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## SCHEDULES.

### SEVENTH SCHEDULE

#### UNITED KINGDOM—INDIA TRADE AGREEMENT.

##### ARTICLE 10.

1. In this Article :—
  - The expression " cotton year " means a year beginning on the 1st January.
  - The expression " cotton piece goods year " means a year beginning on the 1st April.
  - A cotton piece goods year and the cotton year in which that cotton piece goods year begins are referred to as " corresponding "; and the expression " the following cotton piece goods year " means in relation to a cotton year the cotton piece goods year beginning on the 1st April next after the end of that cotton year.
  - The word " yard " means a linear yard.
  - The word " bale " means the weight of lint cotton contained in the standard Indian bale of gross weight 400 lb. and nett weight 392 lb.
  - The expression " United Kingdom cotton piece goods " means fabrics manufactured in the United Kingdom of the kinds which, at the date of the signature of this Agreement, were assessable to duty on import into British India under item 48 (3) or item 48 (9) of the First Schedule to the Indian Tariff Act, 1934, at the rates applicable to fabrics of British manufacture.
  - The expression " Indian raw cotton " means raw cotton grown in India.
2. His Majesty's Government in the United Kingdom undertake that they will continue to use all possible efforts in cooperation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison and industrial propaganda. They have taken note that it is the desire of cotton growers in India that as much as possible of their production of short and fair staple varieties of cotton should be absorbed in the United Kingdom. They have also taken note, and invite the Government of India to take note, that the Lancashire Indian Cotton Committee, set up by His Majesty's Government in the United Kingdom to stimulate the consumption of Indian cotton, have expressed their sympathy with that desire and their intention to take all practicable steps to assist in its fulfilment. It is recognised that the fulfilment of the foregoing objectives largely depends on the continued pursuit by all interests concerned in India of the policy of improving the quality and staple of Indian cotton exported to the United Kingdom by all practicable means.
3. From the entry into force of this Agreement the customs duties charged on imports into India of United Kingdom cotton piece goods shall not, save as provided in paragraphs 5 and 7, exceed the following rates, hereinafter referred to as the basic rates, namely :—
  - (a) Printed goods—17 ½ per cent. ad valorem;

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- (b) Grey goods—15 per cent. ad valorem, or 2 annas 7 ½ pies per lb., whichever is the higher;
- (c) Other goods—15 per cent. ad valorem.
4. If in any cotton piece goods year the total quantity of United Kingdom cotton piece goods imported into India does not exceed 350 million yards, the duties charged on imports of such goods into India after the end of that year, and until the end of any cotton piece goods year in which the total quantity of such goods imported into India exceeds 425 million yards, shall not exceed the basic rates reduced by 2 ½ per cent. ad valorem, and a proportionate reduction shall apply to the alternative specific duty on United Kingdom grey cotton piece goods.
5. If in any cotton piece goods year the total quantity of United Kingdom cotton piece goods imported into India exceeds 500 million yards, the duties charged on imports of such goods into India in the following cotton piece goods year may be increased above the basic rates to such rates as may be deemed necessary for the purpose of restricting imports of such goods during the year to the maximum yardage figure for the preceding cotton piece goods year, but shall be reduced to the basic rates (or, where the provisions of paragraph 4 are applicable, in accordance with those provisions) after the end of any cotton piece goods year in which the total quantity of such imports into India has not exceeded 425 million yards.

The expression " maximum yardage figure " for any cotton piece goods year means 500 million yards, or, for a year corresponding to a cotton year in which there is a deficiency, as defined in paragraph 6, 500 million yards reduced by the appropriate figure in accordance with the provisions of paragraph 6.

6. For the purpose of determining the appropriate rates of duty to be charged on United Kingdom cotton piece goods under this Article, the quantity of United Kingdom cotton piece goods actually imported into India in any cotton piece goods year corresponding to a cotton year in which there is a deficiency shall be deemed to have been increased by 25 million yards for every 50,000 bales of the deficiency or for any part thereof, provided that the deficiency does not exceed 100,000 bales in the cotton year ending 31st December, 1939, and 150,000 bales in any subsequent cotton year.

The word " deficiency " means the amount by which imports of Indian raw cotton into the United Kingdom fall below the following quantities :—

	<i>Bales.</i>
For the cotton year ending 31st December, 1939	500,000
For the cotton year ending 31st December, 1940	550,000
For every subsequent cotton year	600,000

7. Notwithstanding anything contained in the preceding paragraphs, if the imports of Indian raw cotton into the United Kingdom fall below 400,000 bales in the cotton year ending 31st December, 1939, or in the cotton year ending 31st December, 1940, and 450,000 bales in any other cotton year, the duties charged on imports of United Kingdom cotton piece goods into India in the following cotton piece goods year may be increased above the basic rates to such extent as the Government of India

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- may, after consultation with His Majesty's Government in the United Kingdom, determine.
8. (1) If in any cotton year the quantity of Indian raw cotton imported into the United Kingdom exceeds 750,000 bales, the rate of duty charged on United Kingdom printed cotton piece goods imported into India in the following cotton piece goods year shall not exceed the duty charged in that year on other United Kingdom cotton piece goods imported into India.
- (2) If in any cotton piece goods year in which a reduction in the duty on United Kingdom printed cotton piece goods takes effect under the provisions of this paragraph, or in any following cotton piece goods year in which the same reduction remains in force, the quantity of United Kingdom printed cotton piece goods imported into India is in excess of the quantity of such goods so imported in the cotton piece goods year immediately preceding that in which the said reduction first took effect, such excess up to a maximum quantity of 25 million yards shall not be taken into account for the purposes of determining whether or not the figure of 425 million yards specified in paragraph 4 of this Article or the figure of 500 million yards specified in paragraph 5 of this Article has been exceeded.
9. For the purpose of calculating imports in any cotton year or cotton piece goods year under this Article there shall be deducted the amount of re-exports from the United Kingdom of Indian raw cotton in that year and the amount of re-exports from India of United Kingdom cotton piece goods in that year.
10. Any alteration of the duties charged on United Kingdom cotton piece goods imported into India which falls due to be made under the provisions of this Article shall come into effect not later than the 17th April of the cotton piece goods year to which it relates, and the relative provisions of this Article shall be deemed to have been duly fulfilled if such alteration takes effect on or before that date.