



REPORT
OF THE
AGRICULTURAL EDUCATION
COMMITTEE OF THE CENTRAL
ADVISORY BOARD OF EDUCATION
1944

PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA
1945

Price : As. 6 or 7d.

PREFACE.

The Board considered the report of the Agricultural Education Committee and adopted the same with certain amendments. The Board directed that the report as approved should be communicated to the authorities concerned for necessary action.

Report of the Agricultural Education Committee of the Central Advisory Board of Education, 1944 as amended and adopted by the Board at their annual meeting in January 1945.

At their tenth meeting held at Baroda in January 1944, the Central Advisory Board of Education considered the report of the Committee appointed by them to explore the mode of developing the facilities for technical education (including art and commercial education) in the country as a whole. In view of the great importance for this country of Agricultural Education, the Committee had left it out of their deliberations and had recommended the appointment of a special Committee to consider the problem in all its aspects. The Board therefore appointed the following Committee to examine and report on the problem of Agricultural Education :—

W. H. F. Armstrong, Esq., C.I.E., M.A., I.E.S., D.P.I., Punjab.

The Hon'ble Pir Illahi Bakhsh Nawazali, Minister for Education, Sind.
Rao Bahadur Sir V. T. Krishnamachari, K.C.I.E.

Gaganvihari L. Mehta, Esq., M.A. (Ex-President, Federation of Indian Chambers of Commerce).

S. N. Moos, Esq., C.I.E., M.A., I.E.S., D.P.I., Bombay.

John Sargent, Esq., C.I.E., M.A., Educational Adviser to the Government of India.

Sardar Bahadur Sardar Ujjal Singh, M.A., M.L.A. (Punjab).

The Chairman was authorised, to nominate a suitable number of agricultural experts to serve on the Committee.

2. In accordance with the power conferred by the Board, the Chairman of the Board invited the following additional members to serve :—

1. L. K. Elmhirst, Esq., Special Adviser, Agricultural Department, Government of Bengal.

2. Dr. Sam Higginbottom, Principal, Agricultural College, Naini.

3. Sir Pheroze Kharegat, C.I.E., I.C.S., Additional Secretary to the Government of India, Department of Education, Health and Lands.

4. Dr. F. C. Minett, D.Sc., M.R.C.V.S., Director, Imperial Veterinary Research Institute, Mukteswar-Kumaon.

5. Sri Rao Bahadur G. N. Rangaswami Ayyangar, Madras.

3. The Chairman of the Board appointed Rao Bahadur Sir V. T. Krishnamachari as Chairman of the Committee.

4. The Committee met at New Delhi on the 11th and 12th December 1944. The following members were present :—

1. Rao Bahadur Sir V. T. Krishnamachari (Chairman).

2. W. H. F. Armstrong, Esq.

3. Dr. Sam Higginbottom.

4. Sir Pheroze Kharegat.

5. Dr. F. C. Minett.

6. Sri Rao Bahadur G. N. Rangaswami Ayyangar.

7. John Sargent, Esq.

Dr. D. M. Sen, M.A., Ph.D. (London), Secretary, Central Advisory Board of Education, was Secretary of the Committee.

The following members were unable to be present :—

1. L. K. Elmhirst, Esq.
2. The Hon'ble Pir Illahi-Bakhsh Nawazali.
3. Gaganvihari L. Mehta, Esq.
4. S. N. Moos, Esq.
5. Sardar Bahadur Sardar Ujjal Singh.

5. The agenda which the Committee considered is set out in the annexure. The following additional papers were circulated to the members :—

- (1) A note on the existing facilities for Agricultural Education in India.
- (2) Note by Dr. Sam Higginbottom, Principal, Allahabad Agricultural Institute.

(3) Report of the Committee on Post-War Agricultural Education in England and Wales.

6. The following papers were laid on the table :—

(1) A statement showing the facilities available in India for Agricultural Education (including Education in Animal Husbandry and Dairying).

(2) A statement showing the qualifications required of teachers in Agricultural (including Veterinary and Dairy) institutions in India and their scales of pay.

7. The Technical Education Committee (1943), whose Report has been endorsed by the Board and as a result of whose recommendation this Committee came to be appointed, observed that Agricultural Education, which includes Education in Animal Husbandry and Dairying, "should be regarded as an essential branch of Technical Education and should be closely linked up with the other branches." The Committee see no logical reason to differ from that view, but they are of opinion that in view of the special circumstances of India it will be necessary at any rate for some time to come to maintain the existing system and deal with Agricultural Education separately.

8. It is perhaps unnecessary to define here the nature, scope and function of Agricultural Education since they are essentially the same as those of Technical Education generally. It is therefore suggested that reference should be made to the Report of the Technical Education Committee in which the subject has been adequately discussed. "All that need be done here is to point out that Agricultural Education should not be regarded as a single, uniform type of instruction. It must necessarily vary according to the needs of the different types of persons who will desire it. Broadly speaking, some will require instruction in an agricultural science and others training in scientific agriculture. A proper system of Agricultural Education should therefore aim at providing (a) general education, combined with practical training in agriculture suited to the needs of future farmers, and (b) special education for persons who will advise farmers as administrators or organisers, and (c) more advanced scientific and practical instruction of different standards for those persons whose object it is to be teachers or research workers.

9. The existing facilities in this country for Agricultural Education can at best be described as meagre. There are at present in British India, in addition to (a) the Imperial Agricultural Research Institute, the only institution of its kind, (b) seven Agricultural Colleges, (c) two Arts and Science Colleges which have a Department of Agriculture and (d) 19 Agricultural Schools. On the Animal Husbandry side there are, besides (a) the Imperial Veterinary Research Institute, Mukteswar, the only post-graduate institution, (b) five Veterinary Colleges. For education in Dairying there is only the Imperial Dairy Institute, Bangalore, though the Allahabad Agricultural Institute also provides

training for the Indian Dairy Diploma. While no stage of Agricultural Education is adequately provided for, one is particularly struck by the niggardly provision for research and by perhaps an even greater neglect of the needs of practical farmers, including cattle farmers and dairymen.

Nor can the existing provision be considered satisfactory in regard to the quality of instruction. With a few notable exceptions, the instruction given in the existing institutions tends to be somewhat too theoretical or, at best, too idealistic and unrelated to the actual conditions of the country. It would perhaps not be an unfair comment to say that a graduate in Agriculture who is placed on a farm is likely to find that he must unlearn a great deal before he can utilise properly the useful knowledge of certain fundamental principles which he has acquired. If, therefore, the Agricultural branch of education is to play its proper role in the impending development of the country, it must be improved very considerably and at once.

10. Apart from the needs of private farmers and teachers in agricultural institutions, increased and improved facilities are required to meet the requirements of the development programmes of the Agriculture Departments of the Central and Provincial Governments. It is estimated that during the next 10-15 years the personnel required by Government Departments for the development of Agriculture and Animal Husbandry will be as follows:—

Agriculture :

20,000 Field Assistants (Kamdars).

10,000 Non-graduate Assistants.

1,500 Graduate Assistants.

300 Gazetted Officers (Class I and Class II).

Animal Husbandry :

20,000 Stockmen.

4,000 Inspectors. (Graduates, of the rank of Veterinary Assistant Surgeons).

550 Gazetted Officers (Class I and Class II).

To enable one to consider the full implications of the above programme, so far as institutions of Agricultural Education are concerned, the nature and length of the training required, for the different grades of personnel may also be stated here.

Agriculture :

Field Assistants.—One year's course at a Farm Institute which will be located on a Model Farm.

Non-graduate Assistants :—2 years' course at a special Agricultural School or the normal course at an Agricultural High School.

Graduate Assistants.—4 years' course at an Agricultural College or University.

Gazetted Officers.—A suitable post-graduate course of at least 2-3 years' duration.

Animal Husbandry :

Stockmen and Compounders.—One year's course partly at a Departmental laboratory and partly at a Farm Institute, which is equipped for training in Animal Husbandry.

Inspectors (or Veterinary Assistant Surgeons).—4 years' course at a Veterinary College.

Gazetted officers.—A suitable post-graduate course.

It is obvious that in order to meet these demands it is necessary to bring into existence as early as possible a comprehensive and planned system of Agricultural Education.

11. "Education from the earliest stages", observed the Technical Education Committee, "should aim at making boys and girls familiar with practical as well as academic subjects." From the point of view of agriculture, it may be added that adequate provision should be made in Junior Basic (Primary) Schools for Nature Study and practical gardening of an elementary character. A small garden is in any case a very desirable adjunct to a Junior Basic School. Apart from this, however, it is unnecessary to include Agricultural Education as such in the curriculum of any Junior Basic School.

12. (i) It can be assumed that a very large number of Senior Basic (Middle) Schools will adopt Agriculture as the basic craft which will integrate the entire curriculum. It will be in these schools that a boy or girl will obtain the first introduction to the regular study of Agriculture, and it will be these schools which will produce the bulk of farm hands and the lowest grade personnel of the Government Departments of Agriculture. In view of the practical character of the instruction to be given in these schools it is perhaps unnecessary to mention that they should also encourage their pupils to keep a few animal pets. The schools themselves will no doubt keep some for instructional purposes.

(ii) It is contemplated that there will be two main types of High Schools, (a) academic High Schools, and (b) those of a more practical type, called Technical High Schools. A variation of the latter will be the Agricultural High Schools, which will give the same standard of education as academic High Schools, except that its instruction will be more practical and will have a strong agricultural bias. It is to be expected that Agricultural High Schools will be mostly in rural areas, but there is no reason why such a school should not be located in a small country town or just outside what may technically be an urban area. Indeed, if the town and country are not to form two separate worlds, it is to be hoped that a large number of urban students will go into Agricultural High Schools and that Technical High Schools will contain a fair number of students from rural areas.

(iii) The lowest type of a professional institution for Agricultural Education will be the Farm Institute, which will be located on a Model Farm. It will in fact be rather the instructional side of a Model Farm. The Farm Institute will provide training for Kamdars and Stockmen.

(iv) It is contemplated that the existing type of a special Agricultural School will continue for the present but that it will be possible to do away with it when Agricultural High Schools have developed sufficiently.

(v) Students of Agricultural High Schools, and some perhaps of other High Schools also, will pass on to Agricultural Colleges or Agriculture Departments of Universities if they desire to proceed to higher studies and are fit to do so. These institutions will prepare students for the degree course which will be of at least of 3 years' duration in the case of candidates proceeding from an Agricultural High School and four years' duration in the case of those who join after completing their course in an academic High School. These institutions will also prepare students for post-graduate courses of varying duration.

(vi) The top branch of the educational tree will be central institutes of advanced research, such as the Imperial Agricultural Research Institute and the Imperial Veterinary Research Institute. These institutes will provide facilities for the highest type of instruction and research and will be the principal recruiting ground for the highest class of experts and research workers.

In addition to the regular full-time courses which will be provided in the institutions detailed above, adequate facilities should also be provided for those who are already engaged in agriculture in one capacity or another and desire to improve their knowledge, and also for High School leavers and such others as may intend to take up farming and wish to have a short course of practical

training. It is, therefore, expected that Agricultural Colleges as well as special Agricultural Schools and Farm Institutes will also arrange short-term extension or refresher courses in particular branches of Agriculture and Animal Husbandry, including Veterinary Science, Dairying, Poultry Farming, Estate Management, etc. The nature, content and duration of the different types will be determined from time to time according to actual needs and in the light of experience.

13. It has been stated above that post-school Agricultural Education, except the most advanced types of research, will be provided in Agricultural Colleges or Agriculture Departments (or Faculties) of Universities. The latter have no doubt several advantages arising from the close association of their students and teachers with those engaged in other studies. It should, however, be emphasised that, notwithstanding such advantages, if these Departments (or Faculties) of Universities are to serve as real alternatives to Agricultural Colleges, it is necessary that they should be adequately equipped and staffed.

14. The value of educational tours generally needs no emphasis. It is perhaps even greater for a practical subject like Agriculture. Indeed where students of Agriculture have once experienced the benefits of an educational tour they have almost always asked for more, even at considerable expense and inconvenience to themselves. It is therefore hoped that educational tours will be a regular and important activity of Agricultural Colleges and similar institutions.

15. Another extra-curricular activity, the need for which in agricultural institutions appears to be considerable is the art of public speaking. This is particularly important for those who desire to serve as advisers to farmers. It is not an infrequent experience to find a field worker otherwise knowledgeable and efficient, who is quite unable to express himself clearly and make farmers understand what he is trying to tell them.

16. All school examinations will be conducted by appropriate educational authorities, and there will be no difference in this respect between schools with an agricultural character and other schools. In the post-school stage, however, the question of the examining authority arises, because in addition to Agricultural Departments, attached to Arts and Science Colleges and Agricultural Departments (or Faculties) of Universities, there will also be independent Agricultural Colleges. The Committee, are, however, of the opinion that, in order to maintain uniform standards and to secure a wide recognition for the students of Agricultural Colleges, all examinations for the Bachelor's and higher degrees should be conducted by Universities. Diplomas and certificates for short courses as well as for courses of advanced research will, however, be awarded by the institutions concerned.

Where degrees or diplomas are awarded on the basis of an examination, it is suggested that there should be two external examinations in a four-year course—one at the end of the first two years and the other at the end of the course. In the case of a three year course, however, there should be only one external examination at the end of the course. If it is considered necessary or desirable to hold one or more tests at earlier stages they should be conducted internally and should cause as little disturbance as possible to the progress of the course.

17. With the growth of a large and comprehensive system of Agricultural Education it will be still more necessary to ensure that the institutions concerned maintain proper standards of instruction and training. It is therefore suggested that the Imperial Council of Agricultural Research should set up a Council of Agricultural Education (including, as understood throughout this report, education in Animal Husbandry and Dairying). The functions

of this Council will be mainly advisory, but it will be one of its most important duties to keep itself acquainted with the standards of instruction prevailing in the higher agricultural institutions. It should also be able to make its voice heard and thus ensure proper standards if it is given the power to endorse diplomas and certificates issued by higher institutions of agricultural education and also to make recommendations to the appropriate authorities in regard to the standards of agricultural instruction and examinations in Universities.

With regard to the composition of the Council it is obviously desirable that it should consist of persons who are regarded as experts in their own subject and whose word will therefore carry weight. It is also necessary that the Education Department should be represented on the Council so that proper co-ordination may be secured in the administrative field between the lower and higher stages of instruction.

18. The Committee considered the question of the qualifications and scales of salaries of teachers of Agricultural subjects, and they arrived at the following conclusions :—

(1) Teachers of Agriculture in Senior Basic (Middle) Schools should possess qualifications similar to those required for the teachers of other subjects, except that they should have undergone a course of practical training in Agriculture.

(2) Teachers of Agriculture in Special Agricultural Schools and Agricultural High Schools must be at least graduates in Agriculture and should afterwards have received a year's practical training, partly in Agriculture and partly in pedagogy.

(3) University or College teachers must possess at least a Master's degree in the subject which they are to teach. It is desirable that they should also receive some pedagogical training.

With regard to salary, the Committee considered that teachers of agricultural subjects should receive scales of salary similar to those of teachers of other technical subjects.

19. The Committee also considered the question of arrangements which should be made to enable suitable students in poor circumstances to take full advantage of facilities for Agricultural Education. This question has already been considered by the Board in relation to education generally and also specifically in connection with Technical Education. It has been agreed that adequate provision should be made for a system of scholarship and maintenance allowances and also for hostel facilities. On the other hand, it is also generally agreed that the present level of tuition fees in the higher stages of education is very low for those who can afford to pay and considering the high cost of such education. The Committee assume that the same standards of fees and the same facilities for fee concessions, maintenance allowances and hostel accommodation will obtain in respect of Agricultural Education as in regard to the other branches of education.

20. In regard to the question as to which Department of Government should be in control of Agricultural Education, the Committee observed that the Board had accepted the recommendation of the Technical Education Committee that Technical Education being but a branch of education, should be administered, as it is administered in nearly every other country, by the same Department which is responsible for the other branches of education. The Committee recognise that there are strong arguments in favour of Education Departments being administratively responsible for Agricultural Education in the same way as for other branches of education. At the same time they feel that it would be impracticable to attempt to bring about such a change in the existing circumstances. The Committee therefore recommend that all Agricultural institutions, except Senior Basic Schools, Agricultural High

Schools, Agriculture Departments of Arts and Science Colleges and Agriculture Departments (or Faculties) of Universities should continue to be in the administrative charge of Agriculture Departments.

21. One advantage of the Agricultural Department being in control of Agricultural Education is that it can better serve to bring together the research worker and the farmer. It is suggested that an effective method to do this would be for the Agricultural Department to try to secure the co-operation of landlords and agricultural workers in various ways. Agricultural exhibitions, fairs and similar meetings should be encouraged, and every endeavour should be made to promote associations of agriculturists, including organisations of young farmers. The latter would be particularly important from the educational as well as from the purely agricultural point of view, and similar organisations have been found very useful in other countries. The 'young farmers' should be enrolled while still at school and should be permitted to continue their membership for a few years after they leave school. It is perhaps not too much to hope that if such youth organisations are set up properly they may appreciably raise the tone of the schools concerned and also do valuable propaganda work for education as well as agriculture in the countryside, without being conscious of their role as propagandists.

22. The following is a summary of the main conclusions and recommendations of the Committee :—

(1) Agricultural Education including education in Animal Husbandry and Dairying is logically a branch of Technical Education but in view of the special circumstances of India it will be necessary at any rate for some time to come to deal with it separately. Since, however, its scope and function are related so closely to those of Technical Education, generally reference may usefully be made to the general conclusions contained in the Report of the Technical Education Committee of the Board.

(2) The aim of a proper system of Agricultural Education should be to provide (a) general education combined with practical training suited to the needs of future farmers, (b) more advanced scientific and practical instruction for those who will be called upon to advise farmers as administrators or organisers and also for teachers and research workers.

(3) The existing facilities for Agricultural Education are wholly inadequate to meet the probable requirements of the country in the near future, and it is necessary to bring into existence as early as possible a comprehensive and planned system of Agricultural Education.

(4) It is unnecessary to include Agricultural Education as such in the curriculum of any Junior Basic (Primary) School. All that is required at that stage is to make provision for Nature Study and practical elementary gardening.

(5) Beyond the Junior Basic stage agricultural instruction and training should be arranged in the following types of institutions :—

(i) Senior Basic (Middle) Schools, where Agriculture is adopted as the basic craft.

(ii) Agricultural High Schools. Schools, which combine General Education with a strong agricultural bias. These need not necessarily be located in rural areas only.

(iii) Farm Institutes (on Model Farms) where training will be provided for Kamdars and Stockmen.

(iv) Agricultural Schools imparting special education in Agriculture. Agricultural Colleges and Agriculture Departments (or Faculties) of Universities, which will prepare students for the Bachelor's degree in Agriculture covering a period of at least three years in the case of students

passing out of Agricultural High Schools and four years in the case of those passing out of academic High Schools, Colleges and faculties of Universities will also prepare students for post-graduate degrees of varying duration.

(v) Central institutes of advanced research.

In addition to regular full-time courses, (iii), (iv) and (v) will also provide short term extension or refresher courses in particular branches of Agriculture and Animal Husbandry, including Veterinary Science, Dairying, Poultry Farming, Estate Management, etc.

(6) Agriculture Departments (or Faculties) of Universities, as distinguished from independent Agricultural Colleges, have several advantages arising from the close association of the students and teachers with those engaged in other studies.

(7) Provision should be made for the training of the personnel of the Agricultural and Veterinary Departments as follows:—

Agriculture Departments.

(a) *Field Assistants*.—One year's course at a Farm Institute.

(b) *Non-graduate Assistants*.—2 years' course at an Agricultural School or the normal course at Agricultural High Schools.

(c) *Graduate Assistants*.—4 years' course at an Agricultural College or University.

(d) *Gazetted Officers*.—Post graduate courses of varying standards.

Veterinary Department.

(a) *Stockmen*.—One year's course.

(b) *Compounders (or Pharmacists)*.—One year's course.

(c) *Veterinary Assistant Surgeons*.—3 to 5 years' course at a Veterinary College.

(d) *Gazetted Officers*.—Post-graduate courses of varying standards.

(8) All examinations in the school stage will be conducted by the appropriate educational authorities. Examinations for the Bachelors' and higher degrees should be conducted by Universities. Diplomas and certificates for short courses of advanced research will, however, be awarded by the institutions concerned. There should be two external examinations in a four-year course—one at the end of the first two years and the other at the end of the course. In the case of a three-year-course, however, there should be only one external examination at the end of the course. All other tests should be conducted internally.

(9) In order to ensure that proper standards of instruction and training are maintained, the Imperial Council of Agricultural Research should set up a Council of Agricultural (including Animal Husbandry and Dairying) Education, with power to endorse diplomas and certificates awarded by agricultural institutions and also to make recommendations to the appropriate authorities in regard to the standards of agricultural examinations in Universities. The Education Department should be represented on the Council.

(10) Similar qualifications are required for teachers of Agriculture in Senior Basic (Middle) Schools or Agricultural High Schools as for teachers of other subjects, except that they must have undergone a course of practical training in Agriculture. University or College teachers must possess at least a Masters' degree in the subject which they are to teach, and it is desirable that they should also receive pedagogical training.

(11) Teachers of agricultural subjects should receive salaries similar to those of teachers of other technical subjects.

(12) The same standards of fees and the same facilities for fee concessions, scholarships, maintenance allowances and hostel accommodation should obtain in respect of Agricultural Education as in regard to other branches of education.

(13) While there are strong arguments in favour of Education Departments being administratively responsible for Agricultural Education, as for other branches of education, it is not practicable in the existing circumstances to effect this change at present, and all agricultural institutions except Senior Basic Schools, Agricultural High Schools, Agriculture Departments of Arts and Science Colleges and Agricultural Departments (or Faculties) of Universities should continue to be in the administrative charge of Agriculture Departments.

(14) Every endeavour should be made to promote associations of agriculturists including organisations of young farmers who should be enrolled while they are still at school. Agricultural exhibitions, fairs and similar meetings should also be encouraged.

ANNEXURE I.

AGENDA.

1. To consider the scope and function of Agricultural Education, including education in Animal Husbandry and Dairying, with special reference to the likely future needs of India.
2. To consider what types of institutions are required for a comprehensive system of Agricultural Education and to define their special function and place in relation to the other branches of the educational system.
3. To consider the proper relationship of the higher branches of agricultural instruction, including research, to Universities and institutions of University rank.
4. To consider how far the provision for Agricultural Education should consist of full-time or part-time courses designed for those already engaged in Agriculture.
5. To consider the nature, content and duration of the main types of courses to be provided, including part-time courses.
6. To consider the question of Examinations at the different stages of Agricultural Education.
7. To consider the question of the recruitment, training and conditions of service of teachers for institutions of different types imparting Agricultural instruction.
8. To consider what arrangements should be made for enabling suitable students in poor circumstances to take full advantage of facilities for Agricultural Education.
9. To explore the best means of organising and administering Agricultural Education in order to meet the needs of the country as a whole.
10. To consider what Department of Government should be generally in control of Agricultural Education.
11. To consider what steps should be taken to secure the active co-operation of other Departments concerned with technical problems of Agriculture as well as with landlords and agricultural workers.

ANNEXURE II.

VIEWS OF MR. L. K. ELMHIRST, SPECIAL ADVISER, AGRICULTURE DEPARTMENT,
GOVERNMENT OF BENGAL.

Fundamental, of course, to the whole position in India, is the need for elementary education of the right kind and there will be no major progress in agriculture until every cultivator can read and write and understand the

elements of the problems he is trying to cope with. In advanced agricultural countries more and more of this wider knowledge is being given at the elementary stage of education as part of the biological, chemical, physics and botanical training. All the new rural senior schools (age range 11 to 15) in Devonshire have space for the teaching of biology, chemistry, physics and carpentry as well as of domestic economics and science for the girls. In New York State, after a period (say 1910-1925) during which very many of the leading farmers took degrees at the state agricultural college degree courses came to be reserved almost wholly for technical specialists, research men and the advisory staff and the future farmer obtains his advanced training through the rural high school which has a highly qualified teacher and especially equipped laboratories for this work, well described in Higginbottom's note. After he leaves the High School, the four H. Clubs organisation carries the latest scientific and economic advice to him on his father's farm and thereby save considerable sums, at one time spent by the state in trying to get ideas into the heads of ill-educated adult farmers and their wives, they would be farmer. He can still attend special and short courses at his State University and takes every advantage of this privilege.

I have little doubt that all other countries have to go through the same stages but the U.S.S.R. did succeed in speeding up the whole process of education by taking boys and girls into national service organisations for their period of conscription and in using this training as a broad and technical education instead of attempting an extension of High School and University facilities which would have taken a number of years.

Such a course would be entirely logical in India and would be the least expensive method of speeding up general progress. What I am getting at is that it is no use proliferating advanced education and research at the top, unless there is a proliferation of intelligence and an improvement of "reception" at the bottom.

My last suggestion is that the Provincial Departments of Education should enrich elementary education with practical science and workshop teaching and be responsible for an education with a strong rural basis, not bias, up to the end of both elementary and secondary education in rural area and that during this period, the closest collaboration should be established between the Departments of Education and Agriculture over curricula and equipment. In Devon, the Country Agricultural Advisory Staff (called in the U. S. A. Extension) offer a wide range of specialist teachers who visit the rural senior schools giving courses in special skills. The Universities with similar collaboration should be responsible for the University and technical college training of rural specialists. Institutes for Advanced Research and Training should always be set up in the neighbourhood of Universities but should not necessarily be run by them but preferably be under a body like the I.C.A.R. upon which the Department of Agriculture and the University authority and the public would be represented.

Behind all your questions lies a still bigger one and, that is, the economic policy, welfare aim and social objective of the State. No private landlord or tenant farmer can any longer afford from his private pocket to instal into rural areas that wide range of utilities and services, educational, scientific, economic and welfare which rural areas need. These can from now on be provided by the State alone or in financial collaboration with the farmer and/or landlord. The State too must stand as an economic unit within the international economy of the future. Farm prices in India and the need of the world and India for her rural output must bear an economic relationship to India's own rural requirements if she is ever going to have the educational structure she requires.

PART III

CHAPTER I	: TEXTILE FABRICS AND YARN	139-150
	Cotton fabrics and yarn	139
	Cotton fabrics : Powerlooms	142
	Rayon and artificial silk fabrics	148
	Woollen fabrics and yarn	149
CHAPTER II	: TOBACCO	151-160
CHAPTER III	: SUGAR	161-164
	Khandsari sugar	162
CHAPTER IV	: MATCHES	165-170
CHAPTER V	: TEA	171-175
CHAPTER VI	: PAPER	176-180
	A—Paper	176
	B—Boards	179
CHAPTER VII	: SOAP	181-186
CHAPTER VIII	: FOOTWEAR	187
CHAPTER IX	: ELECTRIC BATTERIES	188-189
CHAPTER X	: ELECTRIC WIRES AND CABLES	190-191
CHAPTER XI	: PATENT OR PROPRIETARY MEDICINES	192-194
CHAPTER XII	: COFFEE	195-197
CHAPTER XIII	: ACIDS	198
CHAPTER XIV	: CINEMATOGRAPH FILMS: EXPOSED	199
CHAPTER XV	: VEGETABLE NON-ESSENTIAL OILS	200-205
	ACKNOWLEDGEMENTS	206
	SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS	209-240

TABLES

1. Growth of excise revenue	6
2. Excise revenue in Plan resources	7
3. Revenue from commodities taxed since 1954-55	66-67
4. Unmanufactured tobacco: Area, production and average yield of main varieties	102
5. Powerloom cotton fabrics: Clearances and revenue	143
6. Powerloom cotton fabrics: Average incidence of duty	144
7. Powerloom cotton fabrics: Comparative incidence of duty	144
8. Unmanufactured tobacco : Production, clearance and revenue	151

	PAGES
9. Unmanufactured tobacco : Offtake for main uses	151
10. Unmanufactured tobacco: Arrears of duty and miscellaneous demands.	157
11. Khandsari sugar: Production and revenue.	163
12. Matches: Comparative duty preference for different categories of manufacturers	165-166
13. Matches : Categorywise number of match factories and production.	166
14. Paper: Production by tariff categories	
15. Paper : Newsprint: Production, clearance and revenue	
16. Soap : Production in power and non-power operated factories.	181
17. Soap : Production and revenue	182-183
18. Soap : Quantities exempted and revenue foregone	182-183
19. Vegetable non-essential oils: Number of millers, production and revenue	201
20. Vegetable non-essential oils: Estimated utilisation	204

APPENDICES

I. Press Note	243
II. Main Questionnaire	244-271
III. Supplementary Questionnaire	272-275
IV. List of persons to whom Main Questionnaire was issued	276-317
V. List of persons who replied to the Questionnaires	318-334
VI. List of Industrial and other units visited by the Committee	335-336
VII. List of witnesses examined	337-349
VIII. Number of Licences in force on 1st May, 1962	350-354
IX. Statistics of breaches of Central Excise Law	355
X. Rewards sanctioned for detection of Central Excise crime	356
XI. Number of appeals (offences) received, dealt with and pending.	357-359
XII. Central Excise Collectorates and the major indicators of workload	360-363
XIII. General Organisation of a Collectorate Headquarters' Office	364-365
XIV. Central Excise Ministerial Establishments as on 1-7-1962	366-367
XV. Central Excise Executive Establishments as on 1-7-1962	368-369

INTRODUCTORY

The Committee was constituted under Government of India, Ministry of Finance (Department of Revenue) Resolution No. 3(21)59-Ad. IV dated the 2nd November, 1960, which is reproduced below :—

“There has been in the recent past a steady increase in the revenue realised from the Union Excise Duties and the importance of these duties as a source of revenue is bound to grow in the years to come. It is necessary therefore that the Organisation entrusted with the task of collecting excise duties and the procedures followed by it should be examined with a view to adapt them to their new role. This view was also expressed by the Estimates Committee of Parliament in their Fifty-seventh Report, in which they had recommended the appointment of a Central Excise Reorganisation Committee which could carry out a comprehensive examination of the organisation and working of that Department. The Government of India have accordingly decided to appoint a Committee consisting of the following :—

CHAIRMAN :

Shri A. K. Chanda, lately Comptroller and Auditor General of India.

MEMBERS :

Shri Babubhai M. Chinai, M.P.

„ N. P. Nathwani, M.P.

„ B. C. Ghose, M.P.

Sir J. D. K. Brown, lately President, Associated Chambers of Commerce.

Shri A. M. M. Murugappa Chettiar, President of the Federation of Indian Chambers of Commerce and Industry.

Shri R. N. Misra, Director of Inspection (Customs & Central Excise) (also Secretary to the Committee).

2. The terms of reference to the Committee will be :—

- (1) To examine generally the organisational and administrative set up of the Central Excise Department and advise Government on such reorganisation as may be necessary for achieving maximum efficiency at minimum cost.
- (2) To review the Central Excise Act and Rules and procedures and recommend the steps required for their rationalisation, simplification and improvements wherever necessary so as to better adapt the machinery to the changing conditions.
- (3) To make any other recommendations germane to the objectives of the investigation.

(vi)

3. The headquarters of the Committee will be located at New Delhi.

4. The Committee will submit its report to the Ministry of Finance (Department of Revenue) before 31st October, 1961".

2. The personnel of the Committee underwent several changes from time to time. On February 11, 1961, Shri Babubhai Chinai resigned from the Committee. Shri J. S. Bisht, M.P. was appointed to fill the vacancy with effect from March 30, 1961. Shri B. C. Ghose intimated to us on June 23, 1961, that due to illness he would not be able to continue to serve as a member of the Committee. To our deep regret, he succumbed to his illness early in August, 1961. Shri Dinesh Singh, M.P. was nominated to the Committee vice the late Shri Ghose with effect from August 23, 1961. Shri Dinesh Singh was, however, not long with us. He resigned in May, 1962 on his joining the Union Government. On June 26, 1962, Shri G. D. Tapase, M.P., and Shri G. Basu, M.P. were nominated as members of the Committee.

3. Although the Committee was constituted in November, 1960, the setting up of its Secretariat took some time. A Press Note was issued on November 18, 1960, inviting those interested to send their suggestions on matters germane to the inquiry. (Appendix I). The preliminary suggestions received in response to the Press Note were useful to us in drafting the Questionnaire.

4. The work of the Committee was formally inaugurated at New Delhi by the Finance Minister on November 28, 1960. We then met at Calcutta in January, 1961 to give final shape to our two separate Questionnaires, one for general circulation and the other which pertained to purely departmental matters, for circulation to staff associations and individual officers only. (Appendices II & III).

5. We considered that the issue of the supplementary questionnaire would not by itself serve any useful purpose unless departmental officers at all levels were allowed freedom to express their views on excise procedures freely. We were more particularly anxious to benefit by the experience of staff deployed in the field in the application of excise rules and procedures. We could, however, hardly expect them to be forthcoming unless they were assured of anonymity and immunity from departmental action. We are glad to say that when this point of view was placed before Government, they readily agreed to give necessary instructions and assurances. As a result, we have received valuable suggestions from departmental officers.

6. The main questionnaire was issued early in April, 1961, to 129 Chambers of Commerce, 876 Trade Associations and representatives of manufacturers, 226 other individuals, 376 departmental officers and 78 Central and State Government officials, a detailed list of whom is at Appendix IV. The supplementary questionnaire was simultaneously issued to all Collectors, Assistant Collectors and Superintendents with spare copies for distribution to such of their staff as required it.

7. Considering the wide scope of our terms of reference, we took special care to make the questionnaires as comprehensive as was possible so that views of interested parties on particular aspects of excise administration, both technical and administrative, could be properly analysed and taken into account in formulating our recommendations. We allowed, in the first instance, a period of two months for replies to the questionnaires. Most Chambers of Commerce and Trade Associations represented that having regard to the complexity of the issues and their scope, they could not deal with the questionnaire circulated to them within the time allotted. We, therefore, allowed an extension of two months more for replies. On individual requests, we also allowed further extensions. We have received in all about 400 replies to the main questionnaire from various interested bodies and individuals, and about 200 replies to the supplementary questionnaire (Appendix V).

8. The interval between the issue of the questionnaires and the receipt of replies was utilised by us, to the extent possible, to visit some major industrial units to study at first hand the working of excise procedures. Thereafter also, whenever time permitted, we visited other industrial units engaged in production of excisable goods. Appendix VI is a list of industrial and other units visited by us showing the commodities manufactured or processed in each.

9. We have given as far as possible personal hearings to all who asked for them. We commenced recording oral evidence in December, 1961, and visited thirteen centres for this purpose, during the course of which we interviewed representatives of sixty-three Chambers of Commerce and Trade Associations, eighteen individual manufacturers, sixty-two other individuals and departmental officers in thirty-eight sittings. A list of those who tendered evidence before the Committee at various places is at Appendix VII.

10. After concluding the oral evidence, we held eight sittings for formulating our conclusions on the various issues.

11. The time initially allowed, *viz.* upto 31st October 1961, having been found inadequate, we met on the 19th September, 1961, to take stock of the progress made. After an appraisal of the work remaining to be done, we had asked Government to grant further time upto the end of July, 1962, and this request was granted. In April, 1962, we reviewed afresh the progress of our work and concluded that more time should be given to on-the-spot examination of the application of varying excise procedures to different commodities. All this called for more time and a more intensive study. The preoccupation of some of us with other official or parliamentary work and changes in the Committee's composition, had created further difficulties. We felt, therefore, that an extension upto 31st March, 1963 should be asked for, a request that was granted. Our report was signed on 30th March, 1963 and submitted to Government the same day.

12. We are glad to say that our terms of reference were comprehensive enough to give us the opportunity of considering not only excise

rules, regulations and procedures, but also the organisation of the Department. We have perforce confined our examination to major issues, leaving matters of detail, such as the layout and format of excise forms and registers, the precise staff requirements of various field formations, etc., to be dealt with separately. We have naturally refrained from making any recommendations on such issues as the determination of rates of duty, preferences to specified sectors of different industries, rates of rebate on export of excisable goods, etc. These are matters of policy and are the prerogatives of Government. This is not to say that we have not examined these important issues or have refrained from referring to them, where necessary, to facilitate decision.

13. Indirect taxation has become, all the world over, the backbone of federal finance. In a developing economy calling for total mobilisation of resources, the role of indirect taxes becomes even more important. In India, Central Excise duties now constitute the main spring of internal resources. With restricted import policy to conserve dwindling foreign exchange reserves, excise revenue has become the dominant indirect tax in financing successive Five Year Plans. It is all the more important, therefore, that the rules and regulations for the administration and collection of excise duties are made easy to apply. Otherwise there is risk of corruption, evasion and even of chaos.

14. Some witnesses regretted that our terms of reference did not include a review of the principles which should regulate excise levies. This in their view was necessary to assist capital formation and acceleration of the country's economic growth. Quite apart from the fact that the principles of a particular levy cannot be examined in isolation, forming as it does an integral part of the country's tax structure as a whole, we have also felt that a doctrinaire approach is unsuited to the needs of our developing economy. Principles of taxation can no longer remain static. They have necessarily to be adjusted from time to time to take account of changing conditions.

15. It is evident, however, that an expansion of the coverage of excise levies is inevitable to raise resources for the fulfilment of the targets of the Five Year Plans. It was all the more necessary, therefore, to direct our examination to a rationalisation of these levies and to the reshaping of the machinery of collection, so that it should be able to take on increasing burdens and responsibilities with greater efficiency and without impeding the development of the country's commerce and industry. This has led sometimes to the rejection of principles which are sound in themselves, but which cannot be suitably applied in the conditions prevailing to-day. To give but one example, it has been urged before us that *ad valorem* rates of duty should be introduced for all goods subjected to excise levy. This suggestion is, in theory, unexceptionable, but in practice problems arise in the administration of *ad valorem* levies, more particularly in finding an objective definition of value to suit the varied patterns of production and marketing.

16. On all these considerations, we have thought it best to concentrate our attention on practical aspects of excise levies and administration.

17. The efficiency of an agency for collection is largely conditioned by the general pattern of the tax and the rules and regulations promulgated for its administration. We have, therefore, examined at some length the existing provisions of the Central Excises and Salt Act, Rules and notifications, and the procedures prescribed for securing their implementation, as also their impact on the present administrative machinery. It should be obvious that the organisation would neither be able to function efficiently and economically nor would it be able to assess and realise fully the taxes due if the rules, regulations and directions were to cause misunderstanding and confusion. We have not, therefore, hesitated to suggest modifications in the general scheme now in operation to eliminate, as far as possible, the ambiguity and the difficulties which the present rules and regulations sometimes create.

18. We have divided this report into three parts. The first part traces a history of the evolution of excise duties and deals with their technical administration; the second with administrative problems; and the third with the working of excise procedures for certain excisable commodities where we have made proposals for major changes. We have not commented separately on others as the application of our general recommendations would reduce their present difficulties. Our conclusions have necessarily been conditioned by the rules and procedures prevailing during the period when we carried out our investigation. So are references to rates of duty, scales of preferences, etc. We are glad to note that Government themselves have introduced certain measures in 1962 and in the last Finance Bill which in effect have anticipated some of the recommendations we have evolved or on which we had earlier formulated our views.

PART I

CHAPTER I.—GENERAL SURVEY

Concept of Excise

The definition of excise in Webster's New International Dictionary gives in concise terms the present concept of excise, as it has evolved over a period of years. In doing so, it also indicates the growing importance of excise as a source of revenue. It reads—

“1. Any duty, toll or tax. 2. An inland duty or impost levied upon the manufacture, sale, or consumption of commodities within the country. Also, a tax upon the pursuit or following of certain sports, trades, or occupations, usually taking in this case the form of exactions for licenses. Originally, the term “excise” was used only of the tax on commodities (which is generally an indirect tax, of which the burden falls on the consumer); but it later came to be applied to duties or fees levied upon makers of, or dealers in, excisable commodities, and finally to various taxes levied for permission to practice or conduct certain sports, trades, occupations, etc. In Great Britain, the term now includes a variety of taxes imposed by the Board of Inland Revenue including those formerly called *assessed taxes*. In the United States the usual excise is a tax on the inland manufacture, sale, or consumption of commodities or licenses to follow certain occupations, and these taxes are usually called ‘internal revenue taxes’.”

2. Excise, as a levy either in the shape of a toll or tax, has been collected in India from ancient times. In the Mauryan period, an excise duty on liquor and salt was levied to augment revenues from traditional sources. A manufacturer was required to take out a licence for production of salt and to pay a fee either in cash or in kind.

3. In later periods of Indian history, the field of levy was expanded considerably. Firuz Tughluq's autobiographical memoirs (*Fatuhat-i-Firuz*) refer to taxes, *inter alia*, on perfumery, indigo, cotton carding, soap making, edible oil and printed cloth. Sir Jadunath Sarkar lists a number of such taxes during Aurangzeb's regime, notably taxes on oil and tobacco. Shri Romesh Dutt in his ‘Economic History of India under Early British Rule’, similarly refers to the prevalence of excise duties etc., on dairy products, handlooms, smelted iron, sugar, cloth, leather and leather goods in the early British period in India.

4. Professor W. M. Moreland in his book “From Akbar to Aurangzeb—A study of Indian Economic History”, states:

“From the first occupation of India and its ports by the Mohammedans to the end of Shahjahan's reign, it was a rule and practice to extract revenue from every trader—from the rose-vendor down to the clay-vendor, from the weaver of fine linen to that of coarse cloth—to collect house-tax from new comers, and hucksters, to take income-tax from travellers, merchants and stable keepers”.

and "there is no doubt that under the Moghuls salt was taxed, but the rates of duty do not appear to be on record except for the mines in the Punjab, where in Akbar's time the charge was considerably more than double the prime cost."

5. These historical references reveal a remarkable similarity in the concept of excise levies between then and now. There was also a similarity in the mechanism and even details of collection. Thus, there was a system of an annual fee of about Rs. 2 per loom paid as a tax in certain parts of the Deccan during the early British rule in India. Cotton yarn and cloth were each taxed separately; there was also a further duty on cloth if it was dyed. Similarly, hides, leather and footwear all paid a duty at each stage of conversion of hide to footwear.

6. The basic concept of excise merely as a tax on goods and services consumed within the country, or occupations engaged in, has in recent times undergone a significant change; so has its significance in the Central tax revenues. It has now become not only the most important source of revenue in India but also become an instrument of economic policy.

Growth of Excise

7. Till the 18th century, the principal source of revenue was tax on land. Excise duties played comparatively a minor role. But even so, the evolution of the present system of excise duties is based mainly on the system of levy on salt by then developed.

8. The beginnings of an excise system in India may be said to have been made in 1894 with the levy of a duty on cotton yarn of finer counts and its extension in 1896 to fine cloth. These were, however, abolished in 1924-25. Meanwhile, in 1917, an excise duty was imposed on motor spirit and in 1922, on kerosene. For over a decade thereafter, no new duties were levied except on silver in 1930.

9. It was in 1934 that the first step in the rationalisation of excise levies was made and their coverage extended. Excise duties were imposed mainly as a revenue measure on sugar, matches, steel ingots and mechanical lighters. Sugar and matches production had made rapid strides under heavy protection in the years following the First World War and the stage had been reached when they could be taxed. The yield from mechanical lighters duty was small; its purpose was to protect the nascent match industry. Duty on pneumatic tyres and tubes was levied in 1941 and on vegetable product in 1943. It will be seen, therefore, that until 1943, products only of a few organised industries were subjected to excise.

10. The feasibility of imposing an excise duty on tobacco had been examined on several occasions and the Taxation Enquiry Committee (1924-25) had in fact recommended its imposition. Its implementation, however, was deferred repeatedly as it was difficult to find a solution to the administrative problems which would arise in taxing the produce of a wholly unorganised industry. The need for larger financial resources eventually led to the framing of a scheme for a tax on tobacco in 1943.

In the following year, excise duties were levied on coffee, tea and betelnuts. The betelnut duty was abolished in 1948, partly because of administrative difficulties, but mainly because the largest producing areas had, on partition, been lost to India and the revenue from this source had shrunk to negligible proportions.

11. Abolition of salt duty having been chosen by Mahatma Gandhi to spearhead the non-cooperation movement, the duty on salt was remitted on the eve of independence in 1947. In the following year, a duty was levied on cigarettes in addition to the existing duty on tobacco. Excise duty was imposed afresh on mill-made cotton cloth in 1949.

12. Cement, footwear, rayon and art silk fabrics and soap made in power-operated factories, were added to the tariff in 1954, and in 1955, excise duties were imposed on woollen fabrics, electric fans, electric lighting bulbs, electric batteries, boards and paper, and paints and varnishes.

13. In 1956, the soap duty was extended also to soap produced without the use of power and new duties were levied on vegetable non-essential oils, refined diesel oil, rayon and synthetic fibres and yarn, and the larger motor cars.

14. In 1957 rates of duty on several commodities were increased and some earlier exemptions were either adjusted or withdrawn.

15. In 1960, new duties were levied on rims and freewheels for bicycles, internal combustion engines, electric motors, cinematograph films, aluminium, tinsplate, silk fabrics and pig iron. The base of the duty on motor vehicles was also widened to include all motor vehicles, including scooters, auto-cycles and motor cycles.

16. In 1961, excise duties were levied on several articles which included both raw materials and intermediates like soda ash, caustic soda, glycerine, coaltar dyes and derivatives, zinc, glass and glassware, and finished products like patent and proprietary medicines, cosmetics and toilet preparations, cellophane, chinaware and porcelainware, air-conditioning machinery, wireless receiving sets and refrigerators and parts thereof. A further refinement in cotton fabrics excise duty by imposition of a higher rate of duty on fabrics woven in automatic looms was also introduced.

17. The 1962 budget saw a further widening of excise coverage to include the remaining untaxed products of petroleum refineries, electric wires and cables, gramophones and gramophone records and needles, asbestos cement products, jute manufactures, tar, plywood and other boards, certain gases and acids, iron and steel products and rubber products. In a rationalisation of rates for textile fabrics the special duty on automatic loom cotton fabrics was abolished and the duty on unprocessed woollen and rayon and art-silk fabrics converted into increased rates on yarn and a duty on processed fabrics.

18. This year surcharges at 10%, 20% and 33½% of the basic duties have been levied on a number of excisable goods.

19. Table 1 shows the actual growth of revenue from Central Excise duties and its place in the total tax revenue of the Central Government.

TABLE 1 ✓
Growth of excise revenue

Year	No. of Commo- dities taxed	Gross Central Excise Revenue	Total tax revenues	Excise revenue as percentage of total tax revenue
(Rupees in Crores)				
✓ 1920-21	2	2·85	60·85	4·68
1925-26	3	3·21	72·86	4·41
✓ 1931-32	4	6·19	75·62	8·19
1938-39	8	8·72	81·87	10·65
1948-49	15	50·09	385·18	13·00
✓ 1953-54	15	93·52	424·64	22·02
1954-55	19	107·91	460·25	23·45
1955-56	27	146·86	492·22	29·84
1956-57	30	190·57	578·72	32·93
1957-58	32	274·44	704·33	38·96
1958-59	32	312·74	722·66	43·28
1959-60	32	364·23	823·18	44·25
1960-61	41	413·16	917·77	45·02
1961-62	58	481·79	1063·53	45·30
1962-63	67	*550·59	*1190·24	46·26
1963-64	67	†696·32	†1501·08	46·39

* Revised estimates.

† Budget estimates.

SOURCE : Finance and Revenue Accounts upto 1948-49 and Explanatory Memoranda on the Budget of the Central Government thereafter.

NOTES.—(1) Figures in columns 3 and 4 include refunds and drawbacks and shares paid or payable to the States.

(2) Column 3 excludes all cesses but from 1855-56 includes cesses on copra and oilseeds.

20. This growth is directly related to the increasing need for resources for financing the Five Year Plans. Table 2 shows the place of excise revenue in the three Plans* in the development of the public sector.

*Third Five Year Plan : Chapter VI.

TABLE 2
Excise revenue in Plan resources

(Rupees Crores)

Total Plan Outlay	Receipts from			Misc. receipts like small savings etc.	Receipts from additional taxation			
	Deficit financing	Borrowing	Foreign aid		States	Direct	Indirect	
							Cus.	C. Ex.
1	2	3	4	5	6	7	8	9
First Plan 1960	333	205	188	984.5	80	51.4	24	94.1
Second Plan 4600	948	780	1090	730	244	151.2	40	616.8
Third Plan (Estimated) 7500	550	800	2200	2240	600		1110	

Excise in the Constitution: Inter-relation of Central Excises and Sales Taxes

21. The broad pattern of allocation of resources between the Central and Provincial governments, adopted in the Government of India Act, 1935, has been maintained in the Constitution of India. While Article 246 provides for a twofold distribution of subjects between the Union and the States, it also provides for a field of concurrent jurisdiction. The arrangement of the subjects in three lists has been incorporated in the Seventh Schedule. The allocation of functions implies in a sense allocation of resources. List I of the Seventh Schedule to the Constitution, which is the Union List, specifies duties on tobacco and other goods manufactured or produced in India, except alcoholic liquors and narcotic drugs, taxes on sale and purchase of goods in the course of inter-state trade. List II of the Schedule, which is the State List, includes excise duties on alcoholic liquors and narcotic drugs and taxes on the sale or purchase of goods except in the course of inter-state trade.

22. While, constitutionally, excise and sales tax levies have been distinguished and differently allocated, there is a similarity in their incidence; there is also a measure of interdependence in the levels of taxes imposed. This has not only led to conflict of financial interests between the Union and the States, but has led also in certain cases to disputes regarding the constitutional validity of one or the other of the levies. It has been held by judicial authorities that the real nature, 'the pith and substance', and not merely the form or phraseology of a taxing statute should determine its validity. The line of demarcation evolved is that only when the tax is payable by producers or manufacturers of goods is it an excise duty. An excise duty is thus a tax on goods produced or manufactured and not on their sales or proceeds of sales which is a sales tax.

23. It has been contended that the practical application of Section 4 of the Act relating to levy of duties *ad valorem* as it is now framed is itself repugnant to the Constitution. Though Central Excise is a duty levied on goods produced and manufactured, assessment is based on value at the time of sale. This by itself, and more so when collection is made at the point of sale, makes the levy a disguised form of sales tax which is essentially within the province of the State governments. For more reasons than one, we content ourselves here with a mere statement of the criticism.

24. Simultaneously with the expansion of excise coverage in the last 20 years, State Governments have also brought more and more commodities within the purview of levies of sales and purchase taxes to augment their revenues. But this process can only be taken up to a point, otherwise consumer resistance may well develop to hinder production and distribution. The combined effect of Central and State levies thus automatically places a limit on their levels.

25. The snowball impact of sales tax on inter-state trade impelled the Taxation Enquiry Commission to recommend the regulation of levies on inter-state sales. The Constitution was accordingly amended and the Central Sales Tax Act, 1956, was enacted to provide for the levy of a tax on all inter-state sales with ceilings on the rate of tax for specified goods, namely, coal, cotton, cotton fabrics, cotton yarn, hides and skins, iron and steel products, jute, oil seeds, rayon and artificial silk fabrics, sugar, tobacco and woollen fabrics. Although a central levy, the tax is administered by the States; they also retain the proceeds of the tax.

26. As before the Taxation Enquiry Commission, so before us, representations have been made that the Centre should levy and administer sales taxes on all excisable goods and these should be collected in the same manner and alongwith Central Excise duties. While the right to levy taxes on sales vests under the Constitution with States, there is no bar to the levy and its administration being centralised with the consent of States. This question was examined at length by the Taxation Enquiry Commission which expressed itself strongly against centralising collection of sales taxes.

27. Nevertheless, it was decided in consultation with State governments in 1956-57 that additional duties of excise should be levied on mill-made textiles, sugar and tobacco, including manufactured tobacco, in lieu of sales taxes then being levied by State governments, the net proceeds being distributed to the States subject to the income then derived being assured to each State. The principle of distribution is determined by independent Finance Commissions.

28. The agreement was implemented through the Additional Duties of Excise (Goods of Special Importance) Act, 1957. All forms of tobacco, sugar and textiles have since then been free from State sales tax levies; instead additional excise duties at prescribed rates are levied and collected on them together with, and in the same way as, the duty leviable under the Central Excises and Salt Act, 1944, at the time of delivery from the place of production or storage. The proceeds are separately accounted for and distributed to States. Industry and trade have welcomed this arrangement as it has considerably facilitated their work; the total tax is collected conveniently and at one place whether the goods do or do not figure in inter-state trade. Unlike other commodities, dealers do not also have to maintain additional account books for satisfaction of different collecting agencies. This experience has lent emphasis to their representations that a similar arrangement should be introduced for all other excisable goods.

29. Apart from the constitutional provisions already mentioned, the practical difficulties which confront States sales tax administrations vary considerably in character and complexity from State to State and taken together present a large and bewildering variety of problems. The Taxation Enquiry Commission considered it hardly possible for the legislative and rule making power located in the Centre to deal effectively and promptly with all these.

30. There is, besides this, the States' point of view that they have incurred a loss over a period of years through surrender of sales taxes on sugar, textiles and tobacco, the rates of levy remaining pegged at the 1956 level. The only benefit that has accrued to them is attributable to increase in consumption. They urged before the Third Finance Commission,

“that the expansion of the range of commodities subject to Union Excise from time to time and the increasing incidence of the duty have an impact on the levy and collection of Sales tax. This in itself is justification enough to give recognition to the interdependence of the two levies by making the entire proceeds of Union excise duties divisible. Additionally, sales tax constitutes the only significant flexible source of revenue available to them and this flexibility is subject to restraint by the excise policy of the Union Government.”*

*Third Finance Commission : Report pages 20 and 36.

31. They have also complained,

“that the Union Government had not adjusted the rates of additional excise duties levied on certain commodities in lieu of sales tax, though the basic rates of excise duty on these very commodities had been recently revised upwards. Their grievance is that the benefit of these measures accrued to the Union at the expense of the States.”*

32. While in the case of income-tax there is compulsory participation by the Union and the States in the yield of income-tax, participation in the yield of excise duties is only permissive and is dependent on such recommendations as the Finance Commission may make. If it were possible to make a constitutional amendment placing the yield of excise duties on the same footing as income-tax, there might be just a possibility of the States agreeing to the merger of sales tax and excise duties. There are distinct advantages in this scheme of things. On the one hand, it will make for uniformity in the rates of sales tax levies throughout India; on the other, it will give a welcome relief to trade and industry.

33. It is not within the scope of our charter to make recommendations on this or other questions of policy, but in view of the weight of evidence led before us, we have felt impelled to refer to the constitutional aspect of excise levies.

Use of Excise for purposes of Economic Regulation

34. We consider that it would be useful if we were to outline at this stage the objectives of our welfare state to secure a balanced development of the national economy, with particular reference to the use of excise duties for the purpose.

35. When India became independent in 1947, both her leaders and her people gave first priority to the development of her latent but neglected economic potential. The Industrial Policy Resolution of 1948 gave shape to the urges of the people, and this marked the beginning of planned development in raising resources for which excise coverage has been rapidly extended. The role allotted in the Plans to village and small scale industries for the mobilisation of resources and exploitation of the country's economic potential followed the realisation that growth of an underdeveloped economy has to be balanced, embracing equally the development of village and small scale industries, both to find gainful employment for seasonal agricultural labour and to complement the production of large scale industries. The philosophy of this economic planning has since been largely adopted in the whole of the South East Asia region.

36. In India, with agriculture accounting for nearly 46% of the national income, the need for dispersal of industrial activity, especially

*Third Finance Commission: Report pages 20 and 36.

labour intensive industries in rural areas, is more pronounced. Development of village and small-scale industries aims at fuller employment, a more equitable distribution of national income and general acceleration of the economic rehabilitation of rural areas.

37. To give impetus to this growth, incentives in different forms have been provided, including preferential rate of, or exemption from, excise duties. Whether this is an appropriate mechanism or whether this form of assistance has served its purpose, is another issue, which we shall discuss later. It appears, however, that two conditions should be fulfilled if small scale industries are to make their full contribution to national economy. Firstly, these industries must to the maximum extent possible be complementary to and not competitive with organised industries, and secondly, they must aim at becoming self-reliant and self-supporting by adopting "improved techniques and more efficient forms of organisation".* Otherwise, they would become a drag on the national economy. It is in the light of this consideration that the Third Plan lays emphasis on making village and small scale industries more efficient; one objective of the Plan is greater reliance on positive forms of assistance and in the words of the Planning Commission "to reduce progressively the role of subsidies, sales rebates and sheltered markets" for the produce of small-scale and village industries.

38. The concept of fiscal preference as an instrument of national planning and development, is not new. Protective tariffs have traditionally been used to protect and develop indigenous industries and increase their competitive capacity. Sometimes a bounty has also been paid in addition. It is argued that excise levies may similarly be used to give a measure of protection to small scale producers to enable them to market their goods along with those of large-scale manufacturers. Though this approach is sound in theory, its practical application is fraught with difficulties. It is even producing in some cases a result opposite to that intended, which is obviously to maximise production and to provide fuller employment. As we discuss later, differential rates of duty and exemptions have in certain cases led to fragmentation of units to bring them within the preferred or exempted sector just to avoid the duty. Thus there has been both a loss of revenue and of production.

39. Since the beginning of the Second Plan, commodity taxation has been increasingly resorted to for achieving the targets set in the Plans but the Central Excise Tariff has been used in a variety of other ways which have made it one of the principal economic regulators albeit in the narrow sphere of the commodities affected.

40. The high rate of excise duty on refined diesel oil is designed to reduce domestic consumption to conserve foreign exchange. Rates of excise duties on tea and coffee aim similarly at least in part at curbing domestic consumption to maximise exports. The imposition of penal

* Third Five Year Plan : pages 426 and 431.

excise duties when exports fall short of prescribed quotas of cotton fabrics and sugar, has a similar purpose. A special rebate of excise duty was also given on vegetable non-essential oil recovered in de-oiling the cake, to encourage exports of de-oiled cake.

41. Cotton seed oil has been exempted from duty for two purposes ; firstly, to ensure the utilisation of cotton seed and, secondly, to increase the production of non-essential vegetable oils. Similarly, with a view to make more groundnut oil available for export by reducing its use in the manufacture of vegetable product, a special rebate has been given to vegetable product made from cotton seed oil ; the quantum of rebate increases in proportion to the quantum of cotton seed oil used. To conserve soft-wood resources, smaller manufacturers have been encouraged by fiscal preferences to make matches from bamboo splints.

42. Excise duties were used early in the Second Plan period to increase cloth production by giving a special rebate on cloth produced in excess of the average monthly production. Similarly, production of sugar was considerably increased by reducing the rate of duty on sugar produced in excess of the average produced in the previous years.

43. Excise duties have also been used as a device to reserve production of certain types of goods for the small scale sector. For example, the production of dhoties has been reserved after 1953 for the decentralised sector by requiring composite mills to limit production to prescribed levels. To discourage production above the limits, the mills were required to pay penal duties on a steeply ascending scale.

44. Industrial units in the excised sector producing goods without the use of power were given protection by their total exemption from excise duty.

45. The Tariff has also been used as a method of economic aid to individual units and even to whole industries in times of distress. Examples of the first are the exemption from duty of newsprint produced only by the NEPA mills and, of the second, adjustments in tea and cotton fabric tariffs. It has also been used to sustain marginal, small and even inefficient units and to enable them to market their production in competition with the organised sector of the same industry ; examples are khandsari, vegetable non-essential oil, footwear, textile fabrics, paints, cosmetics, acids, wireless receiving sets, electric motors, electric batteries, soap, tyres and tubes for cycles, electric wires and cables, cycle parts, plywood, etc.

46. Our study has revealed that the use of differential excise rates as a selective economic regulator in these diverse ways has given, in certain instances, results at variance with the objectives of the Plan. It has also placed on a revenue department responsibilities which are inappropriate to its main function and which are difficult for it to fulfil. We have, therefore, examined the working of these schemes not only with a view to evolve simpler procedures but also to ensure that

the collecting agency concentrates on its primary purpose of assessing correctly and realising efficiently the taxes due in accordance with the requirements of law.

47. The so-called regressive effects of indirect taxation can largely be countered by a wise choice of commodities for purposes of taxation. It is generally accepted that common-user items with low price and high demand are ideal for purposes of excise levies. Conversely it is generally held that capital goods should not be subjected to avoidable imposts in the interest of economic development of the country. It has also been represented to us that the selection of commodities with relatively small revenue potential adds to administrative difficulties and costs and that attention should be concentrated on intensifying excise control on major commodities already taxed, rather than diffused by expanding the field to commodities of minor revenue significance. In support of this line of thought, it is suggested that the yield from the more recent levies is relatively small in comparison with the yield from earlier levies.

48. Though the selection of commodities or the principles on which they should be made are outside the scope of our review, we have considered it advisable to examine the representations made to us to facilitate decision by Government.

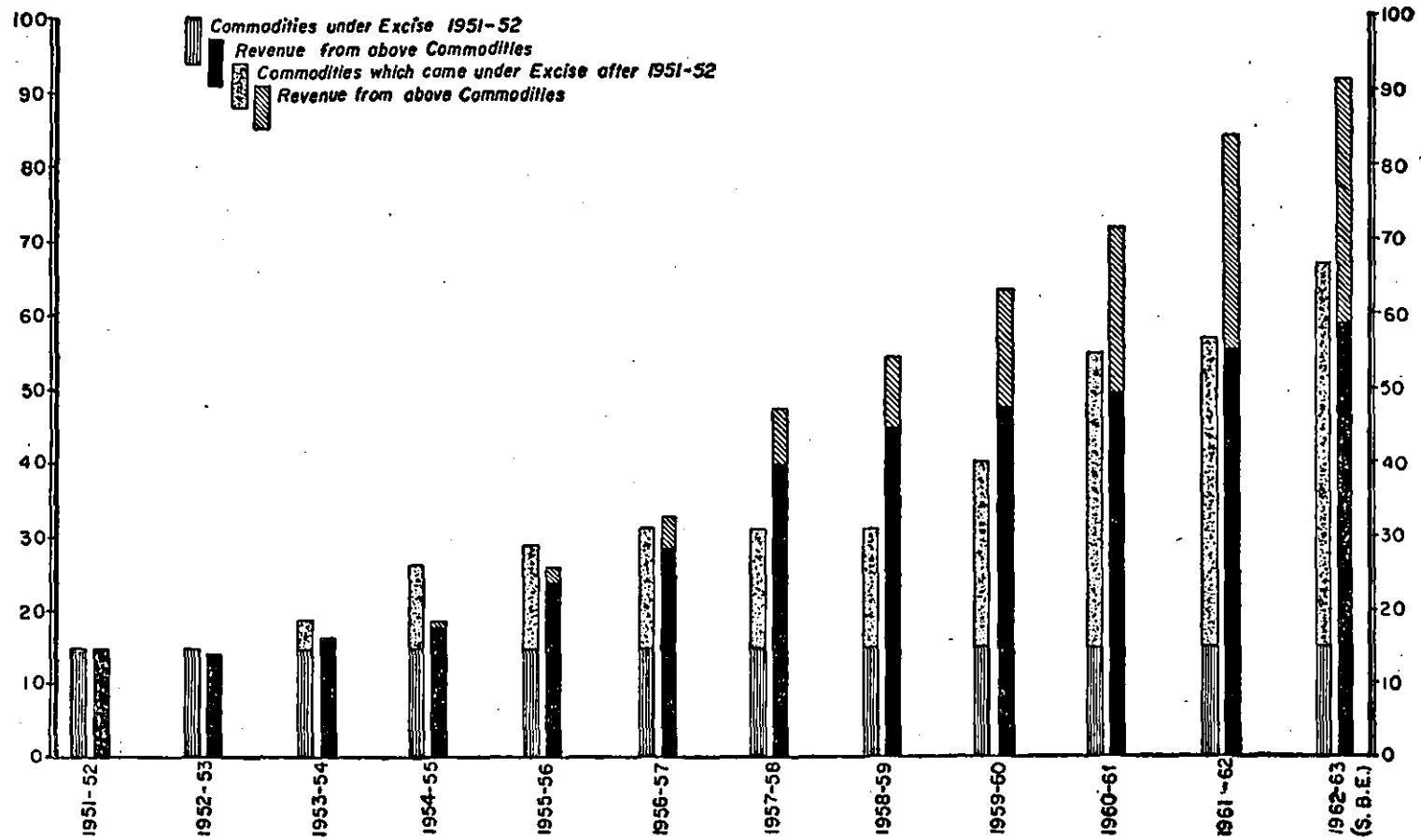
49. We had the graph in Plate-I appended prepared to examine the relative impact of excise levies, old and new. The graph shows that the increase in yield has not been commensurate with the number of items which have been added to the list of excisable goods. The cost of administering such levies would be disproportionate to the yield if the standard procedure were to be applied. To remedy this position, an attempt is now being made to stabilise the cost of collection at the present level by resorting to various measures involving an abridgment of normal checks.

50. We do not consider that this is a wise move as it will inevitably result in relenting checks, some essential, in major revenue producing industries. We would reproduce here the views of an economist, communicated to us on extension of excise coverage to low revenue yielding commodities. He says:

“It is unwise to expose our administrative structure increasingly to the well proved danger of deterioration for the sake of such trifling sources of revenue. The loss of faith in our administration is probably proceeding at a rate out of all proportion to the revenue we are able to collect.”

51. Till the middle fifties duty was levied either on raw materials or on end products; seldom, if ever, was duty levied on both. Since then, the levy of duty has been extended to intermediate products also, with the object of raising additional resources for financing the Five Year Plans. The present trend is to bring progressively under excise coverage products fabricated or refined from duty paid raw materials or ingredients. The policy in the matter is unfortunately not uniform.

COMPARATIVE GROWTH OF CENTRAL EXCISE COVERAGE & REVENUE



S. & L. Branch (C. E. J)

By KRISH SHANKAR.

In some cases, a drawback of duty paid on basic ingredients is allowed, in others, there is no such concession. This procedure, the rationale of which we have found difficult to appreciate, reacts both on our internal economy as also on our foreign trade. It also creates a feeling of discrimination in some industries. We consider that there should be a definite policy, even a philosophy, in taxing commodities at different stages of production.

52. It appears also that many of the complexities in the application of excise rules and regulations arise as it is not possible for reasons of secrecy to conduct the necessary detailed investigations before any particular commodity is selected for the imposition of levy. The schemes of whole or partial exemptions to which we refer later, only add to the existing complications and difficulties of the administration. While excise is a flexible levy and can be exploited when necessary to raise additional resources, it has to be used with discretion and circumspection. While some of the commodities with a low revenue yield could be taxed, such as jute manufactures, because the technique of collection is simple, other commodities should be left out of consideration as they call for not only a considerable effort in collection, but also create practically insuperable difficulties in controlling small dispersed units of production. The claim for preferential treatment of smaller units is inherent in any scheme of taxing commodities of minor importance.

53. The imposition of duty on products fabricated from duty paid raw materials and ingredients, has been dictated by considerations of revenue. It may, however, be possible, in some cases, to obtain the same result by increasing the tax on the basic materials; this would reduce the cost of collection and avoid administrative difficulties.

54. It seems to us, therefore, that each proposal for a new levy should be carefully considered. The main criterion should be whether its yield would be commensurate with the administrative problems it would create. The psychological effect of bringing more and more commodities under excise levy should also not be under-estimated. We suggest that, having regard to all these considerations, it would be best if the possibility of increasing the levels of existing levies is explored before the imposition of new levies is considered. We fully appreciate that it may not be possible or advisable to increase the rates of duty on some commodities, but there should be room, from time to time, for increasing the duty on others. In such a scheme, to the extent feasible, the cost of collection would, on the one hand, be maintained at a reasonable level, and on the other, the effectiveness and efficiency of the collecting agency would be greatly enhanced.

55. Our general observations would be incomplete if we were not to make a brief reference to the importance of compiling, and maintaining full and detailed information about production and marketing of all commodities, including those already subjected to excise levies. Without this information, when the existing rates or patterns of levy are revised and when new commodities are brought under the purview of the levy, complications immediately arise, which could not have been

foreseen. The need arises, therefore, for issuing a host of clarificatory orders, making adjustments in rates and creating preferred or exempted sectors. These add to the complexities of administering the levies and in turn necessitate the issue of new instructions not wholly conducive to the smooth working of the administration. We deal with the various aspects of this question more fully in a subsequent chapter.

56. We do not wish to dogmatise, nor is it our wish even to suggest principles of taxation. But in our objectives of considering rationalisation of the organisation and of suggesting means of achieving maximum efficiency at minimum cost, we have come up time and time again against the levies themselves. Many of the present deficiencies flow from the scheme of taxation itself. We have therefore taken the liberty of drawing attention to major factors which impinge on the subject of our examination not so much by way of criticism but as suggestions for consideration at the appropriate level.

Pattern of Levy and Control

57. The procedure adopted till 1943 was that whenever a new excise duty was proposed, the Bill introducing it prescribed separate and appropriate rules and regulations for its administration. This took into account the special requirements of each levy and gave each commodity treatment appropriate to it. In this manner, by 1944 no less than sixteen separate enactments regulated the levy and collection of excise duties. Of these, as many as seven related to Salt and the two relating to Silver and Mechanical lighters were unimportant. It was the remaining seven statutes, imposing duty on motor spirit, sugar, matches, steel ingots, tyres, tobacco and vegetable product which were of major revenue significance. In 1944, however, laws made from time to time for individual commodities were consolidated in the Central Excises and Salt Act (I) of 1944. In the process of consolidation, the common provisions were made applicable to all goods. Though, under the rule making powers vested in the Government under the Act, special provisions have been made in respect of some of the goods, this is rather the exception than the general rule. The distinctive features of individual industries obviously call for special detailed rules for each. With the expansion of excise coverage to a large number of commodities, it is no longer possible or advisable to rely on the general provisions for administering excise duties. We merely mention here this lacuna, reserving for detailed examination later its impact on the major commodities subjected to excise levy.

58. The Act incorporates a general clause dealing with excise levies with a schedule enumerating the articles on which duty is leviable and the rates applicable to them. The other clauses provide for licensing of operators, prescribe the procedure for recovery of duty, specify maximum rates for each commodity, define the powers of different categories of officers, and finally provide for appeals and revision. The Act also empowers the Central Government to adapt and apply such provisions of the Sea Customs Act as are appropriate to excise levies.

It confers on Government Powers to enforce the provisions of the Act, with discretion to remit or refund duty. In view of the construction of the Act, legislation to tax new commodities has merely implied the addition of the names of the commodities and the rates to the Schedule.

Manufactured goods

59. Broadly speaking, the excise control on manufactured articles covers licensing of manufacturers, their factory premises and equipment and requires them at the same time to execute bonds undertaking to pay duty on excisable goods to be produced. They have also to comply with the provisions of the Act to maintain accounts of production, storage and issues, furnish monthly returns showing the quantities of excisable goods produced and cleared, the amount of excise duty paid and closing stocks. Returns are also required to be furnished separately of materials used in the manufacture of excisable and non-excisable goods, where applicable. Examination of these records supplemented by certain physical checks completes the process of control.

60. No excisable goods can be cleared from the factory for consumption within the country unless the Central Excise officer has inspected the goods, assessed them to duty and the excise duty has been paid. Goods cleared for export are released either after payment of duty or under a bond. In either case, the liability to pay duty is discharged on proof of export, by refund of duty already paid or discharge of the bond, as the case may be. Failure to export, within a specified time, revives duty liability.

61. Assessment of duty is made on a special form to be completed and presented to the assessing officer by the owner of the goods. It is a combined form serving a three-fold purpose; it incorporates the description and details of the goods and an assessment memorandum filled in by the Central Excise Officer. It is also accepted as a treasury chalan.

62. Where clearances are frequent, special facilities are provided to a licensee. He is allowed to maintain an account current with the Department with sufficient balance at any one time to cover duty on estimated clearances for specified periods, a week, a fortnight or such longer period, as may be requested. As and when an application for clearance is presented, the excise officer at the factory verifies and assesses the goods to be delivered, debits excise duty in the account current and allows clearance. In approved cases, the assessee is permitted to move goods on gate passes provided that at the end of the day he files a consolidated application for clearance, listing the removals effected during the day. The formal assessment is then made and the total amount of duty payable is debited to the account current.

63. Since December, 1949, all excisable goods cleared from the factory move on a gate pass countersigned by the excise officer one copy of which has to be produced and surrendered to the Excise Sepoy at the gate. In tea factories and soap factories within exemption limits, the requirement of prior countersignature of the gate pass has been waived

Basically, however, the procedure is the same and it is similar when goods are delivered in bond for re-warehousing or export. Each consignment has to be individually declared, verified, paid for and then moved. The scheme implies the physical presence of an excise officer to authorise each delivery of excisable goods from each licensed premises on payment of duty or in bond for export under cover of a countersigned gate pass.

Unmanufactured products

64. Excise control on the two unmanufactured agricultural products, coffee and tobacco, is necessarily more complicated because these products are grown in rural areas and often in small holdings. By their very nature, correct estimation of yield is not possible. It is dependent on climate and other factors. A series of physical checks has, therefore, been prescribed. It is this situation which, we are informed, has led to the imposition of a number of obligations both on growers as well as on curers. It has also made it necessary to empower excise staff to have access to all operations and, in the case of tobacco, from the stage of transplantation through final curing to marketing and consumption.

65. For practical purposes the distinction between a grower and curer is at times non-existent, since both operations are often undertaken by the same person. A distinction in law is, however, made by requiring the grower to register his cultivation and the curer to obtain a formal licence to conduct his operations. The Department has no right to refuse registration or a licence.

66. These provisions are thus not intended to enforce a direct control over the extent or nature of cultivation as in some of the western countries, but are intended merely to bring on record the names of persons engaged in cultivation of these excisable products so as to facilitate the administration of the levy which falls on the cured product. Records of yield, both of raw and cured products, have to be maintained. This introduces difficulties in the case of illiterate small producers. This difficulty is sought to be overcome by dividing growers and curers into two categories, large and small, and requiring only the former to maintain accounts, etc., the latter are allowed to supply the necessary information to excise officers orally. Excise control is also lifted in areas where individual holdings are petty and the production sufficient only for the producer's domestic needs.

67. A system of crop inspections and crop cutting experiments, supplemented by other independent data forms the main basis for computing the quantity of cured produce. But this does not necessarily produce incontrovertible material. Deficiencies between the quantity actually produced and accounted for before the Excise Officer are generally due to evasion of duty through clandestine removal, but not invariably so. This by itself does not, therefore, justify penal action. Only in areas notified by the Collectors, can resort to summary or 'best judgment' assessment be made by officers not below the rank of Superintendent.

68. Although duty on excisable unmanufactured products becomes leviable immediately after they are cured, in recognition of the general poverty of the producer, he has been given the option to pay duty himself or transfer the liability to the owner of a private bonded warehouse. On similar considerations, the curer has been allowed the facility either to store the cured product without payment of duty in a bonded store-room of his own for a limited period or to deposit and hold it in a public bonded warehouse. The provision for bonded inter-warehouse transfers, in the case of tobacco, is another facility to the same end. It also enables duty to be collected at a point nearer consumption or manufacture. In the case of coffee, bonded movements are permitted only between warehouses managed by the Coffee Board.

69. Abatement of duty on losses occurring due to dryage and other natural causes during storage, processing and subsequent movements of non-duty paid tobacco has also been an accepted feature of this excise. Though reasonable in itself, it has always been a major source of friction between the excise staff and the assessee. It is not possible to prescribe absolute percentages for loss at different stages and discretion has to be vested in the adjudging officers; not a satisfactory solution, but inevitable.

70. The basic procedure for assessment and deliveries of unmanufactured products is similar to that for manufactured goods delivered from factories except that official transport permits are issued to cover the goods instead of countersigned gate passes issued by the manufacturer.

71. Under a modified procedure described as "the second appraisal system", the assessment memorandum for unmanufactured tobacco cleared from warehouses is completed by the excise officer on the basis of the particulars declared by the owner in his application for clearance. On payment of duty assessed, the excise officer visits the warehouse, verifies the goods with reference to the declaration, issues the transport permit and allows clearance. Where the owner maintains an account current for payment of duty, the amount assessed is debited to the account and clearance is authorised.

The Compounded Levy Schemes

72. The procedure outlined did not present any serious administrative problem except in the case of tobacco so long as duty was levied on a few selected items of large-scale manufacture. Their contribution was significant and the excise procedure was relatively simple both in its provisions and in their application. Problems arose, however, when, in 1954, industries with relatively small producing units were brought under the purview of excise levy. This led to schemes of tax relief being devised for whole sectors of many of the industries newly subjected to excise. This in turn called for the introduction of excise surveillance in varying degrees over a large number of units in the exempted or preferred sectors.

73. The first complication came when, in the wake of the imposition in 1954 of duty on art-silk and rayon fabrics, exemption was granted to manufacturers with looms not exceeding specified maxima. About a year later, the exemption on cotton fabrics produced on power-looms, *i.e.*, units without a spinning plant, was revoked. This brought immediately a large number of small individual units under excise control. The difficulties of applying normal control and its prohibitive cost became immediately evident. A *modus vivendi* was found by the introduction of a simplified procedure commonly described as the "compounded levy system" as an optional alternative. This scheme has since been extended to other fields of production also. The rate structure and the mechanism of levy and control vary from industry to industry; but the basic principle is the same.

74. Under this scheme, the owner is permitted to discharge his liability by paying in advance a lump sum, computed on the basis of the equipment he has and the number of hours for which it is employed in a given period. He is exempted from all other formalities of excise control except the requirement to maintain a daily record of the number of machines worked and to submit a monthly return of production. Physical control is limited to periodical visits by the Excise Officer to check that the number of machines actually employed does not exceed the number in respect of which compounded levy has been paid. Where the levy payable is related to the number of shifts worked, the check, such as it is, is intended also to ensure that production is confined to the number of shifts declared.

75. At present compounding schemes are in operation for cotton and silk powerloom fabrics, khandsari sugar and battery plates manufactured in premises where not more than 5 workers are employed. A scheme was also in force for certain categories of vegetable non-essential oil millers up to February this year.

Peripatetic Audit Control

76. As an experimental measure, in October, 1956, selected steel and cement manufacturers were freed from the standard procedure. They were required instead to make advance deposits of duty against which they could deliver excisable goods without physical check and assessment of each delivery, debiting the dues on each delivery in the revolving account current. At weekly intervals, peripatetic teams of excise officers verified from their accounts that the figures of production, clearance and duty adjustments were correctly recorded. Twice a year, these parties conducted a fuller scrutiny of the manufacturers' books, supplemented by test checks, to ensure, with the help of determinable factors such as the consumption of raw materials, payment of wages, receipt of sale proceeds, verification of dispatches with railway and transport records etc., that the figures of production and clearance reported by the manufacturers were correct. When in May, 1957, the rates of duty on steel and cement were substantially enhanced, the scheme was withdrawn.

77. In June, 1962, however, the Central Board of Revenue assumed power by rule to allow any manufacturer to deliver his goods without prior excise check and verification. The procedure envisages substantially the same scheme as was experimentally tried in 1956. The Central Board of Revenue is the authority which determines in each case where the scheme is to be allowed.

Collection of duty

78. Prior to consolidation of laws and procedures in 1944, the method of collection differed in detail from commodity to commodity, but basically it required each manufacturer to maintain daily accounts and to furnish a return after the close of each month showing the opening and closing balances, the production and delivery of excisable goods during the preceding month.

79. In respect of motor spirit and kerosene, the manufacturer was required to deposit the duty payable in respect of deliveries made during the preceding month within the first seven days of the succeeding month and to produce the receipted treasury challan to the Assistant Collector.

80. The duty on steel ingots was to be paid on the total production.

81. The return of production and deliveries of sugar was to be forwarded within five days of the close of a month to the Assistant Collector, who thereupon issued a demand for the duty payable on the deliveries of the preceding month, the amount demanded being payable before the end of the month.

82. The procedure for tyres was similar, except that the owner was required to pay the duty within ten days of service of the notice of demand for the duty.

83. On the imposition of duty on vegetable product and unmanufactured tobacco in the Finance Bill, 1943, the principle of payment of duty before delivery was adopted for these two commodities.

84. The only other commodity of major revenue importance, namely, matches, was regulated by a special procedure under which banderols had to be purchased on payment of the duty value of banderols and matches could be delivered from the factory only after the appropriate banderols had been affixed. Licensing of factories was confined under those regulations only to manufacturers of matches; no licences, bonds, etc., were prescribed for any other manufacturer of excisable goods. The system of revenue control was often referred to as the "Trust the Factory" system.

85. There were three main factors which influenced a change in January 1944, from collection of duty in arrear to prepayment for all commodities. The first of these was the introduction of excise duty on tobacco where prepayment was the normal procedure, as it would have been impracticable, in view of the very nature of the industry and the

scheme of warehousing, to realise duty after the goods had been delivered for consumption. Tobacco became immediately the largest single source of central excise revenue and remained so for a considerable time. It was argued that if pre-payment was enforced for the commodity which contributed the largest share of the total collection, there was no special reason why collection in arrear should continue to apply to other commodities.

86. The second factor was the experience with some sugar factories. One of these defaulted in payment of duty year after year. After delivering the entire season's production in the last month of the working season, it pleaded that if duty was recovered in a single payment, it would face insolvency. Recovery had to be allowed in monthly instalments after the due date of payment. In another factory where a possession dispute arose between two partners, it took some years to realise about Rs. 2.25 lakhs which was payable on deliveries made under the Court's direction.

87. The third factor was financial. The system of post-payment gave an unjustified financial assistance to trade and industry. Of the realisation in 1943-44 of Rs. 26.90 crores, a sum of Rs. 80 lakhs remained with the trade or industry for periods varying from a fortnight to six weeks after the goods had been sold and sale proceeds realised. This amounted to a 3% financing charge being borne by Government.

Deferred payment schemes

88. Representations were made and continued to be made from time to time for resuscitating the scheme of payment of duty in arrears, the analogy of income-tax being invoked in justification. With the exception of certain limited schemes for deferred payment, these representations have generally been turned down. As late as 1959, when dealing with certain suggestions of the Estimates Committee, the Central Board of Revenue represented that experience had shown that if excise supervision was dispensed with, even the scheme of prepayment of duty would be exploited by unscrupulous persons. Physical supervision was an effective deterrent. They considered it also a sound practice in commodity taxation to hold the goods until tax has been paid; this made assessment concurrent and avoided risks of arrears arising. They added that the more the Board considered this matter, the more they were convinced that the system of assessment on the basis of accounts alone was unsuitable in the prevailing conditions.

89. Following an investigation into the crisis in the tea industry in 1952, a scheme for deferred payment of excise duty on tea was, however, evolved in November, 1952, as an experimental measure. Under this scheme, the manufacturer had to apply for the concession to the Collector, and to open an account current with a nominal deposit, furnishing a bond guaranteed by a scheduled bank for an amount equal to two and one-fifth of the duty payable on average monthly clearances. He had also to undertake to pay all outstanding excise duty on demand at any time. He was then allowed to deliver tea without prepayment,

but was required to pay duty on a month's deliveries before the close of the following month. The Collector, on his part, debited the duty payable on each delivery in the bond account. If the balance in this account fell below 20% of a month's average duty, he stopped further clearances without prepayment and recovered all the duty then outstanding.

90. Although the scheme was initially intended to remain in force upto 31st March, 1953, it was subsequently extended upto 31st December, 1953, but no manufacturer availed of the facility. Meanwhile, the Tea Tariff was itself changed to what it is now, namely, a low rate on garden teas with an additional duty after packaging. The situation in which relief was intended had improved by late 1953; as the scheme had not been availed of by the industry there was no purpose in keeping it alive and it was withdrawn from January 1, 1954.

91. The main reasons for the industry not taking advantage of the deferred payment scheme in 1952-53 were reported to be:—

- (a) that the time limit of one month for deposit of the total of all the debits made in the preceding month was inadequate; and
- (b) that scheduled banks guaranteed manufacturers' bonds only after they deposited equivalent securities with the Reserve Bank and charged interest from the industry as on overdrafts.

Even so, the tea industry has continued to ask for a modified scheme of deferred payment which would afford credit for three months instead of one month as in the earlier scheme and would dispense with bank guarantees for bonds furnished. As a safeguard, it suggested that if a manufacturer fails to pay, the dues should be realised as arrears of land revenue.

92. These proposals were considered jointly by the Ministries of Commerce & Industry and Finance (Department of Revenue) and turned down as it was felt that even if the concession was allowed, the response would be no better than in the past. Besides this, deferred payment constituted a departure from the general policy of recovering duty at the time of delivery. Banks could not guarantee bonds without adequate security and realisation of excise duty as arrears of land revenue was a reserve power to be invoked in extreme cases of recalcitrance and could not become a routine procedure.

93. A more or less similar scheme of deferred payment was introduced in 1955-56 as a measure of encouragement to match factories organised on a co-operative basis. Although the scheme has been in force for six years, it has remained in a state of suspended animation, no manufacturer having availed of it so far.

94. In April, 1961, a scheme for deferring payment of 25% of the duty on sugar for a three month period at a time, was introduced on the mills furnishing a guarantee bond and agreeing to pay interest at 6% on the outstandings. Only about a dozen mills out of over one

hundred mills in Uttar Pradesh and Bihar, showed any interest in the scheme, due chiefly to its limitations both in scope and time and because of their interest liability to banks.

The Central Excise Law

95. We have earlier referred to the consolidating Act of 1944. When the bill was under discussion in the Legislative Assembly, apprehensions were expressed that consolidation of statutes relating to dis-similar commodities such as salt, tobacco, vegetable product, sugar, matches, etc., might well create unnecessary complications to trade and industry. Excise coverage at the time was limited to a few well-organised industries and it did not create many difficulties in the administration of the law and the collection of duty. This is not to say that the code could be applied smoothly even then. There were in fact difficulties but these were not insuperable. The position is different today and the apprehensions expressed in 1944 have largely materialised.

96. As more and more commodities are being subjected to excise duty, the inadequacy of the existing rules and regulations is becoming more and more evident. The defects and disabilities of a standard procedure in its application to a varying range of commodities, which were obvious even in 1944, have now become more pronounced. The situation has been further aggravated by the inclusion of commodities which are produced also by small scale and cottage industries. Obviously the standard excise procedure cannot be applied to them in its entirety. Even otherwise, the need for adjustments has become insistent. We find that attempts are being made to contain the situation by issuing frequent amendments to the common code and procedure in respect of almost each and every new levy. In this process, principles are being evolved for application to some industries which are wholly inapplicable to others, concessions are being made to some which are denied to others. Not unnaturally, we have heard complaints of discrimination from trade and industry and we have heard from all, including the officials, that as often as not the relaxations create more complications than they remove.

97. A scheme that requires every manufacturer to file a formal application for clearance of each consignment with a detailed description of its contents, and provides for its examination, test-check and assessment to duty by excise officials and thereafter a formal permission to move the goods is not only formidable in its scope but is impracticable in execution. With an expansion in excise coverage and an increase in production, were any attempt to be made to enforce the regulations, it would not only entail prohibitive cost in their administration, but would also seriously interfere with production and despatch of goods to consuming markets. As a result, large-scale deviations from the rules and regulations have become inescapable. Some of these deviations have been authorised by executive order, others are simply made *ad hoc* by the field officers individually to meet a given situation.

98. In some of the newer excises, the obligations imposed on manufacturers and the departmental instructions issued for control, have not been made as onerous as in the earlier excises. This is recognition enough that the meticulous techniques of control which were prescribed earlier for a few basic commodities can no longer be applied to a large number of new levies. We regret to say that despite all this, there seems to be little realisation of what is feasible and what is not. A rationalisation of the law is the obvious answer, but this has yet to be undertaken.

99. The need for a new approach has also arisen as a concomitant of rapid industrial growth and increasing excise coverage, including imposition of duty on raw materials and intermediate products. Improved technology and techniques have also enlarged the use of raw materials and ingredients. There is another reason why we think that procedures for the clearance of goods require to be overhauled and brought up-to-date. It has been represented before us that in these days where, in an effort to speed up the turn round of railway wagons, demurrage is charged after wagons have been placed on a factory's siding for five hours, any clearance procedure which delays the despatch of goods through the holding-up of wagons is not only imposing an additional burden on manufacturing costs but is incidentally hindering the effective utilisation of the country's railway capacity.

100. It is no wonder, therefore, that the Estimates Committee of Parliament was constrained to observe that piecemeal changes in the excise law have essentially been in the nature of patch-work and that the Department "is following archaic and cumbersome procedures"*. We are in full agreement with this view but have at this stage merely outlined the major considerations on which a review has been entrusted to us.

* Estimates Committee: Fifty-seventh Report, page 42.

CHAPTER II.—THE CENTRAL EXCISES AND SALT ACT AND RULES

The Act

As mentioned earlier, the Act is a concise enactment. It states the basic requirements of excise levy and leaves it to Government to make rules to carry into effect the purposes of the Act. Rules so made are required to be placed before Parliament which retains the authority to amend them.

2. Broadly speaking, the Act embodies substantive law, and the Rules embody both substantive law and procedural matters. Many of the provisions of the rules should, more appropriately, be incorporated in the Act. For example, the law of limitation should be in the Act and not in the rules.

3. In the present situation of an expanding range of levies, it may be argued that the Act should deal only with aspects of policy and the broad pattern of control, leaving their implementation to be regulated, as now, by rules made by Government. Even so, we have felt that the Act should be made more comprehensive by the inclusion of provisions which it is the prerogative of Parliament to prescribe. The line of demarcation should be that the Act should deal fully with substantive law and the rules with procedural matters.

4. The Act should also be amended to delete provisions which are no longer operative. Similarly, many anomalies in the provisions arising out of dissimilar commodities having been subjected to levy without proper co-ordination should be removed by suitable amendments. We deal first with these three major issues before discussing other questions relating to assessment, valuation, penal provisions, etc.

Parliamentary control

5. Parliament's approval to the rates of excise duties on specified commodities as also to other fiscal levies is accorded in its acceptance of the Finance Bill. In the case of many excise levies, however, the effective rates are determined by the executive under the rule making power to "exempt any goods from the whole or any part of the duty". This power of exemption existed in all the earlier statutes relating to the levy of duty on the various commodities and was also retained in the consolidating Act of 1944.

6. Under the Government of India Act, 1935, there were many limitations on the concept of the accountability of the executive to the legislature. For political reasons, certain unusual powers were reserved to the executive and it was in line with general policy to retain effective authority in the hands of the executive even in matters relating to taxation. Even so, this power was invoked usually to give exemptions only where goods were produced for research or experimental purposes or used for non-conventional purposes, such as tobacco for insecticides, motor spirit as solvents, etc.

7. The position is entirely different today. We have a parliamentary form of government with the executive fully accountable to the legislature for all acts of commission and omission. But in the matter of indirect taxes; the previous provision empowering the executive to adjust the rates within the ceiling approved by Parliament remains still in force. It is difficult to say whether this is deliberate or inadvertent. But its existence has enabled Government to give an impetus to the establishment and growth of small scale industries by fiscal exemptions and preferences.

8. While on this basis, some justification exists for the retention of this provision, there are certain weaknesses in the present scheme. Firstly, the exemptions and preferences are given usually by notifications. They are not rules in a technical sense and are not, therefore, required to be placed on the table of the House. As a result, Parliament does not always have information on the variations made in the rates approved by it or the amount of duty foregone by executive action. Secondly, it is not possible for Government to estimate or for the people to know the amount of financial assistance given for fostering the growth of small scale industries. And, thirdly, the revenue forecasts made on certain assumptions which do not also hold, turn out to be incorrect. This attracts adverse criticism both in Parliament and audit. Though Parliament is indirectly a consenting party to this arrangement and has also in some cases itself accepted the rates as ceiling rates, it is not wholly correct to dilute parliamentary authority in the field of taxation by executive fiats, however desirable the purpose. The extent to which this encroachment has taken place will be evident from the fact that about 180 rates of duty approved by Parliament have proliferated into nearly 1500 rates or values for assessment by executive decrees. We have, therefore, suggested elsewhere, an alternative scheme of subsidies which will remove the drawbacks of the present scheme of things.

9. The power to adjust the rates by the executive is rather unusual. But the need for such a power was recently felt in the United Kingdom also. A somewhat similar dispensation was, therefore, specifically granted by Parliament in 1961. The consideration was that in the period between two budgets, adjustments might become necessary to maintain exports, restrict consumption and regulate price levels, etc. and that the Government should be vested with discretionary powers to make necessary changes quickly. But this is not a general dispensation. Firstly, the rates approved by Parliament can be adjusted upward or downward within a ceiling of 10% ; secondly, any such variation has to apply to the whole range of taxed goods ; and thirdly, the variation has to be brought later before the House for an affirmative resolution.

10. Till now in India, however, adjustments were possible only downwards ; they did not attract any of the safeguards provided in the United Kingdom. There were compelling reasons, other than that of affording assistance to small scale industries, for the provision to adjust rates by executive decision. Proposals for the imposition of new levies or the adjustment of the rates of existing duties have necessarily to be

considered with secrecy. As there is no arrangement now for compiling statistics of all significant production, whether subject to duty or not, it is not possible to assess fully the impact of a duty or its rate on the economy of the country. The number of manufacturers involved, their output, channels of distribution, price structures, discounts and many other factors are, therefore, only broadly estimated. The full impact of a new levy on the industry concerned and on its distributive trade cannot thus be fully gauged. As a result, there is every year on the introduction of the Finance Bill, a flood of individual and organised representations, telegrams, deputations, protests and even public agitation against new levies. While these representations are often designed largely to secure a reduction in the overall rates, there are cases where new levies are found, soon after imposition, to have a discouraging effect on industry as a whole or on the small sector in particular, or to create serious administrative difficulties. In such cases, the levies have to be substantially modified to take account of these unforeseen contingencies. Sometimes, the levy has even to be wholly revoked after inclusion in the bill. It is in this situation, that the levies and rates in the Finance Act have to be reviewed and relief afforded, where necessary by invoking the special provision mentioned. We have, therefore, recommended procedural changes and assembly of necessary material which we trust would largely reduce the need to use this unusual power in future.

11. A "Declaration" under the Provisional Collection of Taxes Act, 1931, is included in the Finance Bill. This makes the changes made in existing rates of duties and the levy of proposed new duties immediately effective on the introduction of the Bill. As already stated, the effective rates are later determined by notifications. When this happens, claims arise for refund of collections made at the higher rate provided in the Bill. This adds to administrative difficulties. Its impact is otherwise also far-reaching. As soon as a new levy or an enhanced rate is announced, the market prices of articles affected immediately rise. They do not come down correspondingly when the rates are subsequently reduced. This has an unsettling effect on the market and generally raises the prices of taxed articles above what they should be.

12. The administrative difficulties of determining the refund due on revision of rates, are further aggravated by the provision that in the case of a new levy, goods manufactured before the date of levy are exempt; only goods manufactured thereafter attract the duty. Similarly, when the rates of duty already in force are adjusted, the new rates sometimes apply to production after the change; production before the date of revision continues to be liable to the earlier rate of duty. This necessitates a simultaneous check of all exempted or preferred stocks by excise staff, a task formidable in itself. But it also inflates the profits of the manufacturers whenever the rates are adjusted downwards, as is usually the case.

13. We were also informed by the Central Board of Revenue that the Budget estimates are based not on the rates shown in the Finance Bill but on effective rates contemplated to be introduced by notification.

As there is a time-lag of nearly two months between the introduction of the Bill and its passage, it should be possible to complete, within this period, investigations which could not have been undertaken earlier for reasons of secrecy, and seek parliamentary approval finally to the effective rates to be imposed. It may, however, be urged that this procedure if adopted will deprive Government of the right of increasing the rates over the effective rates and within the ceiling should conditions so justify in individual cases.

14. The position stated above holds just now. But in the Finance Bill, 1963, Government have sought the authority of Parliament to revise the rates upwards also upto 10%. In other words, Government are likely to have the right to vary the rates up and down, though subject to a ceiling on upward revision and without any such limit for downward revision. In other words, the power now asked for is somewhat on the lines of the United Kingdom procedure.

15. We consider that in view of the new development and the suggestions we make elsewhere, it should be possible to adopt the provisions of the U.K. Act, namely, that the variations should be largely applied to the whole range of taxed goods and not to classes of goods or individual commodities, and *ex post facto* parliamentary approval should be obtained to changes made by the executive.

16. In making this suggestion, we have been impressed by the analysis of the procedure in the United Kingdom given by Sir James Crombie, Chairman of the Board of Customs and Excise, and have felt that its adoption would make the exercise of power sought in the Finance Bill, 1963, unexceptionable. He sums up the operation of the measure in the following words:

“The annual budget remains the time of stock-taking and decision and there is nothing in the regulator to disturb its primacy or to weaken the necessity to review the whole of revenue—direct as well as indirect—and expenditure when April comes. It is possible that a surcharge or rebate being in force might be continued beyond the budget, but it is not envisaged as a permanent corrective of the balance of the economy. The implication must be that the regulator shall be used between budgets to maintain an even keel and, in any case, the full scale budget review and Finance Bill debate cannot be sidetracked.”*

17. Similarly, he deals with the objections and meets them with the following argument:—

“Perhaps the objection which raises the most serious issue is the contention that power is being taken from the House of Commons where it belongs and is being given to the Executive. To this it is perhaps no answer to say that there is already power by Treasury Order to vary Purchase Tax by moving goods from one taxed category to another but not allowing any increase in the

* Her Majesty's Customs & Excise: Crombie: Allen & Unwin : pages 195-196.

maximum rate or any other new rates except those reached by reductions ; especially since this power has been generally restricted to the correction of anomalies of classification for which it was designed. More to the point are the important built-in safeguards ; the power to make surcharge or rebate orders has to be renewed from year to year by Finance Act ; the orders themselves are subject to affirmative Resolution of the House ; and the substantive rate of duty and tax which can be no more than marginally affected by the regulator, remain as before under the direct control of the House of Commons.”*

Inoperative provisions

18. Although no duty has been levied on salt for over 15 years, two chapters of the Act and a chapter of the Rules are devoted wholly to salt. Unless it is intended to revive the salt duty, these provisions have no longer any meaning or significance. Even if the salt duty were to be reimposed, the provisions in the Act would require extensive modification and so there is little purpose in retaining them. These should now be deleted and consequential changes effected elsewhere in the Act where references have been made to the salt duty.

Anomalies in the Act

19. The Act prescribes that a licence should cover “manufacture” of excisable goods. Both “manufacture” and “manufacturer” are defined in the Act. But the definitions do not strictly cover all manufacturers nor those which are now being taxed. For example, oxygen, produced as a bye-product in the hydrogen plant of a vegetable product manufacturer, is a manufacture by him. But the independent agent who compresses and markets the oxygen is now licensed instead as “manufacturer” to bring him within the purview of duty.

20. “Manufacturer” by definition is the producer of excisable goods ‘if these goods are intended for sale’. There is, however, no mention of ‘sale’ in the substantive provision empowering imposition of a levy in Section 3. For example, manufacturers of excisable goods like paper, rayon, soap, vegetable product, etc., produce excisable materials like caustic soda, chlorine, sulphuric acid and vegetable non-essential oils for their own consumption. They are not ‘manufacturers’ of the intermediate products as defined in the Act, as these are not intended for sale. But these are subjected to duty as indeed is the clear intention of Section 3 by resorting to the provision for licensing manufacturers. There is thus an apparent conflict between two statutory provisions which needs to be resolved.

21. Similarly, in a coke-oven plant, the gases are passed through a sulphuric acid bath where ammonium sulphate in crystalline form is precipitated and this is subsequently marketed. Neither coke-oven gas nor ammonium sulphate is subject to duty. But the owner is licensed as a manufacturer of ammonia which is an excisable item. The owner

*Her Majesty’s Customs and Excise Crombie : Allen & Unwin: Pages 195-196.

of the plant does not produce ammonia as such at any stage of his operations nor is he a manufacturer as defined in the Act, as he does not sell ammonia or coke-oven gas with ammonia content. In view of a recent Supreme Court ruling, it is doubtful if this levy is tenable under the ambiguous provisions of the Act.

22. Another striking example is provided by the levy on film processing laboratories. These are licensed as "manufacturers" of exposed cinematograph film, which is an excisable article, even though the laboratories do not expose, own, distribute or sell the films; they merely process the film. It is again by resorting to the provision for licensing that this levy has been sustained. But, nevertheless, it has been imposed on an urgency which is not even remotely connected with either ownership or production.

23. Obviously, in the instances given, goods produced, whether for sale or not, whether they are intermediate products or not, should logically be subjected to levy, but the lacunae in the Act and Rules have led to the adoption of expedients, some questionable, to protect the Department and to make the levy feasible. We feel that these anomalies, which give rise to complaints and provide scope for possible litigation, should be removed by a suitable amendment to make the intention of the Act unequivocal.

24. We now deal with several problems of assessment which have arisen as a result of enlargement of excise coverage, the inclusion of intermediate and semi-finished goods and the provision for levy of duty *ad valorem*.

25. Under the present scheme, Parliament has delegated to Government the power to fix tariff values for goods assessable *ad valorem*. It has been represented to us that, by doing so, Parliament has divested itself unwittingly of its financial authority, and has not provided any mechanism for keeping itself informed of the results of the exercise of such delegated powers. The determination of tariff values is fraught with difficulties, more particularly where large and small scale producers are involved in the same industry. An average rate would hit the small producer and give a larger margin of profit to the bigger producers. A tariff value economical to small scale producers, would only inflate the profit of the large producers and give them the opportunity to lower their prices and squeeze out the smaller units. This influences us to suggest that tariff values should be determined with great circumspection. In any case it seems to us that the Act itself requires amendment since Section 4 thereof which prescribes the method of valuation to be adopted in determining *ad valorem* duties is unfortunately placed immediately after Section 3(2) which authorises Government to determine tariff values. Following the example provided by the recent Customs Act it should be made clear that the provisions of Section 4 are not to over-ride or to affect the exercise of Government's powers under Section 3(2).

26. Another drawback of *ad valorem* levies brought to our notice is that this may well impose unintended burden on certain manufacturers. An example is provided by electrical insulators, switchgear etc., made with porcelain components. While porcelain is subject to duty, the insulators, switchgear, etc., are not. The problem is how to assess the porcelain components for the levy of duty. By themselves, they have no intrinsic worth and the determination of value is difficult. On the other hand, if the value of the completed product were to be assessed, it would, as it does, place a heavy burden on the manufactured article. *A modus vivendi* has to be found by which the duty on one or more excisable ingredients which have no intrinsic value of their own can be levied on the finished goods, readily and equitably.

27. The rules rightly deal with matters of procedural importance as procedures have necessarily to be modified and adapted to suit particular commodity levies. But as the procedural questions are not properly co-ordinated, many of the provisions become conflicting and even contradictory. The procedural changes are, more often than not, dictated by frequent variations in rates made on considerations other than those of revenue. While we readily concede that so long as excise levies are used to subserve the requirements of development, there has to be a measure of flexibility in rates, but this need has to be assessed carefully not in relation to individual commodities but co-ordinated for a range of commodities to avoid contradictions.

28. Chambers of Commerce and other business interests have rightly represented that frequent changes in rates by notification have an unsettling effect both on industry and administration. These changes, with many exceptions and reservations, are difficult to interpret and more difficult to apply. As a result, the industry and the assessing authorities are not in a position to be sure of their ground. The problem has been aggravated as the responsibility for classification and assessment has of necessity been entrusted to officers of comparatively junior status. Administering different levies with different procedures, schedules, exemptions, etc., not unnaturally, they get confused and wrong assessments become more frequent than they need be. The officers are naturally anxious that there should be no under-assessment and they apply the rules, even incorrectly, with that purpose in view. This often creates discord and disharmony with industries and makes the operation of excise laws unnecessarily complicated and sometimes oppressive.

29. We have come to the conclusion that the need for changes in the operative rates arises as there is not initially enough information on production and marketing patterns of taxed goods, and an appreciation of the problems the levies would create. No other reason can explain away the spate of notifications which are issued immediately the rates have been announced in the Finance Bill. Pressures develop, representations become persistent and revision of earlier notifications have perforce to be made from time to time. There should, however, be some finality in taxation measures.

30. We have also noticed that even in regard to established excises, *ad hoc* adjustments and selective changes in rates are being constantly made. Though these are sought to be explained as being due to changes in economic conditions and policies, we have not been convinced of their necessity, in any event at such frequent intervals. We have dealt elsewhere with the need for proper analysis of the manufacturing and marketing pattern of all commodities whether excised or not, as a pre-requisite of taxation. We content ourselves at this stage by suggesting that full and complete research should precede the framing of any taxation measures and, further, that the operation of the older excises should be kept under careful and constant review. These steps should limit the numbers of, if not indeed eliminate, the present haphazard notifications.

31. Another question of importance is that the rules made and the notifications issued by the Central Government have the force of law and take effect as soon as they are published in the official Gazette. But the rules are required to be laid before Parliament and if Parliament makes any changes in them they are to have effect in the form finally approved. Though Parliament has not so far made any changes, difficulties would arise if it were to do so.

32. There are a few other points of some consequence, which we briefly schedule.

(i) Where excisable goods involved in criminal, civil or revenue cases are released or auctioned under orders of a Court of Law, there is no provision for the excise authorities being informed and there is thus the risk of excise duty on these goods being lost. Suitable provisions should be incorporated in the law.

(ii) The Act allows Government to apply, by notification, provisions of the Sea Customs Act, where suitable, to excise levies also. We feel that the statute should be made self-contained; it should not rely on provisions of other statutes which are themselves being revised as being outmoded and obsolete.

(iii) The Act provides for punishment if the fundamental provisions of the Act are infringed. These include default in obtaining a licence. This offence is fairly common and recourse to law courts to punish small operators scattered throughout the country is difficult, if not impractical. It seems, therefore, that this offence should be brought under the ambit of departmental adjudication as is the case with some other more important requirements of the law.

(iv) A limit of Rs. 2,000 has been laid down on penalties for infringement of the excise law. This ceiling was adopted when money values were much higher, and the revenue stakes were much lower. It seems, therefore, that the ceiling should be raised as in the case of customs offences upto 3 times the value of goods involved. It is not our intention, however, to suggest that even technical, minor or unintentional offences should be dealt with any more seriously than now. What

we recommend is that the gravity of the offence should determine the punishment, but that the monetary ceiling on penalties should be increased.

(v) The Act empowers senior Central Excise officers to summon persons to give evidence or to produce documents, etc., in enquiries, but does not empower them to take any action if the summons are ignored, thus defeating the purpose of this provision. To be effective, it is obviously necessary to authorise them to impose penalties and to impound documents called for. We would leave it to the Chief Revenue Authority to determine which category of officers should be authorised to exercise these powers.

(vi) While the law provides for any person arrested for offences to be forthwith produced before a Magistrate and this is an essential safeguard against abuse of the power of arrest, there is no provision requiring the officer who makes a seizure of excisable goods or conveyances to give the owner the reasons therefor. We recommend that provision should be made by law for an officer seizing or detaining any goods to give the owner in writing on demand the reasons for his action.

(vii) Where a palpably wrong order has been passed by a Central Excise officer in exercise of his powers of adjudging confiscation and imposition of penalties, the only remedy left to the taxpayer is to appeal against the decision. But this is a time-consuming process. There is no provision for a review of the order by a higher officer on his own, even when the error is noticed by him. We consider that a provision should now be made to enable such errors to be rectified without a formal appeal such as is possible under the Income-tax Act. Similarly, any officer senior to the adjudicating officer should have the right of review as a matter of course and the authority to revise the initial order but only after giving the assessee the opportunity of a hearing. Under the existing provisions, under-assessments, insufficient penalties etc., are, even when noticed, allowed to stand, as the higher departmental officers have no inherent powers of revision.

33. Our review of the Excise Law would not be complete without a reference to a matter of comparatively minor importance. Following the pattern in the Customs Tariff, commodities subjected to excise duty have been grouped together under nine separate heads. Such dissimilar commodities as cinematograph films, footwear and matches, silk and steel, pigments, paints and varnishes, cosmetics, tyres, medicines and dyes, have all been placed in the same groups. This irrational arrangement has no particular virtue as the revenue collected under each tariff item has to be separately booked and accounted for in the Excise Department. We suggest, therefore, that this grouping arrangement should now be discontinued and the Schedule to the Act amended accordingly.

The Rules

34. No assessment of the adequacy or otherwise of the Central Excises and Salt Act in terms of present day conditions would be complete without a reference to the Central Excise Rules as they

impinge directly on the field of the legislation. Apart from our recommendation for separation of substantive from procedural law, other steps for rationalising and simplifying the rules are also necessary. We proceed to give a few typical instances.

35. Duty is payable at the time of removal of the goods from the place of production or manufacture unless they are being moved to a store-room or a bonded warehouse. But the provisions applicable to storage of goods in a store-room and in a warehouse are curiously divergent and also repetitive.

36. Warehousing provisions can be extended to any excisable goods by notification and bonds have to be executed for the warehouses. Although manufacturers also have to execute bonds, the word 'bonded' for manufacturers' store-room is current by common usage only; the law itself does not provide for bonded store-rooms as it does in the case of warehouses.

37. The basic purpose of the rules relating to a manufacturer's store-room and an owner's private bonded warehouse is the same *i.e.*, to regulate storage in bond, but a dichotomy in conception leads to repetitive provisions of which the following are instances:—

- (i) One rule restricts storage in a store-room of goods made in other factories and another when stored in a warehouse.
- (ii) The store-room has to be declared by the manufacturer and approved by the Collector under one rule and a public bonded warehouse 'appointed' or a private bonded warehouse 'licensed' under another.
- (iii) A manufacturer maintains an entry book of goods received in, and removed from, the store-room under one rule and the keeper or owner of the warehouse under another.
- (iv) A manufacturer has to execute a bond to account for goods stored in the store-room; so has a warehouse owner/keeper, but by a separate rule.
- (v) Remission of duty is permissible on goods lost or destroyed both in store-rooms and in warehouses but under separate rules.
- (vi) Duty can be recovered on goods not accounted for in a warehouse under one rule and in a store-room under another.
- (vii) Although the basic procedure for clearance is the same for goods from store-rooms and warehouses, separate rules are framed for the purpose.

38. If warehousing provisions are extended to manufactured excisable goods, the factory store-rooms are deemed to be warehouses. Re-warehousing implies storage of goods produced elsewhere. But a conflict arises as the rule forbidding storage in store-rooms of goods made elsewhere is categorical.

39. Certain provisions relating to warehouses are, however, not common to store-rooms. Thus, while the rules provide for revocation of a warehouse licence, there can be no question of revocation of approval to a store-room unless the manufacturing licence itself is revoked, cancelled or surrendered. Rule 145 fixes a time limit for storage of warehoused goods but there is no such time limit for manufactured products deposited in a manufacturer's store-room. The question has also been raised whether the law empowers such a distinction being made by rule.

40. We consider that if rules relating to storage of goods pending delivery can be more conveniently arranged to include all the common provisions governing entry, storage, clearance, including inter-warehouse movements, and accounting, this would facilitate also implementation of our other recommendations for the grant of warehousing facilities to manufactured excisable goods in marketing centres.

41. The rules relating to compounded levies contain a good deal of repetition. Here also, provisions common to all schemes could be consolidated and only the distinctive features provided for by separate rules for each. Besides rationalising the rules, this will remove such unusual features of the statute book as serial numbers to rules taking the form, for example, of "96-MMMMM".

42. We have referred separately to a multiplicity of licences and bonds and of rules to regulate refunds on export and the resultant confusion. These should also be consolidated and streamlined. The procedural law in Chapter IX of the rules is in any case largely obsolete where the special procedure for export applies. Many existing rules need to be scrapped or recast.

43. Doubts have been cast on the legality of the rules relating to remission of duty. While rule 8 refers to the grant of exemptions, the heading and the phraseology in Chapter X of the rules speaks of "remission". Other remissions are also provided for by Rules, though the Act authorises exemptions and not remissions of duty. The beneficiaries may not, for obvious reasons, challenge the legality of remissions, but we consider that the law should be made more specific on this issue, particularly because this dichotomy of remissions and exemptions has led to a multiplicity of delegations of power which go down to as low a level as Inspectors. There is need for a more rational, simpler and uniform delegation to subordinate officers.

44. Resort to Rule 10A, the origin of which is in the extraordinary situation created by Section 7(2) of the Finance Act of 1951, has been uniformly criticised before us. We are informed that this Rule was designed for the specific purpose of validating recoveries which became due under that provision. But it has remained on the statute book and has also been used as an instrument of day-to-day administration of excise levies and has been invoked frequently even where recovery of short levies was found barred by the normal limitation. While not

going so far as to suggest that Rule 10A should be scrapped, since, because of time taken in obtaining interpretations, cases of non-levy may arise with rapid expansion of excise coverage, we consider it to be manifestly unfair that even when goods have been cleared by assessing officers as being duty-free, there should remain the possibility of a demand being subsequently raised at any time. We consider that a period of limitation should be incorporated in this provision also. This will make the administration more vigilant besides restoring confidence among assessees.

45. Although special rules for sugar returned to the factory for reprocessing may have been appropriate at a time when no other similar duties were levied, returns for reprocessing of soap, vegetable product, batteries, paints, etc. now present similar features to those of sugar. In revising the procedural rules, these should be adequately provided for.

46. Rule 233 authorising the Central Board of Revenue and Collectors to issue instructions supplemental to the rules, fits in with our view to separate the procedural from the substantive law. While violation of rules is punishable, violation of instructions issued is not. This is a lacuna which should be removed.

Publication of the Central Excise Tariff and Manuals

47. A major complaint before us has been the absence of an up-to-date compendium of the basic and procedural law or the operative and concessional rates of duty and the conditions applicable to them. The complaint is justified as the latest issue of the Central Excise Manual is the Sixth Edition corrected upto 31st December, 1960 but printed early in 1962 and available from August, 1962.

48. With the rapid expansion of excise coverage, notifications fixing or revising rates of duty and changing different aspects of excise administration issue in quick succession. They are published in the Gazette, reproduced in the Indian Trade Journal, and also supplied to Chambers of Commerce. The Indian Customs Tariff published by the Director General, Commercial Intelligence and Statistics, also contains the Central Excise Tariff and effective rates of duty, concessions and remissions. The rates in its latest (Fifty-second) issue as on 30th June, 1962, are only less obsolete than those in the Central Excise Manual.

49. In Central Excise, unlike in Customs, goods are examined, assessed and passed daily at thousands of places in warehouses and at factories far away from organised and established offices by Inspectors and Sub-Inspectors who are also often peripatetic. If they are doubtful as to the rate applicable in a particular case, delay in the movement of goods is inevitable. In consideration of these difficulties it was decided to publish separately the Central Excise Tariff and operative rates of duty periodically. However, the volume now available is stated to be corrected upto the 12th May, 1961; it was printed in February, 1961 and distributed in June-July, 1962!

50. Considering its size and the range, variety and conditions attaching to operative rates, we recommend that a revised edition of the Central Excise Tariff should be published each half-year as on 1st May and 1st December; the first to embody the rate structure in force immediately after the passing of the annual Finance Act, and, the second, all seasonal and mid-year adjustments. It is essential that its publication and distribution is prompt; otherwise the effort will be wasted.

51. The bulk of procedural instructions are in Manuals which are for departmental use only and not for publication. Examples of procedures for observance by manufacturers/stockists/exporters, etc. which do not appear in any publications available to them are—

- (a) the special procedure for refund on exports through specified ports;
 - (b) the procedure for claiming combined Customs and Excise duty drawbacks;
 - (c) the procedure for requisitioning over-time attendance and the rates of overtime fee;
 - (d) the procedures to regulate the drawing of samples;
- and so on. Few of these are formally notified as Supplemental Instructions or published in the Gazette.

52. Notifications, corrections to existing Manuals and new procedures are intimated to Collectors who then notify subordinate officers and affected sections of trade and industry. There is no uniformity in nomenclature, procedures or in regard to the extent of circulation, and delays are common.

53. The Estimates Committee had recommended the issue of monthly or quarterly Bulletins of rules, regulations, notifications, interpretations and instructions for public use and their annual consolidation into revised editions of the Central Excise Manual. A similar need has been expressed at the meetings of the Customs and Central Excise Advisory Council at the Centre. We consider this to be a legitimate demand of the taxpayer; it is equally a necessity for the excise officer.

54. We understand that the general procedure relating to this matter is very similar in the Customs and Excise administration in the United Kingdom. There, the Commissioners of Customs and Excise, as the counterpart of the Central Board of Revenue in India, issue loose leaf, printed and serially numbered General Orders. Instructions for the public are issued as serially numbered and printed Customs and Excise Notices, but printing and distribution progresses very much faster. In keeping with our recommendations, we consider that if supplemental procedural instructions are issued as printed sheets in a standard format, both departmental officers and the public will be able more readily to build up classified collections. Master copies could be maintained, edited, and issued as reprints of Manuals every two years or so. But whatever the method, quick printing and dissemination of literature must be ensured.

CHAPTER III.—PROCEDURE FOR LEVY AND COLLECTION OF DUTY

Basis of Assessment

The choice between specific and *ad valorem* rates of duty is a difficult one. Generally speaking, specific duties have been introduced for commodities in which classifications and sub-classifications are not numerous, and *ad valorem* duties where values differ widely for classes of the same article. But there are many exceptions. There is, for example, considerable variation in the price of the same varieties of tobacco, cotton textiles, etc. but the duties on these are all specific. Conversely, there is little to differentiate values of one type of cellophane from another but the rate of duty is *ad valorem*. The rationale of these deviations is difficult to appreciate.

2. Besides this, some specific duty rates are combined with *ad valorem* rates and, in the cases of a few others, the prescribed rates are both specific and *ad valorem* but the effective rate is whichever yields more.

Specific Rates of Duty

3. Although specific duties are inelastic and are unaffected by price variations, their administration is comparatively simpler. As the levy is not indeterminate, it is favoured by the department and the producers alike. Whenever an industry lends itself to the introduction of a specific duty, it should be preferred to *ad valorem* duty. When, however, there are large, medium and small producing units within an industry, with widely divergent costs of production and selling prices, specific rates of duty lead to difficulties. It is not possible, therefore, to be dogmatic about the levy. Each case has to be considered on merits.

Ad Valorem Rate of Duty

4. It has been urged before us that the administration of *ad valorem* excise rates presents great difficulties and complications in prevailing conditions. The assessment machinery has to be decentralised and officers of the grade of Inspector and Sub-Inspector are used as primary assessing officers. The position is different in the levy of Customs duties. All imported goods are cleared through a relatively small number of Custom Houses; the personnel responsible for classification and assessment is housed together and there is facility for check and counter-check of documents, for making market enquiries, and for consultation with experts and experienced revenue officers. This concentration of staff also enables Government to employ assessing officers of a much higher grade than would be otherwise possible.

5. The concept, the phraseology and the interpretation of the valuation provisions of the Central Excises & Salt Act have alike been criticised before us on several counts. The law is criticised as being irrational as it blindly introduced the older principles of valuation for

determination of customs duty, principles which are impracticable for excise levies, as the valuation for purposes of duty ignores the fact that the value of the same article changes in successive transactions. The law allowing an abatement for trade discount introduces a further complication.

6. Excise duties being taxes on goods and payable by the producer, the value for assessment should be value *qua manufacture* or *qua production* and not at any subsequent stages such as their sale price. It has, however, been pointed out to us that large manufacturers are more and more taking a direct interest in the sale of their goods so that it is becoming increasingly difficult in the case of certain types of goods to distinguish exactly between what are production expenses on the one hand and what are selling expenses on the other. Inclusion in the assessable value of such charges as an equalised freight element, liability for which arises subsequent to clearance of goods from the place of production or manufacture, tends to make the Central Excise levy a tax on sale. We have referred to the constitutional aspects of the law of valuation earlier.

7. The procedure for allowing quantity discounts was termed anomalous by a number of witnesses. While quantity discounts are allowed for deliveries ex-factory, they are not allowed on deliveries which a manufacturer may make from his regional depots. There is also the complaint that while sales to distant markets are often made at heavier discounts in order to meet competition, the higher values charged in nearer, non-competitive markets are taken as the basis for assessment. This is so even when the bulk of sales are in distant markets.

8. Valuation on the basis of the value of goods of "like kind and quality" in a developing economy where little uniformity in quality or price obtains has been termed irrational. It is complained also that as the law requires assessment to be based not on the price at which goods are sold but on the value of goods of like kind and quality at the time of clearance, complications arise when a manufacturer decides to lower his prices. The excise officer continues to assess on market value though the price level takes time to adjust itself. In such a situation, the manufacturer is penalised and the lower prices also do not accrue to the consumers. Also many durable goods are not necessarily sold in the same way as consumer goods like toiletries, foodstuffs, textiles, etc. in conventional wholesale lots for re-sale or retail; their valuation for assessment purposes is thus rendered difficult.

9. Assessment on the basis of sole distributors' prices, it is complained, leads to hardship as manufacturers are assessed on prices charged by the distributors over which they may have no control.

10. Furthermore, the law does not provide a procedure for valuation for purposes of assessment where only some components of a finished article and not the finished article itself are subject to levy; components which taken by themselves are practically valueless. Nor does it enable the value to be determined of a new article which enters the market for the first time, and of goods not actually sold. Even a

theoretical basis does not exist for the determination of assessable value of samples of a new product which the manufacturer introduces and delivers free of charge to test the market. In any case, there is frequently a long interval between the introduction of new products on a sample basis and the fixation of their sale prices.

11. Where intermediates or raw materials taxed *ad valorem* are produced and consumed by a manufacturer himself to manufacture the finished article he markets, it is impossible, it is urged, to determine the wholesale price. There is no sale of the ingredients as such nor have they often a determinable price. One manufacturer complained to us that he makes glass tubes which he himself uses in the manufacture of fluorescent lighting tubes; there being no manufacturer of tubes as such of like kind and quality, assessments are based on a value deduced from his manufacturing cost accounts, although this is not strictly within the law relating to valuation. There are similar instances in other goods.

12. Where a manufacturer markets his product at a uniform price all over India, the selling price includes average freight and packing charges, and specially for goods of the engineering industry, also an element for after-sales service, replacement warranty, etc. No deductions are, however, allowed for these charges, though had they been separately incurred, they would have been excluded for determination of assessable value. It is complained that this places such manufacturer at a disadvantage, as the assessments are in effect based on consumer prices. This is particularly true when goods are marketed through manufacturer's own regional sales depots or through sole distributors and selling agents. On an appeal by a large manufacturer who himself sells his products both wholesale and retail, the Central Board of Revenue allowed abatements to be made for expenses attributable to his sales organisation, including salaries of personnel, travelling expenses of inspection staff, advertising expenses, insurance and interest on value of stocks, and octroi and sales taxes. This, however, was in an isolated case and no general directions were issued.

13. While we do not wish to comment on the legal and constitutional issues raised before us, we feel that these issues nevertheless require examination, more particularly as the law of valuation in the Sea Customs Act, 1878, which was adopted for the corresponding provisions and procedures for assessment of excisable goods has itself recently been revised.

14. Government itself realises the difficulty of administering *ad valorem* levies. Instances of substitution of *ad valorem* duties by specific rates through legislation are not rare. Certain expedients have also been adopted to make their application feasible. Examples of the former are cotton fabrics, paper and paint. The *ad valorem* duties on cotton fabrics levied in 1949, when there was statutory price control, were changed to specific rates when price controls were lifted. *Ad valorem* rates proposed in the Finance Bill, 1955 for paper and paints were replaced by specific rates even before the Bill was passed into law.

15. The outstanding example of the latter is the levy on cigars, cigarettes, etc. Specific rates for specified value slabs were introduced for cigarettes, cigars and cheroots but, even under this method value, less trade discounts and the duty, has to be calculated to arrive at the slab rate applicable. This determination leads to complications of an altogether different nature. An example is cigarettes of which the wholesale ex-factory price is Rs. 60.00. The assessable value, after the deduction of the duty element of Rs. 25.30 would be Rs. 34.70. But this value attracts the duty applicable to the lower slab, the rate for which is Rs. 12.95. If this amount of Rs. 12.95 were deducted from the ex-factory price of Rs. 60.00, the assessable value would be Rs. 47.05, chargeable at Rs. 25.30! Immediately the question arises what is the correct duty to be charged? No answer has yet been found though a similar arrangement has been introduced in the case of wireless receiving sets. Though this pattern was introduced to obviate the necessity for determination of value, it has created a problem perhaps more complex. It is advisable, therefore, that provision should be made in law that in such cases, the higher rate will prevail.

16. Amongst other procedural expedients is one for the valuation of patent or proprietary medicines and of plastics. At the manufacturer's option, goods can be assessed after fixed deductions from published wholesale or retail prices.

17. For some other goods, specific and *ad valorem* rates are both prescribed as alternatives, the rate actually applicable being the one that yields the higher revenue. Obviously, in such cases, determination of specific duty is not impractical. That being so, the provision of an alternative is unnecessary.

18. For some goods like steel products which are dutiable *ad valorem*, alternative specific rates have been introduced by exemption notifications. Here again, straightforward specific duties can be introduced.

19. And finally, for some other goods chargeable *ad valorem*, tariff values have been notified. Tariff values are initially fixed on weighted averages of prices. Fluctuations are watched and tariff values revised from time to time.

20. The generally relatively higher costs of production of the small scale manufacturer result in a higher incidence of tax on his goods as compared with the goods produced by the organised sector whenever such goods are dutiable at specific rates or *ad valorem* if assessment is based on tariff values because, under either scheme of levy, the rate of tax prescribed must in effect be based on a mean value. At the same time, it cannot be denied that even when *ad valorem* levies are based on actual values the small scale producer with his higher production costs has in any case to bear a higher quantum of tax unless he is compelled to sell his goods at a price below that of the manufacturer in the organised sector. Nevertheless, the bulk of evidence laid before

us urges the adoption of specific rates of duty as far as possible and there can be no doubt that, purely from the point of view of simplicity of administration, this is the system to be preferred.

21. Where specific duties cannot, for one reason or another, be imposed initially, we appreciate that there may be no alternative but to impose an *ad valorem* levy. We recommend that in the future, where specific rates of duty cannot be substituted within a reasonably short period, tariff values, which have many of the virtues of specific duties from the point of view of administration, should be fixed after a proper enquiry.

22. We are well aware that even after such rationalisation as we have just recommended there will remain various classes of goods which are best taxed *ad valorem* if the tariff itself is not to become unduly cumbersome. However, we are satisfied from the evidence which has been laid before us that the present system of levying *ad valorem* duties does not produce equitable results as between different categories of manufacturers and as between manufacturers of identical articles in the same category.

23. It has been suggested that the concept of assessable value for goods chargeable *ad valorem* should be not the wholesale price at which goods are, or can be, sold, as at present, but the cost of production plus fixed margins. As places of production are known and producers' costs can be verified, it is urged that such a definition of value for assessment would be an improvement over the present.

24. At first sight, the idea seems attractive; but we consider that this may merely alter the form of present difficulties. While the overall cost of the total turnover of a manufacturer could be ascertained, difficulty will arise where different goods produced in the same undertaking are liable at different rates, or where some goods manufactured are excisable and others are not.

25. Another suggestion is the adoption more widely of assessments on the basis of list prices less fixed deductions as for patent or proprietary medicines and plastics. But this procedure can apply only to goods with regularly published list prices and marketed through comparable selling patterns. Industry points out that practical difficulties arise now because manufacturers' selling arrangements and scales of discounts differ widely and that not all industries have published price lists. There is an inherent revenue danger even where they do exist. Besides this, discounts are changed at will and if a flat deduction is applied to variables, the results will also be variable. We agree that this expedient is necessarily of limited scope.

26. Keeping in view the working difficulties and the criticism of the present concept of assessable value, we consider that value for assessment should correspond to the ex-factory price, less excise duty. But transactions where the buyer and seller have no special relationship and the ex-factory price is clearly recognisable as the sole consideration should be distinguished from those where there exists some special

relationship or arrangement between the producer and the purchaser, or where the price includes post-delivery charges such as equalised freight for F.O.R. destination rates or where post-delivery freight, insurance, etc., charges cannot be isolated.

27. Industries concentrate regionally due to availability of power, raw materials, etc. or they may be sited, particularly in the case of newer industries established in recent years, having regard to considerations of planned development. As markets are spread throughout the country, it would be irrational to circumscribe the determination of assessable value by relating it in every case to a market at the place of manufacture or nearest to it.

28. In the case of goods which leave the factory on a sale at arm's length we consider that *ad valorem* duties should be levied on the basis of the invoice value as reduced by the duty element, freight (either as charged in the invoice or determined by agreement to represent an average amount included in the price) and such other charges as can be definitely determined as being incurred by the manufacturer in respect of the goods after they have left the factory on sale. We have already referred to the difficulties of determining the duty element in the price where different rates apply and we have suggested a means of dealing with these. In other words, we are recommending a departure from the present concept of whole-sale value in the nearest market on the date of clearance and substituting the manufacturer's selling price (which is a definite figure) as reduced by certain costs, all of which will be definitely ascertainable from the manufacturer's own records, thus it is hoped, eliminating causes for present dissatisfaction.

29. For transactions involving special arrangements between producer and buyer, we recommend that the law should authorise excise officers to determine a fair assessable value under definite rules framed for the purpose. Broadly speaking, the rules should specify that the charges for normal packaging and for making goods ready for delivery should be included in the assessable value but duty and all post-clearance elements such as an equalised freight charge included in F.O.R. destination prices, charges on account of installation and after-sales service, transit and stock insurance to and in depots and godowns outside the factory, and discounts allowed on first real sales or, as the case may be, cost of maintenance of sales depots and advertising, should be excluded. Inclusion and exclusion of these elements should be uniform for all classes of manufacturers so that on the one hand those who are now adopting advanced techniques of sales promotion like equalised freight charges or are selling goods with an after-sales service warranty are not penalised and, on the other hand, equality of treatment is accorded to all manufacturers with similar selling arrangements.

30. We are conscious that even with these refinements, assessment of goods *ad valorem* will retain certain imperfections; but it must be recognised that to the best of our knowledge nowhere in the world has it been possible to achieve anything like even a recognisable state of perfection in the administration of *ad valorem* duties.

Payment of Duty

31. Among the several suggestions for simplification and improvement in the technique for payment of duty, we would like first to deal with suggestions for post-clearance payment. These envisage reversion to the pre-1943 system of payment of duty on a month's deliveries based on accounts and returns of production and despatches, or a variation whereby the manufacturer may furnish a guarantee to cover the revenue involved.

32. We have carefully considered the implications of the suggestion. The reasons which we have earlier discussed which led to the change-over from post-payment to pre-payment of duty hold good even now, perhaps with greater force in view of the sums involved. We, therefore, do not recommend a reversion to the system of payment in arrear; but we consider that the present procedures for payment should be simplified.

33. We refer briefly to the forms in use. Assessments and payments are at present made on six different forms, of which three are for compounded levies, one for miscellaneous duty demands, one for goods physically assessed at factories/warehouses and one for assessment at curers' premises. As a first step towards simplification we recommend that these six forms should be reduced to three basic documents, namely—

- (a) for compounded levies ;
- (b) for goods physically examined and assessed ;
- (c) for all other assessments, such as short levy, etc.

34. A common complaint is that the procedure of tendering duties at treasuries is cumbersome and practical difficulties are multiplied as separate accounts current are required to be maintained for each excisable commodity, even when produced by the same manufacturer in the same factory. Petroleum refineries, for instance, have to maintain separate accounts current for each of the half dozen or more excisable products they obtain from the same process. Toiletries manufacturers have to maintain separate accounts current each for soap, vegetable product, vegetable non-essential oil, glycerine and cosmetics; steel plants for pig iron, steel ingots, iron and steel products, ammonia, motor spirit (benzol), sulphuric acid, etc. If the balance in any account falls short of the duty payable, delivery of the goods concerned is suspended, even though there is a credit balance in the other accounts. This restriction is not only irksome and defeats the very purpose of the scheme, but manufacturers complain also that this results in the locking up of additional working capital unnecessarily.

35. We understand that the main reason which comes in the way of having a single account current for a manufacturer is that treasuries have to compile statements of revenue receipts commodity-wise. A separate treasury account head for each excisable article is prescribed

to enable the Comptroller and Auditor General to certify the net proceeds of revenue from each duty divisible between the Union and the states in accordance with the recommendations of the Finance Commission.

36. We do not consider, however, that this is an insurmountable difficulty. Even if a single account current is maintained, the voucher itself should clearly indicate the revenue account head to be credited.

37. We recommend that Departmental treasuries should be set up where there is concentration of excise work as this would expedite on the one hand the handling of receipts and payments and facilitate, on the other, the reconciliation of accounts with those of the Accountant General. The experiment of continuing the Departmental Treasury has been successful in Bombay and should be extended elsewhere.

38. Somewhat to our surprise, we find that the facility for payment of duty by cheque, introduced after insistent demand, in May, 1961, has not been availed of to any appreciable extent. Upto the end of 1962, less than 100 manufacturers had requested permission to avail of it all over India.

39. Two main features of the scheme render it unattractive. One is the requirement that a bond with security or a bank guarantee for a sum equal to a week's duty payments should be furnished before payment by cheque is allowed. The second is that a cheque has to be issued for every single consignment delivered in the course of a day and a single cheque for the day's transactions is not acceptable despite the provision of a bond with security or a bank guarantee. We do not see why a single cheque cannot be accepted in such cases. We do not also see the need for a separate bond for each line of production. A single bond for a unit should be sufficient.

40. Another difficulty brought to our notice was that of Managing Agents of tea companies in Calcutta. Their practice has been to deposit money in individual factories' accounts current at Calcutta. For eleven years, their telegraphic advice of such deposits was accepted by excise officials at tea factories in Assam, Darjeeling, the Dooars and Cachar, and clearances were allowed pending arrival of the formal treasury chalan. The Facility was discontinued in 1961 as being irregular. There was no evidence of any loss of revenue ever having been sustained during the years when the procedure was in force. We cite this as an instance of procedures tending to become harsh unnecessarily.

41. Licence fees are payable in Central Excise revenue stamps sold through the post offices. It has been urged before us that licence fees should be accepted in cash as well as in revenue stamps and conversely that the use of stamps should also be permitted for payment of duty. Licence fees become payable only at comparatively long intervals and post offices are also more numerous than treasuries. We do not, therefore, recommend any change in the system of collection of licence fees by revenue stamps. Although for making petty duty remittances revenue stamps may mitigate the inconvenience and expenditure

involved in visiting treasuries, adoption of the proposal would add to the difficulties in compiling commodity-wise revenue figures and reconciliation of departmental figures with those of the post offices and Accountants General. For these reasons we cannot, therefore, endorse this suggestion. Small amounts can be remitted by special revenue money orders or paid in cash to Central Excise officers.

42. The need for postponing collection of duty to points nearer consumption through bonded storage of excisable goods in marketing centres has frequently been brought up before us. Examples of unmanufactured tobacco, coffee and motor spirit have been cited and it has been pointed out to us that the principle of bonded storage outside licensed premises has also been conceded for sugar, for which bonded storage outside the licensed factories has been allowed. The plea is for an extension of bonding facilities to major marketing centres.

43. Bonded warehouses for unmanufactured tobacco and coffee are necessary chiefly because their production is regionally concentrated where their consumption is relatively lower and the consuming centres are distant. Similar reasons necessitate bonded movement of petroleum products although, unlike tobacco and coffee, manufacturers themselves organise and control the storage and distribution.

44. We do appreciate the benefits to the economy arising from postponement of collection of excise duties to points nearer the point of consumption ; but we have also to consider the impact which an increase in the number of points of collection will have on the administration. While there need be no objection in principle to bonded storage of excisable goods in the main established marketing centres, we consider that this concession should be extended selectively and additional costs of collection should be recovered as fees for excise supervision at storage warehouses. As a guiding principle we would recommend extension of bonding facilities only to those products whose examination and assessment presents no serious problems of classification and whose production is regionally concentrated.

CHAPTER IV.—STRUCTURE OF CONTROL

We have already described the main features of the existing system of revenue control under the standard procedure and the compounded levy schemes. Despite complaints, we find that the system as such has not interfered with production. There is a good deal of dissatisfaction, however, over its detailed working and specially of checks over intake of raw material, production of finished goods, maintenance of accounts and the procedures for examination, assessment and clearance of goods. The complaint is also made that when these checks fall into arrears, it hinders production.

Licensing

2. Licences have to be obtained by manufacturers of excisable goods and for curing, broking, wholesale purchase or sale and manufacture of excisable tobacco products, and warehousing of non-duty paid goods. Licences are also prescribed for the use of excisable goods with duty concession in special industrial processes, *e.g.*, the use of vegetable product for soap making, of cotton fabrics for lining of printing rollers, etc. Each of these six types of licences are distinctively worded and each requires a separate application for issue or renewal. Within each type of licence, the licence fee payable is graded from nil for a small curer's licence to Rs. 100 for manufacturers whose liability for duty exceeds Rs. 25,000; in the case of vegetable non-essential oils this limit is Rs. 1,000.

3. As a result of the imposition of over two dozen rates of licence fees, departmental records have to be maintained classifying particulars of licences issued and renewed. Depending on the category of licences, issue and renewal can be effected by officers of the rank of Assistant Collectors down to the rank of Inspectors. Licences are issued for calendar years and applications for renewals have to be made before the end of November each year. Licence fees are payable in Central Excise revenue stamps stocked at post offices. For applications for renewal made after the due date, an additional fee equal to 25% of the normal licence fee or Re. 1, whichever is higher, becomes payable.

4. Appendix VIII shows the number of licences in force in 1962.

5. It has been urged before us that licences should be rationalised by abolishing the classification into categories and further that their issue and renewal should be simplified.

6. In many lines of production, the present rules necessitate several licences for conducting basically the same operation. Thus, a petroleum refinery has to obtain seven licences as petroleum products are divided into seven categories for levy of duty although all products result from the same continuous refining process. A cigarette manufacturer who buys bonded tobacco requires three licences, one for buying tobacco wholesale, one for storing it in bond and a third for manufacturing cigarettes.

A manufacturer of electric lamps who makes his own glass shells is required to take out separate licences as a manufacturer of glassware and a manufacturer of electric lamps. More than one licence is similarly needed for steel plants, for manufacturers of cotton fabrics, of soap, vegetable product and other commodities. We consider that it is sufficient if a single licence is issued to each unit to cover all its manufactures. Similarly, a single licence should be issued for buying and selling wholesale, whether the goods are duty paid or not.

7. Some witnesses have even suggested that the same licence should be valid for all factories under the same company or ownership in all parts of the country. One licence covering manufacturing and trading activities in more than one Collectorate may give rise to complications. We do not, therefore, endorse the suggestion.

8. We do not consider that there is any particular purpose in licensing brokers in tobacco and coffee who do not themselves stock or possess the goods. Commission agents handling and storing these products should, however, continue to be licensed and made liable for duty as warehouse owners.

9. While it is perhaps impracticable to have a single class of licensees without reference to the scope or magnitude of their activities, the present proliferation seems to lack justification. The sixteen categories into which Central Excise licences were initially classified have now been further extended to twenty-seven. The purpose of levying a licence fee is mainly to cover the cost of registration. But following the 1962 Budget changes, licence fees acquired the complexion of a revenue measure. The rationale of the rates imposed is also rather obscure. For instance, while the lowest fee for manufacturers of other goods is Rs. 5, the lowest licence fee for the totally exempted vegetable oil miller is Rs. 75.

10. Witnesses have represented that licence fees should not be made a source of revenue and that either they should be abolished, or should be made nominal. Licence fees are levied not only in India but in other countries also to cover at least a part of the cost of initial survey and approval of licensed premises and of registration and allied statistical documentation. We do not, therefore, consider that there is any case for abolition of licence fees. On the other hand, we consider that as the main purpose of licensing is to regulate an activity rather than the scale of that activity, licence fees should not be so disparate as they are now. We do not propose any change in the maximum rate but suggest that in combining several licences into one for manufacturers who produce different excisable articles in the same premises, the licence fee may be a multiple of a single manufacturing licence fee. The existing fee categories should also be telescoped into fewer.

11. Annual renewal of licences involves a great deal of work in the last few weeks every year. In view of the permanent or semi-permanent nature of manufacturing undertakings, we consider that the

period of validity of a licence should be extended. In the United Kingdom, annual renewal was recently replaced by triennial renewal of tobacco manufacturers' licences. We recommend, similarly, the introduction of triennial renewal of all manufacturing and the major warehousing licences on a compulsory basis.

12. This would accord with the representation made to the Committee. The work of renewal could also be staggered over the year instead of being concentrated in November and December annually.

13. Official witnesses have complained that as the penal fee for late renewals is low, and a great deal of indulgence is shown to smaller operators, there is widespread default in renewing licences. We recommend that the penal fee for failure to renew licences in time should be substantially enhanced.

14. While the power to issue licences now delegated to Inspectors is adequate, we consider that Superintendents may be made the licensing authority for all other licences. The powers of Inspectors may be enhanced to enable them to renew all except manufacturing licences, which may continue to be renewed by Superintendents. It follows that any change in the ownership of the business or premises licensed should be endorsed on the licence only with the approval of the licensing authority. All other procedural formalities now entailed in securing renewals, such as calling for layout plans of licensed premises even though no changes may have been made, should be dispensed with.

15. Rules regarding revocation and suspension of licences in India are much less stringent than in many other countries. We consider that in view of the general liberalisation of physical controls we have recommended, licensing provisions under the Central Excise Act and Rules should be made more stringent to act as a deterrent to misdemeanours of various sorts.

Bonds

16. The Rules prescribe 33 different types of bonds to be executed by manufacturers, owners and exporters of excisable goods. Besides this, several other forms of bonds have been prescribed by executive instructions. An example is the bond we have referred to in discussing the working of the cheque system for duty payments.

17. The Act does not specifically prescribe the execution of bonds; the authority for them is derived from the Central Excise Rules which also have statutory force. Except for manufacturer's bonds to account for all goods produced in his premises or to pay duty thereon which are required to be guaranteed by a security, all other bonds are permitted to be executed either with security or surety and may also be for individual transactions. Barring a few for which the surety prescribed is a bank guarantee, other sureties are mostly personal sureties.

18. The amount of a manufacturer's bond is fixed at the duty equivalent on a fortnight's average production of goods subject to a maximum of Rs. 50,000 with a security of Rs. 1,000. The amounts of bonds for warehouses are related to the floor area and not the amount

of duty on the goods which could be stored. The maximum amount is Rs. 7,000 for the first 10,000 sq. ft. plus Rs. 3,000 for every additional 10,000 sq.ft.

19. As the forms in which bonds are to be executed are formally notified, the prescribed phraseology must be adhered to if it is to be a valid document; any corrections or additions after a bond has been executed invalidate it unless the correction itself is executed as another bond. As the manufacturer's bond refers to his licence number, every manufacturer has to file as many bonds as the excisable goods for which he has to obtain manufacturing licences even if all goods are produced in the same factory. Exporters exporting more than one commodity have similarly to execute separate bonds for each. This reference to individual excisable goods, licence numbers, etc. in the forms of bonds and the enumeration of obligations limits the scope for simplification and consolidation of bonds where the same person engages in operations for which separate bonds are at present required. Thus, even though executive orders allow the bond to be amended by insertion of the licence number and the name of new commodities excised which are produced by the same manufacturer, as such addenda to the bonds will invalidate them, separate bonds are in effect necessary.

20. As the framework of the rules and procedures makes the goods themselves the principal security for the duty which has to be paid before they go into home consumption and goods are not allowed to be delivered except for re-warehousing or export until all charges recoverable have been paid, excise bonds are at best a formality both in their form and effect specially as in most cases they are executed for amounts much smaller than those which must be involved in any large scale frauds or defaults. Statistics show that of some eighty thousand bonds in existence, 68 alone were pressed into suit over a two year period and led to a recovery of about Rs. 37,000. Their execution, custody and drawal and disbursement of interest on securities deposited and annual verification of the solvency of sureties for all personal surety bonds involves, however, a volume of work which is not inconsiderable but which does not in our view yield commensurate revenue gains.

Accounts versus Physical Checks

21. We welcome the recent introduction of audit type of control for certain industries and manufacturers which permits assessment by the manufacturer himself subject to a weekly check of accounts of production, deliveries, and duty payments, and recommend its extension to all public sector undertakings and to those in the private sector whose production is normally assessable at uniform specific rates and whose methods of book-keeping and accounting are found to be adequate and complete. We ourselves had come to the conclusion that the introduction of audit control in selected industries and units would not entail risk to revenue and would simplify and economise excise control. We would urge, therefore, its extension to other industries and organised units also.

22. In factories producing goods chargeable at different rates and in industries where the small scale sector has a fair share, such a system

of assessment cannot be universally introduced. Nevertheless, where a factory has an acceptable system of recording production of different categories of manufactures, audit control should appropriately be extended. If necessary, the licensee's own statutory Auditors should be appointed also as Government Auditors with appropriate instructions being issued to them as to the scope of their duties. It would be necessary to retain the standard procedure in certain cases but it should be so simplified as to reduce its rigour without endangering revenue. Most manufacturers who maintain accounts current already have the facility of submitting a consolidated account for each day's clearances and in such cases, absence of excise officers need not hold up deliveries if their countersignature of gate passes is dispensed with subject to adequate safeguards. Their checks can be made on their periodical surprise visits.

Checks on Raw Materials

23. In many lines of production, a direct and uniform quantitative relationship between raw material intake and finished goods manufactured does not obtain. Output varies with varying specifications of raw materials and standards of processing efficiency. We see no special merit in meticulous verification of raw material intake by every type of manufacturer irrespective of the article produced and the nature of process. This meticulous control extends even to verification of gunny bags procured and used for packaging! While verification of raw material consumed takes, on the one hand, a great deal of time and labour, it inevitably creates, on the other, friction between the administration and the management and often leads to harassment to industry. We recommend, therefore, that the need for official check and verification of receipts of raw materials or of containers wherever it is now prescribed should be systematically and speedily reviewed. We find that the Central Board of Revenue is aware of the need for this as it has recently decided to abandon accounting control by weighment of splints and counting of veneers procured for matches manufacture. The process of review should, however, go much further.

24. Wherever the present procedures prescribe checks on raw material procured, the rules lay down precise forms in which the accounts of receipts, consumption and closing balances of such materials should be maintained. Representatives of industry stress that maintaining additional accounts in specified forms solely for excise purposes entails repetition and avoidable work. Every manufacturer maintains these accounts for his internal control purposes and the plea is that excise scrutiny should be conducted with reference to these accounts rather than prescribing additional accounts solely for excise purposes. We find a good deal of weight in this submission. We consider also that while prescribing a common form in which accounts should be maintained by every manufacturer may help the administration in evolving uniform instructions for their scrutiny, this does not necessarily make control more effective. Obviously, a much more accurate picture of raw materials can be found from the manufacturer's own accounts, than from mere summaries prepared for excise purposes which are not even supported by purchase vouchers, etc.

25. By and large, we consider that equally effective revenue control could be maintained by a periodical and systematic analysis of the manufacturer's own records of intake of raw material and output of finished goods as a broad cross-check on reported performance. Instructions for these analytical reviews should be evolved on a practical and realistic approach. Where such scrutiny leads to a well-founded suspicion of fraud, not only may the probe into the manufacturer's accounts be more thorough but other lines of enquiry may also be pursued. In the limited context of the purposes of excise control, revenue loss arises not from low efficiency in manufacture but from goods going surreptitiously into consumption without payment of duty. If the level of efficiency is so low that a plant does not produce all the excisable goods which it should produce from the raw material consumed, the shortfall need not concern the excise officer as long as all that is actually produced is charged to duty.

26. Coupled with deterrent penalties for proved frauds on the revenue and falsification of accounts, we consider that this approach will provide just as effective a method of control as is now attempted through routine checks of intake of raw materials which are at best of limited utility. ✓

Check of Manufacture

27. In the case of several commodities, the present excise procedures prescribe official checks in processing departments, including sampling of process materials for analysis by departmental chemists, and official supervision over certain stages of manufacture. In some industries, notably sugar, vegetable product, paints and soap, we consider that sampling of process materials at different stages and physical attendance in different departments as now in force does not yield results commensurate with the effort expended. There is scope to reduce many of these checks with appreciable economy all round and without sacrificing or jeopardising revenue; duty liability is attracted after all, by finished products of manufacture and not intermediates. Every scheme of sampling of process materials and of physical attendance should be re-examined with a view to eliminate all those checks which act as constant irritants and involve direct and indirect costs to the administration but do not contribute to the substance of revenue control.

28. The rules require the daily account of excisable goods produced to show the opening balance, the total production, production transferred to the store-room, deliveries for home consumption and for export and closing balance of the goods, besides the value and the duty payments. In addition, the store-room account has to show the same particulars for goods deposited into and delivered from the store-room under each application for removal. Representatives of industry have complained of the duplication and excessive documentation involved, more particularly for all those goods in respect of which it has already been agreed by the Central Board of Revenue that the quantity packed each day is alone to be reckoned as the day's production. As daily

packing is also transferred to the store-room, there is obviously duplication; realising this the Board has allowed, we are informed, a combination of both these accounts into one for certain commodities. We consider that a similar amalgamation of production and store-room accounts should be permissible for any manufacturer whose daily production is transferred to the store-room and whose own routine is to deliver all goods through the store-room.

29. Criticism has been voiced also of the present scheme of enforcing the adoption of the same proforma daily accounts on manufacturers of all goods without regard to their individual peculiarities. A form for the daily summary of production and deliveries of sugar, vegetable product, etc. which are all assessed at specified rates on their weight is obviously unsuited for such goods as footwear, electric cables, etc. which are assessable *ad valorem* and the specifications of which have such a wide range of variation. We agree that due allowance must be made for the different characteristics of excisable goods in devising forms of account to be prescribed for use by their manufacturers.

30. It has been strongly urged by representatives of manufacturers that as they themselves maintain for their own purposes full and detailed accounts of all goods they produce, these should be acceptable for excise requirements and the duplication entailed in the maintenance of additional production and store-room accounts for excise purposes should be eliminated. While this plea has force, specially in regard to large manufacturers in the organised sector whose documentation is fairly detailed and whose accounts are also thorough, the same cannot be said of all manufacturers; the book-keeping by manufacturers in the small scale sector particularly is neither sufficiently detailed nor standardised. We consider that while the procedural rules may continue to prescribe proforma accounts, there should be wider acceptance in lieu of them of the manufacturer's own accounts where they are regularly maintained and furnish all the data required for excise purposes.

31. For most commodities present instructions require excise officers to verify outturn by test weighment, etc. of daily bulk production besides test checks of the correctness of contents of packages in the packing department. These checks normally degenerate into a routine but the prescribed scheme has also other potentialities for mischief. We consider that for all those goods which are not delivered except in some regular form of container, the correctness of the contents of packages should be verified by surprise checks in the filling or packing department instead of becoming a set routine. Clearer directives must also be framed for appropriate action where differences over specification weights are found, as we were informed at a large soap works we visited that while the excise officials never pointed out short-weight cakes being turned out by the machine, they stopped operations if the slightest excess over specification weight per cake was noticed. Such instructions ought to be made more rational. If a tolerance over declared weight is permissible for assessment of the duty in bulk packs, similar tolerance should be allowed for variations noticed on random checks of unit articles.

32. A general criticism is that tolerances from declared specifications are either not allowed at all or are much stricter than those permissible, for instance, under the Merchandise Marks Act. We consider that normally tolerances permitted by this legislation or those commonly accepted by the trade in different commodities should be adopted for excise purposes also.

33. Where an article is assessable at more than one rate, *e.g.* different varieties of paper, paints and varnishes, soap, etc. or *ad valorem* like cosmetics, the normal routine is to draw samples of all new products and periodically of regular lines of manufacture for determination of classification and valuation. A common complaint before us has been that quantities called for as samples are often excessively large and this causes avoidable loss, particularly with the more expensive goods. Another is that departmental chemists' test results take far too long to be made known and if the owner should desire a re-test, this is also conducted by departmental chemists and only on the remnant of the sample already tested. It is argued that departmental laboratories are general purpose laboratories and facilities and technical "know how" for specialised analysis are lacking. Disputed samples should be allowed to be re-tested in specialised laboratories.

34. We consider that the samples drawn for chemical analysis should be reduced to the minimum quantities essential for analysis. As all samples are drawn in triplicate, re-tests of disputed samples should normally be done on the duplicate or triplicate of the sample which remains with the owner and the officer drawing the samples, as the case may be. In principle, we see no objection to specialised institutions like the chain of Central Government's laboratories or public analysts being approved for re-test of disputed samples in cases where the rate applicable is related to actual or potential end-use, or to such attributes as the horse power rating of engines. Although this is allowed individual cases and for testing of some goods by special order, we consider that this should be made generally permissible in cases of re-test in other better equipped institutions. We consider it to be of the utmost importance that test results of samples should be speedily communicated, especially where the tariff classification of a new product is to be determined from such results.

Assessment and Clearance

35. We have dealt elsewhere with the problem of valuation of goods chargeable *ad valorem*. For the rest, considerable dissatisfaction centres round the routine of opening and examining contents of packages including their test weightment for completion of the assessment memorandum, delays in resolution of disputed assessments, the requirement of a special gate pass countersigned by an excise officer before the goods can be delivered, and the procedures to regulate delivery of samples and overtime attendance.

36. The present procedures require an application for removal or where the facility for deliveries under gate passes is allowed, the gate pass, being presented to the excise officer not less than 12 hours and

1 hour respectively in advance of the intended time of removal. Industry represents that rigid enforcement of these time limits when procuring transport, specially rail wagons, is outside the manufacturer's control, causes hardship, leads to excessive demurrage being incurred and generally slows down the wagon turn around. Where physical examination and assessment of goods for raising a charge to duty is necessary, while there may be no escape from requiring some notice of removal, we consider that where an excise officer is either stationed at the factory or has otherwise been notified, it is unnecessary to defer loading until after he has completed the excise documents. Loading can begin as soon as notice of removal has been furnished. Test checks can be made of packages stacked in a rail wagon or truck just as efficiently as when the packages are stacked anywhere else.

37. For practically the whole range of taxed goods the official routine prescribes test weighing and the opening of one or more packages of each consignment sought to be delivered for assessment. We consider that the normal routine should, as at present, be for the excise officer to satisfy himself in surprise visits to packing departments that the contents of packages conform to the quality, weight, number, description, etc. marked on the packages. Once this is ensured, routine opening of packages at the time of removal is unnecessary and should be discontinued. The power to open a case of excisable goods to verify its contents should be retained but it should be exercised only where there are obvious signs of the contents having been tampered with or there is otherwise well-founded cause to do so.

38. In the event of a dispute over the rate or valuation of goods for assessment, the manufacturer has the option at present of either paying the official assessment and then appealing, or of executing a bond undertaking to pay whatever the proper rate of duty may be if this can only be arrived at after his furnishing further data or chemical and other tests. The goods are then allowed to be cleared at the rate the manufacturer declares to be applicable. The main grievance of the industry is about the delays involved in adopting either course. We have referred to appeal procedures generally and to delays involved in them elsewhere. Having regard to the provisions of the rules that short levies due to misstatement, error, collusion or misconstruction shall be payable on demand within three months from the date of original payment, we consider that the provisional assessment procedure introduced in 1957 is an indirect admission that the excise administration may not be able finally to make up its mind about the proper rate applicable to any goods even in three months. The position is unsatisfactory.

39. As the goods whose correct tariff classification or valuation may be in doubt are themselves available for examination, analysis, etc. and the manufacturer can readily furnish any information required in respect of the goods, we do not see why provisional assessments should become at all necessary. The manufacturer knows the consequences of deliberately misleading the assessing officer. There are the provisions for recovery of short levy and punishment for knowingly making false declarations and evasion.

40. Besides this, classification disputes are at present referred by the assessing officer, who is an Inspector or Sub-Inspector, first to the Superintendent through the Deputy Superintendent. If the Superintendent agrees with the official assessment, then the manufacturer must take the matter to the Assistant Collector. The Assistant Collector's order is alone appealable. This process is unnecessarily time consuming. Consistently with our proposals for re-organising the departmental machinery, we consider that all assessment disputes should initially be determined by the Range Officer (Superintendent Class II). His order as to classification or valuation should prevail unless it is struck down in appeal. Our recommendations elsewhere for introduction of provision for review of orders passed by subordinate officers will be adequate safeguard against loss of revenue through incorrect decisions.

41. Considerable dissatisfaction now centres around the requirement of a special excise gate pass and its countersignature by an excise official before goods can be delivered. When it was introduced in 1949 excise coverage was limited to a few commodities and the excise scheme of supervision was whole-time presence of an excise officer at the factory. Dispensation from routine countersignature was allowed *ab initio* for tea factories where an officer was not present at each factory. Official countersignature of each gate pass accompanying each lot delivered presumes the presence of an officer to complete this formality; it commits the administration to making him available to each manufacturer for this purpose if his transactions are not to be avoidably delayed. It has not been possible to honour this commitment in the Multiple Officer Range pattern and after extension of excise coverage to products of the small scale sector, which was practically non-existent as a producer of excisable goods upto 1949. Despite vastly changed conditions, the law remains unchanged and is brought into contempt or reduced to a mere formality. While conformity to a system may well impose some pattern on manufacturers, it must not be allowed to affect production and deliveries. The most suitable form of control must obviously be based on practicability and mutual acceptance.

42. We accordingly recommend that as a major step towards rationalisation, the countersignature of gate passes by the excise officer should be dispensed with. Also, wherever the producer's own despatch invoice, chalan, etc. shows the required particulars, it should be accepted in lieu of the official gate pass to avoid duplication. This would obviate also the necessity of gate control contemplated by the present gate pass system and excise sepoys now deployed at some factory gates would become wholly redundant. Where whole-time excise staff is not required, all physical checks, including post-clearance checks, should be conducted by roving officers by surprise.

43. As duty becomes payable on all excisable goods delivered from a factory, samples issued by the manufacturer are also chargeable to duty. By and large the procedure for normal assessment and clearance regulates also delivery of samples, with minor modifications, such as the manufacturer maintaining lists of all samples delivered and paying the duty periodically rather than on each sample.

44. Manufacturers' claim for a duty-free sample allowance has acquired some degree of justification with the introduction of a duty-free sample scheme for taxed drugs and medicines. Other representations relate to the documentation and paper work entailed in the prescribed procedures which, it is complained, are out of all proportion to the revenue involved, and to conditions limiting the size and number of trade samples and particularly to those which require samples to be made effectively unusable *e.g.* punching holes in samples of footwear.

45. We agree that the present excise formalities tend to be unduly detailed and rigid. A more liberal attitude towards issue of samples will meet a desired need without endangering revenue.

46. The main complaint about overtime attendance procedures is that the excise officers on duty at the factory are not themselves empowered to allow overtime clearances, permission for which has to be obtained from the Circle Officers. In practice, this adds to difficulties as manufacturers are unable to complete loading and despatch when rail wagons are placed on siding towards the end of the day. In some areas, as many overtime fee claims are made from the manufacturer as the number of different commodities delivered by him, even though the same officer supervises clearance of all of them during the same spell of overtime.

47. While introduction of an audit type of control and relaxation from countersignature on gate passes will considerably minimise occasions for overtime attendance to supervise deliveries, we consider that wherever overtime clearances need official supervision, the Sector Officers should themselves be authorised to allow overtime clearance and overtime work done may thereafter be regularised by the Range Officer (Superintendent).

Compounded Levy Schemes

48. We will later deal more fully with the various compounded levy schemes with reference to the commodities in respect of which they operate. We would here deal only with their general impact on administration and revenue.

49. There is no similarity in the various compounded levy schemes except that they are all optional at the manufacturer's choice. They have probably accounted for more numerous and more frequent amendments to the Central Excise Rules than any other scheme of control; yet even now the position is fluid. With the exception of rates for khandsari sugar, and battery parts, adjustments and readjustments in rates for other commodities are also constantly being made in an effort to plug loopholes.

50. Frequent amendment of the rules would, we feel, be avoided if the basic conditions governing such schemes as a whole were codified into a single set of common rules, the details being regulated by supplemental instructions for each commodity.

51. Three main reasons are responsible for the evolution of the compounded levy schemes. The first is the prohibitive costs involved in controlling a large number of small units producing excisable goods; the second is the obvious hardship that would be caused by requiring the small scale manufacturer to conform to the standard pattern of excise control, namely, to await the presence of the excise officer to check, assess and allow clearance of goods. The third reason is to allow some fiscal aid to the small scale manufacturer by pitching the incidence of the levy lower than the normal incidence; this incidentally makes the scheme more attractive and induces such manufacturers to opt for it

52. The success of this scheme depends largely on the extent to which it is availed of by the small scale manufacturers. However, when in actual practice, with incidence of compounded levy rates as low as 35% to 40% of the normal levy, a fairly large number of small scale operators refuse to touch it, the conclusion is obvious that to them the standard procedure offers even larger scope for cutting down their duty liability by evasion. When a situation like this develops, the solution obviously does not lie in trying to make the compounded levy rates more attractive or by totally exempting large numbers of operators as was done with cotton powerlooms and vegetable non-essential oils in 1962, for to do so is only to legalise an evasion which cannot be checked. At one cotton powerloom centre visited by us, out of about 22,000 powerlooms installed only 8 units with 7 looms each were paying duty; the duty realised was less than the cost of the establishment that had to be maintained.

53. It has been suggested to us that a possible way out of this impasse is either to streamline the compounded levy rates and to make such schemes compulsory for the small manufacturer, or to extend them to all sectors of the industries in which they operate. Protagonists of the latter view were mostly from the vegetable non-essential oil industry where the compounded levy scheme has led to a distortion of the production pattern to such an extent that the small scale sector threatens to engulf the organised sector, causing at the same time serious repercussions on the export trade in oil and oil cake, and adding to the idle capacity at a time when Plan targets call for substantial increase in production of vegetable non-essential oil for export.

54. We are convinced that where products of an organised industry are taxed, and the small scale sector has a fair share in it, the compounded levy is not the solution to the problem of exercising adequate excise control; once enmeshed in it, hidden costs keep on rising. A more satisfactory method would be to recast the tariff itself, so that not only is revenue collection improved but the administrative machinery and the technique of control themselves could successfully tackle the excise levy. Our recommendations on specific commodities where compounded levy schemes are at present in force should be considered in the light of the foregoing.

CHAPTER V.—MULTIPOINT EXCISE LEVIES

The arrangement for the levy and collection of commodity taxes nearest the point of consumption, as in the United Kingdom and the United States of America, is simple in operation but cannot obviously be adopted in India because of the constitutional provisions demarcating fiscal levies between the Union and the States. We have, therefore, carefully examined the present scheme of levy and collection and have suggested changes which should make it rational and simple, eliminating at the same time complaints of discrimination which different modes of relief, preference and exemption generate.

2. A major grievance of trade and industry has been the snowball effect of excise levies on prices. It has been represented that with the extension of excise coverage there are hardly any duty free raw materials or intermediates which enter into manufacture or fabrication of finished goods which are themselves excisable. Though in certain cases set off of duty or in-bond movement is allowed, these are selective and do not follow any particular pattern or principle. Examples cited of the former are automobiles, in the manufacture of which duty paid steel sheets, batteries, tyres, tubes, cables and lamps, etc., have been used; electric bulbs made with duty paid glass shells made out of duty paid soda ash; soap manufactured out of duty paid vegetable oil and caustic soda using duty paid fillers and pigments and finally wrapped in duty paid paper made out of such duty paid ingredients as caustic soda and chlorine. Examples of the latter are exemptions from duty of nitric acid made from ammonia and used in the manufacture of nitrate fertilisers in a composite works while charging duty on the ammonia content of ammonium sulphate, though it is not produced as such when coke oven gases are passed through a bath of dilute sulphuric acid to precipitate the sulphate. The sulphuric acid, though produced by the same manufacturer, is also charged to duty.

3. Relief by notification or executive orders is also afforded selectively. The principle, if any, in this selection is neither evident nor expressly stated. Pigments, parts of fans and batteries, bulk medicines for repacking into retail packs, soap stock, glycerine for refining, cotton yarn for weaving, though all subject to excise duty, are allowed to move in bond to manufacturers of paints, fans, batteries, medicines, soap and glycerine and to weaving mills respectively. Similarly, excisable footwear parts are allowed to move in bond from one to another factory, if in the same ownership, for the manufacture of footwear. These movements are not by formal notification but simply by executive orders. Similar concessions have been denied to several other commodities *e.g.*, cement used for manufacture of asbestos cement products, tobacco used in the manufacture of cigarettes, cigars and cheroots, vegetable non-essential oils used in the manufacture of vegetable product, soap, paints and varnishes, and so on.

4. The pattern followed in affording relief by notification is also not uniform; in some cases, the duty free concession is given, in others

a set off in the final assessment is allowed. Thus plastic tubing and sheets made from duty paid moulding powders and granules are wholly exempted from duty. Similarly, tinplate is exempted from duty paid on steel used in making the sheets, and aluminium sheets and circles made from duty paid scrap are exempted from crude aluminium duty. A different procedure is followed in the case of motor vehicles, air-conditioning units, refrigerators, etc. Though there are similar notified exemptions for duty paid internal combustion engines used in making motor vehicles, electric motors used in the manufacture of air-conditioning machinery, refrigerators, etc., the duty payable on the finished article is first assessed and then the amount of duty already paid on the engine or motor is deducted and the balance only is recovered.

5. Towards the end of 1962 a new procedure was introduced by amending the Central Excise Rules to bring about a measure of uniformity in giving relief from duty borne by components used in the manufacture of finished excisable goods. The principle of selectivity has been maintained in the amendment also, but, where relief is notified, a credit for the duty borne by the components is now to be allowed for adjustment against the amount of duty assessed on the finished goods. The new procedure requires additional documentation and checks. It abandons the revenue safeguard that no refunds should be permitted except after sanction by an officer of status and pre-audit. The procedure also leads to distortion of revenue statistics for different goods. To illustrate, while the duty initially borne by a motor vehicle engine will figure in the revenue accounts under the minor head "internal combustion engine", when credit of this amount is allowed for adjustment of the duty assessed on the motor vehicle in which the engine is installed the vehicle duty is abated *pro tanto* and will not show the correct amount leviable. Similar distortion of revenue accounts occur where adjustment is on account of countervailing duty on imported components. In any case, as even this procedure will be limited to those selected commodities where relief from multiple taxation is formally notified, it will make no difference in the much larger field where the demand of the industry is not so much for a single point levy as for a single point collection of all the duties leviable on the components and the finished products. The present procedure as mentioned elsewhere renders audit of assessments difficult, if not indeed impossible.

6. It appears that the variegated pattern, of which some examples have been given, is in the result of *ad hoc* decisions on claims for relief as and when they arose, without any attempt at co-ordination of decisions earlier taken. This has led to contradictions and has reinforced complaints of discrimination. Furthermore, the administration of the levies has become more complicated. The denial of relief to some while allowing it to others, often on such adventitious considerations as the place of production, or the article made, or the use to which it is applied, has accentuated prevailing discontent. Indeed some concessions in goods taxed last year are available only to integrated units which produce both excisable raw materials and end

products. This concession is thus not available to the small scale industries, promoting the growth of which is an integral part of the economic policy of the State. It also discriminates even between units in the organised sector.

7. Though the weight of evidence led before us is opposed to multiple taxation, there are practical difficulties in introducing a single point duty as a general rule. More often than not, an article subjected to duty may be the end product of one manufacturer, but is merely a component for another. For example, auto bulbs, batteries, tyres, etc. are themselves end products, taxable as such, but to a manufacturer of motor cars they are merely components. They are also used as replacements. In view of this and the need for larger yield from existing levies, it is impractical to introduce a single point levy. Presumably, the rate of duty on finished goods where no set off is allowed takes account of the duty paid by the raw materials, components and other ingredients.

8. The present scheme of requiring payment at the time of delivery of all goods from the place of their production undoubtedly blocks up working capital of the manufacturer who uses duty paid raw materials or components for producing other excisable goods. The supply position often being difficult, and in order to avoid interruption of their own production, manufacturers tend sometimes to carry larger stocks of these than would otherwise be necessary. The argument that recovery of duty on goods used for production of other taxed goods imposes a greater financial burden on manufacturers is not without substance. We feel, therefore, that some relief is called for.

9. Where goods are delivered to stockists or consumers, the duty should be recovered, as now, on delivery from the producing factory. But where they are delivered to another factory for use as components for manufacture of articles themselves subject to duty, we consider that the duty liability should, as a general rule, be transferred to the latter and collected as and when the final product is charged to duty. This is already being allowed for cotton and woollen yarn woven into fabrics and we see no difficulty in extending it to other manufacturers. Transfers of duty liability should similarly be allowed where goods are only to be refined or re-processed, for example, crude glycerine refined into pure glycerine, or dry colours and pigments processed into paints and varnishes.

10. Subject to cases of the type which we have described above, we are of the opinion that multipoint levy and collection should be the standard excise procedure. We consider that the financial relief proposed will be considerable, more particularly to the small scale manufacturers who will not be called upon to pay duty on their production of components and raw materials for the organised sector. We appreciate that some additional records will have to be maintained under the scheme but we have been assured that this and additional excise surveillance, will be no more than marginal as these transfers will be only between licensed manufacturers who are already under

excise control and surveillance. The costs of additional documentation and excise control could be recovered in the form of a fee. This is likely to be small in comparison with the normal interest and servicing charges on working capital which manufacturers have now to incur and they should, therefore, welcome the change suggested.

11. This system will also enable the determination of the correct amount of refund due and facilitate the fixation of *ad hoc* rates of refund on exports to which we refer elsewhere.

12. There has been developed recently a new procedure for avoiding multi-point levy which, in our view, holds considerable promise. Under this system, although there is a multi-point levy, collection of the tax is made only at the final stage. Thus, although pig iron and steel ingots are separately taxable, in an integrated works producing both the pig and the ingots, the duty is collected only on ingots; in non-integrated works making steel from duty paid pig iron, only the difference between the steel and pig iron rates is levied. A similar arrangement exists for copper and copper alloys and aluminium. The cotton fabrics tariff seems to be progressing towards a somewhat similar pattern. So far this system is of restricted application; it operates only in integrated plants and selectively because goods taxable under one tariff item do not, with one or two exceptions, get any credit in respect of duty paid if used for production of goods falling under another tariff item.

13. The scheme is not altogether unlike the Added Value Tax (t.v.a.) as evolved in France, of which, however, we have not a detailed knowledge. We are informed that under this scheme a single general tax is levied at a low rate at the raw material stage. Thereafter, as value appreciates following further refinement and processing, the net appreciation in value also attracts the tax. Thus, for example, bauxite is taxed when cleared from the quarry. After smelting into pig, the pig is taxed but the tax paid on bauxite is allowed to be set off so that only the appreciation in value is in fact taxed at that stage. Unlike the Indian system, however, under which the tax borne on the raw material actually forming part of the finished article is alone rebated, the French system goes much farther and replaces deductions in respect of materials physically incorporated in a product by pecuniary deductions to arrive at the "added value". The taxable appreciation in value is thus reckoned after deducting not only the value of taxed materials physically incorporated in a product or such goods destroyed or wasted during such manufacture, but also other un-taxed elements such as depreciation of machinery, fuel, manufacturing and selling expenses, advertising etc. In the net result, therefore, the total tax is fractionalised and is paid, as it were, in instalments at successive stages. Fractionalisation evens out the tax burden over several stages and reduces the incentive to evasion.

14. The Added Value Tax system has been developed over a period of decades and covers not only manufactured goods but also certain services. The tax is selective and generally excludes foodstuffs

and basic commodities or widely consumed products. The mechanics of the levy are simple enough. Since the tax follows the product from the beginning to the stage when the wholesaler parts with the goods, each intermediate taxpayer deducts tax paid on his purchases from the tax payable on his sales. To facilitate this, it is made incumbent on the supplier to show the tax paid on his invoice.

15. Assessment of tax is made on the basis of monthly returns. Unlike other countries, a fixed formula for ascertaining the assessable value has been evolved; assessment is based either on retail price less 20% or on retail price less average percentage gross profit on sales in the previous year. Since the taxable value includes tax already paid, the question of making any exclusions from the wholesale price does not arise; all that is necessary is to deduct tax already paid from the gross tax payable. Thus although the rate of tax remains the same throughout, its quantum keeps rising with every appreciation in value, and when the goods are exported, the exact amount of tax to be refunded to the exporter is known with certainty and without delay.

16. All in all, the Added Value Tax system seems to combine the features of the British excise tax on manufactures as well as the Purchase Tax.

17. We understand that the European Economic Community has lately recommended the adoption of this system by all member countries. We recommend a detailed study being made of the French system with a view to exploring the possibilities of re-modelling the excise tariff structure in India in future when conditions for it are more favourable, since from our necessarily superficial survey of its working it appears to have several features which would seem to be appropriate in Indian conditions today.

CHAPTER VI—FISCAL PREFERENCE

We have already referred to the abridgement of Parliamentary control inherent in any system in which operative rates of duty are determined from time to time by executive decisions. As a direct consequence of this dispensation, the Central Excise Tariff has become riddled with preferences, privileges and exemptions. The administration of these schemes creates practical difficulties; it is even doubtful whether in all cases the benefits reach those for whom they are intended, and they bring in their wake corruption.

2. We are not so much concerned with the considerations which go into the framing of exemption schemes as with their impact on the administration. That the Central Excise organisation whose function is to collect revenue in the most efficient and economical manner should simultaneously be called upon to desist from collecting all or any part of a tax rate sanctioned by Parliament is an obvious contradiction. Since, however, this is intended to encourage the small scale sector as part of the settled policy of Government with which as a general proposition we are in full agreement, we have only attempted to trace the background with a view to ascertain whether these schemes have served the purpose for which they are intended and to suggest such improvements as we feel would lead to simplification in their administration without affecting the major objective of promotion of the small scale sector.

3. The Taxation Enquiry Commission (1953-54) emphasised the importance of increasing budgetary resources by enlarging the role of indirect taxation. We have already referred to the expansion of Central Excise coverage and revenue in recent years. Revenue in successive years from each of the commodities taxed since the Commission concluded its enquiry in 1953-54 is shown in Table 3.

4. The Commission had found* that changes in rates of excise duties which were also being levied in 1938-39 had alone accounted for an increase in revenue by 125% in 1953-54. Between 1938-39 and 1948-49 increased consumption had led to an increase in revenue by 25% and between 1948-49 and 1953-54 by 27%. Only 29% of the total Central Excise revenue in 1953-54 was derived from commodities taxed in 1938-39, and 76% had been derived from commodities which had become taxable since 1948-49. According to the Commission, to determine the extent to which revenue increases due to increased consumption, the effects of extension of coverage and the stepping up of rates of duty should be excluded.

5. As compared to base year 1938-39, gross basic revenue in 1961-62 had risen by about Rs. 415 crores. Of this, increased consumption of five commodities taxed in 1938-39 had yielded about Rs. 33 crores. Changes in rates of duty accounted for Rs. 89 crores. The remaining Rs. 293 crores would not be wholly due to extension of coverage because of increased consumption of, and the stepping up of rates of duty on, the articles excised in successive years since 1938-39.

*Taxation Enquiry Commission's Report Vol. II, pages 258-59.

TABLE
Revenue from commodities

Sl. No.	Commodity	1954-55	55-56
1	Cement	221	229
2	Soap	138	153
3	Footwear	84	86
4	Art-silk	45	43
5	Woollen Fabrics	2·10	52
6	Paints & Varnishes	9·42	99
7	Electric Fans	4·48	27
8	Electric Bulbs	1·74	27
9	Electric Batteries	5·67	73
10	Paper	20·19	271
11	Vegetable Non-essential Oils . . . . .	..	38·85
12	Refined Diesel Oil & Vaporising Oil . . . . .	..	19·15
13	Diesel Oil not Otherwise Specified . . . . .	..	49·28
14	Furnace Oil . . . . .	..	..
15	Rayon Yarn . . . . .	..	..
16	Motor Vehicle . . . . .	..	..
17	Asphalt Bitumen & Tar . . . . .	..	..
18	Silk Fabrics . . . . .	..	..
19	Pig Iron . . . . .	..	..
20	Aluminium . . . . .	..	..
21	Tin Plates . . . . .	..	..
22	Internal Combustion Engines . . . . .	..	..
23	Cycle parts . . . . .	..	..
24	Films . . . . .	..	..
25	Electric Motors . . . . .	..	..
26	Soda Ash . . . . .	..	..
27	Caustic Soda . . . . .	..	..
28	Glycerine . . . . .	..	..
29	Coal Tar Dyes . . . . .	..	..
30	Patent or Proprietary Medicines . . . . .	..	..
31	Toilet Products . . . . .	..	..
32	Plastics . . . . .	..	..
33	Cellophane . . . . .	..	..
34	Cotton yarn . . . . .	..	..
35	Woollen yarn . . . . .	..	..
36	Glass & Glassware . . . . .	..	..
37	Chinaware . . . . .	..	..
38	Copper & Copper Alloys . . . . .	..	..
39	Zinc . . . . .	..	..
40	Air Conditioning and Refrigerating machines . . . . .	..	..
41	Wireless sets . . . . .	..	..
GRAND TOTAL		531·60	1,167·28

(Source: 1959-60 and 1960-61 Statistical

3

taxed since 1954-55

(In Rupees Lakhs)

56-57	57-58	58-59	59-60	60-61	61-62
253	1,100	1,436	1,695	1,863	1,936
175	180	199	212	234	246
99	101	111	126	157	185
73	76	92	150	178	408
55	56	59	59	63	80
105	118	127	137	150	213
33	45	53	67	120	122
31	30	32	39	74	148
90	83	96	116	181	179
317	537	684	809	886	1,032
611	1,034	995	139	1,177	1,059
304	700	881	2,352	3,760	3,991
85	141	171	279	491	682
131	144	157	265	531	589
31	115	146	252	319	597
15	35	20	79	1,010	1,026
..	..	..	174	296	252
..	..	..	0.37	5.77	4.60
..	..	..	4.45	120	121
..	..	..	8.22	108	102
..	..	..	5.07	136	158
..	..	..	9.00	156	137
..	..	..	8.50	127	137
..	..	..	3.47	77	69
..	..	..	3.61	87	102
..	..	..	..	1.34	31
..	..	..	..	2.44	49
..	..	..	..	0.48	12
..	..	..	..	6.78	113
..	..	..	..	3.90	403
..	..	..	..	1.00	111
..	..	..	..	5.41	105
..	..	..	..	2.78	34
..	..	..	..	32.38	529
..	..	..	..	3.24	132
..	..	..	..	7.31	220
..	..	..	..	2.06	92
..	..	..	..	5.84	187
..	..	..	..	0.36	13
..	..	..	..	1.65	86
..	..	..	..	3.84	33
2,408	4,495	5,259	8,244.69	12,387.58	15,825.60

Year Books and Ex. 6 Returns.)

6. Apportioning this increase of Rs. 239 crores as between increased consumption and stepping up of rates for these articles shows that about Rs. 33 crores out of Rs. 293 crores was due to increase in their consumption. Similarly, about Rs. 146 crores is attributable to increases in rates. The actual contribution from additional taxation in the full financial year following that in which each item was first excised, presuming that there was no increase in rates of duty or in consumption, was only about Rs. 101 crores. The remaining Rs. 13 crores is obviously attributable partly to increase in rates of duty and partly to extension of coverage.

7. In an overall analysis, therefore, the gross increase of Rs. 415 crores in 1961-62 over 1938-39, is attributable in the following proportions to the three factors mentioned by the Taxation Enquiry Commission:—

(i) Due to increase in consumption	Rs. 66 crores or 15.92%
(ii) Due to increase in rates of duty	Rs. 235 crores or 56.63%
(iii) Due to additional coverage	Rs. 101 crores or 24.32%
(iv) Due to a combination of these and other reasons	Rs. 13 crores or 3.13%

A similar analysis shows that the total increase in revenue by Rs. 331 crores between 1953-54 and 1961-62 is apportionable as follows:—

(i) Due to increase in consumption	Rs. 65 crores or 19.7%
(ii) Due to increase in rates of duty	Rs. 191 crores or 57.8%
(iii) Due to additional coverage	Rs. 70 crores or 21.3%
(iv) Due to a combination of these and other reasons	Rs. 5 crores or 1.2%

8. Extension of excise coverage to six more commodities between 1938-39 and 1953-54 secured an increase of the order of 29% in revenue. During the following six years, however, only about 21.3% of the increase came from thirty-nine new levies. Taking into account also the revenue from ten more commodities taxed in 1962, 61.4% of the total revenue estimates for 1962-63 will have been contributed by fifteen commodities taxed upto 1953-54, 28% by seventeen commodities taxed between 1953-54 and 1960, 2.3% by nine commodities taxed in 1960, 5.3% by sixteen commodities taxed in 1961, and only 3% by the ten new levies of 1962, which brings up the total number of commodities taxed to sixty-seven. The small increase in revenue relatively to a much larger excise coverage has inevitably stretched the revenue collecting machinery. The gaps between resources and work load have been sought to be met by *ad hoc* adjustments.

9. The number of licensed premises where excisable goods are manufactured and have to be assessed to duty rose from about 4,000 in 1953 to about 46,000 in 1961. Expenditure on excise administration

rose from Rs. 3.10 crores in 1953-54 to Rs. 7.26 crores in 1961-62 *i.e.* over 130% during the same period in which the extended excise coverage yielded an increase in revenue of the order only of 21%.

10. Two main features would appear to be responsible for the small additional revenue gain relatively to a much wider extension of coverage during the period since 1953-54. One is the choice of commodities excised in successive years. Only five out of fifty-one new levies after that year contributed in 1961-62 Rs. 10 crores or more each. We have already referred to the need for choosing articles for taxation which are of sufficiently large consumption, although articles whose total production is relatively small may well have to be subjected to a levy to prevent diversion of demand from a commodity for which they prove acceptable substitutes.

11. The second feature is the increasing scale on which schemes of total or partial exemption are introduced, not only for different classes of manufacturers producing newly taxed goods, but also for those producing goods excised for much longer periods. This aspect would bear a more detailed study.

12. The general principle upto the middle of the First Five Year Plan period was to exempt from excise levies the output of the non-power operated sector of industries producing excisable goods. An exception was the cottage sector of the matches industry; the matches tariff provided lower rates of duty for matches produced, with or without the aid of power, in factories whose production did not exceed 100 gross boxes per day and 5,00,000 gross a year. But when excise taxation was itself confined to a few manufactured goods, administrative requirements were simpler, the points of tax collection relatively fewer and leakages marginal.

13. From the closing year of the First Plan period, the small scale entrepreneur, using power and in many cases up-to-date technical "know-how", and thus distinct from the cottage sector operator, has begun to appear increasingly on the scene. This and the genuine cottage sector are both necessary and inevitable. Decentralisation of production, in certain circumstances, is desirable and must be encouraged. It is a trite saying that India lives in its villages; but this necessitates dispersal of small scale industries both for increasing employment opportunities and developing the country as a whole. For obvious reasons, the economy of the small operator is different from that of units in organised industry, and the small scale operator requires incentives for his growth and prosperity.

14. The Taxation Enquiry Commission (1953-54) had observed that excise concessions and exemptions till then in force differed from one to the other commodity. While one aspect was the administrative problem of keeping a check on the production of scattered small scale producers, two economic considerations were also mentioned. One was the higher cost of production of the smaller producer and his relatively

lower ability to bear taxes; the other was the need to encourage production by labour intensive methods. The Commission recommended that:—

“the tax system may be used for this purpose, but in a judicious manner. We would suggest a periodic review of the working of these concessions, so that policy in this respect may keep in step with the changing needs of the economy.”*

15. In the years subsequent to the Commission's enquiry, while the “cottage sector” in each newly excised commodity has continued to be wholly exempted, varying scales of relief from the standard rates of duty have become the common method to favour the small scale sector and have even been introduced for commodities which had been uniformly taxed at the same rates in the past. Thus, in 1958, preferential rates for successive slabs of production by all manufacturers, big and small, were introduced for vegetable product; in 1960, for the first slab of production of bicycle tyres; in 1961 for Robusta and Liberia as distinct from Arabica coffee, and for the first slab of matches produced in each large factory.

16. These schemes are implemented usually by formal exemption Notifications under Rule 8(1) and are of the following main types and patterns:

(1) A free slab for all manufacturers, regardless of the volume of production:—

- (a) Soap produced in both power operated and non-power operated factories;
- (b) Processed cotton fabrics produced by independent processors.

(2) Preferential slabs for specified quantities to all manufacturers large and small:—

- (a) Vegetable non-essential oils.
- (b) Matches.
- (c) Cycle tyres and tubes.

(3) A free slab followed by preferential slabs for specified quantities, but the entire production becoming liable to duty at the standard rate if the production exceeds the free and concessional rate slabs:—

Paints and Varnishes.

(4) Conditional free slab upto specified quantities, but the entire production becoming liable to duty at standard rate if production exceeds the free slab:—

Plywood, Nitric and Hydrochloric Acids.

(5) Free slab followed by preferential slabs for the whole range of production:—

Strawboard.

- (6) Total exemptions related to the number of workers employed:—
- | | |
|----------------------------------|---------------|
| (a) Chinaware and Porcelainware. | (15 workers). |
| (b) Electric Batteries. | (5 workers). |
| (c) Glass and Glassware. | (5 workers). |
- (7) Partial exemption related to duty paid materials used:—
- Steel (pig iron duty).
 - Iron and steel products (pig iron and steel duty).
 - Aluminium manufactures (ingot duty).
 - Motor vehicles (engine duty).
 - Refrigerators and air-conditioning machinery (electric motor and parts duty).
 - Footwear (component parts duty).
 - Copper manufactures (copper ingot duty).
- (8) Total exemption dependent on quantity of raw materials used:—
- Iron and steel products.
- (9) Partial exemption based on nature of raw materials used:—
- Matches made from bamboo splints.
 - Plywood and boards (insulating board) made out of bagasse and straw.
 - Vegetable product made from cotton seed oil.
- (10) Total exemption based on condition at the time of delivery:—
- Unprocessed handloom and powerloom fabrics (art silk and woollen).
- (11) Total exemption related to final product made:—
- Glass (made into glass beads and bangles).
 - Copper strips and foils (made into zari and trinkets).
 - Internal Combustion engines (fitted to agricultural tractors).
 - Stationary battery.
- (12) Total exemption related to specifications of articles into which made:—
- Steel castings upto specified weights.
- (13) Partial exemption related to time lag between production and clearance:—
- Exposed Cinematograph films.
- (14) Preferential slabs where production in each of the preceding 12 months did not exceed specified maxima:—
- Internal combustion engines.
 - Electric motors.
 - Cycle free-wheels.

- (15) Preferential slabs when production in each of the preceding 3 years did not exceed specified maxima:—
Cycle rims.
- (16) Free slab followed by preferential slabs, if production did not exceed specified maxima in any of the preceding 3 years:—
Pulp board, grey board and mill board.
- (17) Free slab related to production in each of the preceding 12 months:—
(a) Cosmetics and toilet preparations.
(b) Nitric and hydrochloric acids.
- (18) Free slab related to maximum value of goods assessable *ad valorem*:—
(a) Wireless receiving sets.
(b) Coarse woollen rugs.
- (19) Partial exemption related to the form in which cleared:—
Cotton yarn in hanks.
- (20) Total exemption related to number of units of equipment used:—
Fabrics—cotton and silk powerloom fabrics.
- (21) Exemption to co-operatives:—
Cotton powerloom fabrics.
- (22) Exemption related to use within factory of production:—
(a) Carbonic acid for manufacture of soda ash.
(b) Oxygen for fertilisers.
- (23) Partial exemption related to place of production:—
(a) Kerosene.
(b) Tea not otherwise specified.
- (24) Partial exemption for goods of sub-standard specifications:—
Electric wires and cables.
- (25) Total exemption related to end use of goods:—
(a) Coffee—seeds used for sowing.
(b) Jute batching soap—used in jute industry.
(c) Tyres—for animal drawn vehicles.
(d) Iron and steel products—rails and sleeper bars for railway track.
(e) Internal combustion engines/motor vehicles for agricultural tractors.

(26) Partial exemption related to end use of goods :—

- (a) Jute batching oil used in jute industry.
- (b) Paper used in printing of newspapers, text books and books of general interest.
- (c) Plywood for tea chests.
- (d) Raw naphtha and ammonia for fertiliser.

(27) Partial exemption related to export of non-excisable goods :—

Groundnut, linseed and copra oil produced by solvent extraction method if de-oiled cake is exported.

17. Some other concessions are authorised by executive orders, the effect of which also is to reduce the quantum of revenue. Some examples are:—

(1) *Petroleum Products (Not otherwise specified)*

Refinery gas utilised within the refinery as fuel or as raw material for production of other refinery products.

(2) *Soda Ash and Caustic Soda*

Upto 3% by weight of pure common salt in brine purified for production of soda ash.

(3) *Acids*

(i) Acid solutions of strength not exceeding 5%.

(ii) Sulphuric acid used for producing nitric or hydrochloric acids within the same factory.

(4) *Rubber products*

Trend rubber or camel back used in the original manufacture of tyres within the producing factory.

(5) *Processed Cotton Fabrics*

Fents arising in processing of duty paid fabrics.

(6) *Gramophones*

Machines assembled from duty paid parts if differential duty payable does not exceed 10% of the duty paid on components used.

18. It appears to us that one of the main considerations which have led to differentiation in favour of the small scale sector is the incidence of the tax which falls in the first instance on the producer. However, it is relevant to bear in mind that :

“the pre-occupation with questions of incidence, when carried to the extreme and applied to every individual tax, is likely to lead the tax system eventually into losing revenue and making it regressive in relation to national income if the bulk of the rise in the national income goes to increase, although by a little, the small incomes of the poor. In such circumstances, seeking progressivity

may lead to a regressive tax system. Indeed, it is not the incidence of an individual tax but that of the tax-and-expenditure system as a whole which should matter in this regard. Taxing a few necessities, or lowering income-tax exemption limits, or devising schemes of rural taxation will make the tax system more progressive in relation to the national income; it will raise incremental income "non-consumption" ratio for the economy as a whole. If the poor have little choice between paying taxes and remaining in "disguised unemployment" or suffering inflation, they will be better off paying the taxes."**

19. It has been represented before us that such concessions have diverse consequences, detrimental alike to the efficiency, purity and costs of administration and to the economy of manufacturers and of the country as a whole. They are criticised as a somewhat blunt instrument, liable to produce results different from those intended and, in some instances, positively detrimental to industrial economy by disturbing its healthy growth.

20. Depending upon the conditions, the nature and the quantum of concessions from the standard rates, and the feasibility of decentralisation, schemes of slab exemptions etc. lead to fragmentation (including pseudo-fragmentation) of larger units so as to minimise tax liability. Manipulation of accounts and other malpractices also become increasingly tempting. As the concessions are actually administered through assessment of individual consignments, the scope for collusion and the development of corrupt practices increases. To evolve a system which facilitates minimising tax liability, it is urged, is to invite the tax officials to consider that since avoidance and leakage is tolerated, they are also entitled to take a share. All this adds up, firstly, to reduce revenue, and; secondly, to increased manipulations and malpractices. The need to prevent the latter leads to extension of excise surveillance farther afield even to the genuine free sector, and to further intensification of vigilance over the tax officials. Concessions are also sought to be fortified against abuse by hedging them in with additional conditions. Complexities of the administration increase further and as these proliferate, the scope for corruption increases in proportion. As the revenue administration cannot hope to match the resources and wiles of the determined tax dodger, it amounts frequently to playing a losing game. The vicious circle in which greater effort and expense is incurred to collect less than the standard revenue is completed. Real revenue control is sacrificed but impressive looking paper controls increase. An example is the scheme of checks prescribed for manufacturers in the wholly exempted sector. Ordinarily, only the smallest units, incapable *prima facie* of producing more than about a quarter of the quantitative limit for exemption are free from all forms of control, but progressively increasing excise checks apply as the installed production capacity increases. Thus, while 75 tons of power produced and 100 tons of non-power produced soap is exempted from the duty, the excise

**U.N. ECAFE Survey 1960.

control scheme for the exempted sector factories requires the production capacity of each to be first estimated. The scale and nature of checks then is the following:—

Extent of Central Excise control required to be exercised	Limits of installed capacity of a factory per year, in metric tonnes		
	Soap produced with the aid of power		Soap produced without the aid of power
	Household and Laundry	Toilet Mono-pole or Textile	
The manufacturers of soap who are— (1) to be subject to no control (2) to take out licence only and (3) to be subjected to full Central Excise control but clearances upto exemption on own gate passes without official counter-signature.	Less than 25 25 to 40 More than 40	Less than 10 10 to 20 More than 20	Less than 50 50 to 75 More than 75

Similarly, small scale manufacturers of nitric and hydrochloric acids are exempted from the excise duty if they use duty paid sulphuric acid and the total production as well as production of nitric and hydrochloric acids does not exceed separately specified maxima per month and per year for each. In practice, the excise staff has no means of verifying such production.

21. When the rates of levy rise as output increases, it is complained that production gets inevitably restricted. In addition to genuine or make believe fragmentation, marginal units restrict production within the free or preferential rate slabs thus reducing, on the one hand, the revenue yields and, on the other, adding to idle capacity in a situation which actually demands maximum utilisation of installed capacity. The role which the Plan assigns to small scale industry is, far from being promoted, actually defeated. The two-fold objective of excise duties to raise revenue and restrain consumption so as to secure greater surpluses for export are incapable of attainment with built-in disincentives to further increasing production.

22. Preferences for different sectors within the same industry upset the economic equilibrium between them and, indeed, have at times wholly unforeseen effects on entirely different industries. We are told that the levy of duty on liquid oxygen may lead to a shifting of consumption to conventional explosives of which there is already a shortage and increased demand for which for the moment can only be met through increased imports.

23. There is general agreement in the views expressed before us that fiscal concessions to the organised sector of industries are neither necessary nor beneficial. The main criticism is that schemes in which the rate of duty rises with increasing production are detrimental to growth. An example is furnished by the preferential slab rates of duty for vegetable product introduced in March, 1958. Since vegetable product was first excised in 1943, production had steadily risen with only minor shortfalls in two years. In the four years during which the scheme of relief operated, total deliveries from factories which remained wholly within the exemption slabs were respectively 83900, 83700, 85300 and 84200 tonnes. Many of the manufacturers had no interest in expanding production. Scrutiny of their production records shows a clear pattern to cease operations just short of the limit beyond which the next higher or the standard rate of duty became applicable. It is not surprising that this exemption was withdrawn in April, 1962; but by then over Rs. 60 lakhs of direct revenue had been foregone. During the same four years, several new levies were introduced yielding less revenue than was foregone in this concession.

24. It has also been represented to us that exemption schemes of this nature defeat the objective of ensuring equality of taxation. Any other gains, for instance, from the total and partial exemption granted to cotton powerlooms, have been achieved at the cost of equality of taxation; powerloom cloth is as commonly used by the more well-to-do classes as by the poorer, and yet it bears a lower incidence of duty than mill-made cloth which is as commonly used by the poorer classes as by the more well-to-do.

25. As to the general issue of the justification for exemption schemes, it has been pointed out to us that in the case of commodities not subjected to excise duty or commodities now taxed but previously exempt, the large, the small and the cottage sectors co-exist and find their own internal equilibrium. This co-existence has a healthy effect on prices and ensures freer competition. But experience shows that as soon as the produce of an industry is taxed, a clamour immediately arises for special preference for the small scale operators in that industry. This may well be due to the fact that the small scale sector is unable to bear the additional financial burden imposed. But it cannot be denied that it introduces complications which depend on the quantum of relief given. The larger the gap between the two rates, the greater is the shift to small units. This leads on the one hand to fragmentation and on the other renders the capacity of the organised sector partly idle. Neither is in the larger economic interests of the country. It is perhaps this consideration which has led an economist to suggest to us that the produce of any industry in which more than 75% of the output is not concentrated in the organised sector should not be taxed at all. This may be an extreme view, but it is warranted by evidence of the excise schemes for the footwear and vegetable non-essential oil industries, in both of which the small scale sector now accounts for a larger share of the total output.

26. Our attention has been drawn to investigations into the schemes of exemption under the Madras Sales Tax Act conducted some years ago by Dr. P. S. Lokanathan, Director General, National Council of Applied Economic Research and by the Sales Tax Committee of the Government of Bombay headed by Dr. D. R. Gadgil. Dr. Lokanathan considered tax concessions hardly a suitable method for encouraging any industries, trade activities, etc. and advised that in any case the criteria on the basis of which exemptions are evolved should be clearly defined and applied consistently. Dr. Gadgil recommended that the size of the exempted sphere should be restricted to the smallest as—

“exemptions which are confined to well defined categories which lead to exempting almost whole trades or the dominant activities of specific types and traders as a whole operate very much better than numerous narrowly defined exemptions which cut across the trading operations of large classes of dealers.”

27. There is certainly force in the argument that the absence of any common pattern or principle in the present schemes (which are, incidentally frequently modified) shows that they are often evolved on a rough and ready basis and do not contribute to the formulation of a deliberate, overall and co-ordinate tax or economic policy. We consider that if, despite their limitations, fiscal concessions have still to be resorted to, it must be ensured that they are truly promotional in conception and effect. As the benefit of the preferential rate is available only on deliveries from the factory, it accrues in small dribbles spread over the year, and is usually frittered away. It is also not possible to estimate how much revenue is foregone by the present scheme of exemptions and preferences. It is only right and proper that Parliament and the country should know what contribution the exchequer is making towards fostering the growth of the small sector.

28. Any estimate of revenue sacrificed should include not only the amounts foregone through assessments of goods actually charged at less than the standard rate, but also revenue lost through fragmentation and the limitation of production within the preferred or exempted slabs. It is difficult to make such an estimate either of revenue or production lost. According to a survey made by us, we estimate that without reckoning loss through avoidance induced by the present schemes, the direct revenue sacrifice in exemptions in 1961-62 was of the order of Rs. 80 crores annually with reference to the tariff rates and about Rs. 20 crores with reference to the effective rates of duty.

29. We consider that the present schemes have proved largely ineffective in their promotional effect and in reaching the manufacturer due to two main factors. Firstly, they are administered by rate reductions in day-to-day assessment of the goods actually delivered. The total preference is thus disbursed in such small amounts as to leave no visible effect. Secondly, the distributive channels exploit the small scale producer, who has to part with his produce at prices which take into account only the preferential rate which has actually fallen on

the product, thereby appropriating to themselves most of the benefit of rate concessions. This is forcefully illustrated in the case of vegetable non-essential oils;* there were large free and preferential sectors but only one wholesale market rate for vegetable oils. The situation is similar in the matches industry and we have dealt with it at length in the section of our report devoted to this commodity. The increased duty preference intended for the category of smaller manufacturers is largely appropriated by the distributive trade and neither reaches the manufacturer nor reduces the price to the consumer.

30. A radical change in the system of administering any preferences and privileges which are allowed seems called for to remedy the situation which we have described. We consider that a more tangible benefit will accrue to the producer in the favoured sector if assistance through rate concessions is substituted by cash bounties paid periodically. This will facilitate assessment, the rate of which will not vary from one consignment to another, as at present, and, therefore, speed up work. Periodically, the manufacturers within the subsidised sector may make their claims according to the subsidy admissible for their output which may, after verification with returns of production and deliveries, be paid in cash. Amounts admissible to individual producers would in such a scheme be determined at fairly high levels in an office where the manufacturer's returns and records of actual payments are available. Some degree of specialisation would become possible, leading to greater accuracy and uniformity in passing down reliefs and the scope for corrupt practices will be reduced.

31. In dealing with some major commodities in which the preferred sector, now assisted through exemptions and rate concessions, has a sizeable share, we have suggested alternatives the adoption of which should eliminate many of the present administrative difficulties and inequalities. There are other commodities in which it is not easy to evolve similar alternatives and where a scheme of direct assistance may be justified. With progressive widening of excise coverage, there will be a range of goods in which no alternative to subsidies would be a satisfactory method for affording assistance, which will be both promotional in character and provide inducements to consolidation and growth.

32. If the scheme of subsidies we advocate finds acceptance, we consider it important to entrust the work of enunciating principles and determining scales of subsidy for different classes of producers to some such body as the Tariff Commission, which should go thoroughly into the economics of the different sectors for this purpose initially. It should also periodically review the position to ascertain whether the scheme is achieving the purpose for which it is intended.

33. We do not conceive of a situation under this scheme whereby delay in payment, increased paper work, etc. cannot be effectively guarded against. Paying refunds under such a scheme without pre-audit

*The duty has since been exempted.

will still be less risky than the present system, under which no real audit of assessments at concessional rates is either carried out or is in fact possible. The data on which concessional rates are based is generally not made available to auditors and were they to call for it, far more paper work will be involved than in the proposed system of periodical cash payments made on the basis of available records and returns; if a proper revenue audit is to be carried out, the system we recommend should indeed reduce scriptory work.

34. We realise that our proposal to apply the standard instead of preferential rates to the small producer's goods in the first instance may be attacked on the ground that it will place an undue burden on him. Apart from the fact that this will really be limited to the first period for which cash subsidies become admissible, this argument could only be sustained if the present schemes for relief did in fact lighten his burden. We have found that the small sector operator has usually to forego the major part of relief under existing system in favour of the distributive trade which depresses the price for his goods. Under the present schemes he can retain little, if any, benefit of the various rate concessions. If his goods bear the standard rate of duty, the buyer will have no option but to pay it. Subsequent cash bounties would then become a positive gain to him. These would provide working capital for the then current period and normally leave a tangible carry over which might even suffice to add to his capital investment and help him to grow. In cases of established hardship, some relief for a transitional period may, however, be necessary. This question would undoubtedly receive the consideration of the Commission which would examine the grant of subsidy. The psychological benefits of a cash bounty cannot be under-rated and we believe that if fiscal aid with all its limitations is to be truly promotional, only a cash bounty of the nature recommended by us will achieve this objective.

CHAPTER VII.—REFUNDS ON EXPORTS

Upto the time of consolidation of Central Excise Law and Procedure in 1944, taxed goods were few and carried a single-point levy at specific rates. Exports of such goods were also negligible. The procedure for grant of rebate of excise duty on export or export in bond which was based on strict identification of the goods exported with the goods cleared from the producing factory or storage warehouse with reference to covering clearance documents was adequate and did not hamper exports.

2. Subsequently, to minimise the risk of goods exported to countries with land frontiers with India being smuggled back, provision has been made to make refunds admissible only on goods specified by Government and on fulfilling special conditions prescribed for each commodity separately.

3. More recently, new procedures have been introduced to give an impetus and also incentive to increase exports. These relate to speedy grant of refunds and to the calculation of the total incidence of duty borne both by the finished goods themselves and the raw materials and components which have gone into their manufacture. Even duty free finished goods made from excisable ingredients can now claim refunds of the duty earlier paid. The rules have been further liberalised to facilitate drawback of customs duty on imported raw materials and components used to produce excisable and other goods for export and schemes for combined customs and excise duty drawback have been devised.

4. Despite these liberalisations, excisable goods exported as such need, firstly a formal notification before refunds become admissible; secondly, the procedure varies according as they are exported by land or air, through major or other sea ports, by post or as ship's stores, and further according as the export is to a neighbouring or any other country; and, thirdly, executive instructions restrict the admissibility of refunds in most cases only to manufacturers in respect of goods exported directly from the factory. Goods notified for entitlement to refund may, however, be exported in bond without payment of duty.

5. The special procedure for export through all major and some specified intermediate and minor ports aims at reducing the time lag in payment of refunds by replacing pre-audit by post-audit and by centralising all refund claims at the headquarters of the Maritime Collector or other officer having jurisdiction over the intermediate and minor ports. Payments are also made by cheque. Refund claims on export through ports not specified are processed under the normal procedure, including pre-audit, and become payable at the treasury where the original duty payment was made. Refunds on exports to Nepal are made to the Government of Nepal under a special procedure prescribed under the Indo-Nepal Treaty.

6. A large number of separately notified procedures regulate refund of duty on excisable raw materials and components of goods exported. Under one, the normal procedure for refund on excisable goods extends also to abatement of duty on tobacco contained in tobacco products and on sugar in confectionery. Another regulates abatement of duty on vegetable product and the duty on vegetable non-essential oils from which it was made, subject to the exporters indemnifying Government against claims for refund of oil duty as such duty is often paid by manufacturers of oil who are not themselves the producers of vegetable product. A similar procedure, but without the indemnity bond, applies to refund of duty on pig iron and steel on export of excisable iron and steel products.

7. By a separate rule, the Central Government has the power to notify *ad hoc* rates of refund of the duty element borne by goods exported. Goods so far notified are marmalades, jams, jellies, etc. for the duty on their sugar content, typewriter ribbons for the cotton fabric duty, cardboard for the strawboard duty and paints for the linseed oil duty. By yet another procedure, manufacturers using excisable goods in producing specified articles which are notified from time to time are allowed refunds if the articles produced are exported. Hitherto, articles notified have been those which are cotton fabric based and paper, etc. in tobacco products. Basically, all procedures, except that for the sugar content of fruit, etc. preserves and three other types of goods, entail excise supervision over the producers and strict identification and correlation of refund with the original duty payment documents. And finally, for a fairly wide range of goods *ad hoc* rates of combined customs and excise duty drawback have been fixed. Except in a few instances, these are paid by the Customs Department to the exporter.

8. Although the rules allow to any exporter the facilities to export in bond excisable goods notified to be eligible for refund on export, executive decisions restrict this to the manufacturer himself except in regard to exports of cotton fabrics, yarn and thread, films and cycle rims. Like the rule empowering notification of articles on export of which the excise duty on the raw materials and components entering into their manufacture can be refunded, rules empower Government to notify articles in the manufacture of which excisable goods can be permitted to be used in bond. The articles so far notified are those largely textile based, with the scheme of supervision over the manufacturer being in certain respects even more rigid than on the producers of textiles for home consumption.

9. Industry and official witnesses both complain that the existence of these differing procedures, each with its own special provisions which are again in many cases deliberalised by executive instructions, renders it difficult to understand or to apply the rules correctly. In the result, the exporter runs the risk inadvertently of committing a breach of the rules which may entail refusal of the refund.

10. Representatives of manufacturers and exporters complain that the details of these schemes are based on a distrust of their *bona fides*; the procedures and restrictions are designed to prevent fraudulent claims being made rather than to facilitate exports or to ensure full and prompt repayment of duty paid on finished goods and/or on the materials used in their production. The procedures enjoin that serial numbers should be given to all packages of the same class of goods exported in each year, and materials obtained to manufacture articles for export should be fully consumed before fresh supplies can be procured. These and other similar limitations are often impractical to apply; in any case they hamper exports. Furthermore, in addition to the rigidity of the various provisions and their rigorous enforcement, the full burden of excise duty borne is not in fact rebated nor is it wholly possible to achieve this result. The expansion of excise coverage has brought many more materials used in manufacture under levy and this has further added to the cost of manufacture of articles exported. Without a system which ensures full refunds being given, there is the risk of Indian manufactures being priced out of competitive foreign markets.

(11. Except in the case of a few selected manufactures, refunds are not allowed even if the manufacturer himself exports excisable goods from his storage depots and godowns located in port towns away from the factory. It often happens, more so with branded goods, that an export order can be readily executed from stocks in godowns but not immediately from the factory. This happens also with ships stores where the notice for supply is short. Unless supplies can be made from the nearest available stocks, the order cannot be met.

12. It is also complained that although under the simplified procedure exports can be made under a bond executed with any Maritime Collector from any other port, in practice it is only so if the special procedure has been extended to that port. Otherwise, the bond is not deemed valid and a fresh bond has to be executed. We see no rationale in such restrictions as the process of recovery in terms of a bond is the same, whether the goods are exported through one port or another.

13. Where excisable goods are allowed to be used in bond for manufacture of articles intended for export, or are used after payment of duty under claim for refund on export of, say, the articles produced, it is complained that besides the rigours of the procedure, including recovery of excise supervision charges, due allowance is not made for manufacturing wastages which are fairly high in the production of such articles as ready-made garments. The official view is that allowance for wastages cannot readily be determined because not all the fabrications may go for export, and apportioning manufacturing wastages between exports and deliveries for internal consumption is not easy as these proportions keep changing. Industry also complains that if the raw material acquires at any intermediate stage in production of other goods for export a form in which it would be itself excisable, duty is

demanded even if the final fabrications are not excisable and are not delivered for home consumption. The example cited is the stage of circles and sheets made in the manufacture of utensils from imported aluminium ingots in bond for export.

14. It is also complained that in many instances the total amount of refund admissible is made up of the excise duty borne on the goods or components as well as combined Customs and Excise drawback for containers. Thus, although an exporter of fruit preserves, etc. can get the excise drawback at *ad hoc* rates without any special excise formalities, the combined Customs and Excise drawback on glass or tin containers, paper cartons, and other packaging materials is payable by the Customs Department. Exporters have to observe different procedures for customs and excise requirements and to deal with different authorities before they can secure full refund.

15. Another complaint has been that the procedure for fixation of rates of combined drawback of customs and excise duties entails excessive documentation and repeated visits by customs officers to the producing factory at the exporter's expense, even where excise officers are present at the same factory. The time and expense involved in satisfying the Custom House at times outweighs the financial benefits of the refunds admissible. Such verification is to be done biennially as a matter of routine, even when no changes in the composition of branded goods occur.

16. Dissatisfaction was also expressed before us with the procedures and practices of customs examination in the docks for certification of goods exported. Examples cited were those of steel furniture and other products of engineering industries. The complaint was that cases are required to be opened for examination and weighing of contents on the quay. Furniture, doors and windows, steel cupboards, safes and like goods are liable to damage in the process; paint gets scratched and repacking cannot be as satisfactory as the original. In the case of some other goods, customs officers visit manufacturer's premises at his cost to ascertain the tare weight of drums and tin containers for payment of drawbacks. The suggestion urged on us was that wherever an excise officer checks goods made ready for export, all checks required by customs should be entrusted to him to be completed at the time of examination for purposes of refund of excise duty and his certificate as to contents of cases or seals should be accepted by customs officers without reopening them as a routine before shipment. We endorse this suggestion.

17. This summary of the major points of criticism is sufficient indication of the inadequacy of the prevailing rules and procedures for relieving goods exported from the total burden of indirect taxes. Instead, some of them cost money and the total relief from rebates is correspondingly reduced. We consider that rebate or drawback schemes which are to meet the needs of accepted policy of promoting exports should be so designed as to enable the actual exporter to receive after export the total rebate or drawback with the minimum of delay

and without the need for excessive or repetitive documentation or having to secure it from different authorities. The ultimate in simplification will be a scheme in which the total amount admissible is paid across the counter when endorsing the certificate of export on the shipping bill. We realise, however, the limitations in reaching such a stage but we consider, nevertheless, that the procedures can be simplified and fuller rebates and drawbacks paid more expeditiously.

18. As a first step we recommend a comprehensive review of the various export rules and procedures and executive restraints which abridge their scope and which, as we have elsewhere remarked, are either inoperative or have become outmoded. The revised rules should embody procedural provisions common to all exporters and all goods at one place instead of being scattered through the rule book as at present. As the law contemplates, and the plan of economic development requires, all goods exported should be relieved of customs and excise duties. This revision should ensure that a formal notification authorising the admissibility of rebate does not become necessary in future as a matter of routine, as it does now, for this is an avoidable formality which creates unnecessary work; only those goods need be notified in respect of which, for special reasons, the rebate is either not to be allowed at all or is otherwise conditional.

19. We consider that the actual exporter of any goods at any stage should be entitled to the rebate admissible if he exports them. While it is desirable that the trading pattern should be such as to keep down prices at the time of export, the pattern of trade in many goods is such that the actual manufacturer rarely, if at all, exports the goods himself. Refunds should, therefore, be allowed to all exporters without distinction.

20. Having regard to the existing coverage of goods chargeable with excise duty and the possibility of their further extension, it is obvious that varying elements on account of duty borne by raw materials and components form a part of the total cost of a wide range of manufactured goods whether they are themselves excisable or not. The present schemes, with few exceptions, generally allow only rebates of duty borne by excisable goods at the last stage. The position is best illustrated with reference to a motor vehicle. Iron and steel products, aluminium, copper and brass castings and rolled sections, plastics, paints, tyres and tubes, batteries, bulbs, cables, etc. which form the essential raw materials for, or components of, a complete vehicle are all excisable as such and the motor vehicle is itself chargeable with excise duty. On export, however, the rebate admissible is only the vehicle duty. The price at which exports can be made includes, therefore, several elements of costs attributable to duties. The situation in many other goods, both excisable and otherwise is similar. This comes in the way of development of the export trade in a number of commodities.

21. We consider that the only effective method of allowing rebates on account of customs and excise duties borne by Indian manufactures

upto the time of export is to fix *ad hoc* rates of rebates on broad estimates of their incidence. The rates fixed should apply to each category of goods irrespective of the source of supply or manufacture. Where duty paid imported raw materials or components make up the article, the customs duty should also be taken into account for fixing the rebate admissible. The rates should similarly take into account duty borne by packaging materials.

22. In the interest of export trade, it is essential that the exporter should know before he quotes, the exact amount of refund which would be allowed on any particular export. If there is any uncertainty about it he is not in a position to take it into account in quoting his price abroad with the result that the business may be lost to the country. This seems to us to be a further and compelling reason for adoption of a comprehensive system of *ad hoc* rebates.

23. Such a scheme has, in principle, already been introduced, but it does not cover a range of goods wide enough to cover the bulk of exports. We recommend that *ad hoc* rates should be fixed for as wide a range of goods as possible. Once this is done, it should be possible to liberalise most of the existing procedural restrictions for eligibility for refunds.

24. For the rest, we consider that the special procedure at present restricted to exports through specified ports can be adopted to regulate grant of refunds of excise duties on exports through all ports, across land frontiers, by air and by post. Procedural adjustments by eliminating the additional claim form and authorising the sanctioning officer himself to issue cheques in payment ought to reduce documentation and further to speed up payments.

25. Other refunds like those on unused or damaged revenue stamps and match banderols, or those arising from overpayments of duty and refunds when duty paid goods are returned for manufacture or arise from decisions in appeal or revision can, we consider, also be speeded up, firstly, by authorising verification of credit where necessary with reference to the revenue records, chalans, etc. with the Chief Accounts Officer and, secondly, by issue of cheques in settlement instead of pay orders on the treasury.

CHAPTER VIII.—ADJUDICATION, APPEALS AND REVISION PETITIONS

Appendix IX shows annual statistics of breaches of Central Excise Law since 1949. Detections have declined over the last four years. With a substantial increase in excise coverage and in the number of licensees, it is indeed strange that the incidence of detection has declined. We feel that this may be due to a slackness in excise surveillance and supervision as adequate man-power is not available to enforce the standard procedure. In the changing patterns of production and of excise coverage the standard procedure cannot be enforced without a disproportionate increase of staff. We are convinced, therefore, that new techniques will have to be introduced to keep in step with changing conditions.

2. Progressive replacement of the present schemes of physical control by accounts control as recommended by us would need an efficient enforcement and investigating organisation. We have elsewhere recommended, therefore, that Preventive Inspectors should be installed at Range and Divisional levels to be controlled by a re-inforced preventive and intelligence wing at each Collectorate headquarters.

3. Besides reorganising the preventive and intelligence set up, arrangements should be made for training of specially selected officers in modern methods of investigation. It is necessary also to provide greater incentives for detection and prevention of evasion and infraction of revenue laws.

4. Appendix X gives data of rewards sanctioned for detection of Central Excise crime over some years. Although it is permissible to pay as reward half the total fine and penalty realised in each case, the amount actually disbursed is small. We consider that the diligence and initiative of men should be better rewarded as in the Customs Department.

5. The number of departmental prosecutions has always been small. But departmental decisions are increasingly being taken to Court by aggrieved parties. Senior officials complain that they are not equipped for handling legal work arising out of Court cases. With the growing complexity of excise taxation, legal work is likely to increase further. It was suggested to us that the Department should appoint lawyers to special posts to be created for this purpose. We, however, do not favour this proposal as the creation of isolated posts will limit prospects of promotion and would not attract men of the right type. We consider, however, that graduates with legal qualifications should be employed in cadre posts and located at the Collectorate for briefing counsel in excise cases.

6. Provision for departmental adjudication of infractions of the Central Excise Law, including confiscation of goods in respect of which revenue offences have been committed, has been made in the

interest of securing speedy justice. But we find that although powers of adjudication of Central Excise officers have been enlarged from time to time, their own powers in customs cases are higher than those in excise cases. With adjudication work centralised at Divisional headquarters and provision for review of decisions by superior officers, the obstacle to higher delegation of power would be removed. We, accordingly, recommend that powers of adjudication of Superintendents, Assistant Collectors and Deputy Collectors should be substantially enhanced so that most of the adjudication work can be handled by officers below the Collector's level. The Deputy Collector may have the same powers of adjudication as the Collector, but the latter should have discretion to retain cases in which serious frauds calling for higher level attention are involved. Most of the routine first appeal work will then be disposed of at the levels of the Deputy Collector and the Collector. The present practice of making orders of Superintendents appealable to the Deputy Collector and of Assistant and Deputy Collectors to the Collector is sound and should continue.

7. This rationalisation should reduce the volume of appellate work reaching the Chief Central Excise Authority. Appendix XI shows the position of appeals to Collectors and the Central Board of Revenue. Routine appeals, we are informed, are disposed of in less than three months but cases where oral hearings are requested, or which are otherwise of a complicated nature, take much longer. A special review made by us showed that over 500 appeals were pending for over three months at the end of 1960. Appellants from distant centres often find it difficult and more expensive to pursue their appeals at the headquarters of the Collector and before the Central Board of Revenue in New Delhi. The majority of first appeals being handled by the Collector, and his Deputy, will give relief to the public, more particularly if they are heard on their tours also.

8. There is a general complaint against the provision of prepayment of duty and penalty pending consideration of an appeal. This provision, like many others, has been imported from the Sea Customs Act, 1878 but the new Customs Act allows a waiver where the goods involved are either in customs control or acceptable reasons have been adduced for the waiver. A similar provision should be made in the excise laws, more so as unlike an importer, a manufacturer is in continuous business and subjected to continuous excise control. We have also examined the provisions in some other countries. The Canadian Law requires deposit of a nominal sum only to cover probable costs of litigation. In America, appeals before the appellate division of the Internal Revenue Service do not require prepayment but if the assessee pursues a case beyond the appellate division in a judicial review, prepayment is demanded. In the United Kingdom the goods are considered adequate security. We recommend, therefore, that as long as a licensee holds any excisable goods sufficient to cover any duty or penalty adjudged payable by him, his appeal may be heard without enforcing prepayment, and that the present provision should be appropriately

9. Another general complaint is that appellate authorities being departmental officers, do not always dispense natural justice. The consensus of opinion, however, is that while the first appeal may continue to be heard by the departmental officers, the final appeal should be heard by an appellate tribunal. In support of this demand it has been urged that Collectors and Deputy Collectors being subordinates of the Central Board of Revenue are bound by the Board's Standing Orders, clarifications, rulings etc., and even informal advice and cannot, therefore, exercise independent judgment.

10. We were, however, impressed by another view which was to the effect that excise levies are distinguishable from income-tax assessments and that in the case of Central Excise speed in decision was of the essence, having regard to the fact that goods were physically held up and clearance might be prevented or else uncertainty created in regard to prices, etc.

11. Having considered these various points of view, we have come to the conclusion that the present procedure should continue with the exception that the revision petition to the Government of India at the final stage should be abandoned and in its place should be set up an Appellate Tribunal. In other words, the original appeal to the Deputy Collector, Collector or the Central Board of Revenue, as the case may be, will continue but instead of the final stage, viz. the revision petition to Government, the assessee will have the right to appeal to the proposed Tribunal. This proposal is in accordance with the Taxation Enquiry Commission's recommendation in regard to customs appeals. Whereas the existing revision petition procedure is confined only to points of law, we suggest that the Tribunal should deal also with the facts of the case. If this is not accepted, we see no point in creating this new body. The ultimate right of appeal to the Supreme Court on points of law will, of course, remain.

12. We consider that the Tribunal should consist of one member of status and judicial experience comparable to that of a serving or retired Judge of a High Court and one or two Members who have had working experience of technical excise work. It should not be subordinate to the Chief Central Excise Authority although we see no objection to its being within the Ministry of Finance.

PART II

CHAPTER I.—THE ORGANISATION OF CENTRAL EXCISE

Headquarters Organisation

The Central Board of Revenue

The Central Board of Revenue was created as a statutory authority by the Central Board of Revenue Act, 1924, to direct, control and supervise the administration of central revenues. It was designated as the Chief Revenue Authority under the various fiscal statutes and the Members of the Board were given *ex-officio* status in the Secretariat hierarchy. It was essentially an executive organisation with statutory functions and powers; it also acted in an advisory capacity to the Finance Minister in the field of fiscal measures.

2. Although initially it had a Member for the administration of direct taxes, there was a single Member for the indirect taxes and narcotics. Except for a short period in 1944-46, both Customs and Excise charges were held by the same Member. It was not till 1951 that a separate Member for Excise and Narcotics was appointed.

3. In the reorganisation of 1949 the Central Board of Revenue as a whole was invested with Secretariat status and became the Revenue Division of the Ministry of Finance. Later, in 1956, its status was raised to that of a Department in the Ministry of Finance.

4. A post of Secretary to Government and *ex-officio* Chairman, Central Board of Revenue, was first created in 1947 by naming one of the Members to the post, but it was abolished after a few months and replaced in 1948 by an Additional Secretary to Government and *ex-officio* Chairman, Central Board of Revenue. This position was altered again in 1951 and the Board was headed by a Senior Member, Central Board of Revenue, with *ex-officio* status of Joint Secretary to Government as before. In 1955, the post of Additional Secretary to Government and *ex-officio* Chairman, Central Board of Revenue, was revived; it was raised in the following year once again to the status of Secretary, the Chairman, Central Board of Revenue, being designated Secretary to Government in the newly created Department of Revenue. In 1958, the charges of the Departments of Revenue and of Economic Affairs were unified in the person of the Secretary and the Chairman, Central Board of Revenue, was made an Additional Secretary to Government. In November, 1960, when the Additional Secretary and Chairman, Central Board of Revenue, retired, the post was kept in abeyance and co-ordination of work between Members of the Board was entrusted to the Senior Member. The Department of Revenue was soon thereafter provided with a full-time Secretary and the Central Board of Revenue continued without a Chairman, the Senior Member co-ordinating the work of the Board. In July, 1962, however, the post of Additional Secretary and *ex-officio* Chairman of the Board was again revived.

5. The number of Members which constituted the Central Board of Revenue from time to time has been as follows :

1924	2 (No Chairman).
1948	3 (Including Chairman).
1954	4 (No Chairman).
1955	8 (Including Chairman as Additional Secretary).
1956	6 (Including Chairman as Additional Secretary).
1957	5 (Including Chairman as Additional Secretary).
1958	6 (Including Chairman as Secretary).
1961	4 (Including Senior Member).
From July, 1962	4 (Including Chairman as Additional Secretary).

6. The Board now consists of one Member for Customs, one for Excise and Narcotics and two for direct taxes, including the Chairman. Individual Members administer revenue laws and the personnel of their respective departments. Though called a Board, it seldom, if ever, meets to discuss fiscal measures or technical problems; it meets only to discuss common problems of administration.

7. The Excise Member is assisted in his work by three headquarters organisations which play an important part in the day to day administration. These are (i) the Directorate of Inspection, Customs and Central Excise, (ii) the Statistics and Intelligence Branch (Central Excise) and (iii) the Central Revenues Control Laboratory.

Directorate of Inspection, Customs and Central Excise

8. An Inspectorate was constituted in 1939, later in 1948 redesignated a Directorate, to conduct periodical inspections and to advise the Board on technical questions including standardisation of organisation and procedures in Custom Houses. In 1942, the preliminary work in connection with the proposed levy of excise duty on tobacco and vegetable product was undertaken by the Inspectorate. Soon thereafter, the responsibility for consolidating and amending the various Central Excise Acts and Rules which came to be incorporated in the Central Excises and Salt Act, 1944, and the Central Excise Rules, 1944, devolved on this organisation. Thereafter, excise work became progressively the more important aspect of its work.

9. With a view to improving the quality of inspections, the Directorate was decentralised in 1952 into Regional units with headquarters at Simla, Calcutta and Hyderabad respectively, the Director's own office alone being continued in Delhi. Regional units are now each headed by an Assistant Collector, with two Superintendents of Central Excise or Appraisers or Principal Appraisers all of whom are uniformly designated Inspecting Officers.

10. In addition to its technical functions, the Directorate is also responsible for the training schools, departmental examinations and work studies and advises the Board in regard to the determination of the strength of establishments. It also became in 1955 responsible for vigilance work in the Customs and Excise departments with a separate Wing for the purpose.

Statistics & Intelligence Branch (Central Excise)

11. Upto 1943 the compilation of statistics relating to production, deliveries and revenue from the five main excised commodities was made in a Section in the Board's office from returns furnished by Collectors. This section was enlarged after the introduction of tobacco excise and renamed the "Statistics & Intelligence Branch". Arrangements were made for mechanical tabulation and compilation of a number of statistical returns relating to tobacco excise covering production, clearance and revenue from the original documents prepared by field officers. It was considered at that time that a compilation from original records would be both more expeditious and reliable. From 1948, however, the basis of compilation was changed and the consolidated returns prepared by the ranges became the basic material. Later in 1958, even this arrangement was discontinued and the consolidated returns made by Circle Officers became the primary documents for the purposes of compilation.

The Central Revenues Control Laboratory

12. A Central Revenues Control Laboratory was brought into being at the outset to advise Government primarily on matters connected with interpretation of import tariffs and classification based on scientific terms.

13. Officers of the Control Laboratory, namely, the Chemists at the centre, and the Chemical Examiners at the regional laboratories (which function at major Custom Houses) exercise indirect technical control, as a matter of routine, on manufacturers of sugar, vegetable product and soap. In this process, samples of raw materials used and of finished goods produced are taken at periodical intervals to test whether production is correctly recorded.

14. In individual assessment disputes, the Central Revenues Control Laboratory acts as the highest technical authority for giving opinion on the composition and classification of disputed goods, undertaking re-tests, where necessary, of samples analysed by regional laboratories.

Field Organisation

Collectorates

15. Till 1938, the administration of Central Excise duties was left in the hands of the provincial governments in their respective territories. At that time the Central Board of Revenue directly controlled only the customs administration of major ports through Collectors of Customs and of the minor ports, land customs frontiers and the levy on salt through the Salt Department. In 1938, the Central Board of Revenue assumed direct responsibility also for levy and collection of

Central Excise duties to introduce uniformity in procedures, rules and regulations and to improve realisations. The present Central Excise Department was thus built around the nucleus of the Salt Department and named Central Excise and Salt Revenue Department.

16. British India was divided in 1938 into three administrative units; Northern India was placed under a Commissioner with a Deputy Commissioner at Delhi and another in Calcutta; Bombay and Madras were placed under Collectors. Later, the jurisdiction of the Commissioner, Northern India, was bifurcated into North West India and North East India and they were placed in charge of Collectors with headquarters at Delhi and Calcutta respectively. The designation of Commissioner in the Excise department was thus extinguished and the designation 'Collector of Central Excise', as in the Customs department was adopted for the head of each independent field organisation but in Madras and Bombay heads of departments continued to be designated 'Collectors of Salt Revenue' until 1944.

17. With the imposition of duty on tobacco in 1943, the work expanded considerably and posts of Additional Collectors were created in 1943 for the four Collectorates. There was no special enumeration of powers and duties as between Collectors and Additional Collectors, each of whom functioned more or less as "Collector", both in technical and administrative matters. This arrangement was soon discontinued and a suitable number of new Collectorates formed.

18. With the partition of the country and the merger of the princely states, adjustments were made from time to time in existing charges and new collectorates were also formed. These were generally organised on a territorial basis, not necessarily co-terminus with the States. Some now have jurisdiction over a single state, some have jurisdiction, in addition, to parts or the whole of one or more contiguous states, some yet have jurisdiction only over a part of a state. The determining factor, it is claimed, is the work load.

19. While on this distribution excise work was handled by constituted Collectorates, an experiment was made in Assam of making the Commissioner of Income-tax also the Collector of Central Excise. It is not at all surprising that this experiment was soon abandoned.

20. In Kerala also, a somewhat similar arrangement is now in force. The Collector of Customs, Port of Cochin, is also the Collector of Central Excise, Kerala. His administration is organised in two wings, independent of each other both in the field and at headquarters. In other words, the Collector combines in his person alone, the authority of both customs and excise organisations. Conversely, the customs work at all minor and intermediate ports, on land frontiers and all airports except Calcutta, Bombay and Madras, has been entrusted to Collectorates of Central Excise, but integrated in a common field and headquarters organisation. Appendix XII shows the existing Collectorates and the major indicators of work load in each.

21. A Collectorate is organised in Divisions, varying in number from three to eight, subdivided into Circles, each controlling a number of Ranges.

Ranges

22. The primary revenue units are Ranges, placed in charge of an Inspector. Before the introduction of tobacco excise, when post-payment provisions were in force, each factory or a group of factories formed a Range. The concept of geographical Ranges was evolved with the introduction of tobacco excise and subsequent change-over to the prepayment system. The size of Ranges was determined on an evaluation of the work load.

23. A limited experiment was later conducted of combining a number of single officer Ranges into what was termed a multiple officer Range in selected urban heavy tobacco warehousing centres. The success of the scheme led to its adoption in 1957 as the normal pattern throughout the country and applicable to all commodities. Under this scheme, groups of old Ranges were combined to form Multiple Officer Ranges. The Multiple Officer Ranges have been placed in charge, usually, of a Deputy Superintendent, but senior Inspectors have also in some places been appointed as Range Officers. A Multiple Officer Range is divided into sectors manned by Inspectors assisted by Sub-Inspectors. The Sector Officers operate from the headquarters of the Multiple Officer Range, where day-to-day duties are allocated to them by the Range Officer who controls and co-ordinates their activities. There is frequent rotation of Sector Officers and there is no continuity in any of the charges.

Circles

24. These Ranges are grouped into Circles; the number of Ranges to a Circle is largely determined on the work load. But this is not the invariable criterion; contiguity, accessibility and the variety and character of the levies have also been a consideration and have led to the number of Ranges included in a Circle being varied. Where necessary, additional assistance has been afforded by the appointment of one or more deputies in the large Circles.

Divisions

25. An appropriate number of Circles have been combined to form a Division. The considerations on which the sizes of Ranges have been varied have also influenced the number of Circles to be included in a Divisional charge. Broadly speaking, four Circles constitute a Division.

26. Following the pattern of Multiple Officer Ranges, a reorganisation of administrative formations has also been attempted on the same lines by integrating Divisional and Circle offices in selected centres like Kanpur, Calcutta, Madras, Guntur, Ahmedabad, Hyderabad, Coimbatore, etc. Under this scheme, overlap of administrative work has been reduced. Administrative work which formerly was done separately in Circle and Divisional offices, often housed in the same building, is now done in the integrated Divisional office. The administrative and technical work is allotted to Superintendents on a functional basis under the overall supervision of the Divisional Officer.

CHAPTER II.—THE CENTRAL BOARD OF REVENUE AND ITS ATTACHED OFFICES

The Estimates Committee of Parliament observed in its Forty-ninth Report, 1958-59, that in combining in the same body, the secretariat functions of the Department of Revenue and the administrative functions of the Central Board of Revenue as the chief revenue executive, the purpose of the Central Board of Revenue Act had been largely defeated and that no rationale appeared to have guided the size and composition of the Board from time to time.

2. The evidence led before us has, however, been somewhat conflicting. It has been held by some that the combination of these two functions in the same authority is organisationally unsound. The Central Board of Revenue in its capacity as the chief revenue authority issues rulings and directions on classification and application of excise levies to its subordinate revenue officers. It is not proper, therefore, that representations against decisions of its agents, based often on its own orders, should be considered by the Central Board of Revenue functioning as a department of Government. Some others hold that there is nothing inherently wrong in the combination of the two functions and that there are even some advantages in this fusion. Adjustments should remove any anomalies in the present position.

3. We have, therefore, examined this and related issues in some detail. It is not merely a question whether policy and its execution should vest in the same authority with a duality of roles, but also whether a single agency, whether it is called a department or a board, could suitably and efficiently administer both direct and indirect taxes.

4. It has been urged that were the executive wing to be dissociated from formulation of policy and imposition of duties, the policy may tend to become unreal. Difficulties in administering a levy, more particularly when its incidence is wide, covering both rural and urban areas, have to be fully assessed and appreciated before its imposition is decided upon. Secondly, policy must take heed of appropriate techniques of execution and their feasibility and effectiveness in application. The system of higher direction and control has to be so designed as to ensure that the practical and technical problems attendant on taxation policy are fully analysed and satisfactory solutions found before its implementation and extension. On the other hand, it has been represented that policy is often dictated by considerations other than those of revenue. If the chief revenue authority were to have regard to political and other considerations, this could only be at the expense of its main technical and administrative functions.

5. As a result of the Central Board of Revenue becoming a department of Government, its character as such has become more pronounced, perhaps to the detriment of its main function as the chief revenue authority. Even its organisation and its staffing arrangements conform to those of the Secretariat, leading to the infusion of

personnel who have little or no knowledge of revenue administration. This in its turn is affecting the efficiency of the Central Board of Revenue as the highest revenue executive.

6. Judgment on these issues is rather difficult to make, but it is clear that taxation policy has to be based on economic considerations and the shares of revenue to be raised by direct and indirect forms of taxation have to be determined. This implies that this responsibility should vest appropriately in the Economic Affairs Department of the Finance Ministry, which is in the best position to consider in consultation, where necessary, with other economic Ministries, the overall impact of a particular impost on trade and industry. The question remains, however, as to who is to advise on the administrative aspects of such a levy. This is a very relevant factor in the imposition of a new levy.

7. On balance, therefore, we feel that the Central Board of Revenue should cease to be a department of the Government. It should hereafter be the chief revenue authority concentrating on the efficient management of the collecting agencies, interpreting legal provisions in doubt and issuing directions for correct and prompt realisation of dues. This is not to suggest that the Central Board of Revenue's views should not be obtained on the feasibility or otherwise of a levy when it is under consideration. This is being done even now and should continue to be done even after the changes we have suggested are introduced.

8. We are in agreement with the view of the Estimates Committee that there seems to have been no rationale in fixing the strength and status of the Members of the Board. It has from time to time varied between eight and three. The status of the Chairman has similarly varied from that of a Secretary to a Joint Secretary and the Estimates Committee wondered whether these changes were made on personal considerations or those of the requirements of the organisation or the importance of the charge. We endorse their recommendation that there should be an objective assessment of the work load and responsibility in determining both the number of Members and their and the Chairman's status.

9. The Tyagi Committee on Direct Taxes had recommended that the existing Board should be reorganised into two wings with a common Chairman. We are also convinced that it has now become necessary to provide separately for the efficient administration of direct and indirect levies. In other words, we are in full agreement with the Tyagi Committee that there should be two Boards of Revenue staffed adequately, not merely on the basis of revenues each raises, but on an appreciation of the intricacies of the levies entrusted to each. We do not, however, subscribe to the recommendation that the Boards should have a Chairman in common. There is little similarity between direct and indirect taxes and there is no particular point in providing the two Boards with a common Chairman; there may even be disadvantages in doing so. In our view, the Boards should be two distinct and separate entities with their own independent Chairmen.

10. Having regard to the contribution of indirect taxes to the exchequer, and the complicated nature of their levy and collection, we consider that the Board for indirect taxes—we suggest that it might be called the Board of Central Excise and Customs—should have an adequate number of Members who, unlike the present Central Board of Revenue, should act and sit as a Board to consider all aspects of Central Excise and Customs work including technical, administrative and establishment matters. The volume of work in both Customs and Excise should determine the strength of the Board and the distribution among the Members of technical and administrative work. It will then become possible for the Board Members to carry out the requisite amount of touring and to maintain constant contact with all sectors of trade, commerce and industry and with the field administration. The Chairman of the Board should be drawn from either Wing of the Service. He should be responsible for coordinating the work of the Board as a whole and should act also as the adviser to the Finance Minister on matters relating to indirect taxes.

11. Once such a Board has been formed, it would be its responsibility to implement the taxation measures, evolving its own techniques for the purpose. It will be for the Board to represent to Government its views on the feasibility or otherwise of a levy. Similarly, it should bring to the notice of Government difficulties in administering a levy, to enable Government to make suitable adjustments where necessary.

12. If the re-organisation of the Chief Central Excise authority which we have suggested cannot be brought about within the framework of the present Central Board of Revenue Act of 1924, then we suggest that appropriate legislation should be undertaken. The advantages to be derived from the adoption of this proposal, in our view, far outweigh any additional costs of administration, which in any case would at most be marginal.

13. We would revert here to our earlier observation that full and complete research should precede framing of new taxation measures and that the operation of excise duties already levied should also be kept under constant review. In order that full account can be taken of the practical aspects of the administration and the probable effects of a proposed levy on the produce of an industry as a whole or the various sectors of it, it is of the utmost importance that an agency should be created to collect, collate and maintain up-to-date information on all major industries engaged in production of goods whether at present subjected to excise duties or not.

14. In the course of examination of senior officials we were informed that new taxation proposals are often initiated by other Ministries of the Government whose statistical organisations also furnish the relevant data to the Central Board of Revenue to enable it to process the proposal. They suggested, for instance, that data on the organised sectors is available in the Department of Technical Development or other agencies of the Ministry of Commerce & Industry like the Textile Commissioner, the Jute Controller, the Iron and Steel Controller and

so on; for the small scale sector, it is available with the Small Scale Industries Corporation; and for the cottage sector, with the All India Khadi and Village Industries Commission or allied organisations. In other words, the kind of agency we have in mind already exists. They thought that the better course would be to strengthen the existing statistical organisations as, in their view, no single agency could maintain all data which would be fully adequate even for the Chief Central Excise Authority.

15. While we realise that various other agencies maintain statistics, they are oriented to meet their special needs which might not necessarily be sufficient for the consideration of excise levies. It is also to be borne in mind that few, if any, other organisations under Government of India have any field staff to collect the data which would be authentic or up-to-date; they rely for their compilations on the results of *ad hoc* sampling, census, registration or other enquiries conducted usually through the State administrations. In the result, the data is neither up-to-date nor complete. In any case, the inadequacy of the data on which schemes are framed at present is clear from the frequency with which the rates of duty have to be adjusted.

16. In our view, material available with various agencies in other Ministries may at best be helpful in selecting commodities initially for a research programme. The Board for indirect taxes must build up its own tax research bureau to collect, collate and analyse all this material so as to provide it ultimately with all the data relevant to every aspect of an existing or a proposed excise duty. This alone will make the preliminary study adequate and purposeful for the formulation of realistic and coordinated excise schemes as part of the overall fiscal policy and will enable the Board to anticipate and provide for the practical problems of their execution. The country-wide net work of the Central Excise field organisation is better equipped to collect the required data than other agencies.

17. The Directorate of Inspection should be reorganised to fit into this pattern and should in future concern itself largely with investigation of major revenue problems and procedures; it should not repeat the routine of inspections of subordinate formations which should be the sole responsibility of the field supervisory officers with a fuller and more thorough check of all assessments being carried out in the first instance by Circle Officers. The Directorate should be a compact high level organisation concentrating on major technical aspects of excise levies. In this revision of the functions of the Directorate, it would not be necessary to have regional offices. The regional offices, manned as they are, are not equipped at present to make any real and worthwhile contribution to the study of revenue problems and reorientation of procedures, which should hereafter be the role of the Directorate.

18. The present Statistics and Intelligence Branch functions no more than as a statistical compilation unit as its composition is hardly designed to undertake any intelligence work. We have already referred

to the need for building up fuller statistical information not only of goods now subjected to duty, but also of the scale, location, methods of production and marketing of other goods which may be considered later as suitable subjects for excise levies.

19. The existing scheme of statistical compilation suffers also from a major defect in that the statements are not prepared from the primary records of the Ranges but from summaries prepared in the Circles. Little is gained by the expenditure incurred on mechanical tabulation from the same summaries of statistical reports which are also manually compiled and consolidated at other levels. On the other hand, this duplication of effort only inflates costs without any compensating advantages. We recommend that the re-organisation of the Statistics and Intelligence Branch should be based on a detailed study by a Committee of statistical experts particularly with a view to increase the scope of the organisation for the documentation of material relating to all significant production in the country.

20. Dissatisfaction was expressed before us on the part played by the Regional and the Central Revenues Control Laboratories in day to day administration. The assessee is frequently not prepared to accept the premise on which technical advice is based and he objects also to decisions based on advice which he is not afforded an opportunity to examine or contest. An example of the former is the system of estimation of sugar output from technical scrutiny of analytical particulars of cane, juice and other sugar house products in a sugar factory for raising a charge to duty on the difference between these estimates and actual production. Examples of the latter are instances where duties are levied first and departmental chemists called upon later both to evolve working hypotheses to distinguish taxable from non-taxable articles and also to determine the particular rate to be applied.

21. We consider that unlike the requirements of Customs administration for which these laboratories were initially established, there is little room for technical chemists in the day to day administration of Central Excise levies if articles to be taxed are properly defined. Under the Customs tariff every imported article is liable to duty at some rate ; for some goods chemical analysis is the only method of determining the correct rate of duty. Excise duties, on the other hand, are selective. In the large range of commodities now subjected to excise duty, there are few where chemical analysis is the sole means of distinguishing the excisable from the non-excisable article or for determining the rate applicable. We consider that the only role appropriate to the Regional and the Control laboratories in excise administration is that of chemical analysts where a levy is contingent upon the chemical composition of an article. The needs of the laboratories in equipment and personnel should be reviewed in this light.

CHAPTER III.—FIELD ORGANISATION

Executive

The primary unit

The Multiple Officer Range Scheme has evoked widespread criticism from official and non-official witnesses alike. In reply to the Estimates Committee's critical references to the working of the Scheme, the Central Board of Revenue had stated that the Committee's criticism seemed to have been based on an inadequate appreciation of the actual working of the Scheme and that the entire matter would again be looked into by the Central Excise Reorganisation Committee. We have, therefore, examined the suitability of the Multiple Officer Range Scheme as the primary unit of excise administration.

2. According to official sources, the main objectives of the Scheme were as follows:—

- (i) Ranges with Deputy Superintendents in charge would give increased efficiency, better control and quicker decisions;
- (ii) it would give flexibility to the organisation as staff could be re-deployed with reference to workload from time to time, giving economy in manpower;
- (iii) closer supervision would control corruption, harassment to trade and industry, etc.;
- (iv) it would eliminate routine scriptory work as only a single set of records would be maintained in the Multiple Officer Range office; and
- (v) it would provide for withdrawal of officers from out of the way places to centres where more amenities were available; further, their concentration would promote mutual consultation on problems of excise administration.

3. Before the Multiple Officer Range Scheme was introduced, the Circle Offices were headed by a Superintendent, assisted by one or more Deputy Superintendents, depending on the volume and variety of work in the Circle and the extent of its jurisdiction. The system provided for sharing the work of out-door inspections and the Deputy could also stand in for the Circle Officer during the latter's absences on tour. He was the principal inspecting officer and conducted full scale half-yearly inspections of each Range. He scrutinised assessments; visited in tobacco growing areas growers/curers and warehouses, frequently examining also official records of each grower/curer's production and the annual return and final accounting of tobacco. In the Multiple Officer Range Scheme a Deputy Superintendent is the Range Officer, and the Circle Officer often has no deputy at his disposal. Though the work and responsibilities of the Circle Officer have steadily increased, both on account of expansion of excise coverage and larger delegation of powers, he has not generally been provided with assistance at deputy level.

4. The Deputy Superintendent's inspection of his own Sectors cannot also be either as thorough or objective as before when he evaluated work done as an independent inspecting officer. The load on him is so heavy now that he can hardly fulfil all the responsibilities required of him, defeating the purpose of the Scheme.

5. The Director of Inspection has referred to improvement in the actual yield of tobacco per acre, and this is, in his view, attributable to the introduction of Multiple Officer Range Scheme. The tobacco industry, on the other hand, has pointed out that the yield of tobacco, like that of any other agricultural crop, is dependent upon many factors and is in no way directly determined by the pattern of excise control. Successive years' cultivation and production figures obtained from official statistics summarised in Table 4 illustrate this point.

TABLE 4

Unmanufactured tobacco: area, production and average yield of main varieties.

Crop Year	Virginia Flue Cured			Virginia Air Cured			Indian Air Cured		
	Area Hect-ares.	Yield (000) Kgs.	Ave- rage yield Kgs.	Area Hect-ares.	Yield (000) Kgs.	Ave- rage yield Kgs.	Area Hect-ares.	Yield (000) Kgs.	Ave- rage yield Kgs.
1949—50	64201	46190	719	408	1344	3294	257774	247399	959
1950—51	96771	63469	655	1311	5001	3812	247144	231881	937
1951—52	81836	55571	719	1644	8473	5142	212185	230485	1133
1952—53	76574	46921	613	3374	11170	3311	323814	330205	1019
1953—54	80422	46379	577	925	2440	2638	311448	271050	870
1954—55	81338	50804	625	1099	1462	1332	252455	227562	901
1955—56	106268	68976	649	1654	2475	1496	313267	301956	964
1956—57	99169	58940	594	1027	2957	2879	301904	287258	953
1957—58	97758	75375	771	2653	7943	2994	223509	215829	965
1958—59	106296	72009	677	1990	7331	3684	265659	291494	1097
1959—60	105369	77233	733	1441	4905	3404	302230	319549	1057
1960—61	102981	80094	778	1943	6402	3295	295133	307684	1043

6. The range of variations in yield from one crop year to the next both before and after the introduction of the Multiple Officer Range Scheme discounts the claim that stricter revenue control has

contributed to increased yield. Nor were we impressed by the assertion of an Assistant Collector in a heavy tobacco growing area that no tobacco cured in his Multiple Officer Ranges left any cultivator's premises until it had been fully weighed by a Sector Officer. Physical factors themselves showed how unlikely this claim was.

7. Representative Associations of trade and industry have complained that not only are delays now greater but new difficulties have arisen as the licensees do not know which officer would deal with their cases. There is a frequent rotation of Sector Officers and there is thus no continuity in executive processes. The officers lose initiative and do not take sufficient interest in their work. The scheme has been referred to before us as ideal in theory but not so in practice.

8. Public criticism is endorsed by the majority of senior officials, who consider that the scheme has not fulfilled its purposes. It has merely introduced another rung between the lowest revenue executive officer and the Circle Officer without any corresponding advantage. It is no longer possible to fix responsibility for any dereliction of duty and negligence on any single officer, and licensees bitterly complain of difficulties in finding the proper officer when needed. Rotation of officers prevents continuity of supervision and makes the solution of licensees' problems more difficult. They consider that the scheme has not succeeded either from the point of view of the administration or of the trade.

9. As to securing stricter excise surveillance, greater revenue efficiency, better utilisation of staff resources and more prompt attendance together with greater amenities to the staff, public and official opinion alike considers that these aims have not been realised. Concentration of staff has put licensees to serious inconvenience and there are inordinate delays in attending to work at places where there is no resident staff. Licensees have to travel longer distances from their places of business to Range headquarters and, even when they get there, they cannot often have ready access to the officer concerned. More prompt attention to them has not been achieved as Range headquarters, from which alone officers now operate, are in most cases farther from places where work arises. This has earned for the Multiple Officer Range the appellation "Murder of Revenue" from one witness, but most others complain that deterioration in individual initiative has led to lowering of efficiency and greater harassment and exploitation of illiterate and poorer classes of licensees.

10. That assessment of blame and the fixing of responsibility has become more difficult was forcefully demonstrated in certain frauds in a match manufacturing centre. Inability to pin-point *prima facie* responsibility led to disciplinary proceedings *en masse* against a large complement of men who had at any time been posted to certain factories. Even so, prolonged investigations failed to fix responsibility on any one officer.

11. General concentration of officers farther from areas where revenue work actually arises increases the risks of smuggling and evasion of the law besides reducing effective liaison between licensees and officers. Their rotation from sector to sector has led to a general feeling that the Department has no faith in its employees. This has damaged morale and has had an adverse psychological effect. Rotation as practised in the operation of the scheme also reduces the scope for building up any expertise in any industry.

12. In attending to work in outlying parts of Multiple Officer Range jurisdictions, there is a greater loss of working time as well as increased travelling costs. Staff is also not fully utilised as men are required, for example, to perform field work in tobacco growing areas in teams instead of singly and have to devote longer hours travelling to and from work. While some official witnesses agree that in rural areas concentration at Multiple Officer Range headquarters has brought officers to places where educational, medical and other facilities are better organised, even they complain that these benefits have been neutralised by the scheme of rotation which has aggravated dislocation of their family life. In practice, it is difficult to rotate officers who are provided residential accommodation by manufacturers. Instead of better co-ordination and team-spirit, there is mutual bickering and rancour among the Multiple Officer Range staff. The control of the Deputy Superintendent is often ineffective and in the difficult situation in which he is placed, more often than not, he is unable to overcome the concerted opposition of the team of his subordinates over whom he has no powers of discipline; he adopts perforce an attitude of least resistance. General neglect both of close and intensive revenue control and of official records is thus being aggravated.

13. Opinion is generally divided on the question whether staff now allocated to Multiple Officer Ranges is adequate. Some Collectors and the Director of Inspection consider that the increase in workload from addition of new excises has far outstripped the additional staff authorised. This has led to complaints from the trade that their work is not attended to promptly. Various empirical methods for provision of staff have been mentioned in different suggestions which have been made to us.

14. Both public and majority official opinion is agreed that the scheme as it has worked over the last four years or so, is unsuited as a common and invariable pattern of primary revenue unit except in cities and towns, or other centres of concentrated excise work.

15. Having discussed this scheme at length with all concerned, we have found that opposition to the scheme is overwhelming. We have also independently come to the conclusion that the Multiple Officer Range may be a suitable scheme for areas where there is concentration of industry, but it is not where the production units are dispersed. Secondly, the concept should be reoriented so as to provide for continuity of work by earmarking officers for sectors for a minimum period

of one year. Instead of being jack of all trades and master of none, the officers will acquire a measure of specialisation which in a diverse field of excisable commodities is not only desirable but is quite essential.

16. We recommend that the whole country should be demarcated into specified 'sectors' in a systematic way. The definition of a 'sector' would be a compact area in which an Inspector can conveniently and adequately supervise the enforcement of the standard procedure of excise levies. The composition and scope of a sector should be reviewed from time to time on the basis of its workload and appropriate adjustments made either by carving out new sectors or by adding one or more officers to the sectors as necessary. A fully adequate sector pattern, systematically set up on these lines can alone in our view provide conditions in which the administration can satisfactorily fulfil its responsibility for administering excise laws, rules and regulations properly and efficiently. In this reorganisation, the aim should be to eliminate all those Multiple Officer Ranges which are not compact and in which the distances to be covered by sector officers only result in extra cost in time, money and effort and lead to inadequate control because of distance between the primary revenue officer and the place where revenue arises. The general pattern for all areas except where there is concentration of excise work should, we consider, be single officer sectors incharge of Inspectors. Sub-Inspectors may perhaps be employed on patrol duty on the land customs frontiers. But here again, their usefulness is limited as in terms of the Indo-Pakistan agreement they cannot be employed to intercept or search passengers' baggage or cargo. On the balance, therefore, such residual work could as well be entrusted to literate sepoy and jemadars.

The Supervisory Hierarchy

17. The most serious and persistent complaint made all over the country is of delay that occurs in resolving even relatively trifling procedural difficulties and disputes relating to classification and assessment of goods. These delays are attributed both to the existence of too many tiers of supervision between the sector officers and the head of the department who is the repository of authority, and to the lack of delegation of powers to officers at different levels commensurate with their responsibility and authority. Representatives of industry do not appear to be much concerned about the rationalisation of the organisation. Their main demand is that the officers whom they can approach most conveniently should have adequate authority to take quick decisions on their day-to-day problems. They would leave it to the administration to decide what powers should be delegated to officers at different levels.

18. The complaint is not without substance. In recent years some sectors have been put in semi-independent charge of Sub-Inspectors. Problems arising in such sectors go up successively through the Inspector, the Deputy Superintendent of the Multiple Officer Range, the

Superintendent, and the Assistant Collector to the Collector. Where reference to the Board becomes necessary, several weeks and even months may elapse before the Board becomes aware of practical difficulties. And even when decisions are taken, the channel of communication being the same, it takes months for them to filter down to the lower echelons. We consider that these stages can be reduced without detriment to efficiency of control or revenue risks while at the same time speeding up service to the assessees by appropriate delegation of powers.

19. After provision has been made for demarcating Sectors and deploying Inspectors as Sector Officers, some original work will remain and some will arise from the pattern itself which will involve the exercise of powers not ordinarily entrusted to non-gazetted officers. This, as well as the necessity of evolving a method for maintaining supervision and control over the Sectors and an adequate check on the work done to ensure its accuracy, provides the need to group Sectors conveniently into Ranges under Class II officers designated Superintendents, to be stationed at places convenient both to trade and industry and administration. We consider that there is neither room nor need for a non-gazetted supervisory officer between the primary Sector Officer and the controlling Range Officer. It follows that in areas where work is concentrated and the original work necessitates deployment of a pool of officers over a small jurisdiction, as in towns and other areas of intensive industrial activity, the Sector Officers should form a pool under a Class II Officer. In other words, the officer in charge of the Multiple Officer Range of the future should be a Class II Officer.

20. The functions of Range Officers should chiefly be those of ensuring the observance of excise rules and regulations and procedures and of detailed scrutiny of the accounts relating to production and deliveries of excisable goods throughout their jurisdictions, reviewing and checking the work done by their Sector Officers. The energies of Range Officers must, therefore, be directed wholly to this task and to enable them to do so, their administrative, housekeeping and other general duties should be considerably reduced. They should not normally be concerned with maintenance of personal service records of their staff, preparation and drawing of bills, etc., and with compilation and tabulation of statistical returns. They should not continue to be responsible for adjudication work, which should be dealt with, as outlined elsewhere, in the Division. Their office complement should be limited to a steno-typist as a personal clerk and two other clerks to maintain necessary records. Range Offices should not otherwise normally be expected to be offices of record, and all closed cases, files and papers should be transferred on the closure of a case or an enquiry to the Division. Range Officers should tour intensively within their jurisdictions and be made principally responsible for the accuracy of all assessments and classification of goods for charge to duty, ensuring prompt and regular, including overtime, attendance of Sector Officers

at factories and warehouses as and when needed and should be suitably empowered to allow variations from procedures to meet individual needs as occasion arises without establishing precedents.

21. Normally, four to six isolated sectors or a Multiple Officer Range with an equivalent number of sectors should form a Range.

22. The Range Officer should normally be allowed the services of an additional Inspector for preventive and enforcement work and to help in special investigations as also for filling short term vacancies in the sectors. Where the Range is made up of isolated sectors, the Range Officer should ordinarily be allowed two additional Inspectors for these purposes.

23. In our view it is neither desirable nor necessary to distinguish between one Range and another by putting Class II Officers in charge of some and Class I Officers in charge of the others. The duties and responsibilities of the Officer in-charge of a primary administrative unit do not change with the change of incumbent. Statutory and administrative powers conferred on Superintendents and their duties and responsibilities are the same whether they are in Class I or Class II service and they are interchangeable with each other. We consider, therefore, that there is no justification for retaining two classes of Superintendents.

24. We consider that the Ranges should be made more compact and equipped both for collection of revenue and preventive work. Once this is done, their control should vest in Divisional Offices, dispensing with the Circles as a rung in the hierarchy.

25. The Divisions should be placed in charge of Class I Officers, who have been previously trained in the work both of the Ranges and the Collectorate. They should be officers of some standing and experience, able to take responsibility and decisions on their own. As a corollary, there should be a much larger delegation of power to these officers.

26. The size of a Division should be determined not only on the workload, but also having regard to the character of the Ranges in the area. The Divisional Offices should be organised into three sections, one for housekeeping and general administration, one for technical, statistical and intelligence control, and a third for judicial work. The Sections should be headed by Superintendents and provided with the requisite clerical assistance. The general administration section should handle all establishment matters and be responsible for housing, equipment, stores and supplies, pay and allowances and maintenance of service records of the personnel throughout the Division. The technical, statistical and intelligence section should consolidate and analyse all statistical reports and returns from the Ranges and undertake all other technical work and enforcement in the Division as a whole. The personnel of this section should include two or more Inspectors for special

intelligence investigations. The judicial section should handle all offences detected in the Division. The Superintendent in charge of the legal section should decide cases which are within his powers to adjudicate.

27. No single yardstick seems practicable for fixing the jurisdictions of Collectors. All relevant factors, such as the amount of revenue realised, the nature of the levies, the number and types of assessees, the area to be covered, etc. should be taken into account. The object should be to carve out as far as possible comparable charges. Collectorates should include either whole States or areas within the same State; jurisdictions comprised of portions of two States are likely to create administrative difficulties.

28. With larger delegation of authority to the Assistant Collectors in charge of Divisions, the Collector should be assisted at his headquarters by two Deputies, one in charge of administration and the other in charge of technical work. The purpose is to make the Collector more mobile; he should not be tied down to his office but should be free to undertake tours, hearing appeal cases, etc., also on the spot.

29. Since 1959, officers of Class I Customs and Central Excise service have been borne on a common cadre. We have elsewhere referred to certain aspects of this integration. In practice, however, customs and excise administrations continue to form separate departments but customs administration of intermediate and minor seaports, inland airports and land customs frontiers is fully integrated with excise administration in Central Excise Collectorates. From the practical point of view, this pattern is on the whole satisfactory but it is necessary to ensure that service conditions of officers engaged on customs work, whether they are of the customs or of the excise department, are made comparable when they are engaged on comparable duties. There does not seem to be much scope for merging the customs and excise administrations or for the integration of their Class II and Class III cadres into common Services.

30. There is another point of some substance to which we must refer before concluding our general observations on the organisation. This refers to the designation of the head of a regional charge as 'Collector' and his principal aides as 'Deputy' and 'Assistant' Collectors. The image of 'Collector' in the public eye is that of the head of the district revenue administration. His 'Deputy' is an officer of the State Service, while the 'Assistant' is a member of the All India Service. In the excise department, the roles are reversed. Operating as they do in the State field, these designations create confusion and detract from their authority. We came across a case where the Narcotics Commissioner was treated as a higher official than the Collector of Excise by high level officers of the State Government! We consider, therefore, that it would be more appropriate to redesignate the officers as Commissioners, Deputy and Assistant Commissioners of Central Excise.

31. In the light of this observation and our recommendations on the organisation, the present and proposed pattern of the field organisation should be as follows:—

<i>Present</i>		<i>Proposed</i>	
Name of formation	Designation of officer-in-charge	Name of formation	Designation of officer-in-charge
Sector	(i) Sub-Inspector (ii) Inspector	Sector	Inspector.
Isolated Range	(i) Sub-Inspector (ii) Inspector	Sector	Inspector.
Multiple Officer Range	(i) Inspector (ii) Deputy Superintendent	Range	Superintendent.
Circle	(i) Superintendent Class I (ii) Superintendent Class II	} Division	Assistant Commissioner.
Division.	Assistant Collector		
Collectorate	Collector	Circle	Commissioner.

Ministerial

32. Appendix XIII gives the present general organisation of a Collectorate headquarters office and Appendix XIV the Collectorate-wise distribution of the total clerical establishment on 1-7-1962. Clerical staff are all borne on Collectorate cadres and are in Class III Service. The ministerial staff in each Collectorate is supervised either by an Office Superintendent (scale of pay Rs. 425—25—575) or a Superintendent (Ministerial) (scale of pay Rs. 350—20—450—25—475). Similarly, the Sections of the office are supervised in the same office by either Deputy Superintendent (Ministerial) (scale of pay Rs. 335—15—425) or Head Clerks (scale of pay Rs. 210—10—290—E.B.—15—320—E.B.—15—380).

33. The strength of each cadre is determined on *ad hoc* assessment of the needs of each office. A detailed evaluation of workloads to determine the staff requirements of the Collectorate headquarters establishments was last made in 1950. Since then there has been no further review of this nature.

34. Upto 1959 half the vacancies in the cadre of Upper Division Clerks were filled direct from amongst University graduates. Since then direct recruitment has been discontinued and all the posts are filled by promotion of Lower Division Clerks. The latter alone are appointed by direct recruitment on the results of tests which include two written papers, and a test in typewriting followed by interview.

35. One post of senior grade stenographer is authorised for each Collector. Deputy Collectors have a stenographer each in the ordinary grade on the same time scale of pay as Upper Division Clerks. Assistant Collectors and Superintendents are allowed steno-typists who are Lower Division Clerks with a special pay for stenography. Posts of stenographers (senior grade and ordinary grade) are filled by promotion from amongst steno-typists.

36. The burden of representations made to us on behalf of clerical services is to stress the inadequacy of their time-scales of pay *vis-a-vis* executive cadres with whom they claim to have had a measure of parity for some years, faulty cadre composition having regard to the duties of officers of different grades, absence of comparable pay for comparable responsibility, and lack of adequate career prospects which have led to stagnation, frustration and low morale.

37. Most of the suggestions made to us seek improved pay and career prospects. With basically the same object in view, they argue that there being no real difference between the nature of their duties and those of field officers, the distinction between executive and ministerial cadres should be abolished and all employees in offices and in the field should be borne on common cadres.

38. It is unnecessary to dilate upon the differences in the nature of duties attendant on the one hand upon examination and assessment of goods, cargo and passengers' baggage, or on prevention of leakage of revenue accruing in fields, plantations and factories and office work on the other. We are unable, therefore, to accept the suggestion for a unification of ministerial and executive cadres. In any case, the suggestion is largely the outcome of a sense of frustration as some witnesses have acknowledged that the issue would cease to matter if career prospects in the two lines of work were comparable and less disparate.

39. The Second Pay Commission's recommendations for clerical staffs outside the Secretariat were based on the assessment of their work. The Commission considered that "Lower Division Clerks are generally engaged in the same type of work as is done by their counterparts in the Secretariat, such as, typing, despatch and clerical work of a routine nature, and Upper Division Clerks on more important clerical work". It is estimated by senior Central Excise officials that on an average not more than one in three of the existing Lower Division Clerks are employed exclusively on Receipt, Despatch, Typing and similar simple routine work; duties of others include original case work of noting, drafting, etc. In our own independent scrutiny of the work in some offices we visited we have found this to be true. We consider, therefore, that adjustments should be made in the strength of Lower Division Clerks to conform to the responsibilities envisaged for them by the Pay Commission. It is unfair to use Lower Division Clerks for doing the work of Upper Division Clerks without grading them accordingly.

40. In the headquarters offices, duties and functions of Office Superintendents and Superintendents (Ministerial) are identical and we are unable to appreciate why there should be two categories, differently remunerated. Furthermore, there seems to have been no logic in the distribution of these posts as between different Collectorates. In our view this distinction should be removed and there should be a common grade of Office Superintendent in all charges. The number of Office Superintendents required for each must obviously be determined on the strength of the establishments after the re-constitution of the sections into manageable charges, say of six to eight Upper Division Clerks each. We notice, however, that the present strength of supervisory personnel has not been determined on this principle.

41. The nature of duties and responsibilities of Deputy Superintendents (Ministerial) and Head Clerks are similarly identical when they are in supervisory charge of sections. We do not consider this distinction between them justified and would recommend a common category of Deputy Office Superintendents to be in-charge of sections. Their numbers in each office should be determined on the number of sections in which the proposed Circle headquarters office or its equivalent is organised.

42. In the reorganised Divisional offices, arranged on the same pattern as the Circle headquarters office, a Deputy Office Superintendent should be placed in-charge of each of the three sections. In the Ranges, however, one of the two Upper Division Clerks may be placed in-charge with a charge allowance.

43. It has been represented to us that men in the lower ranks in the Directorates of Inspection and of Revenue Intelligence and the Statistics and Intelligence Branch are localised in the cadres to which they belong. The number of supervisory posts being small, their prospects of promotion are even less than those in the present Collectorates. To aggravate the situation only 50% of the posts of Statistical Investigators are, for instance, filled by promotion of Head Clerks of the Branch. The other 50% are filled by the infusion of Inspectors from the field. While both perform the same duties, Inspectors are allowed a special pay and they also retain their places in their parent cadres for purposes of promotion. The promoted Head Clerks, however, are neither given any special pay nor do they have any promotion prospects. This anomaly needs to be rectified.

44. As these three organisations are, by and large, part and parcel of the Board's headquarters offices, it seems it would be a solution to the problem to merge them with the reorganised office of the Chief Central Excise Authority. This will also provide greater administrative elasticity.

45. For about 375 steno-typists, there are only seven posts of ordinary grade and fourteen of senior grade stenographers. The pattern lacks balance and we consider that there should be a sufficient number of posts in the ordinary grade of stenographers. It would also be an

advantage to provide the senior officers with stenographers. This should add to efficiency and ultimate economy in the adjustment of clerical staff allowed to senior officers and their charges.

46. The prospects of promotion of the clerical staff to the gazetted ranks are confined to the posts of Assistant Chief Accounts Officers and Deputy Headquarters Assistants. While the latter become eligible for promotion to the Class I service as Assistant Collectors, the former can at best be promoted to Chief Accounts Officers' posts borne in the Class II service of the Department.

47. In the other two Revenue Departments of Income-tax and Customs, recruitment rules provide for a reservation in Class II cadres of Income-tax Officers and Appraisers for ministerial supervisory officers. There is no corresponding reservation in the Central Excise Department. In the non-gazetted executive grades, however, 25% posts of Inspectors are now filled by selected Upper Division Clerks. The percentage of reservation was higher at one time and even Lower Division Clerks were eligible for consideration.

48. We do not consider that any one recruited to ministerial service should be denied avenues of promotion available in the executive service. If he possesses aptitude and ability he should be given an opportunity to prove his worth in the other wing at a comparatively young age. A scheme for the infusion of ministerial staff at all levels in the executive ranks should be introduced. There need be no specific reservation of posts, but a permissive provision should be made. Similarly, in the gazetted ranks we consider that in common with the practice in Income-tax and Customs Department provision should be made for the promotion of ministerial officers of the Central Excise Department also.

CHAPTER IV.—REVENUE ACCOUNTING AND AUDIT

The Comptroller and Auditor General of India discharges his constitutional responsibility for accounting and audit of Central Excise revenues through Accountants General, who compile commodity-wise classified accounts of all Central Excise duties collected. A scheme of test audit of assessments has also now been introduced. This may in time lead to a statutory audit of the entire range of excise levies.

2. The Chief Accounts Officer in a Collectorate prepares monthly classified revenue accounts. This is required to be reconciled with the compilation independently made by the Accountant General concerned. As excise revenues are shared between the Union and the States, this is an important but routine responsibility. The Chief Accounts Officer is required to audit all assessments to ensure that they are made in accordance with law. He also audits all payments including refunds, drawbacks of duty, rebates, etc. By far the most important role of the Chief Accounts Officers is that of an internal auditor.

3. Preparation of classified revenue accounts is routine in character but time consuming. Payment data is reported in treasury lists of payments, supported by treasury chalans or other Departmental forms on which revenue is deposited. This is compared with officers' lists of assessment and payments. The figures in these two sets of records are compared and differences arising from missing treasury chalans, misclassification, etc. are pursued for rectification. This also helps to draw the attention of the assessing officers to arrears of revenue. This is a secondary purpose of the compilation.

4. The Accountant General's and Chief Accounts Officers' compilations being derived from the same original documents should tally, but they do not, and discrepancies persist at the closing of the final accounts for each year. The problem was discussed with officers of the Comptroller and Auditor General to explore the possibility of fully departmentalising revenue accounts, but they considered that as the differences were small in relation to the total revenue, the present system might as well continue as departmentalisation of accounts was likely to cause difficulties. This is, however, a matter which should be further pursued.

5. The Central Board of Revenue issued instructions in 1949 to systematise audit of assessments, returns of manufacturers, orders imposing fines and penalties, and departmental lists of assessments and realisations with their connected documents, and of refund claims. Under this scheme, errors and omissions are required to be taken up by Chief Accounts Officers directly with the assessing and other officers. Chief Accounts Officers are required also to ensure completion of audit and issue of objections speedily to avoid demands for short-levy or recovery of erroneous refunds becoming time-barred. All refunds audited are to be noted on the document on which the initial payment was made.

6. This central accounting and audit is supplemented by Examiners of Central Excise Accounts under the Collector, and audit parties visit Range and Circle Offices and licensed factories and warehouses for test checking the correctness of assessments. Their main function is to supplement the checks of assessments required to be made by supervising officers. There are about twenty such parties now operating and they are required to audit every Range once in two years. Codified instructions exist to regulate the actual extent and procedure of audit by the Examiners' audit parties. But the results obtained have not been commensurate with the cost and we understand that the Board has under consideration a simplification of the scheme. In our view, there is nothing inherently wrong in the scheme but the work is entrusted to people without accounting training and thus its purpose is frustrated.

7. The audit procedure of 1949 has not been revised even though in subsequent years many new provisions affecting the rates applicable and amounts assessable and refundable have been introduced. Compounded Levy schemes have been introduced and extended to a large number of commodities. The rates to be levied depend on factors which cannot be enumerated in the documents which reach the Chief Accounts Officer. This makes it impossible to audit the correctness of such demands and payments.

8. Free and preferred sectors exist for many excisable goods. The rate of duty varies for the same goods produced by the same manufacturer from time to time depending on the quantum and mode of production. The particulars in the documents reaching the Chief Accounts Officer are not sufficient for a proper audit of the correctness of assessments. The difficulty is magnified where preferences are conditional upon the quality, e.g. the rate for soap in relation to its "Sodium Palmitate" content.

9. Although the excise tariff now includes a large number of excisable goods assessable *ad valorem*, there is no systematic method for audit of discounts and other abatements allowed for arriving at assessable values.

10. The scheme of selective 'set-offs' of duty for excised raw materials or components or of countervailing duties paid on import when assessing articles manufactured from them has introduced yet another complication. The excise duty on indigenous components and countervailing duty when they are imported is often paid outside the Collectorates where the finished article is assessed to duty and set-offs allowed. The auditors have no means of verifying the correctness of the abatement claimed.

11. There are other factors which add to the complexity of assessments and the determination of the correct rate of duty applicable from one assessment to the next, often of the same goods produced by the same manufacturer. All this emphasises the need for a thorough revision of the prescribed procedures. We consider that the whole

question of feasibility of effective audit in these circumstances should be fully examined. Ways and means should be found, making procedural changes where necessary, for a proper check of assessment and collection made by field officers.

12. Although no responsibility is officially laid on the Chief Accounts Officer for accounting and/or audit of expenditure, Chief Accounts Officers are in fact also in charge of the Revenue and Expenditure Budget and the Cash Section which encashes and disburses bills for pay, allowances and contingencies. They function for this purpose as drawing and disbursing officers, and are the Collector's financial advisers on all matters pertaining to accounting and audit of expenditure. Though this is a relatively unimportant function, it has in fact become their main occupation.

13. While the volume and variety of accounting and audit work has risen several fold, the additional staff sanctioned has been relatively small. The increase authorised has not resulted in the strengthening of the organisation to the extent necessary; some adjustments had become necessary by the mere fact of bifurcation of Collectorates. The additional supervisory personnel authorised during the last five years or so is almost wholly accounted for by the needs of new Collectorates. Our enquiries show that personnel resources are so slender that audit sections under the Chief Accounts Officer are often unable even to cope with the physical work of sorting out documents in time, much less auditing them!

14. Initially, Chief Accounts Officers were recruited from the establishments of the Comptroller and Auditor General where they had received a thorough grounding in accounting and audit and had also qualified in Subordinate Accounts Service examinations. Partly because the Audit Department could no longer spare experienced officers and partly with the object of improving the prospects of Central Excise employees, posts of Assistant Chief Accounts Officers and Chief Accounts Officers have, since the early fifties, been filled wholly by selection from amongst ministerial officers in the Central Excise Department, often without any technical audit qualifications. A ministerial officer promoted as Chief or Assistant Chief Accounts Officer is often, therefore, one who has had no accounts or audit training or experience.

15. This analysis shows that—

- (1) the audit procedure prescribed in 1949 is outdated and requires a thorough revision;
- (2) the time of the organisation is taken up in routine accounting to the detriment of its real role of ensuring that the revenue laws have been correctly applied and assessments have been correctly made, recoveries have been promptly effected and have been brought to account;
- (3) the organisation is deficient both quantitatively and qualitatively for discharging its primary function.

16. The question of the status and pay scale of the Chief Accounts Officer and of his officers and men remains, however, to be examined. It was considered by the Second Pay Commission, which was informed by the Central Board of Revenue that the duties of the post were not of a complicated kind and involved no more than simple accounting, upon which the Commission concluded that Chief Accounts Officers should be equated with Assistant Accounts Officers of the Audit Department. Five successive Budgets have gone through since then, adding some three dozen more excises, about half of which are assessable *ad valorem*; the total Central Excise revenues have more than doubled; and newer concepts have been developed introducing a wide range of variables which affect the final assessments to duty. Whatever may have been the position then, the case needs review in the light of the present and foreseeable requirements of the Central Excise organisation in this direction.

17. Chief Accounts Officers and Collectors both stress that while the volume and complexity of the work has increased severalfold, the accounting and audit side of the work has not received proper attention with the result that efficiency has been suffering. The morale of Chief Accounts Officers is low and they generally suffer from a feeling of inferiority and a sense of frustration. Both consider that in relation to the size and the quality of work required to be done, there is a clear case for suitably up-grading the Chief Accounts Officer and placing Central Excise audit, as in Custom Houses—where incidentally the responsibilities are much lighter—under a Class I officer.

18. Their Association has pressed for the need not only of giving Chief Accounts Officers status and pay appropriate to their duties and responsibilities, but also for a strengthening of the whole set-up under a properly organised Directorate of Audit.

19. It is perhaps unnecessary to stress that in any revenue organisation, a thorough audit of all assessments and payments should be an integral part of the machinery of control. Its purpose should be to ensure that the revenue is being collected correctly and promptly and that payments out of the revenue are similarly being correctly made. On the awareness alike of the assessee and the assessing officer that the organisation has a wing technically equipped and capable of making effective audit checks, depends, in a considerable measure, the effectiveness of the revenue machinery as a whole. As such a limb has not been provided and used efficiently, the very purpose of the provision of revenue audit loses its meaning or significance; it has become merely a make-believe. We are convinced that the Central Excise Department as it is now organised has no proper organisation or even arrangement for a proper audit of its transactions; a lacuna which cannot be allowed to remain any longer.

20. The need for an effective and vigorous audit wing in the Central Excise Department becomes all the more evident when we consider not only the size of excise revenue and the complexities of assessment but also take note of the fact that revenue is built up from

millions of assessments made daily at thousands of places by thousands of officers at one or more of some fifteen hundred different rates of duty applicable to 182 widely differing articles. As the rate often varies for the same goods of the same manufacturer and is applied at the discretion or understanding often of officers of a junior status, it only underscores the need for a check and audit of the transactions which depend on a number of variable factors.

21. We consider that the top echelon at the level of the Chief Central Excise Revenue Authority should include a Directorate of Audit to keep under constant review detailed schemes of audit as need arises, and to see that accounting and audit of revenue in Collectorates is effective, expeditious and through.

22. There should be a proper recognition of the Chief Accounts Officer being also *de facto* Financial Adviser to the Collector and the officer should be given the status and pay appropriate to these functions and to his responsibility which seems to us to be comparable to those of a junior Accountant General. Both because most of the present incumbents have had no special training and also to provide for the requisite fundamental training and breadth of outlook among future holders of this assignment, we consider that the Comptroller and Auditor General should be invited to supply half the total number of officers required from the Indian Audit and Accounts Service to serve in Collectorates for three to five years at a time. The remaining posts should be filled by selection from within the Central Excise Department after a spell of training in the Audit Department and a balanced expert cadre should thereby created.

CHAPTER V.—STRUCTURE OF STAFFING

Executive

An efficient administrative structure must have a sound foundation. As we have stated earlier, the first aim should be to carve out adequate primary revenue units, namely, the Sectors, to be manned by Inspectors. There are at present about 7,000 Inspectors and over 4,000 Sub-Inspectors. The latter cadre consisted until 1942 of only some 50 officers but the number increased to over 1,200 in the subsequent three or four years following the introduction of excise duty on tobacco, betelnuts and coffee. The utility of employing low paid personnel for revenue work was reviewed as early as in 1946 and it was decided to abolish this cadre. But the scheme of excise control on the manufacture of cigarettes and the production of textile fabrics through continuous physical supervision, the setting up of land customs control posts on Pakistan borders, and considerations of economy led to a reversal of this decision and the cadre began instead to expand. Extension of the Multiple Officer Range Scheme led to a further increase in their numbers, primarily to replace Inspectors; as a corollary higher powers were delegated to the Sub-Inspectors.

2. Sub-Inspectors claim that as they perform many of the duties of Inspectors, they should be equated with them for purposes of pay. We have found that Sub-Inspectors are either performing the duties of Inspectors, in which case they are under-paid, or they are performing duties which can well be discharged by literate sepoys, in which case they are grossly over-paid. In the cadre, the latter class predominates. Senior officials consider that infusion of low paid revenue officers who form the feeder cadre for all higher posts now filled largely by promotion, is leading not only to a general lowering of the standards of the entire revenue administration but also to corruption. There seems, however, to be unanimity at all levels that nothing is gained and a great deal is lost by retaining this cadre. We agree with this view and recommend the elimination of this cadre.

3. Direct recruitment to the Inspector cadre was 75% of the vacancies till 1955 but it has now been reduced to 30%. The cadre is thus mainly filled by promotion of Sub-Inspectors and Clerks the majority of whom are only matriculates. With the increasing infusion of promoted Sub-Inspectors, the Inspector cadre itself is beginning to show a deterioration in quality. Despite the increase made in percentage for promotion, the flow is slow and the Sub-Inspectors tend to lose whatever drive and initiative they have by the time they come to be promoted. These deficiencies will come to be reflected more and more in the years to come in the higher cadres filled by the promotion of Inspectors.

4. We consider that recruitment to the Inspector's cadre should be through a system of written examinations and *viva voce* on an all India basis. As we have stated elsewhere, ministerial officers should not be debarred from entry into the executive wing. Their recruitment should also be regulated by a system of competitive written and physical tests within an age limit.

5. With the combination of Deputy Superintendents and Superintendents Class II into a common primary administrative cadre of Superintendent Class II, we consider it desirable to induct some fresh blood into the service at this stage. With the inevitable change to a technique of largely audit type of control, it will become increasingly necessary to attract at this level officers with specialised knowledge of subjects like law, statistics and accounting. The quota reserved for promotion should be filled in two ways. Half should be filled by promotion on the basis of merit-*cum*-seniority as at present, and the other half should be filled by a system of competitive examination. The competitive test should be open to all Inspectors who have completed a minimum prescribed period of service. Under this scheme, while openings will be provided for junior deserving Inspectors, senior Inspectors will have two avenues of promotion—one on the basis of seniority-*cum*-merit and the other, on the basis of the results of the competitive examination.

6. The cadre of Assistant Commissioners may continue as at present to be recruited in equal proportions directly and by promotion from Class II Service.

7. Representations made to us on behalf of Gazetted officers show that considerable dissatisfaction prevails over the fixation of their seniority in a common cadre with officers of the Customs wing following merger of the Customs and Central Excise Class I Service into a common Service. This, of course, is a limited problem affecting only officers in service on the date of integration. Having regard, however, to the intensity of feeling expressed before us, we recommend that a review should now be undertaken to ensure that the general grievance in the fixation of seniority does not persist.

8. In the set-up recommended by us, the size of each Collector's jurisdiction should be so determined as to equalise load and responsibility. As the charges need not be co-terminus with the boundaries of the States, this re-arrangement should not be difficult or impractical. Nevertheless, work in a few of the charges is likely to be heavier or more complex than in the others. These should be manned by the more senior Collectors and a special pay should be attached to these posts.

9. As earlier remarked, adjustments in Collectorates, including creation of new ones, have been made from time to time on an *ad hoc*

assessment of workloads. This has been necessitated both by different degrees of industrial development in different regions as also by changes in land customs frontiers on territorial adjustments. While new outposts had to be set up on the Pakistan border; both in East and West, the land customs cordons around the old Gujerat States, French possessions in the South and latterly Goa, Daman and Diu were withdrawn on territorial integration. This affected the cadre strengths in the Collectorate involved.

10. These changes would not have materially affected the prospects of promotion upto Class II rank as they were made on a local basis. Promotions were undoubtedly quicker in a Collectorate which expanded more than another but this situation was accepted by the men as being inevitable. A complication was, however, introduced in 1956 when promotions to the grade of Superintendents came to be made on a zonal basis on seniority reckoned with effect from date of confirmation in the grade of Deputy Superintendents. Two factors contributed to the resultant discontent. Firstly, the ratio of conversion of temporary posts into permanent ones had not been uniform and, secondly, on bifurcation of charges the prospects of promotion of personnel allotted to the two Collectorates varied. It so happened that junior officers of a bifurcated Collectorate often got promotion in the new Collectorate earlier than their senior confreres in the parent one. Bifurcation, therefore, also affected the flow of promotion in the different grades of non-gazetted establishment in the old Collectorate. In other words there was a snowball effect which created discontent in all ranks. We consider that the only practical way to contain the situation would be to revert to the old basis of making promotions upto Class II rank including Superintendents on a Collectorate basis.

11. Appendix XV gives a Collectorate-wise break-up of posts in different executive grades. In our opinion, balanced cadres should fall into a pyramidal pattern. It is not so now. Our proposal to eliminate the Sub-Inspector's grade and to provide Deputy Collectors at Collectorate headquarters will reduce this imbalance. Cadre composition will be more rational and incidentally career prospects would be to a large extent equalised.

12. Without a detailed assessment of the number of sectors for the country as a whole, it is neither possible to frame any estimate of the strength required nor is it for us to attempt this. We envisage, however, that a Range should be in charge of a Class II Superintendent and should consist of about six Sectors; a Division should be in charge of an Assistant Commissioner and should comprise of about six Ranges. A Commissioner's charge should be a Circle controlling about six Divisions. On present showing, the extra cost involved in the creation of more Ranges, Divisions and Circles would be largely off-set by the abolition of the Sub-Inspector cadre.

13. The present and future strength and expense incurred on emoluments on the present scales would roughly compare as follows:—

Designation	No.	Present Cost (Rs. 000)	Future Designation	No.	Cost (Rs. 000)
Sub-Inspector	4600	81,39	Inspector	8500	318,24
Inspector	7025	261,33			
Deputy Superintendent	950	54,72	Superintendent	1,680	118,54
Superintendent Class II	300	21,17			
Superintendent Class I	80	7,10	Assistant Commis- sioner	250	22,20
Assistant Collector	105	9,44			
Deputy Collector	7	1,05	Deputy Commis- sioner	60	9,00
Collector	14	2,89	Commissioner	30	5,76
Class IV	13500	162,00	Class IV	10,000	120,00
TOTAL		601,09			593,74

14. Additional costs, if any, would be more than offset by a reorganisation of Class IV personnel.

15. There are about 13,500 men in the Class IV service consisting mostly of Sepoys. Besides pay and allowances, considerable expense is incurred on providing them with uniforms. With progressive reduction of gate controls, the need for the present scheme to post one or more excise sepoy at factory gates would disappear. In the future set up the main need will be either of peons in offices or for touring officers, and Sepoys for guard duties and for patrolling. While the cadre which steadily rose to nearly 14,000 men on 1-4-1959 has decreased of late, the fall is insignificant:

16. We do not consider it necessary to provide an excise sepoy in every Sector in future. Except in tobacco growing areas where field survey may need assistance, and in sectors of land customs frontiers for patrol duties, all other sectors can do without Sepoys. Range and Divisional offices will not need more than 4 to 6 Sepoys each. Their numbers at Circle headquarters can similarly be reduced appreciably.

17. Representations have been made to us that career prospects for Class IV men are negligible. There were on 1-4-1962 only 266 posts of Jemadars and the ratio of Jemadars to Sepoys worked out to about 1:50. In Collectorates with little or no customs work, the proportion of Jemadars to Sepoy's posts is even smaller. Both as a measure of providing improved career prospects and also to ensure better control and discipline over Class IV men generally, we recommend a substantial enlargement of the cadre of Jemadars.

Ministerial

18. Commensurate with the general nature of duties to be performed by Inspectors in charge of Sectors, we do not see the need for any ministerial assistance at the sector level. The lists of assessments, statistical returns and reports of enquiries should be prepared by the officers themselves.

19. For Range offices, a complement of two Upper Division Clerks and a steno-typist should be adequate.

20. We suggest that the Divisional office should function in three main branches. It is not possible for us to make any precise estimates of the number of clerks which might be needed in the Divisional offices. These must be determined on a proper assessment of workloads. Lower Division Clerks should be employed only for routine duties visualised for them by the Second Pay Commission.

21. The Collectorate headquarters offices should normally have similarly three main branches; one for administration, another for technical work and a third for revenue audit and accounts. But those Collectorates which have an appreciable load of customs work, centralised export refunds, or are equipped with Departmental Treasuries may need additional branches. A branch should be made up of the requisite number of sections, each consisting of six to eight Upper and two or three Lower Division clerks. The sections, except in revenue audit and accounts branch with which we deal later, should be in charge of Deputy Office Superintendents and the branches should be controlled by Office Superintendents.

22. With the reduction in the strength of Lower Division Clerks proposed by us, we feel that direct recruitment to fill some proportion of the Upper Division Clerks' vacancies should be resumed. We also consider that promotions to the Upper Division should be by selection on passing a qualifying examination open to all Lower Division Clerks with three years service.

23. In keeping with the system in other Departments, including the Income-tax Department, the system of advance increments to men who qualify at selection examinations should be introduced in the Central Excise Department also.

24. In the Revenue Audit and Accounts Branches, there are at present altogether 242 Lower and 106 Upper Division Clerks. Neither are they trained for the jobs entrusted to them nor are they required to pass any qualifying examination; besides this, the cadre composition is unsuited for the requirements of proper and efficient audit.

25. We consider that while Lower Division Clerks may be employed on routine jobs in Accounts and Audit as in other branches, the

structure of the branch should be remodelled on the following principles:—

- (1) Original work should be done by 'auditors' in the time-scale for Upper Division Clerks. Half the vacancies in the cadre of auditors should be filled by promotion of Lower Division Clerks by selection after passing qualifying tests and the other half by direct recruitment of candidates with Law, Commerce, Accountancy, Business Management etc. as their principal subjects of study. The numbers required should be determined on the basis of a work study.
- (2) Auditors should be grouped into audit cells each in supervisory charge of an 'Accountant' who, besides supervising the work of auditors, should himself handle the more complicated original work. They should be in the grade of Deputy Office Superintendent promoted from amongst auditors on the results of a qualifying examination, corresponding generally to the Subordinate Accounts Services Examination in the Audit Department. The branch as a whole should be under an Office Superintendent.
- (3) The Class II Service should include an adequate number of posts for establishment, general administration, revenue accounts and audit, including outside audit, to replace the existing Assistant Chief Accounts Officers, Examiners of Central Excise Accounts, and Deputy Headquarters Assistants. These posts should be reserved for being filled by promotion of Accountants.

Intelligence and Preventive

26. Unlike the present set-up, where the first consolidation of statistical returns is done at the Superintendent's level, we recommend first consolidation of statistical returns of primary field officers at the Divisional level; primary officer's returns should go directly to the Divisional Officer for this purpose. This would harmonise with the role we visualise for the Range Officer of the future. It would reduce the time taken in manual consolidation, and facilitate speedier compilations at Collectorate headquarters. Provision of comptometers and adding machines at Divisional and Collectorate headquarters would ensure speed, accuracy and economy. The Chief Central Excise Revenue Authority will also be able to get Collectorate summaries of statistical returns quicker than at present.

27. We feel that considerable saving will accrue through mechanising compilation and tabulation of all statistical data from the original records. Mechanical compilation is both speedier and less liable to errors and omissions than manual consolidation and transcription; it is also more economical in recurring costs of personnel and its administration. We doubt, however, whether in view of the size of the Central

Excise organisation and dispersal of units and areas producing excisable goods, central mechanisation for the whole country will prove workable. Past experience of mechanisation of statistical material in the Central Statistics and Intelligence Branch confirms this doubt.

28. With progressive manufacture in India of calculating and tabulating machines, we recommend that the possibility of introducing mechanical compilation and tabulation of statistical material at each Collectorate headquarters, or zonally for groups of Collectorates, should be fully examined, specially as this will also minimise the expenditure on the system of cost control which we propose later to be instituted. This study could also be undertaken by the Committee of statistical experts we have earlier suggested to be formed with the object of reorganising the present Statistics and Intelligence Branch.

29. We envisage closer association of Intelligence Officers in the day to day administration following extension of the audit type of controls. It would, therefore, be necessary to build up an Intelligence Organisation backed by an adequate and mobile force of specially trained and selected officers from the Range upwards. Apart from conducting investigations in reported or suspected cases of fraud, both collusive or otherwise, this force should, at Divisional level, also undertake interpretation and study of statistical material received and carry out investigations arising therefrom wherever necessary, and forward to the Collector the necessary data as well as reports on investigations, trends, etc. For undertaking inter-Divisional investigations, interpretation of statistical summaries for the Collectorate as a whole, and for directing, controlling and guiding intelligence and preventive work in Divisions and Ranges, and for investigations into complaints against the administration, similar provision must be made at the Collectorate headquarters.

30. It will be the duty of this branch of the service to provide, where necessary with the help of the field organisation, full material for the tax research bureau we have proposed to be set up.

CHAPTER VI.—PUBLIC RELATIONS AND SETTLEMENT OF OPERATIONAL DIFFICULTIES

Trade and industry have at present the opportunity of representing their problems and difficulties at the periodical meetings with local excise officials and also at the Collector's Regional Advisory Committee and the Central Customs and Central Excise Advisory Council. Nevertheless, there have been complaints that local officers have not been given the authority to decide even minor problems which arise from day to day, and that competent authority takes a long time in giving decisions on references. We consider that the administrative arrangements should be such as to ensure quick decision.

2. Periodical conferences called by supervisory officers of representatives of trade and industry in their respective jurisdictions are a normal feature of excise administration. But they are not of much use when they are held at lower supervisory levels. While such discussions help appreciation of a problem, they do not lead to its solution. The submission of the case to the decision making level and its consideration takes time. Even when industry takes its problems, as is often the case in these circumstances, direct to the Collectors and the Central Board of Revenue, it does not necessarily quicken decisions as a reference back to lower formations is usually made.

3. The answer to the problem is that supervisory officers should have larger powers to dispose of procedural and other minor issues which are raised at their periodical meetings with trade and industry.

4. Some witnesses have suggested that the appointment of a Public Relations Officer at Collectorate headquarters would be of help to assesseees in getting quick redress. We do not consider, however, that with the vast range of goods which are subjected to excise duties and the differences in their manufacturing and trading practices, any one officer could be so versatile as to be of any significant help.

5. As to the utility of Collector's Regional Advisory Committees and the Central Advisory Council, a common complaint was that they are not allowed to discuss matters of policy and that decisions on their recommendations are tardy; where the recommendations are not adopted, as is sometimes the case, the Committees, especially at the Regional level, are hardly ever informed of the reasons therefor.

6. Taxation policy is formulated at a high level. We do not, therefore, consider that any useful purpose would be served by discussing policy in the Collectors' Regional Advisory Committees. However, where policy impinges on procedure, it would be an advantage if industry were allowed to discuss policy indirectly to enable it to be reviewed on practical considerations at the appropriate level.

7. Where the recommendations of a Collector's Regional Advisory Committee are purely local in character and relate solely to procedural modifications, we consider that it should be possible either for the Collector himself or, the Chief Revenue Authority to whom the proceedings are submitted, to give a decision and also implement it. Where any recommendations are not found acceptable it is only reasonable that the Collector should inform both the sponsor of the proposal and the Committee who endorsed it of the reasons why the recommendations had not been accepted.

8. Small scale manufacturers in highly industrialised areas and tobacco interests in predominantly consuming areas have generally complained that they do not obtain representation on these Committees and the Central Advisory Council. The former suggest that every industry should be represented in the Advisory Committee and the latter urge restoration of separate Advisory Committees for manufactured and unmanufactured products. We regret that we cannot endorse either of these demands. No useful work can be done in an unwieldy body and if every industry in a Collectorate were to be represented in the Collector's Advisory Committee, the Committee would be even less useful than it is now. We are informed that there is provision for a member of any unrepresented industry being co-opted by the Collector at meetings at which its problems are discussed. We consider that this arrangement if acted upon should be adequate to secure proper representation of the views of such industries.

9. We do not consider it necessary to form Advisory Committees at levels below the Collector as some witnesses have suggested. The proposal seems to arise from the consideration that local problems are best discussed locally. We do not see much merit in this suggestion as important decisions at lower levels would hardly be possible.

10. We do not, therefore, suggest any major changes in the present working of the Central and Regional Advisory Committees. Our scheme of reorganisation should bring assesses in closer touch with more responsible officers both in urban and rural areas; officers who should be able either to decide issues locally or obtain decisions much more quickly than is possible in the present dispensation.

CHAPTER VII.—MANAGEMENT IMPROVEMENT AND STAFF WELFARE

Transport, Housing, Transfers and Overtime Allowance

Like other departments of Government, the excise department has problems of its own in the matter of housing, office accommodation, transport, etc. We would not have dealt with this except in a general way but for the fact that living and working conditions in this department are somewhat peculiar and more exacting than in others. These have an impact on the efficiency and stability of the officers and men in the department and require, therefore, a special mention.

2. The first important point to note is that all officers of the department have to lead a peripatetic life in different degrees. The extensive monthly tours undertaken by all officers of the department often include journeys into the interior where transport and other facilities are difficult to obtain. As the officers are not provided with transport, they have to use such facilities as are available. This is both time-consuming and exhausting. Secondly, very few residential and office buildings have been constructed or acquired with the result that officers and men have to fend for themselves. Thirdly, transfers are more frequent in this department than elsewhere and this has an upsetting effect. It disturbs the education of their children and the uncertainty of being able to get accommodation at their new stations adds to their difficulties. Fourthly, the Inspectors and Sub-Inspectors have often to work overtime. The scheme for compensation allowed to them does not compare with overtime allowed elsewhere, even in the sister department of customs.

3. Following the recommendation of the Pay Commission, the grants-in-aid to staff clubs have been increased and certain facilities for games and cultural and social activities have been provided. But these by themselves are of little value unless something can be done to alleviate the conditions of service in this department.

4. One of the principal complaints from the staff is of the frequency of transfers and the hardship they entail. Unlike most other departments, all staff is liable for transfer within the Collectorate and some non-gazetted and class II staff are liable to inter-State or inter-Collectorate transfers. It has been urged that as the medium of education differs from one area to another, often within the same Collectorate, transfers upset the education of children and add to the housing difficulties.

5. We appreciate that it is neither easy nor even desirable to lay down any hard and fast rules in the matter of transfers, especially in a rapidly expanding field organisation in which new formations have to be set up and manned at short notice with a nucleus of experienced personnel from elsewhere. We consider, however, that employees such

as Lower Division Clerks should not be transferred as a matter of routine. For the rest, the Head of Department should have discretion to choose the best available officer to man each post under him. We consider that as a general rule, transfers of non-gazetted and class II officers should not involve inter-State or inter-Collectorate moves.

6. Evidence led before us by representatives both of industry and officials is uniformly critical of the fact that in the Central Excise Department the housing question has not received proper attention. There are comparatively very few departmentally owned office buildings and the number of hired buildings is also not large.

7. The position regarding residential accommodation is even worse. Government accommodation is provided for a small number of employees at a few stations only. Officers posted to rural areas and land customs frontier are particularly affected. Life is difficult enough there and lack of housing aggravates the situation.

8. Manufacturing units have also complained that they are required to provide housing to resident staff even though their own staff have not been so housed. The rent recovered is also uneconomic and there are demands for amenities which they find difficult to resist. We consider that it is wrong in principle that excise officers should be placed in such an invidious position and be beholden to manufacturers. Except in tea and coffee estates or factories away from cities there should be no obligation on the part of manufacturers to provide housing.

9. Duties of all grades of Central Excise officers entail intensive as well as extensive touring to visit licensees and prevent clandestine removal of taxable goods. Generally, jurisdictions are larger and communications more difficult in rural than in urban and industrial areas. Travelling allowances as on tour are only paid for journeys extending beyond 8 km. from an officer's headquarters. Licensees are spread within 8 km. radius in most urban areas. Frequent visits to them involve expenses which is not fully reimbursed.

10. There are a few departmental vehicles but again very few of these are made available for use by the Range and supervisory officers on their tours. We consider that the provision of a vehicle at each Divisional and Range headquarters would add to mobility and efficiency of supervising officers. We would also endorse the recommendation of the Tobacco Expert Committee that transport for both supervisory and primary personnel should be provided in tobacco producing areas of high revenue potential so as to improve control.

11. We appreciate that in prevailing conditions there would be difficulties in providing the number of vehicles required but we would recommend that the principle should be accepted and implemented gradually.

12. Central Excise Rules do not permit deliveries of excisable goods from factories and warehouses between 6 p.m. and 6 a.m. on week-days and throughout Sundays and holidays except with special permission and on payment of overtime fees. Excise officers are then deputed to examine and assess the goods and issue gate passes for

clearances. Similar occasions arise for overtime work on land customs frontiers and at minor and intermediate sea ports and airports in Central Excise charges. Overtime fees realised from manufacturers, importers, exporters, etc. are credited to revenue but generally no disbursement of these fees is made to the officers concerned. While cash overtime allowances to officers manning minor and intermediate sea ports is the common method of compensating them for overtime attendance rendered, no such fees are admissible for duties connected with excise or air customs work. The practice in regard to compensation for overtime attendance on land customs frontiers is not uniform; in some Collectorates cash overtime allowances are paid but not in others. Wherever overtime allowances are not paid, officers in theory become eligible to special compensatory casual leave.

13. Staff representatives have complained of these divergent practices and of the distinction between Customs and Central Excise officers for purposes of compensation for overtime attendance. The scheme of compensatory casual leave is termed unreal. It cannot be claimed as a matter of right nor is it granted in practice because of increasing workload.

14. Following the recommendations of the Second Pay Commission, cash compensation for overtime attendance rendered by Central Excise office staffs has been introduced but this scheme does not apply to field officers who are excluded from the scheme being "field staff and inspection staff"

15. Despite the Pay Commission's general observation that there is no reason why an employee who fulfills certain common conditions, should be denied an allowance to which employees of the same class are entitled under similar circumstances, Central Excise officers have not been placed on a par with Customs officers. The majority of senior official witnesses deplore the discrimination directed against the executive staff and recommend grant of appropriate overtime allowances.

16. We do not see any adequate justification for a distinction for purposes of overtime allowances between Central Excise officers and Customs officers employed on similar duties, or for the divergent practices between different Collectorates, and we recommend that common principles and scales of cash compensation for overtime attendance should be uniformly applied.

Stationery, Office Equipment and Forms

17. Chronic shortage of paper, essential articles of stationery and forms of statistical returns have been subjects of complaints at all levels. Official witnesses consider these deficiencies to constitute a serious handicap to efficiency. Representatives of industry and trade deplore that a Department charged with raising such large revenues is so starved of essential supplies that its officers have to depend upon licensees even for paper for running their offices. In our tours we have ourselves seen avoidable waste in re-production by hand on blank paper of printed forms for statistical reports and returns.

18. There is similar dissatisfaction over the inadequacy of furniture and fittings, telephones, labour saving devices like comptometers, postage franking machines, duplicating machines, filing cabinets and the like. These deficiencies need attention to reduce waste and to change the general air of untidiness bordering at times on squalor into one of purposeful activity in the offices. In any case, excise officers should not continue to depend upon their assesseees for the day to day needs of their offices. We find that the Tobacco Expert Committee had also referred to this but the position has hardly improved. We do not consider it to be too soon now for effective steps to be taken to remove these shortcomings.

19. Refinements in rate structures and schemes of exemption necessitate additional documentation, more ledgers and accounts and a greater volume of correspondence, generally leading to increasing office work. This must, however, be kept down to the maximum extent possible, especially for primary executive officers. We consider also that sample surveys should be conducted to estimate working time now having to be devoted to office work, followed by systematic reviews to reduce it as far as possible to prevent revenue officers becoming more and more desk-bound. Forms of statistical reports, returns, permanent registers, etc. prescribed for revenue officers should be speedily standardised, printed and distributed.

Suggestions Scheme

20. The Suggestions Scheme introduced in 1948 to tap the initiative, resources and ideas of employees to improve office and executive work has functioned somewhat desultorily perhaps for lack of adequate incentives to the staff. Properly exploited, such schemes have a large potential for improving the administration. We consider that more concrete forms of recognition where suggestions are accepted may stimulate interest among the employees.

Cadre Strength and Workload

21. A common complaint before us was that not only are authorised staff resources generally inadequate but even these are not maintained upto strength. Our enquiries show that at the commencement of this year, the undermentioned posts were vacant:—

Grade	No. of posts
Collectors	4
Deputy Collectors	..
Assistant Collectors	1
Superintendents Class I	41
Superintendents Class II	1
Other Class II posts	1
Deputy Superintendents (Executive)	18
Inspectors	159
Sub-Inspectors	329
Deputy Superintendents (Ministerial)	1
Head Clerks	3
Upper Division Clerks	71
Lower Division Clerks	475

We consider that recruitment and promotion procedures and routine should be suitably improved so that such gaps between the authorised and the actual strength are eliminated.

22. Another complaint was that officers continue on a temporary basis for long years, both because their posts continue to be temporary year after year and even where permanent posts are available, confirmations are unduly delayed. Our enquiries show that at the commencement of the year, confirmation had not been made in the number of permanent posts shown below:—

Grade	No. of posts
Collectors	8
Deputy Collectors	2
Assistant Collectors	18
Superintendents Class I	6
Superintendents Class II	32
Dy. Superintendents (Ex.)	17
Inspectors	302
Sub-Inspectors	321
Dy. Superintendents (Min.)	2
Head Clerks	3
Upper Division Clerks	59
Lower Division Clerks	269

We do not see any justification for not confirming against a permanent vacancy an officer who has completed his probation or period of trial. The combined effect, firstly, of not promptly converting temporary into permanent posts and, secondly, of delay in confirmation leads to discontent and demoralisation.

23. We consider, therefore, that all officers and men who have officiated in clear vacancies for a period of two years should be confirmed. Similarly, temporary posts which have been continued after an initial period of three years should also be converted into permanent posts.

Training Schemes

24. Before tobacco excise was introduced in 1943, a training establishment at Kharagoda in the Bombay Salt Department gave refresher courses to selected junior officers of the Bombay Salt and Customs Department with special emphasis on horsemanship, musketry and physical training. The para-military scheme of training was derived from the nature of duties of officers in guarding salt establishments and manning the land customs frontier.

25. In 1946, Training Schools for Inspectors were established at Kharagoda in Bombay and in Madras, Calcutta and Allahabad. and a uniform scheme and syllabus for training was prescribed. In the financial stringency of 1948-49, these training establishments were closed down.

26. In August 1953, these four training schools for Inspectors were re-established, imparting a 6-8 weeks' refresher course.

27. A training school for Deputy Superintendents and junior Superintendents was established in Delhi in July, 1955, under the Director of Inspection with an Assistant Collector as Principal. Batches of selected officers are put through a ten weeks' refresher course. Both in this and in the zonal training schools for Inspectors, officers are drafted for refresher courses after 2 to 5 years' service in their respective ranks.

28. Between 1953 and 1956, twenty batches of four officers of the ranks of Superintendent, Deputy Superintendent and Inspector specially selected from different Collectorates were given a course of eight weeks' training in intelligence methods with the Calcutta and West Bengal Police. This special training scheme was discontinued in 1956 but has been revived in 1962.

29. It will be seen, therefore, that unlike other departments, there has never been a proper training scheme in the Excise Department. Officers and men are posted on appointment to field posts and are expected to learn as they go along. This is hardly a satisfactory arrangement. It is obvious that before they are assigned to field jobs, they should undergo intensive training in an organised institution on all legal and technical aspects of excise administration.

30. The Central Excise Department is manned by about 12,000 Class III executive officers. Roughly, 1,500 officers of the ranks of Deputy Superintendent to Collector are engaged in supervisory control, direction and administration with some 6,000 primary and approximately 600 supervisory ministerial officers employed in offices. Of the complement of Class IV men, many bear arms when posted as guards and on customs duties. Apart from the refresher courses already referred to, there is no comprehensive scheme for training recruits to the different grades nor is there any reorientation course for officers selected for promotion.

31. It will be readily admitted that both the field as well as the ministerial staff in the excise department must have some initial acquaintance with the technicalities and intricacies of excise rules and regulations to be able to perform their duties adequately. Training "on the job" by itself is not an entirely satisfactory arrangement. It is obvious to us that the efficiency of the Department would be greatly improved by the adoption of an initial training period for new entrants. We

consider, therefore, that a training school should be established at a convenient centre for training direct recruits to gazetted ranks for a period of at least a year. Similarly, Zonal Schools should be established for training of recruits to the non-gazetted ranks. The courses should be comprehensive and confirmation and retention of recruits should be made contingent upon their passing a departmental examination. The syllabus should provide for both theoretical and practical training.

32. We consider it unnecessary to elaborate on this question. It is universally accepted that the efficiency of an organisation depends on the equipment of its personnel both in the technical and administrative aspects of the organisation. Residential training schools would develop also team spirit, qualities of leadership and other attributes of a versatile officer.

33. In the case of ministerial staff, similarly, training classes should be organised locally and eligibility for promotion to higher ranks should be confined only to those who qualify in departmental examinations to be instituted.

Uniforms

34. All Central Excise officers up to the rank of Assistant Collector are required to wear uniform with different distinguishing badges of rank. Some witnesses have suggested that uniforms are not necessary for Central Excise officers more specially for the gazetted supervisory officers; it has not been found to be so in the case of gazetted officers in Customs, Income-tax, State Excise, Sales-tax departments, etc. It is also suggested that the nature of duties of Central Excise officers are not comparable to those of officers in the Police or the Armed Forces. They are revenue officers and they need not, therefore, be in uniform.

35. We do not agree with this view. Unlike revenue officers of other Central and State Government Departments, Central Excise officers have to deal with licensees in rural as also in urban areas. In the Customs and Income-tax departments, the importers or the assesseees have to deal with the officers in their offices. In view of this essential difference in the functioning of Central Excise officers, we consider uniform an advantage; it also inculcates a sense of discipline. Uniform is respected in rural areas, and on Land Customs frontiers it is essential. We are informed that, in principle, the Central Board of Revenue has decided that all officers of the combined Customs and Central Excise service should wear uniform and we welcome this decision.

36. Official witnesses have, however, complained of the inadequacy of uniform allowances. They have represented that in hill stations and in most of the northern and central India stations officers have to equip themselves with woollen uniforms for winter wear, but no allowance is made for this requirement. The existing scale of allowances

was fixed in 1950 and has not been revised although costs of material and tailoring and laundry charges have gone up considerably meanwhile. Another complaint is that the scale of uniform allowance is lower than that authorised for Customs Preventive Officers. While Customs officers in Calcutta both at sea and airports are allowed winter uniforms, the excise officers at the Delhi airport are not given any allowance for winter kit. We are unable to appreciate why this distinction has been made. In any case the present scale requires review and rationalisation.

37. Recent changes in the distinguishing badges of rank have also created difficulties. Inspectors and Deputy Superintendents wear two and three yellow stars respectively, a Superintendent wears only a white star; as a result, the Superintendent is often mistaken for a Sub-Inspector. Having adopted the Police and Army pattern of designating rank, it is only logical to follow the pattern in the badges of rank also. Adoption of our proposal to eliminate the Sub-Inspector cadre would facilitate the necessary rationalisation in this matter.

CHAPTER VIII.—COST OF COLLECTION

We had attempted to analyse the incidence of cost of collection of Central Excise duty commodity-wise but came up against a blank wall. The system of accounting is such that it is not possible to allocate costs to commodities with any degree of accuracy. We are unable, therefore, to say what economies, if any, are possible in the levy and collection of excise duties.

2. We consider, however, that by employing recognised techniques of costing it should be possible to determine, with whatever degree of accuracy is required, the overall cost of collection of individual excises as well as comparative costs of collection of the same excises as between Collectorates. The extent to which such detailed costing is necessary is dictated by the following considerations *viz.* :—

- (i) the necessity of determining the net yields of various excises, the proceeds of which are divisible between the Central and State Governments ;
- (ii) the need for comparison of costs of collection in relation to net yields of individual excises to determine whether on purely revenue considerations the levy is justified ; and
- (iii) for comparison of costs of collection of the various excises as between one Collectorate and another and, further, to assess the relative efficiency of the individual Collectorates.

A straight comparison of overall costs of collection as between one Collectorate and another is vitiated by the fact that it is known that there are large disparities in the costs of collection of individual excise duties (*e.g.* mineral oils as compared with tobacco) and it must be recognised that by reason of the geographical sources of revenue of some of the main excises and also the fact that the costs of surveillance in some cases are borne by one Collectorate while the duty on the excised commodity is collected in another Collectorate (*e.g.* tobacco grown in Andhra Pradesh and manufactured in, say, Calcutta or Bombay), the true position regarding real costs of collection may be obscured.

3. Bearing the foregoing considerations in mind and also the fact that the revenue from excise duties is likely to expand enormously over the next twenty years, it seems to us that in the interests of efficiency and to avoid future waste steps should now be taken to develop a fully integrated system of cost control. This suggestion is in harmony with the declared policy of Government to control and economise administrative costs.

4. Any worthwhile system of costing must start from a proper processing of the original documents prepared at the point of assessment. A very large part of the costs of excise administration could be

allocated in this way, employing the recognised techniques of cost accounting. There would inevitably, at each level in the administration have to be an allocation on an empirical basis of overhead costs which could not be specifically allocated to a particular excise. So long, however, as a common technique was being employed in all Collectorate, the end results should afford a useful comparison of costs both as between individual levies and Collectorate. It would probably be desirable to stop short of attempting to allocate the costs incurred in maintaining the Chief Revenue Authority and its ancillary offices in New Delhi as it is doubtful if any advantage could accrue by attempting to apportion these costs over Collectorate and excised commodities.

5. On the face of it, the overall cost of collection of all excises, which has fallen from 3.5% in 1953-54 to 1.5% in 1962-63 would appear to be not unreasonable. The cost of collection is also comparable to that of the other two main sources of revenue, viz. Income-tax and Customs duty. At the same time, it is still on the high side as compared with the cost of collection of indirect taxes in some other countries. If the procedure which we have suggested above is adopted it will provide an accurate break-up of individual excise costs. It will also be possible to lay down proper norms of costs against which performance can be judged and in the light of which suitable measures can be devised for effective control on a continuing basis.

PART III

CHAPTER I.—TEXTILE FABRICS AND YARN

Cotton Fabrics and Yarn

Duty on superfine and fine cotton fabrics was first levied *ad valorem* by an Ordinance in January, 1949. The duty was extended by Finance Bill of the same year to medium and coarse varieties also. These varieties were made dutiable at a common specific rate per linear yard. Production of powerlooms, *i.e.* of weaving mills which did not have their own spinning plants, was exempted from the duty.

2. *Ad valorem* levy on superfine and fine varieties was given up in 1953 and specific rates were prescribed per linear yard. Statutory price control on cotton fabrics had by then come to an end and the change was made to avoid the usual complications of *ad valorem* levies. In 1955, the basis of categorisation of fabrics into superfine, fine, medium and coarse, each assessable at a different rate of duty, was changed from the count of the warp yarn to the average count of all yarn in the fabric. The basis of levy was also changed from specific rates per linear yard to rates per square yard, subsequently further changed in 1960 to rates per square metre.

3. In the Finance Act, 1956, the tariff rates were made ceiling rates for each variety and the effective rates were determined from time to time by notifications.

4. Meanwhile, two new imposts had been introduced in 1953. One was the Khadi and Handloom Industries Development (Additional) Excise Duty, levied on all taxable cotton fabrics, and the other, the Dhoties (Additional) Excise Duty which became leviable on dhoties produced in excess of the quota fixed by the Textile Commissioner for each textile mill. In 1957, a third levy was added in lieu of the various States' Sales Taxes. All these duties are recoverable in the same manner as, and along with, the basic excise duty.

5. In July, 1958, the classification into superfine, fine, medium and coarse categories was extended to five by sub-dividing the medium category into medium A and medium B. New operative rates for each of the five categories were fixed, according as the fabrics were grey, bleached, shrink-proofed or organdie processed and dyed, printed, mercerised or chemically processed. Four rates covering all fabrics were thus increased to as many as twenty new rates. As the rate of duty differed according as the fabric was delivered in a grey state and after one or the other of four types of processing, excise control was extended to independent processors who processed fabrics for others. To meet the demand of the smaller processing establishments for protection, the first 40,000 square yards of fabrics bleached, dyed or printed by each processor a month were exempted. This limit was reduced last year to 20,000 square metres.

6. In 1961, higher rates of duty were prescribed for cotton fabrics produced on automatic looms. This was an export promotion measure but its practical administration presented serious difficulties and a modified scheme was evolved under which the increased levy was waived if 30% or more of total production was exported, but charged only on the shortfall, if any. The use of this fiscal device introduced considerable administrative complications with little revenue advantage, and we are glad to note that this levy was abandoned last year.

7. Administration of the duty on cotton yarns in 1961 presented such a variety of practical difficulties, specially in composite mills who consumed their own yarn in weaving, that the levy was eventually compounded at the manufacturer's option into a common rate per square metre of woven fabrics and was collected along with the fabric duty at the time of delivery of finished fabrics. The mill sector complains, however, that as yarn of coarser counts delivered in hanks is exempted from the duty, the yarn duty further increases the burden on it *vis-a-vis* the handloom sector. Besides this, as powerlooms also use yarn in hanks, the exemption not only increases their competitive ability, but enables powerlooms to exploit a fiscal relief not intended for them but for the handloom sector. As compounding has reduced somewhat but not removed additional documentation and the work entailed in the excise levy on yarn, representatives of the industry have pleaded with us that there should either be a duty on the fabric or on the yarn but *not on both*. As yarn duty is essentially a revenue measure, and as most of it is realized as an additional levy on the fabrics, we endorse the proposal to convert the yarn duty into a fabric duty for the production of composite mills and powerloom units with more than 49 looms. This will lead to a simplification of excise procedures. We do not think that the balance of advantages lies in favour of converting the fabric duties into yarn duties without introducing fresh complications.

8. The impact of the present taxation scheme on the respective roles assigned in the Second and Third Plan periods to the handloom, powerloom and the composite sectors was also raised before us by representatives of the industry. Although we are not directly concerned with economic and other aspects of this issue, we have necessarily had to take into consideration the extent to which the present taxation and exemption schemes affect revenue and the smooth working of the tax-collecting machinery. The Ashok Mehta Committee, recently appointed to go into the structure of the powerloom sector, will no doubt examine the wider economic and structural aspects of the industry and the place to be given to the powerloom sector *vis-a-vis* the handloom and the mill sectors. These are of no direct consequence to the purpose of our enquiry. We have confined ourselves chiefly to the issues of maximising revenue collections with improved efficiency and greater facility in administration.

9. The industry's representatives have criticised the special scheme of excise rebates on production in excess of the average monthly packed production evolved for a time in 1956 to secure a substantial increase

in output. They complained that such devices have led to lasting maladjustments in the production pattern even though they were in effective operation for only a short period before being withdrawn. Generally, they deprecated the use of excise duty rates to boost or inhibit production in different sectors of the textile industry.

10. A major criticism we heard was in regard to the documentation specially prescribed for excise purposes mainly because it entails considerable duplication. The claim was that as composite mills maintain regular, detailed and audited accounts which are accepted for even such transactions as royalty payments to holders of patent rights like Sanforizing, there is no reason why Government should also not similarly rely on duly audited mills' accounts for excise duty collection. The industry would agree to employ, if necessary, auditors only out of a panel approved by Government. The excise department could then base its assessments on audited accounts. While there is force in this suggestion, other representatives pointed out that any scheme of audit control would necessitate additional documentation. Auditors do not at present examine, for instance, the breakdown of production and deliveries according to tariff varieties, nature of processing, etc. each of which, however, attract a different rate of levy.

11. We heard complaints that duty-free samples were not allowed of articles sold by the piece, such as hand-kerchiefs and towels, nor of yarn and sewing threads. British practice was cited and it was stated that one complete handkerchief with additional clippings for designs etc. is allowed as duty-free samples. It was claimed that only about $\frac{1}{2}$ % of the total production of handkerchiefs was delivered free as samples but even so this is charged to the duty. In principle, we see no objection to the levy of duty on excisable goods which the owner chooses to give away as samples or as gifts. But we agree that the procedures to regulate deliveries of goods which fall within the *bona fide* categories of trade samples should be simple to follow and should not hold up their issue.

12. The industry has also complained of the various lacunae in the excise procedures for the levy of yarn duty and excessive documentation even when the revenue involved is negligible. An example is the procedure for recovery of duty on yarn which mills consume in joining up pieces of fabrics to be processed. The quantity of yarn annually used in a reasonably large mill did not exceed about 20 kg., but the procedure involved was complained of as troublesome. Either such petty consumption should be allowed free of duty or the procedure should be simplified.

13. Another complaint was that there were no authoritative definitions for guidance of local officers of various types of yarn, twists or thread; no standards for classification of waste yarn which is exempted; no authorised tolerance in length for calculating yarn counts;

and no uniformity as to length for reckoning when yarn is delivered in hanks. Likewise, a clear cut procedure had not been authorised to regulate delivery of yarn samples or for ascertaining the weight chargeable to duty when yarn is delivered after sizing. These are essentially matters of detail which inevitably arise with every new levy and persist until all the loose ends have been tied up, but they emphasise the need for closer consultation between representatives of industry and excise officers at appropriate levels possessing due authority to formulate procedural details without avoidable delay. The longer the delay in such matters the more room there is for misunderstandings and complaints of harassment.

14. This resume will not be complete without a reference to certain anomalies and difficulties which are inherent in the present levy. Both from the revenue and social angle, it is somewhat illogical that the common user's cloth and higher priced fabrics like furnishings and tapestry or similar material should pay the same rate of duty on the basis of the average count of yarn used in the fabrics. From the administrative angle, the levy and collection have been complicated by the elaboration of the tariff which now comprises of more than twenty effective rates. These anomalies could be eliminated if an *ad valorem* levy could have been introduced. But the determination of assessable values of such a vast range of fabrics produced by a large number of mills would create many practical difficulties. In this situation, we have contented ourselves with suggesting only minor changes in the procedure.

Cotton Fabrics : Powerlooms

15. Soon after the levy of excise duty on rayon and art silk fabrics and woollen fabrics in 1954 and 1955 respectively, the earlier exemption for cotton powerloom fabrics was also revised to restrict it to establishments with not more than four looms each. For larger powerloom units, a scheme of compounded levy was introduced. The scale of compounding fee has undergone numerous revisions, refinements and modifications in subsequent years. Beginning with a flat rate per loom per shift for three sizes of powerloom units, the rates later became different in each slab for looms worked in different shifts, and according as the looms were employed on weaving of superfine or fine fabrics and medium or coarse fabrics. They have also been frequently adjusted.

16. In 1961, total exemption was restricted to powerloom units of not more than two looms each and to those with four looms if they worked only one shift. In 1962 all powerloom units with not more than four looms were again exempted.

17. While initially the compounded levy scheme was open to every powerloom factory, in 1957, it was restricted to those with not more than 300 looms. Last year, this limit was lowered to 49 looms; bigger units being treated on a par with composite mills. The compounded levy rates were also revised with four slabs for four, five, fifteen and

any larger number of looms up to 49 respectively, rates differing according as looms were employed on superfine or fine and coarse or medium fabrics.

18. Table 5 shows clearances from powerloom units working respectively under the normal procedure and under compounded levy, as well as the revenue from the two during the last seven years.

TABLE 5

Powerloom cotton fabrics: Clearances and revenue

Year	Normal procedure			Compounded Levy		
	Clearance Sq. metres (000)	Revenue Rs. (000)	Average per sq. metre (nP)	Clearance Sq. metres (000)	Revenue Rs. (000)	Average per sq. metre (nP)
1955—56	1173	117	9.98	114635	3052	2.66
1956—57	154	38	24.02	151361	6245	4.12
1957—58	386	68	17.62	187327	9801	5.23
1958—59	5972	826	13.83	190424	13204	6.93
1959—60	1447	222	15.34	224025	12571	5.61
1960—61	2253	337	14.96	235154	11353	4.83
1961—62	2525	301	11.92	340857	13463	3.95
1962—63 (April-Nov. 63)	20606	1895	9.19	106859	4032	3.78

19. As fabrics made in powerloom factories working under the normal procedure bear the same rate of duty as those made in composite mills, this data shows that practically the entire output of powerlooms working under the normal procedure is in the coarse and medium categories. The lowering last year of the limit of looms for a unit to be eligible to opt for compounded levy has led to a rise in the production of the sector of powerlooms which pays under the standard procedure; the bulk of the total output, including most of the output of superfine and fine fabrics, continues, however, to be produced by powerlooms in the free sector *i.e.* factories with not more than four looms each, or in compounded levy factories of four to forty-nine looms each. The average incidence of duty borne by powerloom fabrics has steadily been falling.

20. Calculated from official statistics of production and revenue, our estimate of the weighted average incidence of excise duty borne by powerloom cotton fabrics under the normal and compounded levy procedures at the end of 1961 was as shown in Table 6.

TABLE 6

Powerloom cotton fabrics: Average incidence of duty

Category	Average incidence per linear metre			
	Under Standard procedure	Compounded Levy		
		For units employing 101 to 300 looms.	For units employing 25 to 100 looms	For units employing upto 24 looms
(nP)	(nP)	(nP)	(nP)	
Superfine and fine	42.44	10.82	11.71	3.25
Medium and coarse	13.70	5.69	4.85	2.27

21. Expressed as percentages, the incidence of duty borne by taxable fabrics of the compounded levy sector is compared with the incidence under the normal procedure in Table 7.

TABLE 7

Powerloom cotton fabrics: Comparative incidence of duty

Category of powerloom factories	Superfine and fine	Medium and coarse
For units employing :		
(i) 101 to 300 looms	25.5%	41.5%
(ii) 25 to 100 looms	27.6%	35.4%
(iii) not more than 24 looms	7.6%	16.6%

22. On this showing and with reference to official statistics of production and revenue, our estimate of revenue sacrifice in the compounded levy scheme is of the order of about Rs. 6 crores annually, not including the revenue foregone on the produce of the totally free sector, *i.e.* powerloom units not exceeding four looms each. Corresponding estimates made by other witnesses are even higher.

23. The large expansion in the powerloom sector without any corresponding improvement of revenue yields is also borne out from the fact that according to official statistics when the total exemption was first revoked in 1955, there were 279 licensed powerloom units. In May, 1962, there were 9968 licensed powerloom factories paying duty either at the standard or compounded levy rates and 16336 licensed factories within the excise free ceiling of four looms or less per factory.

24. Within the framework of the present schemes the revenue from the powerloom sector can be improved either by reduction in the free sector or upward revision of rates for compounded levy, as resort to the standard procedure for assessment of production is *ipso facto* precluded by the number of existing units; full excise control over them must entail prohibitive costs. We are, however, convinced from experience hitherto gained that neither reduction of the free sector nor raising the compounded levy rates is likely to improve revenue. The restoration of four loom factories to the free sector in 1962 is itself recognition that the scope for improving revenue returns by an effective reduction in the operations of the free sector is essentially limited. Any considerable upward revision in the rates of compounded levy so as to secure a sizeable proportion of the revenue now foregone will induce the operators to opt out of the scheme, which it must be remembered is optional. The same if not a greater revenue loss may then occur through widespread evasion which would increase unless additional manpower is deployed at prohibitive cost for supervision and surveillance of the powerloom operators.

25. It is not without significance that representatives of the powerloom sector whom we met have themselves deplored the duty differentials under the existing schemes, even within the same sector. They plead for a more rational scheme which will distribute the duty burden more equitably on the produce of the entire range of powerlooms. They complain also that the benefits of the present schemes do not necessarily accrue to owners of powerlooms or powerloom weavers but rather in some cases to city financiers who procure and provide the yarn and other materials, pool the production of the free sector and pay the owners or weavers merely their wages. The benefits of the revenue sacrifice go largely to these financiers and middlemen.

26. Introduction of a free sector of upto four looms per unit, with a scale of preferences within the taxable sector diminishing as the size of powerloom units increases led naturally, on the one hand, to fragmentation of larger into smaller units to avail of the maximum revenue concession and, on the other hand, to the acquisition and installation of new units within the exempted sector. Powerlooms in the taxable sector naturally selected only those categories of fabrics the rates for which yielded them the most benefit. The resultant effect was lower revenue yields although total output of the powerloom sector rose.

27. As acquisition and installation of new powerloom establishments is regulated also under the Textile Control Order, firstly, it was provided towards the end of 1960 that an increased rate of compounded levy would be payable by powerloom factories established after 1st December, 1960, unless they could prove that the actual looms themselves were not already established prior to this date, and, secondly, that no manufacturing licences would be issued unless the owner produced an authorisation from the Textile Commissioner. The wheel had turned a full circle. The scheme of exemptions and preferences had led to so much fragmentation, evasion and avoidance, both of production and revenue controls, that the need became imperative to contain it through anti-fragmentation devices. These, however, have also largely failed. In a major centre of cotton fabric powerlooms which we visited early this year, we found that of over 20,000 powerlooms engaged in production, all but about 56 were operating under the scheme of exemptions, even though the same sheds often had thirty looms or more installed. The revenue from this centre was less than the cost of the excise establishment maintained for excise surveillance and control of these powerlooms.

28. We are convinced that no scheme in which excise levy is to be related to actual or even potential production of each of thousands of powerloom factories can be evolved which will not entail either prohibitive costs or perpetuate the existing conditions. We are equally convinced that maintaining a differential in the duty borne by the product of different sizes of powerloom factories within this sector of the industry will aggravate the tendency to fragmentation, lead to idle capacity, and defeat the objective of securing higher productivity besides magnifying the imbalance in the role of the powerloom sector in the overall textile production plan. Bearing in mind also the criticism that schemes of preferences hitherto adopted have helped the powerloom sector to grow at the cost of the handloom sector and in keeping with our general views on compounded levy schemes, we consider that an entirely new approach will alone adequately contain this situation and prevent this continuing revenue sacrifice.

29. One method would be to revert to the wholesale exemption for the produce of the powerloom sector as was done during the first six years of the levy on cotton textiles. We would not, however, recommend such a course both on considerations of revenue as also the consideration that such a step would create a conflict with overall policy, which clearly is to levy a tax on the entire range of power produced textiles whether of cotton, wool, silk or man-made fibres. The only alternative is therefore, to recast the whole taxing scheme in order that powerloom cotton textiles bear an equitable share of the tax burden.

30. It is justifiable to maintain a differential between the incidence of duty laid on the product of the mill and the powerloom sectors. We consider, therefore, that the revenue which it is intended to recover from the production of powerloom units with not more than 49 looms

each, should be by a levy on the yarn used by them. This is already being done for art silk and rayon fabrics and should be extended to cotton fabrics also. This would enable excise control and surveillance over powerlooms being abandoned. In other words, we recommend that all yarn issued out of spinning mills should bear a rate of duty which would bring in the revenue estimated from powerloom fabrics. This would be in line with our suggestion that there should be a fabric duty only on the production of composite mills and a yarn duty on yarn delivered as such.

31. We consider that unless the exemption for yarn delivered in hanks is revoked, the powerloom sector which is already reported to be using some yarn in hanks will continue to avoid paying duty by larger recourse to purchasing yarn in hanks. Revocation of this exemption will, however, result in the yarn used by the handloom sector bearing an equivalent burden of duty. Since 1962, superfine and fine handloom fabrics are already bearing the yarn duty, and all handloom fabrics except khadi bear the processing duty according to the type of processing used. All handloom fabrics will then bear a modicum of tax. If, however, the present protection to handlooms is to continue, this can be ensured either by periodical refund of yarn duty on yarn consumed by handloom co-operatives, or by increasing the rate of handloom cess. We would prefer the former.

32. The recommendation we have made would bring the cotton fabric powerloom on par with art silk powerloom. It has not been found necessary to give any duty preference in the art silk industry after conversion of the powerloom duty into a yarn duty. There may remain, however, a need for giving some relief to different sections of the cotton powerloom industry. If this be the case, the relief should be under our proposed scheme of subsidy.

33. The present exemption from processing duty on the first 20,000 sq. metres a month for independent processing establishments has been attacked as giving undue advantage to the medium size units. Indeed the art silk industry cites this example to plead for a similar exemption for independent processors of art silk fabrics. While we appreciate the need of assistance for the small scale sector, we feel that the scheme of relief should be so adjusted as to provide an inducement for growth and consolidation rather than fragmentation. This is more likely to be achieved by a scheme of subsidies for processing beyond a minimum upto a specified limit. Assistance will be largely wasted on those who cannot grow and will not be needed or deserved by those whose productions are above the limit.

34. Independent processing works are free to process and handle all types of fabrics, from the composite mill sector, the taxed and the free sectors of powerlooms, the production of the handloom sector and khadi. The present rate structure requires different adjustments to be made in assessing the processing duty according to the sector of production from which the fabric originated. Practical difficulties arise as,

in processing, large mixed lots are handled at a time. These would be minimised under the scheme we propose, and for assessment of the processing duty all that will be necessary will be to isolate khadi which will be free and to assess all other processed fabrics at a uniform rate.

Rayon and Artificial Silk Fabrics

35. Produce of the art silk fabrics industry which had grown under a tariff protection was subjected to duty at specific rates in 1954 but staple fibre fabrics were excluded from the scope of the levy. It was complained that the rate was oppressive and as a measure of relief exemption was provided for fabrics produced by manufacturers owning upto 24 looms. For larger installed capacity, an optional compounded levy at a flat rate per loom per month was prescribed.

36. In 1956, the exempted slab was reduced to 9 loom factories and in 1959 to 4 loom factories. In larger establishments, an equal number of looms was exempted and compounded levy rates applied to the remaining looms. Later the same year a duty was also levied on synthetic fibres and yarn.

37. Besides numerous disputes, including Court cases in which owners contested excise officials' findings as to the number of powerlooms employed by or on behalf of the same manufacturer for purposes of the levy, the size of the exempted sector had steadily been increasing by fragmentation because of the incentive given to smaller units. After extension of the scope of the levy to staple fibre fabrics also for which a separate scale of compounded levy was devised in 1960, and where also similar conditions prevailed, it was provided, in an attempt to contain the situation in 1961, that if a powerloom owner set up a factory by acquiring looms from any existing factory, a higher rate of compounded levy would become payable by him. Eventually, in 1962, duty on grey rayon and art silk including staple fibre fabrics was exempted and the revenue foregone was sought to be recovered instead by increasing the rates of yarn duty and a processing surcharge.

38. Representatives of the rayon and artificial silk industry, when they appeared before us welcomed the changes made in 1962 but complained that a two stage levy still continues, as the exemption is restricted to grey fabrics and the processing surcharge continues to be payable. In their view, there was no rationale in this as barring marginal quantities of yarn used for thread making, embroidery etc., all art silk yarn is made into fabric and all art silk fabrics are processed before reaching the consumer. They stressed procedural relief and administrative economies which would result if the entire revenue sought to be derived from art silk fabrics consumed in India was realised instead through a levy on the yarn by appropriate adjustment of the present rate structure.

There is force in this and we agree that considerable simplification will result without any adverse effects if the entire revenue was derived from art silk yarn of which there are only less than a dozen producers.

39. The industry's representatives complained also that for levy of the processing surcharge, independent processors of art silk are treated differently from independent processors of cotton fabrics, who are allowed an exemption for 20,000 sq. metres of fabrics bleached, dyed and printed each month; art silk processors get no such exemption. The plea was for the concession being extended also to independent processors of artificial silk fabrics.

40. In principle, we are opposed to such schemes of exemption. We are in agreement with representatives of the industry that the issue would cease to matter if the entire revenue was realised from duties on yarn and weaving and processing establishments were freed from excise control. We recommend this course.

Woollen Fabrics and Yarn

41. Woollen fabrics, that is those containing 40% by weight of wool, except when woven on handlooms, were subjected to duty *ad valorem* in 1955. Production of factories with less than five looms, and coarse blankets not exceeding Rs. 10 in value, were exempted. When duty was also levied on woollen yarns in 1961, this limit was raised to Rs. 12.

42. In June, 1956, the exemption for four looms was extended to bigger manufacturers also and administered by *pro rata* deduction from duty payable on each consignment according to a special formula.

43. In 1961, an optional compounded levy scheme was evolved for woollen fabric powerlooms. The earlier four loom exemption was restricted to one loom factories; half the rates of compounded levy applied to powerlooms with more than one but not more than five looms and the full rates to larger ones. The production of composite mills continued to be assessable *ad valorem*.

44. In 1962, the excise scheme was further modified and all unprocessed grey fabrics, whether produced in composite mills or on powerlooms or handlooms were totally exempted. Grey woollen fabrics processed by independent processors became chargeable at 3½% *ad valorem* if produced on powerlooms or handlooms and 5% *ad valorem* if in composite mills. Processed handloom fabrics made out of hand spun yarn were, however, exempted. Administration of the processing duty payable on powerloom fabrics is regulated through tariff values which vary for fabrics made of worsted and other yarns and the extent of shoddy wool in the fabric. Processing duty on the production of the composite mill sector is assessable on a straight *ad valorem* basis.

45. Duty was levied on woollen yarns in 1961 at 10% *ad valorem* for worsted yarn and 5% *ad valorem* for all other yarns. The rates were raised to 15% and 7½% in 1962. Yarns made from tannery or stripped wool are exempted from the duty and yarn spun from shoddy wool is assessable at preferential rates. For day to day administration,

the levy has been converted by notification into separate specific rates for finer and coarser worsted yarns, other yarns, and yarns made from shoddy wool.

46. Representatives of the industry have referred to the usual problems of administering *ad valorem* levies but stressed that while basic and additional excise duties on woollen fabrics are levied *ad valorem*, the khadi and handloom cess is chargeable at specific rates. This difference in the bases of levies involves extra clerical work in completion of assessment and clearance documents. We consider this inescapable while the basis of these levies continues to be different.

47. Certain suggestions were made for replacing the levy on fabrics and the processing duty by appropriate levies on yarn only. However, the effect of milling and processing both on costs of production and selling prices of woollen fabrics is not inconsiderable. We do not, therefore, consider this proposition to be feasible.

48. Dissatisfaction was also expressed with the procedure for abatement in value for local defects in the form of "flag" allowance and the ceilings upto which alone such abatements can be permitted. The suggestion was that there should be less rigidity about the extent of abatements which should be allowed to cover all defects. The procedure for cataloguing the defects and abatements on their account was said to entail extra clerical work which needs to be reduced. As to limits for abatement, we consider that marginal cases must arise wherever a line is drawn. While we agree that all avoidable documentation assessable value or in the dimensions of a piece chargeable with duty, must record the basis for any deductions made from the normal assessable value or in the dimensions of a piece chargeable with duty.

49. Another complaint was that refund of yarn duty on woollen fabrics exported is limited to the weight of the yarn in the fabric actually exported, although there is substantial loss of weight of yarn due to de-oiling, washing and other processes to which the fabric is subjected for finishing. As this is a genuine loss, abatements on account of it should be permitted. We consider that such losses should be taken into account when fixing *ad hoc* rates of rebate so as to improve the competitive ability of Indian woollens in the export markets.

50. Dissatisfaction was voiced also over the procedures relating to delivery of samples. It was complained that the procedure requires a whole piece to be delivered out of stock for making samples of specified measurements which can then be delivered free of duty. Instances arise when sizeable remnants of the piece are left over and are no longer required for being cut into further samples. These are not permitted to be delivered even on payment of duty and excise officials insist on either their being cut up into samples even though they are not required, or being destroyed as the piece had been debited in stock balances without charge to duty. This does not appear to us to be reasonable attitude to adopt and we see no objection to any non-duty paid goods in any department of any factory being permitted to be delivered after recovery of the appropriate duty.

CHAPTER II.—TOBACCO

In most countries duty on tobacco is considered both a flexible and a major source of revenue. In India, however, it is not so, as the quality of tobacco grown varies widely from region to region; it is also consumed in many different ways.

2. Revenue from unmanufactured tobacco in the first full financial year following its levy in 1943 was Rs. 9.65 crores. During the last 10 years, production, clearance, and revenue realised have been as in Table 8.

TABLE 8
Unmanufactured tobacco: Production, clearance and revenue

Year	Production	Clearance	Revenue
	(Million Lbs.)	(Million Lbs.)	Rs. (Crores)
1952—53	856	522	26.7
1953—54	705	529	25.3
1954—55	617	564	23.8
1955—56	823	619	27.4
1956—57	770	583	28.1
1957—58	660	600	34.5
1958—59	817	621	37.7
1959—60	797	621	38.1
1960—61	882	584	40.7
1961—62	869	680	43.5

(Provisional)

3. The breakdown of figures of off take for main uses is shown in Table 9.

TABLE 9
Unmanufactured tobacco: Off take for main uses (Million lbs.)

Year	Cigarettes		Other purposes	
	F.C.	N. F.C.	N.F. C. higher rated	N. F. C. lower rated
1952—53	21.2	21.6	120.2	280.2
1953—54	24.3	21.7	116.4	272.9
1954—55	25.1	25.4	121.9	286.1
1955—56	27.8	31.3	152.1	295.0
1956—57	32.5	32.4	123.3	292.1
1957—58	34.0	35.5	131.2	285.6
1958—59	37.1	36.7	117.1	319.1
1959—60	41.3	38.8	117.0	311.4
1960—61	48.0	40.6	126.8	321.2
1961—62	50.9	46.5	130.9	312.3

(F. C.—Flue cured; N. F. C.—Non-Flue cured.)

4. Total production and off take has, over the years, fluctuated within narrow margins. Although off take of tobacco for the manufacture of cigarettes has increased considerably, its proportion to total production is still small. Nearly 60% of raw tobacco continues to be consumed in other ways and thus assessed at the lower rates.

5. Since lower grade and lower priced tobacco in its raw form is generally consumed by the poorer sections, a lower rate was initially applied to it and even now a rate preference continues. This and the existence of a large cottage industry for making biris has necessitated a complex tariff.

6. Considering that the cost of collection of excise duty on tobacco is relatively high, being 60% of the total cost of collection of all excises in 1955-56, the Estimates Committee felt that administration of this levy should be simplified in the light of procedures adopted for tobacco and coffee in other countries.

7. Our examination of the system in force in some major tobacco producing countries has not been of much help as consumption elsewhere is in manufactured forms of tobacco. Apart from Pakistan, where the tobacco excise scheme is analogous to ours, the only other country taxing tobacco in its unmanufactured form on an appreciable scale is Canada, where tobacco cultivation is confined to two districts, and where it is banded and sold in whole leaf form for ultimate manufacture. In most countries the tobacco industry is a State monopoly.

8. Conditions in India are entirely different and we gave, therefore, a great deal of time and thought to the study of this excise. We considered a scheme for confining excise control up to the stage when tobacco left the curer's premises. The scheme envisaged intensive control over growing and curing, the levy of a flat rate of duty on all tobacco other than flue-cured, and initial assessment of duty being made on the production of the curer. As and when the curer sold his crop, his duty liability would be transferred to the first purchaser after verification of weight by an excise officer. Thereafter, the first purchaser would be at liberty to do whatever he liked with the tobacco and there would be no further excise control. The only obligation on the purchaser would be to discharge his duty liability in a given period by instalments, but without requiring him to continue to hold the tobacco as a measure of security.

9. Two features of this scheme, namely a flat rate of duty, and the lifting of all control over storage and movement of tobacco after clearance from curers premises, aroused considerable interest everywhere. Since no control is exercised over movement of other excisable goods after payment of duty, it would, it was claimed, bring tobacco under the standard practice.

10. We have very carefully examined the implications of this scheme as we felt that somewhat radical changes would have to be made to evolve a simple system of levy and collection. Trade interests,

however, wanted certain basic safeguards. They wanted, for instance, provision for duty remission on losses and wastages to continue as for warehoused tobacco now and also wanted the facility of the first purchaser transferring his duty liability to subsequent purchasers. Without these concessions, they considered the scheme would be impracticable.

11. We felt that if these concessions were to be made, it would detract largely from the merits of the scheme. There were also other objections raised to its introduction. Firstly, if liability is allowed to be incurred without insisting on physical possession of goods, large arrears may arise and revenue may be jeopardised. Also, if no abatement is allowed for subsequent losses etc., the purchaser will hold off until the tobacco is free of moisture. This would (a) depress prices, and (b) delay disposal. With his limited holding capacity, the curer would be placed wholly at the mercy of purchasers.

12. The physical task of verifying, within a limited period, all tobacco leaving curers' premises would also be administratively larger. Lifting of control over movement and storage might make evasion easier.

13. Had conditions been different, the quantity of tobacco going into manufacture as cigarettes was relatively high and manufacturers of biri could be controlled, it might have been possible to abandon the duty on raw tobacco. Such, however, is not the case.

14. The Tobacco Expert Committee in 1955-56 had examined the criteria to distinguish between lower and higher rated tobacco. It is unnecessary for us to recount the various factors which have led to the present basis of classification. Our chief aim has been to examine its working with a view to devise improvements as far as possible.

15. No concrete suggestions for a new method of classification have been made before us. On the contrary, most witnesses considered that suitable adjustment in existing rates would remove the major defects of the present tariff and that no other workable alternative would be possible.

16. The main criticism of the present tariff is that the gap between the lower and higher rates for non-flue cured tobacco is so large that tobacco cleared at the lower rate on account of its physical form is subsequently used for biri making and thus escapes the higher rate. The Tobacco Expert Committee had based its recommendations on the consideration that tobacco in whole leaf form or in the form of dust could not, by virtue of its physical form, be used as such in the manufacture of biris. It argued that tobacco cured in whole-leaf form undergoes certain changes which generally make it unsuitable for biri making but visualised that, while isolated cases of diversion might occur, there could, by and large, be no appreciable misuse by presenting biri tobacco for assessment at the lower rate in whole leaf form, if the gap between

the two rates was so narrowed that dryage and wastages in processing of whole leaf tobacco after payment of duty would offset the duty preference and make misuse uneconomical. It had accordingly recommended narrowing the gap from the 50 nP. per lb. then prevailing.

17. Soon after the adoption of that Committee's basis for classification, however, the levy of additional excise duty in lieu of Sales Tax made the effective gap larger at 70 nP. per lb. and this made misuse more attractive.

18. Even so, most witnesses before us have felt that the physical form tariff is basically sound and an improvement over earlier methods of classification. Present evasion and malpractices are largely the result of the wide gap between the lower and the higher rates than before, and, if this were narrowed, the incentive for diversion would disappear. Despite the larger gap, however, no concrete evidence has been led to show that there has been any sizeable diversion from traditional uses, but it has often been stated that whole leaf tobacco assessed at lower rate is broken up and used for blending with biri mixtures.

19. We made a special survey to estimate the extent of such misuse but did not find any large increase in the output of whole-leaf types in one of the larger biri tobacco producing centres. Though a statistical study may not show any significant change in the percentage of production of whole leaf grades, we have heard complaints everywhere that there has been a change in the method of curing and biri tobacco is offered for assessment in whole leaf form to avail of lower rate of assessment. We have reasons to believe that there is substance in this complaint.

20. It appears to us that many of the drawbacks of tobacco excise administration are due to its nature; there are no uniformly accepted standards of quality nor accepted common uses even for particular varieties. Although to encourage production of only quality tobacco, measures to prevent or discourage growing in unsuitable soils have been advocated, it is generally agreed that compulsion in such matters is impractical. We suggest that while the possibility of improving quality through grading of a wider range of varieties of tobacco should be constantly explored, this should not be attempted by using tariffs. In some other countries laws prohibiting collection of ground and withered leaves, ratoon etc. are very stringent. Their aim is, and ours in India should also be, constantly to improve the quality and grades of tobacco, rather than subsidise rubbish in the name of tobacco.

21. The demand by certain sections of the trade for a flat rate of duty on all non-flue cured tobacco was urged before us also and it was stated that the traditional concept of a two tier tariff is outmoded, because biris on the one hand are now smoked by the poorer sections also and certain chewing varieties are more expensive than biri tobacco on the other. Both these arguments have force. In an agricultural commodity like tobacco, and with its varied forms of consumption, there is no firm and common relationship between quality or use of any variety.

22. It has been urged that no worthwhile simplification of tobacco excise scheme is possible without the introduction of a flat rate of duty. The original justification for a preferential treatment of lower grade tobacco cannot, it is argued, be said to have the same force in the present context of expanding excise levies, which has brought most articles of common consumption within the tax net. Tobacco, is not a necessity of life as other articles are.

23. On these considerations there would seem to be little justification for continuing this treatment. Having regard, however, to the long period over which a differential has been maintained, a sudden change may upset the balance and disturb the equilibrium in the tobacco trade and the industry. We would recommend, therefore, a gradual reduction of the gap between the two rates so that a flat rate could ultimately be introduced. We welcome the rate adjustments of 1962-63 which are in the same direction and have narrowed the gap from Rs. 1.50 nP. per kg. in 1958 to Rs. 1.03 nP. per kg. now. But the gap is still wide enough to render evasion worthwhile.

24. Widely differing views on the manner of control over growing and curing of tobacco have been put forward, some urging stricter surveillance and others a substantial relaxation. Considering the high incidence of duty in relation to the value of most types of tobacco and the resultant large incentives for evasion, we feel that there should be fuller control over production to protect revenue. When the duty was levied, a host of agriculturists were for the first time brought under control and the rules deliberately provided considerable latitude in compliance with the obligations laid on them. We welcome the recent changes in the law requiring the excise officer to visit them for recording their declarations, but any real saving in effort can come only with its enforcement.

25. Entry books prescribed for large growers and large curers have come in for criticism. It is complained that maintenance of these books in the manner prescribed is impracticable and leads to the filling in of some data, which is often incorrect, only to satisfy excise officers. The curer's entry book, although required to be written up from day to day, is actually written up only at the end of the season and constructed from the record of sales of tobacco cured. Its maintenance is impracticable as it requires the weight of green leaf to be shown but green leaf, especially for flue curing, is not and cannot be weighed as there is risk of damage in handling.

26. There is force in these representations and we feel that there is a case for dispensing with the growers' entry book altogether and considerably simplifying the curers' entry book, the use of which may also be restricted to professional curers *i.e.* those who do not cure their own crop.

27. It has been urged that revenue control will improve and the physical tasks be reduced if the cured crop could move to warehouses promptly after curing; instead of keeping track of it with lakhs of

curers, excise control would then be needed only over warehouses. But this would prove difficult for want of adequate storage capacity to which curers could confidently transfer their crop for storage pending sale. The public warehouses tried about a decade ago failed largely because the curers did not have faith in the scheme. It is obvious that public warehouses cannot succeed unless a government controlled corporation or other agency with facilities for advancing money on deposit of goods administers the warehouses. We have been informed that constitutional difficulties come in the way of Central Warehousing Corporation from fulfilling this role. Considering the value of the crop to the farmer and its revenue potential, we suggest that these impediments should be removed, specially as it is doubtful whether any other agency could adequately meet the needs. Meanwhile, the curer's low holding capacity is exploited mercilessly and he is compelled to part with his produce to middlemen and wholesale dealers who have storage facilities.

28. Even after setting up public warehouses to assist the grower-curer, private bonded warehouses will continue to play a vital role in the distributive trade. The difficulties represented by warehouse owners related mainly to details of procedures, specially those dealing with the period of storage and losses in bond. It has been argued that if instead of a limit of 3 years with provision for extension of the period of storage up to 5 years, the limit was itself raised to five years, much correspondence in regard to extensions could be saved. Normally, only low quality or deteriorated tobacco remains unsold a year or two after curing; its owners store it in the expectation of marketing it some time or other. What the total period of storage should be would depend on the actual needs of the trade. But we agree that it would be simpler if the law fixed a specified period which should be uniformly enforced.

29. Disputed claims for losses in curers' premises and in bond take up a great deal of time of the administration and to little purpose. About 75,000 claims involving a revenue of about Rs. 120 lakhs are made every year; recovery on losses not admitted averages only about a lakh of rupees a year. Most of these demands for recovery become again subject of appeals, especially as there are no formulae laid down for calculating normal losses.

30. The suggestion that, in this situation, it would be best to adjust the rate to provide for losses has not been favoured by the trade and industry. It is stated that losses vary from variety to variety and from area to area for the same variety and no adjustment in rate can take care of this situation. Moreover, if abatement of duty on losses is not allowed, the trade would delay lifting tobacco from curers and depress prices to anticipate future dryage at the expense of the small producer.

31. We appreciate these points of view, but feel that the work involved in adjudication of cases of loss, including appeals against orders for recovery of duty on losses not admitted, is out of all proportion to the revenue collected. It creates also a large area of conflict between the administration and the licensee.

32. Considering that freshly cured tobacco contains some surplus moisture which it loses gradually, and that subsequent losses and gains depend on the season and storage conditions, some *ad hoc* solution becomes inevitable.

33. Claims for losses due to natural causes repeatedly invoke in respect of the same tobacco and entertained by the Department lead both to malpractices and to longer storage of tobacco than should really be necessary. The facility of warehousing is essentially a concession and it is only proper that it should not be allowed to be misused. We, therefore, recommend that condonation of duty on losses should be permitted only where the losses result from dryage. An appropriate period should be determined for each major variety during which freshly cured tobacco loses its surplus moisture. For most varieties, we understand, a period of one year would be adequate. This would discourage prolonged storage and eliminate a good deal of work now arising from repeated claims for abatement for losses in the same tobacco throughout a five year period.

34. While the law provides for remission of duty on tobacco lost or destroyed in warehouses, there is no specific provision for remission where such losses occur in curers' premises. As these losses arise in similar conditions, we suggest that there should be uniformity in the treatment of both.

35. Table 10 shows the arrears of tobacco duty and miscellaneous demands over ten years.

TABLE 10

Unmanufactured tobacco: Arrears of duty and miscellaneous demands as on 31st March

Year	Curers' assessments pending for more than one month	Miscellaneous demands pending for more than one month				Total		
		Other than Penalty		Penalty				
	No. 000	Rs. lakhs	No. 000	Rs. lakhs	No. 000	Rs. lakhs	No. 000	Rs. lakhs
1952-53	179	87	11	86	..	..	190	173
1953-54	208	98	12	62	..	..	220	160
1954-55	239	107	13	60	..	..	252	167
1955-56	241	102	14	60	..	..	255	162
1956-57	242	105	15	69	..	..	257	174
1957-58	224	121	19	70	..	..	243	191
1958-59	221	110	15	76	..	..	236	186
1959-60	238	131	20	64	12	7	270	202
1960-61	235	149	16	46	10	7	261	202
1961-62	238	144	18	69	11	7	267	220

Of the total arrears of Rs. 220 lakhs, demands outstanding against curers amounted to Rs. 144 lakhs at the end of 1961-62; that is, about 3% of the total duty actually realised. Considering, however, that only

about 5% of the total revenue is assessed on curers and the rest comes from warehoused tobacco, arrears amount to well over half the revenue annually assessed on curers.

36. The concensus of opinion is that most of the arrears arise in areas of sparse cultivation. While arrears of miscellaneous demands have stood at about Rs. 60 to Rs. 70 lakhs from year to year, demands outstanding against curers rose from Rs. 86 lakhs in 1952-53 to Rs. 144 lakhs in 1961-62. Poverty of the grower, clandestine removals of low quality tobacco on which the incidence of duty bears very heavily, successive revision of rates and general inadequacy of enforcement machinery are stated to be responsible.

37. In recasting jurisdictions according to our recommendations, we hope care would be taken to provide adequate man-power to ensure prompt visits to tobacco curers for realisation of dues as and when they fall due for payment, and thus check further rise.

38. We feel that the psychological effect of a penalty being levied on unpaid dues cannot be underestimated. While some have urged the snowball effect of such penalties on arrears, we do not think that it is in all cases that duty remains unpaid because the grower-curer is unable to pay. Where a grower-curer is genuinely unable to pay, the demand is anyhow written off. We accordingly recommend that provision should be made for a mandatory penalty, being a fixed proportion of the tax due, in all cases where duty demanded remains unpaid after expiry of a prescribed period. A penalty for non-payment of dues is a normal feature of many taxing statutes, not excluding the Income-tax Act in India.

39. It was also suggested to us that provision should be made for levy of interest on sums not paid. Such a provision exists in the law relating to direct taxes in India and to excise taxes in the United States. Since the real problem of arrears is in respect of petty tobacco growers, we do not think that levy of interest on unpaid dues would have the same effect as penalty, and accordingly do not favour this suggestion. Moreover, since we have recommended that there should be no departure from the present scheme of prepayment of duty, the question of interest is largely academic; it has relevance only in a scheme of post-payment of tax.

40. The problem of realisation of arrears, we are informed, has repeatedly been considered by the Central Board of Revenue and certain measures have been taken. Continuance of arrears, is, we feel, not so much due to lack of directions as of enforcement due to lack of mobility and of man-power in the affected areas. While efforts should be intensified to recover all arrears now outstanding, we recommend greater stress being laid on preventing the growth of fresh arrears.

41. Under present procedures, the curer is permitted to store his tobacco for a specified period after curing. Unless he has disposed of the tobacco according to law before expiry of this period, demands for

duty are made, but their payment in instalments even when tobacco remains unsold is not permitted. Tobacco remains unsold with curers either because of a slump in the market or because of its low quality. We feel that it would help matters if curers were permitted to pay the assessment in convenient instalments.

42. We refer here to the effect on arrears of changes in rates of duty on tobacco which over the last twenty years have all been upward. With each increase in rates of duty, demands that are then in arrear are revised at the new rate. Apart from involving a considerable amount of clerical work, such inflation of the demands in arrear serves no real purpose. We consider that the only reasonable course is to revise only those demands, the tobacco in respect of which it arises still exists when the rate is revised.

43. While the statutory law authorising recovery of duties remaining unpaid as arrears of land revenue is effective enough where the assessee possesses property or any excisable goods, we understand that practical difficulties arise in enforcing it as the State revenue machinery understandably places the collection of arrears of State revenues first and requisitions for recovery of excise dues take second place. States will in time realise, it is hoped, that a part if not the whole of the tobacco duty arrear is in fact their own revenue.

44. In the reorganised set up recommended by us, the Range Officer should be able to keep closer watch on the arrear situation in his charge and enforce recovery by attachment of excisable goods or resort to other coercive measures found feasible. The recent amendment of the rules whereby detention of the property of a defaulter to effect recovery even after its alienation has been legalised may facilitate recovery. By and large, we consider that there should be greater reliance on recovery of dues within the means at the disposal of the department. Except for older arrears whose recovery may necessitate the employment of additional personnel, we deprecate employment of special squads as it tends to make the officer primarily responsible for assessment and realisation complacent.

45. Cigarette manufacturers have complained that remission of duty on wastage in manufacture is not allowed as duty is realised on the tobacco taken into use. They complain also of demands for differential duty if waste arising in manufacture is sold. These problems would disappear if the present two stage levy on cigarettes is converted into a single duty on cigarettes, the tobacco being allowed to be used free of duty. We consider that this scheme would bring about further rationalisation in the tariff and in its administration.

46. We do not think it feasible to introduce specific rate of duty for cigarettes on the lines of the pattern in some foreign countries, as there is no price-weight relationship.

47. Biri interests complain of increasing production of cheaper cigarettes as a threat to their industry and press for a higher rate of levy on cigarettes, especially those made from non-flue cured tobacco.

Others claim that increased cigarette consumption is not due to any fiscal preference but to changing social habits. As we have elsewhere observed, rates of duty are the prerogative of Parliament into which we would rather not go. It has, however, validly been pointed out that the rate structure for cigarettes must take into account the not inconsiderable stick sales. The reduction in the number of value slabs for assessment from eight to five after 1962 should, we think, enable manufacturers to adjust prices over a wider range of cigarettes bearing the same duty. The reduction in the number of value slabs should reduce also the number of disputes arising out of marginally priced cigarettes and is, therefore, to be welcomed.

48. As for cigarettes, we have also considered whether assessment on the basis of weight could not be introduced for cigars and cheroots, because unlike the cigarette industry, the small and cottage sectors predominate in the cigar and cheroot industry; as against some 300 taxable units, there are ten times as many in the exempted sector. To avoid prohibitive costs, cigars and cheroots valued at not more than ten annas per hundred were initially exempted in 1943. Thereafter, the exemption was successively raised to Rs. 1.25 per hundred. Representations have been made to us that this limit should be further raised to Rs. 2 per hundred. The slab system has, as elsewhere, thrown up numerous problems.

49. The exemption slab has led to considerable evasion. This is evident from the fact that although the duty on tobacco has been stepped up from time to time, and prices and labour costs have increased, the production in the lowest taxable slab fell from 5.4 million in 1952-53 to 1.05 million in 1961-62. During the same period, overall production in the taxable sector fell from 6.3 million to 1.1 million cigars and cheroots. It is reasonable to conclude that more and more cigars and cheroots pass in the exempted sector despite the fact that at existing levels of tax and costs, it is hardly possible to sell cigars and cheroots at tax free levels in any appreciable quantities. Since operation of *ad valorem* rates in the product of a largely cottage type industry is extremely difficult, undervaluation to escape the tax net is common. Cigars and cheroots are often sold loose at prices below the taxable limit; these are then wrapped and packaged attractively and sold at substantially higher prices.

50. Considering the meagre revenue from cigars and cheroots, it appears to us that either the duty should be abolished or a flat rate of specific duty on the basis of weight levied, as is done in many foreign countries, without any exemption. The system of excise labels may continue if duty is levied on all cigars but if an exempted sector is to continue then there is little meaning in continuing the scheme of excise labels.

CHAPTER III.—SUGAR

Excise duty was first levied on sugar in 1934 at the rate of Rs. 1/5/- per cwt. By successive stages this rate has risen to Rs. 22.50 per quintal at present. In 1957 an additional excise duty was levied in lieu of States' Sales Taxes; it is collected along with the basic duty.

2. Until 1959, the definition of the excisable article was "any form of sugar containing more than 90% sucrose". It was revised from 1-3-1960 as follows:—

"Sugar means any form of sugar in which the sucrose content, if expressed as a percentage of the material dried to constant weight at 105° centigrade, would be more than 90".

We believe that the earlier definition had the merit of simplicity and had stood the test of time, there being no evidence of abuse. Under the new definition, on the other hand, it is complained that even unmarketable brown sugar left over at the end of each season is required to be stored in bond. Industry has also expressed the apprehension that zealous assessing officers might apply the new definition to light molasses, single cured sugar, primary juice, etc. Although no such case has been cited, the revised definition is susceptible of interpretation to cover even syrup and massecuites, which are outside the purview of the duty. As Sir James Crombie remarks:

"Definition is the essence of any taxation upon goods. If it is not possible to define clearly, so isolating what it is desired to charge, it is better not to charge at all."*

3. The issue is of some importance as it has been pointed out to us that the method currently followed for drying test samples at 105°C. cannot give correct results as sugar crystals start decomposing and charring appreciably before this temperature is reached. Chemists and sugar technologists endorse this. Either the methods currently in use for determination of sugar content of samples must be changed to conform to those which will not be so palpably wrong, or the earlier definition of sugar may be restored, specially as the Director of the Indian Institute of Sugar Technology does not consider it possible deliberately to bring about a loss of revenue by lowering the sucrose content by addition of moisture.

4. The sugar industry complains that many routine checks made by excise officers are irksome and redundant for revenue purposes. Beginning with weighment of cane arriving, checks are made of the quantities and analytical particulars of juices, syrups, massecuite, baggasse, molasses and press-cake besides those on sugar bagged and stored and when it is to be cleared. Samples of various intermediate sugar house products and of final molasses are drawn frequently for test by

*Her Majesty's Customs and Excise : Crombie, page 35.

departmental chemists although duty is leviable only on sugar finally produced. The excise officer's interest lies in ensuring that all sugar produced is accounted for and not in judging operational or process efficiency. The complaint is that all this checking and sampling is not only redundant but involves additional work. Criticism is also voiced against requiring maintenance of Issue and Bill registers, wagon allocation sheets, gunny bag accounts, a Drier House register and other records which are either superfluous or entail duplication. Similarly, periodical technical returns are required to be sent to the Chemical Examiner. These include a mass of data which can be of no value for excise purposes. As the industry has to send similar returns to other Central and State authorities, it would save costs and facilitate work if common returns could be devised for all of them.

5. It appears to us that documentation and physical checks are indeed excessive in sugar factories and we doubt also the utility of departmental chemists undertaking technical scrutiny of day to day processing efficiency from manufacturers' technical returns. This is not enforced for any other industry. We are informed that as a result of departmental chemists' scrutiny and estimates based thereon of the quantity of sugar which should have been produced, manufacturers were in certain instances called upon to pay large sums on account of the duty as the actual production recorded and charged to duty was lower than the calculated production. It may be recorded here that when challenged in appeal, many of these demands had to be withdrawn.

6. We visualise the role of departmental chemists to be chiefly that of advisers as analysts of samples in cases where there is a dispute about the chemical composition or purity of a substance. We see neither need nor justification for them to become technical consultants on process efficiency or to follow methods of examination in which it has been alleged before us that the manufacturer has to stop different processes to enable him to draw samples or make test-checks. We consider that the present scheme of technical control of sugar manufacture and scrutiny of process accounts should be suitably modified.

7. We consider also that on general grounds, as the industry has a fairly standardised system of book-keeping and accounting and its production is assessable at an uniform rate, the audit type of control should replace physical checks.

Khandsari Sugar

8. Khandsari sugar, *i.e.*, sugar produced without the use of vacuum evaporators which was initially chargeable at a preferential rate was totally exempted in 1952. In subsequent years the industry rapidly made qualitative as well as quantitative progress. Total production was rising and improved methods for clarification of juice had led to an improvement in the quality as well as in the recovery of sugar from the cane. The total exemption was, therefore, replaced by a preferential rate of duty in March, 1959, which was, however, further lowered by an exemption notification. As evidence in the first season showed

heavy leakage which could not be plugged without considerable augmentation of staff to enforce full control over khandsaris, a compounded levy scheme was evolved with the compounding fee payable weekly related, firstly, to the size of the centrifugal employed, secondly, to the working hours, and thirdly, to the process of clarification of juice according as to whether or not the manufacturer had a sulphitation plant. It was a composite levy, including both the basic as well as the additional excise duty in lieu of sales tax.

9. As the industry represented that recovery of second process sugar is only about a quarter of that of the first process sugar, the rates for the period when second process sugar is made are about two-thirds of the normal composition fee.

10. The production of and revenue from khandsari factories for two complete years after the exemption from duty was revoked are shown in Table 11.

TABLE 11
Khandsari sugar: production and revenue

	Production	Potential revenue at notified rate	Revenue realised after com- pounding
	(Quintals 000)	(Rs. 000)	(Rs. 000)
1960—61:			
Sulphitation process	114	1,270	989
Non-sulphitation process	857	7,422	3,977
1961—62:			
Sulphitation process	130	1,448	869
Non-sulphitation process	749	6,486	2,869

11. According to official statistics the incidence of duty borne under the compounded levy is just about half that under the notified specific rates which are themselves less than half the rate for factory sugar. The real revenue sacrifice may be even greater as there is no means of ensuring that full production is actually reported in excise returns. Besides this, many khandsaris also have hand-driven centrifugals the production of which is excise free.

12. Representatives of khandsaris have argued that the compounding scheme does not permit adjustments in the rates of levy for suspension of power supply although it is compulsorily enforced by the State Electricity Boards in some areas, nor for breakdowns and the like. Official witnesses stress, however, the obvious, *viz.* that the rates are already very low and should be stepped up.

13. A sulphitation plant is set up on a basis comparable to any other industrial unit. The sugar it produces is of about the same quality as some of the grades of crystal sugar produced in a sugar factory. It is different in quality and appearance from ordinary khandsari sugar. It is for consideration, therefore, whether it would not be advisable to lift the levy on khandsari sugar produced by non-sulphitation process and adjust the levy on sugar produced by sulphitation process to reduce the present disparity in the level of incidence of duty on sugar produced in sugar factories and by sulphitation process. This would remove the operation of a scheme which has inherent weaknesses and provides scope for collusion and corruption while the adjustment in the rate suggested would compensate for the loss of revenue from ordinary khandsari sugar. Should there be any evasion, the question of a levy on massecuites produced by the sulphitation process may have to be considered.

CHAPTER IV.—MATCHES

Our observation elsewhere that fiscal preferences lead sometimes to results different from those intended is perhaps best illustrated by the match tariff. Unlike most other items, the match tariff has undergone several changes not only in rates but also in its construction. Commencing with a two tier tariff it has now developed through schemes of exemption, into an eleven tier tariff the original categorisation of factories into two according to size of output has now been enlarged to four and the original preferential rates, mutually exclusive for different categories, have been converted into telescopic rates.

2. The tariff was originally designed to give a measure of assistance to the small scale manufacturer through fiscal preferences. Later, the small sector was further sub-divided into medium, small and smaller groups for this purpose. Still later, to conserve stocks of soft wood another preference was allowed for use of bamboo by the cottage sector. As a result, a comparatively simple scheme of excise levy, easy to understand and equally easy to apply, has now become extremely complex.

3. In more recent times, since October, 1960, the rate structure has undergone several changes and in March, 1961, a preferential slab for manufacturers in the organised sector was introduced.

4. Attempts were made to effect standardisation of the number of sticks per box of matches through rate preference for packing in boxes of 50's but they were not wholly successful. In April, 1962, the standard rate of duty was substantially increased and a larger preference was given for packing in boxes of 50's. But as this also did not produce the desired result, packing except in boxes of 50's was forbidden in June, 1962 by rule but smaller manufacturers using bamboo splints were allowed to pack 40 sticks to a box also.

5. With reference to the effective rates in force during corresponding periods, Table 12 shows the gross annual duty preference for manufacturers of different categories in periods upto and after September, 1960.

TABLE 12
Matches: comparative duty preference for different categories of manufacturers

Category of manufacturer	Upto Septem- ber, '60	October, '60 to March, 61	1961-62	1962-63
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
'A'	Nil	Nil	38,889	55,555
'B'				
(i) on 500 million		83,333	11,806	13,888
(ii) on 3,500 million			34,028	48,611
			45,834	62,499

TABLE 12—*contd.*

Category of manufacturer	Upto Septem- ber, '60	October '60 to March, 61	1961-62	1962-63
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
'C'				
(i) on 100 million	} 11,700	11,689	11,806	11,806
(ii) on 150 million ;		10,069	10,416	10,416
(iii) on 250 million ;		5,208	5,900	6,944
		26,966	28,122	29,166

6. Changes in the tariff structure were made in 1960 with the twin objects of preventing fragmentation and encouraging the smaller units to grow. The penal element in the earlier scheme in which the higher duty became payable in respect of the total production if the limit for categorisation was exceeded at any time, was removed and telescopic rates were introduced with these objects in view.

7. Official statistics of overall production and deliveries show that deliveries by 'A' category manufacturers in 1961-62 declined as compared to the deliveries in the previous year despite the introduction of a preferential slab for them. Deliveries of 'B' category factories also declined chiefly because the gross preference for them was scaled down by about one-half and several manufacturers found it advantageous either to curtail their operations or fragment into new 'C' category manufacturers.

8. Within the 'C' category nearly four-fifths of the total tax benefit accrues in respect of the first 250 million matches. The majority of the manufacturers in this category, therefore, discontinue production after reaching this level or run several units producing upto this limit. A phenomenal increase has taken place in their numbers and in their output.

9. The largest concentration of 'B' and 'C' category manufacturers is in the Ramanathapuram, Tirunelveli and Madurai districts of Madras State and they account for over 90% of the small sectors' output. Official statistics of the number of manufacturers and their production over the last three years are in Table 13.

TABLE 13

Matches: categorywise number of match factories and production

Category	Number of factories			Production (million sticks)		
	1960	1961	1962	1960	1961	1962
'B'	61	44	41	90,060	89,560	76,210
'C'	153	243	438	11,120	37,400	63,865

10. To prevent decentralisation of manufacture to exploit tariff preferences, rules have provided that no member of a Hindu undivided family can be given a licence for more than one factory in the same district, if the Collector is satisfied that the business will be carried on for the benefit of the same family. Another rule requires every manufacturer to secure approval for the label he uses for his matches; the purpose is to detect whether the same family owns more than one unit. Both these restrictions have been easily evaded; the first, by producing deeds of partition, even if they are merely nominal and, the second, by simulated purchase of label copyrights and obtaining excise approval to the use of common labels by several separately licensed manufacturers. The rules have thus been circumvented and their purpose frustrated.

11. The restriction on licensing has also been criticised before us as discriminatory, being applicable only to Hindu joint families. Be that as it may, as both the licensing rule and rule requiring approval of labels have become in effect dead letters, we do not consider that their retention serves any useful purpose.

12. The tariff provides for the quantum of preference being related to production, relief being afforded on a progressively higher scale as production drops. This is an incentive to fragment as also restrict production. Obviously, this not being the intention, other rules have been framed to counteract this effect. Equally obviously, the real remedy lies in redesigning the effective tariff to assist consolidation and healthy growth of manufacturers in the small sector.

13. Representative associations of manufacturers have strongly urged that if the existing preferences for 'C' category manufacturers continue, those in the 'B' category will be gradually eliminated. The disparity in the scale of preference should, it has been submitted, be reduced in the interests of fair play, respect for law and the general health of the industry as a whole. It is also represented that the scheme of tax abatements has been in operation for over thirty years. As now modified, it no longer aids the growth of the smaller factories but merely disrupts the general trade and the benefit accrues very largely not to the manufacturers but to the distributive trade.

14. We are convinced that the revised duty differentials have not benefited those for whom they are intended. The labour engaged in production has also not derived any benefit from the scheme of larger subsidy to smaller factories and lower slabs of production, as the wages in these areas of concentration of small scale production are the same whether a factory is classified in 'B' or 'C' category. If anything, the wages paid to cottage workers by 'C' categories are somewhat lower in rural areas.

15. The objective of telescopic rates, viz. to encourage manufacturers to grow has also not been achieved because in fact tariff preferences do not actually accrue to the manufacturers themselves. Our

enquiries into prices at which manufacturers of different categories delivered their matches to stockists and wholesale dealers in January, 1963, give the following picture:

(a) Matches of the organised sector	—	Rs. 38.40 per five gross packets of 50's.
(b) Matches of 'B' category manufacturers	—	Rs. 36.00 to Rs. 37.50
(c) Matches of 'C' category manufacturers	—	Rs. 31.00 to Rs. 33.00

It will be seen that the average margins of duty preference for 'B' and 'C' category manufacturers are almost exactly equal to the differences in their selling prices ex-factory. The duty preferences intended to accrue to them are thus passing largely into the distributive channels. The consumer also does not benefit as the distributive trade pools all its purchases and markets them at common prices.

16. As the quality of production of 'B' and 'C' categories is the same, there is nothing to distinguish one from the other and the piece rates paid to the cottage workers are also more or less the same, but the rates of duty being different, the middlemen go to 'C' factories in preference and also squeeze these to surrender the differential to them. We are, therefore, satisfied that there is no justification for continuing to make a distinction between 'B' and 'C' factories for tariff purposes.

17. We consider that a radical change in both the construction of the present preferences and in the manner of administering them is called for so that the preference actually benefits the manufacturer and gives him also an incentive to grow. A classification into machine made and non-machine made matches may be a satisfactory distinction to isolate the organised from the small scale sector. In such a distinction, the use of mechanical aids for such purposes as mixing of chemicals or cutting of labels should be ignored.

18. We do not see the need for any preferential slab for manufacturers in the organised sector. The structure of the effective tariff for manufacturers in the small sector should be so revised as to give them higher benefits as their output progressively increases; this alone will provide an impetus to consolidation and growth. Banderols for all manufacturers in the small sector could initially be supplied at a lower rate than the rate for matches of the organised sector. Additional assistance to individuals if and where necessary could then take the form of cash subsidies instead of rate concessions as at present.

19. The duty on matches has all along been collected by sale at treasuries of banderols at prices equal to the duty payable. Each box of matches has to bear a banderol. The cost of printing, storage, distribution and sale of match banderols is borne by Government. The revised estimate for 1962-63 shows the cost at Rs. 56 lakhs. The organised sector, which has mechanised the application of the banderol,

estimates the wages of labour on banderolling alone at Rs. 10 lakhs annually. This sector contributes a little over half of the total output. In view of the obvious economies in mechanisation of banderolling, the overall costs of the system of banderolling to Government and the industry are, therefore, not inconsiderable. We, therefore, considered whether these costs cannot be reduced by abandoning the system of banderols for matches.

20. The organised and small scale sectors both prefer banderolling. Having regard to the nature of the article this visible proof of the duty having been paid is useful not only for the revenue but for individual manufacturers also. Senior officials too favour the retention of the system as it reduces the task of physical policing to prevent leakage. Is it has been in use for a long time and has found ready acceptance with the industry, the trade and the administration, we would not advocate an immediate change though we are not convinced that it has any particular merit. In view of the economies which can be effected both to Government and the industry, an alternative should be considered, more particularly, as this system is applicable to matches and taxable cigars only, as an exception to the normal procedure.

21. As duty payable varies and is realised as sale price of banderols, the Rules require the Assistant Collector to issue a certificate to each manufacturer in the preferred sector specifying the price at which he may be issued banderols by the treasury. In view of the changed construction of the tariff, when the rate varies with the rise in output of even the same manufacturer, these certificates are for practical purposes of no value, and we feel that the rules on the subject should be suitably recast.

22. As Sivakasi in Ramanathapuram district in Madras State, which is the centre of the concentration of small scale matches production did not have any revenue treasury until recently, a Departmental Treasury was stocking and selling banderols to match manufacturers. Lately, the State administration has opened a sub-treasury and revenue payments are, as elsewhere, now required to be made at it. The Departmental Treasury now issues banderols only on chalans issued by the treasury. Supply of banderols to the Departmental Treasury is effected through the district treasury at Madurai. Representatives of industry complained of irregular supply and chronic shortage of stocks of banderols as well as the duplication involved in paying the purchase price in the revenue treasury and obtaining banderols from the Departmental Treasury. Having regard to the sizeable revenue from the industry at Sivakasi and surrounding area, we consider that the Departmental Treasury should receive banderols direct from the Security Press at Nasik instead of through the district treasury.

23. Since 1948, it has been provided by rule that the manufacturer shall mark each box of matches with the retail price at which he intends it to be sold. The industry represents that this rule is unworkable as the selling price of matches depends not merely on manufacturing costs

and excise duty, both of which are variable from time to time even for the same manufacturer, but also on the rates of Sales Tax, Octroi duties and other imposts which themselves vary widely. The price marking rule, far from helping the consumer, merely irritates him, as he is unable to buy matches at prices marked. We consider that in practice the rule has not served any useful purpose and cannot be applied without statutory price control.

24. We have referred to measures adopted to induce standardisation at 50 match sticks per box. The industry has pleaded before us that there need be no rigid compulsion over this matter. Given the freedom to vary the stick count of boxes, the industry could sell matches with a smaller number of sticks at the same price in areas where sales and other taxes are higher than elsewhere. Besides this, it is also urged that packing in 50's is not necessarily the most economic size for standardisation of stick counts and that 60's would be a better standard. These are matters on which we do not feel called upon to pronounce any opinion. They have to be determined on the basis of common acceptance and wider considerations like conservation of softwood resources.

CHAPTER V.—TEA

Unlike other excised commodities, the importance of tea in export trade and its distinctive marketing system through auctions have largely influenced the evolution of its rate structure, denial of the facility of export in bond and several changes in admissibility of refunds on export. Changes in the tariff pattern have been made from time to time to improve the competitive capacity of Indian teas in foreign markets without foregoing at the same time the substantial revenues derived from export duty. Thus, for some years, excise and export duties were treated as two distinct elements, the former being adjusted against the latter on export. There were complaints against the single stage flat rate of excise duty collected on delivery from the garden factories as it placed initially the entire burden of duty on manufacturers. The change to a two stage levy in 1953, at the first stage a low flat rate on all tea manufactured, and, at the second, a larger levy on tea made into package tea, was made to give necessary relief.

2. With a view to improve the competitive position of common teas in export as well as home markets the first stage duty was converted in 1959 into different zonal rates of excise duty and the adjustment of excise duty paid towards export duty due on the quantity exported was discontinued. In the result, the total tax burden borne by teas exported was the sum of the zonal excise rate and a common export duty rate. On complaint from the industry that the tax burden was heavy on export teas the provision for adjustment of a part of zonal excise duty towards export duty was re-introduced in 1962. This was coupled with a re-adjustment of the zonal rates, which were generally raised. Industry represented that this dispensation had not given any appreciable relief to it. Export was not permitted in bond for the garden duty, but export of package tea was permissible in bond for package tea duty only. The difference between excise duty borne and export duty payable was charged at the time of export. This year the export duty has been abolished, rates of excise duty raised and its partial refund on export discontinued.

3. Industry continues to urge that the various changes in the tariff structure have failed to provide any real relief to tea producers and complaints that collection of duty on tea on delivery from the producing factories compels them to carry the entire duty burden for a period of six to eight weeks or more till the tea is auctioned and the proceeds subsequently collected; this burden has increased steadily with each successive enhancement of duty and this considerably strains the resources of even the more prosperous producers. Considering that production of tea is confined to well defined areas and that there is usually a time lag of several weeks before tea is auctioned, it has been urged that a procedure should be evolved for mitigating this financial burden on the tea producers' working capital.

4. We have already referred to an earlier attempt to provide relief through a scheme for deferred payment of duty. This, however, did not succeed as it entailed bank guarantees for which the producers had anyhow to bear interest and service charges.

5. A concrete proposal, supported by the Tea Board, is to introduce a system of bonded warehousing for tea at auction markets and allowing it to leave the garden factories without payment of duty for storage in bond in auction markets, the duty being collected on delivery from storage warehouses after auction.

6. The Indian Tea Association, who as members of the Consultative Committee of the Tea Producers Associations initially made common cause with others in demanding this facility, have subsequently resiled from their position. They now consider that as only some two-fifths of the output is sold in India and the balance is shipped fairly quickly, such a change may not yield any material benefit. As the time lag before the producer gets the sale proceeds of tea consumed in India is only about three months, the probable saving of interest and service charges from a scheme of warehousing would, the Association now considers, be offset by additional costs both to the industry and the excise administration as it would involve greater surveillance and the additional checking and documentation entailed in scheme for warehousing.

7. We do not, however, consider that a scheme of warehousing must necessarily involve appreciably larger costs or additional documentation than that already necessary in respect of tea stored for auction. We are informed that there are only about thirty warehouses in Calcutta which handle all Assam and North Bengal teas passing through the Calcutta auctions. Delivery to buyers is made from the storage warehouses on authorisation from the brokers after each auction. Auctioneers' and warehouse records are already detailed enough to identify every tea chest stored pending auction not only as to the quality and quantity of its contents but also the name of the manufacturer and the zone in which it was produced. We do not visualise any large costs or any additional documentation in excise licensing of the existing tea storage accommodation as bonded warehouses. Tea could in future be consigned to them in bond from the producing factories as now and pay the excise duty at the time of delivery after auction. We do not think that there is any other practical alternative for relieving the financial strain on the primary producer short of a scheme of warehousing tea in bond pending auction.

8. If a scheme of bonded warehousing for tea is introduced at auction markets, it would follow that all tea delivered to buyers directly from the producing factory and not consigned to warehouses must continue to be charged at the time of delivery from the factory.

9. The Indian Tea Association suggests instead that to assist the industry, release of tea from the producing factory should be permitted on acceptance of a post-dated cheque in payment of the excise duty.

In North East India, the cheque may be post-dated by three months in the earlier parts of the season ; this period should be reduced to two months for deliveries in July to September and thereafter the cheque should bear the date of delivery. We are unable naturally to support any scheme of post-dated cheques being accepted in payment of revenue.

10. The industry has also suggested that the export cess levied on tea exported should instead be spread over the total production whether or not it is exported and realised in the same manner as excise duty on delivery of tea from the producing factories, specially as this would help reduce the cost of export teas in the foreign markets. We see no objection to this in principle.

11. A major issue raised before us was that the existing differential between the rates of duty on package tea and loose tea gave loose tea merchants an advantage at auctions of the 40 nP. per kg. payable only on tea packaged. This forced up the market price of export teas also. While the differential entailed a revenue sacrifice of over Rs. 2.5 crores annually from tea consumed within the country without being packaged, it also placed a premium on unhygienic storage and handling of tea which actually went into internal consumption. Besides this, a major part of the differential was being retained by the distributive trade and did not benefit the consumer, specially in rural areas, where the most common form available with village grocers is the small packet produced by package tea manufacturers. The practice of retailing loose tea is largely urban. The poorer consumer, therefore, bears a higher incidence of duty on the tea he consumes than his urban counterpart who, if not too choosy as to the quality, has access to loose tea which does not have to bear the additional package tea duty. The benefit also accrues to large consumers, such as hotels, restaurants, etc.

12. On the other hand, it is argued that the tax structure has no direct effect on exports of tea as export prices and offtake are dependent chiefly on the world supply and demand situation. Official statistics show that the offtake of package tea in the internal market has fluctuated only marginally within five to seven per cent from one year to the next. But there is a noticeable increase in the consumption of loose tea specially in the years subsequent to the introduction of zonal rates for loose tea. It is possible that the revenue yields would be substantially higher if to the zonal rates was added, in substitution of the present package tea duty, a common rate of duty payable on all teas going into internal consumption whether after packaging or not. The instructions for distinguishing packaged and non-packaged tea are also somewhat anomalous. For instance, the open-ended grocery carton in which a retailer delivers tea loose to a customer is not treated as rackage tea, but if the wrapper showed the name of the manufacturer or specified the grade and other particulars of contents, it is so classified.

13. The rationale of splitting up tea excise duty having been provided by the need for financial relief to garden factories, this need will easily be met by the scheme of bonded warehousing. In addition this will facilitate also administration of the zonal rates with an appropriate common rate of levy for tea delivered after auctions for internal consumption in whatever form it reaches the consumer. Besides leading to improved revenue yield, as the rate will perhaps be lower than the present rate payable as package tea duty, the relief will benefit the rural consumer. It will also eliminate the need for surveillance over producers of package tea and loose tea dealers which is now enforced to ensure that they do not surreptitiously put the tea they sell into packets which would attract the package tea duty. Administrative costs should also, therefore go down.

14. It has been represented on behalf of the industry that zonal rates of tea should be fixed not merely on the basis of average prices fetched by tea produced in different zones, but due consideration should also be given to the overall costs of production and the yield per hectare of planted area. High grown hill varieties, it has been stressed, fetch higher prices because of richer aroma, but both these and some plain grown teas cost more per kg. to produce because of the terrain in which they are grown and climatic and soil conditions which lower the yields. There seems to be some force in this argument and we consider that although the object of the zonal differential rates is to improve the competitive ability of common teas, this differential should not be so fixed as to handicap quality teas.

15. The third major issue agitated before us relates to the rigours of physical controls and duplication entailed in maintenance of prescribed excise accounts. We recommend the adoption of a more realistic attitude to the issue of physical checks at factories. By and large, tea is not stored in bins or other containers where it could be physically verified without excessive expenditure in time and labour until after it has been sifted and graded. Physical verification of bulk tea production as at present sought to be enforced is, therefore somewhat theoretical.

16. As to the accounts enforced for excise purpose we have ascertained from officials controlling the major tea producing areas that a considerable simplification can be made generally along the lines suggested by the industry without detriment to effective revenue control.

17. We are informed that over the last two years or so, the Central Board of Revenue has also authorised amalgamation of some officially prescribed accounts and substitution of some others with those which the manufacturers customarily maintain themselves. Even so, there is room for further rationalisation and simplification of accounts both for garden factories producing bulk tea and package tea factories, if the two stage duty is retained.

18. A common complaint before us was the difficulty experienced by tea gardens in getting their tea waste denatured or destroyed promptly. Waste products like red stalk, stalky tea and fluff arise daily

at all factories and have to be constantly put into compost pits or denatured if intended for sale. The complaint is that powers of factory officers and others are so strictly circumscribed and the procedure is otherwise so irksome that it causes avoidable expense and delay in prompt disposal of waste.

19. We are informed that powers of officers are the same whether tea waste is to be denatured for disposal under the Tea Waste (Control) Order, 1959, or destroyed by putting into compost pits. We consider that powers of officers to supervise and certify destruction in compost pits can be liberalised after a detailed assessment of day to day needs.

20. It has incidentally been brought to our notice that even though denatured tea waste delivered under the Tea Waste (Control) Order is exempted from duty, manufacturers have to execute bonds undertaking to pay duty if the waste delivered does not reach its destination. We fail to see any rationale behind requiring a bond and further recovering duty on any goods which are already formally exempted from the duty.

21. Tea producer associations have stressed the need for consolidation of all the different Central and State levies into one common rate to be collected at one stage from tea so as to provide relief to the industry and trade from procedural proliferation. While a single levy to replace all the indirect taxes now imposed on tea consumed anywhere in India will undoubtedly lead to a simplification for the manufacturer, and might even lead to greater uniformity in tea prices in different parts of the country, the proposal attracts constitutional limitations and the disinclination of States to such a consolidation to which we have earlier referred and is obviously impracticable unless these are adequately met.

CHAPTER VI.—PAPER

Excise duty on paper and paper boards (excluding hand-made paper and boards) was proposed to be levied *ad valorem* in the Finance Bill of 1955 but it was changed to specific rates of duty before the bill was passed and straw-board was also excluded from the levy.

A. Paper

2. The conversion of *ad valorem* into specific rates led to the introduction of different rates for different categories of papers based on their conventional end-use. As, however, the same variety of paper can be and is actually put to more than one use, there are constant disputes regarding classification. Minor differences in quality again lead to similar disputes.

3. Different varieties of paper were initially classified into four broad categories with distinctive rates, *viz.*, printing and writing paper, wrapping paper, some specified varieties and a residuary category. After 1957, the rate differential between categories was widened from 2 nP. per kg. to about 13 nP. per kg. for some and 28 nP. per kg. for other varieties. Tariff categorisation was also revised into four main and a fifth residuary category.

4. Criticism has been directed at the grouping together of diverse varieties under common rates of levy and also the procedure adopted in determining classification. Firstly, the grouping is not always rational; secondly, the same varieties are classified differently at different producing units; and thirdly, there is often an incorrect interpretation of rulings given. Examples cited in support of the complaint are that cartridge paper and imitation art paper which are largely used by school children for drawing work and whose finish is similar to that of ordinary printing and writing paper are grouped with bank, bond, tissue etc. paper. Poster paper, M.G. and M.F. Manila and MG and MF pressings and cover paper are similarly used largely for printing and writing, manufacture of stationery articles or as covers for school exercise books and text books. But these varieties are grouped together for tariff classification with other higher priced and differently used varieties and not assessed at the lower rate applicable to printing and writing paper.

5. Similarly, antique wove/laid, badami paper, account-book paper, offset printing, azure laid, and wrapping paper used for cone board rolls are classified for assessment at the special low rate for printing and writing paper at some mills while at others they are classified as packing and wrapping paper and charged at the higher rate.

6. We would hold that tariff classification is determined both on the result of chemical analysis and enquiry on actual end-use. Industry complaints that neither of these methods, nor a combination of the two,

give a correct classification. Chemically, badami, a cheap writing paper, may be the same as certain wrapping varieties or a heavy weight MF printing paper, but its end-use would remain to be writing and printing paper. Similarly, imitation art and poster papers are really printing and writing paper and not wrapping/packing paper which is the classification excise authorities have given them. As to actual use, sporadic misuse by individual consumers of varieties whose conventional use is well known should, it is claimed, be ignored and not relied upon as evidence to change an established classification based on conventional use.

7. To resolve disputes which affect the industry as a whole, the proposal is for Government to revise classification according to conventional use in consultation with representatives of the industry.

8. As to instances of anomalous classification of the same varieties at different mills, the suggestion is that small committees consisting of representatives of industry and local excise officials should decide such disputes, taking into account the practice in different units of the industry as well as the normal trade usage of the disputed varieties.

9. While we would not minimise the importance of a scheme in which disputes relating to classification are settled in joint consultation between the producer and the excise authorities, it is not difficult to visualise a situation in which agreement cannot be found between the assessing officer and the producer.

10. Another suggestion is to adopt a common classification for all purposes whether for excise, customs or import trade control. Weaknesses inherent in this are obvious.

11. In our attempts to evolve a more rational classification, we have tried to ascertain the commercial practice in Norway, Sweden and Great Britain. The range of manufacture and the schemes of taxation obtaining in these countries are so different from ours that the classification would not suit our conditions or even provide a guide.

12. Table 14 summarises official statistics of production of paper now grouped under the various tariff categories.

TABLE 14
Paper: Production by tariff categories (Million kgs.)

Tariff group	Rate of duty (Per kg.) Rs. nP.	1959-60	1960-61	1961-62
Cigarette Tissue	1.00	2.5	3.0	3.3
Blotting, other tissue & 14 other named varieties	0.50	24.4	32.2	23.0
Packing & wrapping paper—other sorts	0.35	67.5	69.3	73.2
Printing & writing paper—other sorts	0.22	165.8	185.2	201.0
Paper including paper boards n.o.s.	0.50	0.3	2.1	3.0

13. Excise officials assess at the lowest rate for "printing and writing paper—other sorts" only when the variety under assessment is specifically excluded from those assessable at 50 nP. or 35 nP. per kg. This is inherent in the present somewhat arbitrary grouping of varieties of comparable price ranges into three categories with widely differing rates of duty. Absence of objective and verifiable criteria to distinguish different varieties and inadequacy of chemical analysis and/or a common or invariable end-use in resolving disputes, lead to the major grievance that excise officials, in their zeal to safeguard revenue, resort to assessment at the highest of the several rates applicable. The grievance is also not without substance.

14. We consider that the proper remedy is a re-grouping of varieties based on verifiable physical characteristics. This alone will make for smooth administration of the levy and reduce the scope for disputes. Thus, cigarette tissue which has distinctive physical characteristics has never figured in any classification dispute. Perhaps the final answer may lie in the direction of reducing the number of tariff categories for all varieties other than cigarette tissue from the present four to two. The higher rate may apply to all those physically identifiable varieties like tissue other than cigarette tissue, blotting, toilet and cheque paper or those which are of specially high price but physically identifiable, like art paper. The lower residuary rate may cover all other varieties. A common rate applied to the existing level of production of the remainder will yield the same revenue without disputes over classification and without increasing unduly the quantum of duty on printing and writing paper.

15. Although dutiable newsprint used for printing of newspapers was initially exempted from the duty, from 1958 the exemption was extended also to newsprint utilised for text books or books of general interest, but in April, 1962, the total exemption was replaced by a preferential levy for newsprint *intended* for use in printing of newspapers, text books and books of general interest. The preferential rate is applicable only to newsprint of not less than 50% mechanical wood pulp in its fibre content. There is only one manufacturer of newsprint and, although no particular difficulty is experienced in chemically verifying the mechanical wood pulp content, a great deal of labour is involved in verifying the declared intention by keeping track of the actual use of newsprint assessed at the concessional rate.

16. Table 15 shows production of newsprint during the last two years, its clearances under the exemption, and on payment of duty as well as the revenue.

TABLE 15
Paper: Newsprint: Production, clearances and revenue

Year	Production (000 tonnes)	Clearances (000 tonnes)		Revenue (000 Rs.)
		Duty-free	Dutiable	
1960-61	20.6	14.2	6.4	14.16
1961-62	23.9	19.5	4.2	9.19

17. The paper trade represented to us that the concessional rate for newsprint is often abused; publishers first make high profits by diverting imported newsprint allotted to them to common uses and then secure concessional newsprint for actual use thereby making even larger profits.

18. We consider that in view of the small quantities involved, there is clearly a case for prescribing a common rate for all newsprint regardless of the declared intention or the actual end-use but based on the mechanical woodpulp content which is readily verifiable.

19. Any paper or paper board which is commercially recognised as hand-made is exempted from the duty even if power is actually used in some stage of its manufacture. The special scheme to regulate these exemptions is for the manufacturer to produce a certificate to the Central Board of Revenue from Secretary in the Ministry of Commerce and Industry that his product is so recognised. The Central Board of Revenue then authorises the Collector to refrain from charging it to duty. Having regard to the facilities for exemption and enquiries as to the nature of any variety of paper which the Central Excise administration commands, we do not see the need for this complicated procedure. Any enquiries which the agents of Ministry of Commerce & Industry make to determine whether a variety of paper is commercially recognised as hand-made paper or not can equally be made by the excise officials themselves.

B. Boards

20. Initial exclusion of straw board from the purview of the tax was criticised specially by mill board and grey board manufacturers as discriminatory. Straw board was, therefore, also taxed in 1956 and equated for excise purposes with mill board, with an exemption from duty for the first 500 tons of mill board other than white and coloured and straw board taken together. The total exemption was reduced in May, 1957 to 125 tons with a preferential rate slab between 125 and 500 tons, the standard rate becoming applicable thereafter.

21. Industry continued to press that mill board was hardly distinguishable from grey boards and even some cheaper varieties of pulp board. Equating mill board with straw board with a lower rate of duty, it was alleged, gave it undue advantage over other boards. Some varieties of mill board were also actually classified in some areas as grey or pulp board as it had not been found possible to evolve any suitable criteria to distinguish mill board from other cheap boards except straw board. In view of persistent complaints, all boards, other than straw board were finally grouped together in 1960 under a common rate with generic description of "pulp board not otherwise specified including grey board and mill board" and the scheme of relief was also revised. Of straw board, the first 125 tons were totally exempted. A preferential rate applied to the next 375 tons of straw board, deliveries in excess of 500 tons attracting the standard rate of duty. The

preference until then restricted to mill board was extended to all other boards; 125 tons was made totally free with two preferential slabs thereafter upto 1,000 tons after which the standard rate applied. No preference, however, accrued to any manufacturer whose production of all types of paper and board in any of the preceding three years had exceeded 3,000 tons; the limit was raised soon afterwards to 5,000 tons with another slab rate for the next 1,500 tons, the standard rate being applicable to deliveries in excess of 3,000 tons. This year, common free and preferential slabs have been introduced to cover all boards other than corrugated board made in any factory whose output of all paper and boards did not exceed 5,000 tonnes in any of the preceding three years. In other words, mill board, pulp board, grey board and straw board are all treated alike.

22. Industry has referred to various anomalies which the present method of classification of boards and schemes of exemption lead to. Grey board is claimed to be an article in the same price range as straw board but as it is chargeable at a higher rate its production suffers. Small scale sector producers of mill board complain, on the other hand, of a disadvantage in grouping it with pulp board; they claim it to be more akin to straw board than other boards. Yet others refer chiefly to varying incidence of duty on boards of a comparable price range under the present scheme of excise classification and preferences. It has been suggested that either the duty on grey board should be reduced to bring it in consonance with its price, or a separate classification provided for grey board with a distinctive rate of duty. Similarly, the present incidence of duty on millboards should be brought down to the level of straw boards as there is a steadily rising burden on mill board whereas straw board of comparable price bears a lower incidence of duty.

23. The tariff for boards has six sub-classifications. However, all boards were hitherto dutiable at any one of three basic rates which have since been reduced to two. We consider that broadbasing the description of boards for purposes of tariff classification similar to that we suggest for paper will facilitate administration.

24. On the issue of introducing audit type of checks, it was represented that in a tariff where rate differentials and categorisations are large, audit type of checks will leave many loopholes for evasion through misclassification. After rationalisation of the tariff, we feel a major obstacle in the way of relaxation of physical controls would have been removed. Even otherwise, we found that the existing official procedure prescribes the same physical checks at three stages, in the packing room, the storeroom and again at the time of clearance. The scheme of these checks seems to us to have been prescribed without due regard to realities as excise officers frankly admitted that not being practicable they were also not being applied. Apart from this, we consider that there is considerable scope for relaxation in accordance with our general recommendations that checks should as far as possible be confined only to the packing stage, to be extended to the clearance stage only in cases of doubt.

CHAPTER VII.—SOAP

Excise duty was first levied on Soap produced in power-operated factories in 1954 with separate rates of duty for toilet, household and laundry and all other soaps. As a measure of relief to the small sector, the first 50 tons of toilet and 125 tons of household and laundry soaps delivered from any factory were exempted from duty. On representations from the organised sector of industry, soap produced without the aid of power was also brought under levy in March, 1956, but the first 200 tons of non-power produced soap was exempted and the rates of excise duty fixed at about $\frac{7}{8}$ th of those for power produced soap. Soon, thereafter, a concessional rate was allowed for production between 200 and 400 tons. These limits were reduced in 1962 to 100 tons free and concessional rates for the next 200 tons.

2. Official statistics of annual production of taxable soap in the power and non-power operated sectors since the duty was levied are in Table 16.

TABLE 16

Soap: Production in power and non-power operated factories

Year	Production (Metric tonnes)	
	Power operated	Non-power operated
1956—57	1,03,700	49,600
1957—58	1,05,200	40,500
1958—59	1,19,900	40,300
1959—60	1,26,900	45,500
1960—61	1,38,700	52,200
1961—62	1,45,900	52,500

3. This data shows that there has been a steady increase in the output of the power operated sector, but there have been only minor improvements in the output of the non-power operated sector. The latter contributes about 26% of the total output of taxable soap. Official statistics show also that while there are about 150 power operated soap factories, the number of non-power operated factories licensed and under excise control is about 1900.

4. A breakdown of the total output and revenue from the power and non-power operated sector of soaps assessable at different rates of duty and the quantities out of this production which are covered by the exemptions, together with an estimate of the revenue foregone through exemptions over the last three years, is in Tables 17 and 18.

TABLE
Soap: Production

Power Operated Factories : Production & Revenue						
1959-60		1960-61		1961-62		
Production 000 tonnes	Revenue 000 Rs.	Produc- tion 000 tonnes	Revenue 000 Rs.	Produc- tion 000 tonnes	Revenue 000 Rs.	
1. Household and Laundry:						
(a) Plain bars .	30.9	2974	29.9	2833	28.8	2761
(b) Other sorts	54.0	6111	62.1	7443	68.9	7707
2. Toilet	39.6	10625	44.6	11570	46.5	12370
3. Not otherwise specified	2.4	161 0	2.1	222	1.7	304
TOTAL	126.9	19871	138.7	22068	145.9	23142

TABLE
Soaps: Quantities exempted

	Exemption	Revenue	Exemption	Revenue	Exemption	Revenue
1. Household and Laundry:						
(a) Plain bars .	2.5	259	2.4	248	2.2	228
(b) Other sorts .	2.9	350	2.8	337	3.3	398
2. Toilet . . .	1.2	331	1.2	331	1.3	358
3. Not otherwise specified	..	..	..	..	..	..
TOTAL	6.6	940	6.4	916	6.8	984

17.
and Revenue

Non-Power Operated : Production & Revenue					
1959-60		1960-61		1961-62	
Production 000 tonnes	Revenue 000 Rs.	Production 000 tonnes	Revenue 000 Rs.	Production 000 tonnes	Revenue 000 Rs.
12.4	208	10.5	172	11.7	222
33.2	1,147	41.5	1,196	40.8	1259
..
..
45.6	1,355	52.0	1,368	52.5	1481

18
and revenue foregone

Exemption	Revenue	Exemption	Revenue	Exemption	Revenue
8.3	735	7.7	681	7.7	681
17.4	1801	25.2	2608	23.9	2,474
..
..
5.27	2536	32.9	3289	31.6	3155

5. The slab exemptions in the power operated sector afford a relief of the order of 4 to 5% from the total duty liability. The exempted and preferential slabs coupled with lower rates of duty for the non-power operated sector result in nearly 60% of the output of the non-power operated sector being free of duty. While the revenue value of the exemption slab in the power operated sector is of the order of Rs. 10 lakhs annually, the total annual revenue derived from the non-power sector is about Rs. 14 lakhs.

6. In order that the free slab may not be abused, existing instructions require excise control being maintained over all soap factories whose installed capacity exceeds about half the exemption limits. Although free from the liability to pay duty on their output, such manufacturers have to maintain entry books of production and deliveries and are subject to the normal excise control. The excise effort involve in maintaining surveillance over them does not produce any revenue.

7. Excise control over some 150 factories in the power operated sector yields nearly 94% of the total revenue derived from this commodity. Similar control on nearly 350 factories produces the balance of the order of 6% of the total revenue. Of approximately 1400 other non-power operated factories under full excise control few, if any, produce soap in the taxable sector.

8. It seems to us that as the production of the non-power operated sector has remained more or less static despite a large revenue preference for it in the past so that approximately half the production pays no duty at all, it is unlikely to affect the economy of the organised sector except marginally if the output of the non-power operated sector was totally freed from the excise duty; the small revenue loss would be more than offset by the abolition of the exempted slab available to the power operated sector and by the rationalisation of the tariff we propose. Administratively, such a measure will reduce considerably the non-revenue work which is now entailed in excise surveillance of nearly 1900 factories. Apart from considerable saving in effort, this will incidentally also improve public relations by removing restraints inherent in excise control. We consider, therefore, that the present scheme of levying excise duty on soap could well be modified to place the excise tax only on the production of the power operated sector.

9. The soap tariff prescribes different rates of duty for household and laundry soap, toilet soap and soap other than household, laundry or toilet. Within the category of household and laundry soaps, a preferential rate applies to bars exceeding 454 grammes in weight. As the statistics of production of three years would show, the output of plain bars, despite a rate preference, shows a steady decline but the production of other categories is increasing. We do not see any rationale in a preferential rate for the same soap merely because it is in plain bars of not less than a pound each. The quantum of preference

is also insignificant at about 1.7 nP. per kg. We consider that all household and laundry soap could conveniently be assessed at a common rate in the interests of simplicity.

10. Although the tariff distinguishes between toilet soap and soap other than household, laundry or toilet, the rates of duty are the same for both. There seems to be no special reason why this distinction should be maintained. We consider that the soap tariff can be rationalised into two rates—one for household and laundry soaps and another for all others.

11. Some other partial exemptions related principally to the soap content of the commodity are contingent upon such conditions as the nature of alkalies used, the size of the container if they are liquid, the design of the label affixed to the container, or the addition of other liquids which would convert it into "polishing", "solvent" or "textile cleansing" soap, and so on. In our view, such refinements only complicate the day to day administration of the excise scheme. We consider that these criteria should be reviewed and simplified.

12. Another complexity is with regard to soap stock which is invariably produced as a bye-product of refining of vegetable non-essential oils. Though such soap stock is soap for all practical purposes and is produced with the aid of power, being an intermediate product, its taxability has been disputed. By executive orders, however, certain types of soap stock with more than 5% of free oils or free fatty acids are allowed to be delivered duty free if consigned to parties who are not soap, cement or fatty acid manufacturers; all other soap stock is treated as taxable and permitted to be supplied to soap, cement etc. manufacturers under bond. This brings in, on the one hand, constant chemical control over soap stock claimed to be duty free and, on the other hand, requires verification of its actual end use.

13. The presence of larger quantities of free oils or fats or fatty acids in soap stock is a factor which is easily corrected by the simple process of reboiling it with alkalies. We, therefore, suggest that while recasting the tariff care should be taken to include in it all types of soap stock normally produced in refining of vegetable oils. Thereafter, issues of soap stock to other manufacturers of excisable goods should be regulated under bond in accordance with our general recommendations elsewhere; all other despatches should be subjected to duty.

14. We have elsewhere referred to difficulties experienced by soap manufacturers when Excise officers rigidly apply checks over weight of individual cakes and stop production if they are overweight. This leads to a tendency to provide shortweight cakes. The following other difficulties were brought to our notice by individual manufacturers which also deserve consideration:—

- (1) If in respect of oil brought into a soap factory direct from a crushery any excess over a small tolerance was noticed, such excess was treated as non-duty-paid and duty was demanded

from the soap manufacturer. Oil purchased from the open market was allowed to be brought in without any check. As a separate excise check was heretofore been exercised on oil production, we do not see any justification for a further check. This may, of course, undergo a change now that all raw oils are freed from the duty.

- (2) There was no rationale behind checking the actual quantities of vegetable non-essential oil used in manufacture of soap. Even a correlation of oil utilised with the product manufactured could not be done unless the consumption of other ingredients such as alkalies, fillers etc. was also similarly co-related.
- (3) Duty paid oil in stock was not allowed to be diverted to another factory of the same manufacturer unless permission of the Assistant Collector was obtained. As this is duty paid oil, the reason for a separate clearance from the Assistant Collector is not understood.

CHAPTER VIII.—FOOTWEAR

Leather footwear is largely manufactured in cottage or small scale units. When the duty was imposed on footwear in 1954, this sector was excluded and liability to duty restricted to footwear produced in factories employing more than 50 persons *and* using more than 2 h.p. mechanical power. Parts of footwear whether power-produced or not were kept out of the purview of the levy.

2. In subsequent years as it was felt that revenue loss may occur by power operated units making largely parts for assembly into footwear by manufacturers in the exempted sector so as to escape the levy, duty was extended also to power-produced component parts of footwear in 1960. However, all component parts except soles and heels, or soles and heels combined and made of materials other than wood or leather were exempted from the duty. By executive instructions it was also decided that even if power is used in production of rubber sheets, if in subsequent stages of stamping out or cutting them power is not used, the footwear parts would not attract the duty. For practical and revenue purposes, these exemptions have stultified the purpose of extension of the scope of the levy; revenue receipts in 1960-61 and 1961-62 from the duty on footwear parts were Rs. 2.25 and Rs. 0.87 lakhs respectively.

3. Besides the paltry revenue gain, not only does it not prevent decentralisation of leather footwear manufacture as parts made of leather are exempted, but also as parts are taxable if made with the aid of power while the complete footwear is taxed only if the power used in the premises exceeds 2 h.p. *and* more than 50 workmen are employed in the factory, the anomaly also arises that no revenue can be realised from otherwise taxable parts if they are made into footwear without exceeding these limits. The parts would on the other hand be chargeable if delivered for use by another manufacturer even within the excluded sector. In other words, although component parts are excisable, the recovery of duty on them becomes contingent upon the fact whether they are made into footwear in the same or another excluded sector factory.

4. Having regard to the small yield under the present scheme of exemptions and the administrative difficulties and costs it entails, we consider that all power operated factories producing either complete footwear, or footwear parts should be required to pay duty without any exception.

CHAPTER IX.—ELECTRIC BATTERIES

Dry and storage electric batteries and battery parts, namely, containers, covers and plates were made dutiable at ten per cent *ad valorem* in 1955. Stationary batteries which are in the nature of heavy capital equipment installed in Telephone Exchanges, Power stations, Railway signalling systems, etc., and batteries or battery parts produced in factories employing not more than five workers were exempted from the duty. The rates were raised to fifteen and seventeen and one half per cent *ad valorem* respectively in 1960. In April, 1962, the total exemption for production of five worker factories was modified to make only battery plates produced in such units liable to a preferential rate of duty at ten per cent *ad valorem*.

2. Industry complains that the exemption with reference to the number of workers per factory has led to disintegration of smaller units. The exempted sector has, on the other hand, been asking for further liberalisation. It is clear, however, that the share in the increased demand which has been met by the small sector has been contributed not by increased production in existing units but by new units established in the exempted sector.

3. Representatives of battery manufacturers have criticised the administration of the *ad valorem* levy and cited instances in which, although the marketing arrangements and price lists remained unchanged, the actual incidence of levy on the same batteries varied from time to time due to different interpretations placed by successive officers on the admissibility of discounts to arrive at the assessable value. They propose, therefore, a change in the basis of levy and fixation of specific rates of duty related to the weight of batteries. They claim that a specific rate structure with reference to weight of batteries can be evolved which would be fair, equitable and certain and would make for considerable improvement over the present *ad valorem* levy.

4. The complaints relating to valuation for assessment flow from the present scheme and we have dealt elsewhere with the practical problems of administering *ad valorem* levies at some length. As the industry claims that a change to specific levy is feasible and batteries, despite their large variety, can be equitably classified, we suggest that this possibility may be more fully explored. There may well be criteria other than mere weight which could be made the basis for classification under a specific tariff.

5. In the context of simplifying administration of *ad valorem* levy on batteries, we have considered the feasibility of the scheme of a flat deduction from published list prices. Representatives of the industry felt that this would not work, particularly as genuine price revisions are not uncommon and it would be incorrect to arrive at assessable

values through flat deductions from figures which are themselves variable. In their view there was risk also of abuse through rigging price lists. We do not consider these objections valid or insuperable.

6. With the levy of a ten per cent *ad valorem* duty on battery plates manufactured in the small sector factories of not more than 5 workers, a compounded levy scheme at a flat rate per month was also evolved for them but it has not met with adequate response. This is partly because the levy is at a flat rate per month without any adjustments permissible for fluctuations in number of workers, days worked or the actual output. Having regard to the relatively insignificant revenue potential from the output of plates by five-worker factories, specially when batteries made in such factories continue to be exempt, we consider that on administrative grounds it would be preferable to revert to the earlier exemption for battery plates also made by these very small units.

CHAPTER X.—ELECTRIC WIRES AND CABLES

Electric wires and cables were subjected to excise duty in 1962. The rate was 15% *ad valorem* on insulated wires and cables designed for use in circuits of less than 10 amperes and at a pressure not exceeding 250 volts, and on all others 5% *ad valorem*.

2. Tariff values based on price lists of standard manufacturers were fixed for certain important varieties of insulated wires and cables in standard length coils to avoid disputes commonly associated with administration of *ad valorem* duties. As the small units had claimed that their products were generally inferior in quality and they worked under certain disadvantages in procurement of raw materials, it was provided that assessable values for products of manufacturers not registered under the Industries (Development and Regulation) Act, 1951 would be 20% lower than the notified tariff value.

3. As most of them produced cables which were not of any standard specifications, medium and small scale manufacturers continued to complain that even the reduced tariff values were higher than the prices at which their products were being sold. It was, therefore, decided to make a further reduction of 20% in the notified tariff values for assessment of non-standard cables. In other words:

- (i) Assessable values of cables of standard specifications made by manufacturers who are not registered with the Development Wing are to be 20% less than the notified tariff values.
- (ii) Assessable values for cables not made to any standard specifications are to be 20% less than notified values if the manufacturer is registered with the Development Wing and an additional 20% less if the manufacturer is not registered.
- (iii) Products manufactured according to customers' distinctive specifications or not covered by the specifications for which tariff values are notified are to be assessed *ad valorem*.
- (iv) The value for assessment of cables in lengths other than 50 yards/metres or multiples thereof per coil is to be 10% higher than the notified tariff value.

4. Apart from the anomaly that the assessable value depends upon such extraneous circumstances as a manufacturer's registration with the Development Wing, a preference of 36% in valuation for assessment is an incentive for production of non-standard cables. The quality and specification of cables for transmission lines and for domestic or industrial wiring are far more important than mere considerations of revenue or protection to manufacturers. Leakage is higher in inferior quality of conductor and its insulation and there are also risks of short circuits and fire. When there is an acute shortage of power in the country, to give such preferences to sub-standard production would hardly be in the national interest.

5. Even otherwise, we find that every one of the nearly 200 notified tariff values runs to the nearest naya paisa for each standard length coil. These values have to undergo the complicated adjustments already mentioned, before assessment can be made. For most notified values the duty even in whole naye paise cannot thus be calculated. The chief merit of tariff values, which is simplification of the process of assessment, is thus defeated by the fixation of tariff values down to naye paise and the adoption of this scheme of preferences and exemptions.

6. We were informed by representatives of manufacturers that cables are manufactured from rods made either from electrolytic copper or from conductor grade aluminium. As both copper and aluminium are already dutiable, it was argued that the quantum of revenue intended to be derived from cables can be realised much more satisfactorily and with much less effort by revising instead the rates of duty for electrolytic copper and conductor grade aluminium, or even by a levy on rods of electrolytic copper and conductor grade aluminium, specially as the insulating material is already liable to duty. We agree that this will lead to considerable simplicity in administration.

7. An incidental effect of the levy on cables is the recent decision to charge the processing duty on cotton fabrics processed into insulating tapes if the weight of cotton fabrics in the tapes exceeds 40%. Having regard to the total exemption from duty already existing for all cotton fabrics not exceeding 15 cms. in width, the revenue potential of this levy is at best negligible. In the same category fall the special enamels prepared by manufacturers largely from taxed imported resins as an insulation for winding wires. These are treated for excise purposes as varnishes. As there are free and preferential slabs in the rate structure, the revenue potential of this levy is also insignificant. Such decisions while not contributing any sizeable revenue create administrative complications and should, therefore, be revoked.

CHAPTER XI.—PATENT OR PROPRIETARY MEDICINES

Duty at 10% *ad valorem* was first levied in 1961 on patent or proprietary medicines as defined in the Drugs Act, 1940 *i.e.* those that were not Pharmacopoeial preparations. The coverage was extended in 1962 to include all drugs and medicinal preparations which bear a name not included in a Pharmacopoeia *or* which is a brand name or any mark, symbol, monogram, label, signature or invented words or writing used in relation to the preparation to indicate a connection between the product and the manufacturer. The rate of duty was, however, reduced by notification to 7½% *ad valorem* generally but a lower rate of 2½% *ad valorem* was prescribed for quinine, certain antibiotics, insulin, etc. Ayurvedic, Sidha, Unani and Homoeopathic preparations have all along been excluded from the levy; so also sera, vaccines, anaesthetics and medicinal contraceptives.

2. With this change, the design of the label, the container, the sealing cap etc. under which a medicinal preparation is marketed have been made the decisive factors for determining taxability and not necessarily the article itself. It has been ruled that if the name or mark of the manufacturer appears in bolder print than the name of the product, which may even be a Pharmacopoeial preparation, it is excisable. Conversely, the same product is not excisable if its name is printed more prominently on the label than the name or mark of the manufacturer. If a manufacturer uses multi-colour labels but they vary in design for different products, the products are treated as non-excisable as the design of the label not being uniform, does not focus attention on the name of the manufacturer or establish his connection with the products. Conversely, if the colour scheme or design for labels is distinctively uniform, all products sold under the label become chargeable with the duty even if they are Pharmacopoeial products. In other words, the format, design, colour or colours, borders, background effect of the label and not the intrinsic quality of the ingredients of a container now determine liability to duty. This change from the more objective earlier criterion has naturally led to drugs and medicines of the same therapeutic value and comparable composition made by one manufacturer being taxed, while the same or similar product of another is left free because he packs and labels it differently. In our view, the emphasis on the container rather than its contents is irrational.

3. The tariff for patent or proprietary medicines has a flexibility opposed to commonly accepted economic principles. The manner in which it has in practice come to be applied leaves a great deal of discretion to the assessing officer to decide what is taxable and what is not. The resulting uncertainty is not healthy for the trade nor is the vesting of such discretion on assessing officers of junior status sound. Apart from this, the idea behind taxing a product on the basis of its brand name or its association with a particular manufacturer seems to be to siphon

off in taxes a part of the extra profit which a well-known brand or a well-known manufacturer commands on its saleability. In an *ad valorem* tariff, we fail to see any rationale to justify this treatment.

4. The industry complains that the basis of the present levy penalises standardised quality products and encourages indirectly production of sub-standard and spurious drugs or those without any warranty of quality. Some witnesses have taken exception to the use of "patent or proprietary medicines" as the name to cover the range of goods which it is the declared intention to tax. They recommend that the discrimination inherent in such a scheme and the daily disputes as to liability or otherwise of a product can all be avoided by taxing the entire range of pharmaceutical products with such selective exemptions as may be specifically allowed for essential life-saving drugs. The suggestion is not without force from the practical point of view.

5. A special feature of the drugs industry is the existence of manufacturers licensed under the Drugs Act even when they do not possess the equipment or facilities for manufacturing drugs; they get their drugs manufactured by other laboratories which they then market as their product under their own labels, brands etc. Such operators, generally referred to as loan licensees, work in one of two ways. One type entrusts the entire work, including final packing and labelling according to his specifications to the laboratories. He then takes over the stock-in-trade for marketing it. In such cases, excise duty is recovered at the time of delivery of the final finished goods from the producing laboratories on the basis of prices declared by the loan licensees. As duty is paid by the producing laboratories such operators are not licensed as manufacturers under the Central Excise law. The other type of loan licensee takes over his products from the manufacturing laboratory in bulk and completes packing into retail units, labelling etc. in his own separate premises or gets this done by established packers. Bulk transfers are allowed in bond from the manufacturing laboratories to the premises of a loan licensee or his packers who are also licensed as manufacturers under the Central Excise law. Assessment and payment of duty then take place when the drugs are delivered after packing.

6. Laboratories who undertake work for loan licensees have represented that where a loan licensee whose products are charged to duty on delivery from the laboratory is subsequently found to have sold his goods at higher prices, demands for differential duty payable are made on the owners of the laboratories even though they have no control whatsoever over the pricing and marketing arrangements of the loan licensee. Even where the laboratories transfer bulk products to loan licensees in bond, if there be any shortage between the quantities despatched by them and those received by the loan licensee, demands for duty on the shortages based on selling prices for retail packs are similarly made on the laboratories. These complications are, however, inherent in the existence of loan licensees who really are not manufacturers of drugs and appear inescapable in the present scheme of levy.

7. We are informed that of over 2,000 Drug Control licensees less than a third possess manufacturing equipment and facilities. This pattern of production of a commodity so vital to the well-being of the community as drugs, besides leading to difficulties in the administration of the Central Excise levy, is not conducive to the maintenance of purity and standards which are so vital to public health. The future of the institution of loan licensees needs, therefore, to be examined against this background, more particularly in the light of recent discovery of a considerable volume of sub-standard and spurious drugs in the market. It is needless to say that in the limited field of ensuring smooth administration of excise levy, considerable simplification would result if the system of loan licensees were abolished.

8. All those difficulties commonly met with in the administration of *ad valorem* levies are experienced in the levy and collection of duty on patent or proprietary medicines but they have been minimised by the expedient of assessing on the basis of flat deductions from manufacturers' published and advertised price lists to retailers or consumers.

9. The other major difficulties brought before us relate to the procedure for return of time-expired or sub-standard drugs or medicines for replacement or re-manufacture and quantitative ceilings on duty-free samples to hospitals, physicians etc. The objections are, however, not so much directed at the general procedures as to the quantitative limits. It is obvious that whatever these limits, marginal or border-line cases will always arise. All that we would recommend, therefore, is that the limitation as to quantities which might be permitted to be replaced free of duty or delivered as samples free of duty might be reviewed from time to time to conform to the normal practice in the industry here as also elsewhere.

10. A plea has also been made to apply the audit type of control instead of physical control for administration of the excise levy on drugs and medicines. We do not feel, however, that in an industry with such a preponderance of small manufacturers without a reliable accounting system, it would be wise to rely on audit control. This may, however, be introduced in the well organised laboratories with fully documented accounts of operations; if the whole range of drugs and medicines are made excisable.

CHAPTER XII.—COFFEE

Formation of the Indian Coffee Market Expansion Board as the fore-runner of the Indian Coffee Board largely conditioned the pattern of excise administration when duty was first levied on coffee in 1944. As all coffee produced, except quantities specially exempted, must be delivered to the collecting depots of the Coffee Board and curing is done by agents of the Coffee Board, these alone are registered as warehouses. The scheme of re-warehousing is also limited in its application to transfers of coffee between the Coffee Board's warehouses.

2. It has been suggested by some that Central Excise control can be withdrawn and the Coffee Board could administer the Central Excise levy. Other representatives of the industry, however, concede that the scope for transfer of revenue control to the Coffee Board is essentially limited and that overall control by the Central Excise administration is necessary for protection of revenue. The Coffee Board itself recommends continuance of full excise control as at present over curing establishments. While prepared for its junior field officers being authorised to assist in the distribution of transport certificate forms to estate managers; the Board recommends no other major change in the excise scheme. Official witnesses stress that the Coffee Board itself finds in excise control over producers an insurance that the full produce will be delivered to the Board.

3. The regulations under the Coffee Act are designed primarily to ensure registration of estates exceeding a minimum size and provide certain obligations on the registered owners. The Central Excise Act and Rules, on the other hand, lay the revenue liability on the actual producer who has to make the requisite estimates and declarations, but who may transfer the produce in bond to the Coffee Board's warehouses. Revenue security is feasible only if control begins at the stage when an excisable article is produced; it will suffer if control began only at the stage of sale.

4. Besides this, as first class Magistrates alone can take cognisance of offences, the Coffee Board is entirely dependent on the district administration for enforcement. Offences against excise regulations can with greater speed be dealt departmentally with less costs both to the taxpayer and the State.

5. The legal obligations and procedures under the two enactments being so different, it may not be practicable to entrust excise control to the Coffee Board without fresh legislation. We do not consider that that will offer any great advantage as the Coffee Board does not consider its resources adequate to take over the administration of excise duty and will need considerable augmentation of its personnel if it is required to do so. Excise officials having jurisdiction over coffee plantations administer also other excise duties in these areas and it is obviously more economical for them to retain their present functions.

6. While the same rate of duty applied to all coffee, the rate for Arabica coffee was raised in 1961. While the accounts of the Coffee Board and its agents show Arabica and Robusta varieties separately, physically identifying one variety from the other for assessment at the proper rate is not easy. Coffee curers and warehousemen consider that only persons experienced in coffee curing and marketing can distinguish one from the other, but even they may find it difficult to isolate the two when presented in mixed consignments. The average Central Excise officer does not possess the requisite specialised knowledge. Revenue risks from misdeclaration are particularly high in respect of produce of mixed plantations specially if they are outside the Coffee Board's scheme on account of their size or are situated in areas exempted from the operation of the Coffee Act.

7. We are informed that although Arabica commands a better price, this disadvantage of Robusta and Liberia varieties is compensated by their lower costs of production, longer bearing period of the bushes and their relatively higher yield. Robusta varieties do not figure at all significantly in coffee exported. Before going into internal consumption they are invariably blended with Arabica varieties. Declared policy being not to allow coffee prices to drop as this may increase its internal consumption and reduce surpluses for export, we consider that both to facilitate administration and improve the revenue yields, all coffee could again with advantage be subjected to a common rate of duty.

8. The Coffee Board complains that the rate concession allowed for Robusta and Liberia varieties in consideration of their lower prices is not similarly allowed to inferior low priced grades of Arabica like plantation blacks, and bits which, while having no export market, bear a higher incidence than the more costly varieties. The Board suggests an *ad valorem* levy to eliminate such inequities of incidence. Determination of assessable values for coffee may not present the usual difficulties if assessments are based on auction prices but they will arise for coffee not coming into the coffee pool and sold in its auctions. It is possible to argue that direct assessments being relatively fewer, the size of the valuation problem will be small, but the Board's own marketing records show that coffee falls into as many as twenty to twenty-five price grades. We do not, therefore, feel that the balance of advantages will be in favour of an *ad valorem* levy. We have given due consideration to the fact that for almost the entire quantity consumed, prices are determined by the competing buyers and the impact of *ad valorem* tariff will be far reaching on coffee trade in general. Besides this, the proportion of low priced varieties is also not large in relation to the total turnover.

9. Coffee exports are handled both by the Coffee Board and by authorised exporters who buy for export in auctions. We are informed that while the Coffee Board is allowed the facility of bulking and garbling coffee for export to meet the specifications of foreign buyers, other exporters are not allowed this facility and strict identification at the time of export of each lot is enforced before rebate is allowed or

the export bond discharged. This, it is complained, is a hindrance to exports and all exporters have claimed the facility extended to the Coffee Board. The administration allows processing and other manipulations on many other goods which are exported in bond or admits claims for refunds. It is difficult, therefore, to refuse this facility to exporters of coffee.

10. The scope for expansion of coffee plantations to maximise production is necessarily limited. Increased production must, therefore, come largely from higher yields through improved culture. It is significant that although recent development schemes have enlarged the area under coffee plantation from 96,000 to 1,16,000 hectares total production has fallen from 7,25,000 to 4,64,000 quintals last season. We are informed that the real causes for this sharp fall, specially the part played by microbes and pests which attack coffee, have not been fully identified. But the damage is so widespread that unless measures are devised to check the decline, the future of the very industry may be at stake. The scope and functions of existing research schemes are complained of as meagre. To enable the country to meet its obligations under the International Coffee Agreement, and to provide for the steadily expanding domestic demands, more positive schemes of assistance to the producer are considered essential. A research foundation with the objective of securing improvements in yields and quality of Indian coffee has been suggested on the lines of the Indian Central Tobacco Committee which receives a grant out of excise revenues. Other agricultural products are similarly assisted. We consider that having regard to the importance of the coffee plantation industry and its revenue potential this plea deserves sympathetic consideration.

CHAPTER XIII.—ACIDS

Duty at ten per cent *ad valorem* was levied on sulphuric, nitric and hydrochloric acids in 1962. Separate tariff values are fixed for different strengths of commercial grades of acids, purified and special grade qualities being assessable *ad valorem*. Where, however, other persons produce purified qualities from duty paid acids, executive instructions provide that no further duty should be levied if it is done "on a small scale".

2. Sulphuric acid is used as the basic raw material to produce hydrochloric or nitric acid. When produced in the same works, only the latter are charged to duty. Where sulphuric acid is obtained from another manufacturer, the duty paid is set off against the duty payable on hydrochloric and nitric acids manufactured.

3. The output of small manufacturers of hydrochloric and nitric acids was exempted on 13th June, 1962, subject to the conditions that—

- (1) they had applied for a manufacturing licence before that date ;
- (2) the sulphuric acid used had paid the appropriate duty ;
- (3) the process was conducted without the aid of power ;
- (4) the total output did not exceed five tonnes a month or fifty tonnes a year but of which nitric acid did not exceed $1\frac{1}{2}$ tonnes in any month or 15 tonnes in a whole year ; and
- (5) the owner or partner had no proprietary interest in any other works making these acids.

4. The quantitative limits on production of nitric acid were revised in November, 1962, to five tonnes in a quarter or twenty tonnes in a financial year respectively and the concession also extended to owners of acid works who applied for manufacturing licences upto 30th November, but only if the applicant had been manufacturing such acids before the 13th June, 1962, and deposited a penalty upto an amount equal to the duty payable on his production from the 13th June and to the date of his application.

5. As will be appreciated, it is difficult, if not impossible, to apply all the checks prescribed. The number of small scale acid manufacturers is estimated to be between 100 to 150. The control envisaged of this large number of units requires the deployment of a large staff. The total revenue from nitric acid in the first eight months of the levy was Rs. 8.4 lakhs and from hydrochloric acid Rs. 5 lakhs ; of this, the bulk was contributed by large scale manufacturers. We do not, therefore, see any particular point in continuing the levy on the small scale manufacturers, the more so as the sulphuric acid they use already pays the duty. The cost of collection from these manufacturers may well be more than the duty itself.

CHAPTER XIV.—CINEMATOGRAPH FILMS : EXPOSED

We have already referred to the criticism that film processing laboratories are licensed as manufacturers of exposed cinematograph films although they are not themselves the producers or owners of the film. It was also represented that as excise duty is now collected at the last stage when the finances of producers are already strained, the present scheme has led to distress. The alternative suggested was that the total revenue sought to be derived from customs and excise duties should instead be raised by the levy of an appropriate rate of import duty on raw film, and the Central Excise duty on exposed cinematograph film abolished. It was claimed that the present excise tax burden will thus be distributed from stage to stage as the producer consumed raw film, instead of falling due as a single payment at the last stage as at present. To lighten the tax burden during the production stage, it was suggested that the bulk of the increased rate should apply to the positive film and the negative film should bear a relatively smaller increase over the prevailing rates of customs duty. It was suggested that this would also help reduce the strain on those producers who make only a few copies of each film and whose total burden of excise duties is at present lighter than those who produce a larger number of copies.

2. We have carefully considered this suggestion and consulted also interests representing language film producers whose films are generally assessable at the first or the second slab of preferential rates of duty. Their opinion is divided. They have stressed that the negative and master positive copies of films made and positive film wasted in rush prints do not at present bear any excise duty. The wastage of negative and of positive film in making rush prints from stage to stage of production until the master positive is ready is comparable and does not depend on the number of copies for distribution which the producer might eventually take of the finished film. The burden of the increased rate of customs duty, if that is to replace the excise duty, would, therefore, bear harder on those who produce a smaller number of prints than on the others. Our enquiries show that at the rate of import and excise duties prevailing at the beginning of this year, the suggested scheme would undoubtedly have proved beneficial to producers who made more than 14 or 15 copies of each film, the relief steadily rising as the number of prints rose. Conversely, it would have resulted in a heavier burden on producers who took fewer copies, the incidence being increasingly felt, the greater the shortfall below 14 or 15 copies.

3. We would normally have considered the case for a subsidy but the changes made in import and excise duties in the recent Finance Bill of 1963 have altered the earlier balance between customs duty on raw film used and excise duty on prints of films released for exhibition. In any case, it does appear that conversion of excise duties into an increased duty on raw film would result in heavier imposts on producers of language, educational and other films of which the number of copies made is not large. We would leave it, therefore, to Government to consider this suggestion.

CHAPTER XV.—VEGETABLE NON-ESSENTIAL OILS

Duty was levied on "Vegetable non-essential oils, all sorts, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power", in March, 1956 at Rs. 70 per ton.

2. Of the total estimated output of 9,00,000 tons of such oils, the cottage sector's share was about 87,000 tons, or just under ten per cent. Both to reduce administrative costs in extending excise surveillance to small mills with small revenue potential and to help the small scale producers, the first 125 tons of oil delivered by each miller in each financial year was exempted. Of about 6,500 oil mills then known only about 1,250 were estimated to be producing over 125 tons per annum.

3. The Finance Act II of 1957 raised the rate of duty to Rs. 112 per ton. The free slab was reduced to 75 tons and a preferential rate of Rs. 70 per ton introduced for deliveries beyond 75 tons and upto 125 tons per year. The intention obviously was to exploit the revenue potential more fully.

4. As both the original exemption and the revised scheme of 1957 had led to fragmentation of larger into smaller units which manifested itself in lower revenue yield despite an increase in duty rates and scaling down of the free slab, the totally exempted slab was withdrawn in March, 1959 and replaced by a preferential rate of Rs. 70 per ton for the first 75 tons, deliveries in excess of this quantity attracting the standard rate of duty. In April, 1962 an exempted sector was restored as the production of millers employing upto four rotaries or ghanies of the Bengal type and two of any other type was exempted.

5. Abolition of the exempted sector in March, 1959 led to the number of factories whose production was liable to duty rising from about 5,500 to over 21,000. As costs of applying the normal procedure of assessment at the time of each delivery from several thousand small oil mills would have been prohibitive, a simplified procedure was introduced for millers producing upto 75 tons a year. This allowed the miller to make a small initial deposit to be followed by similar periodical deposits against which he could deliver his production on his own gate passes, maintaining a simple account of daily production and deliveries. A little later, the gate pass requirement was waived. In effect, no real revenue control was left over the small scale sector.

6. Soon after the introduction of the simplified procedure, an optional compounded levy scheme had been evolved for these small millers. As opting for the compounded levy scheme meant liability to pay the compounded levy monthly, while under the simplified procedure a miller paid what he liked and if he liked to, the compounded levy scheme made no appeal to the small scale operators. As reports

of heavy leakage of revenue continued to be received, the simplified scheme was discontinued from March, 1960 and the compounded levy scheme was made more broad based to include millers whose installed equipment included upto 24 rotaries and 2 expellers. This also did not improve matters. The scheme being optional, millers in the interior where no effective control could in any case be exercised, generally did not opt for it and chose to work under the standard procedure, which offered them even greater scope for evasion; in urban and other centres where excise staff could exercise some revenue control under the standard procedure, millers opted for it only if the rates proved beneficial. Larger units sealed off excess equipment to avail of the compounded levy. The majority of millers of mustard from which recovery is lower than from groundnut, did not opt for it on the ground that the incidence of compounded levy rates bore more heavily on them than even the standard rate. The compounded levy rates were revised in July, 1960 and restricted to mills which did not exceed 12 rotaries or 1 expeller or 1 baby expeller and 2 rotaries. Rates for different sizes of expellers and rotaries varied with weekly working periods. In April, 1962, when millers with four Bengal type or two of any other type of rotaries were exempted, a licence fee of Rs. 75 per miller was fixed for them.

7. Table 19 shows the number of licensed millers and official figures of production and revenue from vegetable non-essential oils in successive years since duty on this commodity was first levied.

TABLE 19

Vegetable non-essential oils: number of millers, production and revenue

Year	Number of factories as on 1st April		Production (000 M. tonnes)			Revenue (Rs. 000)				
	Standard procedure	Compounded levy procedure	Standard procedure	Compounded levy procedure	Total	Standard procedure	Average per ton	Compounded levy procedure	Average per ton	Total
1956-57	2904	..	1197	..	1197	61139	51.07	..	..	61139
1957-58	3626	..	1276	..	1276	103362	81.00	..	..	103362
1958-59	4342	..	1224	..	1224	99547	81.33	..	..	99547
1959-60	19180	..	1351	37	1388	136041	100.69	3019	81.60	139060
1960-61	18557	1324	892	516	1408	91134	102.18	26607	51.56	117741
1961-62	9103	11595	792	626	1418	80452	101.58	25421	40.61	105873
1962-63	7534	14335	540*	405*	949*	50093*	92.76	17448*	43.57	67541*

*Upto November, 1962.

8. These statistics show that—

- (i) more oil was produced by more millers but revenue declined instead of improving with reduced exemptions,
- (ii) the share of the organised sector in the total output fell from 97% in 1959-60 to 56% in 1961-62 while that of the small sector rose from under 3% to 44%. In other words, the large spurt in the production of the small scale sector had been achieved at the cost of the organised sector, and
- (iii) except for marginal variations the incidence of duty on the organised sector's produce has averaged Rs. 100 per tonne. The incidence on the small sector's oil fell from Rs. 81.60 in 1959-60 to Rs. 40.61 per tonne in 1961-62.

9. The large duty preference induced larger units either to fragment, seal off or dismantle part of their machinery. The administration attempted anti-fragmentation measures which did not succeed.

10. An *ad hoc* rate of rebate on export was fixed for vegetable non-essential oils at 55/56th of the standard rate in view of the existence of preferred sectors in the industry. As the bulk of castor oil produced is exported out of India, it is alleged that compounding has led to another kind of abuse. Exporters bulked castor oil for export from the free and compounded levy sectors but claimed the much larger rate of refund. The benefit of the lower incidence in compounding accordingly did not accrue to the millers but to the exporter who thereby inflated his profits. As a result there was an even more marked shift in production of castor oil from the organised to the compounded levy sector. Official statistics of production seem to bear this out.

11. The increase in the small scale sector would have been considered healthy if it had significantly added to oil output or improved revenue returns. Actually, total available oil output shows only a marginal increase but there has in fact been a substantial fall in total revenue! The exempted sector was abolished in March, 1959 with an additional revenue expectation of about Rs. 4 crores. Instead, the revenue realised was about Rs. 3.5 crores less than in 1959-60 despite an increase in production.

12. The revenue actually foregone may have even been higher, considering that the total production of seed in 1960-61 was about seven million tons. Excluding 40% seed used on account of waste, consumption as such and used by the village ghani, the remaining 4.2 million tons would at a conservative estimate yield 1.4 million tons of oil. Together with copra oil, the total output should have been 1.6 million tons. At the average of Rs. 100 per ton which was actually borne by one sector of the industry, the total revenue potential works out to about Rs. 16 crores. Actual collections were under Rs. 10 crores.

13. Public and official witnesses alike have expressed dissatisfaction with this position. Both complain that besides changing the pattern of production, the compounded levy scheme in spite of anti-fragmentation measures not only failed to prevent fragmentation but led to greater corruption and leakage of revenue as the rate of levy depended on several factors unascertainable without adequate physical surveillance which was precluded on account of the number of millers involved. Among other economic effects of the operation of this scheme, it was pointed out to us that it gave rise to a lack of uniformity in the quality of oil cake which not only affected the production programme of solvent extraction plants but also exports of oil cake which, it was alleged, had dropped from over 38,000 tons in 1960-61 to under 7,000 tons in 1961-62.

14. One suggestion made to us was that the compounded levy scheme should be abandoned and the standard procedure enforced with the requisite manpower. The cost of doing so would appear to be prohibitive and, therefore, such a suggestion could not be endorsed.

15. Another suggestion was that the compounded levy scheme should be applicable to all millers, large and small, to remove discrimination and the incentive to fragmentation. This was strongly pressed by the organised sector which argued that the small scale sector presented exceedingly unfair competition having the advantage of low rates when observing the law and the opportunity of deriving even greater benefit if it chose to be unscrupulous.

16. As the production capacity of equipment employed differs with the variety of oil seed and other variables easily manipulated, we considered it impracticable to arrive at a compounded levy rate schedule related to equipment installed for oil milling which would lead to a comparable incidence of duty on the output. Although every scheme of compounding is based on averaging, there seemed to be no method of arriving at a fair average production capacity and we did not think it feasible to evolve a compounded levy for the whole industry.

17. A further suggestion was to confine the compounded levy scheme to small scale producers and fix more realistic rates without offering unfair competition to those excluded from the scheme. Such compounding rates, it was suggested, should also be made compulsory and not remain optional. Apart from the practical problem of arriving at rates of compounding fees which will safeguard the revenue and be fair to all sectors, the proposal seemed to us to present constitutional difficulties also. Excise duties being taxes on goods produced, it may not be proper to base the demand on the "capacity for production" of some and the "actual production" of others. We felt, furthermore, that even if a flat rate per oil milling machine could be evolved and enforced, it would bear very hard on that not inconsiderable sector which especially in rural areas worked intermittently, seasonally or even only on market days, crushing others' seed for wages.

18. Yet another suggestion was that the revenue intended to be derived from vegetable non-essential oils might be raised instead through enhanced rates on the main products manufactured from such oils which are already excised. There seemed to us to be serious snags in this also. Among the main excisable goods in the manufacture of which oil is used, the soap and paint industries both have exempted sectors which do not pay any duty at all. With the abolition of duty on oil and its transfer as suggested, there would be a wider gap between them and the organised sectors of these industries, thus merely transferring the disturbance from oil to these industries, perhaps in an aggravated form. If the exempted sectors of these industries were eliminated, recovery of duty from thousands of small scale producers would present the same administrative problem as the oil levy. The utilisation pattern of oils according to data published by the Ministry of Food and Agriculture is as shown in Table 20.

TABLE 20

Vegetable non-essential oils: estimated utilisation (As percentages of estimated total internal utilisation during the triennium ending 1959-60)*

Oil	For edible use	For vanaspati manufacture	For soap industry	For miscellaneous industrial uses (paints & varnishes, lubrication, toilet making, etc.)
Groundnut	58.4	38.9	2.7	..
Sesamum	76.1	12.2	..	11.7
Castor . . . .	..	..	2.4	97.6
Rape and Mustard . .	99.0	..	0.2	0.8
Linseed	36.4	..	0.7	62.9

Practically all the oil from rape and mustard, three-fourths from sesamum and two-fifths from groundnut is consumed mostly in the raw form for edible and culinary purposes. Not being used in the manufacture of excisable goods, this could contribute no revenue. The revenue sacrifice could only be made good by enhancing the rates for vegetable product, soap and paints to double or even higher, thus upsetting the balance between vegetable product and refined and raw oils besides other complications. It appeared to us problematical whether the finished products of the taxed sectors of major oil consuming industries could bear such enhanced burdens.

*Subject to revision.

19. *Prima facie*, a commodity in which 50% of the production had come to be scattered all over India in the small sector appeared to us not to be a very suitable article for the levy of a Central Excise duty. Even though when duty was first levied, only 10% of the output came from small scale millers, their numbers had multiplied rapidly and the scheme had brought in its wake evasion, avoidance and corruption. These could only be eliminated either by abolishing the duty altogether or evolving a totally different scheme involving excise control over seeds on the same lines as tobacco. It appears that Government has come to broadly the same conclusion as we observe that among his recent Budget proposals the Finance Minister has withdrawn the duty on vegetable non-essential oils in the raw state. We have thought it worthwhile, however to retain in our Report these observations on the operation of this levy while it was in force. They afford an interesting insight into the practical and economic effects which an excise levy can have on an industry and illustrate fairly vividly the difficulties which can arise in its administration.

ACKNOWLEDGMENTS

We should like to express our thanks to all those, including industrialists, economists, retired officials and others, who assisted us in our difficult task by submitting memoranda and also giving oral evidence. We are also grateful to Sir Harry Greenfield, one-time Member of the Central Board of Revenue and Sir James Crombie, Chairman of the U.K. Board of Customs and Excise for the valuable advice and assistance we received from them. The United States, Norwegian and Swedish Embassies and the U.K. High Commission were good enough to provide us with material relating to excise levies in their respective countries. To them, we express our special thanks. We should also avail ourselves of this opportunity to thank the Central Board of Revenue and its subordinate organisations for extending to us many facilities including examination of original records. We are grateful to the Collectors of Central Excise and Customs for affording us during our tours to their jurisdictions, amenities and facilities without which our work would have been rendered difficult.

We are indebted to Shri R. N. Misra, our Member-Secretary, who brought to bear upon the problems before us his long and varied experience in the field of excise administration and who produced and interpreted for our benefit statistical material and masterly analysis of excise levies; all this proved invaluable to us in our work. We should also express our appreciation of the hard work cheerfully put in by Sarvashri J. N. Saxena, K. R. Mehta and M. S. Subramanyam. Our Section Officers and the office staff under them and our personal staff did excellent work. We are grateful to all of them.

(Sd.) A. K. CHANDA,
Chairman.

(Sd.) N. P. NATHWANI,
Member.

(Sd.) J. D. K. BROWN,
Member.

(Sd.) A. M. M. MURUGAPPA CHETTIAR,
Member.

(Sd.) J. S. BISHT,
Member.

(Sd.) G. D. TAPASE,
Member.

(Sd.) G. BASU,
Member.

(Sd.) R. N. MISRA,
Member-Secretary.

NEW DELHI,
March 30, 1963.

**SUMMARY OF CONCLUSIONS AND
RECOMMENDATIONS**

SUMMARY OF THE CONCLUSIONS AND RECOMMENDATIONS

PART I

CHAPTER I.—GENERAL SURVEY

Use of Excise for purposes of Economic Regulation

1. Incentives in different forms have been provided including preferential rate of, or exemptions from excise duties to give impetus to the growth of the village and small scale industries. Two conditions should be fulfilled if small scale industries are to make their full contribution to the national economy. Firstly, these industries should be largely complementary and not competitive with organised industries and, secondly, they must attempt at becoming self-reliant and self-supporting by adopting improved techniques and more efficient forms of organisation. In other words, reliance should not be on fiscal preferences. (Paragraph 37—page 11.)

2. Fiscal preference as an instrument of national planning and development is not new and has been used to protect developing indigenous industries. Excise levies are also being used to subserve this purpose. Differential rates of duty and exemptions have, however, in certain cases, led to fragmentation to avoid payment of duty. (Paragraph 38—page 11.)

3. Excise duties have been used to conserve foreign exchange and to reduce domestic consumption for maximising exports. Other objectives have also influenced the evolution of the tariff. (Paragraphs 40, 43—pages 11-12.)

4. The tariff has also been used as a measure of economic assistance to individual units and to whole industries in times of distress. The use of differential excise levies selectively as an economic regulator has not always fulfilled the purpose intended; in some cases it has produced a contrary effect. It has also placed on the revenue administration responsibilities inappropriate to its main function. (Paragraphs 45-46—pages 12-13.)

5. Generally speaking, low priced articles of high common consumption are best suited for excise levies, as also luxury articles. Capital goods, in view of their place in the economic development of the country, should be lightly taxed. Commodities with relatively small revenue potential are best left alone. Administration of levy in these commodities is expensive and also difficult. (Paragraph 47—page 13.)

6. Increases in revenue attributable to new levies imposed in recent years have not been in proportion to the number of commodities added to the list. (Paragraph 49—page 13.)

7. It is not prudent to keep down the cost of collection by resorting to relaxation of standard checks. (Paragraph 50—page 13.)

8. The schemes for allowing drawbacks or sets-off of duty on raw materials and components used for making other excisable goods vary from commodity to commodity. They lead to a feeling of discrimination and do not always subserve the needs of internal economy or the export trade. A definite policy, even a philosophy should be evolved in taxing goods at different stages of manufacture. (Paragraph 51—pages 13 and 15.)

9. Articles with low revenue potential should be taxed only when they can be and are used as substitutes for other taxed articles. Levies that entail disproportionate costs of collection and on articles which are produced largely by small dispersed units should be avoided. (Paragraph 52—page 15.)

10. The revenue from taxing fabrications of taxed basic materials could, sometimes, be raised more economically by increasing the rates of duty on the raw materials themselves. (Paragraph 53—page 15.)

11. It is not possible to apply any one principle rigidly in selecting commodities for taxation. The major consideration should, however, be that a levy does not create such administrative problems as largely defeat its purpose and that it does not create psychological complexes which retard production. It is best to explore the possibility of increasing yields by adjusting rates of established excises on goods already taxed before considering new levies. (Paragraphs 54-56—pages 15-16.)

Pattern of levy and control

12. Each major industry has its distinctive features and its own pattern of production and distribution. It must necessarily have rules suited to its needs. It is not possible to bring all commodities under a common code. (Paragraph 57—page 16.)

13. Abatement of duty on losses due to dryage and wastage of tobacco, though reasonable in itself, is a major source of friction between excise officers and assessees. (Paragraph 69—page 19.)

Central Excise Law

14. Apprehensions expressed when the consolidating Act was passed in 1944 that consolidation of statutes for dissimilar goods will create complications have materialised. These are sought to be met by frequent amendments and adoption of principles which are applicable to some but not to all. There is thus complaint of discrimination. Relaxation of rules or checks is not the solution to the problem. (Paragraphs 95-96—page 24.)

15. The normal scheme of excise control cannot be applied to many commodities. The scheme devised primarily for a few basic commodities is no longer suitable for the large range of goods now subjected to levy. A rationalisation of the law is necessary. (Paragraphs 97-98—pages 24-25.)

CHAPTER II.—CENTRAL EXCISES & SALT ACT & RULES

The Act

1. The Act should be made comprehensive to include all substantive provisions of law ; procedural matters should be covered by subsidiary legislation. (Paragraphs 2, 3 and 32—pages 26 and 33.)

Parliamentary Control

2. Rates approved by Parliament are largely treated as ceiling rates and effective rates are introduced by notifications. This is an encroachment of the prerogative of Parliament which often has no information of the changes made. Neither total revenue foregone nor the revenue sacrificed in fostering growth of the small sector can be properly estimated. Revenue forecasts prove also incorrect and attract parliamentary and audit criticism. A scheme of subsidies should be considered as an alternative ; if feasible, it would remove many of the drawbacks of the present procedure. (Paragraphs 1-8—pages 26-27.)

3. As revenue estimates are framed on the basis of rates actually intended to be imposed by notification and there is time enough after the introduction of the Finance Bill to make necessary enquiries which could not be made earlier on considerations of secrecy, parliamentary approval should be sought to rates to be finally imposed and not to rates which are subsequently treated as ceilings. (Paragraph 13—pages 28-29.)

4. With the power sought to vary the rates upwards also, the Indian provisions are now comparable to the U.K. scheme. The safeguards of the U.K. scheme should, therefore, be adopted to maintain parliamentary authority. (Paragraphs 14-15—page 29.)

5. Full and complete research should precede framing of taxation measures. The unusual power to vary statutory rates by notification should be sparingly used ; changes, if any, in rates proposed in the Finance Bill should be incorporated in the Act itself. Other changes made by notification should by and large cover the whole range of taxed goods and should be brought before Parliament for *ex post facto* approval. (Paragraphs 9, 10, 15 and 28-30—pages 27-28, 29 and 32-33.)

Inoperative Provisions

6. Provisions and references to salt in the Act and Rules should be deleted. (Paragraph 18—page 30.)

Anomalies in the Act

7. Anomalies arising out of definitions, particularly of the term "Manufacturer" should be removed. (Paragraphs 19-23—pages 30-31.)

8. Tariff values should be determined with circumspection ; the apparent conflict in the provisions relating to valuation and fixation of tariff values should be removed. (Paragraph 25—page 31.)

9. Provision should be made for determination of assessable value of taxable components of a manufactured article. (Paragraph 26—page 32.)

10. The law itself should provide for the status of a rule made when Parliament is not in session if it is later revoked when brought before Parliament. The question is important for regularising implementation during the intervening period. (Paragraph 31—page 33.)

11. (i) Courts of law should notify the excise officer of impending disposal of excisable goods under their control.

(ii) Infringement of licensing provisions should be brought within the ambit of departmental adjudication.

(iii) The ceiling for penalties should be realistic ; it should be upto three times the value of goods involved.

(iv) Central Excise officers empowered to summon persons for conducting enquiries should have the authority to impound the documents required and to impose penalties if the summons are disregarded.

(v) The law should provide that a Central Excise officer seizing excisable goods should, on demand, give the owner the reasons therefor.

(vi) Provision should be made for review of original decisions.

(Paragraph 32—pages 33-34.)

12. The present arrangement of taxable items under different groups in the Schedule to the Act is unnecessary and should be discontinued. (Paragraph 33—page 34.)

The Rules

13. A common set of rules to regulate storage of excisable goods in the manufacturer's store-room and in bonded warehouses should be prescribed. (Paragraphs 39-40—page 36.)

14. Common provisions of all compounded levy schemes should be consolidated. (Paragraph 41—page 36.)

15. Rules regulating refund on export should similarly be revised and consolidated ; inoperative or out-moded provisions should be deleted. (Paragraph 42—page 36.)

16. Rules relating to exemptions and remissions of duty should be made more specific to conform more fully to the provisions of the Act. Delegation of powers to subordinate officers should be reviewed, rationalised and enlarged. (Paragraph 43—page 36.)

17. A period of limitation should be incorporated in Rule 10A. (Paragraph 44—pages 36-37.)

18. A common set of rules should be drawn up to regulate returns of excisable goods for reprocessing. (Paragraph 45—page 37.)

19. Failure to comply with supplemental instructions should entail penalties. (Paragraph 46—page 37.)

Publication of Tariff & Manuals

20. There is no up-to-date compendium of the rules and the rates of duty in force. A revised edition of the Central Excise Tariff should be published every half year, as on 1st May and 1st December. (Paragraphs 47-51—pages 37-38.)

21. There is no uniformity in notifying procedural instructions to the sections affected. The demand for a periodical bulletin of rules, notifications, interpretations and instructions for public use is legitimate. Such a publication is also necessary for the excise officers. Supplemental instructions should be issued in printed sheets of a standard format. (Paragraphs 51-54—page 38.)

CHAPTER III.—PROCEDURE FOR LEVY AND COLLECTION OF DUTY

Basis of Assessment

1. It is not possible to be dogmatic on the question of the basis of levy for every commodity. Though specific rates lead to difficulties, especially for the small sectors of industry, their definiteness outweighs many of the disadvantages. Purely from the point of view of simplicity of administration, they are to be preferred to *ad valorem* rates. The present system does not lead to equitable results even where *ad valorem* rates are prescribed. (Paragraphs 3, 20, 22—pages 9, 42 and 43.)

2. The administrative set up of the Central Excise Department is not suited for the proper administration of *ad valorem* duties. This is proved by the adoption, in a number of cases, of expedients to convert *ad valorem* to wholly or partially specific rates. (Paragraphs 4 and 14—pages 39 and 41.)

3. Constitutional, legal and economic objections to the present concept of assessable value for levy of duty *ad valorem* deserve consideration. The customs legislation which formed the proto-type for administration of *ad valorem* excise duties has now itself been revised. (Paragraphs 5-13—pages 39-41.)

4. The tariff as now designed gives anomalous results for certain values of taxable tobacco products as it is arranged in slabs of values. This anomaly should be removed. (Paragraph 15—page 42.)

5. Specific rates are obviously feasible in those cases where the present tariff provides both for specific and *ad valorem* rates but as alternatives. (Paragraph 17—page 42.)

6. Specific duties should be prescribed where *ad valorem* levies are administered through specific rates fixed by exemption notifications. (Paragraph 18—page 42.)

7. Where specific rates of duty cannot be evolved, tariff values for goods chargeable *ad valorem* should be fixed after proper enquiry. (Paragraph 21—page 43.)

8. Determination of assessable value on cost of production plus a fixed margin is not practicable. (Paragraphs 23-24—page 43.)

9. Determination of assessable value on list price less fixed deductions is of limited application. (Paragraph 25—page 43.)

10. Assessable value should correspond to ex-factory price less excise duty, without reference to any particular market. For this purpose, transactions in which there is no special relationship between the manufacturer and the purchaser should be distinguished from those in which there is such relationship. (Paragraphs 26-27—pages 43-44.)

11. In direct sales, assessment should be on invoice value less duty and other post-clearance charges. (Paragraph 28—page 44.)

12. For transactions involving special arrangements between producer and buyer, rules should specify inclusions and exclusions to be made uniformly to arrive at the assessable value. (Paragraph 29—page 44.)

Payment of Duty

13. There should be no reversion to the system of post-payment of duty; its prepayment should continue. (Paragraphs 31-32—page 45.)

14. Procedures for payment should be simplified by consolidating assessment forms into three basic documents. (Paragraph 33—page 45.)

15. One current account for all duties payable by a manufacturer for all products produced in the same factory should be authorised. (Paragraphs 34-36—pages 45-46.)

16. Departmental Treasuries should be set up in major centres of concentration of excise work. (Paragraph 37—page 46.)

17. The scheme for payment by cheque should be made more attractive by liberalising procedural restrictions and acceptance of a single cheque for all clearances made from a factory in the course of a day. (Paragraphs 38-39—page 46.)

18. Payment of licence fee should continue through revenue stamps. Use of stamps for payment of other dues is not feasible. (Paragraph 41—page 46-47.)

19. Facilities for bonded storage of excisable goods in main marketing centres should be allowed in selected cases on recovery of extra costs incurred as supervision fees. The principle in selection should be to allow bonded storage for goods whose production is regionally concentrated and which are assessable at specific rates. (Paragraphs 42-44—page 47.)

CHAPTER IV—STRUCTURE OF CONTROL

Licensing

1. A single multipurpose licence should be issued to cover all manufacturing operations at the same factory. Similarly, a single licence should be sufficient for wholesale purchase and warehousing of unmanufactured tobacco. (Paragraph 6—pages 48-49.)

2. Brokers and Commission Agents not possessing or stocking unmanufactured tobacco need not be licensed. (Paragraph 7—page 49.)

3. Categories of licence fees should be fewer. The fee for a licence to manufacture more than one commodity might be made a multiple of a single manufacturing licence. (Paragraph 10—page 49.)

4. All manufacturing and major warehousing licences should be renewed triennially. (Paragraph 11—pages 49-50.)

5. Renewal of licences should be staggered over the year instead of being concentrated in the months November and December each year. (Paragraph 12—page 50.)

6. The penal fee for failure to renew licences in time should be substantially enhanced. (Paragraph 13—page 50.)

7. Powers of Inspectors to issue and renew licences in certain cases are adequate but Superintendents should be made the licensing authority for all other licences. Manufacturing licences or those where a transfer of ownership or premises is involved should be approved and renewed by Superintendents. (Paragraph 14—page 50.)

8. Licensing provisions should be made more stringent as a deterrent to revenue misdemeanours. (Paragraph 15—page 50.)

9. The utility of bonds for securing safety of revenue is limited. The work involved in their execution, acceptance, custody, etc. is not commensurate with the revenue collected. (Paragraphs 16-20—pages 50-51.)

Accounts vs. Physical Checks

10. Audit type of control should be extended to all public sector undertakings, and in the private sector to those whose products are normally assessable at uniform specific rates and/or whose book keeping is adequate for checking production and delivery. Licensee's own statutory auditors may also be appointed Government Auditors.

11. The standard procedure of control should be simplified; deliveries may be permitted without excise officers' countersignature of gate passes, subject to surprise checks. (Paragraphs 21-22—pages 51-52.)

Checks on Raw Material

12. The procedures for routine verification and check of intake and utilisation of raw materials should be reviewed with a view to eliminating avoidable checks. Manufacturer's own accounts of raw materials supported by purchase vouchers should generally be accepted in lieu of officially prescribed accounts. (Paragraphs 23-24—page 52.)

13. Revenue control should be ensured by periodical and systematic analysis of manufacturers' own accounts. Proper procedures should be formulated for this scrutiny. When results of such checks warrant, a deeper probe should be made. (Paragraph 25—page 53.)

Checks on Manufacture

14. Schemes of sampling of process materials and of physical attendance of excise officers should be reviewed to eliminate all those checks which do not contribute to the substance of revenue control. (Paragraph 27—page 53.)

15. Separate production and store-room entry books entail duplication and should be amalgamated wherever possible. Forms of account, where prescribed, should take account of different characteristics of excisable goods. Where a manufacturer's own accounts are adequate for proper excise control, they should be accepted in lieu of officially prescribed accounts. (Paragraphs 28-29—pages 53-54.)

16. Routine test checks of daily production and packing should be made at the filling or packing stage in surprise visits. Tolerances should be authorised to conform to those commonly current in the trade or permitted by legislation such as the Merchandise Marks Act. (Paragraphs 31-32—pages 54-55.)

17. Quantities of excisable goods taken for chemical analysis should be the minimum necessary. Re-tests should be conducted on duplicate or triplicate of the same sample. Test results should be speedily communicated to the assessee. Re-tests in better equipped institutions should generally be permitted. (Paragraph 34—page 55.)

Assessment and Clearance

18. While some notice of removal of excisable goods is necessary, loading for clearance need not await the arrival of the excise officer (Paragraph 36—pages 55-56.)

19. Routine opening and verification of contents of packages at the time of delivery is unnecessary. The power to make such checks should be retained but exercised only in cases of well founded doubt. (Paragraph 37—page 56.)

20. Assessment disputes should initially be settled by the Superintendent, whose order should be appealable. The limitation for rectifying short levies is adequate. Resort to provisional assessments is to be deprecated. (Paragraphs 39-40—pages 56-57.)

21. Excise officer's countersignature of gate pass should be dispensed with. Producers' own despatch invoice, etc. if it gives the information required should be accepted in lieu of gate pass. (Paragraphs 22 and 42—pages 51-52 and 57.)

22. Existing formalities attendant on removal of samples are unduly detailed and rigid; a more liberal attitude would not endanger revenue. (Paragraphs 43-45—pages 57-58.)

23. Sector Officers should be authorised to permit overtime clearances subject to subsequent approval by the Range Officer. (Paragraph 47—page 58.)

Compounded Levy Schemes

24. A common set of basic rules will obviate the need for frequent changes in compounded levy schemes. (Paragraph 50—page 58.)

25. Compounded levy schemes do not solve the problem of ensuring adequate revenue control where the small sector forms a large proportion of manufacturers. A better alternative would be to recast the tariff. (Paragraphs 51-54—page 59.)

CHAPTER V—MULTIPOINT EXCISE LEVIES

1. Although relief from multiple levies is afforded selectively, there is neither uniformity in the pattern nor is there any evident or expressly stated principle in these reliefs. (Paragraphs 2-4—pages 60-61.)

2. The scheme recently introduced for giving credit of duty borne on specified components and raw materials used for manufacture of specified excisable goods entails additional documentation and leads to distortion of revenue accounts without meeting the general grievance as it is limited in scope. (Paragraph 5—page 61.)

3. The variegated pattern of selective *ad hoc* reliefs leads to contradictions and accentuates discrimination. (Paragraph 6—pages 61-62.)

4. It is impracticable to achieve a single point levy uniformly. (Paragraph 7—page 62.)

5. Collection of duty on raw materials and components on delivery from the producing factory blocks up working capital of manufacturers using them for production of other excisable goods. Some relief is called for. It should be provided by permitting transfer of duty liability with the goods, the duty being collected along with that leviable on the final product. Similar relief should be provided for goods to be refined or reprocessed. Costs of administration of this relief should be recovered as supervision fee. This will facilitate also the determination of *ad hoc* rates of refund on export. (Paragraphs 8-11—pages 62-63.)

6. A detailed study should be made of the administration of Added Value Tax system (TVA) in France and certain other countries to explore the possibility of introducing it in India in future. (Paragraphs 12-17—pages 63-64.)

CHAPTER VI—FISCAL PREFERENCE

1. The tariff is riddled with preferences, privileges and exemptions. Their administration creates practical difficulties. It is doubtful also if their benefits always reach the persons for whom they are intended (Paragraphs 1 and 27—pages 65 and 77.)

2. Increase in rates of duty has accounted for the largest contribution to increased revenue and extension of excise coverage the smallest. (Paragraphs 3-7—pages 65-68.)

3. The small increase in revenue relatively to a much larger excise coverage has stretched the administrative machinery; gaps between workload and resources are bridged by *ad hoc* adjustments. (Paragraphs 8-9—pages 68-69.)

4. Schemes of fiscal preferences, besides reducing revenue potential, lead to fragmentation of larger units. Scope for malpractices and collusive frauds increases. The need then arises for greater administrative vigilance and more detailed schemes of surveillance over the free and preferred sectors. These in effect become paper controls. Idle capacity also increases and the role which the Plan assigns to small scale industry is defeated. (Paragraphs 13-20—pages 69-75.)

5. Fiscal concessions to units in the organised sector of industries are neither necessary nor beneficial. (Paragraphs 23-24—page 76.)

6. Commodities of which the major part of the production is not concentrated in the organised sector units are administratively unsuitable for taxation. (Paragraph 25—page 75.)

7. Revenue foregone by schemes of fiscal preferences cannot readily be computed. Without reckoning the effects of limiting production, in 1961-62 it may have been of the order of Rs. 80 crores with reference to tariff rates and Rs. 20 crores with reference to effective rates. (Paragraph 28—page 77.)

8. Fiscal preferences are largely ineffective in their promotional effect, firstly, because they come in dribbles with each assessment, and, secondly, because the distributive trade depresses the purchase price corresponding to the quantum of duty preference and eventually appropriates most of the benefit to itself. This has been particularly noticeable in vegetable non-essential oils and matches. (Paragraph 29—pages 77-78.)

9. Rate concessions should be substituted by cash bounties paid periodically. Assessment in all sectors would then be simpler as uniform rates could be applied. Units in the preferred sector may claim and receive the bounty periodically with reference to their past production. This will not involve extra work. Revenue security will improve and amounts incurred to assist the small scale sector will be known. (Paragraphs 30-33—pages 78-79.)

10. The principles and scales of subsidy for different classes of manufacturers should be determined after open enquiry by a body like the Tariff Commission which should also review the working of the schemes periodically (Paragraph 32—page 78.)

11. Periodical cash bounties will ensure that fiscal aid reaches those for whom it is intended and that it takes a more effective and tangible form. Possible initial hardship for small scale manufacturers should receive due consideration when evolving principles and scales of subsidy. (Paragraph 34—page 79.)

CHAPTER VII—REFUNDS ON EXPORTS

1. Many provisions of the present multiplicity of procedures cannot be fully understood or applied. They also hamper exports as the full burden of excise duty is neither removed nor is it practicable to do so. Refunds are not always admissible of duty borne by raw materials and components and, even where they are allowed, no abatements are given for wastages in manufacture. (Paragraphs 1-11, 13 and 20—pages 80-82, 82-83 and 84.)

2. There is no rationale in a bond not being allowed to cover exports merely because the port of export is changed. (Paragraph 12—page 82.)

3. Different procedures govern payment of refunds which are made partly by the Central Excise and partly by the Customs Departments. (Paragraph 14—page 83.)

4. There is excessive documentation and repeated verification of the same manufacturing formulae where *ad hoc* rates of Customs and Excise drawbacks are authorised. (Paragraph 15—page 83.)

5. Whenever an excise officer supervises goods made ready for export, checks for customs purposes should also be entrusted to him. Goods may then be allowed to be shipped under his certificates or seals without routine opening in the docks at the time of shipment. (Paragraph 16—page 83.)

6. Procedures should be devised so that full refund of the total amounts is paid promptly after shipment. (Paragraph 17—pages 83-84.)

7. Common procedures applicable to all goods and all exporters should be devised and consolidated to ensure that goods exported are relieved of the total customs and excise duty burden. Formal notifications that refund will be payable on export of specified goods is avoidable. This should be restricted to instances where special conditions become necessary. (Paragraph 18—page 84.)

8. The actual exporter should be entitled to refund on goods exported and executive restraints against this should be revoked. (Paragraph 19—page 84.)

9. *Ad hoc* rates of rebate on account of Customs and Central Excise duties should be fixed for as wide a range of goods as possible on broad estimates of the incidence of all such duties borne at every stage, including the duty borne by packaging materials. It is essential that the exporter should know the quantum of rebate which will accrue on the goods he exports. Subsequent procedures can thereafter be simplified. (Paragraphs 20-23—pages 84-85.)

10. The special procedure now restricted to specified ports should become the normal procedure. (Paragraph 24—page 85.)

11. Other refunds should also be speeded up. Verification of original payment may be made with excise records and refunds paid by cheques. (Paragraph 25—page 85.)

CHAPTER VIII—ADJUDICATION, APPEALS AND REVISION PETITIONS

1. Decline in incidence of detection of excise offences may be due to slackness resulting from inadequacy of manpower for enforcing the standard pattern of control. New techniques have, therefore, to be evolved. (Paragraph 1—page 86.)

2. An efficient enforcement and investigating agency should be created. Selected officers should be trained in modern methods of investigation. (Paragraphs 2-3—page 86.)

3. Rewards for detection are small ; diligence and initiative should be better rewarded. (Paragraph 4—page 86.)

4. Graduates with legal qualifications should be employed in cadre posts at Collectorate Headquarters for briefing counsel in law suits. (Paragraph 5—page 86.)

5. Powers of adjudication of officers should be substantially enhanced. The Deputy Collector should have the same powers of original decision as the Collector. (Paragraph 6—pages 86-87.)

6. Appellate powers of officers require no change, but to expedite decisions, the Collector and his Deputies should hear appeals also on their tours. (Paragraphs 6-7—pages 86-87.)

7. If a licensee holds adequate excisable goods to cover penalty and duty, his appeal should be heard without pre-payment of the dues. (Paragraph 8—page 87.)

8. While the present appellate channels may continue, the final stage of the revision application should be abandoned ; instead, an Appellate Tribunal which would go both into the facts of the case as well as points of law should be set up. The Tribunal should have one member of status and experience comparable to that of a serving or retired High Court Judge and one or two members with working experience of technical excise work. The Tribunal should not be subordinate to the Chief Excise Authority, but there is no objection to its being within the Ministry of Finance. (Paragraphs 11-12—page 88.)

PART II

CHAPTER II—THE CENTRAL BOARD OF REVENUE AND ITS ATTACHED OFFICES.

1. Taxation policy is best formulated in the Economic Affairs Department of the Finance Ministry in association with other economic ministries. The Central Board of Revenue should cease to be a department of Government. It should be the chief revenue authority concentrating on efficient management of the collecting agencies but its views on the feasibility or otherwise of each levy should continued to be obtained. (Paragraphs 6-7—page 97.)

2. There has been no rationale in fixing the strength and status of Members of the Board from time to time. There should be an objective assessment of workload and responsibility to determine both the number of Members and their and the Chairman's status. (Paragraph 8—page 97.)

3. There should be two Boards, one for the direct taxes and the other for indirect taxes, each with its own independent Chairman. (Paragraph 9—page 97.)

4. The Board for indirect taxes, which may be called the Board of Central Excise and Customs, should sit as a Board to consider all aspects of technical, administrative and establishment work. The strength of the Board and distribution of work among its Members should be determined by the volume of work. The Chairman should be drawn from either Wing of the Service. Besides co-ordinating the work of the Board, he should be the Finance Minister's adviser on indirect taxes. The Board should be responsible for implementing taxation measures and evolve requisite techniques. It should report to Government the difficulties of administration so that remedial measures could be taken. (Paragraphs 10-11—page 98.)

5. The data now used to formulate new proposals is neither upto date nor complete. It is also insufficient for consideration of excise levies. The Board of Central Excise and Customs should set up a tax research bureau to collect, collate, analyse and provide it with all relevant material and data. The Central Excise field force is best suited to collect the information required for the tax research bureau. (Paragraphs 13-16—pages 98-99.)

6. The Directorate of Inspection should be re-organised to concern itself with investigation and study of major revenue and technical problems and not with the routine inspections. Its regional offices will then be unnecessary. (Paragraph 17—page 99.)

7. The Statistics and Intelligence Branch is hardly equipped to undertake any intelligence work. Little is gained by mechanical tabulation of the same statistical summaries which are also manually consolidated. It should be reorganised after a detailed study to be made by a committee of statistical experts. It should be equipped to build up fuller statistical information. (Paragraph 19—page 100.)

8. If articles to be taxed are properly defined, there should be little room for technical chemists in the day to day administration of excise levies. The principal function of Regional and the Control Laboratories should be of carrying out analysis where duty liability depends upon the chemical composition of an article. Their needs in equipment and personnel should be reviewed in this light. (Paragraph 21—page 100.)

CHAPTER III—FIELD ORGANISATION

Executive

The Primary Unit

1. The Multiple Officer Range Scheme has evoked widespread criticism from official and non-official witnesses alike. (Paragraph 1—page 101.)

2. The main objectives of the scheme have not been achieved the gravamen of criticism is:

- (a) the Deputy Superintendent in charge of the Multiple Officer Range is unable to inspect his charge objectively;
- (b) evidence is not conclusive that yields of tobacco have increased following introduction of the scheme;
- (c) delays are greater and there is lack of continuity of supervision;
- (d) an extra rung in the hierarchy is introduced and the fixation of responsibility has become difficult;
- (e) despite travelling longer distances licensees cannot readily find the proper officer and complaints of delays are frequent.

(Paragraphs 4-10 and 13—pages 102-103 and 104.)

3. Concentration of staff farther from areas where work arises increases risks of smuggling and evasion. Frequent rotation has created a feeling that the administration lacks faith in its men and has affected morale besides reducing scope for specialisation. (Paragraph 11—page 104.)

4. There is greater loss of time in travelling and more expenses. Rotation of officers dislocates family life besides causing other difficulties where accommodation is provided by factories. There is mutual bickering and rancour and the control of the Deputy Superintendent is ineffective. (Paragraph 12—page 104.)

5. Multiple Officer Range Scheme may be suitable for areas of concentration of industry but it is not so where production units are dispersed. Periods of rotation should be reduced to a minimum of one year to provide for continuity and specialisation. (Paragraph 15—pages 104-105.)

6. The primary revenue unit should be a sector with workload manageable by an Inspector, and an adequate number of sectors should cover the whole country. The general pattern, except in areas of concentration, should be single officer sectors manned by Inspectors. The utility of Sub-Inspectors is extremely limited. (Paragraph 16—page 105.)

The Supervisory Hierarchy

7. Too many tiers of supervision and lack of adequate delegation delays resolution of difficulties. Both should be remedied. (Paragraphs 17-18—pages 105-106.)

8. Compact groups of sectors and Multiple Officer Ranges should form a Range in charge of a Class II Superintendent whose office duties should be drastically curtailed. He should essentially be an inspecting and supervising officer. There is neither room nor need for a non-gazetted Supervisory Officer between the Sector Officer and the Superintendent. Range offices should not be offices of record but each Range should have one or more additional Inspectors for enforcement etc. work. (Paragraphs 19-22 and 24—pages 106-107.)

9. There is no justification for retaining two classes of Superintendents. (Paragraph 23—page 107.)

10. Control over Ranges should vest in Class I officers in charge of Divisions with adequate powers to shoulder responsibility and take decisions. (Paragraphs 24-25—page 107.)

11. The Divisional office should have three branches, each in charge of a Class II Superintendent for administration, technical including statistical and intelligence control, and adjudication work respectively. (Paragraph 26—pages 107-108.)

12. Jurisdiction of Collectorates should be based on all relevant considerations, the purpose being to make them as far as possible comparable. Collectorates comprising portions of two States should be avoided. (Paragraph 27—page 108.)

13. Collectors should be assisted at their headquarters by two Deputies so that they are not tied down to their desks. (Paragraphs 27-28—page 108.)

14. Integration of customs and excise work outside major ports may continue but service conditions of officers engaged in customs work whether they are of Customs or Central Excise Departments should be made comparable. There is not much scope for the merger of customs and central excise administration or for integration of their Class II and Class III cadres. (Paragraph 29—page 108.)

15. Collectors, Deputy Collectors and Assistant Collectors should be redesignated Commissioners, Deputy Commissioners and Assistant Commissioners respectively. (Paragraph 30—page 108.)

Ministerial

16. Ministerial and executive cadres should continue to be separate. (Paragraphs 37-38—page 110.)

17. A large proportion of Lower Division Clerks actually undertake Upper Division Clerks' work. Adjustments should be made in the strength of Lower Division Clerks who should be employed only on routine duties as envisaged by the Second Pay Commission. (Paragraph 39—page 110.)

18. There should be a common grade of Office Superintendent for all Collectorates. The numbers required should be determined on the strength of the establishment in each office. (Paragraph 40—page 111.)

19. Deputy Superintendents (Ministerial) and Head Clerks in supervisory charges of sections in offices should be replaced by a common grade of Deputy Office Superintendent. Their number should depend upon the number of sections in which an office is organised. Each of the three branches in Divisional offices should be in charge of a Deputy Office Superintendent. In Ranges an Upper Division Clerk should be the clerk in-charge with a charge allowance. (Paragraphs 41-42—page 111.)

20. Ministerial cadres in the Directorates and the Statistics and Intelligence Branch should be merged in those of the office of the Chief Central Excise Authority. Present anomalies in career prospects and emoluments should be removed. (Paragraphs 43-44—page 111.)

21. The imbalance in the steno-typists and stenographers cadres should be removed by creating more posts of ordinary grade stenographers. Senior officers should be provided with stenographers. (Paragraph 45—pages 111-112.)

22. Deserving ministerial officers should be given the opportunity at a comparatively young age in the executive gazetted and non-gazetted grades as is already done in Customs and Income-tax Departments. There should be a permissive provision but no reservation of posts. (Paragraph 48—page 112.)

CHAPTER IV—REVENUE ACCOUNTING AND AUDIT

1. The feasibility of departmentalising compilation of Central Excise revenue accounts should be further pursued. (Paragraphs 3-4—page 113.)

2. The purpose of setting up Examiner's audit parties is frustrated because the work is entrusted to untrained personnel. (Paragraph 6—page 114.)

3. As audit procedure has not been revised with charges in taxing schemes and documents reaching the Chief Accounts Officer do not contain all particulars necessary, it is impossible to audit many types of demands and payments. (Paragraphs 7-10 and 15—pages 114 and 115.)

4. The audit procedure should be revised to make thorough checks possible. (Paragraph 11—pages 114-115.)

5. The unimportant function of drawing and disbursing bills and accounting and audit of expenditure has become the main function of Chief Accounts Officers to the detriment of their more important work of audit of revenue. (Paragraphs 12 and 15—page 115.)

6. Personnel resources are totally inadequate for any worthwhile audit. Some Chief and Assistant Chief Accounts Officers have themselves had no training or experience of accounting and audit. (Paragraphs 13-15—page 115.)

7. The Department has now no proper organisation or arrangements for audit of its transactions. This lacuna must be removed. (Paragraphs 16-20—pages 116-117.)

8. The Chief Central Excise Revenue Authority should include a Directorate of Audit. Chief Accounts officers should be given status and pay appropriate to their functions and responsibilities which are comparable to those of a Junior Accountant General. Half the number of Chief Accounts Officers required should be drawn from the Indian Audit and Accounts officers and the other half found within the Department after an initial training of selected officers. (Paragraph 22—page 117.)

CHAPTER V—STRUCTURE OF STAFFING

Executive

1. Sub-Inspectors are either used for Inspector's or sepoy's work, mostly latter. Nothing is gained by retaining this cadre and it should be eliminated. (Paragraphs 1-2—page 118.)

2. With increasing infusion of promoted men, the Inspector cadre is beginning to deteriorate, even though flow of promotions is slow. The deterioration will increase with time. (Paragraph 3—page 118.)

3. Inspectors should be recruited on the results of written examinations and *viva voce* on an all India basis. Entry of ministerial officers to the cadre should also be regulated by competitive tests to be taken within specified age limits. (Paragraph 4—page 119.)

4. There should be some direct recruitment in the Class II service of Superintendents. One half of the promotion quota should be filled by selection on the basis of seniority-*cum*-merit and the other half by a competitive examination open to all Inspectors who have completed a minimum specified period of service. (Paragraph 5—page 119.)

5. *Inter se* seniority of officers in the combined Class I Service should be reviewed to remove existing general grievance. (Paragraph 7—page 119.)

6. Collectorates should as far as possible be made comparable in workload and responsibility. Heavier or more complex charges should be headed by senior officers and a special pay should be attached to such posts. (Paragraph 8—page 119.)

7. The system of first promotion after 1956 of Deputy Superintendents according to a zonal seniority reckoned from date of confirmation has led to discontent as other factors were not comparable. Promotion prospects have also become uneven in all lower ranks. The only practical way is to revert to the old basis of promotions upto Class II rank on a Collectorate basis. (Paragraphs 9-10—pages 119-120.)

8. The present cadre formation does not fall into a pyramidal pattern. It will become more rational and, incidentally, prospects will become more equalised, under these proposals. (Paragraph 11—page 120.)

9. The future Range should consist of about six sectors, the Division of about six Ranges and the Circle of four to six Divisions. Costs are not likely to be any greater. (Paragraphs 12-13—pages 120-121.)

10. The number of sepoys should be reduced by abandoning gate controls at factories and restricting them to customs and perhaps tobacco work and as peons in offices. The number of jemadar's posts should be increased. (Paragraphs 14-17—page 121.)

Ministerial

11. There is no need for clerks in Sectors. Ranges should have an Upper Division Clerk in charge with a charge allowance, one other Upper Division Clerk and a stenotypist. (Paragraphs 18-19—page 122.)

12. Divisional offices should generally be organised in three branches, one each for administration, technical and judicial work. Lower Division Clerks should be employed only for routine duties. (Paragraph 20—page 122.)

13. Collectorate Headquarters offices should have three main branches for administration, technical and audit and accounting, additional branches being formed if work loads justify. Administration and technical branches should be made up of sections in charge of Deputy Office Superintendents and each consisting of six to eight Upper and two to three Lower Division Clerks. Branches should be controlled by Office Superintendents. (Paragraph 21—page 122.)

14. Some direct recruitment at the Upper Division Clerk's level should be resumed. Promotions should be by selection after a qualifying examination open to Lower Division Clerks with three years service. (Paragraph 22—page 122.)

15. Advance increments pending actual promotion should be allowed to officers who qualify at selection examinations. (Paragraph 23—page 122.)

16. In Audit and Accounts Branches original work should be done by 'Auditors', one half of whom should be recruited from amongst University graduates and the other half by selection of Lower Division Clerks after qualifying tests. 'Accountants' should be in supervisory charge of cells of auditors. They should be promoted from amongst auditors by selection after passing a qualifying examination. The whole branch should be under an Office Superintendent. This and Class II posts of Assistant Accounts Officers, Deputy Headquarters Assistants and Examiners should be filled by promotion of Accountants. (Paragraph 25—pages 122-123.)

Intelligence and Preventive

17. First consolidation of statistical returns should be in the Divisional office from Sector Officers' returns. Comptometers and adding machines will speed up the work. (Paragraph 26—page 123.)

18. Enquiries into the feasibility of mechanising compilation and tabulation of statistical data in each Collectorate or groups of Collectorates should be entrusted to the proposed Committee of statistical experts. (Paragraph 27—pages 123-124.)

19. The Intelligence organisation should be backed by an adequate and mobile force of trained officers for conducting investigations and collecting material also for the tax research bureau. (Paragraphs 29-30—page 124.)

CHAPTER VI—PUBLIC RELATIONS AND SETTLEMENT OF OPERATIONAL DIFFICULTIES

1. Administrative arrangements should ensure quick decisions on problems. (Paragraph 1—page 125.)

2. Supervisory officers should have larger powers to dispose of procedural and minor issues. (Paragraph 2—page 125.)

3. The scope for public relations officers is extremely limited. (Paragraph 4—page 125.)

4. Where policy impinges on procedures, Advisory Committees may be allowed to discuss it indirectly for a review on practical considerations. (Paragraph 6—page 125.)

5. Decisions on Regional Advisory Committees' recommendations should be taken expeditiously and also communicated to the Committees. (Paragraph 7—page 126.)

6. The size of Regional Advisory Committees should not be enlarged unduly but representatives of industries not already included amongst their Members should be co-opted so that their problems can be discussed. (Paragraph 8—page 126.)

7. No major changes in Advisory Committees are necessary if assessee and responsible officers are brought in closer touch. Such Committees below the Collector's level cannot be of much use. (Paragraphs 9-10—page 126.)

CHAPTER VII—MANAGEMENT IMPROVEMENT AND STAFF WELFARE

Transport, Housing, Transfers and Overtime allowance

1. Living and working conditions in the Central Excise Department are somewhat peculiar and more exacting than in others. (Paragraph 1—page 127.)

2. Mere grants-in-aid for cultural and social activities are not enough unless working conditions can be alleviated. (Paragraphs 2-3—page 127.)

3. Low paid employees like Lower Division Clerks should not be subject to routine transfers. Transfers of others upto and including Class II officers should not involve inter-Collectorate or inter-State moves. (Paragraphs 4-5—pages 127-128.)

4. There are few Government owned or hired buildings. This adds to the already difficult conditions specially in rural areas and at land frontiers. (Paragraphs 6-7—page 128.)

5. It is wrong in principle to place excise officers under obligation of manufacturers in regard to housing. Except in plantations and factories away from urban centres, manufacturers should not be required to provide residential accommodation. (Paragraph 8—page 128.)

6. Cost of travelling on duty within short distances is not fully reimbursed. Vehicles at each Divisional and Circle headquarters and in heavy tobacco growing areas will improve mobility and revenue control. The principle to provide vehicles should be accepted but it may be implemented gradually. (Paragraphs 8-11—page 128.)

7. There is no justification to distinguish between excise and customs officers on similar duties for purposes of overtime allowance. Common principles for cash overtime fees should be uniformly applied. (Paragraphs 12-16—pages 128-129.)

Stationery, office equipment and forms

8. There is a chronic shortage of paper, articles of stationery and printed forms for reports and returns and many field officers rely for these requirements on their licensees. There are also inadequacies of furniture and fittings, telephones and office machines. As these have also been pointed out earlier, a beginning should be made now to remove these shortcomings. (Paragraphs 17-18—pages 129-130.)

9. Sample surveys should be made to estimate the time executive officers have to devote to office work which should then be systematically reduced. Forms of statistical reports, returns and registers should be printed and supplied to them. (Paragraph 19—page 130.)

Suggestions Scheme

10. More concrete forms of recognition may stimulate interest in the Suggestions Scheme. (Paragraph 20—page 130.)

Cadre strength and Workload

11. Recruitment and promotion procedures should be improved so that no gaps remain between authorised staff and that in position. (Paragraph 21—pages 130-131.)

12. All officers and men who have officiated in clear vacancies for two years should be confirmed and all temporary posts continued beyond three years made permanent. (Paragraph 22—page 131.)

Training Schemes

13. There has never been a proper training scheme in the Department except for some refresher courses. Training "on the job" is not a satisfactory arrangement. To improve efficiency, a central residential training school for recruits to gazetted ranks and zonal residential schools for training recruits to non-gazetted ranks should be established. For the ministerial staff, training courses should be organised locally. (Paragraphs 24-33—pages 131-133.)

Uniforms

14. Central Excise officers should continue to wear uniforms. The existing scale of allowances is inadequate and should be revised. Additional allowance should be given for winter kit where necessary. No distinction should be made between uniform allowances of Customs and Excise officers employed on comparable duties. (Paragraphs 34-36—pages 133-134.)

15. The new distinguishing badges of rank are confusing and should be rationalised. (Paragraph 37—page 134.)

CHAPTER VIII—COST OF COLLECTION

1. Commodity-wise costs cannot be worked out under the present system of accounting. While employment of recognised techniques of cost accounting should enable determination both of commodity-wise costs as well as their comparative costs in different Collectorates, the true position of real comparative costs may be obscured by a number of factors. (Paragraphs 1-2—page 135.)

2. Steps should be taken to develop a fully integrated system of cost control. (Paragraph 3—page 135.)

3. Costing must be based on basic documents prepared at the time of assessment. Overheads not relatable to any particular excise should be allocated empirically. Costs of Chief Central Excise Authority and its ancillary offices at New Delhi need not be allocated to Collectorates for purposes of comparison. (Paragraph 4—pages 135-136.)

4. Present cost of collection of excise duties is not unreasonable and is comparable to that of the other two main sources of revenue, though compared to costs of collection of indirect taxes in some other countries, it is still high. (Paragraph 5—page 136.)

PART III

CHAPTER I—TEXTILE FABRICS AND YARN

1. The separate levy of yarn consumed in manufacture of cotton fabrics in composite mills and powerloom units larger than 49 looms, should be converted into fabric duty. (Paragraph 7—page 140.)

2. There is no agreement on replacing physical-cum-accounts method of control by the audit type of control. (Paragraph 10—page 141.)

3. Duty may be charged on samples but the procedure should be simplified. (Paragraph 11—page 141.)

4. There should be closer and early consultation between representatives of industry and excise officers competent to settle procedural details and clear doubts whenever a new duty is levied. (Paragraphs 12-13—pages 141-142.)

5. Production has increased but the average incidence of duty on cotton fabrics of the compounded levy sector has been falling. Revenue sacrifice in compounding is estimated at Rs. 6 crores annually on the basis of 1961 rates of production. (Paragraphs 18-22—pages 143-144.)

6. Licensed powerloom units rose from 279 in 1955 to over 26,000 in May, 1962. (Paragraphs 23 and 26—page 145.)

7. Neither reduction of looms per unit to constitute the free sector nor raising the compounded levy rates is likely to improve revenue. The benefit of the revenue sacrificed often goes to city financiers instead of powerloom owners. Anti-fragmentation measures have not succeeded. Fragmentation has resulted in the costs of administration sometimes exceeding the revenue collection. (Paragraphs 24-27—pages 145-146.)

8. Schemes to relate the compounded levy to actual or potential production and grading it according to sizes of units will both entail excessive costs and perpetuate the tendency towards fragmentation. (Paragraph 28—page 146.)

9. Cotton powerloom fabrics should not again be exempted from the duty. (Paragraph 29—page 146.)

10. Duty from powerloom cotton fabrics should be derived by a levy on yarn delivered from spinning mills and excise control over powerlooms abandoned with economy in administrative costs. The exemption for coarser yarns delivered in hanks should be revoked. All handloom fabrics will then again bear a modicum of tax. If protection for them is to continue, this could either be done by refund of yarn duty to handloom co-operatives or by increasing the rate of handloom cess, preferably the former. Relief to different sections of powerloom industry may, if found necessary, be given as subsidy. (Paragraphs 30-32—pages 146-147.)

11. The monthly exemption slab for independent processing units should be replaced by a scheme of subsidy, the amount of subsidy rising as the quantities processed increase above a floor and upto a ceiling, after which there should be no subsidy. (Paragraphs 33-34—pages 147-148.)

12. The revenue from the second stage levy of processing duty on rayon and artificial silk fabrics, should be derived through revised rates of yarn duty. This will reduce administrative costs and also remove the grievance that, unlike cotton fabric processors, artificial silk processors do not have an exemption slab. There should be no exemption slabs for them. (Paragraphs 38-40—pages 148-149.)

13. Conversion of the two stage levy on woollen fabrics into a duty on yarn is not feasible (Paragraph 47—page 150.)

14. Avoidable documentation in completion of assessment memoranda and deduction for discounts, 'flag' allowances and the like should be eliminated. (Paragraphs 46 and 48—page 150.)

15. Duty on yarn wasted in processing and milling should be taken into account when fixing rates of refund on export of fabrics. (Paragraph 49—page 150.)

16. Remnants of pieces used for cutting samples should be allowed to be delivered on recovery of duty. (Paragraph 50—page 150.)

CHAPTER II—TOBACCO

1. The excise systems of other countries give no guidance for remodelling our Scheme. (Paragraph 7—page 152.)

2. A scheme of assessing duty on cured produce, the liability being discharged by the first buyer but without subsequent control on the tobacco, is not feasible. (Paragraphs 8-12—pages 152-153.)

3. If the off take for cigarette production was higher and a tax on manufactured biris administratively feasible, it would be possible to raise all revenue from these manufactured products and leave raw tobacco untaxed. But that is impracticable. (Paragraph 13—page 153.)

4. There is no workable alternative to the present system of classification for assessment, but the large gap between lower and higher rates is an incentive to misuse of lower rated tobacco. Complaints of this are widespread though statistical study does not indicate any large scale increase in production of whole-leaf varieties. (Paragraphs 14-19—pages 153-154.)

5. The quality of Indian tobacco should be improved but not through compulsory grading or tariff preferences. There should be stricter restrictions, as in other countries, on collection of bottom, withered, etc. leaves and ratoon. (Paragraph 20—page 154.)

6. A flat rate of duty is desirable, but as a differential between tobacco for biri and for other uses has been maintained over a long period, a sudden change may upset the equilibrium. The gap between the two rates should be gradually reduced so that a flat rate can ultimately be introduced. (Paragraphs 21-23—pages 154-155.)

7. Control over production of tobacco should be stricter. (Paragraph 24—page 155.)

8. The grower's entry book may be abolished and the curer's entry book restricted to professional curers only. (Paragraphs 25-26—page 155.)

9. To help curers, some such agency as the Central Warehousing Corporation should set up public bonded warehouses for cured tobacco and make advances on stocks deposited. (Paragraph 27—pages 155-156.)

10. A specified period adequate for the actual needs of the trade should be fixed for the storage of tobacco in warehouses in bond. There should be no extensions and the period fixed should be uniformly enforced. (Paragraph 28—page 156.)

11. Revision of rates of duty to allow for losses due to dryage and withdrawal of the concession to condone such losses is to react adversely on the producer. But such condonation should be limited to losses on account of natural dryage during a period to be fixed for each major variety, taking into account the time taken by freshly cured tobacco to lose its surplus moisture. Thereafter, no claims for losses should be entertained. (Paragraphs 29-33—pages 156-157.)

12. Condoning losses in curer's premises should be regularised by law. (Paragraph 34—page 157.)

13. In re-arranging jurisdictions care should be taken to see that primary revenue officers are able to realise the arrears and, in any case, to check any further rise in arrears. A mandatory penalty should apply to amounts remaining unpaid. There is no need to demand interest, but curers may be allowed to pay arrears in instalments. (Paragraphs 35-41—pages 157-159.)

14. Amounts in arrears may be re-assessed on rate enhancement only where tobacco physically exists. Revising other demands where tobacco has already gone into consumption is for practical purposes of no value. (Paragraph 42—page 159.)

15. The law to enforce recovery of arrears is adequate. State administrations should realise that a part of the arrear is actually State revenue. There should be reliance on the normal organisation to realise arrears and not on employment of special squads. (Paragraphs 43-44—page 159.)

16. Administration will become simpler and certain grievances of cigarette manufacturers will be met if the two stage levy, first on tobacco and then on cigarettes, could be replaced by a single levy on cigarettes, but a specific tariff with reference to weight of tobacco in cigarettes does not appear practicable. (Paragraphs 45-46—page 159.)

17. There is considerable evasion of cigar and cheroot duty and more and more cigars pass for non-taxable than could genuinely be marketed within the tax-free slab having regard to prevailing price.

wage, etc. levels. The collection being small, the duty should either be abolished or replaced by a flat specific levy related to weight of cigars and cheroots. Excise labels for cigars lose all meaning when a free slab exists and may be continued only if the free slab is abolished. (Paragraphs 49-50—page 160.)

CHAPTER III—SUGAR

1. Either the methods prescribed for testing sugar samples should be replaced by those which will not be open to objection on technical grounds or the earlier definition of excisable sugar should be restored. (Paragraphs 1-3—page 161.)

2. Documentation and sampling for excise purposes and physical checks are excessive and should be reduced. Departmental chemists should only analyse samples in disputed cases and not become technical consultants or judges of operational efficiency. The scheme of technical control and scrutiny of process accounts should be modified accordingly. (Paragraph 6—page 162.)

3. Audit type of control should largely replace the present system of physical control. (Paragraph 7—page 162.)

4. The incidence of duty borne by khandsari sugar produced under compounded levy is much lower than under the notified rates which are themselves low. (Paragraphs 9-12—page 163.)

5. The production of khandsari sugar by sulphitation process is organised in small factories. The sugar they produce is also often indistinguishable from sugar made in vacuum pan factories. The rate of duty on sulphitation processed khandsari sugar should, therefore, be brought nearer the normal rate. This would be justified in itself and would also largely compensate for the loss of revenue by exempting ordinary khandsari sugar from the duty. (Paragraph 13—page 164.)

CHAPTER IV—MATCHES

1. A simple levy has become extremely complex through successive changes in categorisation of factories and rates of preference applicable to individual producers. (Paragraphs 1-3—page 165.)

2. Despite a duty preference for factories in the organised sector since 1961, their total production declined. Changes in gross benefits from rate concessions have led to lowering of output of 'B' category factories, some of whom have closed down or fragmented into 'C' category factories whose numbers and output have shown a phenomenal increase. (Paragraphs 6-9—page 166.)

3. Restriction on licensing of more than one factory belonging to members of the same undivided Hindu family is commonly circumvented and also complained of as discriminatory. Both this and the rule requiring approval of labels have in effect become dead letters and serve no useful purpose. (Paragraphs 10-11—page 167.)

4. The existing rate preferences are an incentive to fragment into smaller units or restrict output. The effective tariff should be recast to encourage consolidation and growth. (Paragraph 12—page 167.)

5. Revised duty differentials have not benefited those for whom they were intended, the labour engaged in small factories or the consumer. The objective of telescopic rates to encourage manufacturers to grow has not been achieved. The duty preference is largely passing into the distributive channels. (Paragraphs 13-15—pages 167-168.)

6. There is no justification to distinguish between the present 'B' and 'C' category factories for tariff purposes. (Paragraph 16—page 168.)

7. The criterion of the use of mechanical power may be an adequate one to distinguish factories in the organised from those in the small sector, ignoring such use of mechanical aids as, for instance, in grinding chemicals, cutting labels, etc. There should be no preferential slab for manufacturers in the organised sector. There should be a common preferential rate for all manufacturers in the small sector. Aid to individual manufacturers in the latter sector should then be given through cash subsidies, the amount of subsidy increasing as production rises. This will provide incentives to consolidation and growth. (Paragraphs 17-18—page 168.)

8. Banderolling is preferred by all but as there is scope for substantial economy by eliminating banderolling, an alternative should be explored. (Paragraphs 19-20—pages 168-169.)

9. Rules relating to certificates specifying the price at which manufacturers may buy banderols need revision. (Paragraph 21—page 169.)

10. The Departmental Treasury at Sivakasi should be supplied banderols directly from the Security Press. (Paragraph 22—page 169.)

11. Marking of retail prices on match boxes has not served any useful purpose. Uniform retail price cannot be ensured without statutory price control and uniformity in other taxes levied on matches. (Paragraph 23—pages 169-170.)

CHAPTER V—TEA

1. Warehousing of tea stored in Calcutta and Cochin pending auction will relieve the financial burden on producing tea estates. Excise duty may be recovered on delivery from warehouses after auction. Where estates deliver tea directly to buyers, duty may continue to be recovered at the time of removal from the producing factory. (Paragraphs 3-8—pages 171-172.)

2. The suggestion to accept post-dated cheques on account of excise duty cannot be endorsed. (Paragraph 9—pages 172-173.)

3. Tea cess levied on quantities of tea exported may be spread over the entire production and collected in the same way and along with excise duty to facilitate recovery and also lower the cost of tea exported. (Paragraph 10—page 173.)

4. Consumption of loose tea which does not bear the package tea duty is increasing. Levy of package duty puts a premium on unhygienic storage and handling of loose tea. The saving of package tea duty is largely appropriated by the distributive channels. The overall duty burden bears more heavily on the rural consumer than on hotels, restaurants, etc. who can order tea in large packs and avoid the package duty. (Paragraph 11—page 173.)

5. Revenue will improve considerably and the rural consumer also benefit if to the zonal rate was added, in substitution of the package duty, a common rate applicable to all tea going into internal consumption. Warehousing of tea in auction markets will facilitate this and reduce administrative costs. (Paragraphs 12-13—pages 173-174.)

6. Zonal rates should be fixed taking into account, besides the average selling price, the cost of production also. (Paragraph 14—page 174.)

7. There is scope for reducing physical checks and excise accounts to eliminate those that are of little value or involve duplication. (Paragraphs 15-17—page 174.)

8. Powers of officers to supervise destruction should be liberalised to meet day-to-day needs of production. (Paragraphs 18-19—pages 174-175.)

9. There is no need for a bond for tea waste which is *ab initio* exempted from the duty. (Paragraph 20—page 175.)

10. Central and State levies on tea can only be combined into a single stage recovery if constitutional difficulties and the objections of the States can be overcome. (Paragraph 21—page 175.)

CHAPTER VI—PAPER

Paper

1. The complaint that dissimilar varieties are grouped under the tariff at common rates of levy and that the same varieties are at times classified differently at different paper mills is not without substance. The present scheme leads to the grievance that officers usually assess at the highest of several rates applicable. (Paragraphs 2-13—pages 176-178.)

2. Grouping of varieties for tariff purposes should be on the basis of verifiable physical characteristics. The number of categories could be reduced from the present four to two. The higher rate may apply to varieties identifiable by physical characteristics, e.g. tissue other than cigarette tissue, blotting, toilet, cheque or art paper. The lower rate may include all other varieties. (Paragraph 14—page 178.)

3. The rate preference for newsprint is liable to abuse, the detection and prevention of which is difficult. A common rate of duty may apply to all newsprint howsoever used, the mechanical woodpulp content being made the criterion to distinguish newsprint from other varieties of paper. (Paragraphs 15-18—pages 178-179.)

4. Enquiries which are made at the instance of the Ministry of Commerce and Industry to determine whether a variety of paper is provisionally recognised as hand-made before it is exempted from duty may be entrusted to Excise officers. (Paragraph 19—page 179.)

Boards

5. As all boards are assessable at any one of two basic rates of duty, a more broad based tariff description will facilitate administration. (Paragraph 23—page 180.)

6. The existing procedure prescribes the same physical checks at successive stages in the packing room, store room and at the time of clearance. The scheme should be simplified and all test checks conducted mainly in the packing room, checking in subsequent stages being confined to such cases where there is reason to suspect substitution. (Paragraph 24—page 180.)

CHAPTER VII—SOAP

1. The output of the power operated sector has steadily increased after the levy of duty but there have been only minor improvements in the output of the taxable non-power operated sector. (Paragraph 3—page 181.)

2. The free slab in power operated sectors accounts for four to five per cent. of its total duty liability. The free and preferential slabs for the non-power operated sector lead to about 60% of the output being free of duty. The revenue foregone in exemption slab in power operated sector is about Rs. 10 lakhs annually; the annual revenue from the non-power operated sector is Rs. 14 lakhs. (Paragraph 5—page 184.)

3. About 150 power operated factories yield nearly 94% of the total revenue from soap. 350 factories in the non-power operated sector contribute the balance of 6%. Another 1400 non-power operated factories are under excise control but as they pay little revenue, the excise effort in surveillance over them is unproductive of revenue. (Paragraphs 6-7—page 184.)

4. The non-power operated sector may be exempted from the duty; the revenue loss should be offset by abolition of the exempted slab for the power operated sector and recasting the tariff. This will reduce costs without a major disturbance to the economy of the industry (Paragraph 8—page 184.)

5. All household and laundry soap should be chargeable at a common rate. (Paragraph 9—pages 184-185.)

6. As rates of duty for all other soaps are the same, the tariff can be rationalised into two rates, one for household and laundry soaps and another for all others. (Paragraph 10—page 185.)

7. Criteria such as the size of containers, alkalies used, design of labels, etc. for eligibility to exemption should be reviewed and simplified. (Paragraph 11—page 185.)

8. Soap stock should be taxable. If delivered for further processing into power operated soap, it should be treated like other excisable components and raw materials; all other deliveries should be subjected to the duty. (Paragraph 13—page 185.)

9. Correlation of raw material with production is incomplete if it is confined to consumption of vegetable non-essential oils only. (Paragraph 14—pages 185-186.)

CHAPTER VIII—FOOTWEAR

1. Notified and executive exemptions have stultified the purpose of extension of the levy to footwear parts. Recovery of duty on excisable footwear parts is contingent on the fact whether they are made into footwear in the same or in any other footwear factory in the excluded sector. (Paragraphs 2-3—page 187.)

2. Duty should be levied on all footwear and footwear parts produced with the aid of power. (Paragraph 4—page 187.)

CHAPTER IX—ELECTRIC BATTERIES

1. Administration of *ad valorem* levy has presented more than the usual difficulties in assessment of batteries used by certain manufacturers. Changing the basis of levy to a specific rate with reference to the weight or other criteria of batteries should be explored. (Paragraphs 3-4—page 188.)

2. Flat deduction from published list prices for assessment of batteries is not favoured by the industry. (Paragraph 5—pages 188-189.)

3. On administrative considerations, battery plates produced by five worker factories whose output of battery is still exempt, should also be exempted. (Paragraph 6—page 189.)

CHAPTER X—ELECTRIC WIRES & CABLES

1. Preference in valuation for assessment is an incentive to production of non-standard cables. Sub-standard electric cables are hardly in the national interest. (Paragraph 4—page 190.)

2. Simplification through tariff values for assessment is defeated by the fixation of values and preferences. Duty cannot be calculated in terms even of whole naye paise. (Paragraph 5—page 191.)

3. Revenue to be derived from cables can be realised more simply and cheaply by suitable revision of the rates of duty for electrolytic copper and conductor grade aluminium, or taxing rods drawn from such metals, and insulating materials. (Paragraph 6—page 191.)

4. Such decisions as charging insulating tapes if the weight of cotton fabrics in them exceeds 40%, and on insulation enamels made from taxed imported resins, should be revoked. While not contributing any appreciable revenue, they create administrative difficulties and enlarge the area of conflict. (Paragraph 7—page 191.)

CHAPTER XI—PATENT OR PROPRIETARY MEDICINES

1. Instead of the intrinsic quality or the therapeutic value of a drug, the format, design, colour or colours, borders, background effect of the label under which it is marketed, determining its liability to duty is irrational. There is also a large discretion to the assessing officer, giving rise to uncertainty which is not healthy for the trade. If the intention is to siphon off part of the extra profit, this cannot be achieved by charging the duty *ad valorem*. (Paragraphs 2-3—pages 192-193.)

2. From the practical point of view, the entire range of pharmaceutical products should be brought under excise levy with selective exemptions restricted to specified essential life saving drugs. The institution of the loan licensees should be reviewed specially as purity of drugs is so vital to the well being of the community. Excise administration will be simplified if loan licensees were abolished. (Paragraphs 5-7—pages 193-194.)

3. The limits for quantities permitted to be replaced free of duty or delivered as samples free of duty should be reviewed from time to time to conform to the normal practice in the trade. (Paragraph 9—page 194.)

4. Audit type of control is not feasible with a preponderance of small scale manufacturers, but it could be introduced for well organised laboratories with fully documented accounts only if the whole range of medicines is made excisable. (Paragraph 10—page 194.)

CHAPTER XII—COFFEE

1. Although the Coffee Board markets the bulk of the crop, it is neither advisable nor feasible to entrust excise administration to it. (Paragraphs 2-5—page 195.)

2. All coffee could be subjected to a common rate of duty. (Paragraphs 6-7—page 196.)

3. It is inadvisable to convert the basis of levy to *ad valorem* to help inferior or low priced grades. (Paragraph 8—page 196.)

4. Facilities of bulking and garbling coffee should be allowed to all exporters. (Paragraph 9—pages 196-197.)

5. In view of the importance of the industry and its revenue potential a research foundation should be instituted to secure improved yields and quality of Indian coffee. (Paragraph 10—page 197.)

CHAPTER XIII—ACIDS

1. Hydrochloric and nitric acids made without the use of power by small manufacturer using duty paid sulphuric acid may be exempted outright as revenue is small and it is not possible to ensure compliance of all the conditions now prescribed. (Paragraph 5—page 198.)

CHAPTER XIV—FILMS

1. The suggested substitution of the excise duty on exposed cinematograph films by an increased rate of duty on raw film is likely to bear harder on those producers who take fewer than 14 or 15 copies of each film but will lighten the burden on producers who take larger number of copies. (Paragraphs 1-2—page 199.)

2. In view of the altered balance between import and excise duties under the Finance Bill of 1963, the matter may be further examined. (Paragraph 3—page 199.)

CHAPTER XV—VEGETABLE NON-ESSENTIAL OILS

1. Although more oil was produced in successive years by a larger number of millers and the exempted and preferred sectors had been reduced in size, the revenue declined instead of improving. The share of the small scale sector in the total output rose in successive years and that of the organised sector declined. The incidence of duty borne by oil produced in the organised sector averaged Rs. 100 per tonne; the incidence on the small scale sector's oil fell from about Rs. 81.60 in 1959-60 to about Rs. 40.60 per tonne in 1961-62. (Paragraphs 4-8—pages 200-202.)

2. The scheme of duty preferences induced larger units to fragment. Anti-fragmentation measures did not succeed. (Paragraph 9—page 202.)

3. Compounding led to swelling the profits of the exporters and the benefit of lower incidence in compounding did not accrue to the millers. A more marked distortion occurred in the production pattern of castor oil. (Paragraph 10—page 202.)

4. Abolition of the exempted sector in March, 1959 was expected to yield about Rs. 4 crores additional revenue, but actual revenue collections fell by about Rs. 3-5 crores over the preceding year. The revenue actually foregone may have even been higher. (Paragraphs 11-12—page 202.)

5. Fragmentation and growth of numbers of small millers affected also the solvent extraction plants and export trade in oil-cake. (Paragraph 13—page 203.)

6. As the number of factors which affects the production capacity of the same equipment is large, there is no method of arriving at a fair average production capacity for each equipment for crushing of oil seed. (Paragraph 15—page 203.)

7. For constitutional and other reasons compounding cannot be made compulsory. (Paragraph 16—page 203.)

8. Deriving the total revenue from vegetable non-essential oils by enhanced rates for other excisable goods made with oils as raw material might upset the balance and lead to other complications. (Paragraph 18—page 204.)

9. A commodity in which half the production is distributed in the small scale sector is not a very suitable article for levy of duty. Government appear to have arrived broadly at the same conclusion as the duty has been exempted but a study of this levy gives an interesting insight into practical and economic effects which an excise duty can have. (Paragraph 19—page 205.)

APPENDICES

APPENDIX I.

(Introductory : Para. 3)

Press Note

With a view to secure maximum efficiency in the administration and working of the Central Excise Department and the rationalisation of its procedures, the Government of India have recently appointed a Central Excise Reorganisation Committee, with Shri A. K. Chanda as Chairman, to examine the organisation and methods of the Department and to review the Central Excise Act and Rules which regulate its work.

While the Committee would shortly issue a questionnaire to elicit information relevant to its work, they would, meanwhile, welcome suggestions from those interested for the simplification of procedures of assessment and collection, for the removal of any weaknesses in either, and on any other matter germane to the enquiry.

Communications should be addressed to the Secretary, Central Excise Reorganisation Committee, Ministry of Finance, Department of Revenue, Central Revenues Building, Mathura Road, New Delhi-1.

APPENDIX II

(Introductory : Para. 4)

Main Questionnaire

CENTRAL EXCISE RE-ORGANISATION COMMITTEE

Tele : (gram : CEROC)
(phone : 40676)

Room No. 101,
Central Revenues Building,
Indraprastha Marg,
New Delhi.

Dated the 4th February, 1961

The Questionnaire is designed to cover all aspects of enquiry entrusted to the Central Excise Reorganisation Committee by the Government of India Resolution No. 3(21)59-Ad.IV, dated the 2nd November, 1960. The terms of reference of the Committee are as follows :—

- “(1) To examine generally the organisational and administrative set-up of the Central Excise Department and advise Government on such reorganisation as may be necessary for achieving maximum efficiency at minimum cost.
- (2) To review the Central Excise Act and Rules and procedures and recommend the steps required for their rationalisation, simplification and improvements wherever necessary so as to better adapt the machinery to the changing conditions.
- (3) To make any other recommendations germane to the objectives of the investigation.”

2. The Questionnaire has been divided into separate sections, each section covering a particular aspect of the enquiry. Separate sets of questions have also been prepared on selected excisable commodities. If, however, the Questionnaire does not cover any problem on which you may wish to offer your views, such views would be welcome as an annexure to your reply to the Questionnaire.

3. You may not find it possible or necessary to give replies to all the questions. If so, please record your replies to only those questions on which you wish to offer your views. While giving your suggestions for simplification, improvement, and rationalisation, you would, it is hoped, bear in mind the need for the utmost economy of effort in the collection of revenue consistently with securing the maximum efficiency.

4. It will be appreciated that a number of questions which have been asked in relation to particular industries probably will have somewhat wider application. You are particularly requested to give your views on any such question so far as they affect the industry in which you are interested.

5. The Committee would greatly appreciate if replies relating to questions covered by each section are given on separate pages and are worded concisely. If you can conveniently send spare copies of your reply, please send 9 spare copies—this would greatly facilitate subsequent processing.

6. Please send your replies so as to reach the Committee by 31st May, 1961.

R. N. MISRA,
Member-Secretary.

INTRODUCTORY

A—Please state your name and full postal address.

B—Do your replies relate to any particular area or areas? If so, please specify.

C—Please state the interests if any, which you represent.

D—Please state if you desire to give oral evidence before the Committee; if so, the place or places where you could most conveniently appear before the Committee.

PART I.—ADMINISTRATIVE SET UP OF THE CENTRAL EXCISE DEPARTMENT

Jurisdiction

1. (a) Is the existing delimitation of Collectorates of Central Excise satisfactory for ensuring prompt service to producers, manufacturers and owners generally of excisable goods, and for ensuring effective supervision over the field staff, and efficient, effective and economical revenue control?

(b) If the answer to the foregoing is in the negative, what would you suggest should be the criteria for delimiting the charges of Collectors of Central Excise, keeping in view possible future expansion of excise coverage, and consequent adjustment of work loads at different levels?

2. Having regard to the business to be transacted with officers of different grades, do you find the jurisdiction of Ranges, Circles, Divisions and Collectorates with which you are concerned, to be—

- (1) excessively large;
- (2) excessively small;
- (3) satisfactory?

Headquarters

3. Are the headquarters of the Ranges, Circles, Divisions and Collectorates conveniently located from the point of view of the public having business to transact with them? If not, what changes would you suggest, and what considerations should generally determine the choice of headquarters on future expansion?

Administrative Units

4. Do you consider the present administrative set-up subordinate to Collectors, viz., Divisional Assistant Collectors in charge of a group of Circles, and Circle Superintendents in charge of groups of Multiple Officer Ranges to be both necessary and adequate? If not, what changes would you suggest in the general structure and the existing chain of command?

5. Do you find the existing administrative and organisational set-up and its procedures suitable for expeditious investigation of, and decisions on, your complaints or suggestions? If not, what re-organisation and/or other changes would you recommend, bearing in mind the need for effective control at all levels?

6. Do you consider the existing delegation of administrative and technical powers to Assistant Collectors and Superintendents to be adequate? If not, what changes would you recommend and why?

7. Is the Multiple Officer Range system effective and conducive to expeditious disposal of business? If not, what organisational changes do you suggest?

8. It is claimed that the Multiple Officer Range Scheme has resulted in fuller and stricter excise surveillance, and consequently greater revenue efficiency, better utilisation of staff resources, more prompt attendance under close higher level supervision, and greater amenities to the excise personnel affected. Would you subscribe to this view? If not, why not?

9. For intelligent and efficient working, excise procedures should be closely dovetailed with the trade practices with which executive excise officers must be fully conversant. Do you consider that the Multiple Officer Range pattern of control helps in this direction? If not, what changes would you suggest?

10. The Multiple Officer Range scheme has called for the deployment of a large number of personnel in the heavier growing and warehousing areas for tobacco. Do you consider that the staff in Multiple Officer Ranges generally is excessive/adequate/inadequate? What yardstick should be applied in determining the staff requirements of each Multiple Officer Range?

11. During ten years ending 1957 when the Multiple Officer Range Scheme was introduced, the normal revenue and administrative units were single officer charges e.g. an Inspector in charge of the Range and a Superintendent in charge of a Circle; Sub-Inspectors and Deputy Superintendents were more the exception than the rule. Having regard to administrative and revenue considerations, and the need to minimise costs of collection, would you recommend—

- (a) reversion to the system of single officer charges;
- (b) extension of the Multiple Officer Range Scheme to all excisable goods; or
- (c) any other pattern for organising the primary revenue and administrative units?

12. If you favour the first alternative, what rank of officer would you suggest to be placed in charge of a Range? Normally, how many Ranges should form a Circle?

13. If you recommend extension of the Multiple Officer Range pattern, please describe the criteria which should regulate the size of a Multiple Officer Range and the normal staff complement of each Multiple Officer Range.

14. In Calcutta and Kanpur industrial areas, and in certain other centres, Superintendents' and Assistant Collectors' Offices have, for sometime, been integrated into common offices. Have you experienced any improvements in the speed and quality of disposal of work arising in these areas following this administrative change? Would you recommend this as the general pattern for reorganisation of supervisory and controlling offices?

Cadre Composition

15. Do you consider the existing designations viz.—

- Collector
- Deputy Collector
- Assistant Collector
- Superintendent
- Deputy Superintendent
- Inspector
- Sub-Inspector

to be appropriate having regard to the functions and powers of officers of the respective grades? If not, what changes would you suggest and why?

16. The Range in charge of an Inspector or Deputy Superintendent of Central excise being the primary revenue unit and the Circle in charge of a Superintendent of Central Excise being the primary administrative unit, do you think there is any need for Assistant Collectors in the chain of command?

Integration of Customs and Central Excise

17. Sea Customs work at Intermediate and Minor ports, Land Customs work along the land frontiers, and Air Customs in all parts of India in the interior is now entrusted to Collectors of Central Excise. Do you consider this arrangement to be satisfactory? If not, please state for what reasons?

18. Would you suggest divesting Collectors of Central Excise of the responsibility for Sea, Air and Land customs work?

19. Alternatively, would you suggest extending the Customs functions of the Collectors of Central Excise? If so, please state to what extent and how?

Cost of Collection

20. Have you any suggestions for reducing the cost of collection of Central Excise Duties?

21. The staff deployed varies considerably as between one Collectorate and another. These numbers do not bear any common relationship with the revenue, the area, the number of excisable goods produced, or the number of factories, or the area under tobacco cultivation, or the number of Multiple Officer Ranges, or isolated Ranges, Circles and Divisions. The result is a variation in work-loads at Collector's headquarters and also disparity in costs of collection as between one Collectorate and another. What measures would you recommend to reduce these disparities?

Management Improvement

22. Having regard to the extent of jurisdictions and the nature of duties of Central Excise Officers, do you consider that they are adequately mobile for performing their duties efficiently? If not, what measures would you recommend for improvement?

23. How far has technical scrutiny of documents, testing of samples of excisable goods, and the system of inspections by officers of the Central Revenues Chemical Service, facilitated the enforcement of Central Excise regulations and resolution of classification disputes? Would you recommend extension of similar activity by the Central Revenues Chemical Service to manufacturers of other excisable goods?

24. Are you satisfied with the present procedures, including quantitative limits, for drawal of samples of excisable goods for—

- (i) *Bona fide* trade purposes, and
- (ii) for settlement of classification disputes?

If not, what changes would you recommend and why?

Discipline

25. What is the standard of discipline among the field and office staff, and what measures would you recommend to improve it?

26. (a) What, if any, are the main weaknesses in the existing organisational set-up which could be taken advantage of by unscrupulous members of the staff for illegitimate gain to themselves?

(b) What is the extent of corruption, and what is the level it has reached?

(c) What measures would you recommend for reducing the scope for corruption?

(d) What has been the effect of the Multiple Officer Range Scheme on the extent of corruption in subordinate field staff?

Advisory Committees

27. How far have Central Excise Advisory Committees contributed to improvement in standards of administration? Would you recommend formation of similar Advisory Committees at all levels?

28. Would you suggest any changes or modifications in regard to the functions of the Advisory Committees? If so, state the same with reasons therefor.

29. Please state your views on the existing facilities for discussion and settlement of operational and procedural difficulties between the representatives of the industry and of the Department at various levels.

PART II.—THE CENTRAL EXCISES AND SALT ACT, 1944

30. Have you any general comments to make on the scheme of the taxing system under the Central Excises and Salt Act, 1944?

Assessment and Collection of Duty

31. (a) Do you find the existing provisions under section 4 of the Act adequate for determining the value of an excisable article for levying duty *ad valorem*? If not, what changes would you recommend to be made in the law?

(b) Please describe briefly any special difficulties which may have arisen in determination of value for assessment *ad valorem* of excisable goods with which you are concerned. Do you consider them to be inherent in the law or arising out of its application?

(c) Under section 4 of the Central Excises and Salt Act, the reductions permissible from the ex-factory price for arriving at the assessable value of goods are the amount of duty payable, and discounts allowed unconditionally to every independent wholesale buyer. In respect of excisable goods with which you are concerned, does this procedure allow full abatement of costs incurred in the shape of charges for selling and distribution, publicity and advertisement, loss of interest on value of stocks held, insurance, and similar other post-manufacture charges? If not, what scheme of deductions would you recommend to cover all legitimate deductions from ex-factory wholesale price?

32. How has the scheme of fixation of tariff values for certain articles liable to *ad valorem* duties worked? Would you recommend a general extension of the scheme of tariff values for excisable goods chargeable to duty *ad valorem*?

33. Certain excisable goods bear at present a multi-point levy. For example, duty is levied separately on Tobacco and on Cigarette paper, and again on the manufactured Cigarettes. Duty is levied on grey Cotton Fabrics, and again when the same fabric is processed. Duty is levied on Aluminium ingots, billets etc., and again on sheets and circles into which it is rolled. Duty is levied on loose Tea, and again on the same tea after it is packaged. Duty is levied on Vegetable Non-essential Oils, and again on Vegetable

Product into which the oil is converted. Duty is levied on Tyres, Batteries and Bulbs, and again on the complete automobile of which these articles form part.

Do you favour continuance of this scheme of taxation? If not, would you recommend one consolidated rate being applied to the final product, all materials going into its manufacture being free of duty?

34. The tariff provides ceiling rates for certain commodities, for example, Tea, Rayon and Synthetic Fibres and Yarn, Cotton Fabrics, etc. The actual rate is determined within the ceiling for each commodity by notification under Central Government's power of exemption. Do you favour continuance of this scheme, or would you prefer the tariff itself providing the operative rates?

35. Has the existing procedure for assessment and collection of excise duty given rise to any practical difficulties? If so, what is the nature of those difficulties, and how could they be minimised?

Exemptions

36. What is your view of the scheme providing for total exemptions from duty for excisable goods used in industrial processes?

37. Prevailing controlled exemptions or variations from the standard rates of duty under the tariff may be broadly classified under the following headings :—

- (1) Production incentive rebates, *e.g.*, remission of 50 per cent of the duty on sugar production in excess of a ceiling figure.
- (2) Differential rates related to the quality of the article, *e.g.*, Tea, not otherwise specified, the rate of duty for common teas being lower than the rate for quality teas, and certain forms of Flue-cured Tobacco used for manufacture of Cigarettes or smoking mixtures or biris.
- (3) Exemption on the first slab of production for every manufacturer regardless of size or output : *e.g.*, Vegetable Non-essential Oils, Vegetable Product, Tyres, Straw-board, Power-looms, Cinematograph Films Exposed, Cotton Textiles processed, etc.
- (4) Exemptions, total or partial to favour small scale operatives *e.g.*, Pulp board, Batteries and their parts produced in factories employing less than 5 workers, Matches, and certain items under the heading Pigments, Colours, etc., when output does not exceed critical figures, Footwear produced in factories employing less than 50 workers and not using more than 2 H.P. of mechanical power, Internal Combustion Engines, Electric Motors, Cycle Parts, etc.
- (5) Exemptions regressing as output rises : *e.g.*, Cotton and Art silk fabrics compounded levy rates.
- (6) Exemptions to prevent double taxation : *e.g.*, crude Aluminium made from duty-paid materials or scrap, raw Vegetable Non-essential Oils converted into refined oil.
- (7) Consumption incentives : *e.g.*, a special reduction in rate of duty on Vegetable Product made from cotton-seed oil in proportion in excess of a critical figure.

Do you think that these schemes not only result in varying incidence of the duty on the same excisable product produced by different manufacturers and are, therefore, discriminatory, but some of them also tend to inhibit maximum production as a higher impost becomes leviable on the entire output if production exceeds certain ceiling figures? What are your views on these schemes of exemptions? Do any of them have any adverse effect on exports?

38. Have these exemptions served the purpose in view of helping the small-scale sector, or have they encouraged evasion? Would you advocate their continuance?

39. If you do not approve of these schemes, what alternative methods would you suggest for aid to genuine small-scale manufacturers?

Adjudication, Appeals and Revision Applications

40. Have you any observations to make on the provisions of sections 33 to 36 of the Act relating to powers of adjudication, appeals and revisions?

41. Are you generally satisfied with the machinery and the manner in which appeals and revision applications are at present disposed of? If not, what changes do you consider necessary and why?

42. Are you satisfied with the present arrangements for publication of rules, notifications, and general instructions for observance by licensees and other persons affected by them? If not, what improvement would you suggest?

43. Do the existing provisions of the Central Excise Act and Rules provide adequate punishment for evasion of duty and other violations of the Act and Rules? If not, what modifications would you suggest? Conversely, do the provisions of section 22 of the Central Excise Act give adequate protection against vexatious search, seizure, detention, etc., by Central Excise officers?

44. Do the Central Excise Act and Rules otherwise provide adequate safeguards against seizure and detention of goods without sufficient cause by Central Excise Officers? If not, what measure would you suggest for ensuring that the owner of goods seized could take timely steps to safeguard his legitimate interests, and the fact of seizure of the goods, and the circumstance of its seizure are irrevocably brought on record?

45. In the event of a wrong decision, the interests of the public are safeguarded by law which provides for appeal and revision applications; but there is no provision for safeguarding the interest of the Government where a wrong decision adversely affects the revenue. Do you consider it necessary to provide by law for review of orders passed by Central Excise Officers by higher authorities?

PART III.—THE CENTRAL EXCISE RULES, 1944

46. Have you any general criticism to offer on the existing procedures for assessment of goods to duty?

Assessment and Clearance

47. Has the requirement of payment of duty before clearance of goods from the place of production or manufacture given rise to any practical difficulties? Have you any alternative system to pre-payment of duty to suggest without impairing the revenue potential? If so, what is the alternative?

48. The existing procedures provide for provisional assessment pending settlement of disputes. How far has the trade availed of this procedure? If the procedure has not facilitated speedy clearance of goods whose classification is in dispute, what alternative methods would you suggest for improvement?

49. Are you satisfied with the present procedures for resolution of disputes relating to classification of excisable goods in different tariff items?

50. Do you find the existing schemes of excise control based on physical checks, supplemented with scrutiny of statutorily prescribed accounts, to be working satisfactorily? If not, please state the reasons why, and indicate any alternative scheme you would recommend.

51. Would you recommend any general or specific change over from the existing system based on a combination of physical and accounts checks to a system substantially based on an accounts check under which physical controls would be relaxed or wholly abandoned: the manufacturer/producer would pay the duty himself prior to removal of his goods, and would furnish weekly or fortnightly returns showing full details of the goods produced and delivered, the amount of duty leviable, and the amount actually paid, differences being settled after official scrutiny?

52. In regard to the excisable commodity with which you are concerned, do you consider any of the existing physical check to be superfluous? If so, please furnish details of those stages of excise surveillance which you consider, can be eliminated.

53. Are the existing facilities for tendering duties and other charges into the Government account adequate? If not, what further facility would you recommend?

54. Considering that for delays in payment of amounts lawfully due to Government, there is not only loss of man-power in enforcing recovery, but also loss of interest which such sums would normally have earned, please give your views on the feasibility of introducing a system of recovery of penalty and interest on such sums, if payment is defaulted beyond a specified time limit.

55. (a) Containers of Matches and Cigars and Cheroots are, at present, required to bear visible symbols in the form of match banderol and Central Excise revenue labels, showing that duty has been paid on the contents. Would you recommend Central Excise labels being affixed to any other excisable goods?

(b) Alternatively, do you consider banderolling of match boxes, and affixing excise duty labels on containers of Cigars and Cheroots to be superfluous?

Exports and Refunds

56. (a) Does compliance with the formalities of the procedure prescribed for export of excisable goods in bond and under claim for rebate of duty present any difficulty?

(b) What is the nature of difficulties, if any, and what measures would you suggest to overcome them?

57. Except in a few instances, e.g., exports under rule 12-A, one of the conditions for grant of rebate is identification of the goods cleared from the place of production/manufacture with the goods exported. Would you recommend dispensing with such identification? What alternative measures would you suggest to prevent abuse if identification is waived?

58. Under the existing rules, full duty is refunded on excisable goods exported out of India as such. Where an exempted or a favoured sector exists, as in Vegetable Non-essential Oils, or where excisable goods enter into the manufacture of another product which is subsequently exported, the rate of rebate is adjusted in an *ad hoc* manner. Have you any criticism of the *ad hoc* rates now fixed, or any suggestions on the basis of which the *ad hoc* rates can be worked out in such cases?

59. Rebate of excise duty on excisable materials contained in articles which are exported out of India is now regulated by rules 12-A, 191 and 191-A of the Central Excise Rules, 1944. Do you consider all these separate provisions to be necessary for the purpose? Is it feasible to work out a common set of rules to serve the purpose for which these separate rules have been framed?

60. Have you any suggestions to improve the procedure prescribed by rule 191-B of the Central Excise Rules under which excisable goods are permitted to be used in bond for manufacture of other goods for export?

61. Have you any improvements to suggest in the procedure for regulating rebate of duty on excisable goods exported by post parcels?

62. Sealing of containers of excisable goods cleared for export is prescribed by the Rules, but has, generally, been relaxed. Do you consider sealing of containers for export to be necessary?

63. What particular difficulty is experienced in prompt settlement of refunds? What suggestions have you to make for improvement?

Licensing

64. What simplification of the procedures, if any, for issue and renewal of licences would you suggest?

65. It has been represented that much difficulty is caused due to—

- (i) multiplicity of licences ;
- (ii) yearly renewal of licences ;
- (iii) procurement of Central Excise Stamps from Post Offices, and it has been suggested that not only should the licence forms be reduced, but provision should also be made for renewal of licences for periods covering more than one year, and that cash payment of licence fee in the treasury should be permitted in lieu of Central Excise Stamps at the applicants' option. Please give your views on the above suggestions.

66. Is the scale of licence fees for various types of licences generally satisfactory? If not, what changes would you suggest?

67. It has been suggested that licensing the manufacturers of splints and veneers, and of composition for match heads, serves no useful purpose. Please give your comments on this suggestion.

Bonds

68. Under the Central Excise Rules, various forms of bonds are prescribed to be executed for each different purpose, the amount for which the bond is to be executed being specified by executive orders. It has been represented that the execution of a number of bonds is very cumbersome. Do you subscribe to the above view? If so, please state:—

- (a) Whether it would be feasible and in the interest of efficiency to consolidate the existing bonds into one or more on the lines of the B-12 Bond?
- (b) Whether it is necessary to continue two types of bonds, *viz.* bonds with surety and bonds with security, or whether one of these could be dispensed with for particular commodities, or for particular purposes?
- (c) Whether the amount of surety/security required under existing orders for each type of bond is adequate for the safeguard of revenue? If not, what are your suggestions for fixation of the amount of bonds?
- (d) In case you favour the continuance of surety bonds, whether such a surety should be personal, or in the form of a guarantee from a scheduled bank? In case of personal surety, whether the annual verification of solvency of the surety causes any particular difficulty?

69. Considering the general provisions of the Central Excise Act and Rules and, in particular, the scope of Rule 230 of the Central Excise Rules, which provides for detention *inter alia* of plant and machinery also, would any insurmountable difficulty be felt in ensuring safety of revenue, otherwise than by the execution of bonds? If so, please give your concrete suggestions with reference to particular excisable items, and particular purposes for which bonds are at present required.

70. (a) It has been represented that collection of duty on manufactured products at the time of clearance for home consumption results in unnecessary locking up of capital due to the time lag between the clearance and actual realisation of the purchase price of goods by the manufacturer, and that extension of the warehousing facility provided for in Chapter VII of the Central Excise Rules would solve this difficulty. Considering the need for restricting the number of tax collection points in the interest of economy in the cost of collection, and considering the increase in administrative work involved in any extension of such a concession, what factors should, in your view, guide the decision that extension of warehousing facilities should be permitted to particular manufactured excisable products?

(b) In the event of your suggesting an extension of the warehousing concession, how do you think should the Government be compensated (i) for increase in staff (ii) for loss of duty due to loss or deterioration of goods while stored, pending clearance for home consumption?

71. Revenue safety in respect of manufactured excisable goods has been sought to be fortified by prescribing the gate pass procedure under Rule 52-A of the Central Excise Rules. What is your experience of the working of this procedure, and to what extent has it achieved its objective?

72. Would you suggest :—

- (i) strengthening and extension of this scheme beyond the stage of first destination ;
- (ii) its abolition ?

Please give your reasons.

73. Are you satisfied with the general provisions of the Rules in Chapter X of the Central Excise Rules and prevailing procedures to regulate remission of excise duty on goods used for special industrial purposes? If not, what improvements would you recommend?

74. What general criteria do you propose to be adopted for judging whether or not a claim for remission under these provisions of duty leviable on any specified excisable goods should be admitted?

75. Does any factory experience any difficulty in housing the excise staff?

PART IV.—EXCISABLE COMMODITIES

TARIFF ITEM NO. 1.—SUGAR

76. Do you think that the tariff definition of sugar is appropriate to ensure that Sugar intended to be subjected to excise duty is covered by the phraseology used therein? If not, please state the modifications that should be made.

77. Please name specifically those practices and procedures of Central Excise control which have presented difficulties in day to day work of Sugar factories.

78. Would you attribute these difficulties to the provisions of the Central Excise Rules, or to departmentally prescribed procedures, or any other reasons? How can these difficulties be minimised?

79. Have you any modifications to suggest in the existing system of technical control through scrutiny of accounts of sugarcane, intermediate sugar house products, sugar manufactured, and sampling of intermediate products? If so, please indicate what changes should be made.

80. How far has the compounded levy scheme for Khandsari Sugar relieved the rigours of the normal excise control? Have you any suggestions to improve upon the existing compounded levy scheme?

81. Has the procedure in regard to exports of Sugar in bond, or under claim for rebate, presented any difficulties? If so, what are the difficulties, and how can they be minimised?

82. Have you any comments on the accounts, and the periodical returns prescribed for manufacturers of Sugar, or any suggestions for their simplification?

83. Do you feel that Sugar factories are not adequately staffed by excise staff? If so, please state the changes that should be made in the excise staffing of sugar factories.

84. Are you satisfied with the existing arrangements for supervision over clearances outside the normal working hours of the factory? If not, what improvements would you suggest?

TARIFF ITEM NO. 2.—COFFEE

85. It has been claimed that since the bulk of Coffee produced in India is from estates required to be registered under the Coffee Act, and such Coffee is required to be deposited in the Coffee Pool under the control of the Coffee Board, excise control is redundant, and should be withdrawn.

(a) Do you agree with the above view? If you do, are you satisfied that the resources at the disposal of the Coffee Board are adequate for ensuring:—

- (i) full and accurate registration of estates;
- (ii) proper recording of area of planted, as well as bearing and non-bearing lands, according to each variety, and age group of plants;
- (iii) verification of estimated and declared yields;
- (iv) proper accounting of cured produce, and
- (v) security of excise revenue.

Please give detailed reasons for your answers.

(b) In case you do not agree, what simplification of existing procedures, if any, do you consider necessary?

86. Are you satisfied with the procedures for dealing with losses noticed in transit, storage, and processing of Coffee? If not, what improvements would you suggest?

87. What are your views on the recent modifications in the forms of registers and returns to be maintained, and furnished by growers and curers of Coffee? To what extent do these modified forms simplify and improve excise control on Coffee?

TARIFF ITEM NO. 3.—TEA

88. Do you favour the use of differential excise duty rates as a balancing factor to improve the competitive ability of low grade teas in the home and overseas markets? If not, what alternatives would you recommend?

89. Having regard to the needs of the internal and export markets, are you satisfied with the existing tariff structure, and adjustments on zonal basis for Tea? If not, what modifications would you suggest and why?

90. Have any practical difficulties arisen under the existing procedure for assessment of Tea 'all varieties except Package Tea' on the basis of zonal rates? If so, can they be minimised?

91. (a) Are you satisfied with the working of the existing excise procedures at factories producing (i) Tea other than Package Tea; and (ii) Package Tea; or (iii) both;

(b) Are existing arrangements adequate (i) for safe storage of non-duty-paid Tea; (ii) provision of duty-paid godowns where required?

(c) What are your suggestions for improvements in the excise procedures now followed so as to facilitate work alike for the manufacturer and the Excise Officer?

92. Do you consider it necessary, and/or feasible, that Package-Tea containers should bear excise labels like Matches, and Cigars and Cheroots? If so, please specify the size of packages which should be standardised for a rational and economical scheme of use of excise labels.

93. Are the existing procedural precautions before allowing clearance of tea-waste adequate to prevent loss of revenue, and consumption of waste grades as adulterants? Are the existing arrangements adequate to ensure destruction of tea-waste at reasonable intervals? If not, please specify what changes should be made?

94. What has been the effect of splitting up the Tea excise duty into separate rates of duty for (i) Package Tea; and (ii) Tea other than Package Tea on:—

(a) consumption of quality teas and common teas in the home markets;

(b) the economic health of the tea industry, particularly the blending and packing industry?

95. Are you satisfied that 27 Kg. (60 lbs) is a proper critical size, containers of sizes below and above which should, respectively, be liable to, and free from, the Package Tea duty?

96. (a) Does not the present difference of the incidence of duty between Package Tea, and Tea other than Package Tea, give an undue preference to large consuming establishments like hotels, catering concerns, and cafeterias who order tea for their own use in large packs not attracting the Package Tea duty? Is such preference merited?

(b) Can you suggest any alternative scheme which will result in a more uniform spread-over of the total incidence of the Tea duty?

97. Have you any proposals for changes and improvements in the existing accounting procedure for excise purposes?

98. What changes would you recommend in the existing excise procedures for further facilities in delivering Tea for export?

TARIFF ITEM NO. 4.—TOBACCO

99. The production of Unmanufactured Tobacco varies considerably from season to season. Years of over-production with falling prices alternate with years of low production with rising prices. For ensuring steadier market conditions, and better regulated supply, would you recommend adoption of measures to limit the production of Tobacco ?

100. If the answer to the foregoing is in the affirmative, would you recommend total prohibition of Tobacco in those areas where it is not grown on a commercial scale ?

101. Except for Tobacco exported out of India, and except for a scheme of voluntary grading of Tobacco for Cigarette making, Unmanufactured Tobacco is not subjected to sorting and grading to conform to any uniform standards, either as to quality or price. Would you recommend compulsory grading of all Tobacco produced in India ?

102. If the answer to the foregoing is in the affirmative, what scheme would you recommend for grading, considering that Unmanufactured Tobacco is grown and cured annually by approximately 6,75,000 grower/curers, and it will be administratively difficult to enforce compulsory grading at every curer's premises before Tobacco is sold by him ?

103. To what extent, if any, has the present tariff for non-flue-cured Unmanufactured Tobacco resulted in any noticeable shift:—

- (i) in the production of particular grades of Tobacco in particular areas ;
- (ii) in the technique of curing ;
- (iii) in the methods of processing ;
- (iv) in utilisation of known grades of Tobacco for particular purposes ;
- (v) in the production, and disposal of rejects and sub-standard grades of Tobacco.

104. The present pattern of excise control on Unmanufactured Tobacco requires control over growers, curers, wholesale dealers, and on its storage and transport. What changes would you recommend, so as to minimise the cost of collection by reducing the stages at which excise surveillance is now exercised, without endangering revenue ?

105. (a) What comments have you to offer on the construction of the tariff for flue-cured Unmanufactured Tobacco ?

(b) Would you recommend continuance of a differential in rates of duty on flue-cured Tobacco used in Cigarette making, the quantum of the differential being related to the imported tobacco content of the Cigarette ?

106. The rate of duty on flue-cured Unmanufactured Tobacco used in the manufacture of Cigarettes varies with the proportion of imported tobacco used in the blend ; the blend determines the quality of the Cigarette, which is reflected in its price. Do you favour a revision of the Cigarette tariff by the integration of Cigarette excise duty with the Tobacco excise ? If so, what factors should normally guide the fixation of fair rates of duty on the Cigarette ?

107. Have you any criticism of the tariff relating to Unmanufactured Tobacco other than flue-cured and not used in Cigarette making ?

108. Having regard to the experience of the working of the tariff under items 4I(5) and 4I(6) when the criterion for classification was the "intended use" as during the years 1943 to 1950, and when it was changed to "capability of use" during 1951 to 1957, would you suggest any alternative to the present "physical form" method of classifying multi-purpose Tobacco for assessment of the duty ?

109. It is said that construction of items 4I(5) and 4I(6) of the Central Excise Tariff relating to Tobacco other than flue-cured leads, on the one hand, to a totally unwarranted differential in the rates of duty for the same or similar Tobacco and, on the other hand, to malpractices. What is your view?

110. (a) It is claimed that the present rates of duty on different types of non-flue-cured Tobacco result in grossly varying incidence of duty, having regard to the price of Tobacco. Is it, in your opinion, necessary to secure parity in *ad valorem* incidence of the duty?

(b) Considering that Unmanufactured Tobacco is a raw product, not always going into consumption in the form in which it is presented for assessment, please state how such parity can be secured?

111. (a) Have you any suggestions to make for changes in the existing tariff structure for Cigarettes, and Cigars and Cheroots?

(b) In the light of your answer, please state whether you favour continuance of the free slabs for Cigars and Cheroots of which the value does not exceed 87 nP. per 100?

112. The slab system of Cigarette, and Cigars and Cheroots tariff yields, for certain wholesale prices, assessable values of a marginal nature, so that the rates of two successive slabs are equally attracted. If the higher rate is applied, the assessee has some legal basis for complaint. If the lower rate is applied, revenue suffers. What method would you recommend for avoiding this?

113. To what extent does a price-weight relationship exist for Cigars and Cheroots? Would you advocate the integration of excise duty on manufactured Cigars and Cheroots with the excise on Unmanufactured Tobacco used in their manufacture? If so, is such integration rationally feasible for all or any grade of Cigars and Cheroots?

114. Duty on taxable Cigars and Cheroots is, at present, collected by affixing Central Excise labels on them. Do you consider labelling necessary to ensure that no taxable Cigars and Cheroots go into consumption without paying the Central Excise duty?

115. Would you suggest any alternative to the present scheme of excise control, and surveillance, over growing and curing of Unmanufactured Tobacco?

116. Is any special difficulty experienced in maintaining the entry books prescribed for large growers and large curers? If so, what simplification would you suggest?

117. What is the difference in the methods employed for ascertaining/estimating the weight of cured produce by:—

- (i) the curers, or wholesale dealers, at the time of sale, and
- (ii) the departmental officers, for verification of annual return of Tobacco cured?

118. Considering that under normal business practice, the value of Tobacco lost due to dryage would be compensated by a corresponding increase in value of the Tobacco actually sold, would not a similar adjustment by the trade to include the duty incidence also:—

- (i) eliminate to a large extent the weighment of Tobacco at several stages, resulting in saving of labour costs, etc., and
- (ii) reduce the extent of official supervision, and consequently, the area of conflict, resulting ultimately in better assessor-assessee relations, and possible simplification of procedures around?

119. What improvements have you to suggest in the existing scheme and procedures for condonation of losses in Unmanufactured Tobacco during storage, transit, and processing in bond, so as to reduce the area of conflict between the department and the industry?

120. How has the concentration of excise staff in major producing and consuming areas under the Multiple Officer Range Scheme affected:—

- (i) average yields of Tobacco in your area ;
- (ii) your day to day official contacts with the excise officers ; and
- (iii) your business ?

121. (a) Considering the scheme of Central Excise control under which excisable goods are not allowed to go into consumption till excise duty thereon has been paid, there should, theoretically, be no arrears of revenue. What then are the reasons for arrears of duty on Tobacco ?

(b) Considering that the major part of arrears arise out of disputes as to the quantity of Tobacco produced by curers, what should, in your opinion, be the proper procedure for determination and settlement of such disputes ?

122. Does the present scheme of licensing of Tobacco bonded warehouses and Curer's Bonded Store-rooms provide:—

- (i) adequate warehousing facilities to meet local requirements ; and
- (ii) adequate opportunity to growers to hold their Tobacco in bond till they can secure fair prices ?

123. Would you recommend setting up of Public Bonded Warehouses for Tobacco in the interests of the grower curer and for better regulation of quality control ?

124. What are the conditions in which the institution of Public Bonded Warehouses would succeed ?

125. Are you satisfied with the existing rules and procedures to regulate the storage of Unmanufactured Tobacco in bond ? If not, what changes would you recommend and why ?

126. (a) What distinction, if any, should be made between requests for destruction of Tobacco, and requests for using it for agricultural purposes.

(b) Are requests for destruction of Tobacco, or for using it for agricultural purposes, promptly attended to ? If not, please state the reasons for delay.

127. The Central Excise Rules make no specific provision for remission of duty on Unmanufactured Tobacco lost or destroyed in curers' premises. Do you consider it necessary to have proper provision for such cases in the Central Excise Rules, as in the case of bonded warehouses and store-rooms ? If so, please state how the absence of specific provision in law is affecting curers' interests at present ?

128. Have you any other suggestions to offer on problems connected with Central Excise control over Tobacco ?

TARIFF ITEM NOS. 6 TO 11.—MINERAL OILS

129. There are substantial differences in the rates of duty on Kerosene, Refined Diesel Oils, Vaporizing Oils, Diesel Oil not otherwise specified and Furnace Oil. However, specifications of one overlap those of the other products to some extent. Have you any criticism to offer on the construction of the tariff relating to these products ?

130. A fuel suitable for use in high speed diesel engines can be obtained by mixture, in appropriate proportions, of refined oils as defined in item No. 8 and Diesel Oil not otherwise specified as defined in item No. 9: the rate of duty payable on Refined Diesel Oil is higher than on Diesel Oil not otherwise specified. What measures would you recommend to prevent loss of duty through such mixtures, assuming that the tariff continues as it is ?

131. Under existing procedural orders, a mineral oil is assessed to duty as Kerosene, if it satisfies either the criterion specified in Item No. 7 of the Central Excise Tariff,

or

- (i) it has a flame height of not less than 14 mm ;
- (ii) it has a flash point of less than 150° F ; and
- (iii) it has a pour point of 55° F. or above, when tested by the method I.P. 15/55 prescribed by the Institution of Petroleum Technologists, London.

Are you satisfied that loss of revenue will not occur under the more liberal criteria of the executive instructions ?

TARIFF ITEM NO. 12.—VEGETABLE NON-ESSENTIAL OILS

132. It is claimed that the present system of excise control on Vegetable Non-Essential Oils leaves considerable scope for evasion of duty. Do you agree with this view? If so, please state—

- (i) the manner in which evasion is most commonly practised;
- (ii) the extent and scope for such evasion;
- (iii) whether the evasion is confined to certain areas, or certain classes of operators, and/or whether it is due to inherent defects in the scheme of excise control?

133. Is there any noticeable tendency towards, fragmentation of units, in order to avail of the partial slab exemption? If yes, what measures would you suggest for checking such fragmentation?

134. The first 125 tons in 1956-57, and the first 75 tons from 1957-58, were exempted from the duty. In 1959, the slab exemption from duty was withdrawn.

The rate for the first 76·5 metric tonnes each year is Rs. 69·90 per tonne. Thereafter, the full tariff rate applies. This added over 16,000 millers to the list of the licensed manufacturers, but yielded only a little over Rs. 1 crore of revenue. Do you consider the existing procedures of excise control suitable for controlling large numbers of small factories? If not, please state what scheme of revenue control would result in satisfactory control without incurring excessive costs.

135. (a) Are you in favour of restarting the original scheme of total exemption upto certain limits of production?

(b) Would such restoration lead to fragmentation of middling class of factories to avail of the exemption?

136. (a) Do you consider a scheme of compounded levy to be the only satisfactory alternative to whole-time physical supervision for levy and collection of the duty?

(b) If so, should it remain optional or be made compulsory?

137. Would you recommend extension of the compounded levy system to all manufacturers, or should it be restricted to only small units? If it is to be restricted, what should be the criteria for determining the size of units to which it should be restricted?

138. What criteria should govern the rates of compounded levy?

139. Are you satisfied with the existing scheme of grouping millers into different categories for fixing rates of compounded levy? If not what basis of rates would you recommend?

140. (a) Are you satisfied with the existing rate schedule for different millers?

(b) In the light of your answer, please indicate what you consider to be a more satisfactory rate-schedule?

141. What, in your opinion, should be the minimum annual production of a Vegetable Non-essential Oil unit :—

- (i) per expeller, relatively to the size of expeller;
- (ii) per rotary,
- (iii) per ghani;
- (iv) per kolhu;
- (v) per chekku;
- (vi) per pinto;

So that, in relation to capital cost, running expenses, depreciation and reserves, the manufacturer may obtain a fair return?

142. In a scheme of compounded levy, are you in favour of retaining a differential between the rates of levy for millers of (a) copra, and (b) other oilseeds?

143. Please state any other views, you may have, to improve the administration of the duty on Vegetable Non-essential Oils.

TARIFF ITEM NO. 13.—VEGETABLE PRODUCT

144. Does the excisable Vegetable Product face un-fair competition from Vegetable Product which is not excisable because it has not been hardened for human consumption? If so, what is the extent of such competition, and what are your suggestions?

145. Have you any comments to make with regard to the slab exemption provided for manufacturers of Vegetable Product, particularly when they form a well-organised medium, and large scale sector?

146. How far has the partial exemption on Vegetable Product, produced out of cotton seed oil, encouraged the consumption of cotton seed oil in the manufacture of Vegetable Product?

147. Are the provisions for relieving, on export, Vegetable Product from the total Excise Duty adequate? If not, what improvements do you suggest?

148. Does the accounting procedure, as provided in the Central Excise Rules, 1944, suit the needs of the industry? If not, what alternative system would you suggest?

149. Please state any other suggestions relating to the procedure for the levy and collection of excise duty on Vegetable Product.

TARIFF ITEM NO. 14.—PAINTS AND VARNISHES

150. Are you satisfied with the existing general structure of the tariff for Pigments, Colours, Paints, Enamels, Varnishes, Blacks and Cellulose lacquers? If not what changes would you like to be made?

151. Different varieties of Paints, Enamels, Varnishes, etc. are now grouped under four headings. Are you satisfied with this broad classification of all excisable materials? If not, what alternative scheme of classification would you suggest?

152. It has been contended that in the chain of operations characteristic of Paint, etc. manufacture and consumption, there is no finality about when a fresh liability would no longer arise under the tariff, as it is constructed at present. Do you share this view? If so, what alternatives have you in view to improve upon the present arrangements?

153. (a) What are your views on the existing procedure of relief, by tariff enumeration, to small-scale producers ? Do you consider the extent of relief to be adequate/excessive/insufficient ?

(b) Have you any alternative scheme in view for securing the same objective more simply, assuming that tariff preference for small-scale units is to continue ?

154. In preference to the present scheme of relief, would you recommend introduction, instead, of slab exemption on the lines of those in force, for example, Vegetable Product, Vegetable Non-essential Oils, etc., under which a lower rate of duty is applicable to the first slab of a manufacturer's output, and the standard rate is attracted only on quantities in excess of the slab ?

155. Under the existing system, some products are assessable both by weight and volume. Are you satisfied that this procedure cannot result in manipulation for avoidance of the proper duty ? If not, what changes would you recommend in the basis of assessment of the products for which both rates are at present prescribed ?

156. Have the tariff descriptions proved adequate to ensure correct classification of all products of the paints industry at the appropriate rate ? If not, please describe the products where equivocation is now possible, and state how, in your opinion, it can best be removed.

157. Item 14 III of the Tariff applies to Nitrocellulose Lacquers and Nitrocellulose Ancillaries. Do this, and other items of the tariff, cover other lacquers and ancillaries, which are not nitrocellulose based ? If not, do such products offer unfair competition with the excised products ? What method would you suggest for extension of the tariff to cover such products also ?

158. Is the general pattern of Central Excise accounts and periodical returns suitable for the industry ? If not, please give a description of the accounting system which would serve revenue needs as well as be less irksome to the industry.

159. Are you satisfied with the existing procedures to regulate the return of duty-paid products to the factory for re-processing or re-manufacture ? If not, what changes would you recommend which will facilitate working and also safeguard revenue ?

160. In order to avoid double taxation, Paint manufacturers are permitted to obtain certain taxable Pigments, Colours etc. in bond for consumption in Paint manufacture. Likewise, to meet the demand of the small Paint manufacturers, producers of Pigments are permitted to remove and store Pigments in bond at main consuming centres. Are you satisfied with the excise procedures and accounting to regulate such storage and transactions ? If not, what changes would you recommend ?

161. Have any difficulties arisen in clearance of trade samples ? If so, what modifications should be made in the existing procedure to minimise them ?

162. Red lead, White lead, Zinc oxide, and Leaded zinc oxide are exempted when consumed for certain industrial processes, subject to the observance of Chapter X of the Central Excise Rules, 1944. Please state the difficulties, if any, experienced in compliance with these provisions, and your suggestions for minimising them.

163. Are you satisfied with the procedures for relief of Paints, Varnishes etc. from the excise duty when they are exported out of India ? If not, what changes would you like to be made in these provisions ?

164. Have you any other suggestions to simplify the excise procedures applicable to Paints etc. ?

TARIFF ITEM NO. 15.—SOAP

165. (a) Do you favour retention of a distinction in the tariff between Soap produced (i) with the aid of power, and (ii) without the use of power ?

(b) If the answer to the foregoing is in the negative, what method would you recommend for relief to small-scale producers operating without the use of power ?

(c) Are you in favour of such aids being given when administering fiscal levies like the Central Excise duty, or would you recommend any other scheme, unconnected with the revenue collecting machinery, for passing down economic aid to small-scale operators ?

166. Do you consider the quantum of relief now available to small-scale producers to be excessive/adequate/insufficient ? What changes would you recommend in the quantum of relief now provided ?

167. (a) Have you any criticism of the present construction of the tariff, and the categories into which different types of excisable Soaps are grouped for fixing the rates of duty ?

(b) Is there any simpler method for ensuring an equitable incidence of duty on Soaps of different qualities and price ranges ?

168. What scheme would you recommend for excise checks and surveillance on factories claiming to be within the exempted sector, so that duty is not evaded in the guise of exemption ? In framing the details of any such system, it will have to be borne in mind that such efforts will be purely preventive and non-revenue yielding.

169. Alternatively, if in the interest of economy no excise checks and surveillance are to be exercised over factories in the exempted sector, what should be the criteria to class a factory as wholly free from excise control ?

170. Do you consider that the excise accounts and returns now prescribed for Soap manufacturers are too elaborate or too cumbersome ? If so, what simplification or rationalisation would you recommend ?

171. What measures would you recommend to be taken, so that Soap stock obtained as a bye-product of oil-refining does not find a market as Soap without paying the appropriate excise duty ?

172. A preference is now allowed in the effective rates of duty for inferior Soap on the basis of the Sodium-palmitate contents of the Soap. Are you in favour of retaining this preference and, if so, have you any modifications to suggest in the existing procedures relating to such preference ?

173. Have you any other views on the administration of excise duty on Soap ?

TARIFF ITEM NO. 16.—TYRES

174. Have you any comments on the existing tariff structure for Tyres ?

175. How far does a price-weight relationship obtain for Tyres ? Would it be better to change the *ad valorem* basis for assessment of Tyres to a specific rate with reference to the weight of Tyres ?

176. (a) What is the difference between "Re-treading" and "Re-building" of Tyres ?

(b) Both "Re-treaded" and "Re-built" Tyres are presently free of excise duty. Would you recommend levy of duty on such Tyres also ? If so, on what basis ?

177. What is your view of the existing scheme, under which separate rates or duty are prescribed by the tariff for Cycle Tyres and Tubes, and a partial exemption is then allowed on the first so many Tyres and Tubes ? Would you prefer such schemes of relief being taken into account when fixing the tariff rate itself, which should then apply without such adjustments ?

178. Tyres for Animal Drawn Vehicles are exempted from the duty. Would you recommend continuance of the exemption ?

179. Tyres other than pneumatic are not covered by the tariff definition. Would you recommend duty being levied on such Tyres also ?

TARIFF ITEM NO. 17.—PAPER

180. Do you approve of the present criteria for classification of different varieties of Paper and Paper Board for charge to duty under the appropriate rate in the Central Excise Tariff ? If not, what alternative system of classification would you suggest and why ?

181. What has been the effect of the slab exemptions from duty on (1) Straw-board other than Corrugated Board, and (2) Pulp Board not otherwise specified including Grey-board and Mill-board ? Are you satisfied that there is a case for such schemes of relief and, if so, that the existing procedures are the best for passing on the relief ?

182. Does the exemption of Newsprint from excise duty lead to unfair competition *vis-a-vis* Writing and Printing Paper which is charged to the duty ?

183. Have you any observations to make on the scheme of exemption of duty for Newsprint used for the printing of text books, and books of general interest ? Are the existing procedures adequate to ensure that abuse of the exemption is effectively prevented ?

TARIFF ITEM NOS. 19 TO 22.—COTTON, SILK, WOOLLEN AND RAYON AND ART SILK FABRICS

184. Have you any criticism of the present general scheme of total and partial exemptions for Cotton Fabrics ?

185. Are you satisfied that the present classification under the Tariff, and the scheme and quantum of exemptions for each class of grey and/or processed and finished Cotton Fabrics, result in an equitable incidence of tax ? If not, what changes would you suggest in the frame-work of the tariff and the scales of exemption ?

186. For classification of "Fents" what, in your opinion, should be the criteria to determine "damaged" ?

187. The effective rates of duty on fents of superfine and fine, and on fents of medium and coarse Cotton Fabrics are the same. Does this lead to any special difficulty in marketing different classes of fents ?

188. What are your suggestions for simplification of Central Excise accounts, to reduce avoidable documentation alike for the manufacturer and Central Excise Officers ?

189. What technique would you suggest for conducting a periodical stock verification in textile mills ?

190. Cotton Fabrics are liable to other imposts which are collected along with the excise duty, *viz.*, the duties leviable under:—

- (i) The Dhoties (Additional Excise Duty) Act, 1953.
- (ii) The Cotton Fabrics (Additional Excise Duty) Act, 1957.
- (iii) The Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953.
- (iv) The Additional Duties of Excise (Goods of Special Importance) Act, 1957.

While duties under the first two are recoverable only under certain conditions, those under the last two named are recoverable on each clearance on payment of the ordinary duty. Would you suggest any simplification of the procedure for assessment ? If so, what ?

191. What are your views on the application of excise duties as an export promotion measure, such as the Cotton Fabrics (Additional Excise Duty) Act, 1957, and the Khadi and other Handloom Industries (Additional Excise Duty on Cloth) Act, 1953, for development of Khadi and other handloom cloth ?

192. Have you any suggestions for speeding up the excise procedures preceding delivery of Cotton Fabrics from composite mills ?

193. (a) Does the existing scheme of staffing enable you to carry through your manufacturing and delivery schedules, without hold-ups due to absence of excise officers when you need their attendance, under the existing procedures ?

(b) If not, what suggestions have you to offer to overcome the difficulties ?

194. Have you any comments on the existing procedures regulating delivery of Cotton Fabrics without payment of duty for processing and finishing in other premises, and return to the parent mill ?

195. Are you satisfied with the working of the procedures now prescribed for excise checks on removals of Cotton Fabrics for export under claim for rebate of duty, and in bond ? If not, what changes would you recommend ?

196. Have you any suggestions for improvement in the procedures flowing from Rule 191-A for grant of rebate of Cotton Fabrics duty on the contents of Cotton Fabric manufacturers exported out of India ?

197. Similarly, have you any suggestions for improvements, in procedure under Rule 191-B relating to production of Cotton Fabric manufactures for export in bond ?

198. Have you any other suggestions to make in respect of prevailing excise procedures at composite mills producing Cotton Fabrics ?

199. The compounded levy scheme prescribes different rates of levy per loom for various slabs, according to the total number of looms installed and employed for Cotton, Art Silk, Silk and Staple Fibre fabrics. It is said that this scheme of exemptions has led to deliberate fragmentation of larger power-looms, and diversification of production by the same owner to minimise, if not avoid, the duty incidence altogether, thus creating unhealthy competition. Please state your views and suggestions, if any, for improvement and rationalisation of the compounded levy scheme.

200. The object of the Dhoties (Additional Excise Duty) Act was to peg down the production of Dhoties in composite mills to the 1952-53 level, as the increase in demand for Dhoties was reserved to be met by the powerloom sector. Has this object been achieved, considering that composite mills can, and do, get their warp beams and/or weft spindles or bobbins turned into 'Dhoties' in powerlooms ?

201. Do you advise that a distinction should be made, for excise purposes, between powerlooms working with warp beams obtained from composite mills and those who make their own warp beams, or obtain them from others who operate only warping machinery ? If so, what are your suggestions ?

202. What particular difficulties have you felt in the working of the compounded levy scheme, and what are your suggestions for improvement ?

203. Are you satisfied with the procedures prescribed to be followed, before refund of excise duty paid can be claimed on Cotton Fabrics and Rayon or Art Silk fabrics manufactured on powerlooms under the compounded levy system and the rates of rebate when such goods are exported out of India ? If not, please state what changes you would like to be made and why ?

204. Whereas refund of excise duty can be obtained on export of readymade garments manufactured out of Cotton Fabrics made in composite mills, and on Cotton Fabrics purchased from the open market in mill-packed condition, the concession is not at present admissible if the garments are made from a fabric which is

the produce of powerlooms under the compounded levy scheme. Have you any practicable suggestions for allowing this concession to such fabrics also similarly exported ?

205. Do you consider that a uniform procedure, without distinction as to the origin of fabrics, is feasible for grant of refund of excise duty on Cotton and Art Silk fabrics exported out of India ? If so, what safeguards would you advise, to prevent refund being claimed in excess of the amounts paid under the slab rates for compounded levy, or when no duty is paid at all and the fabric is the product of the exempted sector ?

206. Are you satisfied that there is adequate justification for a difference in the rates of compounded levy for Rayon and Art Silk fabrics and Staple Fibre fabrics made on powerlooms ? If not, please give reasons for your views and your suggestions, if any ?

207. (a) Are you satisfied with the present working rule under which Woollen Fabrics woven on handlooms are not treated as dutiable, although power is used in spinning of wool and milling, finishing etc. of the woven fabrics in the same or different premises ?

(b) If your answer is in the negative, please state how these fabrics should be treated in view of the construction of the tariff for Woollen Fabrics ?

TARIFF ITEM NO. 23.—CEMENT

208. Have the relaxations, made in 1960, in respect of certain checks exercised by the Central Excise Staff on production and clearance of Cement, given the desired relief to the industry ? If not, what other checks, if any, can be eliminated without risk to revenue ?

209. Would you recommend reintroduction of the special procedure experimentally tried in 1956-57 at factories of the Associated Cement Companies ? If so, what precautions would you advise to be taken to ensure that the Central Excise Department is enabled to verify that all Cement produced has been fully accounted for, and deliveries for home consumption are all charged to the duty ?

210. Is the existing procedure for reconditioning of Cement adequate ? If not, what changes would you like to be made ?

211. Are you satisfied with the existing procedures for export of Cement out of India under claim for rebate or in bond ? If not, what changes would you recommend ?

TARIFF ITEM NOS. 25, 26 & 28.—PIG IRON, STEEL INGOTS AND TIN PLATE

212. Unlike some other excisable goods, Steel Ingots, Pig Iron and Tin Plate are not specifically defined in the tariff. Has the absence of definition presented any difficulty in deciding the liability to excise duty of any products of the nature of these articles ? If so, please specify the articles, and state your suggestions for appropriate tariff descriptions.

213. For ascertaining the quantity of Pig Iron produced, the only alternative to weighing of pigs cast is weighing the molten blast furnace metal before casting. Is it feasible to arrive at an average figure of deduction from ladle weight to allow for ring jams, splashing, etc. for uniform application at all Iron and Steel works ? If so, how is this correction factor to be determined ?

214. Under the existing procedures, the duty on Pig Iron is paid, as with most other excisable goods, on its actual weight, at the time of delivery. The duty on Steel Ingots, on the other hand, is collected on the weight of ingots produced from day to day. Do you recommend continuation of these two different bases for collection of excise duty on two products of the same Iron and Steel works ?

215. (a) What difficulties, if any, do you anticipate if like Pig Iron, duty on Steel Ingots is also recovered on the weight of ingots actually delivered to the rolling mills, or for consumption out-side the Iron and Steel works ?

(b) In any case, will not such an arrangement obviate the procedural complications in respect of off-heat, or other sub-standard ingots returned from rolling mills, for re-melting ?

216. Excise duty is levied on the gross weight of each package of Tin Plate, including the weight of Tin Plate used for packing. Have you any modifications to suggest in this practice of assessment and in the existing procedures for arriving at the weight chargeable to the duty ?

217. Are you satisfied with the scheme of accounting prescribed under the Central Excise Rules ? If not, what modifications would you suggest to suit the needs both of the industry and of the Central Excise Department ?

218. Have you any other suggestions to make in relation to the procedures for the levy and collection of excise duty on these articles ?

TARIFF NO. 27.—ALUMINIUM

219. Has the procedure for assessment of Excise Duty on Aluminium given rise to any difficulty ? If so, what ?

220. Relief from double-taxation is sought to be given by a set of exemption notification, while in the case of other excisable goods, *e.g.*, Electric Fans, excisable parts are permitted to move in bond without payment of duty. Do you think any alteration necessary in the Scheme for Aluminium ?

221. For the purpose of Excise Duty, Aluminium Alloys are considered Aluminium if the percentage of Aluminium content is over 50%, but for Customs Duty, alloys containing more than 97% Aluminium alone are assessed as 'Aluminium'. Has this distinction created any difficulty for indigenous manufacturers *vis-a-vis* importers of alloys containing Aluminium more than 50% but not more than 97% ?

222. Please state suggestion, if any, for simplification of the Excise procedure, including the accounting system, as prescribed in the Central Excise Rules.

TARIFF ITEM NO. 29.—INTERNAL COMBUSTION ENGINES

223. Have you any suggestions to make for fixation of tariff values in respect of Internal Combustion Engines designed for use as a prime-mover for transport vehicles ? If so, please state the criteria which should be followed for fixation of tariff values ?

224. Has the slab exemption based on horse-power in respect of Internal Combustion Engines, other than those designed for use as a prime-mover for transport vehicles, given rise to any difficulties ? If so, what ?

225. Internal Combustion Engines are exempt from excise duty if they are fitted to tractors to be used solely for agricultural purposes. Has the exemption given rise to evasion ? If yes, what safeguards would you suggest ?

226. Does the accounting system, as envisaged in the Central Excise Rules, suit the needs of the industry ? If not, please suggest alternative system, if any, having regard to the needs of the department that all production is accounted for the purpose of levy and collection of excise duty.

227. Has horse-power rating, for the purpose of assessment to excise duty, given rise to disputes ? If so, state the number of disputes month-wise, since the imposition of excise duty, and also your suggestions, if any, for resolving such disputes.

TARIFF ITEM NO. 30.—ELECTRIC MOTORS

228. Are you satisfied that the tariff values fixed for Electric Motors represent fair values for assessment to the duty? If not, what criteria would you suggest for determining tariff values?

229. Please state practical difficulties, if any, experienced in administering the partial exemptions for motors, produced by a manufacturer whose output does not exceed 300 H.P. of Electric Motors "in any of the twelve months preceding the month in which clearance is made". How are they to be minimised? Do you consider any alternative scheme feasible for passing on such reliefs to small-scale manufacturers?

230. Refrigerators, air conditioners, power driven tools, and similar other machines include an Electric Motor, which forms an essential component of the whole assembly. Have any difficulties arisen in charging such motors to the appropriate duty? If so, please state the nature of the difficulties and how best they can be minimised.

231. The rate of duty varies not only with the horse power rating of motors, but also with the voltage. The Indian Electricity Act allows to power-supply undertakings a tolerance of 5% over the rated voltage. Has the classification of Electric Motors given rise to any disputes on the ground of rated voltage? Would you suggest a more precise differentiation between motors chargeable to different rates of duty?

232. Are you satisfied with the existing excise procedures to regulate movements of Electric Motors in an incomplete state from the premises of the manufacturer to other premises for operations necessary for completion of the manufactured motor and return? If not, what changes would you like to be made?

233. If the existing accounting procedure under the Central Excise Rules does not suit the needs of the Electric Motors industry, please state any alternative suitable system.

234. Please state any other suggestion, you may have, to simplify the procedure for the levy and collection of excise duty on Electric Motors.

TARIFF ITEM NO. 31.—ELECTRIC BATTERIES

235. Do you consider specific rates of duty feasible for Batteries? If so, what basis and rate structure would you suggest which would result in a comparable incidence of duty per unit Battery?

236. (a) What has been the effect of the exemption from duty of the production of factories employing not more than 5 workers? Is the exemption well merited?

(b) If you do not favour continuance of the exemption what procedure you recommend for assessment of the produce of such units?

(c) Would you recommend a distinction being made between (i) manufacturers of Batteries and (ii) assemblers or re-builders of Batteries? If so, what scheme have you in view for ensuring recovery of excise duty on assembled and re-built Batteries?

237. Does the accounting system provided for under the Central Excise Rules, 1944, suit the needs of the industry in Electric Batteries? If not, please state any alternative system you would recommend, which would ensure that all excisable goods produced are fully accounted for the levy and collection of excise duty?

238. Is the existing procedure for reconditioning of Electric Batteries, which had been cleared on payment of duty adequate? If not, what are your suggestions for improvements?

239. How, if at all, has the exemption from duty of "Stationary Batteries" affected the manufacture and sale of other types of Electric Batteries?

240. Is the existing procedure for movement in bond of excisable part of Electric Batteries from one manufacturer to another adequate? If not, please state what changes should be made?

TARIFF ITEM NO. 32.—ELECTRIC LIGHTING BULBS AND FLUORESCENT LIGHTING TUBES

241. Have you any observations on the method of classification of Electric Lighting Bulbs and Fluorescent Tubes for assessment?

242. Have any difficulties arisen from the *ad valorem* basis of levy of duty on lamps assessable under items 32(3) and 32(4) of the Tariff? What measures would you recommend for overcoming them?

243. Commercially known "Miniature lamps" are exempt from excise duty. Does a genuine need exist for this exemption, and is the description adequate to ensure that other types of lamps do not escape the duty in the garb of Miniature lamps?

244. Does the existing accounting procedure suit the needs of the industry? If not, what changes would you suggest?

245. Would you recommend extension of *ad-valorem* basis of assessment to varieties now assessable at specific rates? If so, why?

246. Please state any other proposals you may have for alteration in the existing excise procedures applicable to electric lamps.

TARIFF ITEM NO. 33.—ELECTRIC FANS

247. Has the tariff description given rise to any difficulties in correct classification of such machines for purposes of assessment to excise duty? If so, what?

248. Is the procedure for movement, in bond, of excisable parts of Electric Fans, from one manufacturer to another, adequate? If not, what changes would you suggest?

249. Does the accounting system prescribed for Electric Fans and parts thereof suit the needs of the industry? If not, what alternative system would you suggest, so that the Excise Department could know that all goods that should have been produced have been satisfactorily accounted for the purpose of levy and collection of excise duty?

250. Have any practical difficulties been experienced in reconditioning of Electric Fans returned to the manufactory? What suggestions have you to overcome them?

251. Please state any other views you may have concerning the excise procedures applicable to manufacturers of Electric Fans.

TARIFF ITEM NO. 34.—MOTOR VEHICLES

252. Motor Vehicles falling under sub-items (1) & (2) of the tariff are assessable at specific rates. Those under sub-items (3) & (4) are assessable at specific or *ad valorem* rates, whichever are the higher, but the effect of fixing tariff values is to make them also assessable at specific rates. Would you, therefore, prefer specific rates of duty for all motor vehicles, instead of alternative rates as now provided under the tariff?

253. Motor vehicles fitted with duty-paid Internal Combustion Engines are exempt from so much of the duty leviable thereon as is equivalent to the amount of duty already paid on such engines. Duty paid on engines is thus refunded when they are fitted to Motor Vehicles. From the procedural point of view, would you prefer

instead of payment of duty and subsequent refund, a scheme of movement in bond as, for example, parts of Electric Fans or Batteries used in making Fans and Batteries?

254. Tractors are exempted from the whole of the duty if used solely for agricultural purposes. As it is impracticable to keep under surveillance every exempted tractor for ascertaining its actual use, have you any alternative method of giving this relief without risk of abuse?

255. Has the partial exemption for Auto-cycles and Motor cycles, Scooters, etc., on the basis of cubic capacity of the engine given rise to any difficulties in actual operation? If so, please state how these can be got over.

256. Are you satisfied that the tariff values fixed for certain types of Motor Vehicles with reference to gross vehicle weight yield fair assessable real values? If not, please state what criteria should be adopted for fixation of such values.

257. Have you any suggestions for improvement in the existing accounting control or the procedure for the levy and collection of excise duty on Motor Vehicles under the Central Excise Rules, 1944?

258. Has any difficulty been experienced in deciding as to what exactly constitutes a Trailer, which is assessable to Central Excise duty even when it is not a mechanically propelled vehicle?

**TARIFF ITEM NO. 35.—CYCLES, PARTS OF CYCLES, OTHER THAN
MOTOR CYCLES, NAMELY, FREE WHEELS AND RIMS**

259. Has the procedure for assessment of Excise duty on Parts of Cycles given rise to any difficulty? If so, what? Have you any suggestions in regard to them?

260. (a) What is your view of the scheme of partial exemption for Free-Wheels and Rims provided that their production 'in any of the twelve months immediately preceding the month in which clearance is made' did not exceed certain critical numbers?

(b) Does arriving at a decision whether or not partial exemption will apply, present any practical difficulties? If so, how are they to be minimised?

261. Assuming that a fiscal relief is to continue in the interest of the small-scale manufacturers, have you any other alternative scheme in view for passing down the relief?

262. Have you any other observations or suggestions relating to the procedure for the levy and collection of excise duty on Parts of Cycles?

TARIFF ITEM NO. 36.—FOOTWEAR

263. (a) Are you in favour of the tariff retaining a distinction between Footwear made in factories (i) operated by power exceeding 2 H. P. and employing 50 or more workers, and (ii) others?

(b) If not, what solution have you in view for the administrative problem of keeping track of every small Footwear maker for revenue purposes?

(c) Have you any alternative system in view for the tariff definition of Footwear?

264. Has the system of *ad valorem* levy of duty on Footwear worked satisfactorily in practice for arriving at the assessable price? If not, what are the principal difficulties, and what suggestions have you to improve the methods followed for arriving at assessable values?

265. Do you consider tariff values feasible for assessment of Footwear? If so, what basis would you suggest for adoption of fair values, and for their review, so that the duty incidence continues on the same average rate?

266. Do you consider that differential rates of duty should be levied on Footwear made of leather, and on those manufactured from materials other than leather?

267. Are you satisfied with the existing procedure for clearances of samples of Footwear for *bona fide* trade purposes? If not, please state the improvements you would like to be made.

268. Does the existing excise accounting procedure suit the needs of the industry? If not, what alternative system have you in mind, having regard to the need for ensuring that all Footwear produced is duly brought to account for levy and collection of excise duty?

269. Have you any improvements to suggest in the existing procedure for relieving Footwear or parts thereof from excise duty on export? If so, what?

270. In what respects would you suggest any modifications of the existing scheme of excise checks in factories producing Footwear or component parts thereof? Which of the existing checks can, in your opinion, be eliminated as being superfluous, keeping in view considerations of the safety of revenue?

271. The liability to excise duty arises for component parts of Footwear, unlike the case of Footwear, if any process of manufacture is carried on with the aid of power, irrespective of extent of power used. Are you satisfied with this distinction? If not, what changes would you like to be made?

272. (a) Are you satisfied with the existing scheme of exemption for all component parts of Footwear, except Soles, Half-soles, Heels and Soles and Heels combined, made from materials other than leather, and with the current interpretation under which duty liability is not attracted by a sizeable sector of the Footwear industry?

(b) If not, what alternative scheme of relief would you suggest, assuming that a case for relief exists for any class of manufacturers within the power operated sector?

273. If the reply to the question at 272 is in the negative, would you prefer scaling down the number of persons employed or the size of horse-power used?

274. Excisable component parts are presently permitted, by executive instructions, to move in bond from one branch to another of the same manufacturer for assembly into complete Footwear. Have you any comments on this scheme, and any suggestions for changes in the related excise procedures?

TARIFF ITEM NO. 37.—CINEMATOGRAPH FILMS, EXPOSED

275. Have you any criticism of the scheme of exemptions for Cinematograph Films assessable to duty under item 37 of the tariff?

276. Has the operation of the tariff and the exemptions in respect of Cinematograph Films given rise to any practical difficulty? If so, what?

277. (a) Are you satisfied with the working of the procedure for assessment by a Central Assessment Unit, and supervision of clearances by the Central Excise Officer at the laboratory?

(b) If so, name the other excises to which this procedure can be extended with advantage.

(c) If not, please state the reasons for dis-satisfaction, and your suggestions for improvement.

278. Does the accounting procedure envisaged by the Central Excise Rules suit the needs of the film industry? If not, what alternative would you suggest so that it fits in with the trade pattern, and also enables the Department to verify that all films which have been produced have been accounted for the levy and collection of excise duty?

279. How has the scheme of exemption for Cinematograph Films for the entertainment of children and for educational purposes worked in practice? What further improvements would you suggest in the procedure for determining whether a particular film is eligible to the special concessions for films of these categories?

280. Is the procedure for relief from the excise duty on Cinematograph Films exported adequate? If not, please state the modifications you would suggest.

TARIFF ITEM NO. 38.—MATCHES

281. (a) Are you satisfied that the only effective method of collection of Match excise duty is through the system of banderolling, and there is no alternative whereby the costs incurred in printing, stocking, distribution, accounting and affixing a banderol to each box or booklet can be avoided?

(b) If you have any alternative system in view, please describe it.

282. If banderolling is to be abandoned what physical or other checks would you recommend, having regard to the paramount need for keeping down establishment costs and the relative revenue potential of different factories?

283. Is the present scheme of control through licensing and maintenance of accounts of the manufacture and storage of splints and veneers and of composition for match-heads necessary? What revenue risks would you anticipate in abandoning these controls?

284. If the banderol system is to continue, do you recommend any changes in the present method of excise control of Match Factories?

285. Do you consider the two sizes of match boxes permitted now to be manufactured necessary in view of the consumption pattern? Will not one standard size of match box facilitate both the industry and the excise administration? If all matches are to be packed in standard boxes of the same single size, what would be the most convenient number of sticks per box?

286. What do you think of the utility of Rule 71(5) requiring the intended retail price to be marked on each box or booklet, considering that there is no price control on Matches? Is the price marking of any real benefit to the consumer?

287. Although match boxes of 40s are price-marked at 4 nP. and 60s at 6 nP. actually match boxes are not sold at these prices. What do you consider to be the appropriate size or sizes, so that match boxes can be profitably retailed for convenient units of currency, e. g. 5 nP. or 10 nP. coins?

288. Rule 182 prohibits licensing of a Match factory owned by a member of a Hindu undivided family which has a licence to manufacture Matches in the same district. What are your views on this restriction, and do you recommend its continuance?

289. Prior to the change to the metric system, the Match Excise Tariff provided concessional rates of duty for small producers whose output did not exceed specified limits. On the limit being exceeded, not only the concession ceased but a higher rate became payable on the whole production. The pattern has been changed on conversion to the metric system. Under the current exemption notification, as soon as the production of a (b) class factory exceeds 4000 million, the entire output attracts the next higher rate but for (c) class factories there are three preferential slabs for the first 100, next 150 and the balance of 250 million matches.

Are you satisfied with this scheme of relief to the smaller manufacturer?

APPENDIX III

(Introductory : Para. 4)

Supplementary Questionnaire

1. (a) What should be the proper role and functions of a Deputy Collector of Central Excise, assuming that officers of this grade are to continue?

(b) Are they more fully and usefully employed at the headquarters of the Collectorate, or when located away from the Collector?

(c) What changes, if any, would you recommend in the existing administrative and technical powers of Deputy Collectors?

(d) What should be the criteria for judging the need for Deputy Collectors posts in Collectorates?

2. (a) Approximately one third of the total number of Superintendent's posts are now borne on the class I cadre, the remainder being in class II. The nature of duties and responsibilities is comparable from one to another Circle, although the quantum of work may vary. Are you in favour of retaining two different grades?

(b) Any Circle charge can now be headed by any Superintendent, whether of Class I or Class II cadre. Do you consider this to be satisfactory? If not, what criteria should determine which class of Superintendents should be posted to which Circles?

3. Have any practical difficulties arisen in Multiple Officer Ranges in fixing responsibility for things going wrong? If so, what changes would you suggest in the organisational pattern?

4. What has been the effect of the Multiple Officer Range Scheme on costs of collection of duty on :—

(a) Manufactured Excisable goods.

(b) Unmanufactured products.

5. Some Multiple Officer Ranges are now provided with clerks, but not others. Is there a genuine need for clerks in Multiple Officer Ranges, and if so, is this true of every Multiple Officer Range?

6. In view of a certain overlapping of powers and functions of Deputy Superintendents, Inspectors and Sub-Inspectors, would you recommend any changes in their status? If they perform the same or similar functions, is there adequate justification for classifying the officers in three different grades?

7. While the proportions in different Collectorates and their subordinate formations may vary, the total executive staff now authorised is of the following order:—

Collectors	14
Deputy Collectors	7
Assistant Collectors	88
Superintendents, Class I	75
Superintendents, Class II	295
Deputy Superintendents	887
Inspectors (Senior Grade)	891
Inspectors (Ordinary Grade)	4149
Sub-Inspectors	3945

Are you satisfied with the present cadre composition?

8. Please state your views on the same issue relating to cadre composition of ministerial and Class IV Officers.

9. While the cadre composition is as given in Question 7, direct recruitment is at present confined to the levels of Sub-Inspectors, 25% of posts of Inspectors (Ordinary grade), and 50% of the posts of Superintendents Class I. Do you consider this to be satisfactory, having regard to the present and future functions, responsibilities, and needs of the Department? If not, what changes would you recommend, and for what reasons?

10. Disparities exist in promotion-prospects due to un-even expansion of staff and allocation of permanent posts to different Collectorates and zones. What measures would you suggest for minimising the extent of such disparities?

11. (a) Class I posts in Central Excise and Customs Departments were merged into a common cadre in April, 1959. What effect has this measure had on the operational efficiency and morale of the Central Excise Department?

(b) Do you consider a similar merger feasible and desirable at the Class II and Class III levels? Please give reasons for your answer.

12. Considering that very often the same staff is engaged in exercising excise control over more than one commodity, can you suggest a suitable formula for working out the cost of collection of each item of the First Schedule to Central Excises and Salt Act, 1944?

13. Are you satisfied with the existing programmes for construction of office and residential buildings? If not, what programme would you suggest, keeping in view the prevailing supply position and costs?

14. Are Central Excise Officers of different grades, who have to move intensively within short distances on official work, adequately provided with transport, or compensated suitably in the form of conveyance allowances? If not, what concrete steps would you recommend to be taken in this direction?

15. Are the existing schemes for basic and refresher training adequate to provide properly trained and instructed officers both in the field and in offices? If not, what system of training would you recommend?

16. Are the existing Manuals and publications adequate for use as reference books by officers at different levels? What changes, if any, would you recommend to improve them?

17. Are the existing arrangements for distribution of Manuals, Standing Orders etc., adequate? If not, what would you recommend?

18. Do you consider the present arrangements for supply of stationery, office equipment, furniture, telephones, etc., and printed forms, satisfactory at all levels? If not, what are your suggestions?

19. Have you any concrete suggestions to reduce scriptory work for field executive officers?

20. (a) What is your assessment of the utility of the Suggestions Scheme?

(b) If this Scheme is to continue, would you suggest any changes in its working?

(c) Are you satisfied that a formal appreciation recorded in the suggestor's personal service record is sufficient incentive to create a thoughtful and critical attitude of mind towards his work in the average Central Excise Officer?

21. What is your assessment of the utility of the existing internal audit system under the Examiners of Central Excise accounts? Have you any suggestions for improvement in this direction?

22. What is your assessment of the utility of the Directorate of Inspection? Has the Directorate contributed to improving standards of administration and efficiency? Have you any concrete suggestions to improve the working of the Directorate?

23. Please furnish your views on the same issues relating to the Statistics and Intelligence Branch at the centre.

24. Having regard to the scheme of inspections in force for officers of all grades in Central Excise Collectorate, do you consider that there is scope for and need of inspections conducted centrally by the Directorate of Inspection? If so, what steps would you suggest for elimination of duplication in inspections conducted by the Collector and officers subordinate to him, and by officers of the Directorate of Inspection?

25. Have you any concrete suggestions for expediting settlement of arrears of pay, travelling allowance, etc., claims of staff?

26. Have you any criticism of the existing procedures for maintenance of records relating to office receipts, watching over their progress and disposal, and preparation of office arrear lists?

27. Have you any suggestions to make with regard to periods for preservation of old records now prescribed with a view to ensure speedy elimination and destruction of unwanted records?

28. Are arrangements for expeditious and adequate treatment of law suits to which the Department is made a party satisfactory? In view of the increasing incidence of law suits involving the Department, have you any concrete suggestions to make for improvement in the departmental machinery for handling this work?

29. Do you consider the existing procedures and standards of preliminary tests for appointment to posts of Upper Division Clerks and Lower Division Clerks to be satisfactory? If not, what are your suggestions for improvement?

30. Does the existing cadre composition, and channel of promotion in different ministerial and executive cadres, provide adequate incentive for efficient and conscientious work, and avoid frustration among the staff?

31. Is it necessary to prescribe any minimum length of service in the lower grade or in the "field", for promotion to the next higher grades? If so, at what levels should this be applied, and what should be the minimum period in each lower grade for promotion to the next higher grade?

32. Are you satisfied with the existing arrangements, under which exchange of officers at headquarters with those in the field takes place at the levels of Under Secretary and Secretary of the Central Board of Revenue, and in the Directorate of Inspection, and the Statistics and Intelligence Branch? If not, what changes would you suggest? In particular, would you advocate limiting the appointments at headquarters to any tenure period?

33. (a) A steno-typist is provided for each Circle Office and gazetted officer at the Collectorate headquarters. Has this led to improvement in standards of efficiency, and helped quicker disposals? If not, what alternative would you suggest?

(b) Is a steno-typist necessary for every gazetted officer? If not, what criteria would you prescribe for provision of steno-typists?

34. Have you any suggestions to make to improve upon the existing procedure and general orders regulating postings and transfers of executive and ministerial staff?

35. The Central Excise executive officers are required to wear uniforms, while office staff do not wear uniforms. Would you recommend extension of the principle of uniforms to office staff also?

36. Have you any suggestions for alteration in the pattern of uniforms and distinguishing badges of rank now prescribed for officers of different grades?

37. The existing procedure allows compensatory leave to Central Excise officers in lieu of overtime attendance rendered by them at the request of manufacturers. Is such compensation generally provided, and is it an adequate substitute for overtime attendance? If not, what alternatives would you suggest?

38. Do you consider the welfare schemes now existing for the benefit of Central Excise employees and their families and dependants to be adequate? Have you any suggestions for improvements in this direction, having due regard to the fact that any large additional costs of welfare schemes will correspondingly raise the costs of collection?

39. What is the number of exporters who have worked under rules 12-A, 191, 191-A during 1960, and what are the total amounts of refunds claimed by them during the same period?

40. Does the revenue security achieved through execution of various bonds under the Central Excise Rules provide adequate return for the expense, time and labour devoted to having the bonds completed and subsequently processed for acceptance, custody, etc.?

41. Please state the number of cases during each of the last five years, where recoveries of sums due had to be made by enforcing the bond:—

- (i) against the obligor,
- (ii) against the surety, and
- (iii) against both the obligor and surety, and the outcome of such proceedings.

42. Is any difficulty experienced in effective implementation of orders issued under Rule 233 of the Central Excise Rules?

43. Are the provisions of Section 11 of the Act for recovery of sums due to Government found to be adequate in practice? If not, what changes would you suggest, having regard to the general scheme of the Act and Rules which do not contemplate a situation in which an arrear of excise duty can exist?

44. Powers of search, seizure, confiscation, appeals and recovery of sums payable is now derived, in respect of Central Excise duties under sections 168, 172, 178, 179, 180, 189 and 192 of the Sea Customs Act, 1878 read with section 12 of the Central Excises and Salt Act, 1944. Do you consider this adequate, or would you suggest self contained provisions to be incorporated in the Central Excises and Salt Act to provide for all such matters?

45. Do you consider the provisions of Section 14 of the Central Excise Act adequate for ensuring proper conclusion of enquiry, or do you consider it necessary to have provision also for seizure/detention of such documents as may be considered necessary for the enquiry?

46. (a) What measures have been taken by you for ensuring that non-duty-paid excisable goods, attached by State Revenue authorities or forfeited by Courts of law, are not disposed of without payment of duty, and that the other provisions of the Central Excise Act and Rules are not violated in the course of such disposal?

(b) Have any difficulties been encountered by you in this behalf? If so, what remedies would you suggest?

47. Considering that with the withdrawal of the total slab exemption from duty on Vegetable Non-essential Oils a very large number of smaller mills have come under Excise control, has the Compounded-levy Scheme been generally welcomed by the trade? If not, what is the extent to which this concession has been availed of, and what are the reasons for its limited popularity?

48. Are you satisfied that the present organisation, and functions, of the Preventive and Intelligence staff and their disposition at Circle, Divisional and Collectorate headquarters ensure effective preventive control? If not, what changes do you consider necessary?

APPENDIX IV

(Introductory : Para. 6)

List of Persons to whom Main Questionnaire was issued

ANDHRA

Chambers of Commerce

1. Kakinada Chamber of Commerce, Kakinada.
2. Godavari Chamber of Commerce, Kakinada.
3. Chamber of Commerce, Vizianagaram.
4. Palacole Chamber of Commerce, Palacole.
5. Gowtam Chamber of Commerce, Rajahmundry.
6. Rajahmundry Chamber of Commerce, Rajahmundry.
7. Chamber of Commerce, Warangal.
8. Krishna District Chamber of Commerce, Masulipatnam.
9. Bhimavaram Chamber of Commerce, Bhimavaram.
10. Indian Chamber of Commerce, Guntur.
11. Andhra Film Chamber of Commerce, Vijayawada.
12. Vijayawada Chamber of Commerce, Vijayawada.
13. Federation of Commerce and Industry, Hyderabad.
14. Hyderabad Chamber of Commerce and Industry, Hyderabad.
15. Andhra Chamber of Commerce, Secunderabad.
16. Vishakapatnam Chamber of Commerce, Vishakapatnam.
17. East India Tobacco Federation, Guntur.
18. National Chamber of Indian Tobacco, Guntur.
19. Federation of Andhra Pradesh Chamber of Commerce and Industry, Hyderabad.
20. Bellary District Chamber of Commerce, Bellary.
21. Andhra Pradesh Federation of Textile Association, Secunderabad.

Trade Associations

22. Vishakapatnam Tobacco and Pan Merchants' Association, Vishakapatnam.
23. Indian Tobacco Association, Guntur.
24. Rejected Tobacco Association, Guntur.
25. Country Tobacco Merchants' Association, Vijayawada.
26. Tobacco Merchants' Association, Mahboobnagar.
27. Ravalapalem and Ubalanka Tobacco Merchants' Association, Ravalapalem.
28. Amalapuram Taluk Tobacco Merchants' Association, Amalapuram.
29. Indian Tobacco Dealers' Association, Chilakalurpet.
30. Andhra Tobacco Association, Tadikonda.
31. Merchants' Association, Jadcherla.
32. Hyderabad Trade Association, Hyderabad.
33. Srikakulam Tobacco Merchants' Association, Srikakulam.
34. Country Tobacco Merchants' Association, Eluru.

35. East and West Godavari District Tobacco Growers' Association, Rajahmundry.
36. Ellore Retail Tobacco and Cigar Manufacturers' Association, Eluru.
37. Samalkota Reddapuram Tobacco Merchants' Association, Samalkota.
38. Vijayawada Tobacco Beedi and Cigarettes Wholesale Merchants' Association, Vijayawada.
39. Bidi Manufacturers' and Tobacco Merchants' Association, Nizamabad.
40. Tobacco Dealers' and Cigar Manufacturers' Association, Kakinada.
41. Tuni Wholesale and Retail Tobacco Leaf and Cigar Merchants' Association, Tuni.
42. Alampur Taluk Tobacco Growers' and Curers' Co-operative Society, Undavalli.
43. Guntur District Tobacco Growers' Co-operative Marketing Society, Guntur.
44. Alampur Tobacco Growers' Co-operative Marketing Society, Undavalli.
45. Giddalur Tobacco Growers' and Curers' Co-operative Society, Giddalur.
46. Tobacco Growers' and Curers' Marketing Society, Giddalur.
47. Tobacco Growers' Co-operative Society, Giddalur.
48. United Tobacco Growers' Co-operative Society, Takkasila.
49. Tobacco Merchants' Association, Jangaredigudem.
50. Indian Tobacco Traders Association, Ongole.
51. Andhra Tobacco Traders Association, Parchur.
52. Tobacco Merchants' Association, Akiveedu.
53. Sompeta Taluk Tobacco Merchants' Association, Sompeta.
54. Itchapuram Taluk Tobacco Merchants' Association, Itchapuram.
55. Andhra Tobacco Growers' Association, Tadikonda.
56. Andhra State Tobacco Growers' Association, Guntur.
57. Mustabada Tobacco Merchants' Association, Mustabada.
58. Merchants' Association, Khammameth.
59. Hyderabad Deccan Tobacco Merchants' Association, Hyderabad.
60. Virginia Tobacco Growers' Co-operative Society, Rajahmundry.
61. Oil Millers' Association, Akasapuvareedhu, Vizianagaram.
62. Kurnool Oil Rotaries' Association, Kurnool.
63. Krishna District Rice and Oil Millers' Association, Vijayawada.
64. Hyderabad Small Oil Mill Owners' Association, Hyderabad.
65. Adoni Oil Millers' Association, Adoni.
66. Andhra Pradesh Grain and Seeds Merchants' Association, Hyderabad.
67. Hindupur Oil Millers' Association, Hindupur.
68. Oil Millers' Association, Narasaraopet.
69. Vijayawada Rotary Oil Mills' Association, Vijayawada.
70. Oil Millers' Association, Singarayakonda.
71. Adoni Groundnut Seeds and Oil Merchants' Association, Proddattur.
72. Andhra Pradesh Oil Mill Owners' Association, Hyderabad.
73. Hyderabad Mill Owners' Association, Hyderabad.
74. Hyderabad Oil Seeds and Exchange, Hyderabad.
75. Anantapur Oil Millers' Association, Anantapur.
76. Nandyal Oil Millers' Association, Nandyal.

77. Oil and Rice Millers' Association, Anakapalli.
78. Anantapur District Seeds and Oil Millers' Association, Kamalanagar, Anantapur.
79. Vijayawada Petrol Dealers' Association, Vijayawada.
80. Andhra State Iron and Steel Registered Stock Holders' Association, Vijayawada.
81. Andhra Pradesh Small Industries Association, Vijayawada.
82. A.C.C. Cement Stockists' Association, Vijayawada.
83. Andhra Pradesh Pharmaceutical and Chemical Manufacturers' Association, Hyderabad.
84. Andhra Pradesh Chemists' and Druggists' Association, Hyderabad.
85. Tobacco Merchants' Association, Pothavaram.
86. Palacole Tobacco Merchants' Association, Palacole.
87. Narasapur Tobacco Merchants' Association, Narasapur.
88. Field Labour Co-operative Society, Abbirajapuram.
89. Kurnool Biri Tobacco Dealers' Association, Kurnool.
90. Field Labour Co-operative Society, Bhimalapuram.
91. Tobacco Merchants' Association, Rajahmundry.
92. Reddipalem Tobacco Growers' Co-operative Society, Warangal.
93. Wangapalli Tobacco Growers' Co-operative Society, Wangapalli.
94. Nawabpet Tobacco Growers' Co-operative Society, Nawabpet.
95. Cuddapah District Oil Manufacturers' Association, Cuddapah.
96. Palacole Cloth and Yarn Manufacturers' Association, Palacole.
97. Cloth Merchants' Association, Vijayawada.
98. Aluminium Cast-ware Manufacturers' Association, Rajahmundry.
99. Andhra Match Works, Vetapalem.

Others

100. Shri Kolla Venkaiah, M.L.C., Bapatla.
101. Hyderabad Allwyn Metal Works, Hyderabad.
102. M/s. Sirpur Paper Mills, Hyderabad.
103. Shri C. K. Naidu, Narasingapuram.
104. Shri K. Chakrapani Rao, Sales Tax Practitioner, Mannillagudem, Khammameth.
105. Shri Krishnan Kutti, Derjjivala.
106. Shri Vavilala Gopala Krishnayya, M.L.A., Sattanapalli.
107. Shri Raghothama Reddy, M.L.C., Hyderabad.
108. Shri T. N. Raghunath Reddy, Madanapalli.
109. Shri K. N. Naidu, Tirupathi.
110. Shri A. Aka, Tobacco Exporters, Guntur.
111. Shri Cunduru Ranganayakulu Gupta, Vetapalem.
112. Riteset Industries, Gudivada.
113. Shri G. Venkataswami, Proprietor, Prabhat Match Company, Madanapalli.
114. Nizam Sugar Factory, Hyderabad.
115. Shri Ramachandra Rao, Editor "Central Excise Commodities Journal", Hyderabad.
116. Shri K. Rama Murthy, Amalapuram.

State Government Officials

117. Chief Secretary, Government of Andhra Pradesh, Hyderabad.
118. Director of Industries, Hyderabad.
119. Director of Agriculture, Hyderabad.

Departmental Officers

120. Collector of Central Excise, Hyderabad.
121. Assistant Collector of Central Excise, Warangal.
122. Assistant Collector of Central Excise, Hyderabad.
123. Assistant Collector of Central Excise, Anantapur.
124. Assistant Collector of Central Excise, Guntur.
125. Assistant Collector of Central Excise, Vijayawada.
126. Assistant Collector of Central Excise, Rajahmundry.
127. Assistant Collector of Central Excise, Nellore.
128. Superintendent of Central Excise, Karimnagar.
129. Superintendent of Central Excise, Warangal.
130. Superintendent of Central Excise, Nalgonda.
131. Superintendent of Central Excise, Khammam.
132. Superintendent of Central Excise, Mahboobnagar.
133. Superintendent of Central Excise, Nizamabad.
134. Superintendent of Central Excise, Kurnool.
135. Superintendent of Central Excise, Anantapur.
136. Superintendent of Central Excise, Cuddapah.
137. Superintendent of Central Excise, Nandyal.
138. Superintendent of Central Excise, Sattanapalli.
139. Superintendent of Central Excise, Narasaraopet.
140. Superintendent of Central Excise, Vijayawada.
141. Superintendent of Central Excise, Masulipatnam.
142. Superintendent of Central Excise, Eluru.
143. Superintendent of Central Excise, Tenali.
144. Superintendent of Central Excise, Srikakulam.
145. Superintendent of Central Excise, Vizianagaram.
146. Superintendent of Central Excise, Visakhapatnam.
147. Superintendent of Central Excise, Anakapalli.
148. Superintendent of Central Excise, Amalapuram.
149. Superintendent of Central Excise, Kakinada.
150. Superintendent of Central Excise, Rajahmundry.
151. Superintendent of Central Excise, Kovvur.
152. Superintendent of Central Excise, Tanuku.
153. Superintendent of Central Excise, Nellore.
154. Superintendent of Central Excise, Chittoor.
155. Superintendent of Central Excise, Bapatla.
156. Superintendent of Central Excise, Ongole.
157. Shri B. Kameswara Rao, Inspector of Central Excise, Parkal.
158. Shri P. V. R. Narasimha Rao, Inspector of Central Excise, Tanuku.
159. Shri R. V. Subba Rao, Inspector of Central Excise, Vishakhapatnam.

160. Shri S. Vijaya Rama Rao, Inspector of Central Excise, Tanuku.
161. Shri M. V. S. Appa Rao, Inspector of Central Excise, Koduru.
162. Shri G. Gopalakrishna Murthy, Inspector of Central Excise, Guntur.
163. Shri T. Krishna Murthy, Inspector of Central Excise, Ammanabrolu.
164. Shri K. Lakshminarayana, Inspector of Central Excise, Gudur.
165. Shri R. Suryanarayana, Sub-Inspector, Central Excise, Parachur.
166. Shri V. V. N. Rao, Sub-Inspector, Central Excise, Sirpur.

Staff Associations

167. Central Excise (Non-gazetted) Officers' Association, Hyderabad Collectorate, Hanamkonda.
168. Andhra Pradesh Central Excise (Non-gazetted) Executive Officers' Association, Vijayawada.

ASSAM

Chambers of Commerce

169. Silchar Chamber of Commerce, Silchar.
170. Darrang Chamber of Commerce, Tezpur.
171. Kamrup Chamber of Commerce, Gauhati.

Trade Associations

172. Cachar General Merchants' Association, Cachar.
173. Dhubri Merchants' Association, Dhubri.
174. Kharupetia Merchants' Association, Kharupetia.
175. Goalpara Merchants' Association, Goalpara.
176. Indian Tea Association, Silchar.
177. Tea Traders' Association, Silchar.
178. Indian Tea Association, Assam Branch, Tinsukia.
179. Indian Tea Association, Assam Branch, Jorhat.
180. Assam Tea Merchants' Association, Tinsukia.
181. Assam Tea Planters' Association, Tinsukia.
182. Bharatiya Cha Parishad, Silchar.
183. Indian Tea Association, Assam Branch, Dibrugarh.
184. Bharatiya Cha Parishad, Jalannagar, Dibrugarh.
185. Assam Tea Planters' Association, Jorhat.
186. Indian Tea Association, Shillong.
187. Oil Millers' Association, Gauhati.
188. Rice Millers' and Dealers' Association, Silchar.
189. Karimganj Merchants' Association, Karimganj.
190. Cachar Merchants' Association, Cachar.

State Government Officials

191. Chief Secretary, Government of Assam, Shillong.
192. Director of Agriculture, Shillong.
193. Director of Industries, Shillong.

Departmental Officers

194. Collector of Central Excise, Shillong.
195. Assistant Collector of Central Excise, Jorhat.
196. Assistant Collector of Central Excise, Gauhati.
197. Assistant Collector of Central Excise, Silchar.
198. Superintendent of Central Excise, Digboi.
199. Superintendent of Central Excise, Sibsagar.
200. Superintendent of Central Excise, Tinsukia.
201. Superintendent of Central Excise, Dibrugarh.
202. Superintendent of Central Excise, Jorhat.
203. Superintendent of Central Excise, Golaghat.
204. Superintendent of Central Excise, Tezpur.
205. Superintendent of Central Excise, Mangaldai.
206. Superintendent of Central Excise, Dhubri.
207. Superintendent of Central Excise, Shillong.
208. Superintendent of Central Excise, Silchar.
209. Superintendent of Central Excise, Karimganj.
210. Superintendent of Central Excise, Agartala-I.
211. Superintendent of Central Excise, Agartala-II.

Staff Association

212. Central Excise (Non-gazetted) Employees' Union, Shillong.

BIHAR**Chambers of Commerce**

213. Bihar Chamber of Commerce, Patna.
214. North Bihar Merchants' Chamber, Muzaffarpur.
215. Eastern Bihar Chamber of Commerce, Bhagalpur.
216. Chhotanagpur Chamber of Commerce, Ranchi.

Trade Associations

217. Biri Manufacturers' Association, Jhajha, Monghyr.
218. Gaya Tobacco Association, Gaya.
219. Jhalda Biri and Tobacco Merchants' Association, Ranchi.
220. Khajauli Tobacco Trade Association, Laheriasarai, Darbhanga.
221. Katihar Biri Tobacco and Biri Leaves' Merchants' Association, Purnea.
222. Muzaffarpur District Tobacco Association, Hajipur.
223. Purnea District Hookah Merchants' Association, Purnea.
224. Ranchi Tobacco Dealers' Association, Ranchi.
225. Singhbhum Tobacco and Biri Merchants' Association, Chakradharpur.
226. South Bihar Tobacco Merchants' Association, Kusella.
227. Tobacco Merchants' Association, Purnea.
228. North Bihar Tobacco Association, Hajipur.
229. Bhagalpur Biri Tobacco Merchants' Association, Bhagalpur.
230. Gaya Tobacco Merchants' Association, Gaya.
231. Sadar Manbhum Biri Tobacco and Biri Merchants' Association, Purnea.

232. Bhagalpur Tobacco Grading and Marketing Association, Lalganj.
233. Tobacco Dealers' Association, Nangachia Bugasei, Monghyr
234. Dholi Tobacco Grading and Marketing Association, Village Dholi.
235. Pusa Road Tobacco Grading and Marketing Association, Pusa Road Tajpur.
236. Merchants' Association, Barbigha, Monghyr.
237. Sub-Divisional Mill Owners' Association, Patna.
238. Indian Sugar Mills' Association (Bihar Branch), Patna.
239. All India Non-power Soap Makers' Association, Baidyanath-Deoghar.

Others

240. M/s. Rohtas Industries, Dalmianagar, Dehri-on-sone.
241. Shri T. P. Roy, Patna.
242. M/s. Santosh Brothers, Aurangabad.
243. Shri R. S. Pandey, I.A.S., Agent, TISCO, Jamshedpur.
244. Shri N. J. Haley, Agent, TISCO, Jamshedpur.

State Government Officials

245. Chief Secretary, Government of Bihar, Patna.
246. Deputy Secretary, Excise Department, Government of Bihar, Patna.
247. Director of Industries, Patna.
248. Director of Agriculture, Patna.

Departmental Officers

249. Collector of Central Excise, Patna.
250. Assistant Collector of Central Excise, Patna.
251. Assistant Collector of Central Excise, Muzaffarpur.
252. Assistant Collector of Central Excise, Bhagalpur.
253. Superintendent of Central Excise, Ranchi.
254. Superintendent of Central Excise, Gaya.
255. Superintendent of Central Excise, Chapra.
256. Superintendent of Central Excise, Dalmianagar.
257. Superintendent of Central Excise, Jamshedpur.
258. Superintendent of Central Excise, Muzaffarpur-I.
259. Superintendent of Central Excise, Muzaffarpur-II.
260. Superintendent of Central Excise, Laharaisarai.
261. Superintendent of Central Excise, Hajipur-I.
262. Superintendent of Central Excise, Hajipur-II.
263. Superintendent of Central Excise, Motihari.
264. Superintendent of Central Excise, Bhagalpur.
265. Superintendent of Central Excise, Purnea-I.
266. Superintendent of Central Excise, Purnea-II.
267. Superintendent of Central Excise, Kishanganj.
268. Superintendent of Central Excise, Samastipur.
269. Superintendent of Central Excise, Monghyr.

Staff Associations

270. The Central Excise (Non-gazetted) Employees Union, Muzaffarpur.

DELHI

Chambers of Commerce

271. Punjab and Delhi Chamber of Commerce, New Delhi.
 272. Delhi Factory Owners' Federation, New Delhi.
 273. Federation of Indian Chamber of Commerce and Industry, New Delhi.
 274. Delhi Chamber of Commerce, New Delhi.
 275. All India Glass Manufacturers' Federation, New Delhi.

Trade Associations

276. Bidi Manufacturers' Association, Delhi.
 277. Delhi and Punjab Cotton Textile Mill Owners' Association, New Delhi.
 278. Aluminium-wares Manufacturers' Association, Shahadra.
 279. Shahadra Manufacturers' Association, Shahadra.
 280. All India Small Oil Mill Owners' Committee, Bahadurgarh.
 281. Delhi State Small Oil Mill Owners' Association, Bahadurgarh.
 282. 'B' Class Oil Mill Owners' Association, Delhi.
 283. Soap Manufacturers' Association, Delhi.
 284. Phillips Radio Dealers' Association, Delhi.
 285. Delhi Hindustan Mercantile Association, Delhi.
 286. Tobacco Merchants' Association, Delhi.

Others

287. Shri K. Raghuramiah, Minister for Defence Production, New Delhi.
 288. Shri C. D. Deshmukh, Vice-Chancellor, University of Delhi, New Delhi.
 289. Shri K. N. Raj, Delhi School of Economics, Delhi.
 290. Dr. B. N. Ganguly, Delhi School of Economics, Delhi.
 291. Dr. V. K. R. V. Rao, Director, Institute of Economic Growth, Delhi.
 292. His Excellency J. K. Galbraith, Ambassador of the United States of America, New Delhi.
 293. Shri K. R. K. Menon, Director, Tata Industries, New Delhi.
 294. Mr. Eric de Costa, Editor 'Eastern Economist', New Delhi.
 295. Dr. G. S. Saharia, Delhi University, Delhi.
 296. M/s. Kaycee Industries, New Delhi.
 297. M/s. Pearl Cycle Industries, New Delhi.
 298. M/s. James Finlay and Company, New Delhi.
 299. M/s. Godrej & Boyce Company, New Delhi.
 300. M/s. May and Baker (India), New Delhi.
 301. M/s. Modi Industries, New Delhi.
 302. Eastern Economist, New Delhi.
 303. Financial Express, New Delhi.
 304. M/s. Bawa Glass Works, Delhi.
 305. M/s. Kassels, Delhi.
 306. M/s. Associated Cement Company, New Delhi.

307. Shri Ganesh Das Chaurasia, Delhi.
308. Shri J. P. Brahma Shastri, New Delhi.
309. M/s. Caltex (India), New Delhi.
310. Shri R. Chakravarty, New Delhi.
311. Tata Industries, New Delhi.
312. Children's Film Society, New Delhi.
313. Shri A. Majid, Chitli Quber, Delhi.
314. Delhi Cloth Mills, New Delhi.

Central/State Government Officials

315. Shri A. K. Roy, Comptroller and Auditor General of India, New Delhi.
316. Deputy Governor, Reserve Bank of India, New Delhi.
317. Shri Inderjit Singh, Joint Secretary, Ministry of Finance, New Delhi.
318. Dr. P. S. Lokanathan, Director General, National Council of Applied Economic Research, New Delhi.
319. Shri Kailash Chand, Secretary, Ministry of Parliamentary Affairs, New Delhi.
320. Shri C. P. Poonacha, Chairman, State Trading Corporation, New Delhi.
321. Chairman, State Bank of India, New Delhi.
322. Chief Controller of Exports and Imports, New Delhi.
323. National Small Scale Industries Corporation, New Delhi.
324. All India Handicrafts Board, New Delhi.
325. Director, Sugar and Vanaspati, New Delhi.
326. Director, Indian Standards Institution, New Delhi.
327. Director, Export Promotion Council, New Delhi.
328. Shri M. R. Sharma, Secretary, Central Warehousing Corporation, New Delhi.
329. Dr. V. K. N. Menon, Director, Indian Institute of Public Administration, New Delhi.
330. Khadi and Village Industries Board, New Delhi.
331. Development Commissioner, Small Scale Industries, New Delhi.
332. Shri P. K. Ramanujam, Information Officer, Press Information Bureau, New Delhi.
333. Shri A. N. Puri, Press Information Bureau, New Delhi.
334. Librarian, National Council of Applied Economics Research, New Delhi.

Departmental Officers

335. Secretary, Central Board of Revenue, New Delhi.
336. Director of Inspection, Customs and Central Excise, New Delhi.
337. Director of Revenue Intelligence, New Delhi.
338. Collector of Central Excise, Delhi.
339. Chief Chemist, Central Revenues Control Laboratory, New Delhi.
340. Deputy Collector, Statistics and Intelligence Branch, (Central Excise), New Delhi.
341. Assistant Collector of Central Excise, Delhi Division.
342. Assistant Collector, Customs Division, New Delhi.
343. Assistant Collector of Central Excise (Technical), New Delhi.

344. Assistant Collector of Central Excise (Headquarters), New Delhi.
345. Assistant Collector of Central Excise (Vigilance), New Delhi.
346. Shri A. K. Chandrasekharan, Inspecting Officer, Directorate of Inspection Customs and Central Excise, New Delhi.
347. Superintendent Appraisement, Custom House, New Delhi.
348. Superintendent (Out door), New Delhi.
349. Superintendent, Palam Air Port, New Delhi.
350. Superintendent Preventive, Collectorate Headquarters Office, New Delhi.
351. Superintendent Intelligence, Collectorate Headquarters Office, New Delhi.
352. Superintendent, Foreign Post, New Delhi.
353. Principal Postal Appraiser, Foreign Post, New Delhi.

Staff Associations

354. All India Central Excise Officers' Association, New Delhi.
355. Secretary, Central Revenues Chemical Services Association, Central Revenues Control Laboratory, New Delhi.
356. All India Federation of Central Excise and Customs (Non-gazetted) Officers' Association, New Delhi.
357. Central Excise Non-gazetted Executive Officers' Association, New Delhi.
358. Central Excise and Land Customs Ministerial Staff Association, Delhi Collectorate.

GUJERAT

Chambers of Commerce

359. Panchmahal Chamber of Commerce, Godhra.
360. Surat Chamber of Commerce, Surat.
361. Saurashtra Chamber of Commerce, Bhavnagar.
362. Nawanagar Chamber of Commerce, Jamnagar.
363. Veraval Chamber of Commerce, Veraval.
364. Mahuwa Chamber of Commerce, Mahuwa.
365. Okha Chamber of Commerce, Okha.
366. Porbandar Chamber of Commerce, Porbandar.
367. Mandvi Chamber of Commerce, Mandvi.
368. Chamber of Commerce, Gandhidham.
369. Broach Chamber of Commerce, Broach.
370. Federation of Gujerat Mills and Industries, Porbandar.
371. Federation of Gujerat Mills and Industries, Baroda.

Trade Associations

372. Unawa Khedut Sangh, Unawa.
373. State Growers' Association, Ahmedabad.
374. Kaira District Khedut Sangh, Anand.
375. Mehsana District Khedut Mandal, Mehsana.
376. Ahmedabad Biri Manufacturers' Association, Ahmedabad.
377. Ahmedabad Gadaku Manufacturers' Association, Ahmedabad.
378. Gujerat Vepari Maha Mandal, Ahmedabad.
379. Vapi Tobacco Merchants' Association, Vapi.

380. Surat City Tobacco and Biri Merchants' Association, Surat.
381. Broach Tobacco Merchants' Association, Broach.
382. Baroda Tobacco Merchants' Association, Baroda.
383. Baroda Jilla Tobacco Merchants' Association, Bajwa.
384. Dabhoi Tobacco Merchants' Association, Dabhoi.
385. Dohad-Jhalod Tobacco Merchants' Association, Dohad.
386. Godhra Tobacco Merchants' Association, Godhra.
387. Gujerat Tobacco Merchants' Association, Anand.
388. Petlad Tobacco Merchants' Association, Petlad.
389. Dharmaj Tobacco Merchants' Association, Dharmaj.
390. Jharola Tobacco Merchants' Association, Jharola.
391. Umreth Tobacco Merchants' Association, Umreth.
392. Chikodra Tobacco Merchants' Association, Chikodra.
393. Nadiad Tobacco Merchants' Association, Nadiad.
394. Ahmedabad Tobacco Merchants' Association, Ahmedabad.
395. Gujerat Saurashtra Tobacco Biri Merchants' Association, Ahmedabad.
396. Sanand Tobacco Merchants' Association, Sanand.
397. North Gujerat Tobacco Merchants' Association, Unawa.
398. All Saurashtra Kutch Tobacco Merchants' Association, Bhavnagar.
399. Porbandar Tobacco Merchants' Association, Porbandar.
400. Jamnagar Tobacco Merchants' Association, Jamnagar.
401. Rajpipla Tobacco Merchants' Association, Rajpipla.
402. North Gujerat Biri and Tobacco Merchants' Association, Patan.
403. Tobacco Merchants' Association, Broach.
404. Kaira District Tobacco Merchants' Association, Nadiad.
405. Rajkot Biri Leaves and Tobacco General Merchants' Association, Rajkot.
406. Bulsar Tobacco Merchants' Association, Bulsar.
407. Bidi Tobacco Merchants' Association, Anand.
408. Gujerat Saurashtra Tobacco Bidi and Snuff Merchants' Association, Ahmedabad.
409. Kheda Jilla Khedut Sangh, Boriavi.
410. Gujerat Tobacco Growers' Association, Nadiad.
411. Baroda Jilla Tobacco Utpadan Khedut Sahakari Sangh, Baroda.
412. Gujerat Tobacco Growers' Co-operative Association, Nadiad.
413. Bharat Krishi Samaj, Kaira Branch, Anand.
414. Ahmedabad Jilla Tamaku Manufacturers' Co-operative Society, Ahmedabad.
415. Palanpur Co-operative Consumers' Society, Palanpur.
416. Vegetable Non-essential Oils Kolhu Association, Jamnagar.
417. Surat Rotary Oil Mills' Association, Surat.
418. Broach Oil Mills' Association, Broach.
419. Mandvi Merchants' Association, Broach.
420. Saurashtra Mill Owners' Association, Baroda.
421. Ahmedabad Mill Owners' Association, Ahmedabad.
422. Ahmedabad Weaving Factories' Association, Ahmedabad.
423. Surat Art Silk Cloth Manufacturing Association, Surat.
424. Powerloom Owners' Association, Broach.

425. Surat Weavers' Association, Surat.
426. Surat Piece-goods Suppliers' Association, Surat.
427. Ahmedabad Cotton Merchants' Association, Ahmedabad.
428. Ahmedabad Mill and General Stores Merchants' Association, Ahmedabad.
429. Panchkuva Cloth Merchants' Association, Ahmedabad.
430. Surat Vankar Sahakari Sangh, Surat.
431. Surat Weavers' and Producers' Co-operative Society, Surat.
432. Maskati Cloth Market Association, Ahmedabad.
433. Maha Gujerat Oil Engines Manufacturers' Association, Ahmedabad.
434. Saurashtra Soap Manufacturers' Association, Rajkot.
435. Halar Soap Manufacturers' Association, Jamnagar.
436. Gujerat Soap Manufacturers' Association, Ahmedabad.
437. Small Scale Soap Manufacturers' Association, Ahmedabad.
438. Bhavnagar Small Industries' Association, Bhavnagar.
439. Gujerat Soap Manufacturers' Association, Baroda.
440. Saurashtra Industrial Corporation Association, Rajkot.
441. Ship Owners' Association, Porbandar.
442. Sanyukta Vahanwala Association, Veraval.
443. Modasa Grain and Seed Merchants' Association, Modasa.
444. Kaira District Khedut Sangh, Bharoda.

Others

445. Dr. B. R. Shenoy, Director, School of Social Science, Gujerat University, Ahmedabad.
446. Dr. I. S. Gulati, Professor of Economics, M. S. University, Baroda.
447. M/s. Alembic Chemicals, Baroda.
448. M/s. Sarabhai Chemicals, Baroda.
449. Civil Engineering Works, Rajkot.
450. Khodiyar Pottery Works, Sihor.
451. Indian Leaf Tobacco Development Company, Vijapur.
452. Shri Ambalal F. Patel, Editor "Tobacco", Ahmedabad.

State Government Officials

453. Chief Secretary, Government of Gujerat, Ahmedabad.
454. Director of Industries, Ahmedabad.
455. Director of Agriculture, Ahmedabad.

Departmental Officers

456. Collector of Central Excise, Baroda.
457. Deputy Collector of Central Excise, Baroda.
458. Assistant Collector of Central Excise, Surat.
459. Assistant Collector of Central Excise, Baroda.
460. Assistant Collector of Central Excise, Anand.
461. Assistant Collector of Central Excise, Ahmedabad.
462. Assistant Collector of Central Excise, Viramgam.
463. Assistant Collector of Central Excise, Jamnagar.
464. Superintendent of Central Excise, Bulsar.

465. Superintendent of Central Excise, Navsari.
466. Superintendent of Central Excise, Surat I.
467. Superintendent of Central Excise, Surat II.
468. Superintendent of Central Excise, Surat III.
469. Superintendent of Central Excise, Broach.
470. Superintendent of Central Excise, Baroda I.
471. Superintendent of Central Excise, Baroda II.
472. Superintendent of Central Excise, Godhra.
473. Superintendent of Central Excise, Umreth.
474. Superintendent of Central Excise, Anand.
475. Superintendent of Central Excise, Kunjrao.
476. Superintendent of Central Excise, Borsad.
477. Superintendent of Central Excise, Petlad.
478. Superintendent of Central Excise, Cambay.
479. Superintendent of Central Excise, Nadiad.
480. Superintendent of Central Excise, Mehmedabad.
481. Superintendent of Central Excise, Ahmedabad.
482. Superintendent of Central Excise, Viramgam.
483. Superintendent of Central Excise, Kalol.
484. Superintendent of Central Excise, Patan.
485. Superintendent of Central Excise, Palanpur.
486. Superintendent of Central Excise, Bhuj.
487. Superintendent of Central Excise, Morvi.
488. Superintendent of Central Excise, Bhavnagar.
489. Superintendent of Central Excise, Jamnagar.
490. Superintendent of Central Excise, Gondal.
491. Superintendent of Central Excise, Junagadh.
492. Shri P. S. Sial, Chief Accounts Officer, Baroda.

Staff Associations

493. Central Excise Class IV Employees Union, Baroda Collectorate, Ahmedabad.
494. Central Excise Class III Service Officers Union, Baroda Collectorate, Baroda.

JAMMU AND KASHMIR

Chambers of Commerce

495. Kashmir Chamber of Commerce, Srinagar.

Trade Associations

496. Jammu Tobacco Dealers' Association, Jammu.

State Government Officials

497. Deputy Secretary, Government of Jammu and Kashmir, Srinagar.

Departmental Officers

498. Superintendent of Central Excise, Jammu.
499. Superintendent of Central Excise, Srinagar.

KERALA

Chambers of Commerce

- 500. District Chamber of Commerce, Palghat.
- 501. Palghat Chamber of Commerce, Palghat.
- 502. Malabar Chamber of Commerce, Kozhikode.
- 503. Calicut Chamber of Commerce, Kozhikode.
- 504. Chamber of Commerce, Kottayam.
- 505. Travancore Chamber of Commerce, Alleppey.
- 506. Alleppey Chamber of Commerce, Alleppey.
- 507. North Travancore Chamber of Commerce, Alwaye.
- 508. Cochin Chamber of Commerce, Cochin.
- 509. Chamber of Commerce, Trichur.
- 510. Chamber of Commerce, Trivandrum.
- 511. Ernakulam Chamber of Commerce, Ernakulam.

Trade Associations

- 512. Tobacco Retail Dealers' Association, Palghat.
- 513. Calicut Tobacco Merchants' Union, Kozhikode.
- 514. Tobacco Merchants' Association, Alleppey.
- 515. Beedi Manufacturers' Association, Kozhikode.
- 516. Tobacco and Beedi Leaves Merchants' Association, Cochin.
- 517. Cigar, Beedi Manufacturers, Owners and Tobacco Merchants' Association Badagara.
- 518. Wynaad Planters' Association, Kozhikode.
- 519. Central Travancore Planters' Association, Vandiperiyar.
- 520. Coffee Growers' Association, Kalpetta.
- 521. Mundakayam Planters' Association, Mundakayam.
- 522. Tea Traders' Association, Cochin.
- 523. Alleppey Oil Millers' and Merchants' Association, Alleppey.
- 524. Oil Merchants' Association, Cochin.
- 525. North Malabar Oil Mills Owners' Association, Tellichery.
- 526. Coconut Oil Manufacturers' and Dealers' Association, Quilon.
- 527. Malabar Produce Merchants' Association, Kozhikode.
- 528. Travancore Oil Millers' Association, Alleppey.
- 529. Kerala State Oil Millers' Association, Ernakulam.
- 530. Quilon Oil Mills and Exporters' Association, Quilon.
- 531. Kerala Match Splints and Veneers Manufacturers' Association, Feroke.
- 532. Indian Pharmaceutical Association, Kerala Branch, Cochin.
- 533. Kerala Small Industries Association, Cochin.
- 534. South India Soap Makers' Association, Kozhikode.
- 535. Biri Tobacco Merchants' Association, Palghat.
- 536. Chewing Tobacco Merchants' Association, Palghat.
- 537. South India Soap Makers' Association Kozhikode.

Others

- 538. M/s. A. V. Thomas and Company Alleppey.
- 539. Punalur Paper Mills, Punalur.
- 540. Kerala Government Ceramics, Kundara.
- 541. Travancore Rubber Works, Trivandrum.
- 542. Kerala Government Cycle Rim Factory Trivandrum.

State Government Officials

- 543. Chief Secretary Government of Kerala Trivandrum.
- 544. Director of Industries, Trivandrum.
- 545. Director of Agriculture, Trivandrum.
- 546. Oil Technologist, Kerala Soap Institute, Kozhikode.

Departmental Officers

- 547. Collector of Central Excise, Cochin.
- 548. Assistant Collector of Central Excise, Kozhikode.
- 549. Assistant Collector of Central Excise, Trivandrum.
- 550. Superintendent of Central Excise, Kozhikode.
- 551. Superintendent of Central Excise, Tellicherry.
- 552. Superintendent of Central Excise, Trivandrum.
- 553. Superintendent of Central Excise, Ernakulam.
- 554. Superintendent of Central Excise, Kottayam.
- 555. Superintendent of Central Excise, Muvathupuzha.
- 556. Superintendent of Central Excise, Alleppey.

Staff Associations

- 557. Central Excise (Non-gazetted) Officers Union, Ernakulam.

MADRAS

Chambers of Commerce

- 558. South Indian Chamber of Commerce Madras.
- 559. Andhra Chamber of Commerce, Madras.
- 560. Hindustan Chamber of Commerce, Madras.
- 561. National Chamber of Commerce, Madras.
- 562. Madras Chamber of Commerce, Madras.
- 563. Tamil Chamber of Commerce, Madras.
- 564. Madurai Raminad Chamber of Commerce, Madurai.
- 565. Virudhunagar Chamber of Commerce, Virudhunagar.
- 566. Indian Chamber of Commerce, Tuticorin.
- 567. Indian Chamber of Commerce, Coimbatore.
- 568. Vijaya Bharat Chamber of Commerce, Virudhunagar.
- 569. Chamber of Commerce, Rajapalayam.
- 570. Salem District Chamber of Commerce, Salem.
- 571. South Indian Film Chamber of Commerce Madras.
- 572. Coimbatore Chamber of Commerce, Coimbatore.

573. India Tobacco Federation, Madras.
 574. Chamber of Commerce, Chidambaram.
 575. Sivakasi Chamber of Match Industries, Sivakasi.
 576. Nagapattinam Chamber of Commerce, Nagapattinam.

Trade Associations

577. Pollachi Vysya Sangam, Pollachi.
 578. Government Co-operative Sale Society, Gobichettipalayam.
 579. Erode Taluk Cigar Manufacturers' Association, Erode.
 580. The Coimbatore Town Beedi Workers' Co-operative Cottage Industrial Society, Coimbatore.
 581. Chewing Tobacco Manufacturers' Association, Vellore.
 582. Tirunelveli Jilla Pugailai Vyaparigal Sangam, Tirunelveli.
 583. Coimbatore Co-operative Marketing Society, Coimbatore.
 584. Erode Tobacco Merchants' Association, Erode.
 585. Tobacco Merchants' Association, Madras.
 586. Madras State Snuff and Tobacco Merchants' Association, Madras.
 587. Tobacco Merchants' Association, Panruti.
 588. Madras Provincial Tobacco Merchants' Association, Tiruchirappalli.
 589. Karur Tobacco Merchants' Association, Karur.
 590. Aduthurai Tobacco Merchants' Association, Aduthurai.
 591. Tobacco Merchants' Association, Pudukottai.
 592. Tirunelveli Biri Manufacturers and Beedi Tobacco Merchants' Association, Tirunelveli.
 593. Tamilnad Tobacco Merchants' Association, Madurai.
 594. Madras Provincial Biri Factory Owners' Association, Madras.
 595. North Arcot District Bidi and Tobacco Merchants' Association, Vellore.
 596. Cigar Manufacturers' Association, Tiruchirappalli.
 597. Paramathi Tobacco Merchants' Association, Paramathi.
 598. Virudhunagar Tobacco Merchants' Association, Virudhunagar.
 599. Tobacco Merchants' Association, Vedaendur.
 600. Coimbatore Bidi Tobacco Merchants' Association, Coimbatore.
 601. Tobacco Merchants' Association, Aravakuruchi.
 602. Tobacco Merchants' Association, Gopanurpudur.
 603. Bhavani Taluk Merchants' Association, Bhavani.
 604. Tobacco Merchants' Association, Thammampatty.
 605. Chittode Pugailai Varthaga Sangam, Chittode.
 606. Gopanurpudur Pugayilai Vartha Sangam, Gopanurpudur.
 607. Srivilliputtur Taluk Tobacco Merchants' Association, Krishnamarajapalayam.
 608. Coimbatore District Bidi Merchants' Association, Coimbatore.
 609. Tobacco Dealers Association, Singanallur.
 610. Erode Taluk Tobacco Merchants' Association, Erode.
 611. Tobacco Merchants' Association, Tiruppur.
 612. Coimbatore Pugayilai Vyaparigal Sangam, Coimbatore.
 613. Erode Pugayilai Varthaga Sangam, Erode.

614. Kurumandur Pugayilai Varthagagal Sangam, Kurumandur.
615. Madura Ramnad Tobacco Merchants' Association, Madurai.
616. Snuff Manufacturers' Association, Madras.
617. Taluk Tobacco Merchants' Association, Thamampatty.
618. Tindivanam Tobacco Wholesale Merchants' Association, Tindivanam.
619. Tirupattur Taluk Beedi Cigarette Merchants' Association, Tiruvannamalai.
620. Pattiveeranpatti Co-operative Coffee Curing and Industrial Society, Pattiveeranpatti.
621. United Planters' Association of South India, Coonoor.
622. Shevaroy Planters' Association, Yercaud, Salem.
623. Tea Traders' Association of South India, Kotagari.
624. Coimbatore Coffee Merchants' Association, Coimbatore.
625. Anamalai Planters' Association, Valparai.
626. Madras Rotary Oil Mills Association, Madras.
627. Madras Oil and Seeds Association, Madras.
628. Dindigul Oil Mills Association, Dindigul.
629. Madurai Oil Mills Owners' Association, Madurai.
630. Erode Oil Mills Owners' Association, Erode.
631. Virudhunagar Oil Mill Owners' Association, Virudhunagar.
632. Oil Mills Association, Madras.
633. South Arcot Groundnut Merchant and Oil Mill Owners' Association, Villupuram.
634. Rotary Oil Mills Merchants' Association, Annur.
635. Vegetable Non-essential Oil Mill Merchants' Association, Madurai.
636. North Arcot District Pinto Owners' Association, Arni.
637. Madras Piece-goods Merchants' Association, Madras.
638. South Indian Mill Owners' Association, Coimbatore.
639. Southern India Roller Flour Mills Association, Madras.
640. Small Scale Cottage Match Manufacturers' Association, Sattur.
641. Powerloom Owners' Association, Erode.
642. Dakshina Bharat Small Weaving Mill Owners' Association, Madras.
643. Textile Merchants' Association, Chidambaram.
644. Madras State Handloom Industry and Trade Association, Madras.
645. Aluminium Manufacturers' Association, Madras.
646. Madras Foundrymen's Association, Madras.
647. Panruti Oil, Oil Cake and Seeds Association, Panruti.
648. Salem District Powerlooms Art Silk Cloth Manufacturers' Association, Salem.
649. South India Engineering Manufacturers' Association, Coimbatore.
650. South India Textile Research Association, Coimbatore.
651. Madras Motor Vehicles and Allied Merchants' Association, Madras.
652. Madras Paper Merchants' Association, Madras.
653. Madras Cycle Importers' Association, Madras.
654. South India Motion Picture Producers' Association, Madras.
655. Madras Dyes and Chemical Merchants' Association, Madras.
656. South Indian Skin and Hides Merchants' Association, Madras.

657. South India Iron and Hardware Merchants' Association, Madras.
658. South Indian Swadeshi Match Manufacturers' Association, Sattur.
659. Swadeshi Match Manufacturers' Association, Kovilpatti.
660. Tiruchendur Handmade Match Workers' Co-operative Cottage Industries Society, Tiruchendur.
661. Kulasekharapatnam Handmade Match Workers' Co-operative Cottage Industrial Society, Kulasekharapatnam.
662. Madurai Yarn Merchants' Association, Madurai.
663. Tamilnad Mill Owners' Association, Madurai.
664. Madurai Brass vessels Manufacturers' and Merchants' Association, Madurai.
665. Madurai Radio Dealers' Association, Madurai.
666. All India Radio Merchants' Association, Madras.
667. Chemists and Druggists Association, Madurai.
668. Southern India Engineering Manufacturers' Association, Pappanaickanpalayam, Coimbatore.
669. Coimbatore Tobacco Merchants' Association, Coimbatore.
670. North Arcot District Pinto, Chekku Owners' Association, Arni.
671. Powerloom Cloth Manufacturers' Association, Madurai.
672. Chemists and Druggists Association, Madras.
673. Indian Pharmaceutical Association, Madras.
674. All India Radio Manufacturers' Association, Madras.
675. Small Scale Industries Association, Madras.
676. Refrigerators and Air-conditioning Traders' Association, Madras.
677. Industrial Manufacturers' Association, Guindy, Madras.
678. South Zone Cosmetic and Perfumery Manufacturers' Association, Madras.
679. Vedesandur Pugayilai Varthaga Sangam, Vedesandur.
680. Tobacco Merchants' Association, Palladam.
681. Tiruvannamalai Betul Nut Bidi Cigarettes Merchants' Association, Tiruvannamalai.
682. Tobacco Merchants' Association, Nagapattinam.
683. Rajapalayam Metal Manufacturers' Association, Rajapalayam.
684. Rajapalayam Oil Mill Owners' Association, Rajapalayam.
685. Vegetable Non-essential Oil Merchants' Association, Coimbatore.
686. Oil Mill Owners' Association, Kulithalai.

Others

687. Shri C. Subramaniam, Finance Minister, Government of Madras, Madras.
688. Shri V. T. Krishnamachari, Member of Parliament, Madras.
689. Shri A. N. Sattanathan, Retired Collector, Central Excise, Madras.
690. Shri V. Ramaswami, Retired Assistant Collector, Central Excise, Madras.
691. Secretary, Indian Central Tobacco Committee, Madras.
692. Shri S. R. Srinivasan, Member, Town Congress Committee, Tirupapuliur.
693. Shri K. S. Ratnam, Kannadiaputtur.
694. M/s. Parry and Company, Madras.
695. M/s. Amrutanjan, Madras.
696. M/s. Binny and Company, Madras.
697. M/s. Guntur Tobacco, Madras.

698. M/s. T. Stanes and Company, Coimbatore.
 699. Wheel and Rim Company, Madras.
 700. Shri L. Manickam, Vellore.
 701. M/s. Spencers, Madras.
 702. Shri S. Muthuswamy, Tiruchirappalli.
 703. Shri S. Krishnamoorthy, Madras.
 704. Shri Raman, Pudukottai.
 705. Shri Babu Mathews, Madurai.
 706. Shri P. K. Venkataraman, Manager, Ambur Match Factory, Ambur.
 707. Jaya Prakash Match Works, Kovilpatti.
 708. Indian Cements, Madras.
 709. Shri Shanmugam, Tiruchy.
 710. Shri S. Thothadri, Tanjore.

State Government Officials

711. Chief Secretary, Government of Madras, Madras.
 712. Director of Industries, Madras.
 713. Director of Agriculture, Madras.

Departmental Officers

714. Collector of Central Excise, Madras.
 715. Collector of Customs, Madras.
 716. Deputy Collector, Central Excise, Trichirappalli.
 717. Assistant Collector of Central Excise, Madras.
 718. Assistant Collector of Central Excise, Coimbatore.
 719. Assistant Collector of Central Excise, Salem.
 720. Superintendent of Central Excise, Madras.
 721. Superintendent of Central Excise, Vellore.
 722. Superintendent of Central Excise, Cuddalore.
 723. Superintendent of Central Excise, Coimbatore.
 724. Superintendent of Central Excise, Gobichettipalayam.
 725. Superintendent of Central Excise, Pollachi.
 726. Superintendent of Central Excise, Coonoor.
 727. Superintendent of Central Excise, Ootacamund.
 728. Superintendent of Central Excise, Erode.
 729. Superintendent of Central Excise, Dharapuram.
 730. Superintendent of Central Excise, Salem.
 731. Superintendent of Central Excise, Tirupur.
 732. Superintendent of Central Excise, Tiruchy.
 733. Superintendent of Central Excise, Karur.
 734. Superintendent of Central Excise, Tanjore.
 735. Superintendent of Central Excise, Dindigul.
 736. Superintendent of Central Excise, Madurai.
 737. Superintendent of Central Excise, Periakulam.
 738. Superintendent of Central Excise, Sivakasi.
 739. Superintendent of Central Excise, Tirunelveli.

740. Shri N. Kanakasabapathy, Inspector, Central Excise, Oddanchatram.
 741. Shri C. Govindaswami, Inspector, Central Excise, Pattiveeranpatti.
 742. Shri V. Rajamani, Inspector, Central Excise, Pollachi.
 743. Shri A. Balasubramanian, Sub-Inspector, Central Excise, Pattiveeranpatti.

Staff Associations

744. Madras Central Excise (Non-gazetted) Officers' Association, Tiruchirappalli.
 745. Central Excise Class IV Employees' Association, Madras Central Excise Collectorate, Tondi.

MAHARASHTRA

Chambers of Commerce

746. Vidarbha Chamber of Commerce, Akola.
 747. Nag-Vidharbha Chamber of Commerce, Nagpur.
 748. Maharashtra Chamber of Commerce, Poona.
 749. Bombay Chamber of Commerce and Industry, Bombay.
 750. Indian Merchants' Chamber, Bombay.
 751. Maharashtra Chamber of Commerce, Bombay.
 752. All India Exporters' Chamber, Bombay.
 753. Western Indian Chamber of Commerce, Bombay.
 754. Indo-German Chamber of Commerce, Bombay.
 755. Bharat Merchants' Chamber, Bombay.
 756. Northern Thana District Tobacco Dealers' Federation, Dahanu Road.
 757. Sholapur Chamber of Commerce, Sholapur.
 758. Bharat Importers' Chamber, Bombay.

Trade Associations

759. Federation of Woollen Manufacturers in India, Bombay.
 760. Film Federation of India, Bombay.
 761. Paint Federation, Bombay.
 762. Bhiwandi Sadi Dealers' Syndicate, Bhiwandi.
 763. Tobacco Merchants' Association, Nagpur.
 764. Wardha District Tobacco Biri Association, Wardha.
 765. Berar Tobacco Merchants' Association, Akola.
 766. Bhandara District Biri Leaves and Tobacco Merchants' Association, Gondia.
 767. Malkapur Tehsil Growers' Agricultural Co-operatives, Malkapur.
 768. Gondia Tobacco Biri Merchants' Association, Gondia.
 769. Co-operative Tehsil Agricultural Association, Amarwara.
 770. Tobacco Merchants' and Bidi Karkhandars' Association, Kolhapur.
 771. Gadhinglaj Merchants' Association, Gadhinglaj.
 772. Tobacco Merchants' Association, Sangli.
 773. Malkapur Merchants' Association, Malkapur.
 774. Merchants' Association, Jaisinghpur.
 775. Tobacco Merchants' Association, Poona.
 776. Tobacco Merchants' Association, Nasik.

777. East and West Khandesh Tobacco Merchants' Association, Dhulia.
778. Tobacco Traders' Association, Panvel.
779. Tobacco Merchants' Association, Jalna.
780. Sangamner Tobacco Merchants' Association, Sangamner.
781. Talegaon Station Grain and Kirana Merchants' Association, Talegaon.
782. Ganpati Co-operative Purchase and Sale Society, Kolhapur.
783. Ganpati Co-operative Society, Sangli.
784. Shirole Co-operative Purchase and Sale Society, Shirole.
785. Karad Co-operative Purchase and Sale Society, Karad.
786. Bombay Tobacco Manufacturers' Association, Bombay.
787. Indian Tobacco Merchants' Association, Bombay.
788. Greater Bombay Tobacco Merchants' Mandal, Bombay.
789. Sri Upnagar Tambaku Vepari Mandal, Bombay.
790. All India Tobacco Conference, Bombay.
791. Malad Tobacco Warehouse Vyapari Association, Colaba.
792. Colaba Tobacco Merchants' Association, Kalyan.
793. Malad Range Tobacco Merchants' Association, Malad.
794. All India Tobacco Convention, Bombay.
795. Bombay Tea Merchants' Association, Bombay.
796. Tea Exporters' Association, Bombay.
797. Deccan Oil Seeds Crushers' Association, Sangli.
798. Sholapur District Oil Mill Owners' Association, Sholapur.
799. C. P. and Berar Oil Mills' Association, Nagpur.
800. Bhandara District Oil Millers' Association, Gondia.
801. Merchants' Association, Jaisinghpur.
802. Walwa Taluka and Shirala Peta Rotary Ghani Owners' Association, Islampur.
803. East and West Khandesh and Nasik District Oil Mill Owners' Association, Dhulia.
804. Parli Oil Mills' Association, Parli.
805. Spices and Oil Seeds Exchange, Sangli.
806. Oil and Dal Mill Owners' Association, Jalna.
807. Jalgaon Oil Mills' Association, Jalgaon.
808. Central Organisation for Oil Industry and Trade, Bombay.
809. Bombay Oil Seeds Crushers' Association, Bombay.
810. Bombay Small Oil Mill Owners' Association, Bombay.
811. Vanaspati Manufacturers' Association of India, Bombay.
812. Bombay Local Oil Millers' Association, Bombay.
813. Bombay Oil Seeds and Oil Exchange, Bombay.
814. Indian Oil and Produce Exporters' Association, Bombay.
815. Textile Mills' Association, Nagpur.
816. Ichalkaranji Powerloom Weavers' Co-operative Association, Ichalkaranji.
817. Sangli Powerloom Owners' Association, Sangli.
818. Pucca Rang Sadi Co-operative Associations, Malegaon.
819. Malegaon Powerloom Sadi Manufacturers' Co-operative Association, Malegaon.
820. Malegaon Weavers' Co-operative Association, Malegaon.

821. Sinnar Sahakari Vinkar Society, Sinnar.
822. Bhiwandi Weavers' Co-operative Association, Bhiwandi.
823. Bhiwandi Textile Manufacturers' Association, Bhiwandi.
824. Bhiwandi Small Powerloom Owners' Association, Bhiwandi.
825. Silk and Art Silk Manufacturers' Association, Bhiwandi.
826. Bombay Piece-goods Merchants' Mahajan, Bombay.
827. Mill Owners' Association, Bombay.
828. Cotton Textile Export Promotion Council, Bombay.
829. Hindustani Merchants' and Commission Agents' Association, Bombay.
830. Textile Processors' Association (India), Bombay.
831. Bombay Textile Research Association, Bombay.
832. Powerloom Industries' Association, Bombay.
833. Bombay Cotton Canvas Water Proof Association, Bombay.
834. Non-Ferrous Metalware Manufacturers' Association, Bombay.
835. Bombay Woollen Piece-goods Merchants' Association, Bombay.
836. Shri Market Silk Merchants' Association, Bombay.
837. Bombay Yarn Merchants' Association, Bombay.
838. Silk, Art Silk Mills' Association, Bombay.
839. Silk and Rayon Textiles Export Promotion Council, Bombay.
840. Momin Co-operative Weavers' Society, Balapur.
841. Nandura Weavers' Co-operative Society, Nandura.
842. Audyogik Sahakari Samiti, Borgaon.
843. Sri Sikhnanand Audyogik Sahkari Vinkar Mandal, Deulgaon Raja.
844. Pulgaon Cotton Mills' Kamgar Sahkari Sanghi, Pulgaon.
845. Shramik Udyog Sanghatan, Wardha.
846. Tobacco and Chillies Growers' Association, Production and Sales Co-operative Society, Ankisa.
847. Bramhapuri Tehsil Purchasing and Selling Society, Bramhapuri.
848. Majdur Chhap Bidi Society, Kamptee.
849. Sidhartha Bidi Society, Kamptee.
850. Friends Weavers' Co-operative Society, Kamptee.
851. Ismailpura Weavers' Co-operative Society, Kamptee.
852. Warishpura Weavers' Co-operative Society, Kamptee.
853. Industrial Co-operative Weaving Society, Achalpur.
854. Handloom Weavers' Co-operative Society, Anjangaon.
855. Lokmanya Weavers' Co-operative Society, Anjangaon.
856. Co-operative Audyogik Weenkar Mandal, Washim.
857. Regional Co-operative Marketing Society, Chhindwara.
858. Amarwara Regional Co-operative Marketing Society, Amarwara.
859. Bombay Battery Manufacturers' Association, Bombay.
860. Motor Manufacturers' and Importers' Association, Bombay.
861. Association of Indian Automobiles Manufacturers, Bombay.
862. Small Scale Electric Motor Manufacturers' Association, Bombay.
863. Electric Merchants' Association, Bombay.
864. Poona Motor Dealers' Association, Poona.
865. Indian Diesel Engines Manufacturers' Association, Poona.

866. Deccan Sugar Factories Association, Bombay.
867. All India Food Preservers' Association, Bombay.
868. Paper Traders' Association, Bombay.
869. Western India Board Manufacturers' Association, Bombay.
870. Paper Convertors' Association, Bombay.
871. Indian Strawboard Manufacturers' Association, Bombay.
872. Corrugated Paper Makers' Association of India, Bombay.
873. Soap Manufacturers' Association, Akola.
874. Non-power Soap Manufacturers' Association, Bombay.
875. Soap Manufacturers' Association of Bombay, Bombay.
876. Textile Auxiliaries Manufacturers' Association, Bombay.
877. Vanaspati Manufacturers' Association of India, Bombay.
878. Petrol Dealers' Association, Poona.
879. Indian Motion Picture Producers' Association, Bombay.
880. Gina Laboratories Association, Bombay.
881. Cinematograph Importers' Association, Bombay.
882. Film Producers' Guild of India, Bombay.
883. Indian Motion Picture Distributors' Association, Bombay.
884. Children's Film Society, Bombay.
885. Indian Film Exporters' Association, Bombay.
886. Indian Paint Association, Bombay.
887. Indian Paints and Allied Industries' Association, Bombay.
888. All India Printing Ink Manufacturers' Association, Bombay.
889. Indian Paint Manufacturers' and Allied Industries' Association, Bombay.
890. Cinematograph Exhibitors' Association, Bombay.
891. All India Footwear and Rubber Boots Manufacturers' Association, Bombay.
892. Metal and Metal Utensils Merchants' Association, Bhandara.
893. Bombay Shroffs' Association, Bombay.
894. All India Woollen Mills' Association, Bombay.
895. Bombay Oilseed Crushers' Association, Bombay.
896. Textile Mill Owners' Association, Nagpur.
897. Shri Kutir Udyog Tel Utpadak Sangh, Nagpur.

Others

898. Shri W. Saldanha, Retired Collector, Central Excise, Bombay.
899. Shri N. L. Mehta, Retired Collector, Central Excise, Bombay.
900. Shri M. T. Shanbhag, Retired Collector, Central Excise, Poona.
901. Shri G. L. Mehta, Industrial and Credit Investment Corporation, Bombay.
902. Dr. D. T. Lakdawala, University of Bombay, Bombay.
903. Professor C. N. Vakil, Bombay.
904. Dr. S. K. Muranjan, Bombay.
905. Professor D. R. Gadgil, Poona.
906. Professor D. G. Karve, Bombay.
907. Shri B. B. Burman, Retired Member, Central Board of Revenue, Bombay.
908. M/s. Western India Match Company, Bombay.
909. Sramik Udyog Sangh Mazdur Biri Factory, Wardha.

910. Bharat Sewak Samaj, Arvi.
911. M/s. Ogale Glass Works, Ogalewadi, Poona.
912. M/s. Estrela Batteries, Bombay.
913. M/s. Geoffrey Phillips India, Bombay.
914. M/s. Greaves Cotton and Company, Bombay.
915. M/s. Hindustan Lever, Bombay.
916. Indian Plastics, Bombay.
917. M/s. Kemp and Company, Bombay.
918. M/s. Murphy Radio of India, Bombay.
919. M/s. National Ekco Radio and Engineering Company, Bombay.
920. M/s. Radio Lamp Works, Bombay.
921. M/s. Raymond Woollen Mills, Bombay.
922. M/s. Standard Batteries, Bombay.
923. M/s. Veltas, Bombay.
924. M/s. Deccan Paper Mills Company, Poona.
925. M/s. Kirloskar Sons and Company, Kirloskarwadi.
926. M/s. Carona Sahu Company, Bombay.
927. M/s. D'Macropolo and Company, Bombay.
928. M/s. Golden Tobacco Company, Bombay.
929. M/s. Burmah Shell Oil Company, Bombay.
930. M/s. Standard Vacuum Oil Company, Bombay.
931. M/s. Hind Cycles, Bombay.
932. M/s. Geoffrey Manners Private, Bombay.
933. M/s. Ballarpur Paper and Straw Board Mills, Ballarpur.
934. M/s. Premier Automobiles, Bombay.
935. M/s. Crompton Parkinson, Bombay.
936. M/s. Firestone Tyre and Rubber Company, Bombay.
937. M/s. Swastik Textile Mills, Bombay.
938. Cotton Textile Fund Committee, Bombay.
939. Central Silk Board, Bombay.
940. Shri Brij Kapoor, Current News Magazine, Bombay.
941. M/s. Burmah Shell Refineries, Bombay.
942. Shri M. C. Gandhi, Maharashtra Housing Board, Bombay.
943. M/s. National Battery Manufacturing Company, Bombay.
944. M/s. Caltex (India), Bombay.
945. The Editor, "Current News", Bombay.
946. The Editor, "Commerce", Bombay.
947. The Editor, "Financial Times", Bombay.
948. The Editor, "Economic Times", Bombay.

Central/State Government Officials

949. Governor, Reserve Bank of India, Bombay.
950. Chief Secretary, Government of Maharashtra, Bombay.
951. Shri K. R. P. Aiyanger, Chairman, Tariff Commission, Bombay.
952. All India Handloom Board, Bombay.
953. Chief Executive Officer, Khadi and Village Industries Commission, Bombay.

954. Joint Chief Controller of Imports and Exports, Bombay.
 955. Assistant Director, Cottage Match Industries, Bombay.
 956. Director of Agriculture, Maharashtra, Poona.
 957. Director of Industries, Maharashtra, Bombay.

Departmental Officers

958. Collector of Central Excise, Bombay.
 959. Collector of Central Excise, Poona.
 960. Collector of Central Excise, Nagpur.
 961. Collector of Customs, Bombay.
 962. Additional Collector of Customs, Bombay.
 963. Assistant Collector, Central Excise (Headquarters), Bombay.
 964. Assistant Collector, Central Excise, Bombay-I Division, Bombay.
 965. Assistant Collector, Central Excise, Bombay-II Division, Bombay.
 966. Assistant Collector, Central Excise, Bombay-III Division, Bombay.
 967. Assistant Collector, Central Excise (Headquarters), Poona.
 968. Assistant Collector, Central Excise, Poona.
 969. Assistant Collector, Central Excise, Nasik.
 970. Assistant Collector, Central Excise, Kolhapur.
 971. Assistant Collector, Central Excise (Headquarters), Nagpur.
 972. Assistant Collector, Central Excise, Nagpur.
 973. Assistant Collector, Central Excise, Goa Frontier.
 974. Superintendent of Central Excise, Nagpur.
 975. Superintendent of Central Excise, Gondia.
 976. Superintendent of Central Excise, Amraoti.
 977. Superintendent of Central Excise, Wardha.
 978. Superintendent of Central Excise, Akola.
 979. Superintendent of Central Excise, Poona.
 980. Superintendent of Central Excise, Ahmednagar.
 981. Superintendent of Central Excise, Sholapur (Rural).
 982. Superintendent of Central Excise, Sholapur (Town).
 983. Superintendent of Central Excise, Satara.
 984. Superintendent of Central Excise, Kolhapur.
 985. Superintendent of Central Excise, Jalasinghpur.
 986. Superintendent of Central Excise, Ichalkaranji.
 987. Superintendent of Central Excise, Miraj.
 988. Superintendent of Central Excise, Islampur.
 989. Superintendent of Central Excise, Nasik.
 990. Superintendent of Central Excise, Nanded.
 991. Superintendent of Central Excise, Aurangabad.
 992. Superintendent of Central Excise, Jalgaon.
 993. Superintendent of Central Excise, Dhulia.
 994. Superintendent of Central Excise Sangli.

Staff Associations

995. Bombay Central Excise (Non-gazetted) Executive Officers' Union, Bombay.
 996. Poona Central Excise Ministerial Officers' Union, Poona.

997. Bombay Central Excise Collectorate Class IV Officers' Union, Bombay.
 998. Nagpur Central Excise Class IV Staff Association, Nagpur.

MADHYA-PRADESH

Chambers of Commerce

999. Malwa Chamber of Commerce, Indore.
 1000. Raipur Chamber of Commerce and Industries, Raipur.
 1001. Chhattisgarh Chamber of Commerce, Raigarh.
 1002. Chamber of Commerce, Sagar.
 1003. Madhya Pradesh Chamber of Commerce and Industry, Gwalior.

Trade Associations

1004. Tobacco Merchants' Association, Gwalior.
 1005. Tobacco Trade Association, Seoni.
 1006. Tobacco Merchants' Association, Damoh.
 1007. Tobacco Merchants' Association, Jabalpur.
 1008. Biri and Tobacco Merchants' Association, Sagar.
 1009. Tobacco Merchants' Association, Ujjain.
 1010. Tobacco Merchants' Association, Indore.
 1011. M. P. Tobacco Dealers' Association, Jabalpur.
 1012. Narmada Tendu Leaf and Bidi Patti Co-operative Society, Nandia.
 1013. Tobacco Merchants' Association, Indore.
 1014. Jabalpur Tobacco and Biri Merchants' Association, Jabalpur.
 1015. Tobacco Veoparian Sangh, Gwalior.
 1016. M.P. Oil Millers' Association, Indore.
 1017. Oil Millers' Association, Damoh.
 1018. Small Scale Oil Industries Association, Indore.
 1019. Weavers' Co-operative Society, Maheshwar.
 1020. Momin Weavers Co-operative Society, Maheshwar.
 1021. Weavers Co-operative Society, Barwaha.
 1022. Burhanpur Weavers Co-operative Society, Burhanpur.
 1023. Powerloom Co-operative Society, Burhanpur.
 1024. Weavers Co-operative Society, Ujjain.
 1025. Laghu Udyog Industries, Shivpuri.
 1026. Bankar Co-operative Society, Indore.
 1027. Bidi Udyog Sahakari Samiti, Indore.
 1028. Hath Kagaj Udyog Sahakari Sanstha, Indore.
 1029. Rao Gur Khandsari Samiti, Rao.
 1030. Weavers Co-operative Society, Sehore.
 1031. Weavers Co-operative Society, Bhopal.
 1032. M.P. Sugar Mills' Association, Indore.
 1033. Indore Soap Makers' Association, Indore.
 1034. Mahakoshal Laghu Sabun Nirman Karta Sangh, Raipur.
 1035. M.P. Mill Owners' Association, Indore.
 1036. Jabalpur Druggists' and Chemists' Association, Jabalpur.
 1037. Pharmaceutical and Chemical Distributors' Association, Jabalpur.
 1038. M.P. Organisation of Industrial Employers, Gwalior.

Officers

- 1039. Gwalior Sugar Company, Debra.
- 1040. Imperial Match Company, Gwalior.
- 1041. Shri S. G. Agarwal, Timarni.
- 1042. Allauddin Aulia Bidi Works, Burhanpur.
- 1043. Jaora Oil Mills, Jaora.
- 1044. Vijay Soap Works, Raipur.
- 1045. M/s. Nepa Mills, Nepanagar.
- 1046. M/s. Hindustan Steel, Bhilai.
- 1047. Gwalior Potteries, Gwalior.

State Government Officials

- 1048. Chief Secretary, Government of Madhya Pradesh, Bhopal.
- 1049. Director of Industries, Government of Madhya Pradesh, Rewa.
- 1050. Director of Agriculture, Government of Madhya Pradesh, Indore.

Departmental Officers

- 1051. Shri V. K. Asthana, Assistant Narcotics Commissioner, Neemuch.
- 1052. Assistant Collector of Central Excise, Ujjain.
- 1053. Assistant Collector of Central Excise, Bhopal.
- 1054. Assistant Collector of Central Excise, Jabalpur.
- 1055. Superintendent of Central Excise, Ujjain.
- 1056. Superintendent of Central Excise, Indore.
- 1057. Superintendent of Central Excise, Ratlam.
- 1058. Superintendent of Central Excise, Bhopal.
- 1059. Superintendent of Central Excise, Khandwa.
- 1060. Superintendent of Central Excise, Jabalpur.
- 1061. Superintendent of Central Excise, Raipur.
- 1062. Superintendent of Central Excise, Sagar.
- 1063. Superintendent of Central Excise, Gwalior.
- 1064. Superintendent of Central Excise, Satna.

MYSORE**Chambers of Commerce**

- 1065. Mysore Chamber of Commerce, Bangalore.
- 1066. Kanara Chamber of Commerce, Mangalore.
- 1067. Bellary District Chamber of Commerce, Bellary.
- 1068. Karnatak Chamber of Commerce and Industry, Hubli.
- 1069. Dharwar Merchants' Chamber, Dharwar.
- 1070. Chamber of Commerce, Bagalkot.
- 1071. Mysore Film Chamber of Commerce, Bangalore.

Trade Associations

- 1072. Tumkur District Biri Manufacturers' Association, Tumkur.
- 1073. Merchants' Association, Nipani.
- 1074. Tobacco Merchants' Association, Ravandur.

1075. Tobacco Merchants' Association, Belgaum.
1076. Agricultural Produce Market Committee, Nipani.
1077. Cigarette Tobacco Growers' and Curers' Association, Gauribandur.
1078. Beedi Manufacturers' and Traders' Association, Bangalore.
1079. Tobacco Traders and Growers' Association, Alampur.
1080. Belgaum District Co-operative Bank, Nipani.
1081. Belgaum District Co-operative Purchase and Sales Union, Nipani.
1082. Kolar District Beedi Manufacturers' Association, Kolar.
1083. Tobacco Marketing Co-operative Society, Pariapatna.
1084. Merchants' Association, Jarukhandi.
1085. Tobacco Growers' and Merchants' Association, Shigli.
1086. Tobacco Merchants' Association, Dharwar.
1087. Belgaum District Tobacco Cultivators' Association, Chikodi.
1088. Rural Beedi Factory Society, Bhadravati.
1089. Tobacco Wholesale Dealers' Association, Bangalore.
1090. Sankleshwar Agricultural Produce Co-operative Society, Mukeri.
1091. Belgaum District Tobacco Growers' and Dealers' Co-operative Society, Nipani.
1092. Belgaum District Tobacco Co-operative Sales Union, Bailhongal.
1093. Co-operative Agricultural Purchase and Sale Society, Sankleshwar.
1094. Tobacco Growers' Co-operative Society, Pariapatna.
1095. Bagalkot Merchants' Association, Bagalkot.
1096. Chikodi Taluk Agricultural Produce Co-operative Marketing Society, Nipani.
1097. Mangalore Coffee and Produce Merchants' Association, Mangalore.
1098. Indian Planters' Association, Chickmagalur.
1099. Mysore State Planters' Association, Mercara.
1100. Coorg and Mysore Curers' Association, Kudigi.
1101. Mysore Small Growers' Association, Chickmagalur.
1102. Mangalore Curers' Association, Mangalore.
1103. Mysore Tea Supplies, Chickmagalur.
1104. Coorg Coffee Growers' Co-operative Society, Mercara.
1105. Bangalore Oil Millers' and Merchants' Association, Bangalore.
1106. District Mill and Factory Owners' Association, Tumkur.
1107. Oil Mill Owners' Association, Mysore.
1108. Hubli Circle Oil Mill Owners' Association, Gadag.
1109. Bijapur Merchants' Association, Bijapur.
1110. Bijapur District Oil Mill Owners' Association, Bijapur.
1111. Co-operative Cottage Industries, Tumkur.
1112. Mysore State Cotton Powerloom Owners' Association, Bangalore.
1113. Powerloom Factory Owners' Association, Bangalore.
1114. Mysore Powerloom Textile Manufacturers' Union, Bangalore.
1115. Mysore State Small Scale Powerloom Weavers' Union, Bangalore.
1116. Mysore City Cotton Weaving Factories Association, Mysore.
1117. Textile Mill Owners' Association, Banhatti.
1118. Rabkavi Powerloom Owners' Association, Rabkavi.

1119. Doddaballapur Town Powerloom Textile Manufacturers' Co-operative Society, Doddaballapur.
1120. Khasbag Powerloom Weavers' Association, Belgaum.
1121. District Co-operative Industrial Association, Belgaum
1122. Weaving Co-operative Society, Illakal.
1123. Weavers' Co-operative Society, Guledgud.
1124. Small Scale Industries Co-operative Society, Bangalore.
1125. Mysore Silk Manufacturers' Association, Bangalore.
1126. Mysore Silk Cloth Merchants' Association, Bangalore.
1127. Mysore State Silk and Rayon Exporters' and Importers' Association, Bangalore.
1128. Mysore State Art Silk Yarn Merchants' Association, Bangalore.
1129. Belgaum Motor Workshop Owners' Association, Belgaum.
1130. Electrical Merchants' Association, Chickpet.
1131. Dhandili Industries Association, Dhandili.
1132. Mysore State Soap Manufacturers' Association, Bangalore.
1133. All India Manufacturers' Organisation, Bangalore.
1134. Belgaum Radio Merchants' Association, Belgaum.
1135. Belgaum Small Scale Industries, Belgaum.
1136. Mysore Pharmaceutical Association; Bangalore.
1137. Powerloom Owners' Association, Mysore.
1138. Powerloom Owners' Association, Tumkur.
1139. Kasargod Taluk Tobacco Growers' Association, Pallikere.
1140. Tobacco Merchants' Association, Bellary.
1141. Coorg Planters' Association, Mercara.
1142. Koppal Merchants' Association, Koppal.
1143. Bellary Central Co-operative Stores, Bellary.
1144. Hiraharadelli Sugarcane Processing Co-operative Society, Hiraharadelli.
1145. Shanker Textile Mills, Devangere.

Others

1146. Shri E. S. Krishnamoorthy, Retired Additional Secretary to the Government of India.
1147. M/s. Mysore Lamp Works, Bangalore.
1148. Mysore Paper Mills, Bhadravati.

Central/State Government Officials

1149. Chief Secretary, Government of Mysore, Bangalore.
1150. Director of Industries, Bangalore.
1151. Director of Agriculture, Bangalore.
1152. Chairman, India Coffee Board, Bangalore.
1153. Mysore State Khadi and Village Industries Board, Bangalore.
1154. Small Scale Industries and Handicraft Board, Bangalore.

Departmental Officers

1155. Collector of Central Excise, Bangalore.
1156. Assistant Collector, Central Excise, Belgaum.

- 1157. Assistant Collector, Central Excise, Mysore.
- 1158. Assistant Collector, Central Excise, Bangalore.
- 1159. Assistant Collector, Central Excise, Bellary.
- 1160. Superintendent of Central Excise, Mysore.
- 1161. Superintendent of Central Excise, Belgaum.
- 1162. Superintendent of Central Excise, Chikodi.
- 1163. Superintendent of Central Excise, Nipani Town.
- 1164. Superintendent of Central Excise, Nipani Rural.
- 1165. Superintendent of Central Excise, Krishnarajanagar.
- 1166. Superintendent of Central Excise, Hasan.
- 1167. Superintendent of Central Excise, Mangalore.
- 1168. Superintendent of Central Excise, Bangalore Town.
- 1169. Superintendent of Central Excise, Bangalore Rural.
- 1170. Superintendent of Central Excise, Tumkur.
- 1171. Superintendent of Central Excise, Chickmagalur.
- 1172. Superintendent of Central Excise, Devangere.
- 1173. Superintendent of Central Excise, Bellary.
- 1174. Superintendent of Central Excise, Hubli.
- 1175. Superintendent of Central Excise, Bijapur.
- 1176. Superintendent of Central Excise, Gulbarga.
- 1177. Shri T. K. N. Murthy, Inspector, Central Excise, Kalasa.
- 1178. Shri B. A. S. Jagannatha Rao, Sub-Inspector, Central Excise, Tumkur.

ORISSA

Chambers of Commerce

- 1179. Orissa Chamber of Commerce, Cuttack.
- 1180. Cuttack Chamber of Commerce, Cuttack.

Trade Associations

- 1181. Ganjam District Tobacco Merchants' Association, Berhampore.
- 1182. Rayagada Tobacco Merchants' Association, Rayagada.
- 1183. Baramallipur Tobacco Growers' Co-operative Society, Baramallipur.
- 1184. Gudiapalli Tobacco Growers' Co-operative Society, Gudiapalli.
- 1185. Kalyanji Singhpur Tobacco Growers' Co-operative Society, Rajapur.
- 1186. Rayagada Tobacco Growers' Co-operative Society, Rayagada.

Others

- 1187. M/s. Orient Paper Mills, Brajrajunagar.
- 1188. M/s. Hindustan Steel Company, Rourkela.

State Government Officials

- 1189. Chief Secretary, Government of Orissa, Bhubaneshwar.
- 1190. Director of Industries, Orissa, Cuttack.
- 1191. Director of Agriculture and Food Production, Orissa, Cuttack.

Departmental Officers

- 1192. Assistant Collector, Central Excise, Cuttack.
- 1193. Superintendent of Central Excise, Rayagada I.
- 1194. Superintendent of Central Excise, Rayagada II.
- 1195. Superintendent of Central Excise, Berhampur.
- 1196. Superintendent of Central Excise, Sambalpur.

PUNJAB**Chambers of Commerce**

- 1197. Northern India Chamber of Commerce, Ambala Cantt.

Trade Associations

- 1198. Tobacco Association, Gurgaon.
- 1199. Tobacco Biri Cigarettes Merchants' Association, Ambala.
- 1200. Tobacco Dealers' Association, Amritsar.
- 1201. Tobacco Union, Jullundur.
- 1202. Tobacco Dealers' Association, Gharhshankar.
- 1203. Tobacco Dealers' Association, Pathankot.
- 1204. Tobacco Merchants' Association, Ludhiana.
- 1205. Kangra Valley Tea Planters' Association, Palampur.
- 1206. Tea Merchants' Association, Palampur.
- 1207. Kangra Valley Small Tea Growers' Association, Baijnath.
- 1208. Cottage Industries Association, Amritsar.
- 1209. Textile Manufacturers' Association, Amritsar.
- 1210. V. P. Manufacturers' Association, Amritsar.
- 1211. Flour and Oil Mills' Association, Bhikhi Wind.
- 1212. Flour and Oil Mills' Association, Sarhali.
- 1213. Punjab Small Scale Kolhu Owners' Association, Jullundur.
- 1214. Powerloom Factories Association, Ludhiana.
- 1215. Small Scale Powerloom Association, Ludhiana.
- 1216. Oil-Engineering Association, Ludhiana.
- 1217. Soap Manufacturers' Association, Amritsar.
- 1218. Jullundur Soap Manufacturers' Association, Jullundur.
- 1219. Pathankot Soap Manufacturers' Association, Pathankot.
- 1220. Cottage Paints Manufacturers' Association, Amritsar.
- 1221. Punjab Potteries Association, Goraya.
- 1222. V.N.E. Oils Kolhu Association, Karnal.
- 1223. Metal Industries Development Society, Jagadhri.
- 1224. Non-ferrous Metal Manufacturers' Association, Jagadhri.
- 1225. Tea Merchants' Association, Palampur.

Others

- 1226. Shri Raghubir Singh Kaserá, Metal Merchant and Commission Agent, Rewari.

State Government Officials

- 1227. Chief Secretary, Government of Punjab, Chandigarh.
- 1228. Director of Agriculture, Chandigarh.
- 1229. Director of Industries, Chandigarh.

Departmental Officers

- 1230. Assistant Collector of Central Excise, Ambala.
- 1231. Assistant Collector of Central Excise, Amritsar.
- 1232. Assistant Collector of Land Customs, Amritsar.
- 1233. Assistant Collector of Central Excise (Preventive), Amritsar.
- 1234. Superintendent of Central Excise, Rohtak.
- 1235. Superintendent of Central Excise, Ambala.
- 1236. Superintendent of Central Excise, Gurgaon.
- 1237. Superintendent of Central Excise, Patiala.
- 1238. Superintendent of Central Excise, Amritsar I.
- 1239. Superintendent of Land Customs, Amritsar.
- 1240. Superintendent of Central Excise, Gurdaspur.
- 1241. Superintendent of Central Excise, Jullundur.
- 1242. Superintendent of Central Excise, Ludhiana.
- 1243. Superintendent of Central Excise, Amritsar II.
- 1244. Superintendent of Land Customs, Ferozepur.
- 1245. Superintendent of Central Excise, Ferozepur.
- 1246. Shri Dhir, Inspector, Central Excise, Kaithal.
- 1247. Shri Kartar Singh, Inspector, Central Excise, Karnal.

PONDICHERRY**Chambers of Commerce**

- 1248. Chamber of Commerce, Pondicherry.
- 1249. Federated Chamber of Commerce, Pondicherry.
- 1250. Chamber of Commerce, Karaikal.

Departmental Officers

- 1251. Collector of Customs and Central Excise, Pondicherry.

RAJASTHAN**Chambers of Commerce**

- 1252. Jaipur Chamber of Commerce and Industry, Jaipur.
- 1253. Vyapar Udyog Mandal, Jaipur.
- 1254. Chamber of Commerce, Udaipur.
- 1255. Sikar Chamber of Commerce, Sikar.
- 1256. Wholesale Sugar Syndicate, Udaipur.

Trade Associations

- 1257. Vyapar Panchayat, Nawalgarh.
- 1258. District Industries Association, Udaipur.

- 1259. Vyapar Sangh, Jhunjhunu.
- 1260. Vyapar Sangh, Lachman Garh.
- 1261. Bikaner Vyapar Mandal, Bikaner.
- 1262. Vyapar Mandal Sarkar, Shahar.
- 1263. Tobacco Dealers' Association, Balotra.
- 1264. Marwar Tobacco Dealers' Association, Ajmer.
- 1265. Tobacco Merchants' Association, Kotah.
- 1266. Rajasthan Textile Mills' Association, Jaipur.
- 1267. Bikaner Cloth Merchants' Association, Bikaner.
- 1268. Oil Mills' Association, Jodhpur.
- 1269. V.N.E. Oil Merchants' Association, Ajmer.
- 1270. Rajasthan Oil Mills' Association, Kotah.
- 1271. Stationer's Association, Jaipur.
- 1272. Jaipur Paper Merchants' Association, Jaipur.
- 1273. Soap Manufacturers' Association, Jaipur.
- 1274. Shriganganagar Merchants' Association, Shriganganagar.
- 1275. Cycle Merchants' Association, Jaipur.
- 1276. Rajasthan Vyapar Udyog Mandal, Jaipur.
- 1277. Tobacco Dealers' Association, Fatehnagar.

State Government Officials

- 1278. Chief Secretary, Government of Rajasthan, Jaipur.
- 1279. Director of Industries, Jaipur.
- 1280. Director of Agriculture, Jaipur.

Departmental Officers

- 1281. Deputy Collector, Central Excise, Jaipur.
- 1282. Assistant Collector, Central Excise, Ajmer.
- 1283. Assistant Collector, Land Customs, Jodhpur.
- 1284. Superintendent of Central Excise, Jaipur.
- 1285. Superintendent of Central Excise, Alwar.
- 1286. Superintendent of Central Excise, Ajmer.
- 1287. Superintendent of Central Excise, Jodhpur.
- 1288. Superintendent of Central Excise, Kotah.
- 1289. Superintendent of Central Excise, Udaipur.
- 1290. Superintendent of Central Excise (Preventive), Jodhpur.
- 1291. Superintendent, Land Customs, Barmer.
- 1292. Superintendent of Central Excise (Intelligence), Jodhpur.

WEST BENGAL

Chambers of Commerce

- 1293. Associated Chamber of Commerce, Calcutta.
- 1294. Bengal Chamber of Commerce, Calcutta.
- 1295. Bengal National Chamber of Commerce, Calcutta.
- 1296. Bharat Chamber of Commerce, Calcutta.
- 1297. Eastern Chamber of Commerce, Calcutta.

- 1298. Hindustan Chamber of Commerce, Calcutta.
- 1299. Indian Chamber of Commerce, Calcutta.
- 1300. Merchants' Chamber of Commerce, Calcutta.
- 1301. Kalimpong Chamber of Commerce, Kalimpong.

Trade Associations

- 1302. Indian Mining Federation, Calcutta.
- 1303. Indian Plastics Federation, Calcutta.
- 1304. Paints Federation, Calcutta.
- 1305. Calcutta Biri Tobacco Merchants' Association, Calcutta.
- 1306. All India Bidi Manufacturers' Association, Calcutta.
- 1307. Hookah Tobacco Merchants' Association, Calcutta.
- 1308. West Bengal Tobacco Dealers' Association, Calcutta.
- 1309. All India Biri Tobacco Merchants' Association, Calcutta.
- 1310. Indian Cigar Industries Association, Calcutta.
- 1311. Burdwan Tobacco Merchants' Association, Burdwan.
- 1312. Dhulian and Murshidabad Bidi Merchants' Association, Dhulian.
- 1313. Dhulian and Aurangabad Biri Tobacco Merchants' Association, Dhulian.
- 1314. Raniganj Tobacco Merchants' Association, Raniganj.
- 1315. Beldanga Tobacco Dealers' Association, Beldanga.
- 1316. Biri Tamakpata Byabosayee Samiti, Krishnagore.
- 1317. Tobacco Merchants' Association, Falakata.
- 1318. Tobacco Merchants' Association, Alipurduar.
- 1319. North Bengal Hookah Tobacco Merchants' Association, Cooch-Behar.
- 1320. Chandgrabandha Merchants' Association, Chandgrabandha.
- 1321. Mathabhanga Tobacco Merchants' Association, Mathabhanga.
- 1322. Tobacco Merchants' Association, Dinhata.
- 1323. North Bengal Hookah Tobacco Merchants' Association, Dhupgur.
- 1324. Indian Tea Association, Calcutta.
- 1325. Calcutta Tea Traders' Association, Calcutta.
- 1326. Dooars Branch Indian Tea Association, Binnaguri.
- 1327. Terai Indian Planters' Association, Matigara.
- 1328. Calcutta Tea Merchants' Association, Calcutta.
- 1329. Bharatiya Cha Parishad, Calcutta.
- 1330. Indian Tea Planters' Association, Jalpaiguri.
- 1331. Darjeeling Branch Indian Tea Association, Darjeeling.
- 1332. Terai Planters' Association, Bagdogra.
- 1333. Rifle Factory Co-operative Society, Ichapur.
- 1334. Mustard Oil Millers' Association of Bengal, Calcutta.
- 1335. West Bengal Oil Seeds and Oil Trade Association, Calcutta.
- 1336. East India Oil Millers' Association, Calcutta.
- 1337. Calcutta Grain, Oilseed and Rice Association, Calcutta.
- 1338. Bengal Mill Owners' Association, Calcutta.
- 1339. Calcutta Yarn Merchants' Association, Calcutta.
- 1340. Bengal Hosiery Manufacturers' Association, Calcutta.
- 1341. Calcutta Jute Fabrics Shippers' Association, Calcutta.

1342. Powerlooms Weavers' Co-operative Society, Nadia.
1343. Indian Non-Ferrous Metals Manufacturers' Association, Calcutta.
1344. Co-operative Silk Union (Handloom), Malda.
1345. Patlakhawa Co-operative Agricultural Marketing Society, Patlakhawa.
1346. Okrabari Agricultural Marketing Co-operative Society, Balakandi.
1347. Sitalkuchi Co-operative Agriculture Marketing Society, Sitalkuchi.
1348. Bramhattar Chatra Co-operative Marketing Society, Gabaa.
1349. Alipurduar Hookah Tobacco Merchants' Association, Alipurduar.
1350. Ambari Co-operative Marketing Society, Ambari.
1351. Dangikope Pochagar Co-operative Agricultural Marketing Society, Mathabhaga.
1352. Pakhihaga Agricultural Co-operative Multi-purpose Society, Pakhihaga.
1353. Kaliaganj Co-operative Bidi Manufacturing Society, Kaliaganj.
1354. Chhotoboalmari Agricultural Marketing Co-operative Society, Petla.
1355. Putimari Co-operative Agricultural Marketing Society, Dinjata.
1356. Murshidabad Silk Co-operative Society, Murshidabad.
1357. Silk Co-operative Society, Vishnupur.
1358. Janta Industrial Co-operative Society, Konnagar.
1359. Nabadwip Co-operative Weaver and Industrial Society, Nabadwip.
1360. Kalna Powerlooms Co-operative Union, Burdwan.
1361. Re-building of West Bengal Co-operative Multi-purpose Society, Santipur.
1362. Santipur Industrial Co-operative Society, Santipur.
1363. Tarakdas Industrial Co-operative Society, Birnagar.
1364. Indian Electrical Manufacturers' Association, Calcutta.
1365. Indian Lamp Factories Association, Calcutta.
1366. Bengal Glass Manufacturers' Association, Calcutta.
1367. Indian Chemical Manufacturers' Association, Calcutta.
1368. Indian Chemical Merchants' Association, Calcutta.
1369. Association of India Pharmaceutical Manufacturers, Calcutta.
1370. Bengal Chemists and Druggists Association, Calcutta.
1371. Small Scale Non-Ferrous Industries Association, Calcutta.
1372. Indian Paper Dealers' Association, Calcutta.
1373. Pottery Manufacturing Association of India, Calcutta.
1374. All India Radio Merchants' Association, Calcutta.
1375. H. M. V. Radio Dealers' Association, Calcutta.
1376. Refrigeration Traders Association, Calcutta.
1377. United Weaving Co-operative Society, 24-Parganas.
1378. Women's Co-operative Industrial Home, 24-Parganas.
1379. Krishnapur Industrial Co-operative Society, Calcutta.
1380. Park Powerloom Co-operative Society, Calcutta.
1381. People's Co-operative Industrial Society, Panihati.
1382. Calcutta Co-operative Powerloom Society, Baruipur.
1383. Central Calcutta Co-operative Powerloom Society, Howrah.
1384. Govindpur Co-operative Powerloom Society, Govindapur.
1385. Jadavpur Industrial Co-operative Society, Jadavpur.
1386. Dhakuria Powerloom Industrial Co-operative Society, Calcutta.

1387. Balur Weavers' Co-operative Powerloom Society, Calcutta.
1388. Jhikra Co-operative Powerloom Society, Mimta.
1389. Deshbandhu Co-operative Powerloom Society, Kummudpur.
1390. Dum Dum Tantubay Samabaya Samiti, Mograbagan.
1391. Saktigarh Co-operative Cotton Mills Society, Panihati
1392. Jhargram Co-operative Industrial Union, Jhargram.
1393. Eastern Regional Electrical Contractors' Association of India, Calcutta.
1394. Fan Makers' Association of India, Calcutta.
1395. Indian Sugar Mills' Association, Calcutta.
1396. Indian Paper Mills' Association, Calcutta.
1397. Plywood Manufacturers' Association of India, Calcutta.
1398. Indian Paper Makers' Association, Calcutta.
1399. Indian Board Mills' Association, Calcutta.
1400. Indian Straw Board Manufacturers' Association, Calcutta.
1401. Indian Soap and Toiletries Makers' Association, Calcutta.
1402. Indian Jute Mills Association, Calcutta.
1403. Indian Soap Manufacturers' Association, Calcutta.
1404. West Bengal Small Scale Soap Makers' Association, Calcutta.
1405. Hindustan Lever, Calcutta.
1406. South Calcutta Soap Manufacturers' Association, Calcutta.
1407. Association of Rubber Manufacturers of India, Calcutta.
1408. Cycle Manufacturers' Association of India, Calcutta.
1409. Indian Chemical Manufacturers' Association, Calcutta.
1410. Indian Paints Association, Calcutta.
1411. Automobile Manufacturers' Association of India, Calcutta.
1412. Calcutta Traders' Association, Calcutta.
1413. Engineering Association of India, Calcutta.
1414. Indian Mining Association, Calcutta.
1415. Virtuous Enamels Association, Calcutta.
1416. Indian Produce Association, Calcutta.
1417. Gunny Trades Association, Calcutta.
1418. Howrah Manufacturers' Association, Calcutta.
1419. Indian Refractory Makers' Association, Calcutta.
1420. Indian Foundry Association, Calcutta.
1421. Indian Hemp Association, Calcutta.
1422. Jirakpore Co-operative Powerloom Society, 24-Parganas.
1423. Laskarnagar Co-operative Weaving Industries, Dum Dum.
1424. Madhyagram Powerloom Co-operative Society, Madhyamgram.
1425. Kalna Powerloom Co-operative Society, Dum Dum.
1426. Birati Powerloom Co-operative Weaving Society, Birati.
1427. Purbachal Weaving Co-operative Society, Bongaon.
1428. Bayamika Industrial Co-operative Society, Duttapukur.
1429. Durgapur Powerloom Co-operative Society, Shyamnagar.
1430. Deshagaurab Industrial Co-operative Society, Calcutta.
1431. Cooch-Bihar Tobacco Merchants' Association, Cooch-Bihar.
1432. Phillips Radio Dealers' Association, Calcutta.

Others

1433. Shri B. Mazumdar, Retired Collector, Central Excise, Calcutta.
1434. Mining Geological and Metallurgical Institute of India, Calcutta.
1435. Engineering Promotion Council, Calcutta.
1436. M/s. Balmer Lawrie and Company, Calcutta.
1437. M/s. Duncan Brothers and Company, Calcutta.
1438. M/s. Gillanders Arbuthnot and Company, Calcutta.
1439. M/s. Mc Leod and Company, Calcutta.
1440. M/s. Octavious Steel and Company, Calcutta.
1441. M/s. Bathgate and Company, Calcutta.
1442. M/s. Bengal Electric Lamp Works, Calcutta.
1443. M/s. Bengal Potteries, Calcutta.
1444. Shri Krishna Textile Mills, Santipur.
1445. Birnagar Tentubay Samabay Textiles, Santipur.
1446. Lillooah Co-operative Weaving Factory, Howrah.
1447. Taki Co-operative Textile Powerloom Industries, Taki.
1448. Basirhat Co-operative Textile Industries, Govindpur.
1449. M/s. British Paints, Calcutta.
1450. M/s. Hindustan National Glass Manufacturing Company, Calcutta.
1451. M/s. Hoyle's Paints, Calcutta.
1452. M/s. Jeevanlal, Calcutta.
1453. M/s. Jenson and Nicholson, Calcutta.
1454. M/s. Karamchand Thapar and Sons, Calcutta.
1455. M/s. Macfarlane Company, Calcutta.
1456. M/s. National Carbon Company, Calcutta.
1457. Bidyanagar Co-operative Mills, Calcutta.
1458. M/s. Osler Electric Lamp Manufacturing Company, Calcutta.
1459. M/s. Philips India, Calcutta.
1460. M/s. Birla Brothers, Calcutta.
1461. M/s. Gopal Paper Mills, Calcutta.
1462. M/s. Imperial Tobacco Company, Calcutta.
1463. National Tobacco Company, Agarpara.
1464. M/s. Dunlops, Calcutta.
1465. Bengal Electric Lamp Works, Calcutta.
1466. Associated Battery Makers, Calcutta.
1467. M/s. Superintendance Company of India, Calcutta.
1468. Bata Shoe Company, Batanagar.
1469. Voltas, Calcutta.
1470. Martin Burn and Company, Calcutta.
1471. Hindustan Motors, Uttarpara.
1472. Hindustan Steel Company, Durgapur.
1473. Indian Aluminium Company, Calcutta.
1474. Jay Engineering Works, Calcutta.
1475. Indian Electric Works, Calcutta.
1476. Jardine Henderson, Calcutta.
1477. M/s. Indian Iron and Steel Company, Burnpur.

- 1478. M/s, General Electric Company, Calcutta.
- 1479. M/s. Dey and Company, Calcutta.
- 1480. M/s. Calcutta Chemicals, Calcutta.
- 1481. M/s. Bengal Chemicals, Calcutta.
- 1482. M/s. Bengal Paper Mills, Raniganj.
- 1483. M/s. Oriental General Industries, Calcutta.
- 1484. M/s. Union Tobacco Company, Calcutta.
- 1485. M/s. S. S. Bagchi and Company, Berhampur.
- 1486. M/s. Plastic Powder, Belgharia.
- 1487. Editor "Capital", Calcutta.
- 1488. Editor "Indian Finance", Calcutta.

Central/State Government Officials

- 1489. Chief Secretary, Government of West Bengal, Calcutta.
- 1490. Director of Industries, Calcutta.
- 1491. Director of Agriculture, Calcutta.
- 1492. Chairman, Tea Board, Calcutta.
- 1493. Director General, Commercial Intelligence and Statistics, Calcutta.

Departmental Officers

- 1494. Collector of Central Excise, Calcutta and Orissa, Calcutta.
- 1495. Collector of Central Excise, West Bengal, Calcutta.
- 1496. Collector of Customs, Calcutta.
- 1497. Deputy Collector, Central Excise, Jalpaiguri.
- 1498. Assistant Collector, Central Excise, Calcutta-I.
- 1499. Assistant Collector, Central Excise, Calcutta-II.
- 1500. Assistant Collector, Central Excise, Calcutta-III.
- 1501. Assistant Collector, Central Excise, Calcutta-IV.
- 1502. Assistant Collector, Central Excise, Jalpaiguri.
- 1503. Assistant Collector, Central Excise, Cooch-Behar.
- 1504. Superintendent of Central Excise, Chandernagore-I.
- 1505. Superintendent of Central Excise, Chandernagore-II.
- 1506. Superintendent of Central Excise, Krishnagar.
- 1507. Superintendent of Central Excise, Jalpaiguri.
- 1508. Superintendent of Central Excise, Malda.
- 1509. Superintendent of Central Excise, Darjeeling.
- 1510. Superintendent of Central Excise, Alipurduar.
- 1511. Superintendent of Central Excise, Cooch-Behar.
- 1512. Superintendent of Central Excise, Dinhatta.
- 1513. Superintendent of Central Excise, Changrabhandha.
- 1514. Superintendent of Central Excise, Mathabhangha.
- 1515. Shri K. P. Bhattacharya, Inspector, Central Excise, Shantinagar, Bhadrakali.

Staff Associations

- 1516. Central Excise and Land Customs (Non-gazetted) Employees' Union, Calcutta.
- 1517. Central Excise and Land Customs Ministerial Officers' Association, Calcutta.
- 1518. Calcutta Central Excise Non-gazetted Officers' Union, Calcutta.

TRIPURA AND MANIPUR

Chambers of Commerce

1519. Manipur Associated Chamber of Commerce, Imphal.

Trade Associations

1520. Tripura Merchants' Association, Tripura.

1521. Nikhil Tripura Merchants' Association, Tripura.

1522. Tripura Biri Industries Merchants' Association, Tripura.

1523. Jute Merchants' Association, Tripura.

1524. Tripura (Indigenous) Produce Exporters' Association, Tripura.

UTTAR PRADESH

Chambers of Commerce

1525. National Chamber of Industries and Commerce, Agra.

1526. Agra Merchants' Chamber, Agra.

1527. United Province Chamber of Commerce, Kanpur.

1528. Merchants Chamber of United Provinces, Kanpur.

1529. Western U. P. Chamber of Commerce, Meerut.

1530. Upper India Chamber of Commerce, Kanpur.

1531. Shahjahanpur Merchants' Chamber, Shahjahanpur.

1532. Ferozabad Chamber of Commerce and Industries, Ferozabad.

Trade Associations

1533. Cottage Match Industrial Co-operative Federation, Kanpur.

1534. Glass Industrial Syndicate, Ferozabad.

1535. Federation of Non-ferrous Metal Actual Users' Association, Mirzapur.

1536. Kaimganj Merchants' Association, Kaimganj.

1537. Tobacco Kisan Veopari Association, Kaimganj.

1538. Agra Tobacco Merchants' Association, Agra.

1539. Tobacco Merchants' Association, Kanpur.

1540. Biri Workers' Industrial Co-operative Society, Rampur.

1541. Saharanpur Tobacco Dealers' Association, Saharanpur.

1542. Tobacco Merchants' Association, Kannauj.

1543. Tobacco Dealers' Association, Kannauj.

1544. Tobacco Trade Association, Dhampur.

1545. Tobacco Trade Association, Bareilly.

1546. Tobacco Growers' Association, Kaimganj.

1547. Nandooram Khedanlal, Varanasi.

1548. Tobacco Dealers' Association, Moradabad.

1549. Kaimganj Co-operative Marketing Society, Farrukhabad.

1550. Kaimganj Sahakari Kara Vikraya Samiti, Farrukhabad.

1551. Tobacco Growers' Co-operative Society, Kannauj.

1552. Lucknow Tambakoo Curers' and Dealers' Association, Lucknow.

1553. Benaras Surti Vyapari Sangh, Varanasi.

1554. Tobacco Traders' Association, Bareilly.

1555. Uttar Pradesh Vyavasahi Sangh, Varanasi.

1556. Tobacco Dealers' Association, Meerut.
1557. Tobacco Association, Muzaffarnagar.
1558. Tobacco Merchants' Association, Jhansi
1559. Tobacco Cultivators' Union, Oudh.
1560. Biri Manufacturers' Association, Amroha.
1561. Tobacco Dealers' Association, Amroha.
1562. Tobacco Dealers' Association, Alishbag.
1563. Tobacco Merchants' Association, Kaimganj.
1564. Biri Manufacturers' Association, Allahabad.
1565. Tobacco Dealers' Association, Fatehgarh.
1566. Varanasi Bidi Vyabasahi Sangh, Varanasi.
1567. Biri Udyog Sahakari Samity, Ismailpur.
1568. Snuff Manufacturers' Association, Jwalapur.
1569. Tobacco Dealers' and Curers' Association, Shahjahanpur.
1570. Tambaku Bepari Kisan Sangh, Kaimganj.
1571. Tobacco Dealers' Association, Kanpur.
1572. U. P. Tambakoo Vyavasayee Sangh, Varanasi.
1573. Employees' Association of North India, Kanpur.
1574. Phutkar Vastra Vyavasai Sangh, Lucknow.
1575. Lucknow Kahra Committee, Lucknow.
1576. Powerloom Bankers' Union, Tanda.
1577. Lucknow Laghu Tel Utpadak Sangh, Kanpur.
1578. Northern India Oil Merchants' Association, Kanpur
1579. Small Scale Manufacturers' Association, Kanpur.
1580. U. P. Oil Mills' Association, Kanpur.
1581. Industrial Association, Ujhiani.
1582. Oil Crushers' Association, Kannauj.
1583. Singh Punjab Oil Millers' Association, Agra.
1584. Oil Industries Association, Allahabad.
1585. Sindhi Oil Factory Association, Kanpur.
1586. Sitapur Oil Mills Association, Sitapur.
1587. Oil Manufacturers' Association, Meerut.
1588. Bundelkhand Oil Millers' Association, Jhansi.
1589. Tel Ghani Udyog Sahkari Samiti, Farrukhabad.
1590. Sahakari Sangh, Sikandarpur.
1591. Allahabad Oil Mills' Association, Allahabad.
1592. Oil Engine Manufacturing Association, Kanpur.
1593. Ghaziabad Manufacturers' Association, Ghaziabad.
1594. Foundry and Engineering Works Association, Kanpur.
1595. Co-operative Society, Nawabganj.
1596. Small Scale Soap Manufacturers' Association, Kanpur.
1597. U. P. Cycle Parts Manufacturers' Association, Kanpur.
1598. All India Paints Manufacturers' Association, Kanpur.
1599. Lucknow Merchants' Association, Lucknow.
1600. Agra Trade Association, Agra.
1601. Kaisarganj Manufacturers' Association, Meerut.

1602. All India Manufacturers' Organisation, Ghaziabad.
 1603. Small Scale Industries Association, Jhansi.
 1604. Dipika Nirmati Co-operative Society, Kanpur.
 1605. U. P. Pharmaceutical Manufacturers' Association, Lucknow.
 1606. Industrial Factory Association, Moradabad.
 1607. Siddiqui Glass Manufacturers' Association, Kiratpur.
 1608. Radio Merchants' Association, Lucknow.
 1609. Banaras Rolling Mills Association, Varanasi.
 1610. Radio Dealers' Association, Moradabad.
 1611. Dhatu Udyog Sahakari Samity, Pilibhit.
 1612. New Bharat Glass Udyog Sahakari Samiti, Kiratpur.
 1613. U. P. Oil Millers' Association, Kanpur.
 1614. Small Scale Oil Manufacturers' Association, Kanpur.
 1615. U. P. Small Oil Manufacturers' Association, Bareilly.
 1616. Khandsari Manufacturers' Association, Shahjahanpur.
 1617. Laghu Mills Udyog Sangh, Etawah.
 1618. Tobacco Growers' Association, Farrukhabad.
 1619. Vasant Co-operative Society, Rampur.
 1620. Khandsar Association, Dhampur.
 1621. District Gur and Khandsari Association, Muzaffarnagar.
 1622. Sugar Association, Dehra Dun.
 1623. Gur and Khandsari Association, Bareilly.
 1624. Rampur Gur and Khandsari Association, Rampur.
 1625. Meerut Jilha Gur and Khandsari Udyog Association, Meerut.
 1626. Gur and Khandsari Association, Pilibhit.
 1627. Indian Sugar Mills' Association, Gorakhpur.
 1628. Khandsari Association, Kasganj.

Others

1629. Shri Damodar Dass, Retired Collector, Central Excise, Agra.
 1630. Shri Shivcharandas, Retired Collector, Central Excise, Dehra Dun.
 1631. Mr. C. B. Phillips, Retired Collector, Central Excise, Allahabad.
 1632. Shri S. C. Satyawadi, Retired Collector, Central Excise, Allahabad.
 1633. Shri Vyasdev, Retired Collector, Central Excise, Meerut.
 1634. Dr. Baljit Singh, Professor of Economics, Lucknow.
 1635. Dr. J. D. Tewari, Allahabad University, Allahabad.
 1636. Dr. S. N. Gundu Rao, Indian Institute of Sugar Technology, Kanpur.
 1637. J. K. Commercial Corporation, Kanpur.
 1638. British India Corporation, Kanpur.
 1639. Star Paper Mills, Saharanpur.
 1640. North West Tannery, Kanpur.
 1641. Elgin Mills Company, Kanpur.
 1642. Swadeshi Cotton Mills Company, Kanpur.
 1643. Bazpur Co-operative Sugar Factory, Bazpur.
 1644. Ram Narain Gopal Prasad Mills, Hathras.
 1645. Shri Ram Bharose Lal Shankarlal, Bareilly.

State Government Officials

- 1646. Chief Secretary, Government of Uttar Pradesh, Lucknow
- 1647. Director of Industries, Lucknow,
- 1648. Director of Agriculture, Lucknow.

Departmental Officers

- 1649. Collector of Central Excise, Allahabad.
- 1650. Assistant Collector, Central Excise, Bareilly.
- 1651. Assistant Collector, Central Excise, Lucknow.
- 1652. Assistant Collector, Central Excise, Meerut.
- 1653. Assistant Collector, Central Excise, Farrukhabad.
- 1654. Assistant Collector, Central Excise, Kanpur.
- 1655. Assistant Collector, Central Excise, Rampur.
- 1656. Assistant Collector, Central Excise, Agra.
- 1657. Assistant Collector, Central Excise, Allahabad.
- 1658. Superintendent of Central Excise, Bareilly.
- 1659. Superintendent of Central Excise, Shahjahanpur.
- 1660. Superintendent of Central Excise, Kasganj.
- 1661. Superintendent of Central Excise, Lucknow
- 1662. Superintendent of Central Excise, Sitapur.
- 1663. Superintendent of Central Excise, Faizabad.
- 1664. Superintendent of Central Excise, Gonda.
- 1665. Superintendent of Central Excise, Saharanpur.
- 1666. Superintendent of Central Excise, Meerut.
- 1667. Superintendent of Central Excise, Muzaffarnagar.
- 1668. Superintendent of Central Excise, Ghaziabad.
- 1669. Superintendent of Central Excise, Bulandshahr.
- 1670. Superintendent of Central Excise, Farrukhabad.
- 1671. Superintendent of Central Excise, Kannauj.
- 1672. Superintendent of Central Excise, Kaimganj.
- 1673. Superintendent of Central Excise, Fatehgarh.
- 1674. Superintendent of Central Excise, Agra.
- 1675. Superintendent of Central Excise, Jhansi.
- 1676. Superintendent of Central Excise, Mainpuri.
- 1677. Superintendent of Central Excise, Aligarh.
- 1678. Superintendent of Central Excise, Rampur.
- 1679. Shri D. R. Trivedi, Assistant Chief Accounts Officer, Ghazipur.

Staff Associations

- 1680. Central Excise and Land Customs Ministerial Officers' Federation, Allahabad.
- 1681. Central Excise (Non-gazetted) Executive Officers' Association, Allahabad.
- 1682. Central Excise (Non-gazetted) Ministerial Officers' Association, Allahabad.
- 1683. Central Excise (Non-gazetted) Executive Officers' Association, Kanpur.

UNITED KINGDOM

- 1684. Sri Harry Greenfield, (Formerly Member, Central Board of Revenue), London.
- 1685. Mr. A. C. Whitcher, Retired Collector, Central Excise, Norfolk.

APPENDIX V

(Introductory : Para. 7)

List of persons who replied to the questionnaires

MAIN QUESTIONNAIRE

ANDHRA PRADESH

Chambers of Commerce

1. Indian Chamber of Commerce, Guntur.

Trade Associations

2. Andhra Pradesh Small Industries' Association, Vijayawada.
3. Vijayawada Rotary Oil Millers' Association, Vijayawada.
4. Country Tobacco Merchants' Association, Vijayawada.
5. Anantapur District Seeds and Oil Millers' Association, Anantapur.
6. Andhra Pradesh Oil Millers' Association, Hyderabad.
7. Beedi Manufacturers' and Tobacco Merchants' Association, Nizamabad.
8. Millers' Association, Vizianagram.
9. Cuddapah District Oil Manufacturers' Association, Proddatur.
10. East India Tobacco Federation, Guntur.
11. India Tobacco Association, Guntur.
12. Reddipalli Agraharam Tobacco Merchants' Association, Reddipalli.
13. Indian Tobacco Dealers' Association, Chilakaluripet.
14. Eluru Wholesale Tobacco Merchants' Association, Eluru.
15. Eluru Retail Tobacco and Cigar Manufacturers' Association, Eluru.
16. Tobacco Merchants' Association, Pothavaram.
17. Srikakulam District Tobacco Merchants' Association, Srikakulam.
18. Sompeta Taluk Tobacco Merchants' Association, Srikakulam.
19. Ichapuram Taluk Tobacco Merchants' Association, Srikakulam.
20. Tobacco Merchants' Association, Rajahmundry.
21. Guntur District Tobacco Growers' and Curers' Co-operative Society, Ongole.
22. Pithapuram Taluk Tobacco Cigarette and Soda Merchants' Association, Pithapuram.

Others

23. Shri D. Srinivasa Rao, Guntur.
24. Shri Kolla Venkiah, M. L. C., Bapatla.
25. Rajendra Oil Mills and Refinery, Hyderabad.
26. Hyderabad Oils and Seeds Exchange, Hyderabad.
27. Hyderabad Allwyn Metal Works, Hyderabad.
28. Vazir Sultan Tobacco Company, Hyderabad.
29. Shri M. Ramachandra Rao, Editor, "Central Excise Commodity Journal", Hyderabad.
30. Shri P. V. Kutumba Rao, B. E., Gudivada.
31. Shri Nanjee Muljee Chavda, Kurnool.

State Government Officials

32. Director of Agriculture, Andhra Pradesh, Hyderabad.

ASSAM**Trade Associations**

33. Assam Oil Company, Digboi.

State Government Officials

34. Joint Director (General) Cottage Industries Department, Assam, Shillong.

BIHAR**Chambers of Commerce**

35. Bihar Chamber of Commerce, Patna.

36. North Bihar Merchants' Chamber, Muzaffarpur.

Trade Associations

37. All India Non-power Soap Makers' Association, Deoghar.

Others

38. Mr. N. J. Haley, Tata Iron and Steel Company, Jamshedpur.

39. Mandal Congress Committee, Bhagalpur.

DELHI**Chambers of Commerce**

40. Federation of Indian Chambers of Commerce and Industry, New Delhi.

Trade Associations

41. All India Glass Manufacturers' Federation, New Delhi.

Others

42. Dr. V. K. R. V. Rao, Director, Institute of Economic Growth, Delhi.

43. Dr. B. N. Gunguly, Director, Delhi School of Economics, Delhi.

44. Dr. K. N. Raj, Delhi School of Economics, University Enclave, Delhi.

45. Shri C. D. Deshmukh, New Delhi.

46. Shri K. R. K. Menon, Tata Industries, New Delhi.

47. Shri A. N. Nanda, Retired Collector of Central Excise, New Delhi.

48. Golden Tobacco Company, New Delhi.

49. Burmah Shell Oil Storage and Distributing Company of India, New Delhi.

50. Burmah Oil Company, New Delhi.

Central/State Government Officials

51. Shri A. K. Roy, Comptroller and Auditor General of India, New Delhi.

52. Shri M. R. Sharma, Secretary, Central Warehousing Corporation, New Delhi.

53. Shri M. P. Mathur, Director, Export Promotion, Ministry of Commerce, New Delhi.
 54. Deputy Director, Indian Standards Institution, New Delhi.

GUJERAT

Chambers of Commerce

55. Saurashtra Chamber of Commerce, Bhavnagar.

Trade Associations

56. Federation of Gujerat Mills and Industries, Baroda.
 57. Bhavnagar Soap Manufacturers' Association, Bhavnagar.
 58. Bhavnagar Small Industries' Association, Bhavnagar.
 59. Gujerat Vepari Mahamandal, Ahmedabad.
 60. Ahmedabad Mill Owners' Association, Ahmedabad.
 61. Pharmaceutical Manufacturers' Association, Ahmedabad.
 62. Sri Saurashtra Oil Mills' Association, Jamnagar.
 63. Halal Soap Manufacturers' Association, Jamnagar.
 64. Sree Sihor Metalware Manufacturers' Association, Sihor.
 65. Gujerat Tobacco Merchants' Association, Anand.
 66. Kaira District Tobacco Market Committee, Anand.
 67. Gujerat Tobacco Growers' Co-operative Association, Nadiad.
 68. Kaira District Tobacco Merchants' Association, Nadiad.
 69. Nadiad Tobacco Merchants' Association, Nadiad.
 70. North Gujerat Bidi and Tobacco Merchants' Association, Patan.
 71. Rajkot Bidi Leaves and Tobacco General Merchants' Association, Rajkot.

Others

72. Dr. I. S. Gulati, Professor of Economics, University of Baroda, Baroda.
 73. Shri P. F. Patel, Baroda.
 74. Shri R. B. Amin, Baroda.
 75. Dr. B. R. Shenoy, Director, University School of Social Sciences, Gujerat University, Ahmedabad.
 76. Shri Ambalal Patel, Editor, "Tobacco", Ahmedabad.
 77. Morvi Vegetable Products, Morvi.
 78. Parshuram Pottery Works, Morvi.
 79. Saurashtra Paper and Board Mills, Rajkot.
 80. Khodiyar Pottery Works, Sihor.

JAMMU AND KASHMIR

Trade Associations

81. Tobacco Dealers' Association, Srinagar.

KERALA

Chambers of Commerce

82. Cochin Chamber of Commerce, Cochin.

Trade Associations

83. Travancore Oil Millers' Association, Alleppey.
84. Alleppey Oil Millers' and Merchants' Association, Alleppey.
85. Wynaad Coffee Growers' Association, Kerala.
86. Tea Trade Association of Cochin, Cochin.
87. Association of Planters of Kerala, Kottayam.

Others

88. Shankar Paint and Oil Mills, Alleppey.
89. Radhakrishna Oil Mills, Alleppey.
90. Travancore Rubber Works, Trivandrum.

State Government Officials

91. Shri Parameswara Prasad, Principal, Port Officer, Kozhikode.
92. Kerala Government, Hydrogenation Factory, Kozhikode.
93. Kerala Government Cycle Rim Factory, Trivandrum.

MADHYA PRADESH**Chambers of Commerce**

94. Madhya Pradesh Chamber of Commerce and Industry, Gwalior.

Trade Associations

95. Madhya Pradesh Organisation of Industrial Employers, Gwalior.
96. Tobacco Vepari Sangh, Gwalior.
97. Madhya Pradesh Sugar Mills' Association, Indore.
98. Nimar District Oil Mill Owners' Association, Khandwa.

Others

99. Imperial Match Company, Gwalior.
100. Shri Jagannath Parshad Gupta, Gwalior.
101. Hukum Chand Mills, Indore.
102. Jaora Oil Mills, Jaora.

MADRAS**Chambers of Commerce**

103. Andhra Chamber of Commerce, Madras.
104. Southern India Chamber of Commerce, Madras.
105. National Chamber of Commerce, Madras.
106. Tamil Chamber of Commerce, Madras.
107. South India Film Chamber of Commerce, Madras.
108. Virudhunagar Chamber of Commerce, Virudhunagar.
109. Madurai Ramnad Chamber of Commerce, Madurai.
110. Sivakasi Chamber of Match Industries, Sivakasi.

Trade Associations

111. Madras Piece-goods Merchants' Association, Madras.
112. Madras Oil and Seeds Association, Madras.
113. Madras Pinto and Rotary Oil Mill Owners' Association, Madras.
114. South Indian Motion Picture Producers' Association, Madras.
115. Madras Provincial Beedi Factory Owners' Association, Madras.
116. South Indian Swadeshi Match Manufacturers' Association, Sattur.
117. United Planters' Association of Southern India, Coonoor.
118. North Arcot District Beedi Workers' Union, Vellore.
119. Coimbatore Tobacco Merchants' Association, Coimbatore.
120. Virudhunagar Tobacco Merchants' Association, Virudhunagar.
121. North Arcot District Pinto (Wooden) Chekku Owners' Association, Arni.

Others

122. Shri A. N. Sattanathan, Retired Collector of Customs, Madras.
123. Shri V. T. Krishnamachari, Member, Parliament, Madras.
124. Shri M. Narayana Venkatraya Shanbhogue, Madras.
125. Wheel and Rim Company of India, Madras.
126. Enfield India, Madras.
127. Dr. M. S. Patel, Secretary, Indian Central Tobacco Committee, Madras.
128. Brilliant Match Works, Sivakasi.
129. Southern India Match Company, Sivakasi.
130. Pioneer Match Works, Sivakasi.
131. Jayaprakash Match Works, Kovilpatti.
132. Ramnad Match Industries, Sedapatti.
133. Shri S. Shanmugham, Tiruchy.
134. Shri M. Audiappan, Balaji Match Industries, Sattur.
135. Shri L. Manickam, Arni.

MAHARASHTRA**Chambers of Commerce**

136. Maharashtra Chamber of Commerce, Bombay.
137. All India Exporters' Chamber, Bombay.
138. Indian Merchants' Chamber, Bombay.

Trade Associations

139. All India Manufacturers' Organisation, Bombay.
140. Indian Cotton Mills' Federation, Bombay.
141. Silk and Art Silk Mills' Association, Bombay.
142. Federation of Woollen Manufacturers' in India, Bombay.
143. Surat Weavers' Co-operative Producers' Society, Bombay.
144. Cotton Textile Export Promotion Council, Bombay.
145. Tea Exporters' Association, Bombay.
146. Vanaspati Manufacturers' Association of India, Bombay.
147. Bombay Oil Seeds Crushers' Association, Bombay.

148. Central Organisation for Oil Industry and Trade, Bombay.
149. Association of India Automobile Manufacturers', Bombay.
150. Paper Traders' Association, Bombay.
151. Non-power Soap Manufacturers' Association, Bombay.
152. Indian Motion Picture Producers' Association, Bombay.
153. All India Tobacco Conference, Bombay.
154. Indian Tobacco Merchants' Association, Bombay.
155. Greater Bombay Tobacco Merchants' Mandal, Bombay.
156. Tobacco Merchants' Association, Poona.
157. Maharashtra Tobacco Merchants' Association, Poona.
158. Sangamner Merchants' Association, Sangamner.
159. Sangli Tobacco Merchants' Association, Sangli.
160. Tobacco and Transport Commission Merchants' Association, Jayasingpur.

Others

161. Professor D. R. Gadgil, Gokhale Institute of Economics and Politics, Poona.
162. Dr. S. K. Muranjan, Bombay.
163. Shri K. R. P. Aiyangar, Chairman, Tariff Commission, Bombay.
164. Dr. D. T. Lakdawala, Professor of Economics, University of Bombay, Bombay.
165. Professor D. G. Karve, Deputy Governor, Reserve Bank of India, Bombay.
166. Professor C. N. Vakil, Bombay.
167. Shri H. A. Siddique, Bombay.
168. Mr. W. Saldanha, Retired Collector of Central Excise, Bombay.
169. Caltex (India), Bombay.
170. Standard Vacuum Refining Company of India, Bombay.
171. Burmah-Shell Refineries, Bombay.
172. Hindustan Lever, Bombay.
173. Tata Oil Mills Company, Bombay.
174. Goodlass Nerolac Paints, Bombay.
175. Bhundell Eomite Paints, Bombay.
176. Firestone Tyre and Rubber Company of India, Bombay.
177. Bombay Dyeing and Manufacturing Company, Bombay.
178. Swastik Textile Mills, Bombay.
179. Shri Hiralal Gulabchand, Bombay.
180. Associated Cement Companies, Bombay.
181. Western India Match Company, Bombay.
182. M/s. Matchwel Electricals, Poona.

Central/State Government Officials

183. Export Promotion Adviser, Office of the Joint Chief Controller of Exports, Bombay.
184. Knadi and Village Industries Commission, Bombay.
185. Deputy Secretary, Finance Department, Government of Maharashtra, Bombay.

MYSORE

Trade Associations

186. Indian Planters' Association, Mysore.
187. Bangalore Oil Millers' and Merchants' Association, Bangalore.
188. District Mill and Factory Owners' Association, Tumkur.
189. Hubli Circle Oil Mill Owners' Association, Gadag.
190. Tobacco Merchants' Association, Ravandur.
191. Mangalore Curers' Association, Mangalore.

Others

192. Shri Mahalaxmi Oil Mills, Bhagalkot.

Central/State Government Officials

193. Chairman, Coffee Board, Bangalore.

ORISSA

Chambers of Commerce

194. Cuttack Chamber of Commerce, Cuttack.

Trade Associations

195. Ganjam District Tobacco Merchants' Association, Berhampur.

PUNJAB

Trade Associations

196. Textile Manufacturers' Association, Amritsar.
197. Metal Industry Development Society, Jagadhri.

Others

198. Govind Weaving Mills, Amritsar.
199. New Egerton Woollen Mills, Dhariwal.

UTTAR PRADESH

Chambers of Commerce

200. Upper India Chamber of Commerce, Kanpur.
201. Merchants' Chamber of Uttar Pradesh, Kanpur.

Trade Associations

202. Banaras Oil Industries' Association, Varanasi.
203. U.P. Tambakoo Vyavosayee Sangh, Varanasi.
204. U.P. Small Oil Manufacturers' Association, Bareilly.
205. U.P. Gur and Khandsari Association, Bareilly.
206. Saharanpur Tobacco Dealers' Association, Saharanpur.
207. Tobacco Merchants' Association, Kaimganj.
208. Tobacco Veopari Kisan Sangh, Kaimganj.
209. Tobacco Dealers' Association, Kanpur.

Others

210. Shri S. C. Satyawadi, Retired Collector, Central Excise, Allahabad.
211. Shri T. K. Sheopuri, Retired Assistant Collector, Central Excise, Allahabad.
212. Shri Shiv Charan Dass, Retired Collector, Central Excise, Dehra Dun.
213. Mohd. Khalique Ahmed Khan, Amroha.
214. Modi Vanaspati Manufacturing Company, Modinagar.
215. Seth Lachman Industries, Sitapur.
216. British India Corporation (Cooper Allen Branch), Kanpur.
217. Cawnpore Woollen Mills, Kanpur.
218. Punjab Oil Expeller Company, Ghaziabad.
219. Sri Suresh Chandra Rastogi, Kaimganj.

WEST BENGAL**Chambers of Commerce**

220. Associated Chamber of Commerce of India, Calcutta.
221. Bharat Chamber of Commerce, Calcutta.
222. Oriental Chamber of Commerce, Calcutta.
223. Bengal National Chamber of Commerce and Industry, Calcutta.
224. Indian Chamber of Commerce, Calcutta.
225. Bengal Chamber of Commerce and Industry, Calcutta.

Trade Associations

226. Indian Sugar Mills' Association, Calcutta.
227. Calcutta Grocers' Association, Calcutta.
228. Bengal Oil Mills' Association, Calcutta.
229. East India Oil Millers' Association, Calcutta.
230. Consultative Committee of Tea Producers' Association, Calcutta.
231. Tea Packeters' Association of India, Calcutta.
232. Calcutta Tea Merchants' Association, Calcutta.
233. Bharatiya Cha Parishad, Calcutta.
234. Indian Paints Association, Calcutta.
235. Indian Paper Makers' Association, Calcutta
236. Indian Paper Mills' Association, Calcutta.
237. Indian Chemical Manufacturers' Association, Calcutta.
238. Association of Indian Pharmaceutical Manufacturers', Calcutta.
239. Motor Industries Association, Calcutta.
240. Calcutta Biri Tobacco Merchants' Association, Calcutta.
241. Indian Tea Planters' Association, Jalpaiguri.

Others

242. Shri D. N. Mukherjee, Retired Collector, Central Excise, Calcutta.
243. Imperial Tobacco Company, Calcutta.
244. National Tobacco Company, Calcutta.
245. Indian Leaf Tobacco Development Company, Calcutta.
246. Associated Electrical Industries, Calcutta.
247. Lucas Indian Service, Calcutta.

- 248. Phillips India, Calcutta.
- 249. Electric Lamp Manufacturers', Calcutta.
- 250. Associated Battery Makers' (Eastern), Calcutta.
- 251. Indian Aluminium Company, Calcutta.
- 252. Dunlop Rubber Company, Calcutta.
- 253. Bata Shoe Company, Calcutta.
- 254. Gillanders Arbuthnot and Company, Calcutta.
- 255. Venesta Foils, Kamarhati.
- 256. Jay Shree Textiles, Rishra.

Central/State Government Officials

- 257. Chairman, Tea Board, Calcutta.

UNITED KINGDOM

- 258. Sir Harry Greenfield, Formerly Member, Central Board of Revenue.
- 259. Mr. A. C. Whitchee, Retired Collector, Central Excise.

Departmental Officers

Collectors

- 260. Shri S. K. Bhattacharjee.
- 261. Shri S. P. Kampani.
- 262. Shri G. Koruthu.
- 263. Shri D. R. Kohli.
- 264. Shri A. K. Roy.
- 265. Shri K. Narasimhan.
- 266. Shri B. Sen.
- 267. Shri D. N. Kohli.
- 268. Shri B. D. Deshmukh.
- 269. Shri A. R. Shanmugham.
- 270. Shri R. C. Mehra.
- 271. Shri A. K. Bandyopadhyay.
- 272. Shri N. Mookerjee.
- 273. Shri S. C. Mathur.

Deputy Collectors

- 274. Shri M. L. Routh.
- 275. Shri V. B. Gordon.

Assistant Collectors

- 276. Shri N. D. Khosla.
- 277. Shri A. Shankar.
- 278. Shri H. N. Sahu.
- 279. Shri P. A. Mathew.
- 280. Shri J. R. Benjamin.
- 281. Shri S. C. Niyogi.
- 282. Shri K. K. Kapoor.
- 283. Shri A. P. Kumtakar.

- 284. Shri A. K. Bhowmick.
- 285. Shri N. N. Roy Chowdhury.
- 286. Shri J. N. Sahu.
- 287. Shri Bharat Das.
- 288. Shri V. R. Sonalkar.

Superintendents

- 289. Shri D. R. Gupta.
- 290. Shri B. K. Roy.
- 291. Shri V. Sundaresa Mudaliar.
- 292. Shri B. R. Ghose.
- 293. Shri T. B. Patsupe.
- 294. Shri W. G. Hart.
- 295. Shri K. M. Makhija.
- 296. Shri K. P. Gupta.
- 297. Shri K. P. Roy Choudhry.
- 298. Shri P. S. Chakravarty.
- 299. Shri R. K. Biswas.
- 300. Shri R. N. Banerjee.
- 301. Shri S. R. Ganguly.
- 302. Shri C. C. Roy.
- 303. Shri A. S. Alvi.
- 304. Shri P. C. Mukherjee.
- 305. Shri H. B. Krishnamurthy.
- 306. Shri B. Roy.

Deputy Superintendents

- 307. Shri E. Damodara Menon, Chundale.
- 308. Shri S. N. Gupta, Kishanganj.
- 309. Shri P. M. Chhaya, Jamnagar.
- 310. Shri B. K. Mathur, Chandausi.
- 311. Shri B. D. P. Rao, Bhilai.
- 312. Shri G. V. Subbiah, Anantapur.
- 313. Shri S. N. Bharati, Tinsukia.
- 314. Shri M. Hanif, Salem.

Inspectors

- 315. Shri B. R. Nanda, Meerut.
- 316. Shri P. Biksheswara Rao, Masulipatam.
- 317. Shri V. R. S. Unni, Kalugumalai.
- 318. Shri M. V. Gokhale, Gulbarga.
- 319. Shri C. Govinda Swami, Pattiveeranpatti.
- 320. Shri Krishna Das Roy, Asansol.
- 321. Shri K. P. Bhattacharjee, Bhadrakali.
- 322. Shri Prakriti Prasanna Gupta, Monghyr.
- 323. Shri R. Krishnamurthy, Pithapuram.
- 324. Shri Murthy, Golatga.

325. Shri Rahiman, Golatga.
326. Shri Gokhale, Golatga.
327. Shri G. H. D'Cruz, Golatga.
328. Shri M. V. Thomas, Munnar.
329. Shri A. S. Mhetre, Thana.
330. Shri S. M. Sirkar, Chapra.
331. Shri A. Albert Charles, Dindigul.
332. Shri A. Pande, Kanpur.
333. Shri P. M. Mammen, Chavara.
334. Shri S. F. Hiremath, Sangli.
335. Shri M. Joseph Mathai, Trichur.
336. Shri G. S. Sathrugana Rao, Anantapur.
337. Shri V. A. Sethi, Sangli.
338. Shri K. B. Bhavsar, Ahmedabad.
339. Shri Amal Kumar Gupta, Silchar.
340. Shri Ram Nandan Prasad Sahu, Siwan.
341. Shri S. Rama Iyyengar, Chittoor.
342. Shri P. M. Banerjee, Doiwala.
343. Shri V. A. Pathi, Brahmपुरi, Chanda.

Sub-Inspectors

344. Mr. C. E. Philips, Sigra.
345. Shri K. L. Srivastava, Varanasi.

Others

346. Shri H. D. Suri, Chief Chemist, Central Revenues Control Laboratory, New Delhi.
347. Deputy Chief Chemist, Custom House, Bombay.
348. Shri B. Ganguly, Chief Accounts Officer, Calcutta & Orissa, Calcutta.
349. Shri K. R. Nair, Assistant Statistician, Statistics & Intelligence Branch, New Delhi.

Ministerial Officers

350. Shri T. R. K. Menon, Cochin.
351. Shri H. Venkatachalam, Cochin.
352. Shri V. P. Bhatnagar, Jaipur.
353. Shri Rai Jogendra Prasad, Patna.
354. Shri N. R. Kagalkar, Nipani.
355. Shri B. N. Sarkar, Calcutta.
356. Shri Virendra Kumar, Gwalior.
357. Shri G. Mukherjee, Hyderabad.
358. Shri P. H. V. Prasada Rao, Hyderabad.

Staff Associations

359. All India Central Excise Officers' Association, New Delhi.
360. All India Federation of Central Excise and Land Customs Non-gazetted Executive Officers.

361. All India Central Excise and Land Customs Ministerial Officers' Federation.
362. Central Excise and Land Customs (Non-gazetted) Employees' Union, Calcutta.
363. Andhra Pradesh Central Excise Executive Officers' Association, Vijayawada.
364. Central Excise Non-gazetted Officers' Association, Kanpur.
365. Central Excise and Land Customs Ministerial Officers' Association, Calcutta.
366. Bombay Central Excise Non-gazetted Officers' Association, Bombay.
367. Madras Central Excise Non-gazetted Officers' Association, Tiruchirappalli.
368. Calcutta Central Excise Non-gazetted Officers' Union, Calcutta.

SUPPLEMENTARY QUESTIONNAIRE

Departmental Officers

Collectors

1. Shri S. K. Bhattacharjee.
2. Shri S. C. Mathur.
3. Shri G. Koruthu.
4. Shri S. P. Kampani.
5. Shri A. K. Bandyopadhyay.
6. Shri K. Narasimhan.
7. Shri B. Sen.
8. Shri D. R. Kohli.
9. Shri N. Mookherjee.
10. Shri D. N. Kohli.
11. Shri A. R. Shanmugam.
12. Shri R. C. Mehra.
13. Shri A. K. Roy.

Deputy Collectors

14. Shri M. N. Mathur.
15. Shri M. L. Routh.
16. Shri V. B. Gordan.

Assistant Collectors

17. Shri V. K. Asthana.
18. Shri J. N. Sahni.
19. Shri H. N. Raina.
20. Shri A. K. Bhowmick.
21. Shri J. R. Benjamin.
22. Shri S. C. Niyogi.
23. Shri A. Shanker.
24. Shri K. K. Kapoor.
25. Shri A. P. Kumtakar.

26. Shri Bharat Das.
27. Shri H. N. Sahu.
28. Shri S. K. Vardhan.
29. Shri P. B. Ghosh.
30. Shri N. D. Mukherjee.

Superintendents

31. Shri S. A. Prabhu.
32. Shri D. S. Pannu.
33. Shri C. S. Rama Krishnan.
34. Shri M. S. Vaidyanathan.
35. Shri P. S. Chakravarty.
36. Shri N. S. Ramachandran.
37. Shri L. A. Fullinfaw.
38. Shri W. G. Hart.
39. Shri K. M. Makija.
40. Shri I. S. Mathur.
41. Shri R. N. Banerji.
42. Shri P. C. Mukherjee.
43. Shri R. K. Biswas.
44. Shri S. R. Ganguly.
45. Shri C. C. Roy.

Deputy Superintendents

46. Shri B. K. Mathur, Chandausi.
47. Shri C. V. Subbiah, Anantapur.
48. Shri A. Rajanatam, Nandigama.
49. Shri M. Hanif, Salem.
50. Shri K. V. Abdul Rahman Kutti, Tiruppur.
51. Shri V. R. Krishnamachari, Puliampatti.
52. Shri B. G. Mutgi, Belgaum.
53. Shri T. R. Sethuraman, Bangalore.
54. Shri B. B. P. Rao, Bhilai.
55. Shri K. C. Hazarika, Sibsagar.
56. Shri N. N. Roy, Cooch-Behar.

Inspectors

57. Shri K. B. Bhavsar, Ahmedabad.
58. Shri K. L. Narang, Bombay.
59. Shri Kanduri Charan Nagapatra, Bargarh.
60. Shri M. O. Thomas, Tuticorin.
61. Shri V. R. S. Unni, Kalugumalai.
62. Shri W. A. Abhram, Manjeri.
63. Shri M. V. Thomas, Munnar.
64. Shri E. T. Thomas, Kozhikode.
65. Shri C. K. Ponnuswamy, Palghat.
66. Shri K. K. Radhakrishnan, Palghat.

67. Shri P. M. Mammen, Chavara.
68. Shri M. Joseph Mathai, Trichur.
69. Shri J. Lingamurthy, Kakinada.
70. Shri G. S. Sathrughna Rao, Anantapur.
71. Shri S. Soundrarajan, Visakapatnam.
72. Shri M. Bhaskar Rao, Miriyalaguda.
73. Shri S. Ramanathan, Nizam Sagar.
74. Shri K. Lakshmi Narayana, Parachur.
75. Shri S. G. K. Prasada Rao, Nandigama.
76. Shri S. Ramayyengar, Chittoor.
77. Shri R. V. Subba Rao, Bheemunipatnam.
78. Shri A. Albert Charles, Dindigul.
79. Shri V. Rajamani, Pollachi.
80. Shri M. Venkataramani, Madras.
81. Shri U. Suvarna, Belgaum.
82. Shri D. G. Kulkarni, Belgaum.
83. Shri G. H. D'Cruz, Belgaum.
84. Shri L. B. Madbhavi, Aland.
85. Shri R. G. Kulkarni, Gokak.
86. Shri R. T. Naslapur, Mangalore.
87. Shri A. M. Subbayya, Mangalore.
88. Shri Sushil Prasad, Muzaffarpur.
89. Shri Hirdai Narain, Muzaffarpur.
90. Shri Davendra Prasad, Banipur.
91. Shri M. M. Raza, Patna.
92. Shri B. C. Das, Saraiya.
93. Shri M. R. Mhaiskar, Kopargaon.
94. Shri S. F. Hiremath, Sangli.
95. Shri V. A. Shete, Sangli.
96. Shri Amal Kumar Gupta, Silchar.

Sub-Inspectors

97. Shri J. Paul Rajanayagam, Kalugumalai.
98. Shri P. C. Chandy, Vaikom.
99. Shri T. R. Venkataraman, Trivandrum.
100. Shri V. V. Shivasankar, Ernakulam.
101. Shri V. K. Pushparaj, Ernakulam.
102. Shri K. R. Gopalkrishna Pillai, Kozhikode.
103. Shri R. Suryanarayana, Hyderabad.
104. Shri Narsinha Prasad Sah, Saraiya.
105. Shri A. M. Khan, Dhulia.

Others

106. Statistical Investigators, Statistics and Intelligence, New Delhi.
107. Shri N. Nenwani, Stenographer, Statistics and Intelligence Branch, New Delhi.
108. Shri V. P. Channa, Stenographer Senior Grade, New Delhi.

109. Shri H. B. D. Malik, Draftsman, New Delhi.
110. Shri R. A. Shukla, Draftsman, Allahabad.
111. Shri A. H. Ravel, Draftsman, Baroda.
112. Deputy Chief Chemist, Bombay.
113. Shri C. K. Engineer, Draftsman, Bombay.
114. Welfare Officer, Customs and Central Excise, Calcutta.
115. Shri B. Ganguly, Chief Accounts Officer, Calcutta.
116. Shri D. Murugesan, Draftsman, Madras.
117. Central Excise Staff, Tanuku.
118. Ministerial Staff, Circle Office, Tanuku.
119. Shri Nazer Ahmad Khan, Draftsman, Bangalore.
120. Shri M. V. Venkatappa, Sepoy, Mangalore.
121. Shri P. M. Sawade, Draftsman, Nagpur.
122. Shri Habib Khan, Gestetner Operator, Nagpur.
123. Shri V. V. Gadekari, Draftsman, Poona.
124. Shri G. K. Chakravorty, Tezpur.
125. Ministerial Staff, Collectorate Office, Hyderabad.
126. Ministerial Staff, Divisional Office, Nellore.
127. Ministerial Staff, Divisional Office, Warangal.
128. Ministerial Staff, Circle Office, Warangal.
129. Ministerial Staff, Circle Office, Nellore.
130. Ministerial Staff, Divisional Office, Visakhapatnam.
131. Ministerial Staff, Circle Office, Visakhapatnam.
132. Ministerial Staff, Divisional Office, Guntur.
133. Ministerial Staff, Divisional Office, Anantapur.
134. Ministerial Staff, Divisional Office, Rajahmundry.
135. Ministerial Staff, Circle Office, Rajahmundry.
136. Ministerial Staff, Circle Office, Kurnool.
137. Ministerial Staff, Circle Office, Ongole.
138. Ministerial Staff, Circle Office, Kakinada.
139. Ministerial Staff, Circle Office, Nandyal.
140. Ministerial Staff, Circle Office, Karimnagar.
141. Ministerial Staff, Circle Office, Cuddapah.
142. Ministerial Staff, Circle Office, Khammameth.
143. Ministerial Staff, Circle Office, Amalapuram.
144. Ministerial Staff, Circle Office, Kovvur.
145. Ministerial Staff, Circle Office, Nizamabad.
146. Ministerial Staff, Circle Office, Sattanapalli.
147. Ministerial Staff, Circle Office, Anakapalli.
148. Ministerial Staff, Circle Office, Vizianagaram.
149. Ministerial Staff, Circle Office, Bapatla.

Staff Associations

150. All India Central Excise and Land Customs Ministerial Officers' Federation.
151. All India Federation of Central Excise and Land Customs Non-gazetted Executive Officers.

152. All India Central Excise Officers' Association, New Delhi.
153. Central Excise and Land Customs Ministerial Staff Association, New Delhi.
154. Delhi Collectorate Customs and Central Excise Executive (Non-gazetted) Officers' Association, New Delhi.
155. Central Excise Chief Accounts Officers' Association, Allahabad.
156. Central Excise Non-gazetted Officers' Association, Allahabad.
157. Central Excise Ministerial Officers' Association, Allahabad.
158. Central Excise Non-gazetted Officers' Association, Kanpur.
159. Central Excise Class III Officers' Union, Baroda.
160. Bombay Central Excise Collectorate Ministerial Officers' Union, Bombay.
161. Bombay Central Excise Collectorate (Non-gazetted) Executive Officers' Union, Bombay.
162. Central Excise and Land Customs Ministerial Officers' Association, Calcutta.
163. Central Excise and Land Customs Non-gazetted Employees' Union, Calcutta.
164. Central Excise Non-gazetted Officers' Association, Ernakulam.
165. Andhra Pradesh Central Excise Executive Officers' Association, Vijayawada.
166. Ex-Service Central Excise and Customs Employees' Union, Hyderabad.
167. Central Excise Ministerial Officers' Association, Hanamkunda.
168. Madras Central Excise Non-gazetted Ministerial Officers' Association, Madras.
169. Madras Central Excise (Non-gazetted) Officers' Association, Tiruchirapalli.
170. Central Excise Collectorate Ministerial Officers' Union, Nagpur.
171. Nagpur Central Excise Class IV Staff Union, Nagpur.
172. Central Excise Non-gazetted Ministerial Officers' Union, Patna.
173. Poona Central Excise Collectorate Ministerial Officers' Union, Poona.
174. Central Excise and Land Customs Ministerial Officers' Association, Shilong.

Office Superintendent

175. Shri V. K. Vaidya Nathan, Hyderabad.

Superintendents (Ministerial)

176. Shri Ranjit Singh Berar, Nagpur.

Deputy Superintendents (Ministerial)

177. Shri S. P. Kanekar, Bombay.

Head Clerks

178. Shri N. J. Mehta, Baroda.
179. Shri J. H. Wazirani, Udaipur.
180. Shri J. R. Baijal, Ambala.
181. Shri C. S. Sarbeshwara Rao, Hyderabad.
182. Shri Virendra Kumar, Gwalior.
183. Shri I. M. Khan, Nagpur.
184. Shri J. C. Paul, Silchar

Upper Division Clerks

185. Shri N. C. Dass, Saharanpur.
186. Shri V. G. Jog, Murud, Janjira.
187. Shri S. M. Munshi, Bombay.
188. Shri Sohanlal Bansilal Chourasia, Nasik.
189. Shri T. R. Menon, Cochin.
190. Shri Harish Chandra, Ambala.
191. Shri Ram Chandra, Jodhpur.
192. Shri S. Hanumanta Rao, Guntur.
193. Shri C. Kapaleshwara Rao, Hyderabad.
194. Shri G. Mukherjee, Hyderabad.
195. Shri V. Subramanian, Dharamapuri.
196. Shri B. K. Bagalwadi, Nipani.
197. Shri Gauri Shanker Singh, Bhagalpur.
198. Shri Kashinath Shanker Gaonkar, Miraj.

Lower Division Clerks

199. Shri C. S. P. Singh, Allahabad.
200. Shri C. R. Nair, Bombay.
201. Shri E. T. S. Nambiar, Cochin.
202. Shri P. L. Antony, Cochin.
203. Shri H. Venkatachalam, Cochin.
204. Shri N. V. Aydru, Kozhikode.
205. Shri A. S. Verma, Ambala.
206. Shri Rajan Raju, Amblapuram.
207. Shri N. R. Kagalkar, Nipani.
208. Shri Dibyendu Kumar Kar, Agartala.

APPENDIX VI

(Introductory : Para. 8)

List of Industrial and other units visited by the Committee

Month	Place	Units visited
January, 61	Calcutta	Cigarette, Tyres and Footwear Factories.
February, 61	Bombay	Oil Refinery, Automobile Industry, Vegetable Product and Soap Factories.
March, 61	Guntur	Tobacco growing and curing, Warehouses, Curers' Store-rooms, Purchasing Platform, Grading and Redrying factories.
March, 61	Madras	Cycle Works.
May, 61	Silchar and Darjeeling.	Tea Factories and Land Customs Station.
November, 61	Madras	Match Factory and Film Processing Laboratory.
November, 61	Bangalore	Silk and Art Silk Powerloom Factories.
November, 61	Mercara and Mysore.	Coffee Plantations and Coffee Curing Works.
February, 62	Dalmianagar	Paper, Chemicals, Sugar, Cement and Vegetable Product Factories.
March, 62	Anand, Nadiad and Ahmedabad	Non-flue-cured Tobacco producing centres including tobacco fields, warehouses, curing premises etc. Textile Mills.
March, 62	New Delhi	Cotton Fabrics and Vegetable Non-essential Oil Mills.
April, 62	Bareilly and Pargana.	Khandsari Sugar produced with and without sulphitation processes.
April, 62	Kanpur	Woollen Mills and Footwear Factory.
April, 62	Fatehgarh and Farrukhabad.	Tobacco fields, curing premises and bonded warehouses.
April, 62	Meerut and Daurala.	Strawboard and Sugar Factories.
April, 62	Faridabad	Wireless Receiving Sets, Electric Motors, Electric Cables, Refrigerators and Air Conditioner Factories.
May, 62	Cochin	Glycerine, Soap, Vegetable Non-essential Oil, Cosmetics and Vegetable Product Factories.
May, 62	Kundara	Electric Wires and Cables Factory.

Month	Place	Units visited
May, 62	Rayonpuram	Rayon yarn, Sulphuric Acid and Cellophane Factories.
July, 62	Howrah	Jute Mills and Paint Factory.
July, 62	Calcutta	Chinaware and Porcelainware, Electric Lamps and Package Tea Factories.
July, 62	Burnpur	Iron and Steel Works and Oxygen Factory.
July, 62	Asansol	Aluminium and Glass Factories.
October, 62	Jamshedpur	Electric Wires and Cables, Iron and Steel Products, Motor Vehicles, Tin Plate Factories.
October, 62	Ghatsila	Copper and Copper Alloys Works.
October, 62	Titaghur	Paper Factory.
December, 62	Bhiwandi	Cotton Powerloom Factories.
	Bombay	Patent and Proprietary Medicine Factories.
January, 63	Madras	Film Processing Laboratory and Iron and Steel Products Factory.
January, 63	Sivakasi	Match Factories.
January, 63	Hyderabad	Plastics Factory.

APPENDIX VII

(Introductory : Para. 9)

List of Witnesses Examined

Date	Place	Name of the organisation/individual	Representative(s) of organisations
1	2	3	4
1. 27-12-61	Calcutta	(i) The Central Excise and Land Customs Ministerial Officers' Association, Shillong.	1. Shri R. R. Bhattacharjee. 2. ,, J. Bhattacharjee. 3. ,, M. L. Deb.
		(ii) The Central Excise and Land Customs Ministerial Officers' Association, Calcutta.	1. Shri K. L. Guha. 2. ,, A. K. Bhattacharjee. 3. ,, B. D. Mukherjee. 4. ,, S. C. Basu.
		(iii) The Central Excise and Land Customs (Non-gazetted) Employees' Union, Calcutta.	1. Shri B. N. Sarkar. 2. ,, G. Ghosh. 3. ,, K. Banerjee. 4. ,, A. K. Bhattacharjee.
		(iv) The Bengal Chamber of Commerce and Industry Calcutta.	1. Mr. H. Mackay Tallack. 2. ,, A. I. Murison. 3. ,, W. M. Paris.
2. 28-12-61	Calcutta	(i) The Tea Packeters' Association, Calcutta.	1. Mr. Robinson. 2. ,, Granthan. 3. ,, K. Ghosh. 4. ,, B. Banerjee.
		(ii) Shri R. N. Banerji, Superintendent of Central Excise.	
		(iii) Association of Indian Pharmaceutical Manufacturers, Calcutta.	1. Shri N. C. Mukherjee. 2. ,, T. P. Chatterji. 3. Dr. R. Das. 4. ,, N. Roy Chowdhury. 5. Shri R. Das.
		(iv) Associated Battery Makers (Eastern) Ltd., Calcutta.	1. Mr. H. R. Gregson. 2. ,, J. Sen Gupta.
		(v) The Indian Paper Makers' Association &	1. Shri J. N. Sardana. 2. ,, S. N. Bhandari. 3. Mr. Wilkinson G.
		(vi) The Indian Paper Mills Association.	4. Shri Raneja, K. C. 5. ,, Burman, L. 6. Mr. Paris. 7. Shri T. R. Krishnaswamy.

1	2	3	4
3. 29-12-61	Calcutta	(i) All India Glass Manufacturers' Federation.	1. Shri O. M. Somany. 2. ,, B. B. Sarkar. 3. ,, Bagri.
		(ii) Burmah Oil (India Trading) Co. Ltd.	1. Shri A. Subramani.
		(iii) The Indian Aluminium Co. Ltd.	1. Shri D. K. Baheti. 2. ,, S. Prakash. 3. ,, P. K. Pal.
4. 30-12-61	Calcutta	(i) The East India Oil Millers' Association.	1. Shri M. L. Gupta. 2. ,, S. S. Bajaj. 3. ,, A. L. Agarwal. 4. ,, S. N. Chatterjee.
		(ii) The Bengal Oil Mills' Association.	1. Shri N. R. Sadhu Khan. 2. ,, A. K. Sadhu Khan. 3. ,, S. K. Har.
		(iii) Shri K. P. Bhattacharya, Inspector of Central Excise.	
		(iv) Shri B. Ganguly, Chief Accounts Officer, Central Excise.	
		(v) Bharat Chamber of Commerce, Calcutta.	1. Shri M. K. Mookerjee 2. ,, K. L. Dhandhania. 3. ,, P. N. Mathur. 4. ,, L. R. Das Gupta.
5. 1-3-62	Ahmedabad.	(i) The Kaira District Tobacco Merchants' Association, Nadiad.	1. Shri Gokalbhai D. Patel.
		(ii) The Gujerat Tobacco Merchants' Association, Anand.	1. Shri B. S. Patel. 2. ,, F. D. Patel. 3. ,, D. H. Patel.
		(iii) The Nadiad Tobacco Merchants' Association, Nadiad.	1. Shri J. D. Patel. 2. ,, S. N. Patel. 3. ,, C. J. Patel. 4. ,, N. P. Patel.
		(iv) The Kaira Distt: Tobacco Market Committee.	1. Shri Tribhuvandas Kasi- bhai Patel. 2. ,, Shantubhai Kishor- bhai Patel. 3. ,, Chithabhai Soma- bhai Patel. 4. ,, Manibhai Somabhai Patel. 5. ,, Vithalbai Motibhai Patel. 6. ,, Ambalal Chaturbhai Patel.

1	2	3	4
			7. Shri Becharbhai Somabhai Patel.
			8. Dr. Gordhanbhai Jethabhai.
			9. Shri Ambalal Jeshangbhai Patel.
			10. „ Ravjibhai Motibhai Patel.
			11. „ Ravjibhai Semabhai Patel.
		(v) Shri P. F. Patel, Member, Advisory Committee.	
		(vi) Shri Ambalal F. Patel, Editor, "Tobacco", Ahmedabad.	
		(vii) The Rajkot Biri Leaves and Tobacco General Merchants' Association, Rajkot.	1. Shri N. S. Daftry; 2. „ Jeramadas Bhide. 3. „ J. B. Thakker.
		(viii) Shri K. B. Bhavsar, Inspector, Central Excise.	
6. 2-3-62	Ahmedabad.	(i) Saurashtra Oil Mills' Association, Jamnagar.	1. Shri T. C. Patel. 2. „ B. S. Patel. 3. „ N. H. Patel. 4. „ A. H. Mehta.
		(ii) The Sihore Metalware Manufacturers' Association.	1. Shri B. T. Lalani. 2. „ Laljibhai G. 3. „ Bhudarbhai P. 4. „ Bhupatrai V. 5. „ Ramniklal V. 6. „ Jayantilal H. 7. „ Shantilal M.
		(iii) The Khodiyar Pottery Works Ltd., Sihore.	1. Shri A. M. Bhatt. 2. „ S. M. Bhatt.
		(iv) Parshuram Pottery Works.	1. Shri M. K. Ganpule.
		(v) Saurashtra Chamber of Commerce.	1. Shri V. G. Vora. 2. „ V. M. Valia.
7. 3-3-62	Ahmedabad.	(i) Federation of Gujerat Mills and Industries, Baroda.	1. Shri M. B. Trivedi. 2. „ N. B. Vaze. 3. „ C. N. Pradhan. 4. „ B. V. Dalia. 5. „ H. M. Shah. 6. „ Ramanlal Chimanlal.

1	2	3	4
		(ii) The Ahmedabad Mill Owners' Association, Ahmedabad.	1. Shri C. H. Desai, Arvind Mills. 2. ,, Ramanlal, Ambica Mills. 3. ,, Rama Rao, Calico Mills. 4. ,, Manubhai Shah, Arvind Mills. 5. ,, Raojibhai, Calico Mills.
		(iii) The Central Excise Class III Service Officers' Union, Baroda Collectorate.	1. Shri M. I. Tejwani. 2. ,, J. B. Vyas 3. ,, K. B. Patel. 4. ,, N. F. Chavda.
8. 7-3-62 & 8-3-62	New Delhi.	Sir Harry Greenfield, Formerly Member, Central Board of Revenue.	
9. 3-5-62	Cochin	(i) The Travancore Oil Mills' Association. (ii) The Alleppy Oil Millers' Association. (iii) The Radhakrishna Oil Mills, Alleppy. (iv) Shri H. Venkatachalam, Lower Division Clerk. (v) Shri P. C. Chandy, Sub-Inspector of Central Excise. (vi) Shri K. K. Radhakrishnan, Inspector, Central Excise. (vii) Shri E. T. Thomas, Inspector of Central Excise. (viii) Shri M. V. Thomas, Inspector of Central Excise. (ix) The Central Excise Non-gazetted Officers' Association, Ernakulam Unit.	1. Shri E. K. Varghese. 1. Shri V. J. Joseph. 1. Shri V. Anantha Narayana Iyer. 1. Shri U. Mammalan. 2. ,, T. R. K. Menon. 3. ,, P. C. Joseph. 4. ,, P. V. Philipose.
10. 17-7-62	Calcutta	(i) Bengal National Chamber of Commerce.	1. Dr. U. P. Ganguly. 2. ,, D. N. Mukherjee. 3. ,, B. Maitra. 4. ,, S. P. Saha. 5. ,, A. P. Sur.

1	2	3	4
		(ii) Consultative Committee of Tea Producers' Association.	1. Shri S. P. Sinha 2. ,, D. C. Ray. 3. Mr. M. R. Smith. 4. Shri B. N. Nobis.
		(iii) Shri R. Prasad, Collector of Central Excise.	
11. 18-7-62	Calcutta	(i) Calcutta Tea Merchants' Association.	1. Shri Jayantilal H. Shah. 2. ,, S. P. Agarwal. 3. ,, P. N. Rajgopal.
		(ii) Shri D. S. Pannu, Assistant Collector of Central Excise.	
		(iii) Shri R. Prasad, Collector of Central Excise.	
		(iv) Shri M. C. Das, Collector of Central Excise.	
12. 2-8-62	New Delhi.	(i) Shri A. N. Nanda, Retired Collector of Central Excise.	
		(ii) Shri K. K. Kapoor, Assistant Collector of Central Excise.	
		(iii) Shri V. R. Sonalkar, Asstt. Narcotics Commissioner.	
		(iv) Shri Mohmed Khali-que Ahmed Khan, Member, Advisory Committee.	
		(v) Shri R. S. Berar, Superintendent (Ministerial).	
		(vi) Shri I. M. Khan, Head Clerk.	
13. 3-8-62	New Delhi.	(i) The Imperial Match Co., Gwalior.	1. Shri B. D. Nagorey.
		(ii) Nimar District Mill Owners' Association, Khandwa.	1. Shri O. P. Handa.
		(iii) Banaras Oil Industries Association, Varanasi.	1. Shri M. P. Gupta. 2. ,, Prakash.
		(iv) U. P. Small Oil Manufacturers' Association, Bareilly.	1. Shri Brahm Shanker. 2. ,, Rajendra Kumar. 3. ,, Phiarey Lal Bahri.

1	2	3	4
14. 4-8-62	New Delhi.	(i) All India Central Excise Chief Ac- counts Officers' As- sociation. (ii) The Delhi Collec- torate Central Ex- cise and Customs Executive Non- Gazetted Officers' Association.	1. Shri P. S. Sial. 1. Shri O. N. Khanna. 2. „ S. L. Sethi. 3. „ A. K. Malhotra.
15. 2-11-62	Kanpur	(i) The Upper India Chamber of Com- merce. (ii) Merchants' Cham- ber of Uttar Pra- des, Kanpur. (iii) U. P. Tambakoo Vyavosayee Sangh, Varanasi. (iv) Tobacco Dealers' Association, Kan- pur. (v) Tobacco Vyopari Sangh, Kaimganj. (vi) Tobacco Merchants' Association, Kaim- ganj. (vii) Shri A. P. Kumta- kar, Assistant Col- lector of Central Excise. (viii) The British India Corporation (Co- oper Allen Branch).	1. Mr. K. M. Wilcox. 2. Shri P. K. Saigal. 3. „ Rama Srivastava. 4. „ K. K. Khanna. 5. Mr. K. Smith. 1. Shri B N. Chopra. 2. „ S. R. Bhawsinghka. 3. „ Krishan Narain. 4. „ L. Daya Ram. 5. „ Shanti Narain. 6. „ H. K. Somani. 7. „ N. Nath 8. „ R. K. Khanna. 9. „ Jai Krishnan. 10. „ R. Chandra. 11. „ D. Inder Singh. 12. „ Ram Gopal Gupta. 1. Shri K. L. Shukla. 2. „ Amar Nath Agarwal. 1. Shri Bal Krishna Bal- dauwa. 2. „ Jogeshwar Pal Misra. 3. „ Tulsi Ram Gupta. 4. „ Vidya Sanker Te- wari. 1. Shri S. C. Rastogi. 2. „ Jawahar Lal. 3. „ Vinod Kumar. 1. Shri Harish Chandra Agarwal. 2. „ C. P. Agarwal. 3. „ Bharat Lal Agarwal. 4. „ Ranji Lal. 5. „ Fazulul Rehman. 1. Mr. K. Smith. 2. Lt. Col. K. K. Khanna. 3. Shri G. R. Thukral.

1	2	3	4
		(ix) The British India Corporation, (Cawnpore Woollen Mills Branch).	1. Shri M. N. Kunzru. 2. „ K. K. Kapoor.
16. 3-11-62	Kanpur	(i) U. P. Gur and Khandasari Association, Kanpur. (ii) Shri S. P. Kampani, Collector of Central Excise. (iii) Shri A. R. Shanmugam, Collector of Central Excise.	1. Shri K. L. Shukla. 2. „ R. K. Agarwal.
17. 5-11-62	New Delhi.	(i) Shri D. N. Kohli, Narcotics Commissioner. (ii) Shri K. Narasimham, Collector of Central Excise. (iii) Shri T. C. Seth, Director, Revenue Intelligence.	
18. 6-11-62	New Delhi.	(i) Shri B. L. Sud, Statistician, Statistics and Intelligence Branch. (ii) Shri K. R. Nair, Asstt. Statistician, Statistics and Intelligence Branch. (iii) All India Central Excise Officers' Association.	1. Shri L. S. Marthandam. 2. „ H. K. Kochar. 3. „ Y. N. Chopra. 4. „ S. N. Mathur. 5. „ S. C. Roy. 6. „ S. Sahai.
19. 8-11-62	New Delhi.	(i) All India Federation of Central Excise and Land Customs Non-gazetted Executive Officers. (ii) Statistical Investigators, Statistics and Intelligence Branch.	1. Shri O. N. Khanna. 2. „ P. S. Kalve. 3. „ Govind Swamy. 4. „ R. S. Rao. 5. „ P. G. Ghatade. 6. „ B. S. Thete. 7. „ A. Pandey. 8. „ M. M. Raza. 1. Shri M. C. Bansal. 2. „ Pesumal. 3. „ B. M. Mitra. 4. „ G. S. Bawa.

1	2	3	4
20. 6-12-62	Bombay	(i) The Paper Traders' Association. (ii) Western India Match Company. (iii) The Associated Cement Companies. (iv) Silk and Art Silk Mills' Association, Bombay.	1. Shri K. R. Shah. 2. „ B. M. Choksi. 3. „ Batliboi. 4. „ K. C. Goel. 5. „ R. B. Parikh. 1. Mr. A. C. West. 2. Shri V. M. Bhat. 3. „ Guthe. 4. „ Ramel. 5. Mr. Gothberj. 1. Shri Bharne. 1. Shri J. K. Turakhia. 2. Smt. Z. Taraporevala.
21. 7-12-62	Bombay	(i) Shri Bharat Das, Asstt. Collector of Central Excise. (ii) Indian Motion Pictures Producers' Association. (iii) All India Tobacco Conference. (iv) Indian Tobacco Merchants' Association Ltd., Bombay. (v) Greater Bombay Tobacco Merchants' Association. (vi) The Bombay Oil Seed Crushers' Association. (vii) The Central Organisation for Oil Industry and Trade, Bombay. (viii) Tata Oil Mills	1. Shri R. H. Wadia. 2. „ J. B. Rungta. 3. „ I. K. Menon. 1. Shri Mohanlal A. Parikh. 2. „ Akbar Ali Hasan Ali. 1. Shri Babalal Laxmidas. 2. „ D. D. Lad. 3. „ Y. P. Sarvate. 1. Shri Bhagwandas Maneklal. 1. Shri C. V. Mariwala. 2. „ R. C. Parikh. 3. „ N. G. Chheda. 4. „ R. C. Nanavati. 1. Dr. J. S. Badami. 2. „ Gokalchand J. Agarwal. 3. „ Mansukhlal J. Gandhi. 4. „ R. C. Parikh. 5. „ R. C. Sheth. 1. Mr. D. J. Ribeiro. 2. „ T. A. K. Nair. 3. „ T. Gopal Rao. 4. „ K. Parthasarthy. 5. „ R. C. Parikh.
22. 10-12-62	Bombay	(i) Indian Drug Manufacturers' Association.	1. Shri C. J. Papaiya. 2. Dr. A. Patani. 3. Shri Treasurer.

1	2	3	4
		(ii) Caltex India Limited.	1. Mr. Paul B. Thompson. 2. Shri R. Gurumurthy.
		(iii) The Indian Cotton Mills' Federation, Bombay.	1. Shri K. M. D. Thackersey. 2. ,, H. P. Trivedi. 3. ,, A. B. Vichare. 4. ,, B. G. Kakatkar. 5. ,, K. Venkatesulu. 6. ,, R. L. N. Vijayanagar. 7. ,, C. V. Radhakrishnan.
		(iv) Indian Chemical Manufacturers' Association.	1. Shri J. H. Doshi. 2. Dr. H. R. Nanji. 3. ,, R. N. Majumdar. 4. ,, M. D. Parikh. 5. Shri V. N. Shah.
23.	11-12-62	Bombay	(i) Shri G. Koruthu, Collector of Central Excise. (ii) Shri D. R. Kohli, Collector of Central Excise. (iii) Shri B. D. Deshmukh, Collector of Central Excise. (iv) Indian Merchants' Chamber. (v) Prof. D. T. Lakdawala, Bombay University.
			1. Shri Vallabdas V. Mariwala. 2. ,, P. A. Narielwala. 3. ,, Md. Hussain Hasham Premji. 4. ,, M. M. Amarsey. 5. ,, D. S. Pendurkar.
24.	12-12-62	Bombay	(i) Dr. I. S. Gulati, Prof. of Economics, M. S. University of Baroda.
25.	6-1-63	Madras	(i) Shri A. N. Sattanathan, Retired Collector of Customs. (ii) Mr. W. Saldanha, Retired Collector of Central Excise.
26.	7-1-63	Madras	(i) South India Film Chamber of Commerce, Madras. (ii) Andhra Chamber of Commerce.
			1. Shri P. Pulliah. 2. ,, V. C. Subburaman. 1. Shri J. R. Sangharajka. 2. ,, Y. S. Shastri. 3. ,, D. Bangaru Chetty. 4. ,, M. S. Sambasivan.

1	2	3	4
		(iii) Madras Oil Seeds Association.	1. Shri V. S. Krishnamurthy.
		(iv) Messrs. Wheel & Rim Company.	1. Shri S. Arunachalam.
27. 8-1-63	Madras	(i) All India Central Excise and Land Customs Ministerial Officers' Federation.	1. Shri B. N. Prasad. 2. „ M. Subbaraman. 3. „ Y. S. Bagwe. 4. „ C. Seshagiri Rao. 5. „ Gorakh Nath. 6. „ Kulwant Singh. 7. „ B. N. Chaudhry.
		(ii) The Madras Central Excise Non-gazetted (Executive) Officers' Association.	1. Shri S. M. Mansoor Basha. 2. „ N. Kanakasabapathy. 3. „ C. Govindaswamy. 4. „ V. Santhana Raja. „ S. Thirumalai.
		(iii) Shri A. K. Roy, Collector of Central Excise.	
		(iv) Shri B. Sen, Collector of Customs.	
28. 9-1-63	Sivakasi	(i) The Sivakasi Chamber of Match Industries, Sivakasi.	1. Shri P. Iva Nadar. 2. „ A. Shanmuga Nadar. 3. „ A. M. S. Ganesan. 4. „ K. P. A. T. Rajamani. 5. „ M. Sankaralinga Nadar. 6. „ A. S. Chinna Nadar. 7. „ P. Dharmar.
		(ii) The Virudhunagar Chamber of Commerce and Industry, Virudhunagar.	1. Shri S. P. Kothala Nadar. 2. „ V. V. V. Rajendran. 3. „ P. M. A. N. Rajendran. 4. „ V. V. S. Kesavan. 5. „ L. P. P. N. Chandrakasan. 6. „ R. T. Rajan.
		(iii) The Virudhunagar Tobacco Merchants' Association, Virudhunagar.	1. Shri P. P. M. S. Nagarithinam. 2. „ S. V. P. N. S. T. Nagarajan. 3. „ K. M. S. Subbiah Nadar. 4. „ A. S. Sangaralinga Nadar.
		(iv) The Vijaya Bharatha Chamber of Commerce, Virudhunagar.	1. Shri M. A. P. P. Ponnappan. 2. „ P. P. M. S. Nagarajan. 3. „ K. R. M. Ganapatti Nadar. 4. „ P. A. V. K. Nataraja Nadar.

1	2	3	4
		(v) The Jayprakash Match Works, Koviipatti.	1. Shri C. Chelladurai
29. 11-1-63	Hyderabad.	(i) M/s. Vazir Sultan Co., Hyderabad.	1. Shri B. K. Nehru. 2. ,, D. A. Shah. 3. Mr. Faulkner.
		(ii) M/s. U-Foam Private Ltd., Hyderabad.	1. Shri M. Sarangpani. 2. ,, Itaat Hussain. 3. ,, Varadarajan.
		(iii) The Indian Tobacco Association, Guntur.	1. Shri Y. K. S. Prakasarao. 2. ,, A. S. Krishna. 3. ,, G. T. D. Ramachandrarao. 4. ,, Ramarao. 5. Mr. D. Ramble.
		(iv) Indian Chamber of Commerce, Guntur.	1. Shri K. V. Satyanarayana. 2. ,, K. V. Ratnam. 3. ,, M. Bapaiah Garu.
		(v) The East India Tobacco Federation, Guntur.	1. Shri D. V. Srinivasan. 2. ,, Gantha Kotilingam. 3. ,, K. Purnaehandra Rao. 4. ,, Grandhi Apparao. 5. ,, P. Venkanna Rao.
		(vi) The Indian Tobacco Dealers' Association, Chilakalurpet.	1. Shri K. Ramamurthy. 2. ,, M. Lakshmaiah. 3. ,, A. Venkateswara Rao. 4. ,, K. Nageswara Rao. 5. ,, Gatta Suryanarayana.
		(vii) The Ganjam District Tobacco Merchants' Association, Berhampur.	1. Shri Allamsetty Kameswararao. 2. ,, Varada Lashman
		(viii) The Country Tobacco Merchants' Association, Vijayawada.	1. Shri K. C. Pardhasaradhi Rao.
		(ix) The Guntur Distt. Tobacco Growers and Curers Co-operative Society Ltd., Ongole.	1. Shri K. Sankaraiah.
		(x) The Eluru Retail Tobacco Cigar Manufacturers' Association.	1. Shri K. Sobhonachalam 2. T. V. Venkateswara Rao.

1	2	3	4
30. 12-1-63	Hyderabad.	(i) M/s. Rajendra Oil Mills and Refinery, Hyderabad. (ii) The Central Excise Executive (Non-gazetted) Officers' Association, Hyderabad. (iii) Shri Nanjee Moolji Chavda, Merchant, Kurnool. (iv) The Andhra Pradesh Small Industries Association. (v) Shri R. C. Mehra, Collector of Central Excise. (vi) Shri N. Mookerjee, Collector of Central Excise.	1. Shri Anirudh Prasad. 2. ,, P. L. N. Shastri. 1. Shri S. V. Subbarao. 1. Shri G. R. Shashtri.
31. 16-2-63	New Delhi.	(i) Federation of Indian Chambers of Commerce and Industry, New Delhi.	1. Shri Shriyans Pd. Jain. 2. ,, Bharat Ram. 3. ,, Babubhai M. Chinai. 4. ,, Ambalal Kilachand. 5. ,, P. Chentsal Rao. 6. ,, Sundriyal.
32. 18-2-63	New Delhi.	(i) Shri A. K. Roy, Comptroller and Auditor General of India.	
33. 19-2-63	New Delhi.	(i) Shri V. T. Dehejia, Secretary, Ministry of Finance (Departments of Revenue and Expenditure). (ii) Shri B. N. Banerji, Member, Central Board of Revenue. (iii) Shri S. K. Bhattacharjee, Director of Inspection, Customs and Central Excise.	
34. 20-2-63	New Delhi.	(i) Shri B. N. Banerji, Member, Central Board of Revenue.	

1	2	3	4
	(ii) Shri S. K. Bhattacharjee, Director of Inspection, Customs & Central Excise.		
	(iii) Ministry of Commerce and Industry.	1. Shri D. S. Joshi, Special Secretary, International Trade. 2. „ I. P. Gupta, Director, Export Promotion Directorate. 3. „ A. N. Bhattacharya, Deputy Director, Export Promotion Directorate.	
	(iv) Customs and Central Excise (Non-gazetted) Employees' Union, Shillong.	1. Shri B. R. Chakravarty. 2. „ S. K. Deb. 3. „ D. D. Chatterji.	

APPENDIX VIII

(Part I, Ch. IV, Para. 4)

Number of licences in force on 1st May, 1962

Commodity	Number of licences		Total number of licences
1	2	3	

I. Curer's licences (L. 1)

Large Curers Small Curers

Coffee	2039	45666	47705
Tobacco	11566	603591	615157
TOTAL	13605	649257	662862

II. Wholesale Dealer's licences (L. 2)

Category

	I	II	III	IV	V	VI	Total
Coffee	1	..	..	..	5	11	17
Tobacco	2115	1877	3166	5100	25466	331276	369000
TOTAL	2116	1877	3166	5100	25471	331287	369017

III. Broker & Commission Agents licences (L. 3)

Category

	I	II	III	IV	V	Total
Coffee . . . . .	..	..	..	4	2	6
Tobacco	600	418	507	485	2970	4980
TOTAL	600	418	507	489	2972	4986

IV. Manufacturers' licences (L. 4) other than Vegetable non-essential Oils.

Category

	I	II	III	IV	V		Total
					Taxed Sector	Exempt- ed Sector	
1. Sugar (Vacuum Pan).	138	5	3	1	1	..	148
2. Sugar Khandsari (with sulphitation plant).	6	27	95	97	40	..	265

	1		2		3		
	I	II	III	IV	V		Total
					Taxed Sector	Exempted Sector	
3. Khandsari (without sulphitation plant).	..	14	67	260	579	54	974
4. Palmyra Sugar	..	..	..	..	3	..	3
5. Tea (not otherwise specified)	725	270	146	144	768	..	2053
6. Tea package	49	11	11	43	257	..	371
7. Cigarettes	13	1	..	2	2	..	18
8. Cigar & Cheroots	10	19	19	58	130	..	236
9. Machine made Biris.	..	..	..	..	..	..	..
10. Motor Spirit (including Benzene, Benzol, Toluene etc.).	14	..	1	2	2	..	19
11. Power Alcohol	15	1	..	..	1	..	17
12. Kerosene	6	..	..	..	..	..	6
13. Refined Diesel Oil and Vapourising Oil.	6	..	..	..	..	..	6
14. Diesel Oil (not otherwise specified)	6	..	..	..	..	..	6
15. Furnace Oil	6	..	..	..	..	..	6
16. Asphalt, Bitumen and Tar.	3	..	..	..	..	..	3
17. Other Petroleum Products.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7*
18. Vegetable Product	40	..	..	..	2	2	44
19. Pigments, Paints, Varnishes etc.	95	35	25	28	147	24	354
20. Soda Ash	4	..	..	..	..	..	4
21. Caustic Soda	16	2	..	..	..	..	18
22. Glycerine	9	..	3	2	3	..	17
23. Dyes	24	10	3	17	18	..	72
24. Patent or Proprietary Medicines.	130	58	72	207	375	..	842
25. Cosmetics and Toilet preparations.	30	17	11	44	363	52	517
26. Acids	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	180*
27. Gases.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	77*
28. Soap (Power operated).	30	12	10	14	83	2	151

	1		2				3	
	I	II	III	IV	V		Total	
					Taxed Sector	Exempted Sector		
29. Soap (Non-power operated)	29	94	85	120	1217	331	1876	
30. Plastics	12	2	2	3	6	1	26	
31. Cellophane	2	..	..	..	..	..	2
32. Tyres & Tubes	22	1	..	2	..	..	25
33. Latex Foam Sponge.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	30*	
34. Plywood	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	222*	
35. Paper and Paper Board.	64	2	5	3	12	3	89	
36. Rayon, Synthetic Fibre and Yarn.	13	5	..	..	..	..	18
37. Cotton Yarn	332	46	17	13	51	1	460	
38. Woollen Yarn	55	5	7	5	10	..	82	
39. Cotton Fabrics (Composite Mills)	263	2	2	1	8	..	276	
40. Cotton Fabrics Powerlooms (Normal Procedure)	44	43	25	85	3400	13163	16760	
41. Cotton Fabrics Power looms (Special Procedure)	28	44	68	255	5976	3173	9544	
42. Cotton Fabrics Processing Units.	56	19	18	15	89	..	197	
43. Woollen Fabrics	27	4	4	33	13	..	81	
44. Rayon and Art Silk Fabrics.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	175*	
45. Silk Fabrics	4	4	..	6	36	..	50	
46. Jute Manufacturers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	91*	
47. Cement	35	..	..	..	..	..	35
48. Glass & Glassware	85	21	6	14	17	..	143	
49. Chinaware and Porcelainware.	43	19	18	29	19	4	132	
50. Asbestos Cement Products.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	16*	
51. Silver	..	..	..	..	4	..	4
52. Pig Iron	9	..	..	..	..	..	9
Steel Ingots	16	..	..	..	..	..	16
53. Copper and Copper Alloys.	116	57	45	51	54	..	323	
54. Iron and Steel Products.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	806*	
55. Zinc	3	1	..	4	8	..	16	

	1		2		3		Total
	I	II	III	IV	V		
					Taxed Sector	Exempted Sector	
56. Aluminium .	19	22	21	40	55	..	157
57. Tin Plates, Tin sheets etc.	2	..	..	..	1	..	3
58. Internal Combustion Engine.	36	29	47	124	180	..	416
59. Refrigerator and Air Conditioning Appliances.	22	10	7	14	46	..	99
60. Electric Motors .	44	30	22	60	83	..	239
61. Electric Batteries Dry.	9	5	4	4	16	4	42
62. Electric Batteries storage.	9	3	1	2	17	..	32
63. Parts of Batteries	..	3	9	27	46	..	85
64. Electric Bulbs .	14	2	..	6	8	..	30
65. Electric Fans .	23	6	9	13	37	..	88
66. Parts of [Electric Fans.	4	1	2	9	6	..	22
67. Wireless Receiving Sets.	24	19	13	75	817	386	1334
68. Electric Wires and Cables.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	268*
69. Motor Vehicles including trailers.	25	4	14	37	126	..	206
70. Cycle Parts .	13	2	7	7	11	..	40
71. Footwear . .	21	2	1	3	4	2	33
72. Footwear Parts .	2	..	1	..	2	..	5
73. Cinematograph Films, exposed.	29	3	1	3	4	..	40
74. Gramophones, parts records etc.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	41*
75. Matches . . .	283	53	52	41	147	1	577
76. Manufacturers of Splints and Veneers.	114	..	18	..	..	..	132
77. Mechanical Lighters.	2	..	..	..	1	..	3
TOTAL .	3328	1045	997	2023	15301	17203	41810

* Category-wise break up of units licensed in 1962 is not available.

N.A.—Not available.

1	2	3		
V. Vegetable Non-essential Oil Manufacturer's licences (L. 4.)				
	<i>Category</i>			
	I	II		Total
		Taxed Sector	Exempted Sector	
1. Normal Procedure	1658	3977	3803	9438
2. Compounded Levy	2910	4540	..	7450
TOTAL	4568	8517	3803	16888

VI. Private Bonded Warehouse Licences (L. 5.)

	<i>Category</i>				
	I	II	III	IV	Total
Mineral Oils	50	..	..	..	50
Tobacco	1757	3332	5220	4875	15184
Coffee	60	26	28	26	142
TOTAL	1869	3358	5248	4901	15376

VII. Curer's Private Store-room Licences (L. 5.)

	<i>Category</i>				
	I	II	III	IV	Total
Tobacco	45	115	1173	19277	20610
Coffee	..	..	..	2	2
TOTAL	45	115	1173	19279	20612

VIII. Licences to use excisable goods free of duty for special industrial purposes. (L. 6.)

APPENDIX IX

(Part I, Ch. VIII, Para. 1)

Statistics of breaches of Central Excise Law for the years 1949 to 1961

Year	Manufactured Excises		Tobacco		Coffee	
	Number of Offences	Total number of licences	Number of offences	Total Number of licences	Number of Offences	Total number of licences
1949 . .	450	3,034	33,152	N.A.	1,475	1,969
1950 . .	885	3,584	41,796	12,03,383	1,057	22,869
1951 . .	1,131	3,761	74,896	11,88,923	793	26,776
1952 . .	1,191	3,777	80,231	16,50,451	768	31,256
1953 . .	1,308	4,084	1,08,957	15,90,143	1,021	33,405
1954 . .	1,718	4,279	1,31,047	13,45,180	1,077	34,754
1955 . .	2,156	5,180	1,22,087	12,85,663	928	35,646
1956 . .	2,284	10,992	1,06,341	13,82,870	812	34,342
1957 . .	3,437	15,886	81,760	12,67,742	815	38,313
1958 . .	4,154	19,939	34,820	10,11,923	569	41,974
1959 . .	8,076	30,988	32,820	11,40,544	319	43,485
1960 . .	9,983	42,892	31,339	11,53,753	320	44,745
1961 . .	6,874	69,660	26,546	10,55,338	295	48,417

N.A.—Not available.

APPENDIX X

(Part I, Ch. VIII, Para. 4)

Rewards sanctioned for detection of Central Excise crime for the years 1952 to 1961

Year	Fine and Penalties		Total Duty		Rewards sanctioned to		Percentage of Columns (6) and (7) to Column (3)
	Imposed	Realised	Imposed	Realised	Central Excise personnel	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1952	7,58,672	4,88,106	13,13,714	5,04,946	7,591	608	1.9
1953	11,53,158	6,65,685	15,38,058	6,83,770	7,678	2,409	1.5
1954	12,26,073	7,33,502	15,34,607	7,91,479	8,747	1,500	1.2
1955	12,08,594	6,79,252	15,65,486	8,80,165	7,794	1,055	1.3
1956	11,41,841	6,00,577	17,77,713	8,50,633	9,111	1,495	1.8
1957	9,12,777	5,56,596	14,74,540	6,10,390	7,371	,689	1.5
1958	10,28,272	5,76,493	17,41,477	6,49,108	14,450	1,590	2.9
1959	12,45,303	6,89,154	16,63,448	5,05,112	28,394	4,061	4.7
1960	13,13,349	7,85,195	18,58,905	9,88,242	19,324	3,920	3.37
1961	11,01,033	5,75,241	29,85,550	6,01,143	16,229	2,110	3.2

APPENDIX XI

(Part I, Ch. VIII, Para. 7)

Number of Appeals (Offences) received, dealt with and pending in the years 1950 to 1961

Appeals (offences) to Central Board of Revenue.												
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
1. Total number of appeals—												
(a) Manufactured excises .	16	9	10	17	47	82	85	82	48	59	25	71
(b) Tobacco	36	46	90	223	270	442	338	226	70	62	62	96
(c) Coffee	1	..	..	3	..	..	..	..	..	..	..	..
	53	55	100	243	317	524	423	308	118	121	87	167
2. Successful—												
(a) Manufactured excises .	3	1	2	2	9	21	16	35	15	4	1	5
(b) Tobacco	6	6	18	35	35	68	83	75	12	7	11	16
(c) Coffee . . . . .	..	..	..	1	..	..	..	..	..	..	..	..
	9	7	20	38	44	89	99	110	27	11	12	21
3. Unsuccessful—												
(a) Manufactured excises .	3	1	3	4	11	37	18	35	17	49	8	12
(b) Tobacco	7	9	40	53	118	192	96	133	40	31	26	36
(c) Coffee . . . . .	..	..	..	2	..	..	..	..	..	..	..	..
	10	10	43	59	129	229	114	168	57	80	34	48

Appeals (offences) to Central Board of Revenue.

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
4. <i>Total disposed of—</i> (Item 2 plus item 3)	19	17	63	97	173	318	213	278	84	91	46	69
5. <i>Pending—</i>												
(a) Manufactured excises	10	7	5	11	27	24	51	12	16	6	16	54
(b) Tobacco	23	31	32	135	117	182	159	18	18	24	25	44
(c) Coffee	1	..	..	..	..	..	..	..	..	..	..	..
	34	38	37	146	144	206	210	30	34	30	41	98
6. <i>Percentage of pendency at</i> <i>item 4 to total at item 1.</i>	64.1	69.0	37.0	60.0	45.1	39.3	49.6	9.7	28.8	24.7	47.12	58.6

Appeals (Offences) to Collectors including Deputy Collectors.

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
1. <i>Total number of appeals—</i>												
(a) Manufactured excises	142	339	188	435	682	462	437	411	443	893	1,166	1,332
(b) Tobacco	1,743	2,418	1,816	3,187	4,377	3,437	3,019	2,444	2,501	3,840	3,139	2,554
(c) Coffee	54	34	27	11	12	8	25	21	32	25	19	12
	1,939	2,791	2,031	3,633	5,071	3,907	3,481	2,876	2,976	4,758	4,324	3,898

<i>Successful—</i>												
(a) Manufactured excises	26	127	47	141	247	183	154	181	139	267	268	388
(b) Tobacco	149	459	217	626	844	731	752	778	802	1,011	833	631
(c) Coffee	15	4	2	..	1	2	14	17	15	6	5	7
	190	590	266	767	1,092	916	920	976	956	1,284	1,106	1,026
<i>3. Unsuccessful—</i>												
(a) Manufactured excises	38	161	119	171	142	156	144	122	161	327	624	568
(b) Tobacco	563	1,095	466	1,121	1,275	1,352	1,246	1,096	1,313	1,930	1,733	1,269
(c) Coffee	11	22	..	1	1	1	10	3	11	10	11	4
	612	1,278	585	1,293	1,418	1,509	1,400	1,221	1,485	2,267	2,368	1,841
<i>4. Total disposed of—</i>												
(Item 2 plus item 3)	802	1,868	851	2,060	2,510	2,425	2,320	2,197	2,441	3,551	3,474	2,867
<i>5. Pending—</i>												
(a) Manufactured excises	78	51	22	123	293	123	139	108	143	299	274	377
(b) Tobacco	1,031	864	1,133	1,440	2,258	1,354	1,021	570	386	899	573	654
(c) Coffee	28	8	25	10	10	5	1	1	6	9	3	..
	1,137	923	1,180	1,573	2,561	1,482	1,161	679	535	1,207	850	1,031
<i>6. Percentage pendency as compared to total number at item 1 above.</i>												
	58.6	33.1	58.1	43.3	50.5	37.9	33.4	23.6	18.0	25.4	19.7	26.4

APPENDIX

(Part II, Ch. I,

Central Excise Collectorates and the Major

Name of Collectorate	Jurisdiction	Total Rs. (000)		Per-centage of Col. 4 to Col. 3	No. of Licences (000)	
		Revenue 61-62	Expendi- ture 61-62		Un- mnfd. Pro- ducts	Mnfd. Pro- ducts
1	2	3	4	5	6	7
ALLAHABAD .	State of Uttar Pradesh .	48,75,74	8,846	1.8	75.7	7.0
BARODA .	State of Gujerat, Union Territory of Dadra and Nagar Haveli.	49,61,66	6,532	1.3	131.9	4.8
BOMBAY .	State of Maharashtra except Districts and Talukas mentioned against Nagpur and Poona Collectorates.	1,04,47,71	4,764	0.5	9.7	2.6
CALCUTTA & ORISSA.	Districts of Calcutta 24—Parganas, Howrah and Midnapur of State of West Bengal and State of Orissa.	55,56,21	5,240	0.9	32.5	2.0
COCHIN .	State of Kerala	14,26,17	1,883	1.3	85.3	1.6
DELHI .	States of Punjab, Jammu and Kashmir, Rajas- than and Union terri- tories of Delhi and Himachal Pradesh.	17,36,67	5,212	3.0	46.0	5.8
HYDERABAD .	State of Andhra ; . . .	21,70,36	7,669	3.5	198.3	1.1
MADRAS .	State of Madras	37,68,13	5,734	1.5	97.5	3.6
MYSORE .	State of Mysore	16,53,07	3,633	2.2	74.3	3.7
NAGPUR .	State of Madhya Pradesh Districts Chanda, Bha- ndara, Nagpur, Akola, Buldhana, Yeotmal, Amaraoti, Wardha and Rajura of State of Ma- harashtra.	22,99,43	3,619	1.6	45.0	4.7

XII

Para. 20)

Indicators of work-load as on 1st July, 1962

Total Establishment					Number of					Whether Sea, Land or Air Customs work handled
Class I	Class II	Class III	Class IV	Divi- sions	Cir- cles	MORs.	SORs.	Comm- odities dealt with		
Dy. Collrs.	Others									
8	9	10	11	12	13	14	15	16	17	18
1	23	30	1960	1027	8	19	67	205	42	Land and Air.
1	12	38	2032	1566	7	12	127	52	38	Land, Sea and Air.
1	16	31	1643	2210	7	6	51	16	51	Land and Sea.
	20	22	1499	637	5	4	64	43	49	Sea.
..	2	11	614	454	2	8	18	46	37	Sea.
1	17	34	1913	1058	9	11	57	81	39	Land and Air.
1	11	38	1806	1041	8	30	79	149	36	Sea.
1	12	36	1601	1170	6	23	51	116	41	Sea & Air.
..	9	20	994	538	4	11	54	64	36	Sea.
..	8	15	810	478	3	15	28	89	30	

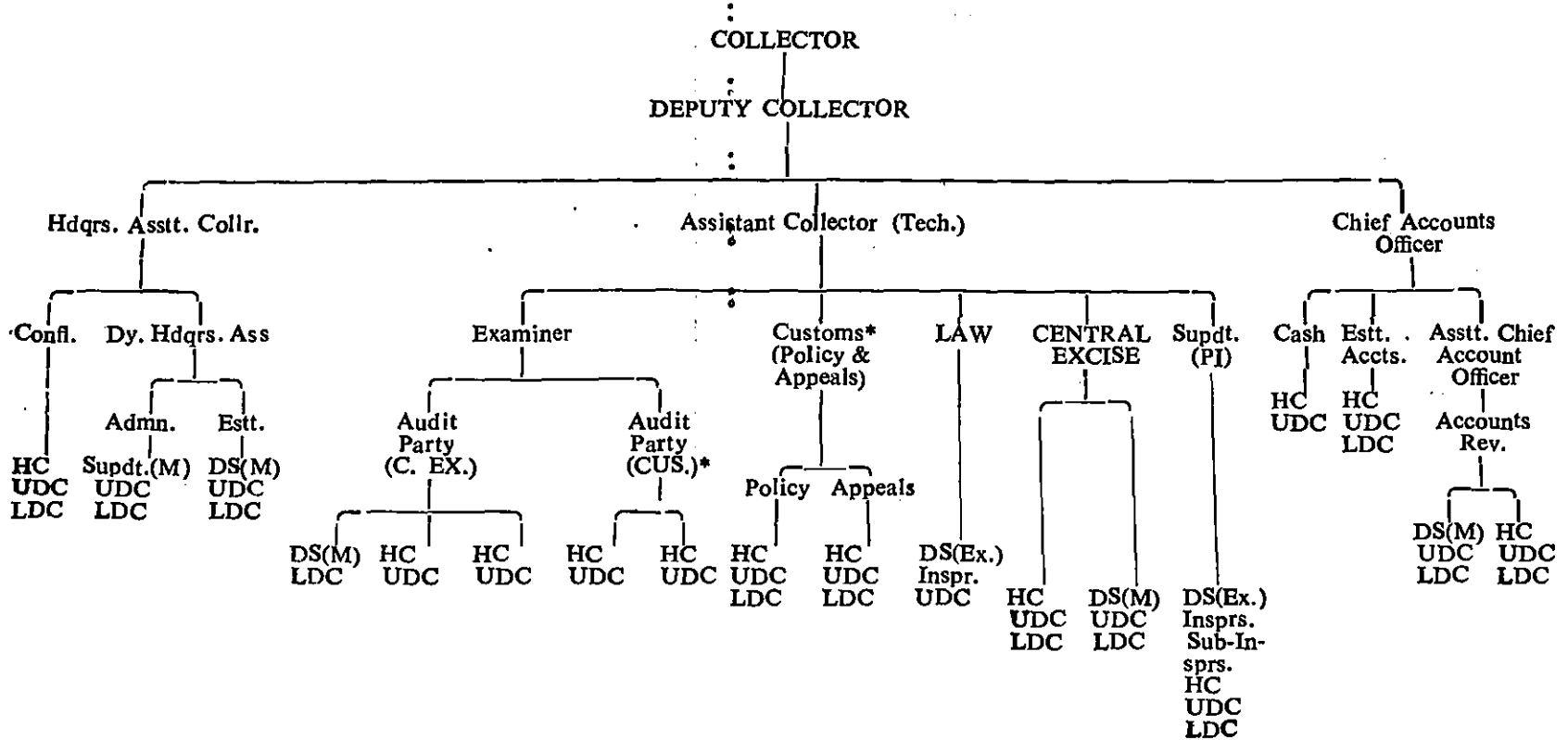
1	2	3	4	5	6	7
PATNA	State of Bihar	29,61,39	4,135	1.4	71.2	2.0
POONA	Districts of Ahmednagar, East and West Khandesh, Nasik, Poona, North and South Sataras, Sholapur, Kolhapur, Aurangabad, Parbhani, Nanded, Bhir, Osmanabad, Panvel (Except Uran Maha) Karjat and Khalpur Talukas of Kolaba district and the district of Thana, except the talukas of Bassein, Dahanu and Palghar, all of State of Maharashtra.	25,10,64	3,720	1.5	48.4	17.8
SHILLONG	State of Assam and Union Territories of Tripura and Manipur.	14,98,73	2,724	1.8	11.8	0.9
WEST BENGAL	State of West Bengal except Calcutta, 24 Parganas, Howrah and Midnapur Districts.	22,62,33	3,098	1.4	122.6	1.1
PONDICHERRY	State of Pondicherry . . . . .	..	..	..	0.8	0.06

8	9	10	11	12	13	14	15	16	17	18
..	6	20	960	529	4	18	47	112	31	Land
..	7	23	938	484	4	19	39	54	33	
..	8	13	894	641	3	14	19	113	21	Land.
1	13	23	2398	949	5	16	37	29	37	Land.
..	1	1	61	69	..	..	..	..	..	Sea.

APPENDIX XIII

(Part II, Ch. III, Para. 32)

General Organisation of a Collectorate Head Quarters' Office



Supdt. (M) denotes Superintendent (Ministerial). :
DS(M) ,, Deputy Superintendent (Ministerial). :
DS(Ex.) ,, Deputy Superintendent (Executive). :

HC denotes Head Clerk.
UDC ,, Upper Division Clerk.
LDC ,, Lower Division Clerk.

* Only in Collectorates where Customs work is sizeable.

APPENDIX
(Part II, Chapter
Central Excise Ministerial

Sl. No.	Collectorate	Office Superintendent			Superintendent (Ministerial)			Deputy Superintendent (Ministerial)			Head Clerk		
		P	Ty	T	P	Ty	T	P	Ty	T	P	Ty	T
1	Allahabad	1	..	1	..	..	..	11	10	21	38	18	56
2	Baroda . . . .	..	..	..	1	..	1	12	2	14	36	13	49
3	Bombay	1	..	1	..	..	..	8	8	16	26	13	44
4	Calcutta & Orissa . .	1	..	1	..	..	..	7	4	11	22	13	35
5	Cochin . . . .	..	..	..	1	..	1	3	1	4	7	3	10
6	Delhi . . . .	..	..	..	1	..	1	9	6	15	30	12	42
7	Hyderabad . . . .	..	1	1	..	..	..	13	1	14	41	5	46
8	Madras	1	..	1	..	..	..	11	..	11	40	6	46
9	Mysore . . . .	..	..	..	1	..	1	6	1	7	21	4	25
10	Nagpur . . . .	..	..	..	1	..	1	5	..	5	20	5	25
11	Patna . . . .	..	..	..	1	..	1	7	2	9	20	4	24
12	Pondicherry . . . .	..	..	..	1	..	1	1	..	1	..	..	..
13	Poona . . . .	..	..	..	1	..	1	4	1	5	21	8	29
14	Shillong . . . .	..	..	..	1	..	1	6	..	6	21	1	22
15	West Bengal . . . .	..	..	..	1	..	1	7	4	11	30	6	36
TOTAL		4	1	5	10	..	10	110	40	150	373	116	489

N.B. P.—Permanent. Ty.—Temporary. T.—Total

XIV

III, Para. 32)

Establishments as on 1st July, 1962

Upper Division Clerk			Lower Division Clerk & Stenotypist			Steno-grapher (Senior Grade)			Steno-grapher (Ordinary Grade)			Draughts-man		
P	Ty	T	P	Ty	T	P	Ty	T	P	Ty	T	P	Ty	T
106	59	165	346	52	398	1	..	1	..	1	1	1	..	1
100	70	170	354	58	412	1	..	1	..	1	1	1	..	1
91	69	160	271	70	341	1	..	1	1	..	1	2	..	2
67	53	120	209	73	282	1	..	1	..	..	..	1	..	1
17	20	37	82	34	116	..	..	..	..	..	..	..	..	..
111	74	185	271	124	395	1	..	1	..	1	1	1	..	1
111	44	155	335	66	401	1	..	1	1	..	1	1	..	1
102	23	125	305	31	336	1	..	1	1	..	1	1	..	1
58	27	85	204	28	232	..	1	1	..	..	..	..	1	1
61	11	72	169	14	183	1	..	1	..	..	..	1	..	1
62	27	89	190	39	229	1	..	1	..	..	..	1	..	1
6	..	6	7	10	17	..	..	..	..	..	..	..	..	..
48	32	80	157	31	188	..	1	1	..	..	..	..	1	1
61	29	90	145	31	176	1	..	1	..	..	..	1	..	1
78	43	121	241	47	288	1	..	1	..	1	1	..	..	..
1,079	581	1,660	3,286	708	3,994	11	2	13	3	4	7	11	2	13

APPENDIX
(Part II, Chapter
Central Excise Executive

Sl. No.	Collectorate	Collector			Dy. Collector			Assistant Collector		
		P	Ty	T	P	Ty	T	P	Ty	T
1	Allahabad	1	..	1	..	1	1	8	2	10
2	Baroda	1	..	1	..	1	1	8	1	9
3	Bombay	1	..	1	1	..	1	6	4	10
4	Calcutta & Orissa	1	..	1	..	..	..	6	3	9
5	Cochin	1	..	1	..	..	..	2	..	2
6	Delhi	1	..	1	..	1	1	6	5	11
7	Hyderabad	1	..	1	1	..	1	8	1	9
8	Madras	1	..	1	1	..	1	7	1	8
9	Mysore	..	1	1	..	..	..	4	1	5
10	Nagpur	1	..	1	..	..	..	4	..	4
11	Patna	1	..	1	..	..	..	4	..	4
12	Pondicherry	..	..	..	..	..	..	1	..	1
13	Poona	..	1	1	..	..	..	4	..	4
14	Shillong	1	..	1	..	..	..	3	1	4
15	West Bengal	1	..	1	..	1	1	4	3	7
TOTAL		12	2	14	3	4	7	75	22	97

N.B. P.—Permanent. Ty—Temporary. T.—Total.

XV

V, Para. 11)

Establishments as on 1st July, 1962

Superinten- dent Class I & II			Deputy Superin- tendents			Inspectors			Sub-Inspectors		
P	Ty	T	P	Ty	T	P	Ty	T	P	Ty	T
35	7	42	49	68	117	601	124	725	252	220	472
33	7	40	51	61	112	566	123	689	321	246	567
22	13	35	30	62	92	339	144	483	309	161	470
19	11	30	31	61	92	374	196	570	220	160	380
7	4	11	12	20	32	183	49	232	109	56	165
27	12	39	30	61	111	412	189	601	322	199	521
38	1	39	61	31	92	633	36	669	256	155	411
34	4	38	49	32	81	541	48	589	216	151	367
20	3	23	26	28	54	273	93	366	135	75	210
17	1	18	31	19	50	264	46	310	177	61	238
19	2	21	25	30	55	362	57	419	79	47	126
1	..	1	2	..	2	19	1	20	3	9	12
17	7	24	23	32	55	238	52	290	194	94	288
15	1	16	28	13	41	395	30	425	74	35	109
23	6	29	50	28	78	541	94	635	197	72	269
327	79	406	518	546	1,064	5,741	1,282	7,023	2,864	1,741	4,605