, we presume that it must have gone elsewhere—substitution must have taken place by the cheaper qualities of papers.

Dr. Matthai.—I have taken the figures for two years, based on September to August, 1924-25 just before the Protection Act and 1925-26—immediately after the Protection Act was passed, and I find that the imports of newsprint have increased in 1925-26 to the extent of precisely 3,279 tons. Looking at your sales for corresponding periods, the sales of your white printing paper have increased by exactly 3,000 tons during that period, and all that I am suggesting is that, supposing there has been this enormous increase in the imports of newsprint you apparently have not suffered as far as your white printing paper is concerned.

Mr. Bellamy.—I can only say that in 1925 we had only six machines running, that was before protection came in. When protection came we found that it still did not fill our mills up and we had to reduce our prices again.

President.—Taking the figures for the three mills I find that your mill sales for 1924-25 amounted to 12,780 and in 1925-26 17,766 tons. That gives you an increase of 5,000 tons or nearly 40 per cent. in your sales.

Mr. Bellamy.—But you must remember that the original Tariff Board in fixing the amount of business that the Indian mills could take away from the importers said it would be 20,000 tons.

President.—You cannot expect to do that in one year.

Mr. Bellamy.—No, but that was after calculating the mills full output.

President.—I am taking here all the three mills together.

Mr. Bellamy.—We had two machines in the previous year standing idle; that makes a big difference in our output.

President.—This is a question of sales, not output.

Mr. Bellamy.—They run side by side. We never run into stocks. In order to see what protection has given us as regards this 20,000 tons you have got to take into consideration what those two machines could have done had they been running.

President.—My point is this. In 1924-25 you sold 12,780 tons; you could not have sold more than that and the proof is that you actually closed down two machines. Next year, 1925-26, after protection came in—I am speaking of the total sales—the total sales increased from 12,780 to 17,736, that is 5,000 tons in one year. But the protection is for 7 years. You have already obtained in one year one quarter of the extra market which the Board originally considered might be possible for you.

Mr. Bellamy.—I think your import figures would be exclusive of Government imports.

President.—I am not referring to the imports; at present I am simply pointing out that you have in one year got one quarter of the extra market that you can reasonably expect, and it seems to me that it is a fairly satisfactory position.

Dr. Matthai.—When you gave your sales figures you excluded Government sales? Government sales are largely unbleached stuff.

Mr. Bellamy.—We have included Government sales in all the figures.

Dr. Matthai.—Looking at the Titaghai figures for 1924-25 and 1925-26 could you say how much would be the Government sales for these two years?

Mr. Bellamy.—We have not got the Government figures with us separately.

Dr. Matthai.—Tell us approximately for 1925-26.

Mr. Bellamy.—Approximately 2,500 tons.

Dr. Matthai.—Out of that how much would be unbleached paper?

Mr. Bellamy.—600 to 700 tons.

Dr. Matthai.—All the rest would be white printing practically?

Mr. Bellamy.—Yes.

President.—What were your sales to Government the year before?

Mr. Bellamy.—I could not say off-hand.

President.—Give us an approximate idea.

Mr. Bellamy.—The year before the sales were very poor because Government went home for paper. I think it was about 2,000 tons.

President.—As against 2,600 this year?

Mr. Bellamy.—Yes.

President.—That is only a difference of 600 tons.

Mr. Bellamy.—That does not really affect the position very much. There are other smaller Governments as well, such as the Madras Government and so on. When I said "Government" I meant the Central Government.

President.—You have increased your sales by 5,000 tons. Even excluding your Government sales the position does not seem to be unfavourable to the mills.

Mr. Bellamy.—That is so, but the natural increase in consumption has to be taken into account.

President.—The natural increase in consumption will also be reflected in the imports, would it not?

Mr. Bellamy.—The imports have increased by 3,000 tons. 5,000 tons is after all not very much; it is not even the output of a two machine mill.

President.—You are here contending that that an increase in the import by 3,000 tons is very large. It seems to me that your increased sales more than cover the increase in the imported news and that *prima facie* there is no reason to suppose that the imported news under this ruling has displaced a considerable quantity of your manufactures. The figures do not indicate that.

Mr. Bellamy.—There is one noticeable feature about our sales and that is the steady reduction in the sales of badami paper which we say is undoubtedly due to the increased imports of mechanical newsprint.

Dr. Matthai.—That is so in your case but not in the case of the Bengal Mills?

Mr. McLatchie.—No; ours remains the same.

Mr. Bellamy.—They always go in for Government Badami orders.

President.—The Indian Paper Pulp Company has increased its sales, has it not?

Mr. Cameron.—That was not due to our making more badami to meet increased demand. We had some stocks of bamboo which had deteriorated and we could only use them for this quality.

President.—You are getting your full output and your sales have increased?

Mr. Cameron.—Yes, for the same reason.

President.—It is only the Titaghur Paper Mills whose sales of badami have declined and the decline is very slight—in the first year 1408, 1925-26 1388 tons, and in the present year September to May 964 tons, not a very large decrease.

Mr. Bellamy.—In the case of September to May Government contracts have to be considered which we never had before for badami. Government are substituting badami considerably.

Dr. Matthai.—For white paper?

Mr. Bellamy.—Yes, for the higher quality.

President.—Even so I should hardly think that the figures would justify the statement that as regards badami the effect of ruling No. 9 of 1926 has been to deprive the mills of any considerable amount of custom. In the case of two mills there has been an increase and in the case of one mill there has been a slight variation.

Mr. Bellamy.—I think the actual decline is rather hidden by our sales to Government which are entirely outside the market. Badami paper five years ago used to be used by most of the vernacular papers, to-day it is not used by any of them.

Dr. Matthai.—Do you mean vernacular newspapers?

Mr. Bellamy.—Yes.

President.—Has that affected your sales to Government of white paper?

Mr. Bellamy.—Yes.

President.—Your badami sales have gone up to Government?

Mr. Bellamy.—Yes.

Dr. Matthai.—In 1924-25 when two of your machines were out of operation that year was altogether a bad year for the paper trade.

Mr. Bellamy.—No, the market was recovering steadily.

Dr. Matthai.—If you take the total figures for 1924-25 and compare them with the previous year and the succeeding year you will find that for some

reason there was a big drop. You will find it also in the output of the mills. The market was bad in that particular year. In 1925-26 the imports of newsprint has apparently increased by the substantial figure of 3000 tons and it is also true that you have increased your sales of white printing paper. Would you care to put your case on this basis that you might have been able to get a larger share in the increased consumption that occurred in 1925-26 but for the fact that a larger quantity of newsprint came into the country? Would you put it on the basis, not that you have actually suffered but that you have not improved to the extent you might have?

Mr. Bellamy.—That is the real position. We are not in a position to standardize our qualities as was proposed by the Tariff Board. We have still got to take what the market offers us.

President.—Your mills are doing fairly well, are they not. I see from this morning's paper, that they have just declared a 10 per cent. dividend.

Mr. Tarlton.—It does look rather well on paper!

President.—What about the other mills?

Mr. McLatchie.—We are making moderate profits.

President.—And you, Mr. Cameron?

Mr. Cameron.—I am afraid we are not.

Basis on which the percentage of mechanical pulp should be fixed.

Dr. Matthai.—Coming to the immediate question with which we are concerned in this enquiry, that is to say how exactly the percentage is to be fixed, I want your opinion on this. It is true that a large percentage of newsprint imported from abroad is preventing the potential sales of white printing paper made in the Indian mills, but that is not going to be cured by altering this percentage from one basis to another. The real point is that when the legislature decided to exclude a whole class of cheap white printing paper, it was inevitable that a very considerable quantity of the possible consumption of the country would be diverted to that. As long as newsprint is excluded from the protective duty you are bound to suffer in this way. Whether we fixed the percentage on the total weight or on the fibre content, you would be hardly affected—

Mr. Bellamy.—The Tariff Board had in mind that there would be a wide space between white printings and newsprintings and the space would be so wide that one would not affect the other. But this 65 per cent. fibre to fibre basis tends to narrow the space down and we maintain that it has narrowed it down so much that this paper is now coming in which is able to compete with us on account of both quality and price. It is a very cheap class of paper but it can be made to look quite good as a selling article.

Dr. Matthai.—Supposing we decided to recommend to Government that the present ruling should be maintained, the result would be that as far as importers are concerned they would simply ask their home manufacturers hereafter to send practically the same quantity or more of mechanical paper but conforming to the new ruling.

Mr. Bellamy.—They may start doing that, but the consumer who begins to use that paper would begin to see such difference in quality that he would be careful not to buy too much. I think you will find that he would again go back to the white printing quality which is what we want him to do.

Dr. Matthai.—If you take 65 per cent. fibre content, taking the average amount of loading in newsprint imported into the country it would be somewhere near 57 per cent. of total weight the difference between 65 per cent. on the fibre content and 65 per cent. on the total weight is only 8 per cent. What I am suggesting to you is as far as the consumer of cheap printing paper is concerned 8 per cent. more of mechanical pulp is not going to make any difference?

Mr. Bellamy.—The best way I can explain that is by showing you the samples we have got. 8 per cent. makes a very big difference. May I revert to the question how far the mills are suffering from the imports of newsprint coming in in increased quantities? It might be that mills are at present not really suffering from want of orders.

Dr. Matthai.—Is that so?

Mr. Bellamy.—As I explained just now we have sufficient to run on, but they are not always the orders that we should like to have but orders that we have got to take. That is to say our machines are kept running, but not as we would like them to be. There is a difficult time ahead when the other two new paper mills come into operation and when they enter the market they are going to take off from us rather than from the imports of fair tonnage.

President.—Protection tends to make other companies spring up.

Mr. Bellamy.—These new companies were provided for in the protection given by Government.

President.—I don't quite understand what your point is.

Mr. Bellamy.—Protection was intended to provide more room for other mills to come along, but now if the present state of affairs continues there would be no room for other paper mills. Nevertheless these mills are coming along and are going to be erected and when they are in operation the orders they receive would be taken away from the present mills and we will again be short of orders.

President.—That may or may not be so; that is highly speculative.

Mr. Bellamy.—I don't think it is speculative. It is a point which must be very seriously considered before the time comes.

President.—Are you now working up to full capacity?

Mr. Bellamy.—No—not as full as we should like.

Mr. McLatchie.—We have just started working to full capacity.

Mr. Cameron.—We have always done so.

Exhibits of paper.

President.—Now let us come to these exhibits. You say Example I competes with your Example IX; Example X competes with Example I, II, III, V, VI, VII and VIII; Example XI is affected by the importation of Example V. Are these exhaustive? Do these represent your case, or are there any other kinds of paper coming in under this Ruling which would compete?

Mr. Bellamy.—These are fairly representative.

President.—Your statement is that all the exhibits of papers manufactured by you which you have produced before us are papers with which they compete.

Mr. Bellamy.—That is so.

President.—Dealing first with the coloured paper how far do you manufacture coloured papers? I think the Bengal Paper Mills manufacture various coloured papers?

Mr. McLatchie.—Yes, we are making various grades of coloured paper.

President.—Your statement of sales shows coloured printing 267 tons.

Mr. Bellamy.—Yes.

President.—Actually your sales of coloured printing show a considerable increase.

Mr. Bellamy.—The increase is due to Government purchases.

President.—But they have shown substantial increase and the sales have been sustained this year.

Mr. Bellamy.—In order to attain that increase we have had to reduce prices for colours more than any for other quality in order to compete with the imported article, especially to Government.

President.—Do you manufacture coloured printing to order or is it your regular line of business?

Mr. Bellamy.—We manufacture a small quantity as a regular line, but nothing to speak of really. It is a market which we have attempted to develop and there is no reason why we should not do so. We have found all the time that we are up against cheap mechanical printing.

President.—Your price for coloured paper is Rs. 630 a ton?

Mr. McLatchie.—Yes, that is our price.

President.—Is the price the same for Titaghur?

Mr. Bellamy.—Ours is Rs. 610.

Dr. Matthai.—How much would that be per lb.?

Mr. Bellamy.—3 annas $8\frac{1}{2}$ pies per lb.

President.—There is a big difference between your price and the Bengal Paper Mills price?

Mr. Bellamy.—The Bengal Paper Mills are not so much interested in colours as we are. To get orders we have had to cut the price.

President.—That is Example XI (1)?

Mr. Bellamy.—Yes.

President.—What about Example XI (2)?

Mr. Bellamy.—Both are almost the same.

Dr. Matthai.—How much have you had to reduce the price?

Mr. Bellamy.—The price should really be a pice more than for whites?

Dr. Matthai.—You mean for these coloured papers the price should be 3 pices more in Calcutta?

Mr. Bellamy.—That is the difference in the cost of manufacture. That is what it really should be, but it is not so.

Dr. Matthai.—When I want to compare the price of your coloured paper and of white paper which do you think I should take?

Mr. Bellamy.—They are all practically the same.

President.—What is the price of imported coloured paper? I see that some is priced at £30 a ton.

Mr. Bellamy.—Not so much as that. The price of imported paper if it contains, say, a small percentage of mechanical pulp, would be somewhere about £21.

President.—If we were to take this coloured paper at £21 and add on for the sake of argument the protective duty which would be another £10, the total comes to £31 as against your Rs. 510 or £38.

Mr. Bellamy.—That is right.

President.—Supposing we put a protective duty of one anna the paper would still compete?

Mr. Bellamy.—It would compete as regards price but not as regards quality. I don't think if he had to pay that price for the paper, the consumer would be satisfied with the imported quality; he would prefer to buy a lasting paper, such as our paper, for an enhanced price.

President.—Is this coloured paper used for handbills?

Mr. Bellamy.—Not this particular class of paper; that class contains 80 per cent. mechanical.

Dr. Matthai.—This class contains 68 per cent. on the total weight.

Mr. Bellamy.—Yes. That contains anywhere between 70 per cent. and 72 per cent.

President.—What is it used for?

Mr. Bellamy.—This is used for pamphlets and programmes and things of that sort for which a better article is required than for handbills, because they have got to have a better appearance.

President.—There is a difference in price of about £7 a ton. At present they are purchasing at £25 including the 15 per cent. revenue duty which is another £4, that makes £29. If we put it up by £6 making it £35 as against your £38, do you think that people who are now buying at £25 would be prepared to pay your price of £38 for the same purpose?

Mr. Bellamy.—I think so because of the difference in the quality. I would not say that everyone would, but I would say that we would receive a much larger share of the business. There is also that consideration that we are only turning out 300 tons a year. That consists perhaps of a dozen different colours. Imagine what our cost must be having to make only a few tons of this and a few tons of that and so on. If we are enabled to develop larger runs we shall be able to bring down our cost for colours considerably.

President.—You don't feel inclined to bring your costs down by increasing your production in the hope of reducing your cost and getting larger orders?

Mr. Bellamy.—Not when this paper is coming at 15 per cent. but when it comes at one anna we shall do it at once.

President.—Would you be able to bring down your costs from £38 to £31?

Mr. Bellamy.—Not so much as that but near enough to compete with the imported paper.

President.—In the meantime we would be asking the consumer to pay too much if we put up the duty on £21 paper on the off chance that you would be able to reduce your cost from £38 to £31.

Mr. Bellamy.—It is not a question of off chance. This principle has already been accepted. This is an item which we can easily manufacture in the country and it is already a protected item.

President.—I can hardly agree with you there. Look at paragraph 18 of our report where this question has been discussed at considerable length.

Mr. Bellamy.—When I say it is protected I mean the paper containing only a small percentage of mechanical pulp such as coloured printing—which is after all the same as white printing with the addition of colour.

President.—The Board in discussing the exclusion of newsprint says "The c.i.f. price of this paper varies from £18 to £22 a ton the cost of what is known as glazed mechanical used by papers which specialize in illustration, being somewhat higher than that of ordinary newsprint. The landed cost of the paper, including duty, to a newspaper importing direct would be from about 2 annas 1 pie to 2 annas 6 pies per lb. whereas the price of the cheapest white printing paper sold by the Titaghur Mills to certain newspapers was stated in July 1924 to be about 4 annas a lb. Since then the mills have reduced the price of white printing by 6 pies a lb. so that the news quality would sell at 3 annas 6 pies. An increase in the duty on newsprint from 15 to 25 per cent. would raise the price by less than 3 pies a lb. leaving a wide gap between the prices still to be bridged."

The principle that has already been accepted is that we should not impose a large duty on the consumer unless it is definitely established thereby that the mills would be able to obtain the market. We have your statement only as to the possibility of reducing costs to a level which would enable you to compete. Your argument would apply equally to all papers which are at present exempt from duty. If we put a sufficiently high duty on anything we will be able to increase your market.

Mr. Bellamy.—I don't think coloured printing can be separated from white printing. They should be considered together.

President.—Your contention is that if we put a prohibitive duty on these papers you will be able to secure a market and for that purpose it is desirable that we should so adopt the test as to include in the protective duty the maximum amount.

Mr. Bellamy.—Yes.

Dr. Matthai.—I find that when the Board decided to impose a specific duty of one anna they had the idea that the utmost burden that it would mean on the classes of paper that came under the protective scheme would be somewhere about 35 per cent. (Paragraph 151 of Report). What I gather from the report is that the Tariff Board when they decided on a protective scheme, said that the scheme to be effective must be based on a specific duty and they calculated on the various kinds of paper they were considering that the maximum burden would be 35 per cent. If you take the coloured paper and put a duty of one anna on it it comes to very nearly 60 per cent.

Mr. Bellamy.—I only say that we should consider, as regards the 65 per cent. calculation, the coloured paper in the same way as white printing.

Dr. Matthai.—But the point with which I am concerned is this. We are administering here what is called discriminating protection in which the wellbeing of the consumer is of cardinal importance. I am asking myself, on the cheapest class of paper if I were to levy a burden of 60 per cent., whether I could reconcile it to my discriminating conscience.

Mr. Bellamy.—May I refer to the last page of the report where the Tariff Board says "Coloured papers—No good reason has been advanced for the exclusion of such papers which are in fact made by the Indian mills. It would be unreasonable to exclude from the tariff papers of a particular kind merely because they were coloured and not white." That is why I put it forward that they should be considered along with the white paper.

Dr. Matthai.—When the Board said that, they had in mind coloured papers of which the price should be such that the duty would not amount to an undue burden on the consumer. You have got to read every recommendation of the Tariff Board in the light of the general principle on which the Indian protective scheme is based.

Mr. Bellamy.—Exactly. I am not suggesting that all coloured papers right through should be subject to the protective duty of one anna. I am suggesting that only in the case of those coloured papers which like white paper contain less than 65 per cent. on the total weight there should be a protective duty of one anna.

Dr. Matthai.—If I do that, this class of paper would come in at a rate of duty which would approximately be 60 per cent. of the landed value of the paper.

Mr. Bellamy.—Example 5 containing 60 per cent. mechanical wood calculated on the total weight would pay one anna a lb. If the consumer must have a cheap paper he would still be able to get it by buying a paper containing more than 65 per cent. mechanical (total weight); here is one which contains on total furnish 65 per cent. mechanical (shown).

President.—If the consumer could pass over to the kind of paper containing 65 per cent. mechanical, where do you gain?

Mr. Bellamy.—It is placing that class of paper within proper limits.

President.—Where do the mills gain? The consumer says "As I have to pay so much more I will now obtain a paper which undoubtedly contains 65 per cent. mechanical pulp on the total weight."

Mr. Bellamy.—The difference in the percentage of these two papers is very small, it amounts to only 4 per cent., yet the difference in appearance is very considerable and what we maintain is that if a man has got to pay a duty of one a lb., one man will perhaps go on to the better class of paper, that is our paper, while the other will go on to the cheaper according to the nature of his requirement.

President.—There is a difference of £7 in the price.

Mr. Bellamy.—If it is a question of £7 or £8 we will cut down our price.

President.—On your present price it is a question of something like £15.

Mr. Bellamy.—We have already shown our ability to reduce our costs if we are given runs. Take the case of white printings for instance. We have

increased our output; our sales have increased considerably. With the increase in output our costs have come down and we have been able to make reductions in our prices.

President.—If you reduce your price to £31 which is the price at which paper would come in if the protective duty was put on, the importer of this paper would still have to pay £7 more than his customer is now prepared to pay?

Mr. Bellamy.—Yes, to begin with.

President.—He would have to pay even after the reduction which you say you would effect. If he were to pay £7 more which is roughly 33 per cent. it seems probable that although you may get a limited amount of extra custom the bulk of the custom would go to a cheaper paper imported which contained at least 65 per cent. mechanical pulp on the total weight. What I suggest is that the amount of custom that you will get would be fractional.

Mr. Bellamy.—They would go in for a cheaper quality in view of the duty of one anna per lb. but I still say

President.—The quality of your white paper is entirely different from those imported and is used for entirely different purpose.

Mr. Bellamy.—The quality of the coloured printing is exactly the same as white printing except for the dye.

President.—It is not the same as the imported paper which you have given exhibits.

Mr. Bellamy.—It is rather better—better in the same way as our white printings are better than the imported white printings which compete with us.

President.—But I don't exactly follow your point. Do you say that the market would be no more diverted to the cheap paper than it has already been by the imposition of the one anna duty. Is that your contention?

Mr. Bellamy.—Yes.

President.—For white printing and not for the exhibits?

Mr. Bellamy.—Yes. Those qualities compete with us, and they are coming in containing only 65 per cent. mechanical on a fibre to fibre basis.

President.—You mean that the case for this white printing and blue printing stands or falls on the same argument.

Mr. Bellamy.—Yes.

President.—As regards these exhibits you would hold that the same applies?

Mr. Bellamy.—Yes, right through.

President.—That is to say if the Board considers that it would be unfair to the consumer to impose so large a duty for the purpose of possibly securing a slightly increased market for the Indian mills for coloured paper, the same would apply to the other papers?

Mr. Bellamy.—Yes.

Dr. Matthai.—If it were decided to impose a protective duty on this the coloured paper, how much coloured paper could you produce?

Mr. Bellamy.—We can keep one machine steadily on it and produce 2,000 tons. Our object throughout in the claim to protection is to standardize our production—one machine on a particular quality week in and week out—so as to reduce our cost which would enable us to reduce our prices.

Dr. Matthai.—Your argument with regard to the coloured paper would be that if a protective duty was imposed on it it would be possible for you to devote a whole machine for the production of that paper and get the economies of standardization in consequence?

Mr. Bellamy.—Yes. For the period of protection the consumer is being asked to pay a higher price than he would otherwise, but we still have the object in view that by the time the protection is ended we may be able to bring down our price sufficiently to sell at a cheaper price.

President.—Would I be right in concluding that your case as regards the percentage is merely an aspect of the case which in the former enquiry you said that you would reserve for presentation till a later time, namely whether protection should be imposed on all newsprint?

Mr. Bellamy.—Yes. We are satisfied with the working of the present Act if the calculation is based on the total weight. If that is done we should find that newsprinting would not seriously affect our sales of other qualities.

President.—The same argument would apply to newsprinting. If the duty was sufficiently big you would be able to secure a portion of the market.

Mr. Bellamy.—Yes assuredly.

President.—So that really your case stands or falls with newsprint.

Mr. Bellamy.—Yes.

President.—I want to be quite clear about that. So far as I can follow it seems to me that your argument would not only apply to the coloured paper and white paper which you propose should be made liable to protective duty but also to all the cheaper classes of printing paper.

Mr. Bellamy.—It simply means that if the quality of newsprint is kept down to such a standard as we consider it ought to be, that is to say a paper containing 70 per cent. calculated on the total weight, it would not affect our sales or our qualities.

President.—The point is this. Supposing we take a kind of paper which undoubtedly contained 65 per cent. mechanical pulp based on total weight the price of which is £18 or £20, then we put on the protective duty which brings the price to £30. If we were to make it liable to a protective duty would you not be able to extend your market to such an extent as to bring down your price? You state that your intention is, at the end of the period of protection, to reduce your prices to such an extent that you would be able to compete not only with the superior quality paper but also with all kinds of imported paper?

Mr. Bellamy.—We will never be able to compete with real newsprint.

President.—You said just now that it was your intention to do so?

Mr. Bellamy.—Only in respect of those qualities which come in under 65 per cent. on the fibre basis.

President.—The evidence we had this morning was that common glazed newsprint came in at £21; why will you not be able to compete with it?

Mr. Bellamy.—I would not call it common glazed newsprint, I would call it superior newsprint. The common newsprint comes in at about £16.

President.—What is the limit of your competition stated in price with imported paper?

Mr. Bellamy.—All papers coming in at about £18 would compete with us. Even £18 will have to be considered along with the substance of the paper. When I say £16 it is 50 grms. paper; when I say £18 it is 30 grms.—a very much thinner paper. The basis price is £16 for newsprinting 50 grms. That is the standard. This price increases up to £18.

President.—You have given us the analysis of the qualities of paper used by some of the leading home journals such as the 'Daily Mail'. Have you got the price of the paper used by the 'Times'?

Mr. Bellamy.—I can give you the price but that would be approximately the landed price in India.

President.—That will serve our purpose.

Mr. Bellamy.—£16 a ton. I have a sample here from the manufacturer with the manufacturer's stamp on it 'Imperial Glazed' marked 'Times' or 'Morning Post' (M.P.) Newsprint containing mechanical 70 per cent., sulphite 26 per cent. and loading 4 per cent. That is £16 a ton.

President.—Why would it not compete with yours?

Mr. Bellamy.—We have got to draw the line somewhere.

President.—Is it really a question of drawing the line? I am speaking on a question of principle. I want to know whether the same principle applies throughout.

Mr. Bellamy.—If you wanted us to say so, we should say all newsprint competes with us, but then papers like the 'Statesman' would be forced to buy from us at much higher prices if newsprinting were protected; i.e., why we do not wish that real newsprint, i.e., paper containing 70 per cent. or more mechanical should be included in the protective tariff.

President.—As regards your argument I want to see whether there is any difference in that between this paper and others.

Mr. Bellamy.—The quality gradually comes down with the increase in the percentage of mechanical pulp and we are simply attempting to draw the line and say if the quality is below a certain fixed standard there is no danger that it will compete seriously with our qualities.

President.—In the argument there is no distinction?

Mr. Bellamy.—There is a distinction in the percentage of mechanical pulp.

President.—There is a distinction in the quality of paper. What I want to know is whether you are trying to framing your argument in a different way in the case of this paper as compared with the cheaper paper. Would it not be correct that if we put a protective duty on this paper and increased the price thereby you would be able to increase the market at present obtained by importers and so by increasing your output decrease your costs?

Mr. Bellamy.—We will never be able to compete with a paper containing so much mechanical pulp.

President.—Not even with the protective duty?

Mr. Bellamy.—No, because the raw material is not in the country?

Dr. Matthai.—What is the highest percentage of mechanical in the total weight with which you can compete?

Mr. Bellamy.—Up to 70 per cent.

Dr. Matthai.—So that any paper which contains 70 per cent. or more mechanical of the total weight does not compete with your paper?

Mr. Bellamy.—That is so.

Dr. Matthai.—If you had your way in the original enquiry you would have liked to bring under the protective duty every class of paper that did not come up to that percentage?

Mr. Bellamy.—Yes.

Dr. Matthai.—That of course is impossible because we are committed to this figure of 65 per cent. So what you are suggesting is by putting the 65 per cent. not on the fibre content but on the total weight, you minimise the competition although you cannot entirely eliminate it. Is that right?

Mr. Bellamy.—Yes, but we do not suggest this method of calculation as an alternative but that it was intended from the beginning that the 65 per cent. should be calculated on the basis of total weight.

Mr. McLatchie.—Originally we asked for 70 per cent. but then the Board found a variation of 5 per cent. in testing so that presumably the Board fixed 65 per cent. as the absolute minimum allowing for 5 per cent. as a margin in testing.

Dr. Matthai.—There is one other point. When you get cheap printing paper of this kind, that will affect you I expect in two ways. In the first place it prevents you from increasing your sales; in the second place it would tend to depress your prices, won't they?

Mr. Bellamy.—Yes.

Dr. Matthai.—I should like to know with regard to your white printing paper whether the large importation of newsprint has had any effect in depressing your prices? You said in regard to the coloured paper that you had to reduce the price of the paper by about 3 pies below the level at which

you would otherwise have sold. Would that apply to the white printing paper?

Mr. Bellamy.—Since protection was given to us our prices have dropped twice amounting in all to 35 rupees a ton.

Dr. Matthai.—I put that down entirely to the fact that you have improved your process of production and increased your output.

Mr. Bellamy.—That has something to do with it, but the principal factor is that the foreign prices have come down, particularly for newsprinting. I think you will find that the Tariff Board referred to the price of newsprint at £18 a ton.

Dr. Matthai.—I think they said 2 annas 1 pie to 2 annas 6 pies.

Mr. Bellamy.—It has come down to £16 a ton.

Dr. Matthai.—But your prices of white printing do not appear to have come down since the Tariff Board reported.

Mr. Bellamy.—They have come down by Rs. 35 a ton in two stages. Our last drop took place in January.

President.—What is your objection to the sulphite test.

Mr. Bellamy.—Because it excludes loading.

President.—I mean sulphite test on the total weight.

Mr. Bellamy.—You cannot do it. Supposing you took 35 per cent. sulphite on the total weight and 15 per cent. loading it would mean that your mechanical pulp would only be 50 per cent.

President.—That will be a very cheap kind of paper?

Mr. Bellamy.—No. You have got 35 per cent. sulphite and you have got China clay which we say, although it does not add to strength of the paper, improves its appearance. That would help to introduce an article which would compete with us.

President.—As between sulphite test and mechanical pulp test, supposing the mechanical pulp test is based on the fibre content, would you prefer the sulphite test based on the total weight?

Mr. Bellamy.—It would be the same.

Mr. McLatchie.—We would naturally prefer the mechanical pulp test.

Dr. Matthai.—Would you prefer it even if it was based on the fibre content?

Mr. McLatchie.—Yes, either way.

Dr. Matthai.—Why.

Mr. McLatchie.—It is probably difficult to state actually why. In an analysis you can arrive at a closer estimate when you have got a larger quantity of the fibre to examine. The principal test to arrive at is the mechanical pulp content and this has to be done under a microscope. But in the absorption test which is now being introduced unless the chemicals used in it are of extremely pure quality the analysis will be inaccurate. Strictly speaking the microscopic test is the only reliable test that is still practised to arrive at the fibre content, the more so in the mechanical pulp paper.

Dr. Matthai.—So that the element which appears in larger quantity lends itself to a more accurate analysis?

Mr. McLatchie.—Yes.

President.—Are you satisfied with the present Ruling No. I as administered by the Customs department, Calcutta?

Mr. Bellamy.—We are not satisfied with their recent method of administration, that is letting the paper through on a price basis because that is open to abuse I think, even collusion between the buyers and manufacturers, specially when paper comes from the Continent, I do not think we can rely upon the honesty of the manufacturer.

President.—You would prefer the fibre content test to the present system?

Mr. Bellamy.—You mean examination by chemical analysis? Yes, it is much preferable. The last Tariff Board dealt with in half a dozen words that

they could not consider the examination of newsprint on a price basis owing to the possibility of collusion. As regards this £24 basis, as I have shown, £24 paper comes very near to the quality of pure printing. Pure printing you can buy to-day at £28-10-0 a ton if you have got a large order to place. £24 is too near to that. I am sure the Tariff Board never intended that imports should be tested in this way, nor the Government of India either.

Dr. Matthai.—Could the ordinary printing paper be imported at about £28-10-0?

Mr. Bellamy.—Yes, if you have a large order to place, say 200 tons.

Dr. Matthai.—We have been told that in the Customs office in Calcutta they are allowing an extra margin beyond the 5 per cent. allowed by the Tariff Board. Have you got anything to say about that?

Mr. Bellamy.—Yes. The other day I saw a sample of the paper used by the 'Bengalee'; I analysed that and found it contained 62 per cent. mechanical. When the paper came in I sent one of our men to see Mr. Junks and asked him how his analysis of the same paper turned out because he had already asked me to make comparisons when I came across any doubtful shipments. We did not have time to get his figures before leaving Calcutta, but nevertheless he said then that even if his test turned out to be 62 per cent. he would pass it through because we would allow the benefit of doubt to the importer, but when the Tariff Board fixed 65 per cent. I think they meant that if the analysis turned out at 64 per cent. no further margin for error was to be allowed for at all and that the paper must pay a duty of one anna because 5 per cent. margin had already been allowed for.

Dr. Matthai.—To your knowledge the maximum allowed is only 3 per cent.

Mr. Bellamy.—I could not tell you definitely but I could get that for you.

Dr. Matthai.—We will ask the Customs Collector to-morrow.

President.—That is rather an important point. If the Customs are allowing a margin of 3 per cent. it narrows the gap between the fibre content and the percentage of mechanical pulp based on the total weight. The amount of paper which comes in competition is quite small.

Mr. Bellamy.—If paper were to come in under the fibre to fibre basis and then on the analysis a margin is allowed for that would tend to nullify the effect of protection altogether.

Dr. Bellamy.—Do you effect any sales up Karachi way?

Mr. Bellamy.—Yes.

Dr. Matthai.—We heard from the Collector of Customs, Karachi, that under this new ruling about 80 per cent. of newsprint is now bearing protective duty.

Mr. Bellamy.—I was in Karachi at the time that happened and some of the importers from Lahore did certainly make complaints. I don't think the analysis of the paper was quite satisfactory and I myself had a complaint to make regarding some coloured papers which came in under 15 per cent. duty. I went to the appraiser of Customs and he admitted that the paper should have paid a duty of one anna a lb. in Bombay they were charging one anna a lb. for the same paper. He referred the case eventually to Bombay and they confirmed our opinion.

Facilities for analysis in Calcutta.

Dr. Matthai.—What is your impression of the analysis arrangements in Calcutta?

Mr. Bellamy.—Before the introduction of this price basis it was quite satisfactory, but I think that by the introduction of the price basis they have dispensed with the only reliable and safe means of test.

Dr. Matthai.—What happened was that they had a rough and ready test?

Mr. Bellamy.—They must always go to the laboratory.

Dr. Matthai.—Do you mean that in Alipore?

Mr. McLatchie.—No. The one at Church Lane, Calcutta. The Stationery Office has a chemist and examiner who has had a lot of experience in England and Germany and I think the Stationery Office has the finest paper testing laboratory here.

Dr. Matthai.—What is he called?

Mr. McLatchie.—He is called Store Examiner.

President.—It might be possible for the Calcutta Customs to make use of that laboratory but it is rather difficult for, say, Madras or Rangoon.

Mr. Bellamy.—Would it not be possible when importing papers under certificate to attach a heavy penalty for any false declaration? Let the importer take his paper away from the Customs as soon as it arrives after paying 15 per cent. duty, if the paper is according to the certificate, and then have a central office for testing where a sample of every consignment should be tested. It might take a couple of months. With the heavy penalty imposed you will probably find very few cases where the declaration will be false. In the case of false declaration the dealer could, if he were innocent, come down upon the manufacturer for compensation.

Dr. Matthai.—That is assuming that the analysis is infallible. A system like that would be faced with very serious risks.

Mr. Bellamy.—I don't think there is so much difficulty about the analysis of paper as is being made out. For instance we have carried out a lot of tests lately on various samples ourselves and I sent about half a dozen of them to Mr. Jenks for examination without giving our figures at all and asked him if he would carry out tests on them. We told him that we wanted to have our figures compared with his. He tested Examples I to III. When the tests came along one of them was the "Englishman" analysis. Our analysis was something like 82 per cent.; his turned out to be 79 and Mr. McLatchie's analysis was about 1 per cent. different from ours. So you see there were three different people examining the same sample and the margin of error was only 3 per cent.

Dr. Matthai.—How do you account for this enormous difference between Bombay, Karachi and Calcutta?

Mr. Bellamy.—It is due to the inefficiency of the people testing. In Calcutta we have watched very closely and we can safely say that the man in Calcutta is efficient. You must have efficient well paid men on the job.

Letter from the Secretary, Tariff Board, to all the Collector of Customs, No. 473, dated the 30th May 1927.

I am directed to state that the Tariff Board is about to enquire into the question of the application of the protective rate of duty to newsprint paper and is consequently in need of information regarding the effect of Customs Ruling No. 1 of 1927 of the Government of India. The Board would therefore be very glad if you would kindly say what the effect of this Ruling has been, particularly on the following points:—

- (1) whether it has made it necessary to analyse a much larger number of samples and has led to delay in clearing shipments;
- (2) what proportion of the total imports of newsprint is now subject to the protective rate of duty; and
- (3) what amount of newsprint is now brought for the first time within the scope of the protective duty.

2. I am to say that as the Board's report on this question is to be submitted to the Government of India by the 15th July next, the Board would be obliged if you could send the required information by the 15th June.

Collector of Customs, Rangoon.

Letter dated the 8th June 1927.

I have the honour to refer to your letter No. 473, dated the 30th May 1927.

2. News-printing paper has of late not been analysed by the Chemical Examiner; the appraiser uses the phloroglucinol rough test and compares the sample with samples of previous importations. From experience it has been found that all news-printing paper imported into Rangoon contained more than 65 per cent. of mechanical wood pulp. None have been assessed at the protective rate of duty.

Collector of Customs, Karachi.

Letter dated 9th June 1927.

With reference to the letter No. 473 of 30th May 1927, I have the honour to state that Customs Ruling No. 1, dated 2nd February 1927 of the Government of India, directing that the percentage of mechanical wood pulp should be applied to the total weight of the paper and not merely to its fibre content, was received in this Customs House on 5th February 1927. The Chemical Analyser for Sind, who was asked to state the effect of the ruling, reported that it would materially affect the tests hitherto applied by him and that the revised method would be introduced from 15th February 1927. The revised method of assessing news-printing paper was, therefore, enforced in respect of the consignments imported after that date.

2. The answers to your three queries are as follows:—

- (1) All consignments of news-printing paper are subjected to test except in cases where importers agree to pay duty at the protective rate on the basis of the results of the tests previously recorded. This procedure involves no delay in the clearance of the goods as assessment is invariably made provisionally in the first instance at the higher rate subject to adjustment on receipt of the Chemical Analyser's report, the goods being allowed immediate clearance.
- (2) The records of this Custom House show that news-printing paper of the weight of 653,496 lbs. has been imported since February 1927, out of which 511,444 lbs. was assessed at the protective

rate and the remainder, viz., 142,052 lbs. at the non-protective rate. The percentage of the total imports of newsprint now subject to the protective duty, therefore works out to 78.26.

- (3) The quantity of newsprint brought for the first time within the scope of the protective duty is 511,444 lbs. It has been ascertained from the Chemical Analyser for Sind that, had this quantity been tested on the basis of the orders in force prior to the issue of Customs Ruling No. 1 of 1927 of the Government of India, viz., Central Board of Revenue's Customs Ruling No. 9 of 1926, it would have been reported to contain more than 65 per cent. of mechanical wood pulp and it would, therefore, have paid duty at the non-productive rate.

Collector of Customs, Calcutta.

A.—WRITTEN.

Letter No. 1908, dated 9th June 1927.

I have the honour to refer to your letter No. 473 of the 30th May 1927, regarding the effect of Customs Ruling No. 1 of 1927 on the assessment of paper.

2. To take the first point mentioned in your letter, I should say that when this ruling was first issued it certainly led to a great deal of extra work and delay in clearing shipments. Under the previous ruling the Appraising Department had been able to distinguish in a large majority of cases by a rough and ready test whether the mechanical wood pulp content fell below or above 65 per cent., and it was the exception to send samples for chemical analysis. Under the new ruling the Appraising Department was unable to make any estimate of the percentage of elements other than mechanical and chemical pulp, and it therefore became necessary to analyse in every case. This caused great congestion in the Chemical Examiner's Office and consequent delay, the effects of which have only just worn off. At the present moment the position is that we have tabulated the results of previous analyses and have thus acquired experience regarding the constitution of paper of a certain origin and appearance and of a certain invoice price. We are now able to dispense with analysis in the case of possibly 80—90 per cent. of newsprint. The Customs House has thus found its own solution to a problem which in the first instance undoubtedly caused great delay and difficulty and led to serious friction with importers. Even now the Custom House is deprived of the assistance of manufacturers' certificates because these are almost invariably based on the fibre content only; yet the Tariff Board in their original report, paragraph 150, contemplated that in the majority of cases the chemical analysis of paper should be obviated by the production of satisfactory manufacturers' certificates.

3. As regards your second point the proportion of the total imports of newsprint which is now subject to the protective rate is extremely small, amounting in fact to less than $\frac{1}{4}$ per cent. It must, however, be borne in mind that in applying the result of chemical analysis a certain margin has been allowed for error, particularly, as this was a form of test of which the laboratory had had no previous experience. Consequently importations which on analysis approximated to within 2 or 3 per cent. of the standard laid down have usually been given the benefit of the doubt.

4. As regards your third point, it is not possible to state what amount of newsprint has now been brought for the first time within the scope of the protective duty, since before the issue of the new ruling statistics were not kept of the constitution of papers other than their fibre content. It is, however, the experience of this Custom House that importers very rarely, if ever, intentionally import newsprint liable to the protective rate. In nearly every case where consignments have been assessed at the higher rate, this has been due to a misunderstanding on the part of the manufacturers or shippers, who

have usually been asked to supply paper containing not less than 65 per cent. of mechanical wood pulp. Such mistakes naturally are not repeated, as importers contend that it does not pay to import newsprint liable to the higher rate of duty. Once a certain quality of paper has paid the higher rate it will usually not be imported again. It has sometimes been found that in a single consignment invoiced at a uniform rate samples from different bales have yielded different results for purposes of assessment. This is due to the fact that although the fibre content is of the same constitution the amount of loading may differ in different "runs" with the effect that under the new ruling the percentage of mechanical wood pulp in the total weight of the paper may fall above 65 per cent. for one bale and below it for another.

5. Generally speaking, I am of the opinion that the withdrawal of this ruling would tend to facilitate administration whilst involving an unappreciable sacrifice of revenue. Although the proportion of imported newsprint which falls on the higher side of the limit is small, the amount of work involved in determining whether particular consignments will be liable to the higher rate has been considerable. It would also appear from the certificates furnished by analytical authorities on the Continent that the percentage of mechanical wood-pulp is always understood in relation to the fibre content and not to the total weight of the paper.

COLLECTOR OF CUSTOMS, CALCUTTA.

B.—ORAL.

Evidence of Mr. A. RAISMAN, I.C.S., Assistant Collector of Customs, Calcutta, recorded at Shillong on Thursday, the 7th July, 1927.

Introductory.

President.—Mr. Raisman, you are the Assistant Collector of Customs, Calcutta?

Mr. Raisman.—Yes.

President.—How long have you been in the Calcutta Customs Office?

Mr. Raisman.—A year.

President.—Have you personal experience of the administration of this Ruling No. I of 1927?

Mr. Raisman.—Yes.

Dr. Matthai.—Were you connected with any Customs Office before?

Mr. Raisman.—I have been in the Customs Department for the last five years.

Dr. Matthai.—Where were you before?

Mr. Raisman.—In Bombay.

Dr. Matthai.—So that you have had experience of the administration of the Protection Act since it was introduced?

Mr. Raisman.—Yes.

Ruling No. 9 of 1926.

President.—Could you tell us before the new Ruling was introduced, that is Ruling No. I of 1927, whether you had experience of the administration of the old Ruling No. IX of 1926 by which the percentage of mechanical pulp was calculated on the basis of fibre content only?

Mr. Raisman.—Yes.

President.—Under that ruling was it necessary to carry out any chemical analysis?

Mr. Raisman.—Not in the majority of cases.

President.—Can you tell us exactly how it was determined, whether a paper of this class was liable to protective duty or not under the old Ruling IX of 1926?

Mr. Raisman.—The first general guide was the price, I mean, the invoice price; then by looking at the paper and subjecting it to a rough and ready test (smearing it with phloro-glucinol) you can see at once whether it is a paper which is mainly mechanical.

Dr. Matthai.—That is a test which the appraiser can do himself?

Mr. Raisman.—Yes, in about 95 per cent. of cases.

Ruling No. 1 of 1927.

President.—When the new ruling was introduced in February this year, would you tell us why it was necessary to introduce a further chemical test?

Mr. Raisman.—Two papers having the same fibre content might have varying finish. The fibre content is what is called the furnish, namely the chemical and mechanical wood pulp. Then there is the finish or loading. Two papers having exactly the same furnish might have a varying amount of finish and the appraiser, although he might know that the fibre content was 70 and 30, that is more than 65, could not by looking at the paper tell what was the

amount of the finish and therefore under the new ruling he could not tell whether the mechanical wood pulp in the whole paper would not be less than 65 per cent.

President.—To what extent under the old ruling did you rely on manufacturers' certificates?

Mr. Raisman.—The position was that with this easy test we frequently accepted the declaration in an invoice of more than 65 per cent. wood pulp. The appraiser would have no doubt in the majority of cases if he merely looked at the paper and so he would not question an invoice statement of that kind.

President.—The description in the invoice, is that a statement that was taken from the manufacturer's declaration?

Mr. Raisman.—Yes, in the majority of cases.

President.—And that statement was based on the fibre content?

Mr. Raisman.—Invariably.

President.—Have you had any cases where a manufacturer has given a certificate or a description entered in the invoice in which the percentage has been on the total weight?

Mr. Raisman.—There was a case in which I told the manufacturer that he was on the wrong line, and that we wanted the percentage on the total weight. He stated in his reply that one of his papers had more than 65 per cent. on the total weight, but I had never seen it stated either in a certificate from an analyst or in an invoice that the paper contained more than 65 per cent. on the total weight.

President.—In the Customs Department, so far as manufacturers are concerned, would you consider the trade practice to be to state the total mechanical pulp on the fibre content?

Mr. Raisman.—Undoubtedly.

President.—And as regards dealers?

Mr. Raisman.—Dealers follow the trade practice too.

President.—It will be the same?

Mr. Raisman.—Yes.

President.—You were saying just now that the difficulty about the new ruling arose largely because of the amount of loading in the paper. Have you had any experience of the different percentages of loading in different runs of paper?

Mr. Raisman.—Yes.

President.—Has that given rise to any difficulties in the Customs?

Mr. Raisman.—Yes, because you might get two bales of the same consignment, the sample from one giving a result slightly below 65 and the other slightly above.

President.—That variation would I suppose be in the same consignment of paper?

Mr. Raisman.—Yes.

President.—That would I suppose necessarily mean that under the present ruling some sort of chemical analysis would also be necessary?

Mr. Raisman.—Yes.

President.—I mean however much you may tabulate your results and the prices and so on, it would not be perfectly safe?

Mr. Raisman.—No, not absolutely.

President.—When the new ruling was introduced at first there was considerable congestion in the Customs?

Mr. Raisman.—Yes.

President.—Did that give rise to any serious inconvenience to the paper trade?

Mr. Raisman.—Very serious. In fact very little newsprint, unless it was passed at a lower rate, was cleared off the docks for some time. In my

opinion the importers were doubtful whether they should clear the goods at all and I know that in many cases they repudiated their contracts or at any rate tried to pass the extra duty on to the suppliers.

President.—We have some evidence from other Customs Officers that the paper is passed provisionally.

Mr. Raisman.—That is all right where an importer is also the consumer, but take one of the biggest importers like Messrs. John Dickinson and Company. They would never clear paper provisionally because they might be left with the paper on their hands; because the real consignee may when he finds that an extra duty is involved, refuse to take the paper. He may say "I ordered 65 per cent. or more mechanical wood pulp paper but the Customs say this is not up to that standard, therefore I don't want it."

President.—So that the real point about the trade inconvenience is that the consignee may not take delivery of the paper. Is that correct?

Mr. Raisman.—Yes, he may not take delivery if he finds the duty levied at the protective rate.

President.—That I suppose would be more or less a temporary disturbance to trade. I mean after, say, six months the importers in India would write to their suppliers in England and other places and ask them to put in an extra 7 or 8 per cent. mechanical pulp so as to comply with the new Customs ruling.

Mr. Raisman.—It would always create a difficulty and you might get disputes arising because in my opinion the manufacturers in the majority of cases cannot say accurately what the constitution is under the new ruling. The ordinary manufacturer has not got a first class analytical chemist; he has got only a works chemist. He knows as far as fibre content goes what he puts in the beaters. If they put 70 and 80, 70 and 80 invariably comes out. If they put in 20 per cent. loading they do not know whether 2 or 20 per cent. loading will come out in the paper. That is the trouble, so that you still might get manufacturers supplying to order saying well above 65; they might say our paper is 75 and 25 with only 5 per cent. of ash, but it might have 20 per cent. loading and then they would be below the standard again.

President.—Why is it impossible to say what the percentage of loading is?

Mr. Raisman.—Because the paper does not take it up. Sometimes the paper takes up less loading when more is put into the beater.

President.—What is the reason for that?

Mr. Raisman.—Because it is not a chemical process, it is merely adhesion; the loading only sticks on to the fibre, I mean it does not unite with the fibre in any sort of definite proportion.

President.—Given the same temperature, humidity and so on would it not be possible to form some estimate of the amount?

Mr. Raisman.—I can only conclude that they do not know enough about it. They do get these varying results. That is why we get different results in different runs. The manufacturer and the importer will swear to us that that is the identical paper but the chemical analyser may find that there is a difference of about 4 or 5 per cent. in two samples of the same consignment.

Analysis in the Customs Department.

President.—Your chemical analyser attached to the Customs Department, would you describe him as an expert?

Mr. Raisman.—I would now. With the amount of experience he has now had he knows as much about the analysis of this kind of paper as anybody else in India.

President.—We find in the different Custom Houses there is a very considerable variation in the results of these chemical analyses. Judging by the practical results in Karachi we find that about 80 per cent. of the paper tested was liable to the protective duty.

Mr. Raisman.—That is absurd.

President.—Whereas in Bombay it was 15 per cent.

Mr. Raisman.—That is about right. That is what we would have got if we had not allowed for the margin of error in the analysis.

President.—What would you consider the reason for the variation in the different customs practices? The first reason probably is that you in Calcutta allow 2 or 3 per cent. margin for error; apparently that is not done in Bombay. Now as regards Karachi would you offer any explanation?

Mr. Raisman.—It is just possible that one or two very large consignments of coated or highly finished newsprint passed through Karachi and that upset their figures. Their total imports are not very large compared with Calcutta. It appears that their total import of newsprint since February 1927 was roughly 300 tons. One or two very large consignments of paper correctly dutiable at the protective rate of one anna a pound coming through Karachi would upset the figure of that small total importation. At the same time I must say that in my opinion the figures look as if they have gone wrong. Their chemical analysis has yielded incorrect results. It is admittedly a very difficult analysis.

President.—Do you consider if the present ruling is maintained, and the mechanical pulp is estimated on the total weight, that it would ever be possible in various ports to obtain approximately the same results of chemical analysis.

Mr. Raisman.—If the present ruling was maintained I rather think it would be necessary to get men to Calcutta and train them in analysis and send them back to the various ports.

President.—Even then, would it be possible? Or do you think desirable, to have some central institution to conduct the examination? We hear that the Stationery Office at Calcutta has got an expert analyser of paper and he would be competent to carry out tests for all the various Custom Houses in India.

Mr. Raisman.—That would be a more satisfactory solution because you would know that a more uniform standard is being applied whereas at present we certainly do not know that.

President.—That would mean considerable delay, would it not?

Mr. Raisman.—It would mean delay but the doubtful paper could be cleared provisionally on payment of the higher duty, but of course trade is not possible. When you do not know to within an anna a lb. what you can sell the paper at, you can clear it but you cannot sell it.

President.—So that really although there would be no congestion in the Customs, there would be congestion in the importers' warehouses.

Mr. Raisman.—Quite so.

President.—Although it might appear that everything is going on smoothly in the Custom House it is not going on so smoothly in the trade?

Mr. Raisman.—That is so.

Austrian and German papers.

President.—We have been told that the paper which is most affected by this new ruling is paper which comes from Austria and Germany owing to the fact that the Austrian and German papers contain a larger percentage of loading than the Scandinavian paper?

Mr. Raisman.—It has not struck me that way. But I would certainly say that the Swedish or Norwegian paper is practically unaffected because it has always a very high mechanical wood pulp content. The only other sources left are either England or Austria and Germany, but I should have thought that a certain amount of English paper had been affected too. I cannot always tell from invoices whether the paper is of German or Austrian origin because it is nearly always supplied by an English supplier; it is always shipped by somebody in London. I find on looking through my papers that

there are a considerable number of German cases which have just fallen below the mark.

Dr. Matthai.—Even when they are shipped from England the invoice will show where they had been made, whether in Austria or Germany, would it not?

Mr. Raisman.—Not invariably.

Dr. Matthai.—The port of shipment would be there?

Mr. Raisman.—Yes.

Dr. Matthai.—That would indicate whether it is Austrian or German?

Mr. Raisman.—A good deal is shipped from London; it is often worth while to bring it to London and ship it from there. Then again sometimes you get mixed consignments, that is you get a combination of Continental paper and English paper shipped on the same invoice.

President.—In the Calcutta Collector of Customs' letter it is stated that "at the present moment the position is that we have tabulated the results of previous analyses and have thus acquired experience regarding the constitution of paper of a certain origin and appearance and of a certain invoice price. We are now able to dispense with analysis in the case of possible 80 to 90 per cent. of newsprint." We have received some evidence which stated that so far as Calcutta is concerned all paper of this class which is below £24 a ton is now admitted without analysis and the Collector of Customs, Bombay, states that in Bombay paper of this class which comes in at between £22 and £24 a ton according to the country of origin is also admitted without analysis. Would it be correct to say that you have only been able to get over the administrative difficulty by abandoning the chemical test?

Mr. Raisman.—Yes, as far as about 90 per cent. of the imports are concerned.

President.—What I want to know is, if the chemical test had been continued in all cases whether you would have found it very difficult to administer it?

Mr. Raisman.—Very difficult indeed. In Calcutta we found it almost impossible to test every consignment because we have got big importers like Messrs. John Dickinson and Company who would not care on any terms, until they knew the results, to clear the goods and even in cases where an importer did clear the paper, when the result was adverse, he kept on denying our test and asking for a re-test and the correspondence went on.

President.—You say that if your analysis approximated within two to three per cent. of the standard laid down, the paper would usually be given the benefit of doubt.

Mr. Raisman.—Yes.

President.—Under the old ruling did you allow any sort of latitude in the percentages?

Mr. Raisman.—Under the old ruling papers rather tended to fall more definitely above or below that limit. The new ruling has put a tremendous amount of paper just in that doubtful position. If you take a typical newsprint 70 and 30 and give it a typical addition of loading, say, 10 per cent. 70 and 30 would be fibre and 10 would be loading—that would give you a result of 7/10th of 90, that is 63 per cent. That is a typical case. When the chemical examiner gets a result of 68, knowing that he cannot get more than a certain degree of accuracy, he is at a loss to certify that the paper contains less than 65 per cent.

President.—In paragraph 152 of the original report on paper and paper pulp industries, the Board laid it down that it should be possible to define the percentage in such a manner that it can be readily identified for Customs purposes. Would you consider that this can be effected best by the old ruling or by the new ruling?

Mr. Raisman.—Undoubtedly under the new ruling 65 per cent. is a most contentious line. Under the old ruling it is a pretty easily recognisable line.

President.—In your opinion under the old ruling a clear line of demarcation was drawn between what was and what was not liable to protective duty.

Mr. Raisman.—Pretty well. The Tariff Board's report mentions that allowing 5 per cent. for error they fixed the line at 65 instead of 70. That caused some difficulty because the Chemical Examiner was not sure whether after that had been done he could possibly give any further margin. We came to the conclusion that the statutory position is this. The line is fixed at 65. You cannot certify that the paper falls below that because your analysis will not give you sufficiently accurate results. Therefore unless you have a margin of error you find the same paper occasionally falling below 65 and occasionally above. So, it was necessary, in spite of the fact that the percentage had been fixed at 65 and not at 70, for practical purposes to retain a margin of error.

Dr. Matthai.—What it really means is this that from your experience of the working of the Protection Act you consider that the proper margin to allow for error in the analysis under Indian conditions is not 5 per cent. but 5 plus 3—3 per cent.

Mr. Raisman.—I cannot quite accept that because if you put 70 in the tariff then the Chemical Examiner, if he gets a paper containing 67 or 68, will say that this is possibly an above-the-line case, and we will give the benefit of doubt to the tax-payer. Whenever a question of doubt arises between the tax-payer and the Crown, the tax-payer should get the benefit. If our expert could not definitely say that this paper contained less than 70 per cent. we would have to say we cannot penalise or tax it at the higher rate. If you put your line at 75 the position would be the same.

Dr. Matthai.—That is what I say. Supposing we took your statement that it is necessary to allow an extra margin of 3 per cent. because you find a lot of doubtful cases on the border, and on that suggestion we recommended to Government that hereafter the percentage should be 62 instead of 65.

Mr. Raisman.—That is no use.

Dr. Matthai.—That would be of no use because as soon as you fix another percentage there would again be a heap of cases on the border.

Mr. Raisman.—It is not so much that there would not be. Actually there would be many ambiguous cases round about 62 but the fact is this. Our Chemical Examiner can only say that the results of 8 samples have given an average yield of 63. On that he cannot say that this paper contains less than 65. He can only say "it appears on my results so and so." If he were confronted with an authoritative analysis showing that this paper contained 65, he could not say that that analysis was wrong.

Dr. Matthai.—The difficulty is this that when the Tariff Board suggested 5 per cent. as a reasonable margin for errors in the analysis, their whole point was that the kind of individual discretion that chemists might exercise at various Custom Houses might to some extent negative the purposes of the Act and therefore they said—here is an automatic rule which the Legislature might lay down if it is satisfied with 65 per cent. If it is true that whatever percentage you may fix there will still be room for the exercise of discretion by the individual chemist, is it not the proper thing to fix it at 70 per cent. and then leave the Chemist to exercise his discretion?

Mr. Raisman.—I would put it this way. If what you wanted was that no margin of error should be allowed by the Custom Houses then the tariff should say "paper which on an analysis by the Customs Chemist has been found to contain less than 65 per cent." Then, in that case, we could say to the importer "Whatever your analysis might be, our results gave 63, and therefore you have got to pay a higher rate of duty"; but when the tariff says "paper containing less than 65 per cent." we cannot say that

this paper contains less than 65. We do not know. It is somewhere about 65. We cannot say that it is less than 65. In that position it is a principle of Customs administration to give the importer the benefit of the doubt.

Dr. Matthai.—Supposing the choice before us was this. We find from the evidence with regard to the American newsprinting that the proper percentage to adopt is 70 per cent. It is open to us to suggest to Government "take 70 as your basis"; we say nothing about the margin of error, and allow the Customs Collectors to exercise their discretion, or we say "the circumstances during the past two years of the chemical analysis in the Customs Offices lead us to think that 5 per cent. is perhaps too small a margin and that something more, say, 7 or 8 per cent. is required." Two courses are open to us—either to suggest 70 per cent. and allow the Customs to exercise their discretion or suggest 62 or 60 and allow no room for the exercise of discretion at all. Suppose the alternatives were just these, could you from your experience give your opinion as to which should be adopted?

Mr. Raisman.—In that case the only thing would be to recommend 70 per cent. and allow a margin of error, the margin of error being only an equitable margin. It means that our expert is measuring and his measurement is not accurate within a certain degree. If you don't allow a margin of error what happens is this. A and B may import the same quality of paper, A's paper on analysis may show 65 per cent. and B's may show 63: they are both getting the identical paper but you are penalizing one and not the other because your instrument is inaccurate. That is why we must allow a margin of error.

President.—Supposing we lay down a test of 70 per cent. fibre content and that is strictly administered, will that result in a considerable amount of newsprinting costing up to about £22 coming under the protective duty?

Mr. Raisman.—It would.

President.—Can you tell me the exact effect of the loading on the quality of the paper? I understand that the strength of the paper and largely its quality are decided by the proportion of chemical to mechanical pulp and the effect of the loading is mainly to increase the weight of the paper without really affecting its quality although it may affect its price.

Mr. Raisman.—The loading gives you a better surface but if anything it tends to weaken the paper. It is not really a stronger paper. I should say the pure fibre paper is probably the strongest and all papers which have anything more added to them are probably weaker. But if you want a better finish and particularly if you want a tint you must have loading added to the paper so that it can take the tint. Fibre alone will not take a decent tint. That is the reason why these cheap papers have this loading put in.

President.—Would it be correct to say that if we exclude the loading from consideration the different classes of paper which contain the same relative ratio of mechanical pulp and chemical pulp would be approximately of the same quality?

Mr. Raisman.—Yes. There are a few rather exceptional cases. You sometimes get a rather high finish put on to a cheap paper and you then get a loading up to perhaps 20 or 25 per cent. I have seen super-calendered paper which was invoiced at less than £20. Super-calendering means putting a very smooth surface on the paper; they are usually expensive and are good writing papers.

President.—Are they liable to protective duty?

Mr. Raisman.—They would usually be liable to protective duty as writing paper. This paper (shown) which is a very common paper was super-calendered. It has about 20 or 25 per cent. clay and size in order to give it a special finish.

President.—From your experience you would say that paper containing the same proportion of mechanical and chemical pulp without taking into account loading, would approximately be of the same quality?

Mr. Raisman.—Yes, generally speaking.

Dr. Matthai.—In paragraph 5 of his letter dated 9th June 1927, the Collector of Customs, Calcutta, says that the withdrawal of this ruling (No. 1 of 1927) would tend to facilitate administration whilst involving an unappreciable sacrifice of revenue. My difficulty is this. As I understand it from the letters that we have had from the Collectors of Customs all over the country the problem of administration in regard to this point consists really of two things. There is first, certification and there is then analysis. Supposing we decide to maintain the present ruling, that is the percentage based on the total weight, I take it that from the point of view of certification the difficulty would be this, that manufacturers during the past two years have been issuing declarations based on fibre content.....

Mr. Raisman.—They have been issuing that for the past 50 years so far as I am aware.

Dr. Matthai.—Would you swear by that statement?

Mr. Raisman.—That is my impression from what I have read in the text books on paper.

Dr. Matthai.—As far as text books go there is apparently a considerable conflict of opinion. So let us leave text books alone. I want you to speak from experience. You have had experience of this Act for the last two years. During these two years you have found without a single exception that the manufacturer's declaration is based on fibre content, is that right?

Mr. Raisman.—That has been my experience.

Dr. Matthai.—What I am asking you is this. Supposing we decided to maintain the present ruling based on the total weight, would there be anything to prevent an Austrian manufacturer or a Scandinavian manufacturer for the benefit of the Indian market from issuing a declaration based on the total weight?

Mr. Raisman.—There is nothing to prevent anybody from issuing a false certificate except the fact that when we discover it we should penalize him very heavily.

Dr. Matthai.—That is not the point, I am not raising any academic point. As far as the Continental manufacturers are concerned India is such an important market and I expect therefore that those manufacturers would be prepared to go a long way towards conforming to Indian Customs requirements. Supposing an Indian importer asked a manufacturer in Europe hereafter, in order to conform to this new ruling, to issue a declaration based on the total weight it looks to me now that you have got over the transitional difficulties it would not be impossible for those people to adjust themselves.

Mr. Raisman.—It would not be impossible. At the same time the majority of manufacturers have not got an analytical chemist of such calibre as to give a reliable analysis of paper.

Dr. Matthai.—The difficulty of analysis would apply to both cases whether it is on the total weight or on the fibre content?

Mr. Raisman.—No, it would not, for this reason that it is a well known fact that whatever constitution of fibre content the manufacturer puts in the beater comes out in the paper. That does not vary.

Dr. Matthai.—Let us look at it from this end. So far as your analysis in the Customs is concerned, supposing we decide to stick to the ruling regarding the total weight would you have to discover what the amount of mechanical pulp in relation to the total weight is? Speaking as a layman with no knowledge at all of your business, I would say the total weight is a known factor and all that we have got to do is to ascertain the mechanical content and you get your result. Supposing it is based on the fibre content you have first got to eliminate the loading and then you have got to go further and ascertain the mechanical pulp. There are two processes in it.

From the point of view of analysis, therefore, is it not simpler to base it on the total weight?

Mr. Raisman.—It would seem to be so but, when you take into account the known facts of the manufacture of paper, it is not.

Dr. Matthai.—I am speaking purely of the process of analysis as conducted by the Custom House. You find there is a doubtful case and you throw out the declaration of the manufacturer and proceed to base your decision entirely on analysis. Looking at it in that light is it not simpler for you to have the total weight ruling?

Mr. Raisman.—No.

Dr. Matthai.—Why not?

Mr. Raisman.—The first thing that we have to do is to count the fibres under the microscope. I do not know anything about the details, but I think when the chemist looks at the paper, the first thing he does is to remove the coating and look at the fibre under a microscope. He then gets a certain definite ratio, 70 and 80 or 65 and 35. He counts these under a microscope and thus gets the constitution of the fibre content. If however he is required to get the percentage on the total weight, he has got to go further and see how much he has excluded to get the fibre content only. His calculation of the fibres is numeral. He counts under the microscope. He takes several fields and counts how much mechanical pulp there is and how much chemical pulp there is in each field and gets a certain ratio—a marked ratio like 70 and 30, 80 and 20 and so on. Then having this numerical ratio he has further got to weigh the loading in the proportion of the fibre and he has got to make a calculation. That is the most scientific method of determining the mechanical wood pulp content. You have got there two entirely different processes. It is not a very logical method because he has not weighed the mechanical wood pulp content, he has merely counted it, but for the purposes of this calculation he counts the fibre content, weighs the ash and then gets the result.

Dr. Matthai.—This analysis is done not necessarily by the chemist? It is a sort of rough test?

Mr. Raisman.—That is the most elaborate and careful analysis that you can get. There is one method which gives you straightaway the proportion of mechanical wood pulp in the total weight of the paper which we have been using since the new ruling came in, that is called the phloro-glucinol absorption test.

Dr. Matthai.—You get the mechanical pulp tested by a chemical substance which reacts in a particular way.

Mr. Raisman.—You weigh the total paper and then you take the amount absorbed and then according to a standard table you say so much phloro-glucinol has been absorbed and therefore there must be so much mechanical wood pulp in the paper.

Dr. Matthai.—Assuming for argument's sake that hereafter you are going to get declarations from the manufacturers based on the total weight, do you think from the point of view of analysis the administration would be made materially more difficult by a ruling based on the total weight?

Mr. Raisman.—I personally would not accept such a certificate from a manufacturer unless I knew that he had a competent analytical chemist.

Dr. Matthai.—As a rule when you receive a declaration from a manufacturer, do you insist on these declarations being properly attested?

Mr. Raisman.—No, we do not at present insist on anything because we have not been using them.

Dr. Matthai.—I find some of the declarations that have been sent to us are attested by a notary public or some British Consul. How exactly would

you consider a case doubtful, when you get a declaration from a manufacturer which satisfies the ruling?

Mr. Raisman.—We have never accepted them under the new ruling.

Dr. Matthai.—I am speaking of the old ruling.

Mr. Raisman.—Under the old ruling, yes.

Dr. Matthai.—Under the old ruling you get a declaration saying that a paper contains 65 per cent. of fibre. Well, in some cases, in spite of the declaration you may find that the paper does not contain 65 per cent. How would you consider a case to be a doubtful one?

Mr. Raisman.—They are comparatively rare.

Dr. Matthai.—How do those rare cases occur?

Mr. Raisman.—We might look at the paper and say "or a paper containing more than 65 per cent. this is the best looking paper we have seen. It is extraordinarily good looking paper. No doubt they certify it, but it looks to us to be better than that and we would test it."

Dr. Matthai.—It is mainly a matter of appearance.

Mr. Raisman.—What induces us to test in that case is a matter of appearance and partly it is a question of price too. If it were £35 we might say to ourselves: "This is the first time that we see paper of this quality costing so much which is certified. We had better see what it is".

Differentiation between countries of origin.

Dr. Matthai.—At present I understand from your letter when the new ruling was introduced, as you told the President, you had a good deal of congestion in the Customs Office. Now as a result of your two or three months experience you have accumulated a certain amount of experience, so that in the light of that experience you have established a sort of rough test. That rough test depends upon price, upon the country of origin and upon appearance.

Mr. Raisman.—Yes.

Dr. Matthai.—You said that £24 in respect of price was the rough test that you would accept. Does that apply to all countries?

Mr. Raisman.—Yes.

Dr. Matthai.—Would that be correct?

Mr. Raisman.—Yes.

Dr. Matthai.—That would be a very misleading test, would it not?

Mr. Raisman.—It is not an absolutely safe test. It is not infallible but it is probably correct in about 99 per cent. of cases.

Dr. Matthai.—What I am asking you is this: I am looking at it in the light of the remark that you made a little while ago, viz., that you don't differentiate between countries. At any rate from invoices you cannot tell.

Mr. Raisman.—Not invariably.

Dr. Matthai.—If it is true that there is more loading in the German newsprint paper, I expect that that paper would be distinctly cheaper than the Scandinavian paper. Therefore supposing you apply the £24 test to every kind of paper, it must lead to very unsatisfactory results, is that not so?

Mr. Raisman.—No, because it is not that you get paper gently going up in the scale of prices from £20 to say £40; you have certain definite price grades. Newsprint will tend to fall in a groove; the lowest I have seen is £17-10-0 and the highest would be about £27. Now and then you may get a little higher than that, but when you begin to get to the higher classes of paper you advance at once by about £5, £6 or even £10.

Dr. Matthai.—That is quite true. But that does not get over the difficulty because the highest prices would depend on the country of origin.

Mr. Raisman.—You would not get any of these superior papers coming in below £24; that could not happen.

Dr. Matthai.—I will tell you how the difficulty occurred to my mind. We have been told by the Collector of Customs, Bombay, that his practice is to allow £24 for English paper and £22 for Norwegian paper.

Mr. Raisman.—We started in Calcutta with £20 for all papers. We have just advanced from that position.

Dr. Matthai.—You never had the practice of differentiating between countries in your Customs office?

Mr. Raisman.—We take both into account. What I mean is this. An English paper of £24 is probably so to speak a cheaper paper than a German paper of £24. We would take that into account. We might say "This is an English paper coming in at £24, and it is certainly almost beyond any doubt." But if we get a German paper whose price is £24 we might doubt it; we might say, "this is rather expensive for a German paper." We take that into account.

Dr. Matthai.—That is the extent to which you make the differentiation between countries of origin, that is to say, although the consignment satisfies the £24 test, supposing it is a country in regard to which you are not satisfied that the price limit applied, that is one of the elements that will make you consider the case a doubtful one. That is roughly the position, is it not?

Mr. Raisman.—I had better read out our rules.

Dr. Matthai.—Is it a long affair?

Mr. Raisman.—No. I think you have got the idea in your mind that all paper invoiced at less than £24 is passed straight away. That is not exactly true.

Dr. Matthai.—That is what we are told by the importers and the Indian manufacturers.

Mr. Raisman.—I will give you the wordings of our ruling. When the new ruling came out, our first rule was this—"No consignment of printing paper declared for assessment at 15 per cent. *ad valorem* shall be passed at this duty without samples being drawn and tested".

Dr. Matthai.—How long ago was that?

Mr. Raisman.—That was in February, immediately after the new ruling. That created a tremendous amount of trouble, so we tried to advance from that position by testing a certain amount of paper only and avoiding the 100 per cent test. After a good deal of trouble nearly three months later we got to this position—

"No consignment of printing paper other than newsprinting described below declared for assessment at 15 per cent. *ad valorem* shall be passed at this rate without samples being drawn and tested".

Then follows the description of paper ordinarily passed without test. "Newsprinting paper, if grey, and of value £20 per ton or less need not be covered by guarantee and need only be tested occasionally. Other newsprinting paper, if grey and of value £20 or less may be similarly treated provided that uneven texture is shown when held up to light." That uneven texture is a characteristic of mechanical paper. That was the second position we arrived at.—That was for newspapers; we allowed real newsprinting for newspapers and other newsprinting paper on condition that it showed this coarse appearance when held up to light, and was not costing more than £20 a ton and grey. Then as a result of further experience we have got to the present position—

"No consignment of printing paper other than newsprint described below declared for assessment at 15 per cent. *ad valorem* shall be passed at this rate without samples being drawn and tested".

These are the kinds which may be passed:—grey, white or coloured and of value not exceeding £24 per ton. We have just come as far as that. This does not mean they are invariably so passed. They are occasionally tested.

Dr. Matthai.—Don't you think that it is a matter in which there should be uniformity as between the different Customs offices?

Mr. Raisman.—The Collector of Customs is responsible for administering the tariff. He has to be satisfied that he is administering the tariff correctly and he has to devise his own means for satisfying himself that the tariff is being administered correctly.

Dr. Matthai.—It is our business as a Tariff Board to suggest a formula which would reduce the divergencies between different ports to a minimum. I do not for a moment question the Collector's position; I only say that there is a certain amount of room for vagaries and I want to satisfy myself whether those vagaries have been reduced to a minimum. The present position is, if I am importing in the Calcutta market Norwegian paper coating £24, I pay the revenue duty—in Bombay I pay a duty of 50 per cent.

Mr. Raisman.—I quite agree that it is unsatisfactory. In my opinion the position with regard to the present ruling is that it is impossible to ensure a certain uniformity of administration. The importers in different ports must be having different results; undoubtedly that is a very serious matter.

President.—May I ask you whether it would come within the sphere of the Central Board of Revenue to lay down any definite guide as regards price to all Customs offices?

Mr. Raisman.—They would normally only lay down that kind of instruction when the Collectors put up their local difficulties and say 'give us a ruling, we can't get uniformity'.

President.—Their decision would be in the nature of a semi-judicial finding on a case referred to them by one of the Collectors of Customs, would it not?

Mr. Raisman.—Yes.

President.—Apart from that will it not be open to them to issue an executive instruction of this kind?

Mr. Raisman.—They would not normally do so.

President.—There is one question which Dr. Matthai was asking you just now. If the present ruling was retained and it was found possible for exporters of paper from Germany to issue a certificate on the total weight, you said that would mean that they would have to employ an analytical chemist? Would it mean very considerable expense to them?

Mr. Raisman.—They could have their samples tested by a public chemist.

President.—They would have to pay for it?

Mr. Raisman.—Yes.

President.—In that case it would mean some additional expenditure?

Mr. Raisman.—Yes.

Newspaper imports.

Dr. Matthai.—Coming to another point under the present ruling, has any newspaper within your experience been penalized to any extent?

Mr. Raisman.—Yes, there is the case of the 'Basumati.' We have had some very heated arguments with the 'Basumati' about the paper which they imported. But generally speaking, the papers which are doubtful are not what the man in the street would call newsprint, that is to say they are papers, although within the meaning of the word newsprint, which are used for printing handbills and so on.

Dr. Matthai.—I quite see that.

Mr. Raisman.—I am afraid I have not got the report of this case here.

Dr. Matthai.—Could you think of any other newspaper?

Mr. Raisman.—The newspapers do not always import on their own account.

Dr. Matthai.—The smaller papers do not import on their own account?

Mr. Raisman.—No, they do not.

Dr. Matthai.—If you take a paper like the 'Statesman' we have been told by the manufacturers that they had the paper tested in their own works and that on the present basis it gave a result of 67 per cent.

Mr. Raisman.—It would be easily that, I should think.

Dr. Matthai.—What exactly would be your estimate?

Mr. Raisman.—80 per cent. and ash 6.3. This was tested under the old ruling.

Dr. Matthai.—Are you speaking of the 'Englishman' or the 'Statesman'?

Mr. Raisman.—The 'Statesman'. The ash was 6.3. Under the new ruling 'Statesman' would be about 70 per cent. It was one of the earliest tests done by the laboratory when they were not doing the tests very accurately.

Dr. Matthai.—I am looking at it this way. Supposing what the manufacturers told us is true, that the mechanical pulp in the paper usually imported by the 'Statesman' is 67 per cent. of the total weight, then you see it might just happen, would it not, that some consignment of theirs might fall below?

Mr. Raisman.—Undoubtedly, if some of the papers which the 'Statesman' imports contain only 67 per cent. they are not safe from the margin of error.

Dr. Matthai.—You do not know of any other newspaper in Calcutta which imports paper of quite that superior quality, do you? I understand that the 'Statesman' imports rather paper of a superior quality for its use.

Mr. Raisman.—I am afraid I have not had much to do with the "Statesman" since I have been running the Appraising department in Calcutta. I don't think 'Statesman' has ever had to pay at the protective rate.

Chemical Staff in Calcutta Customs.

Dr. Matthai.—You have told the President, that your chemical staff has now sufficient experience of this work.

Mr. Raisman.—Yes.

Dr. Matthai.—So that you can feel safe about their analysis.

Mr. Raisman.—Yes, within the margin of error of course which is admitted to attend these analyses.

Dr. Matthai.—Have you had in the Customs office in Calcutta to introduce any special equipment in the laboratory for paper work?

Mr. Raisman.—I am afraid I could not tell you.

Dr. Matthai.—How long does it take an analyst to make the analysis.

Mr. Raisman.—It takes a good few days, not less than three days.

Dr. Matthai.—Somebody told us about a case which took about 20 days.

Mr. Raisman.—That happened when we were testing every sample and the chemical examiner was overworked. The chemical examiners office was so congested that the samples had to wait, they could not be taken up at once.

Dr. Matthai.—That was a question of congestion, or was it a question of lack of experience on the part of your chemical staff?

Mr. Raisman.—Both. They were a little bit slower in the beginning.

Dr. Matthai.—In that respect the question is now much better, is it?

Mr. Raisman.—Yes.

Dr. Matthai.—And you would put the time taken to analyse to be three days?

Mr. Raisman.—From the importers' point of view it must be about 10 days.

Dr. Matthai.—From your point of view it is three days?

Mr. Raisman.—Yes. You see the importer has got to go and find his paper on the jetty. The importer presents his documents in the Customs house and the Appraiser writes there 'Sample please'. The importer then goes to the dock and gets the sample. That may take anything up to two days. Then the Appraiser satisfies himself that that is the sample and attaches it to a memo. which is sent to my office. That memo. will not go

to the laboratory unless it is signed by me. I see this memo. and I sign it and it goes to the chemist. From that stage till the time when the chemist will hand to me the analytical report may take about 4 days, but the total time involved until the paper is cleared even now may easily be 10 days.

Dr. Matthai.—Have you even had occasion, specially in the early stages, to consult other chemists in India like the Alipore Chemist or the Stationery office chemist when your own chemical staff was rather unused to it?

Mr. Raisman.—I think Mr. Jenks did consult other chemist but I do not know to what extent. I think he did get some idea mostly from studying special works on the subject of testing paper.

Dr. Matthai.—Taking the present analytical work done by your chemist would that be accepted as more or less satisfactory by an independent analyst of standing?

Mr. Raisman.—It is a question of prestige.

Dr. Matthai.—If you don't want to answer I don't press it.

Mr. Raisman.—The importers have refused to accept his analysis when it now against them, but I think an independent chemist would accept his analysis if he is impartial.

Proportion of newsprint coming under the protective duty.

Dr. Matthai.—You have told us that at present the percentage of imported newsprint which comes under the protective duty is about half per cent.?

Mr. Raisman.—I am afraid that is a misleading figure.

Dr. Matthai.—I do not quite understand what it means.

Mr. Raisman.—It is based on the number of importations. I have not got exact records of the exact weight of each importation. What I have got is a record of the sample papers and certain figures. We find that only a certain number of importations have been assessed at the higher rate but they may have been very bulky importations.

Dr. Matthai.—Then the percentage really relates to the number and not to the weight of the importations?

Mr. Raisman.—That is so.

Dr. Matthai.—That is useless for our purpose. We have had some percentages sent to us by other Custom Houses and I wonder whether they would also be on the same basis. But the Karachi Collector has given us quantities.

Mr. Raisman.—Yes.

Dr. Matthai.—The Bombay Customs told us that before this new ruling was introduced about 2 per cent. came under the protective duty but now it is 15 per cent.? I was wondering whether you could give us some figures for Calcutta?

Mr. Raisman.—Our figures would probably correspond to theirs if we did not allow for the margin of error. Owing to the margin of error I should say a very large proportion of that 15 per cent. passed at the lower rate.

Dr. Matthai.—More or less we may take the Bombay figure as typical, can we not?

Mr. Raisman.—I think so.

Dr. Matthai.—Is this an accurate statement that the difference between different runs is in the amount of loading? I will tell you why I am raising that point. We have been told that the difference between different runs really consists in the amount of sulphite and not in the amount of loading. What causes this difference between different runs is apparently this. You stop the machine on a Sunday and when you start it again on Monday morning in the first few minutes you have got to put in more sulphite for some reason.

Mr. Raisman.—Do you mean chemical pulp?

Dr. Matthai.—Yes. The practical difference is this; if the difference is in the amount of loading, if you take a single consignment and one bale contains more loading than another bale that comes under the protective duty, that is to say it is the cheaper paper which comes under the protective duty paper with which it is more difficult for the Indian mills to compete.

Mr. Raisman.—It should be dearer for its loading but it is cheaper, that is what you mean?

Dr. Matthai.—As a matter of fact China clay is cheaper than mechanical pulp and so it ought to be relatively cheaper. You penalize the cheaper paper which is a paper against which the Indian manufacturers do not want to compete.

Mr. Raisman.—They cannot compete.

Dr. Matthai.—Exactly. On the other hand if it is sulphite then it is really the more expensive paper that would come under the protective duty and that would be a perfectly rational result.

Mr. Raisman.—I am afraid I am not sure what you mean by sulphite.

Dr. Matthai.—It is the chemical pulp. Somebody who has sent in a statement about the difference between different runs discusses this.

President.—Here it is (shown).

Mr. Raisman.—But that amount of variation is in our experience very small compared with the variation in the result of the loading.

Dr. Matthai.—Your statement is based on the Custom House experience.

Mr. Raisman.—Yes. What varies most is the ash. Our chemist finds in two samples of the same paper the ash is inclined to vary considerably.

Dr. Matthai.—Do you often get variation in the same consignment?

Mr. Raisman.—Yes, sometimes in the same consignment.

Dr. Matthai.—Is it an exceedingly rare occurrence?

Mr. Raisman.—It is rarely that it would affect the paper to the extent of falling below and above the standard percentage.

Dr. Matthai.—In your experience do you get often in the same consignment different compositions?

Mr. Raisman.—The chemist always gets slightly different results with his three samples.

Dr. Matthai.—Sufficiently different to affect protection?

Mr. Raisman.—He usually gives the man the benefit of the doubt. He would never allow the difference to affect protection. If he found one coming above 65 and one below 65 he can't say it contains less than 65.

Dr. Matthai.—May we take this as so rare an occurrence as not to really matter?

Mr. Raisman.—By itself it is of no administrative importance, but what it indicates is the unreliability of figures based on the amount of loading put into the paper, I mean the manufacturer's inability to give us an absolutely certain certificate on that point. That is what it proves.

Dr. Matthai.—There is another point on which I would like your assistance. In the way the Tariff schedule is worded you have got to differentiate for Customs purposes, apart from the question of percentage, between printing and writing paper. How do you do it?

Mr. Raisman.—By the ordinary trade test, by what the trade calls it?

Dr. Matthai.—Supposing, for example, as an importer I have a consignment invoiced to me described as writing paper, you take it as a writing paper do you?

Mr. Raisman.—Not necessarily.

Dr. Matthai.—Tell me how you do it?

Mr. Raisman.—In 70 to 80 per cent. of cases we may accept the invoice description, but it is the appraiser's duty to take a sample and look at it and if he is not satisfied that it is writing paper in the ordinary sense of the term, he will put the matter up and we will order an enquiry.

Dr. Matthai.—Can you describe how exactly does an appraiser differentiate between various kinds of paper?

Mr. Raisman.—The appraiser who deals with any particular commodity has to make himself an expert on that subject whilst he is dealing with that commodity. If he does not understand what is meant by writing paper he will spend one or two days going round the bazar till he knows what a writing paper is.

Dr. Matthai.—We have had brought to our notice that a considerable amount of printing paper is sometimes entered as writing paper in the Customs Office.

Mr. Raisman.—It is the other way about. There will be no advantage in entering printing as writing.

Dr. Matthai.—The particular case that we had is this, that a certain amount of printing paper which satisfied the present ruling and which, therefore, ought to have been free from protective duty was entered by the Customs as writing paper and made liable to the one anna duty although it contained more than 65 per cent. mechanical pulp. An occurrence of a case of that kind seems to indicate that the idea of the appraiser as regards the difference between these two kinds of paper might be rather hazy.

Mr. Raisman.—You always have that difficulty. The appraiser has got to know a lot of things; the man who is our expert on paper, for instance, is not merely an expert on paper, he is an *ad hoc* expert!

Dr. Matthai.—You have had no complaint of that kind?

Mr. Raisman.—At the beginning there were disputes. They are very rare now.

Dr. Matthai.—Generally this definition works all right?

Mr. Raisman.—Yes.

Dr. Matthai.—There is another point connected with that. In the re-print of the tariff schedule published by the Department of Commercial Intelligence this item with which we are concerned is worded “newsprinting paper containing not less than 65.....” Suppose we drop the word newsprint, will that make any material difference? What I want to know is, has that word ‘news’ got any practical significance there?

Mr. Raisman.—Not for determining the rate of duty, but only for valuation of the paper.

President.—In the original draft of the Tariff Board the word newsprinting did not occur at all; it was simply ‘printing paper, glazed and unglazed, containing not less than 65 per cent. mechanical pulp’. There was no mention of newsprinting at all.

Mr. Raisman.—The term newsprinting is not in the Statutory Schedule.

Dr. Matthai.—It occurs in the re-print.

Mr. Raisman.—When was the term newsprinting used?

Dr. Matthai.—I looked up the 1924 schedule re-print and it occurs there too.

Mr. Raisman.—In my copy of the Statutory schedule only the word ‘printing’ is there and I don’t think the term ‘newsprinting’ occurs in the Statutory schedule.

President.—Then the Customs are not responsible for the correctness or otherwise of this.

Mr. Raisman.—The wordings in this re-print are in many respects different from those in the Statutory schedule.

Dr. Matthai.—I find you have got a correction slip attached to your copy of the schedule. When did you get that?

Mr. Raisman.—At the time the Act was passed.

President.—Could you tell me what chrome paper is?

Mr. Raisman.—I am afraid I cannot tell you.

Dr. Matthai.—In the way the Act is administered the word 'news' would not come in at all?

Mr. Raisman.—No, not as affecting protection or otherwise.

Dr. Matthai.—You generally go on the basis of the Statutory schedule.

Mr. Raisman.—Yes.

Dr. Matthai.—'News' does not come in at all there.

Mr. Raisman.—If the word news has not been used in the Statutory schedule then we would not attach any importance to the distinction between printing and newsprinting, for determining the rate of duty applicable.

Dr. Matthai.—Assuming that the word newsprinting is in the statutory entry, supposing you have a paper which is not newsprinting paper but contains not less than 65 per cent., what would you do?

Mr. Raisman.—It makes very little difference. Suppose a man imported a paper which was of a very deep purple colour, I would ask "what kind of news are you going to print on that coloured paper." I should be inclined to say to him "it is not fit for printing news on." He might say "I print on it in letters of scarlet or gold or something like that."

Dr. Matthai.—If it is not newsprinting and if it contains not less than 65 per cent. then as the entry stands here it must come under the 3rd heading. There is no other entry under which it can come.

Mr. Raisman.—You get a misleading effect unless you go by the Statutory Schedule.

Dr. Matthai.—It is misleading right through? The wording "printing paper, white or coloured," does not fit in at all with the other entries.

Mr. Raisman.—The object of the tariff schedule published by the Director General of Commercial Intelligence and Statistics is for the purposes of tariff valuation. That is really what it is meant for. It is very nearly accurate for other purposes also.

Dr. Matthai.—We found also in the Steel enquiry that some of the entries were different in the Re-print.

Mr. Raisman.—This is published in order to show the different rates of valuation and the duty, but it is not supposed to be a reproduction of the Statutory Schedule.

President.—It is suggested that instead of other sorts chrome, marble, flint, etc., the word 'coated' be substituted? Do you know whether this proposed alteration would have any effect?

Mr. Raisman.—I could not tell you off-hand.

President.—You had no difficulty in connection with the particular wording?

Mr. Raisman.—There is one very serious difficulty which has arisen and which has just been dealt with by the Government of India, and that is whether printing paper containing no mechanical wood pulp is liable to the protective duty?

President.—That is a different matter. What I mean is that with this particular heading "Other sorts, including chrome, flint poster and stereo" you had no considerable number of disputes as to the wording?

Mr. Raisman.—I don't think that we have had much trouble about that.

President.—Obviously if the present wording is satisfactory it would not be worth while merely for technical reasons to propose a change.

Mr. Raisman.—I don't think that that calls for any change.

Clearances.

Dr. Matthai.—Coming back to the question of clearances: at present if there is a doubtful case it looks to me that there are two things that you as Customs officer might do. You might ask them to pay a higher duty; or you might ask them to pay a lower duty provisionally and allow them to

clear straightway their goods or you might altogether disallow the clearance and hold it up while you are enquiring into the thing.

Mr. Raisman.—I cannot refuse to allow a man to clear his paper if he pays at the higher rate.

Dr. Matthai.—Either you do that or you hold up the clearance, these are the two possibilities?

Mr. Raisman.—Yes. If I ask him to pay at the higher rate and clear his goods and he refuses to do that, then I will not allow him to take his goods away.

Dr. Matthai.—We can take this as a perfectly correct statement that as far as the big dealers and importers are concerned, from the point of view of trade convenience it makes no difference whether the clearance is held up or is done immediately after the arrival of the goods because the price at which any sale is to be made remains uncertain in both cases.

Mr. Raisman.—Yes. That was Messrs. John Dickinson and Company's point. Although we repeatedly told them that they could take away the paper by provisionally paying at a higher rate they said "it is no solution of the difficulty because we cannot sell it". I was under the impression that the word 'newsprinting' had not been used in the Statutory schedule. I was arguing the other day that it might have some bearing if it were used.

Dr. Matthai.—What the Tariff Board proposed was that printing paper containing less than 65 per cent. should pay one anna duty.

Mr. Raisman.—There is no need to say anything about the printing paper containing more than 65 per cent.

Entries in the Tariff Schedule.

President.—Where is it stated that other papers would pay 15 per cent. duty.

Mr. Raisman.—In the Tariff Schedule it is item No. 99. The Act took out certain papers and made them liable to protective duty, so that there is no need to say anything more about paper containing not less than 65 per cent., but in this schedule which is for the use of importers I think they say 'paper containing not less than 65 per cent'.

President.—There is a difference in this particular schedule. Newsprinting containing not less than 65 per cent. is on tariff valuation, but the other sort is *ad valorem*.

Mr. Raisman.—It is solely for the tariff valuation that that distinction is made.

President.—They have split it into two different classes.

Mr. Raisman.—Yes, because it is necessary for this purpose, but for purposes of applying the rate of duty there is no such distinction as 'news printing'. The Director General of Commercial Intelligence ought perhaps not to have used a term like that merely for tariff valuation purposes, when the Tariff Board had specially avoided using it. He ought to have stuck as far as possible to the Statutory schedule. In practice it is difficult to make a distinction between newsprinting paper and printing paper because news includes things like handbills in fact anything which is printed for anybody's information and is used in a very wide sense.

Dr. Matthai.—I find in the representations we have had from the parties affected by this ruling that they all base part of their complaint on the assumption that the word newsprinting did occur and therefore it was slightly misleading. So that if it does not occur in the Statutory schedule it is an important thing from our point of view.

Mr. Raisman.—Was it the manufacturers or importers?

President.—The importers have stressed the point.

Mr. Raisman.—That was because the Tariff Board first excluded newsprint. They said that newsprint was what the Indian factories could not compete with.

President.—In introducing his motion on the subject, Sir Charles Innes defined newsprint as paper on which newspapers are printed so that might have something to do with it.

Mr. Raisman.—The distinction in the Tariff Valuation Schedules is also in a sense a Statutory distinction.

Dr. Matthai.—Are you speaking of the re-print?

Mr. Raisman.—Yes, these are issued under a certain section of the Indian Tariff Act. If a distinction is made in these it has legal force, because it is necessary for the purpose of administration. It is necessary for me to know whether I shall value the paper at 2 annas 3 pies a lb. or at its own value. For that purpose I must determine whether it is newsprint or not, within the meaning of the Tariff Valuation Schedules.

President.—This schedule of the Director General of Commercial Intelligence has also a statutory force, has it?

Dr. Matthai.—To the extent that the tariff valuation attaches to a particular description?

Mr. Raisman.—They are in pursuance of the Indian Tariff Act. If I am to know what rate to apply I must take the description opposite it.

President.—What is the authority for making this distinction between newsprinting paper and the other sorts?

Dr. Matthai.—If, as you say, it has that kind of legal authority then you see that paper which is not newsprinting but which contains not less than 65 per cent. will come under the 3rd item 15 per cent. *ad valorem*?

Mr. Raisman.—That actually is the position.

President.—Our terms of reference ask the Tariff Board to report whether any, and if so what, changes are desirable in those entries in the Tariff Schedule which regulate the duty payable on newsprint. Would they call the Director General of Commercial Intelligence's publication a Tariff Schedule?

Mr. Raisman.—No, I think they mean the Statutory Schedule. These tariff valuation schedules are only the forms in which the rates of tariff valuation are communicated to the public.

President.—What is the authority for making this distinction between tariff valuation and *ad valorem*?

Mr. Raisman.—Under section 3 of the Tariff Act clause (2)—

“ the Governor General in Council may by notification in the Gazette of India fix for the purpose of levying the said duties tariff values of any articles enumerated either specifically or under general headings, in the said Schedules as chargeable with duty *ad valorem* and may alter any tariff values for the time being in force ”

so that the Government have power at any time to fix certain arbitrary values.

President.—There is no authority for introducing separate descriptions of paper. The word newsprinting is obviously an error or an oversight.

Mr. Raisman.—Suppose the Statutory Tariff Schedule contained only one heading, paper, the Governor General in Council might say pink paper Rs. 25 a ton, green paper Rs. 300 a ton and so on, although the Statutory Tariff Schedule said nothing about pink or green.

President.—If the entry in the Schedule II issued by the Director General of Commercial Intelligence simply read “ Paper containing not less than 65 per cent. mechanical pulp, glazed or unglazed, white or grey—tariff valuation 2 annas 3 pies per lb.” would not that be a correct statement?

Mr. Raisman.—I am not sure if it would. I am afraid I can't say with any certainty off-hand what the present position is as regards that.

Dr. Matthai.—Your suggestion would be that we might drop the word ‘ news ’ altogether, I mean we need not consider the words ‘ news ’ at all even for tariff valuation?

Mr. Raisman.—We need not consider it for purposes of application of the protective or non-protective rate of duty, but at the present time it has to be considered for purposes of tariff valuation. It would however be possible to drop the use of the term even for tariff valuation: we should then assess all printing paper containing not less than 65 per cent. mechanical wood pulp at 15 per cent. on its real value, without considering whether it could be called 'newsprint' or not. At present if we consider it to be 'newsprinting' i.e., if it is actually imported by a newspaper for printing that newspaper, we apply the tariff valuation of 2 annas 3 pies a lb. Provided it is white or grey, no matter what the invoice price may be, and we assess at 15 per cent. on that valuation. This is merely an arrangement for administrative convenience, it does not in any way affect the applicability or otherwise of the protective rate of duty to a particular paper.

Collector of Customs, Bombay.

Letter No. 2934 of 1927, dated 13th June 1927.

СUBJECT.—Paper—mechanical wood pulp—percentage—determination—Customs Ruling No. 1 of 1927 of the Government of India—your letter No. 473 of 30th May 1927.

In reply to your letter above cited I should first explain that when the Bamboo Paper Industry (Protection) Act, 1925, came into force samples of all newsprint imported into Bombay were sent to the Chemical Analyser for test before the assessment was finally completed. As a result of the tests made it soon became evident that Norwegian newsprint costing not more than £22 c.i.f. per ton and similar English paper costing not more than £24 c.i.f. per ton must contain over 65 per cent. mechanical pulp. It was also found that many importers could produce supplier's invoices certifying the percentage of mechanical pulp. Consequently it was soon found possible to assess many consignments straightaway, but in order to guard against the possibility of fraud or misdeclaration, samples were regularly sent to the Chemical Analyser for test after the goods had been passed, and we relied on section 39 of the Sea Customs Act to recover any duty short levied. This system has not yet been changed, but in view of the results recently obtained, I shall probably arrange to pass certain kinds of newsprint on provisional duty pending test.

2. Customs Ruling No. 1 of 1927 of the Government of India was received in this Customs House in February last, and the Chemical Analyser was at once apprised of its implications. In view of the difficulties of scientific analysis; pointed out in paragraph 50 of the Tariff Board's report on the grant of protection to the paper and paper pulp industries, it took the Chemical Analyser some time to recast his system of testing. Consequently the results of the Customs Ruling did not really become evident until April 1927. It now appears that about fifteen per cent. of the samples tested contain less than 65 per cent. mechanical pulp and are therefore assessable at the protective duty. Previous to the Customs Ruling, only about two per cent. of the tests indicated less than 65 per cent. mechanical pulp.

3. The answers to your three queries are therefore as follows:—

- (1) There has been no delay in clearance hitherto in view of the system adopted at this Customs House. But it will probably be necessary to pass more consignments, especially consignments of coloured newsprint, on provisional duty, at least until new price limits can be determined, and until certificates based on the Customs Ruling are received.
- (2) Approximately fifteen per cent. of the consignments of newsprint are now subject to the protective rate of duty.
- (3) Approximately thirteen per cent. of the consignments of newsprint have for the first time been brought within the scope of the protective duty since the issue of the Customs Ruling above cited.

Collector of Customs, Madras,

Letter dated the 13th June 1927.

In reply to your letter No. 473, dated the 30th May 1927, I have the honour to state that Customs Ruling No. 1 of 1927 of the Government of India has made it necessary to have a large number of samples tested by the Chemical Analyser and that delay in the clearance of such consignments would ordinarily be inevitable but for the fact that importers are always given the option of effecting clearance on payment of provisional duty pending the result of the Chemical Examiner's test.

2. As regards the other two points raised in your letter it is not possible to furnish the required information as no separate record is kept of news-printing paper which is assessed at the protective rate of duty.

Letter from the Secretary, Tariff Board, to certain importers of paper in Calcutta, Bombay and Karachi, dated the 20th June 1927.

I am directed to ask you to be good enough to send replies to the following questions drafted by the Tariff Board in connection with the enquiry into the duty on imported newsprint:—

- i. Please give the prices of the principal classes of imported paper containing mechanical pulp to the extent of not less than 65 per cent. of the fibre content. Show separately—
 - (a) the c.i.f. prices Calcutta, Bombay, Karachi,
 - (b) landing charges, and
 - (c) commission.

- ii. Please give the analysis of each class of paper under—
 - (a) chemical pulp,
 - (b) mechanical pulp, and
 - (c) loading and sizing.

- iii. Please give the total quantity of paper imported by you which would have been dutiable at 15 per cent. under Ruling No. 9 of 1926 but on which subsequently protective duty at one anna a pound has been levied under Customs Ruling No. 1 of 1927.

2. I am to add that it is highly important that your replies to these questions, with *five spare copies*, should reach the Board here in Shillong on or before the *1st July 1927*.

Messrs. Battey and Kemp, Calcutta.

Letter dated the 27th June 1927.

We are in receipt of your letter of the 20th June No. 526 and beg to reply as follows:—

1. The prices of the principal classes of imported paper containing mechanical pulp, to the extent of not less than 65 per cent. of the fibre content, vary from £16 per ton to £30 per ton according to thickness, colour and finish.

The higher price, however, is confined to unglazed coloured printing where there is the combination of expensive colours and very light weight. For the rest of the papers, prices may be taken to range between £16 and £22 with the exception that shipments consisting entirely of light weight white news may run as high as £24. We would, therefore, answer your enquiry as follows:—

- (a) Newsprint white heavy weight in reels—£16 per ton.
- Newsprint white heavy weight in sheets—£16-10 to £17 per ton.
- Newsprint white assorted weights—£20 to £21 per ton.
- Glazed coloured news 60 grammes—£21 to £22 per ton.
- Glazed coloured news 40 grammes—£25 per ton.
- Unglazed coloured news 2½ grammes—£30 per ton.

(b) Landing charges Rs. 7 to Rs. 8 per ton.

(c) Commission of 2 per cent. is included in the above prices.

2. We regret it is not possible to give the analysis of each class of paper as we have only been concerned with whether the papers contain more or less than 65 per cent. of mechanical wood pulp. We enclose, however, such analyses as have come forward.* These cover one shipment of Finish news, two shipments of Norwegian news and one shipment of German glazed tinted news. With the joint representation of the manufacturers' representatives an analysis of ours was also submitted of Austrian news. As each mill's manufacture will vary it is not possible to give an analysis which will apply to all.

We have, however, telegraphed to our Principals in London asking for the average of chemical and mechanical wood pulp and loading respectively of heavy and light weight white news both Scandinavian and Austrian. This information will be communicated as soon as it comes to hand. We attach herewith copy of a letter which was received by our Principals from an Austrian mill which has an interesting bearing on this matter. You will notice that basing on the total weight of the paper the mill calculates on producing an article containing 65 per cent. mechanical pulp. This, however, leaves no margin whatever for variation such as, apparently, is almost inevitable between the results obtained by different Chemists.

3. We do not import paper ourselves but secure orders for direct shipment to the dealers. The information desired will therefore be submitted by the Paper Dealers' Association. With the exception, however, of the intention to make an amendment of the Act retrospective, we would point out that the information desired has no bearing on the necessity or otherwise of amending the Act. The most important question is that all orders in certain lines of paper have been cancelled, and in this respect business is at a standstill, because we cannot guarantee that the papers contain 65 per cent. (of the total weight) of mechanical wood pulp. We would instance one particular case where we had an order for 32 tons for Austrian news cancelled as although the paper contains well over 65 per cent. fibre content, we were unable to guarantee that it contained over 65 per cent. total weight.

Enclosure.

Copy of letter from Mill.

We have had this paper analysed and the result is as follows:—

	Per cent.
Mechanical	65.5
Sulphite	23.9
Loading	10.6

As all papers for India are being most carefully tested and as difference against the Official State Analysis results never happen, we can only consider it possible that the sample which Sindall and Bacon have at their disposal was taken from the very commencement of a day's run. When a machine stops for a day, such as over Sunday, and is started up again on say, Monday morning it may be necessary to get the machine to run to work for a few minutes with an extra supply of sulphite. This would be rectified after 3—4 minutes run on the machine. Ever this is a very rare occurrence, still such a sheet might have got into the hands of Sindall and Bacon.

When this does happen it might affect 150 kilogramme out of a week's running.

The correctness of the analysis we can guarantee because we never run our newsprint with less than 65 per cent. mechanical, because we could not afford to do so in view of the prices paid for newsprint, but we could

* Not printed.

point out that we could never agree to subject ourselves to a foreign analysis because testing of mechanical contents is only done by comparison and is therefore never perfectly reliable. We are convinced that if you took two sheets out of each delivery and gave them to two individual Chemists to test, the result would vary by quite 5/8 per cent.

We send you herewith an Official Certificate of the test made.

Messrs. Spicers (Export) Limited, Calcutta.

Letter dated the 27th June 1927.

We are in receipt of your 526, dated the 20th instant and give the following replies to the questions mentioned therein:—

1 (a) £(16/30) per ton.

1 (b) (8/10s.) per ton.

1 (c) 3/5 per cent.

2 (a), (b) (c) We regret we are unable to give the details called for.

3. Owing to the difficulties that were being experienced by other importers we did not attempt to sell such qualities. We therefore did not import any paper on which Ruling No. 1 of 1927 would have affected, but the operation of this ruling is preventing us from offering newsprinting of Austrian and German Manufacture.

The Times of India, Bombay.

Letter dated the 27th June 1927.

In reference to yours No. 526 of the 20th instant we note the suggested revision of paper tariff is now in your hands and we should like to put the following before you.

We are the publishers of a paper "The Times of India" illustrated weekly which, when first published, was printed on a pure super calendered paper. When the protective duties were imposed in 1925 it became imperative, to prevent the newspaper being run at a heavy loss, that we should use for it a paper coming under the more than 65 per cent. mechanical class and immediate steps were taken to provide this. A satisfactory arrangement was made to obtain the very best paper made *conforming to the Act*, and this paper has been used without protest from customs authorities ever since. Recently, however, we were informed that shipments of this very paper had been assessed for duty at one anna per lb. as in the opinion of the Chemical Analyser, Bombay, it did not contain the necessary quantity of mechanical pulp. This is apparently due to Customs Ruling No. 1 of 1927.

We must remind you that this class of paper is not made, and, so far as can be foretold, is never likely to be made in India. The fact, therefore, that we import it cannot adversely affect the Indian paper industry, for no Indian made paper can serve our purpose. We submit that Government never intended to handicap newspapers by compelling them to use Indian made papers, and in support of that refer you to pages 11, 12, Tariff Board Report.

If the present ruling is upheld we must inevitably import a cheaper paper than that now in use. That will be of no advantage to the Indian paper making industry, but will inevitably reduce the quality of our publication and so be most detrimental to our business.

It is a great source of pride to us that we published the first illustrated weekly paper in India. We have had to overcome numerous difficulties in its production but are now able to claim that it is easily the best as well as the most popular weekly paper in India. The average of the net sales per week (certified by our auditors) during the latter part of 1926 was over 30,000 copies. This has meant a considerable revenue to Government, derived, for example, from the duty on 660 tons of paper used for the Illustrated Weekly in 1926, which was Rs. 31,000, duty on ink and income-tax paid by this firm. It seems to us incredible that Government should now desire to act contrary to the intentions of the Tariff Board already quoted; and in so doing should very materially damage the weekly paper which not only has the largest sale but the widest circulation of any paper in India but which, while maintaining its independence, has consistently upheld the authority of Government.

The particulars you require in your No. 526 are as follows:—

(i) (a) Reels £22 per ton, c.i.f.

Bales £24 per ton, c.i.f.

(b) Landing charges—

Reels Rs. 12-2 per ton.

Bales Rs. 12-5 per ton.

(ii) Analysis of paper:

Percentage of mechanical pulp in total weight of paper—

20 per cent. Sulphite pulp.

	Per cent.
16 per cent. Waste paper containing 75 per cent. mechanical	12 mechanical.
44 per cent. Bleached mechanical pulp	44 „
20 per cent. China Clay loading	...
	—
	56 „

It will be noted that the percentage of loading is heavy which is due to the very highly glazed finish required for illustrations in this paper.

Percentage on fibre content—

25 per cent. Sulphite pulp.

	Per cent.
20 per cent. Waste Paper containing 75 per cent. mechanical	15 mechanical.
55 per cent. Bleached mechanical pulp	55 „
	—
	70 „

(iii) 261 tons reels.

67 tons in sheets.

It might also be mentioned that very heavy contracts have been placed for this paper owing to the fact that no objection was raised during 1926 and none being anticipated as we were under the impression that the Act should be read as applying to mechanical content based on fibre only.

J. B. Advani and Company, Limited, Karachi.

Letter dated the 28th June 1927.

We are highly obliged to you for your favour No. 538, dated 20th instant. In reply we beg to give below replies to the questions drafted by the Tariff Board in connection with the inquiry into the duty on imported newsprint.

1. The principal classes of imported paper containing mechanical pulp to the extent of not less than 65 per cent. of the fibre contents are:—

Paper.	C.i.f. price per ton.	Landing charges excluding duty.	Commission.
	£ s. d.	Rs. A. P.	
Unglazed white Newsprinting paper 50 Grammes.	15 10 0 to 16 10 0	3 12 0	Nil.
Unglazed white Newsprinting paper between 39 and 46 grammes.	16 10 0 to 17 10 0	3 12 0	Nil.
Unglazed white Newsprinting below 39 grammes.	17 10 0 to 18 10 0	3 12 0	Nil.
Glazed white Newsprinting 50 grammes and up.	17 0 0 to 18 0 0	3 12 0	Nil.
Unglazed Coloured Printings about 39 grammes.	27 0 0	3 12 0	Nil.
Coloured Glazed Printings	21 7 6	3 12 0	Nil.
Unglazed Badami News	21 0 0	3 12 0	Nil.

2. The analysis of each class of paper is as under:—

Name of Paper.	Chemical Pulp or Cellulose.	Mechanical Pulp.	Loading and sizing including Colouring Material.
	Per cent.	Per cent	Per cent.
Unglazed white News	25	67	8
Glazed white News	30	60	10
Unglazed Coloured News	28	62	10
Coloured Glazed Printings	23	60	13
Unglazed Badami Printings	29	61	10

3. The total quantity of paper imported by us which would have been dutiable at 15 per cent. under Ruling 9 of 1926, but on which subsequently protective duty at one anna per lb. has been levied under Customs Ruling No. 1 of 1927:—

10½ tons.

As soon as Ruling No. 1 of 1927 was received, we cabled our suppliers to see that the paper contains more than 65 per cent. mechanical pulp of the gross weight. We have received during the above period.

42 tons of paper.

which was found to contain more than 65 per cent. mechanical pulp by the Chemical Analyser.

Besides we cabled our shippers to suspend further shipments pending Chemical Analyser's Report on their above consignments.

G. Lochen and Company, Calcutta.

Letter dated the 28th June 1927.

We beg to acknowledge receipt of your letter No. 526 of 20th instant and give you hereafter the information asked for.

1. (a) The c.i.f. prices of the principal classes of imported paper containing mechanical pulp to the extent of not less than 65 per cent. of the fibre content vary from about £15-15-0 to about £30-0-0 per ton.

(b) The landing charges cannot be stated exactly as they are sometimes calculated according to weight and sometimes according to measurement. On an average we think they will be somewhere between 10 and 12 sh. per ton.

(c) The commission included in the above c.i.f. prices may vary from 2½ per cent. to 5 per cent.

2. It is impossible to give definite figures as the contents depends on the thickness of the paper and also on the quality of the mechanical pulp used. A thin paper generally contains more chemical pulp and less loading than a thick paper. When a mechanical pulp of inferior quality and short fibre is being used, more chemical pulp is required than if the mechanical pulp is of good quality and has long fibres. The figures mentioned hereafter are consequently only approximate:—

- (a) From 14 to 26 per cent. chemical pulp.
- (b) From 65 to 82 per cent. mechanical pulp.
- (c) From 2 to 12 per cent. loading and sizing

3. We have had no difficulty with our own paper as it has been found to contain more than 65 per cent. mechanical pulp calculated on the total weight of the paper. However, a number of our up-country customers have had to pay 1 anna duty on ordinary white newspaper and on glazed coloured news, but the time limit given in your letter under reply has been too short to collect the necessary samples. We also know that a number of Scandinavian exporters doing business direct with India have sustained heavy losses on ordinary newspaper although it obviously ought to have been assessed at a duty of 15 per cent. on 2 annas 3 pie per lb.

Calcutta Paper Traders' Association, Calcutta.

Letter dated the 29th June 1927.

With reference to your Circular letter No. 526, dated Shillong, 20th June 1927, I have been directed by my Association to send in the following replies to your questions:—

1. Answer to question 1 is given in a tabulated form, for your convenience, as below :—

Principal classes of paper containing not less than 65 per cent. mechanical wood pulp.	(d) a.f.f. price per ton.	(b) Landing charges.	(c) Commission.
	Rs. s. d.		Per cent.
(i) Common news unglazed	15 10 0 to 21 0 0	Rs. 2-12-0 per ton on gross weight.	3
(ii) Common news glazed	17 0 0 to 24 0 0	Rs. 2-2-6 per ton - of 40 cubic feet in measure- ment.	
(iii) Mechanical Laid and Wove	20 0 0 to 28 0 0		
(iv) Coloured glazed	30 0 0 to 36 0 0		
(v) Common unglazed thin coloured (some times passed by the Customs as coloured wrapping papers).	37 0 0 to 38 0 0		

2. With regard to this point, I have the honour to state that the result of analysis and test reports we have had from foreign countries either made by the manufacturers themselves or by responsible analyst do not mention, except in two cases, the amount of loading and sizing. My Association, therefore, cannot furnish, except in the two following cases, the percentage of loading. The Board, however, can get the value of loading and sizing in each case from the Collector of Customs. I have no other alternative than to give the figures for mechanical and chemical wood.

(a) 15 bales paper ez S.S. "Wildenfels" under Custom House Pass No. I 1978 of 8th March 1927.

about 70 per cent. mechanical wood pulp
about 30 per cent. chemical wood pulp

contained in the above consignment supplied by Messrs. Wiggins, Teape & Alex. Pirie, Ltd., London, as declared before a Notary Public.

(b) L. No. 2148 of 9th February 1927. Analytical report from Messrs. Sindall & Bacon, London—

Fibre Furnish—

	Per cent.
Mechanical wood	65
Chemical wood	35

- (c) I. No. 2146 of 9th February 1927. Certificate obtained from the Institute for Chemical Technology, Vienna, dated 2nd March 1927, sworn before British Vice-Consulate on the 7th March 1927—

	Per cent.
Wood	65
Cellulose	35

- (d) I. No. 2330 of 11th March 1927. Extract from a copy of letter from Messrs. William Duff & Son, Ltd., London—

	Per cent.
Mechanical wood	70
Sulphite	30

- (e) B./E. No. 2731 of 10th March 1927. Makers' own test—

	Per cent.
Mechanical pulp	65
Chemical pulp	35
Ash	8½/9

- (f) B./E. No. 1429 of 7th February 1927. Test report by Customs and Excise Chemist, Calcutta—

Fibre contents—	Per cent.
Mechanical pulp	70
Chemical pulp	30
Ash	26

3. The following is almost a full and exhaustive list of the quantities of paper imported by different firms belonging to my Association which would have been dutiable at 15 per cent. *ad valorem* under Ruling No. 9 of 1926, but on which a protective duty at the rate of one anna was levied by the Collector of Customs under Ruling No. 1 of 1927.

	lbs.
(i) Mr. Dharendra Nath Roy (A/c Harish Chandra Bose & Co.), B. E. No. 1429, I. of 7th February 1927, <i>ex S.S. "Streefkerk"</i> (copy of a letter from the Assistant Collector of Customs, dated 17th February 1927, is attached herewith showing that the protective duty was levied under Ruling No. 1 of 1927. Annexe A)	22,400
(ii) Messrs. Bholanath Dutt & Sons—	
(a) 781 . . . 1/4 S.S. "Barbarigo", I. No. 4014 of 14th January 1927 (<i>vide</i> Annexe B)	1,952
(b) 26123 . . . 47/70 S.S. "Barbarigo" I. No. 2715 of 10th January 1927 (<i>vide</i> Annexe C)	10,289
(c) A. T. 217 . . . 68/99 S.S. "Marin Sanudo" I. No. 698 of 3rd February 1927 (<i>vide</i> Annexe D)	13,678
(d) 781 . . . 5/8 S.S. "Marin Sanudo" I. No. 696 of 3rd February 1927 (<i>vide</i> Annexe E)	2,119
(e) 600 . . . 1/7 S.S. "Rabenfels" D. I. No. 1216 of 7th April, 1927 (<i>vide</i> Annexe F)	2,330

	lbs.
(f) 616 . . . 1/8 S.S. "Sturmfels" D. I. No. 5206 of 26th April 1927 (vide Annexe G)	2,370
(g) D. & Co. 14 1/54 S.S. "Simla" I. No. 3143 of 13th May 1927 (vide Annexe H)	19,736
 (iii) Messrs. Bholanath Mazumdar & Co.—	
(a) Custom House Pass No. 2438 of 8th April 1927, 15 bales paper ex S.S. "Trifels"	5,940
(b) Custom House Pass No. 7718 of 29th April 1927, 15 bales paper ex S.S. "Wilden- fels" (vide Annexe I)	5,895
(c) Custom House Pass No. 5231 of 20th May 1927, 16 bales paper ex S.S. "Brauen- fels"	6,416
 (iv) Messrs. Ghosh Brothers—	
(a) B. E. No. 4651 of 18th February 1927, ex S.S. "Mahratta"	6,097
(b) B. E. No. 2731 of 10th March 1927 ex S.S. "Wildenfels"	10,900
 (v) Messrs. Purna Chandra Kundu & Sons—	
(a) B. E. No. 2827 of 12th February 1927, ex S.S. "Goldenfels", 15 bales paper	6,484
(b) B. E. No. 2246, ex S.S. "Rena," 6 bales paper	2,185
(c) 49 bales paper ex S.S. "Maimyo" (Ref. letter No. A.-14220, copy as per Annexe J)	19,600
TOTAL WEIGHT	138,960

I have further been directed by my Association to invite your attention to the fact that there are cases on record to show that extra duty was levied on samples of paper which were certified to contain over 65 per cent. of mechanical pulp but which, possibly on account of there being no up-to-date method in the Customs Laboratory, Calcutta, were found to contain less than 65 per cent. In one particular case, for example, that of Messrs. Bholanath Dutt & Sons, extra duty was levied on the following samples on that score:—

	lbs.
(a) 509 ex S.S. "Mauly". I. No. 5808 of 22nd Decem- ber 1926 (vide Annexe K)	10,798
(b) 555 ex S.S. "Barbarigo". I. No. 2714 of 10th January 1927 (vide Annexe L)	24,707
(c) 509 ex S.S. "Barbarigo". I. No. 2713 of 10th January 1927 (vide Annexe M)	10,659
TOTAL WEIGHT	46,164

I hope you will kindly consider this fact also before you come to a decision.

ANNEXE A

Copy.

No. A. 19843.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,To—Mr. DHIRENDRA NATH ROY (A/C Harish Chandra Bose & Co.),
Radha Bazar Street, Calcutta.*Dated the 17th February 1927.*

SIR,

Paper ex S.S. "Streefherk" B./E. No. 1429, I of 7th February 1927.

With reference to your above consignment, I have the honour to give below the result found on test of the sample drawn and to request you to produce the Bill-of-Entry at an early date for necessary action.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

"The fibre content is about 70 per cent. mechanical wood pulp but there is 26 per cent. of ash, so the above becomes less than 55 per cent. and the paper has to pay the protective duty."

(Sd.) R. L. JENKS,

Customs and Excise Chemist, India.

ANNEXE B.

Copy.

No. A. 13499 of 10th February 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

Paper ex S.S. "Barbarigo" B/E No. 4014, I of 14th January 1927.

With reference to your above consignment, I have the honour to inform you that the sample drawn has on test by the Chemical Examiner been found to contain less than 65 per cent. of mechanical wood pulp. You are accordingly requested to submit the duplicate Bill-of-Entry to the Appraiser concerned for necessary action.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

ANNEXE C.

Copy.

No P. A. 12724 of 27th January 1927.

From—The Assistant Collector of Customs, for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

I have the honour to state that in your Bill-of-Entry No. 2715 I of 10th January 1927 for 24 bales paper ex S.S. "Barbarigo", you declared the goods as unglazed white newsprinting paper containing not less than 65 per cent. mechanical wood pulp and duty as accordingly assessed at 15 per cent. on the tariff rate 2 annas 3 pies per lb., while on test by the Chemical Examiner the sample is found to contain less than 65 per cent. mechanical wood pulp. The paper is therefore assessable at 1 anna per lb. This misdeclaration if not detected would have resulted in a loss of revenue amounting to Rs. 426. I have therefore to call upon you to explain it. You are also requested to put in a post bill-of-entry and pay the extra duty at an early date.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisalment.

ANNEXE D.

Copy.

No. A. 14897 of 10th March 1927.

From—The Assistant Collector of Customs, for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

32 bales unglazed white newsprinting paper ex S.S. "Marin Sanudo" under B/E I 698 of 3rd February 1927.

I have the honour to inform you that on test by the Chemical Examiner of samples from the above consignment the paper is found to contain less than 65 per cent. of mechanical wood pulp and is therefore assessable at the specific rate of one anna per lb.

You are accordingly requested to put in a post bill-of-entry and pay the extra duty due at an early date.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisalment.

ANNEXE E.

Copy.

No. A. 15166 of 16th March 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

4 bales paper ex S.S. "Marin Sanudo" under B/E No. 696 I of 3rd
February 1927.

I have the honour to inform you that on test by the Chemical Examiner the paper covered by the above bill-of-entry has been found to contain less than 65 per cent. of mechanical wood pulp and is therefore assessable at the specific rate of 1 anna per lb. You are accordingly requested to put in a post bill-of-entry and pay the extra duty due at an early date.

The paper covered by the bill-of-entry No. 697 I of 3rd February 1927, has been found to be in order.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

ANNEXE F.

Copy.

No. A. 1435 of 30th April 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

SIRS,

7 bales glazed coloured newsprinting paper ex S.S. "Rabenfels" under
B/E No. D. I. 1216 of 7th April 1927.

I have the honour to inform you that duty was paid on the above consignment at 15 per cent. on the market value while on test of samples from the consignment the paper is found to be contained less than 65 per cent. of mechanical wood pulp and is therefore assessable at the specific rate of one anna per lb.

You are accordingly requested to put in a post the bill-of-entry and pay the extra duty at an early date.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

ANNEXE G.

Copy.

No. A. 2171 of 13th May 1927.

From—The Assistant Collector of Customs, for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

8 bales paper glazed coloured printing under B/E No. 5206 D. I. of 26th
April 1927, *ex S.S. "Strumpfels"*.

I have the honour to inform you that you declared in the above B/E that the paper contained more than 65 per cent. of mechanical wood pulp and duty was accordingly assessed at 15 per cent. on the market value whereas the samples from the consignment have been found on test by the Chemical Examiner to contain less than 65 per cent. of mechanical wood pulp and are therefore assessable at the specific rate of one anna per lb.

You are accordingly requested to put in a post bill-of-entry and pay the extra duty due at an early date.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisalment.

ANNEXE H.

Copy.

No. A. 3068 of 2nd June 1927.

From—The Assistant Collector of Customs, for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

54 bales unglazed coloured printing paper *ex S.S. "Simla"* under B/E
No. 3143 I of 13th May 1927.

I have the honour to inform you that the above consignment was assessed at 15 per cent. *ad valorem*, but on test by the Chemical Examiner the paper has been found to contain less than 65 per cent. mechanical wood pulp and is therefore assessable at the specific rate of 1 anna per lb.

You are accordingly requested to put in a post bill-of-entry and pay the extra duty due at an early date.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisalment.

ANNEXE I.

Copy.

No. A. 1320 of 28th April 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. BROJANATH DUTT & Sons, Calcutta.

GENTLEMEN,

15 bales paper ex S.S. "Wildenfels" B/E No. 1978 I of 8th March 1927.

With reference to your letter of the 27th instant I have the honour to point out that the certificate of which you have furnished a copy, relates only to the percentage of mechanical wood pulp in the fibre contents of the paper. It has, however, been ruled by the Government of India that the percentage laid down by the Tariff applies to the total weight of the paper and not merely to its fibre contents. Judged by this test the mechanical wood pulp content of the paper in question falls far below the 65 per cent. limit.

I therefore request you to take immediate steps for the payment of the extra duty due.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

ANNEXE J.

Copy.

No. A. 14220 of 25th February 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. PURNA CHANDRA KUNDU & Sons, Calcutta.

GENTLEMEN,

49 bales paper ex S.S. "Maimyo."

With reference to your letter of the 8th instant and in continuation of this office letter No. A. 13752 of the 16th idem. I have the honour to inform you that the sample drawn from the above consignment has on chemical test been found to contain less than 65 per cent. of mechanical wood pulp and therefore duty at one anna per lb. has correctly been levied on the goods.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

ANNEXE K.

Copy.

No. A. 1213 of 17th January 1927.

From—The Assistant Collector of Customs; for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

I have the honour to state that in your bill-of-entry No. I. 5803 of 22nd December 1926 for 28 bales paper ex S.S. "Manlay" you have declared the paper as white newsprinting paper containing not less than 65 per cent. mechanical wood pulp duty was accordingly assessed at 15 per cent., while on test by the Chemical Examiner the paper is found to contain less than 65 per cent. mechanical wood pulp and as such is assessable at 1 anna per lb.

This misdeclaration if not detected would have resulted in a loss of revenue amounting to Rs. 447-4. I have therefore to call upon you to explain it.

I have the honour to be,
SIR,
Your most obedient servant,

(Sd.)
Assistant Collector for Appraisalment.

ANNEXE L.

Copy.

No. A. 13117 of 3rd February 1927.

From—The Assistant Collector of Customs, for Appraisalment,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

B/E No. 2714 L. of 10th January 1927—Paper ex S.S. "Barbarigo".

With reference to your above consignment I have the honour to inform you that the sample drawn has on test by the Chemical Examiner been found to contain less than 65 per cent. of mechanical wood pulp. You are therefore requested to produce the duplicate bill-of-entry for necessary action.

I have the honour to be,
SIR,
Your most obedient servant,

(Sd.)
Assistant Collector for Appraisalment.

ANNEXE M.

Copy.

No. A. 12807 of 29th January 1927.

From—The Assistant Collector of Customs, for Appraisement,
Calcutta,

To—Messrs. BHOLANATH DUTT & Sons, Calcutta.

GENTLEMEN,

I have the honour to state that in your bill-of-entry No. 2713 I. of 10th January 1927 for 28 bales paper ez S.S. "Barbarigo" you declare the goods as unglazed white newsprinting paper containing not less than 65 per cent. mechanical wood pulp assessable on the tariff value of 2 annas 3 pies per lb., while on test by the Chemical Examiner the sample has been found to contain less than 65 per cent. mechanical wood pulp. The paper is therefore assessable at the specific rate of 1 anna per lb.

This misdeclaration if not detected would have resulted in a loss of revenue amounting to Rs. 441-6. I have therefore to call upon you to explain it.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.)

Assistant Collector for Appraisement.

**Messrs. Wiggins, Teape and Alex. Pirie (Export) Limited,
Calcutta.**

Letter dated the 29th June 1927.

We have to acknowledge receipt of your letter No. 526, dated 20th instant, and in reply we beg to give you the following details:—

1. The prices of the principal classes of imported paper containing mechanical pulp to the extent of not less than 65 per cent. of the fibre content range from £10 to £30 per ton according to thickness and colour.

Landing charges are approximately Rs. 5 per ton.

Commission is included in above prices.

2. We are sorry we have no reliable details of analysis.

3. We do not import this grade of paper, but accept indents for direct shipment to the Dealers.

The Bombay Paper and Stationery Merchants' Association, Bombay.

Letter dated the 1st July 1927.

I have the honour to acknowledge receipt of your letter No. 526 of the 20th June received by me on the 24th instant. I beg to say that the time allowed by the Board to make reply to your letter has been so very short that I regret my inability to give a detailed and thorough reply to the most important points of your letter as these technical points could be

answered by the mills manufacturing these papers. I beg, however, to state as under:—

1. (a) The following is the list of papers with their respective prices marked against each which contain more than 65 per cent. mechanical wood pulp of the fibre contents, and in support of which some members of my Association hold certificate of the suppliers to the same effect:—

	£	s.	
Newsprint white unglazed in reels 50 grs. at	15	5	per ton c.i.f.
Newsprint white unglazed in sheets 50 grs. at	15	10	„ „
Newsprint glazed in reels 50 grs. at	16	5	„ „
Newsprint glazed in sheets 50 grs. at	16	15	„ „
Newsprint coloured unglazed in sheets at	18	0	„ „
Newsprint glazed in sheets at	20	0	„ „
M. G. Pressings at	18	0	„ „
Cover papers as per samples at	29	0	„ „
M. G. Red Brown	15	10	„ „

(b) The landing charges work out to about to Rs. 8-8 per ton.

(c) I am unable to give this information definitely but I am of opinion that a commission of 1½ to 2¼ per cent. is probably earned on the above prices.

2. As I have said above, the time allowed by the Board to make a detailed reply to this part of your letter has been very short as the information required by the Board must be obtained from the Mills in Europe. In spite of cables to several of the mills, to telegraph the required information I have been able to obtain a reply only from one of the group of mills in Holland who are large exporters of various papers to India. My Association was anxious to obtain the same information from different sources in order to verify the same and put the proper result before the consideration of the Board.

The mill in question has sent the following information:—

Newsprint, white unglazed and glazed.

	Per cent.
Chemical pulp	27
Mechanical pulp	66
Loading	1
Sizing	6
TOTAL	100

Newsprint, coloured, glazed and unglazed.

	Per cent.
Chemical pulp	27
Mechanical pulp	67
Loading	3
Sizing	3
TOTAL	100

<i>M. G. Pressings.</i>		Per cent.
Chemical pulp		27
Mechanical pulp		67
Loading		3
Sizing		3
	TOTAL	100

The information regarding the cover paper and M. G. red brown mentioned above is not yet available, but as I have mentioned members (big importing houses) of my Association hold certificates that the papers referred to above contain more than 65 per cent. mechanical wood pulp of the fibre contents as prescribed by the Act. Besides the prices of the said papers are so cheap that they must necessarily contain the required percentage of mechanical wood pulp not only that but they do not come into competition with any of the Indian made papers and therefore they should not be assessed at the protective duty of one anna per lb. As soon as further information is received, from other sources, I shall place it before you.

3. The total imports at the port of Bombay of newsprint and other papers mentioned above during the calendar year 1926, were 7,250 tons or 144,996 cwts. valued at Rs. 19,68,578. So far as the information is available with my Association, I can say that the entire above quantity was levied at 15 per cent. Tariff Valuation under Ruling No. 9 of 1926. Not a single case during the last year was reported to my Association where the Customs levied protective duty of one anna per lb., or the Chemical Analyser reported the above papers to contain less than 65 per cent. mechanical wood pulp of the fibre contents.

During the current year from January to May 1927, the import of newsprint at the port of Bombay has been 3,012 tons or 60,250 cwts. valued at Rs. 7,76,164. I am unable to give the exact percentage of the goods assessed at one anna per lb., under the revised Ruling No. 1 of 1927, but I am informed that about 20 per cent. of the imports has been so assessed. There have been a few individual cases where a few of the members of the Association have had 50 per cent. of their consignments of the newsprint white and coloured, glazed and unglazed, assessed at the protective duty of one anna per lb. under the Ruling No. 1 of 1927, even though they had in such cases certificates from the mills that the paper contained 65 per cent. of the mechanical pulp.

Finally my Association hopes that the question of the percentage of mechanical wood pulp will be settled in accordance with the conclusions already arrived at in the report of the Tariff Board and as expressed by the Government of India in the Legislature. I would also suggest that all the papers mentioned above may be classified in the Tariff Schedule to pay the respective duties. This will facilitate work at each port and avoid constant references and save the importer unnecessary trouble and annoyance, extra charges, etc.

Copy of letter No. 202-T. (17), dated the 1st July 1927, from N. J. Roughton, Esq., I.C.S., Deputy Secretary to the Government of India, to the Secretary, Tariff Board, Calcutta.

Subject:—The Bamboo Paper Industry (Protection) Act, 1925.

I am directed to invite a reference to this Department Resolution No. 202-T. (16), dated the 19th May 1927, in which the Tariff Board have

been asked to report whether any, and if so what, changes are desirable in the entries in the Tariff Schedule which regulate the duty payable on newsprint.

2. I am to say that difficulties have also arisen in the administration of items 155 and 156 of the Import Tariff Schedule in respect of—

- (i) paper containing no mechanical wood pulp, and
- (ii) ruled or printed forms and account and manuscript books and binding thereof.

3. As regards (i) I am to enclose a copy of a press communiqué dated the 1st July 1927, issued by this Department, from which it will be seen that the Government of India hold that, contrary to the intention of the Legislature, item 155 excludes from the protective duty of one anna per lb. paper containing no mechanical wood pulp and that it is proposed to remedy this defect by an amendment of the tariff at the forthcoming session.

4. As regards (ii), item 156 of the Import Tariff Schedule makes "writing paper, all sorts including ruled or printed forms and account and manuscript books and the binding thereof" liable to the protective duty of one anna per lb. It has been brought to the notice of the Government of India by the Calcutta Trades Association that this protective duty is in some cases substantially less than the former revenue duty of 15 per cent. *ad valorem*. It is stated, for instance, that an account book weighing 14 lbs. and valued at Rs. 150 pays only 14 annas duty at the protective rate instead of Rs. 22-8 at the former revenue rate. The effect of this is that an act which purported to increase the import duty has in some cases substantially reduced it, thereby causing an unnecessary loss of revenue and at the same time depriving the printing trade in India of the assistance which it was previously enjoying from the revenue duty. The Government of India have accordingly, after consultation with the Collector of Customs, decided that item 156 should be amended so as to subject to a duty of one anna per lb. or 15 per cent. *ad valorem*, whichever is higher, "ruled or printed forms (including letter paper with printed headings) and account and manuscript books and binding thereof." A copy of the correspondence with the Trades Association and with the Collector of Customs on the subject is enclosed.*

5. The Government of India would be obliged if the Board would assist them by submitting a fresh draft of items 155 and 156 of the import Tariff Schedule which will cover the decisions on the points mentioned above as well as the Board's own recommendation on the point referred to them in Resolution No. 202-T. (16), dated the 19th May 1927.

* Not printed.

GOVERNMENT OF INDIA,
DEPARTMENT OF COMMERCE.

Simla, the 1st July 1927.

Press Communiqué.

The Bamboo Paper Industry (Protection) Act, 1925, which added item 155 to the Import Tariff Schedule (Schedule II to the Indian Tariff Act, 1894) imposed a protective duty of one anna per pound on printing paper (excluding chrome, marble, flint, poster and stereo), all sorts containing less than 65 per cent. of mechanical wood pulp. The intention of the Act was to exclude "newsprint" from the protective duty and leave it under the revenue duty of 15 per cent. *ad valorem*. Newsprint was defined by the Tariff Board, for this purpose as "printing paper containing not less than 65 per cent. of mechanical wood pulp." It has recently been represented to the Central Board of Revenue that item 155 as worded excludes from the protective duty not only such paper but also paper containing no mechanical wood pulp at all. On a reference from the Board, the Government of India have held that this interpretation of the entry is correct and that consequently the protective duty does not apply to the class of imported paper with which paper manufactured in India particularly competes. To this extent therefore the Act fails of its intended purpose.

The Government of India propose, therefore, to amend the Act at the forthcoming session of the Indian Legislature, so as to make the protection of paper effective in accordance with the intention of the Legislature and to validate the past administration of the Act. The proposed amendment will make printing paper containing no mechanical wood pulp liable to the protective duty of one anna per lb., and will have retrospective effect from the 21st September 1925, the date on which the Act became law.

Power will also be taken to recover the difference between the protective duty and the duty at 15 per cent. *ad valorem* in the case of all paper containing no mechanical wood pulp on which duty at 15 per cent. *ad valorem* may have been paid before the proposed amendment becomes law. Meanwhile importers will be given the option of depositing duty at the rate of one anna per lb., and will be allowed interest at the rate of six per cent. per annum on so much of the deposit as is in excess of the duty payable at 15 per cent. *ad valorem*, up to the date when the proposed amendment becomes law. The excess amount so deposited will be refunded if the proposed amendment is not accepted by the Legislature.

N. J. ROUGHTON,
*Deputy Secretary to the Government
of India.*